



AGENDA
CUYAHOGA COUNTY COMMITTEE OF THE WHOLE MEETING
TUESDAY, MAY 22, 2012
CUYAHOGA COUNTY JUSTICE CENTER
COUNCIL CHAMBERS – 1ST FLOOR
3:00 PM

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PUBLIC COMMENT RELATED TO THE AGENDA**
- 4. MATTERS REFERRED TO COMMITTEE**
 - a) O2012-0011: An Ordinance establishing an Economic Development Fund for the purpose of collecting and expending proceeds from gross casino revenues, and declaring the necessity that this Ordinance become immediately effective.
- 5. MISCELLANEOUS BUSINESS**
- 6. OTHER PUBLIC COMMENT**
- 7. ADJOURNMENT**

*In accordance with Ordinance No. O2011-0020, complimentary parking in the Huntington Park Garage will be available for the public **beginning at 4:00 p.m.** on any day when the Council or any of its committees holds evening meetings. Please see the Clerk to obtain a parking pass.

County Council of Cuyahoga County, Ohio

Ordinance No. O2012-0011

Sponsored by: County Executive FitzGerald/Department of Development	An Ordinance establishing an Economic Development Fund for the purpose of collecting and expending proceeds from gross casino revenues, and declaring the necessity that this Ordinance become immediately effective.
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WHEREAS, Section 7.01 of the Charter, County Economic Development, declares that the County shall have as a primary responsibility the promotion and enhancement of the economic well-being and prosperity of the County and all of its residents of the County; and

WHEREAS, Section 7.01 of the Charter of Cuyahoga provides:

The County shall have as a primary responsibility the promotion and enhancement of the economic well-being and prosperity of the County and all of its residents. In furtherance of that purpose, the County shall, as authorized by the Constitution of Ohio, general law, and this Charter and enactments pursuant thereto, develop and implement policies, programs and activities for the expansion and enhancement of economic activity in the County so as to create and preserve jobs and employment opportunities for and available to residents of the County; and

WHEREAS, the County Executive and County Council seek to promote and enhance the economic well-being and prosperity of the County and all of its residents; and

WHEREAS, Section 7.02 of the Charter of Cuyahoga provides:

There shall be a Department of Development, under the direction of the Director of Development, which shall develop, direct and implement programs and activities for carrying out the purposes of this Article VII. The Department of Development shall coordinate the programs and activities of the officers, departments, agencies, boards and commissions of the County that relate to economic development, including identification ...of the causes of unemployment and economic underdevelopment among segments of the population and within communities in the County and the development of programs and activities to remedy such conditions; and

WHEREAS, the State of Ohio Constitution was amended on November 3, 2009 to adopt Section 6, Article XV of the Constitution of the State of Ohio to allow for the operation of four casinos in the state by initiative petition; and

WHEREAS, the Constitution of the State of Ohio levies a fixed tax on gross casino revenue and distributes that tax revenue according to a formula to the benefit of Ohio's counties, cities, school districts, and other funds and commissions; and

WHEREAS, the County Commissioners Association of Ohio estimates that Cuyahoga County will receive \$8.5 million to \$11.5 million in proceeds from gross casino revenue; and

WHEREAS, the County Council adopted the Five Year Economic Development Plan, which emphasizes place-based economic development, urban revitalization and the importance of connecting Cuyahoga County's economic development assets and attractions for the benefit of the region; and

WHEREAS, advocates for the constitutional amendment emphasized downtown revitalization, spurring private investment, job creation and economic impact as arguments for casino operation in the state; and

WHEREAS, downtown Cleveland is the region's most densely populated jobs center and the site of more than \$5 billion in economic development projects already underway; and

WHEREAS, the Cuyahoga County Council and County Executive are committed to the economic vibrancy of the region, and seek to allocate proceeds from gross casino revenue to maximize the impact of economic development projects already underway; and

WHEREAS, the Cuyahoga County Council and County Executive established a \$100 million economic development fund for investments without geographical limitations throughout the entire county and the majority of approved investments have been located outside Cleveland's downtown; and

WHEREAS, the county's economic development programs leverage private dollars, attract investment and expand the tax base by incentivizing preferred development, improving public infrastructure and creating an environment for job creation and job growth for residents countywide; and

WHEREAS, the Cuyahoga County Council and County Executive are committed to the economic vibrancy of the region and seek to allocate proceeds from gross casino revenue to maximize the impact of core city economic development projects already underway; and

WHEREAS, it is necessary that this Ordinance become immediately effective due to legislative efforts underway in Ohio's State Legislature to direct counties on the manner and means by which counties may expend proceeds from gross casino revenue.

NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:

SECTION 1. The Fiscal Officer is hereby directed to immediately establish a separate fund for the purpose of collecting and expending proceeds from the gross casino revenues in Cuyahoga County (the "Fund"). All such proceeds and revenues shall be automatically directed and deposited into the Fund and shall only be used for the purposes authorized in Section 2 herein.

SECTION 2. The revenues contained in the Fund are hereby dedicated to be used by the Department of Development for an economic development program whose purpose shall be to promote economic development in Cleveland's Downtown District, generally defined as the area bordered by Lake Erie, the Innerbelt Bridge, East 25th Street and West 25th Street.

SECTION 3. It is necessary that this Ordinance become immediately effective due to legislative efforts underway in Ohio's State Legislature to direct counties on the manner and means by which counties may expend proceeds from gross casino revenue; therefore, this Ordinance, provided it receives the affirmative vote of eight members of Council, shall become effective immediately upon the signature of the County Executive.

SECTION 4. It is found and determined that all formal actions of this Council relating to the adoption of this Ordinance were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by _____, seconded by _____, the foregoing Ordinance was duly enacted.

Yeas:

Nays:

County Council President

Date

County Executive

Date

Clerk of Council

Date

First Reading/Referred to Committee: May 8, 2012

Committee(s) Assigned: Committee of the Whole

Journal _____
_____, 2012

MEMO

To: Members of Cuyahoga County Council
From: Larry Benders, Director of Development
Date: May 17, 2012
RE: Considerations for Dedicating Gross Casino Revenue to the Downtown District

Council members:

In advance of Tuesday's meeting to discuss this proposal, I wanted to share some early program information and research highlights that support our proposal to dedicate gross casino revenues to the downtown district.

Background and proposal overview

How much revenue is anticipated?

According to the CCAO (October 2011 – before announced construction delays statewide), revenues for Cuyahoga County were estimated to be \$2.3M in 2012 and \$8.5M in 2013. These payments are made to the county semiannually.

Where will the funds be used?

We propose using the funds in the Central Business District (zip codes 44199, 44181, 44115, 44114 and 44113) or generally the area bounded by the Innerbelt, Lake Erie, West 25th and CSU.

How will the funds be used?

In the past decade, the most referenced and successful models of downtown renaissance (of peer cities) have been Baltimore, Portland (OR), Chattanooga, Denver and San Diego. All required public investment, delivered a substantial return on investment, and employed the following strategies.

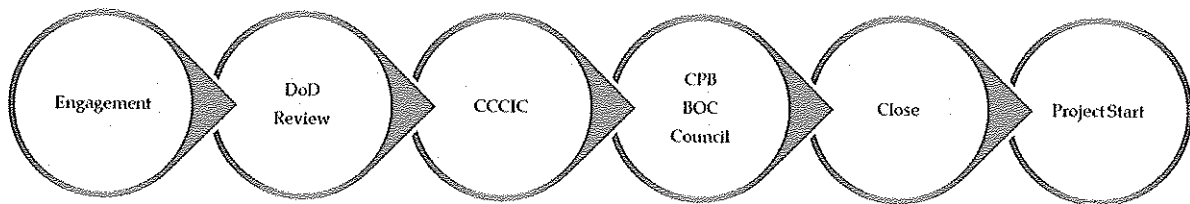
The Department of Development can swiftly propose a program that makes awards for projects that:

1. Revitalize vacant and under-utilized office space to increase the tax base and revitalize the district.
 - a. Loans--not grants-- for redevelopment and conversion of vacant / underutilized buildings
 - b. Leverage Cleveland incentives already in place (e.g. current 15 year abatement on improvements to vacant property downtown).
2. Enhance public infrastructure (pedestrian experience, open space, access to waterfront, structured parking...).

- a. Increase access to county revenue-makers: the MedMart and Convention Center, the Lakefront (including the Rock Hall and Science Center), hotels, retail, transportation and other amenities.
3. Incentivize new construction as appropriate.
4. Employ an approval process that is consistent with the county's contracting and procurement processes: awards will have to be approved by Council.

Do You Have a Proposed Approval Process?

We anticipate a consultative review process for public and private requests for assistance. Funding opportunities would be reviewed by the Department of Development and presented to County Council or the appropriate approval body for consideration.



Do you have any example projects?

- Improvements to the mall over the Convention Center and MedMart complex.
- Access to the Lakefront (bridges) and connections between attractions.
- Conversion of obsolete office buildings to residential properties.
- Historic preservation and rehabilitation of underutilized office buildings to attract new downtown office tenants.

How will we know this proposed program works?

Through the Downtown Cleveland Alliance and other resources, we can measure the impact of investments in Downtown Cleveland through:

Quantitative Measures

Number of jobs created/retained
 Number of housing units developed
 Vacancy rates for retail and office space
 Absorption rates for retail and office space
 Quality of available space (ratio of A, B and C office)
 Tourism rates (number of hotel nights, conference attendance, attendance at performances, museums, special events)
 Private-sector leverage
 Average salary of jobs created
 Spinoff private investment

Qualitative Measures

Number of actors involved in the downtown development strategy and the quality of their relationships
 Types and degrees of public-private interaction
 Stated project goals and the degree to which they have been achieved (e.g. crime increased retail sales or tourism development)
 Community engagement in the process
 Perceptions of downtown (cleanliness, accessibility, safety)

Downtown Investment Is Critical to County Growth

Downtown is the county's #1 job center

- Of the nearly 600,000 county residents who work, nearly 100,000 people commute to work downtown every day.
- 72% of those who work Downtown live outside the City of Cleveland. Those employees pay income tax to both the city in which they live and to the City of Cleveland in which they work.
- Suburban residents bring home more than \$4 Billion from wages earned in the Downtown district. Downtown jobs subsidize suburban households and muni budgets.
- 7500 businesses call downtown home
- The average wage of a Downtown employee is \$59,330, nearly 50% higher than the county's median income.
 - Wages are higher, and grow faster in downtown districts.

Sources: *Downtown Cleveland Alliance*
U.S. Census via census.gov
Ohio Labor Market Information via OhioLMI.com

Downtown is the county's largest contributor to countywide operations

- Nearly \$3 Billion of assessed real estate is in downtown, the same taxable value as all of Cleveland Heights
 - But, downtown's impact is for the benefit of the region. Investments in other municipalities rarely have regional impact.
 - For example, every year taxes collected from the downtown district contribute \$2 Million for Metroparks' operations outside the city.
- The lion's share of hotels and their bed taxes are located downtown.
- Sales taxes from nightlife and other consumer activities are spread throughout the state and county.
- For every dollar spent in the city, 25% of the multiplier effect occurs in the suburbs. The multiplier effect from suburb to city is about half as strong.

Sources: *Downtown Cleveland Alliance*
Office of the Fiscal Officer
Ohio Department of Taxation via tax.ohio.gov
U.S. Census via census.gov
Ohio Labor Market Information via OhioLMI.com
CEOs for Cities, Cities and Economic Prosperity (attached)

Downtown districts, cities and suburbs move in tandem, not in opposition

- According to CEOs for Cities, cities and suburbs are interdependent: if a city is doing well, its accompanying suburbs are doing well, and vice-versa.

Downtown needs our support

- 75% of commercial relocations over the past ten years (ending 2010) moved *outward*, away from downtown.
- Downtown office vacancy is over 20%. Real rents are lower than rents received in the 1990's.
 - Contiguous Class A space is limited, and command higher rents.
 - Developers will not build new or dramatically improve existing product without subsidy.

Sources: *Northeast Ohio Sustainable Communities Consortium.*
Grubb & Ellis Office Trends 4Q 2011, 2012 Forecast Edition (attached)

Downtown investment demonstrates return on investment

- Successful downtown turnarounds have shown that for every \$1 of public investment, \$10 to \$15 of private investment will follow.
 - For example: without the \$4 Million in loans from the county (multiple sources), the Flats East Bank and its \$500 Million project would not have materialized.
- Redevelopment creates jobs
 - Most anticipated private development projects downtown will be “redevelopment:” The aquarium and casino will be followed by rehab and conversion of office space to attract new office tenants and residents.
 - Preservation-related construction creates 20 more jobs per \$1 Million spent than most other heavy labor industries, including processing steel, manufacturing cars, drilling for oil, and even manufacturing semi-conductors.

Sources: *The Brookings Institution. Turning Around Downtown: 12 Steps to Revitalization (att.)*
Cuyahoga County Department of Development
Donovan Rypkema. The Economics of Historic Preservation.

Downtown is accessible and green

- Downtown is the most accessible geography in the region.
 - It is the only site served by and easily accessed via light rail, heavy rail, bus, taxi, interstate highways, air travel and even water travel.
- When businesses move or locate outward, 64% of those “become inaccessible” or “remain inaccessible” to public transit options.

Sources: *Northeast Ohio Areawide Coordinating Agency (NOACA)*
Good Jobs First

Downtown development is “green”

- Relies on existing roads, utilities and infrastructure
- Walkability for residents and workers
- Closer to population centers, keeping commuting time and environmental impact low
- Reusing a small 5,000 square foot building conserves the carbon output equivalent of 100 homes for an entire year.

*Sources: The Brookings Institution. Turning Around Downtown: 12 Steps to Revitalization (att.)
Cuyahoga County Department of Development
Donovan Rypkema. The Economics of Historic Preservation.*

Downtown Investment leverages other non-private resources

- Historic tax credits (state and local)
 - More than 80% of tax credit deals are re-purposing vacant buildings
 - Leverages the 20% federal historic tax credit
 - 668 Euclid received the equivalent of a \$13M incentive, yielding 636 jobs and produced \$66 Million in local economic output.
- City of Cleveland: \$2M loans with 10% forgiveness, 15 year abatement on residential conversion.

*Sources: City of Cleveland
Cleveland State University. Estimates of the Economic Impact of the Ohio Historic Preservation Tax Credit.*

Visitor Forecasts Going Up: Need to Reinvent Our Brand

- Brand damage
 - Brand carries conflicting images of growth and decline
- Strong brands are focused with a single-minded benefit for the target.
 - For our County the answer is obviously Cleveland, the capital and the downtown experience.
 - We *have* a Casino, The Rock Hall, Playhouse Square, and so many other attraction assets...They are here *now*.
- There are approximately 15 Million visitors to Downtown Cleveland annually.
- Positively Cleveland estimates that number to double for 2013: the equivalent of hosting the Superbowl every 12 days.
- Multiple projects—the product of billions in investments—are coming on line simultaneously that will bring visitors to Cleveland for the first time. They will visit downtown.
 - The Aquarium, Horseshoe Casino, to the MedMart and Convention Center, Cleveland Museum of Art Expansion, MOCA, I-X Center Expansion, West Side Market Centennial, and more.

*Sources: Positively Cleveland CVB
Cuyahoga County Department of Development*

Downtown is the tool for attracting new residents to the region

- 3 out of 4 young people under the age of 28 first pick a place to live based on walkability, transit options, availability of parks and green space, and mixed-use amenities, and then seek a job. In that location. Downtown has the potential to be that asset for the region.
 - Nearly 50% of the same group—the emerging housing wave—expect to rent rather than own. That’s twice the number of renters of the previous generation.
 - 60% expect to live in an apartment or condo in the next 5 years.
- College-educated 25-34 year olds are 94 percent more likely to want to live within three miles or less of a Central Business District.
 - In / near an urban downtown is the number one location choice among the next wave of housing demand.
- Residential Occupancy rates Downtown have been reported to be over 94%.

*Sources: Cuyahoga County Department of Development
Downtown Cleveland Alliance
Next Generation Consulting
Urban Land Institute (attached)*