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Western Reserve Joint Economic Development Zone



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Summit County, Ohio

KENT STATE
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This case study describes the “Western Reserve Joint Economic Development Zone” partnership. The story is told with the help of the researchers at the Center for Public Administration and Public Policy at Kent State University. We hope that by sharing experiences and lessons learned through this collaboration, we will help others start successful collaborations. The case study draws insights from leaders of the collaboration, including Mr. Tom King (City of Hudson), Mayor William Currin (City of Hudson), Mayor Don Robart (City of Cuyahoga Falls), and Mr. Mark Corr (Signet Enterprises). It is written in the first person plural (“we”) tense -- as though the writers were present and involved in the collaboration -- to enhance readability and ease comprehension for its readers.

Just the Facts

Our communities -- the City of Hudson, the City of Cuyahoga Falls, and the City of Stow -- are located in Summit County, Ohio. Part of the boarder that runs between our communities follows a significant regional highway, Route 8. In 2009, construction of a new highway interchange began on our segment of Route 8. This construction offered a number of economic development opportunities for each of our communities. These opportunities expanded significantly as Summa Health System began to explore the possibility of building a new hospital at this interchange with the assistance of the Akron-based Signet Enterprises development group. However, given that area on either side of the new interchange belonged to separate communities, there was also the potential for significant economic conflict. Rather than turn the development of this new property into a competitive process, we decided to come together to coordinate. This decision came in response to both requests from leaders of the medical organizations that sought to develop facilities at the new interchange and significant efforts on the part of officials in the three communities. As we contemplated potential collaborative approaches, we learned of the Efficient Gov Now (EGN) grant program, and decided to apply with a proposal to form the Western Reserve Joint Economic Development Zone (JEDZ).

Through the proposed Western Reserve JEDZ, each of our political subdivisions would share the costs and the revenues generated by business development around the new interchange. The JEDZ was designed to facilitate development of a lucrative new medical corridor as well, creating a situation where our communities would share the economic and medical benefits of the new facility. Given the unique structure of this project, we believe that the JEDZ could serve as a model for other joint economic development zones.

Our project was dealt a setback when we did not receive enough votes to win the EGN grant funds in the Summer of 2009. While Memoranda of Understanding (MOU) have been signed, the development of a master land use plan for the area covered by the JEDZ has been stalled for some time. It was not until the Fall of 2011 that a final JEDZ agreement was negotiated among all partner communities. This agreement has now received positive feedback from the City Councils in all three communities, but it is still awaiting final approval. We do anticipate that the JEDZ portion of the project will move forward, although funding is still needed for the land use planning portion of the project.

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Tom King, the Community Development Director of Hudson

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**Mayor William Currin,
City of Hudson**

This collaboration is providing several critical lessons. Above all else, we have learned that collaboration is challenging. As observed by Tom King, the Community Development Director of Hudson, “There is often little tangible immediate incentive to collaborate. There is much institutional resistance that must be overcome in order to break down barriers and build bridges between officials.” Furthermore, we found that it is critical that the potential benefits for citizens in each partner community are made clear. These benefits are significant, however. From the perspective of Mayor William Currin of Hudson, “Resource sharing is a first vital step in securing a more sustainable collaborative process which focuses on the enhanced delivery and quality of public services, while simultaneously reducing overall costs of service.” And finally, we have learned that private sector officials hold the potential to play important roles in fostering and responding to public sector collaborations, as officials from the organizations proposing development of the Seasons Road interchange appear to be doing in this case.

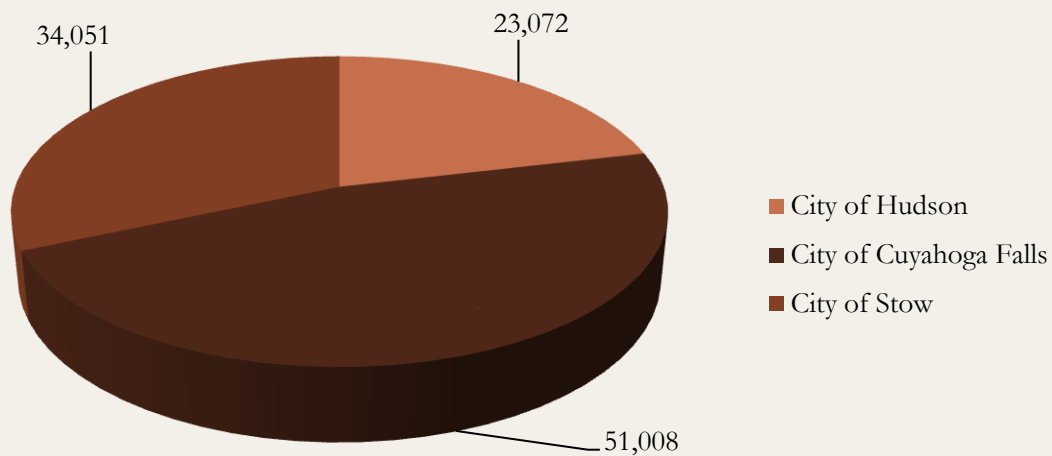
Western Reserve Joint Economic Development Zone

The Problem

Communities across the nation have a history of competition, as individual local governments attempt to develop economically and reap the benefits of the tax revenues associated with this development. Northeast Ohio is no exception to this phenomenon. In fact, in Ohio, communities may have even greater incentive to compete with one another than communities in other states because communities that attract businesses to their jurisdictions benefit from not only additional property tax revenues, but also from additional local income tax revenues -- revenue that is sorely needed given the present economy.

In 2008, Summa Health announced plans to build a new hospital at the location of a new interchange at State Route 8 and Seasons Road in Summit County. Affected communities – the cities of Cuyahoga Falls, Hudson, and Stow – realized that various legs of the intersection would fall in different political subdivisions, creating the potential for competition among the communities. The result could be a very disjointed and chaotic land-use pattern based upon competition rather than upon a unified and rational land use policy. The group coordinating the development of the Summa hospital urged the leaders of Hudson, Stow, and Cuyahoga Falls to collaborate and form a tax sharing district to bridge the resources of our communities. The planning directors in each of our communities brought these recommendations to the attention of local policy makers – the mayors, city councils, and planning commissions -- who make policy decisions for the communities in question. Population information on each of the communities is provided in Figure 1 below.

Figure 1: Community Populations (108,131)



While our communities have had their differences in the past, we have previously collaborated successfully in a number of ways, including:

1. A joint application to the Ohio Job Ready Sites program, ranked highest in Summit County (though unfunded in 2008)
2. A joint application for Federal Stimulus infrastructure funding, successfully awarded in 2009.
3. Creation of a new highway interchange (at Seasons Road and State Route 8), half of which was funded jointly by Stow, Hudson, and Cuyahoga Falls.
4. Creation of a new sanitary sewer lift-station supporting the Seasons Road project is also jointly funded by Hudson and Stow.

The City of Cuyahoga Falls had already formed a Joint Economic Development District (JEDD) with Boston Township. Portions of this JEDD were offered in the new tax and land sharing plan we developed together: The Western Reserve Joint Economic Development Zone (JEDZ).

The Opportunity

The Efficient Gov Now (EGN) program was a grant contest which ran in 2009 (and again in 2010) under the direction of a Northeast Ohio philanthropic organization, the Fund for Our Economic Future (Fund). Created to encourage local government efficiency through collaboration, EGN invited local governments to write and submit proposals for projects which involve two or more local governments working together to improve or expand government programs and services. The Fund invited citizens from across Northeast Ohio to vote on their favorite projects to select the three winners. With our economic development opportunities in mind and our collaborative efforts already underway, this grant program presented an excellent opportunity for the development of a Western Reserve JEDZ.

The Plan

In 2008, the Western Reserve Joint Economic Development Zone emerged as a potential collaborative venture for economic development. Our approach includes joint infrastructure development, cooperative land use planning, and planned sharing of pooled income tax revenues over the 50-year term of a joint funding agreement for the interchange. To develop a coordinated land use plan, we proposed joint development of a Master Plan to guide development within the zone. As proposed, the JEDZ would replace competition between our communities with cooperation. Cuyahoga Falls Mayor Don Robart stated in an April 2008 press release by the city¹ "We have worked closely with Summa (and) ... (w)e are delighted to continue this momentum by presenting both Summa and the Western Reserve Physicians Group with an opportunity to create yet another collaborative venture. Moreover, I am proud to work closely with the Cities of Stow and Hudson in our joint efforts to produce a dynamic incentive

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**Mayor Don Robart
City of Cuyahoga Falls**

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**Mark Corr,
Signet Enterprises**

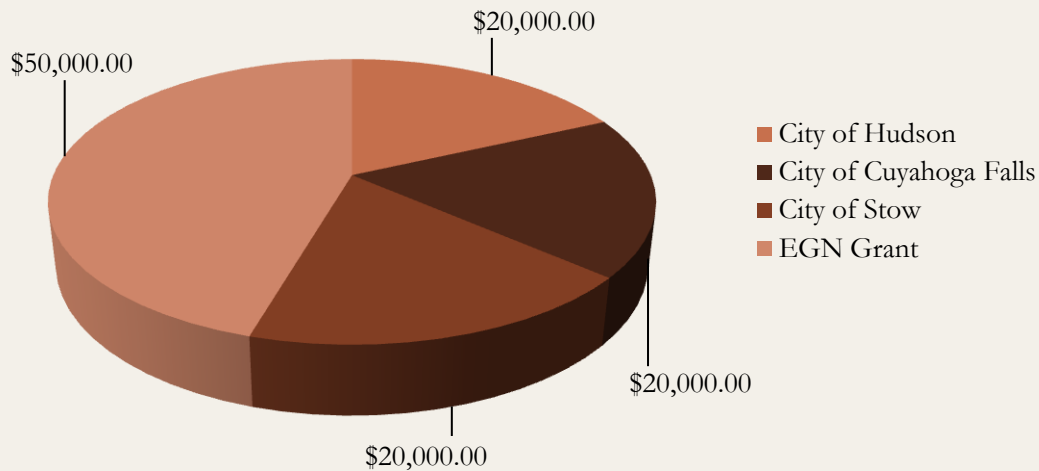
package for their consideration."

Through the JEDZ, our communities would work together to facilitate development of the new regional hospital, sharing in the costs and benefits of development. Moreover, with the hospital as the cornerstone, the JEDZ would pave the way for planned development of the area as a medical corridor. This was an incredibly significant step. As Signet Enterprises representative Mark Corr points out, "You've got several cities that have been contentious with one another about business poaching based on the lure of tax breaks, but at this time, in this economy, these tensions have been put aside and these communities have decided to work together to get this done."

To help finance the Master Development Plan, the communities applied for a \$50,000 grant from the Fund for Our Economic Future's Efficient Gov Now (EGN) grant program in 2009. The proposed revenue sources for developing the new planned JEDZ are displayed in Figure 2 below.

¹ City of Cuyahoga Falls. April 2008. "Cuyahoga Falls, Hudson and Stow Announce Joint Economic Development Zone." Accessed 12/29/11. <http://cfo.cityofcf.com/web/news/2008-04-25/cuyahoga-falls-hudson-and-stow-announce-joint-economic-development-zone>

Figure 2: Partner Contributions (\$110,000)



The Proposal

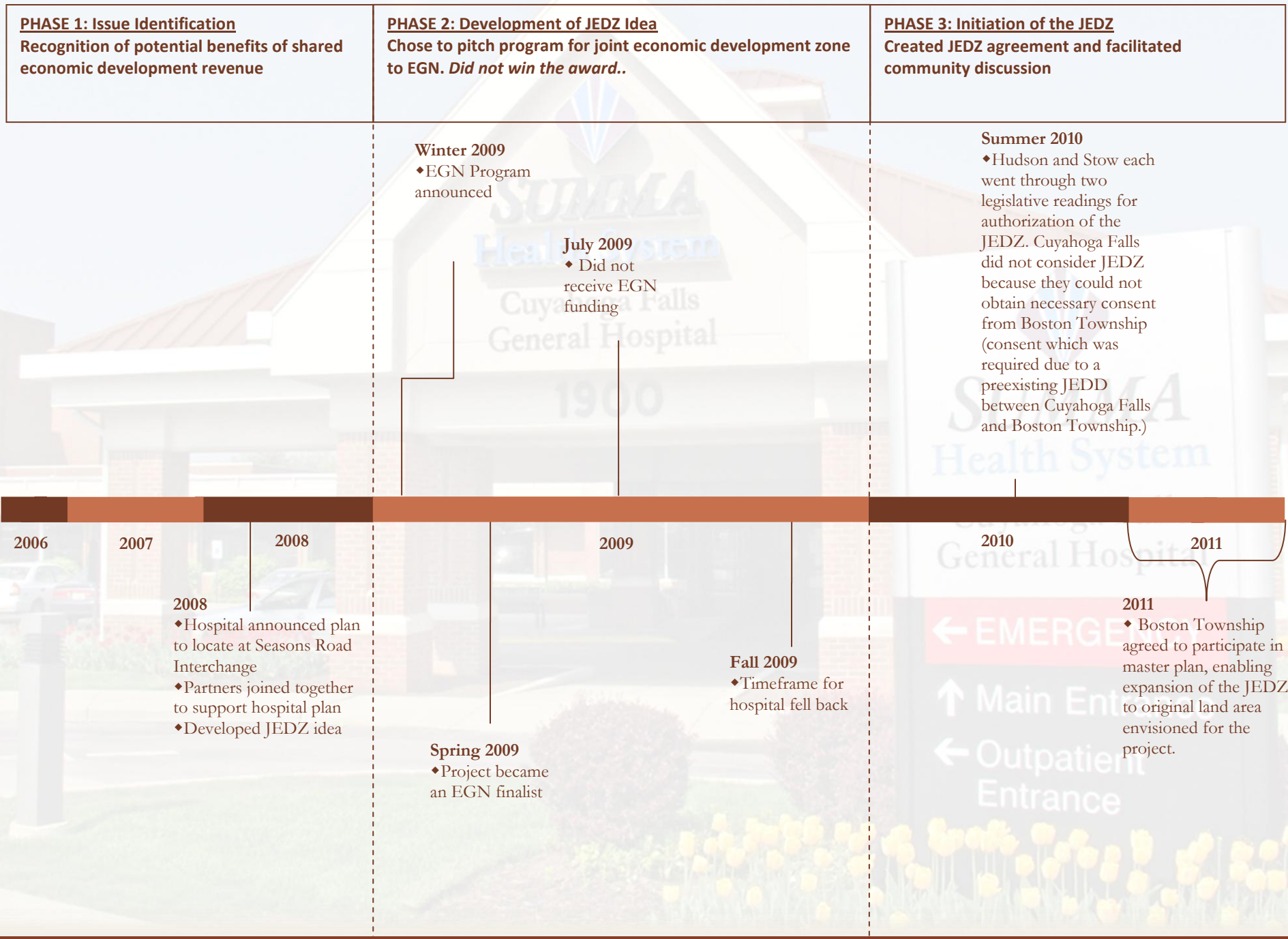
The first phase of the creation of our Joint Economic Development Zone involved the creation of a Master Plan for land use, subdivision, and zoning regulations with district-wide urban design and architectural controls. Each city planned to designate 75 to 101 acres to a common economic development area. The Master Plan would identify the highest and best use of the land without respect to community borders.

The zoning regulations would prevent any one of our communities from pursuing business development that was not consistent with the highest and best use of lands in the vicinity of the new interchange. The plan would also preserve wetlands and provide for storm water control. Finally, architectural and site standards would be written and adopted to attract quality development, thereby balancing the objectives of our member communities.

Our EGN grant application proposed using the funds identified in Figure 2 to hire a planning consultant of national stature to assess the best use of the land to be included in the new JEDZ, evaluate its environmental assets, recommend sustainable practices, and suggest long-term job producing techniques. When implemented, the JEDZ would be managed by a JEDZ Advisory Committee, with all three of our communities assuming operational responsibilities for joint financial activities, economic development, and capital improvements. A great deal of this work would be funded through in-kind contributions. Rather than hiring new personnel, existing staff in each political subdivision would assume the additional workload.

Public meetings were held in each of our communities and jointly with the three city councils with the goal of sharing information about the proposed JEDZ. The hospital and others in the private sector have generally been receptive to the JEDZ. If the political subdivisions are not in competition and, instead, jointly fund several expensive capital projects, businesses appear to have a much better chance of flourishing. A timeline for the project, as proposed in our EGN application, is provided below in Figure 3.

Figure 4: Complete Timeline of Joint Economic Development District



The Reality and the Progress

While our project was selected as an EGN finalist, we did not receive the EGN grant in 2009. Nevertheless, we have continued to develop the JEDZ, even though our progress has been slow – in part due to a lack of funds to support the development of a land use plan and in part due to the fact that the development group has not yet made a final commitment to develop a new hospital at the Seasons Road site.

We have negotiated a JEDZ agreement among the communities and it appears to meet with their approval. As of the fall of 2011, the three cities and Boston Township have all discussed the agreement as needed and agreed to its basic terms. In 2010, Hudson and Stow discussed the terms of the JEDZ agreement and their leaders have expressed support for it. In 2011, Boston Township – in connection with its participation with Cuyahoga Falls in a JEDD agreement that covers land which overlaps the land included in the proposed JEDZ --agreed to participate in the master plan that is to be developed. This agreement effectively enables expansion of the agreement to the full land area envisioned for the proposed JEDZ.

“What has really driven the JEDZ collaboration has been this hospital project. Without the hospital, it is not clear if the JEDZ would move forward.”

**Mark Corr,
Signet Enterprises**

Although there has been significant progress, the communities have not formally approved the JEDZ, as the hospital’s construction at the Seasons Road interchange has not been formally announced. As Mark Corr of Signet Enterprises notes, “What has really driven the JEDZ collaboration has been this hospital project. Without the hospital, it is not clear if the JEDZ would move forward.” At this point, the communities are waiting and hoping that financial and other arrangements can be made that will enable the hospital’s construction to move forward.

Once a final commitment to develop the land is made and the JEDZ agreement is approved by all of the partners, we expect to begin the next phase of the collaboration. This phase involves developing a master land use plan to guide economic development activities within the new JEDZ. The reconstruction of the Season’s Road intersection has been completed and is now open to traffic, so transportation to and from any new facilities that are constructed is now assured.

The Outcomes

To date, there have been no concrete outcomes from this project, other than the completion of the interchange which was to be done regardless of whether or not a collaborative JEDZ project was undertaken.

However, the JEDZ project is likely to provide a number of critical benefits when and if it is completed. First and foremost, development in the JEDZ would yield jobs for residents in the three communities and surrounding areas – approximately 650 jobs are estimated at this point in time. Second and relatedly, the partner communities would receive tax revenues from any development taking place in the JEDZ. Close to \$800,000 a year in taxes are expected from income taxes paid by employees of the hospital and an additional \$300,000 in property taxes a year are estimated to accrue to the communities involved. We expect substantial revenues to accrue to the participating communities over the next 15-20 years and -- with the development of the hospital -- additional economic development is easily possible.

The Lessons

At least four lessons appear to emerge from this collaboration. First, where upfront costs exist, external funding can provide important support and leverage needed to move collaborative projects forward. In this case, failure to obtain external funding to support the land use planning portion of the project has slowed it down. In this sense, the most important lesson may be that collaborators should pursue multiple funding opportunities – something which has not yet been done successfully in this case.

Second, in spite of a lack of both external funding and financial commitments to the planning aspects of the project, the project is moving forward. Here the explanation may lie at least in part in the positive relationships that have developed among the cities’ planning staffs and their commitment to cooperation and collaboration among their communities. The lesson here, therefore, may be that while key leadership may often come from individual “entrepreneurs”, it may also come from teams of collaborators who develop positive relationships across jurisdictions.

A third lesson relates to the role that private sector organizations can play in public sector collaborations. In this case, the development group played a significant role in instigating the collaboration when its leaders suggested that the communities work together to develop a unified land use and economic development plan. In addition, the response of private sector leaders to the collaborative efforts that have been undertaken are critical to the long term success of the project. If a new hospital is built at the Seasons Road intersection, which is a decision that will be made by private sector leaders, it is likely to have positive and cascading effects on economic development and revenue flows in the collaborating communities.

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**Mayor William Currin,
City of Hudson**

And finally, it is important to remember that collaboration is extremely challenging. It is difficult, at times, to identify clear near-term benefits of a collaborative endeavor. This can make risky partnerships a difficult sale to public officials and their constituents. As observed by Tom King, Community Development Director for Hudson, “It is critical that collaborative leaders work through the period of uncertainty and look instead at the long term picture. By focusing on public entrepreneurship and by keeping an eye on the long term improvement goals of a collaboration, leaders are better able to overcome hesitation and move forward with critical collaboration.”

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For More Information...

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LOCAL GOVERNMENT COLLABORATION CONTACTS

Center for Public Administration and Public Policy

Phone: 330-672-7148

Web: <http://www.kent.edu/cpapp/collaboration/index.cfm>

The Civic Commons

Phone: 800-530-8507

Web: <http://theciviccommons.com/>

Fund for Our Economic Future

Phone: 216-456-9800

Web: <http://www.futurefundneo.org/>

Ohio Auditor of State

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