

**Testimony of Chief Economic Development and Business Officer
Ted Carter
Cuyahoga County Council – Committee of the Whole
Budget Hearing – October 29, 2019**

Thank you, members of Council, for the opportunity to speak to you on the Department of Development's budget request for 2020 and 2021. We have been granted level funding for the next budget cycle and are confident that we can achieve our goal and objectives with this funding through the continued creative and prudent management of our budget, as I will illustrate. This level funding will allow us to maintain staffing and maintain current levels of operating support to organizations important to the county's economic development work.

Our mission is to drive regional economic growth through revitalization of neighborhoods, through placemaking investment and provision of capital for business expansion to include workforce investments. All of this is executed through partnerships that enable us to leverage and scale our activities, with a focus on advancing the objectives of Cuyahoga County's Economic Development Plan. To this end, we strive to be a center of economic development, community development, and workforce excellence and innovation.

We are a small department, with 36 total staff: 5 in Economic Development, 11 in Community Development / Housing, 10 in Workforce Innovation, 5 in Finance, 2 in Loan Portfolio Management, and 3 in Administration.

I would like to emphasize the work that has been done over the past 3 years to complete the reconciliation/remediation of our Economic Development loan portfolio. With no budget increase, we allocated

existing resources to add two dedicated portfolio management staff who have allowed us to perfect the portfolio to a level of confidence in the servicing of our 307 Economic Development loans. The work of our portfolio management staff gives us greater confidence that the funds we loan will in fact be repaid for use in making future loans. These increased repayments have allowed the budget office to raise its revenue estimate for 2020 to \$2.9 million, above the conservative \$2 million estimate in past years.

Development has fiduciary responsibility for funding totaling \$23,732,542 for the current year 2019. This funding includes six sources. One of the major funding source is \$6.7 million in federal grants from the U.S. Department of Housing and Urban Development, for community development, affordable housing, lead paint remediation, and homeless prevention. Examples of the projects and programs supported with these federal funds in the past two years include:

- LaVilla Hispana apartments in Cleveland, where a HUD funded \$450,000 forgivable loan leveraged an additional \$7 million investment to the project;
- Over \$300,000 in funding to non-profit organizations to educate and prevent mortgage and tax foreclosures;
- Americans with Disabilities Act improvements to public buildings.

Other funds we administer include a portion of the County's casino tax revenue, demolition, brownfields, and a portion of the County housing program authorized by Council earlier this year. We also operate the SkillUp workforce innovation program using Health and Human Services levy funding. In the current two-year budget cycle, our SkillUp staff have engaged 420 business with assessments of their talent needs and other needs to support their growth. From these assessments, our SkillUp staff have co-created 125 custom road maps laying out staff training needs and resources, with 548 employees entering training.

Our general fund budget allows us to provide both operating support and capital funding to partners who help to advance the County's Five-Year Economic Development Plan objectives.

The Economic Development Fund will receive an additional \$4 million each year from casino tax revenue received by Cuyahoga County. This fund supports both our direct lending to businesses and additional economic development funding through capital partners.

We take the approach of supporting a "continuum of capital" with both funding and technical assistance available to support entrepreneurs at each stage of the growth of their company. Our capital partners in providing this funding and technical assistance are:

- Workforce Funders Group
- Business Growth Collaborative of Greater Cleveland Partnership
- Capital Access Fund (operated by the National Development Council with significant engagement by the Urban League)
- Economic and Community Development Institute
- Grow Cuyahoga Fund
- Growth Opportunities Partners
- JumpStart
- United States Small Business Administration and six cities making performance grants to leverage SBA insured loans

Directly and through our partners, in the current two-year budget cycle to date we have supported the growth of 297 businesses, investing

\$21,642,692 of County funds, creating and retaining 1343 permanent jobs plus 1210 construction jobs.

This funding leveraged additional capital investment of more than \$278 million and created substantial additional economic activity from supply chain purchases and spending by employees of the assisted companies.

Examples of some of the economic development projects the Economic Development Fund supported in the past two-year budget cycle include:

- The Church and State mixed use development in Ohio City, leveraging a \$2 million County loan to \$56 million total funding
- The new Lumen apartment building on Playhouse Square, leveraging a \$10 million County loan to over \$138 million funding
- A new location for IMS Medical Supply in Parma Heights, attracting this company from out of state and leveraging a \$300,000 County loan to over \$900,000 in total project funding
- A plant expansion for Terves manufacturing in Euclid, leveraging a \$240,000 County loan to a total \$600,000 project, and
- Attraction of the corporate headquarters of Covia Holdings to Independence, with a \$500,000 County loan leveraging total spending over \$3,700,000 and adding 128 headquarters jobs.

Key areas of focus for the next budget cycle:

- Integrating the three primary verticals of the department into the work of the Opportunity Zones/creating tangible project results in our 64OZs.
- Partnering with the Land Bank to implement and drive clear results with respect to the Housing Program.
- Continued investment of ED lending capital with a focus on tech and innovation and manufacturing.
- Completing the buildout of the Sector Partnership and Intermediaries (Workforce Connect); 2/3 have been organized Healthcare & Manufacturing.
- Focus on Business expansion and creation with a focus on tech innovation.
- Skill-up business outreach and HHS client employment.