

CUYAHOGA COUNTY DEPARTMENT OF DEVELOPMENT

2018 Mid-Year Report



Cuyahoga
County

TOGETHER WE THRIVE

Dear County Stakeholder:

On behalf of County Executive Armond Budish and the Department of Development, I am pleased to release the 2018 inaugural mid-year report, which reflects the ongoing contributions the Department is making towards economic and community growth in the County and our region. The Department made important strides in fulfilling its vision to be a Center of Economic and Community Development Excellence, Innovation & Collaboration.

The first half of the year saw important work in the following areas:

- Working with our economic development partners, the City of Cleveland, the Fund for our Economic Future, the First Suburbs Consortium, and the Greater Cleveland Partnership, the Department identified and submitted to the State of Ohio 102 proposed Opportunity Zones in Cuyahoga County, of which 64 were designated by the State. Private capital is encouraged to invest in businesses and real estate projects in these zones. These zones are in distressed census tracts, according to the tax benefits outlined in the federal Opportunity Zone Program, enacted as part of the 2017 Tax Reform Bill. The Department will continue to work with our partners and client communities through 2018 and into 2019 to ensure that the County's eligible census tracts fully utilize this new and innovative program.

- The Department partnered with six municipalities to implement a new code enforcement system. Results continued in the Demolition Program, with several new rounds being funded.

- The Department received approval by County Council for the 2018 five-year Economic Development Plan, which emphasizes the importance of innovation and commercial technology transfer key to the County's future economic growth. To advance this objective, the County continues to support the Aerozone Alliance with NASA. The 2018 Plan also focuses on equity & inclusion as a key pillar and objective of the County's economic growth strategy. The 2018 Plan was accompanied by a report card on the progress made towards the Plan's objectives since 2015.

- The Department established a Business Intelligence Unit, which is partnering with Cleveland State University and the analytics firm Chumura Economics and Analytics, that supports the Department's focus on analytic-based investment decisions, trend analysis and performance metrics and outcomes.

- The Department's innovative workforce innovation program, SkillUp, gained traction with private-sector companies. The Department, working with the Workforce Funders Group, sponsored legislation to establish a sector partnership strategy to enhance the County's workforce ecosystem for businesses and residents. The Department's focus on fostering and supporting innovation was manifested with the arrival of Silicon Valley accelerator Plug-N-Play to the Global Health Innovation Center.

- Attached is a status update on the significant work done to improve the stewardship and management of the Department's Economic Development Loan Portfolio. We can now report the number of active loans.

- In the economic development area, the Department's work is focused on investing in catalytic, mixed-use and new construction projects in both downtown Cleveland and nearby neighborhoods. Major mixed-use projects included redevelopment of the Cleveland Athletic Club building on Euclid Avenue and the Church & State development in Ohio City, each of which received a \$2 million-dollar loan, leveraging a total of \$102 million dollars in project financing from other sources. Development also secured approval of financing for two companies to move their business operations from other states into Cuyahoga County, one bringing a new medical supply company to Parma Heights and the other a new corporate headquarters to Independence. Through its capital partners, Development provided vital financing to another 31 small businesses to support their growth.

These highlights represent a small portion of the work being done by the Department. These results could not have been done without the hard work, dedication and skill of the employees of the Department of Development, as well as our partners throughout the County, including County Council and their staff.

If you'd like further information on a specific project or initiative, please email me at tcarter@cuyahogacounty.us.

Regards,

Ted Carter

Chief Economic Development & Business Officer

The Cuyahoga County Department of Development mandate is to fulfill the County Charter's declaration that job creation and economic growth are a fundamental government purpose.

Under the charter, the Department of Development coordinates Cuyahoga County's economic development activities and works to address the causes of unemployment and economic underdevelopment. The Department also operates programs to support low-income and workforce housing, as well as housing for the County's senior population.



Amazon Distribution Center - North Randall

The Department of Development recognized in 2016 the need to apply research and analytics to inform and direct its work with partners in the regional economic development ecosystem to advance the goals of Cuyahoga County's Five Year Economic Development Plan and County Strategic Plan. Benchmarking with a range of comparable cities and counties showed that a small business intelligence unit, working in close coordination with both front line staff and other planning and research staff, is an appropriate resource for Cuyahoga County to staff and maintain.

Department of Development staff work with many partners to provide technical assistance, capital and training to ensure a vibrant future for our region. Our partners include municipal elected officials, business leaders, small business owners, entrepreneurs, non-profits, arts and cultural organizations, colleges, universities, community based organizations, and public and civic sector institutions.

The activities of the Department of Development fall into three key program areas:

Workforce Innovation

Economic Development

Community Development and Housing

Business Intelligence, Business Services, and Portfolio Management units support this work.



In the past, County workforce efforts were often split between human services agencies providing supports for residents, and the Department of Development assisting businesses. Operating in these “silos” held back County efforts to meet our Charter’s mandate to drive economic growth and inclusion.

As a result, Cuyahoga County has realigned all workforce initiatives and funding. Through research and direct outreach, Workforce Innovation has identified a key area to truly affect change and drive economic growth: investment in talent. SkillUp is the County’s business facing service that identifies each business’ unique barriers to business growth and creates solutions to drive results. Historically, access to capital was the primary barrier for businesses seeking to grow, now the need for skilled workers is outpacing that need. SkillUp’s emphasis on talent investment solves this skills gap.



WORC Center

SkillUp - Home Instead Training



Double Bottom Line Results

When businesses invest in talent everyone benefits. With a skilled worker that is tailored to the business’ standards of excellence the organization is then able to see increased profitability, productivity, customer satisfaction and regulatory compliance as well as decreased turnover, waste and operating costs. The employee gains education, work experience, wage increases, and a marketable skill that can establish a career pathway. SkillUp provides all the advisory services from start to finish and financial incentives to accomplish these double bottom line results. SkillUp is hailed by the Brookings Institute as a best practice in implementing an innovative approach to solving the skills gap.

Since 2017, 203 businesses have received free advisory services through SkillUp, better equipping them with the knowledge and strategies to identify and overcome barriers to growth and profitability. The 203 businesses have collectively afforded 235 residents with free training opportunities to work towards earning a credential, wage increases, and related work experience.

SkillUp has impacted Northeast Ohio residents by delivering increased skills, education, work experience, and wages to employers and their workers. By helping the businesses identify and implement plans to train their workers, businesses can better control their talent supply and account for their skill needs. Simultaneously, residents benefit from increases in skill, education, work experience, and wages. This series of activities yields regional economic growth and inclusion.



Case Study: Automotive Retail Business

- **Problem(s) Identified:** Talent Supply & Skills Gap
- **Problem Details:** This automotive retail and service company recently developed and implemented a revolutionary technical service process which helped grow their business and increased competitiveness. In order to maintain growth, the company needed to reduce costs by finding lower skill, lower wage workers they could train on the new process for their middle-skill certified technician positions.
- **Solution:** The SkillUp team provided the company with a pool of candidates they could train from the County's youth internship. Then, the team developed a plan for the company to train internship program participants to become certified technicians. SkillUp will deliver ongoing coaching services to the company and trainees. Additionally, the SkillUp team will provide and coordinate financial incentives to help the company offset training costs.
- **Results:** Removed barrier to business growth and connected a local business to talent supply. Residents seeking work are provided the opportunity for a career pathway and wage increases.

Case Study: Food Manufacturing Business

- **Problem(s) Identified:** Regulatory Compliance & Productivity
- **Problem Details:** This company employs many refugees who have limited English proficiency. A lack of English language skills hinders effective communication with supervisors and peers and also presents regulatory compliance challenges related to safety, operations, and human resources.
- **Solution:** SkillUp provided a custom training plan and roadmap that enabled the company to hire a training provider to deliver onsite English language classes customized to the employer's business needs. SkillUp provided coaching services to help the workers successfully complete the training and reimbursed the company for training related expenses.
- **Results:** Created and executed solutions to improve business efficiency, profitability, and safety. Residents gained a not only a wage increase, but a life long and marketable skill that supports any career pathway they choose.

Business Intelligence

The Business Intelligence group is focused on measuring results and outcomes of the department as it works to achieve strategic priorities.



W. 25th Quarter

Led Cuyahoga County's successful collaboration with regional partners including the City of Cleveland to have an agreed set of census tracts designated as federal Opportunity Zones, setting the stage to leverage tax-advantaged investments in these zones starting in 2019.

Convened Cuyahoga County's capital partners and provided analysis of their work in job creation and new business formation, especially for underserved residents.

Organized and provided substantive content for quarterly meetings with Cuyahoga County's municipal economic development leaders, covering best practices, discussion and feedback on Cuyahoga County's performance, and skills training for practitioners

Collected and analyzed job creation reports from all companies with active legally enforceable job creation obligations under their direct loans from Cuyahoga County.

Led Development's work with the county Information Technology department to build a new countywide Customer Relationship Management system. This new "CRM" system is already in daily use supporting Development's Skill-Up service.

Supported and advised Department and County leadership, including the Cuyahoga County Economic Development Commission, on performance measurement for each element of the Five Year Economic Development Plan, as well as updates to the Plan.

Our work in the area of economic development focuses on supporting Cuyahoga businesses with various funding programs and technical assistance to retain and create jobs. Programs are also in place to attract business to locate in Cuyahoga County and assistance with the clean up of brownfield sites.



Cleveland Athletic Club Mixed-Use Project This is a \$60.8 million adaptive re-use redevelopment of this historic, former athletic club complex located at 1118-1148 Euclid Avenue into: 161 market-rate apartments, 75,000 square feet of amenity space & facilities, 49 indoor parking spaces, and 16,000 square feet of office and retail commercial space. The project will create 25 new jobs in retail, parking operations and residential management. One of the development partners, Great Lakes Financial Group, will consolidate its headquarters and 50 employees from another downtown location into this complex.

The County provided a Place-based/Mixed-Use loan of \$2,000,000 to the project.

Covia Holdings Headquarters Fairmount Santrol, a leading provider of high-performance sand and sand-based products used by oil and gas exploration and production companies to enhance the productivity of their wells is merging with Belgium-based Unimin Corp and changing its name to Covia Holdings. The newly merged companies are planning a new headquarters operation in Independence, OH. Moving & set-up costs will total \$3.3 million. The relocation/attraction project will bring 52 existing high-paying jobs into Cuyahoga County and create 27 additional new jobs within 3 years.

The County is providing a \$500,000 Forgivable Loan from its Special Large-Scale HQ Attraction Pilot Program

MO Professional Building, LLC This is an \$860,000 property acquisition and building renovation project of the Heritage Building, at 6500 Pearl Road in Parma Heights, by Dr. Michael Schubyn and his IMS Medical Supply Co., which is currently located in Scottsdale, Arizona. Dr. Schubyn will relocate the IMS parent corporation and its two subsidiary businesses: a medical equipment repair service and a medical supplies company to the refurbished and reprogrammed building. These relocated businesses will create 20 new jobs and remove a commercial building from bank receivership. IMS will be working to attract other health care science businesses into the building as a medical-related incubator type facility.

The County provided a \$300,000 Business Growth & Attraction loan to the project.



Church & State Mixed-Use Project This will be a \$56.9 million dynamic mixed-use project at 2850 Detroit Avenue in Cleveland's Hingetown section of Ohio City. It is being developed by Project 29 Partners LLC. The complex will consist of 2 multi-story mixed-use buildings with retail on the ground floor, subterranean parking, elevated parking, 158 residential units, 9,500 SF of public space, 19,000 square feet of retail space, and a bike garage with the capacity for 170 bicycles. 50 new full time jobs will be created via neighborhood-related businesses and commerce. A \$43.2 million HUD 221(d)4 loan has been secured as primary financing, as well as a \$4.2 million TIF from the City of Cleveland.

The County provided a \$2,000,000 Mixed-Use/Place-Based loan to the project.

The Department of Development extended and expanded its innovative and successful SBA-Municipal-County Small Business Performance Equity Grants Initiative Program to four more participating suburban cities. Started as an initial Pilot Program format in 2014, the County began matching participating municipalities' economic development grant dollars with \$750,000 of Cuyahoga County funding to assist Cleveland and Shaker Heights-based businesses gain access to critical growth capital through qualifying for SBA-guaranteed private bank loans. This created a Muni-County Supplemental Equity Pool totaling \$1,500,000 for the respective Cleveland and Shaker Heights programs.

This SBA-Muni-County Program involves municipalities assisting eligible small businesses to qualify for and achieve SBA-guaranteed bank financing for their projects through Performance Equity Grants (provided by each city's Program) of 15% of a project's costs, which supplements the business's own 10% equity plus a 75% SBA-guaranteed bank loan.



U.S. Small Business Administration

"Pilot #2" was created this year to extend the successful program into additional cities around the county. In order to expand the program, Cuyahoga County designed a competitive application process for this new SBA-Muni funding opportunity and announced that it would provide \$600,000 in matching grants to four new SBA-Muni-County partnership programs.

To participate, municipalities agreed to provide \$50,000 of their own identified funds, to be matched with \$150,000 from Cuyahoga County for a total pool of \$200,000 for projects in their community.

The communities that met the County's competitive process were Fairview Park, Lakewood, Cleveland Heights and Maple Heights.

On February 13, 2013, a media event was held to present these recipients of the Pilot #2 County funding

In the meantime, the City of Cleveland's SBA-Muni program and County funding contract was extended through September 30, 2019 and provided with an additional \$250,000 in County funding to match \$250,000 in additional Cleveland funding. Results from the Cleveland Program during 2014-2017 were compelling: \$8,500,000 in bank loans; 25 small businesses assisted; 28 new community jobs; and 66 jobs retained.



SBA-Muni - Shaker/Larchmere



SBA-Muni - Maple Hts.



The Department of Development works with several partner organizations who provide loans to small businesses. We know that small businesses provide many jobs throughout the county and that they are crucial to vibrant neighborhoods.

The Economic Community Development Institute (ECDI) has worked with the County for several years. In the first two quarters of 2018, ECDI loaned \$716,047 to 18 small businesses, creating 16 jobs and retaining 27 jobs. Many of these businesses are minority owned and/or women owned companies. In the first half of 2018, ECDI loaned to 12 minority owned businesses and to 9 women owned businesses.

The County also provides funding to The Capital Access Fund which launched in December of 2016. The Fund is an \$8 million fund dedicated to African-American and other minority businesses in the Greater Cleveland area.

In the first half of 2018, the fund loaned \$317,000 to 3 small businesses, creating 11 jobs and retaining 19 jobs.

One of the recipients of CAF funding is Service Master by Davis. Owners John and Amonica founded Master by Davis in 2008 and have grown it into one of the most successful industrial and commercial janitorial service providers in Northeast Ohio. The Davis's received a \$150,000 loan which allowed them to create three new jobs and to retain five.



ECDI - Davis

Strategic Housing Plan

When County Executive, Armond Budish took office he identified the need for a county-wide housing plan to curb the downward home values and increasing foreclosures. The Plan identified six primary objectives that need to be addressed to improve Cuyahoga County housing conditions and values.



Slavic Village Solar Installation

The Plan included significant input from local housing stakeholders including municipal staff, community based organizations, non-profits and researchers. These stakeholders, representing over 40 organizations, continue to meet regularly to advance initiatives related to the plan's objectives. During the first half of 2018, two initiatives have moved forward:

- A countywide anti-discrimination protection ordinance was introduced and passed in September 2018. This legislation expands protected classes that are covered by federal, state and local laws.
- The County partnered with six municipalities to implement a new code enforcement system that will move the county towards more common permitting and rental registry. The six communities will go live in the second half of 2018 with the permitting piece of the new system.

Housing Plan Primary Objectives



Access to Capital



Tax Collection and Delinquency



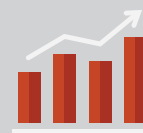
Housing Insecurity



Special Populations



Fair Housing



Confidence in the Housing Market



Home Rehab Program: Roof Repair

Municipal Grant Programs

The Department utilizes both Federal and local funding sources to provide capital to local general funding municipalities to make infrastructure investments within their neighborhoods. These funds provide for road repairs, streetscaping, park improvements, storefront repairs as well as removal of blighted structures.

Community Development Block Grant Funded Grants

Due to the late Congressional 2018 budget action, the Municipal Grant program application could not be released until May 2018. Twelve awards of \$150,000 each were announced in July 2018.

Community Name	Funded Activity
Bedford Heights	Beare Creek Drive Reconstruction
Berea	Dora Lee Playground and Parking Lot Improvement
Brook Park	3 Police Vehicle Purchases
Fairview Park	Senior Center Roof Restoration
Maple Heights	Lee Road South Improvement
Oakwood	Wright Avenue Improvement
Olmsted Township	Township Wide ADA Curb-Ramp
Parma Heights	Manorford Drive Reconstruction Phase 1
Richmond Heights	Community Park Accessibility Bathrooms
Shaker Heights	Improvements to Moreland Neighborhood Parks
University Heights	Cedar-Green Business District Pedestrian Improvements
Woodmere	ADA- Village all Improvement

City or Nonprofit	Funded Activity
One South Euclid	Home Repair Grant Program
Fairview Park	Playground Installation at Nelson Russ Park
Mayfield Village	Grove Amphitheater Phase II
Lakewood	Detroit Sloan Gateway Project
CHN Housing Partners	Wiring Replacement Weatherization Program
Euclid	Purchase Senior Center Van
Brooklyn Heights	Village Park Improvements
Cuyahoga Heights	Sidewalk Extension E. 49th Street to Towpath Trail
Parma Heights	Wayfinding and Branding Plan
Shaker Heights DC	Streetscape Enhancements Lee Road
Broadview Heights	Community Amphitheater Construction
Strongsville	Senior Center Meeting Room Upgrade
Famicos Foundation	Cultural Gardens Welcome Center
Oakwood	Railroad Crossing Improvement Richmond Road
Glenwillow	Railroad Crossing Improvement Richmond Road
Olmsted Falls	Downtown Safety and Aesthetic Improvements
Maple Heights	Lee Libby Pocket Park Improvement
Middleburg Heights	Road Resurfacing Old Pleasant Valley
Richmond Heights	Greenwood Farm Sanitary Sewer
Kamms Corners DC	Parking Lot Security Upgrades
Bedford CDC	Storefront Renovation Program Broadway Corridor

Community Development Supplemental Grant Program

In the second year of this program, Development received 36 applications and awarded 21 awards totaling \$1,019,698 to 15 municipalities and six (6) community development nonprofit organizations. Awarded activities include amongst other projects, road repairs, streetscaping, park improvements, and home repair programs. These projects are expected to be completed in 2018.

Cuyahoga County Demolition Program

In 2015, the Demolition Program was created to eliminate vacant, abandoned, and nuisance or blighted property in the municipalities and townships of the County. In June 2018, the Department recommended 12 communities be awarded a total of \$7,367,000 to demolish another 413 structures. Through June 2018, a total of 29 communities and the County Land Bank have been awarded \$39,726,140 to demolish approximately 2,600 structures. Of the 2,600 structures, 1,452 have been demolished with another 123 ready for demolition. So far in 2018, 188 structures have come down.



Business Demolition



East Cleveland Demolition

Affordable Housing Projects with federal HOME funding

Cuyahoga County has used an annual solicitation of federal HOME program loan applications from nonprofit and private developers, with underwriting by County staff and review by the Cuyahoga Housing Consortium Review Board, to select rental projects for loans of HOME program funds, each year since 2010. During the first half of 2018, five (5) projects closed on their financing with \$2,014,200 in funding from the County, which will create a combined 231 affordable units for residents.