
TOLEDO-LUCAS COUNTY ECONOMIC
DEVELOPMENT AND INNOVATION PLAN

Submitted to

TOLEDO-LUCAS COUNTY PORT AUTHORITY

TOLEDO, OHIO

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Toledo-Lucas County Port Authority
Toledo, Ohio

February 2004

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EXECUTIVE SUMMARY

This Executive Summary presents, in brief, a description of the assignment and the consultant team and the most important conclusions, highest priority actions, and the organizational structure recommended to most efficiently achieve the strategy.

THE ASSIGNMENT

The consultant team was engaged to carry out the economic analysis required to prepare and recommend the economic innovation and development strategy to guide Toledo leadership and various entities to achieve the full economic development potential and to recommend the organizational structure through which they can most effectively carry out this strategy. Extensive in-depth interviews with key economic development and other leaders in Toledo, careful analysis of comparable strategies in best practice cities, extensive data analysis and interaction with the client group were important parts of the work leading to the findings and recommendations presented here.

THE CONSULTANT TEAM

The consultant team was made up of Hammer, Siler, George Associates and the International Economic Development Council. **Hammer, Siler, George Associates** is an economic analysis and strategy firm, which has been in business for fifty years serving large and small communities and other governmental entities, universities, and private businesses of all kinds. Economic and technology strategies prepared by the firm include those for Denver, the Oklahoma City region and the State of Oklahoma, the nine county Detroit region, Washington, D.C., State of West Virginia, Dallas and Baltimore.

The **International Economic Development Council** (IEDC) has as its members nearly all of the economic development entities in the U.S. and a number of international entities as well. The IEDC also has an impressive staff and an economic development industry research program, including continuing best practices surveys and analysis; much of it sponsored by federal economic development agencies. The IEDC carries out, in addition, selected consulting assignments, including their work with HSGA in Dallas, Baltimore, Dayton and Washington.

MAJOR FINDINGS AND CONCLUSIONS

- 1. Toledo's Strong Economic Development Platform.** Toledo/Lucas County (hereafter sometimes referred to as Toledo) has a location central to the Midwest and the nation, an excellent transportation system, and substantial regional and adjacent regional economies, which provide a strong foundation for future economic growth.

- 2. Strong Institutions with Economic Development Potential.** The economic development platform is also strengthened by the fact that there are a relatively small number of entities in the key potential economic development roles, and each has major resources: The City of Toledo, Lucas County, the Toledo-Lucas County Port Authority, the Regional Growth Partnership (RGP) and the University of Toledo make up this core group, and each has strong labor and business participation.
- 3. Major Dedicated Countywide Economic Development Financial Resource.** The roughly \$2.4 million raised annually in the county by the Port Authority through the economic development tax levy, gives economic development in the county an important competitive edge if deployed in a high-leverage manner. Facing present public attitudes about taxes, it is essential that next fall's election campaign to renew the levy be based on a convincing set of agency and program uses.
- 4. Lack of Economic Development Planning and Priority Setting.** In order for the levy funds to be most effectively deployed, and this proposed deployment to be convincingly communicated to the voters of the county, a strong and systematic logic must be determined and communicated. This consultant work and this report is an important next step in setting priorities and in putting in place a continuing priority setting system.
- 5. Many Agencies but Unclear Roles.** Toledo has an extensive number of agencies and other entities that list economic development as a part of their mission and work program. However, the consensus of our extensive economic development interviews confirms our own analysis that there is no organizational strategy to assign and allocate each economic development function to a lead agency with roles of all participating agencies defined and agreed to. The result is inefficiency and under-performance.
- 6. Disenfranchisement.** Important parts of the Toledo population and some physical and governmental sub-areas are not a serious consideration in the strategies and budget formulations of the economic development entities controlling the deployment of the Port Authority economic development levy and other dedicated financial resources. This is generating frustration and leads to their conclusions that recent efforts to begin to address this issue are moving far too slowly.
- 7. Way Behind the National Curve on Diversity as an Economic Development Resource.** The demographic shifts have spoken and there is now strong agreement among businesses of all sizes and industry focuses and, thus, among economic and total community leadership, that enhancing and fully integrating all part of a population, rapidly becoming more diverse, is not only morally right and fair, but also pragmatically essential to continue to be competitive.
- 8. Strength in Economic Development Project Financing.** The Toledo-Lucas County Port Authority has legal capacity and staff capability and plays an important project-financing role for economic development projects in the county. The Port Authority also

provides these services to jurisdictions elsewhere in Ohio, which generates net revenue for the Port Authority that can support other economic development activities.

- 9. Lack of Land Assembly and Site Preparation Capability.** Both meeting the needs of expanding existing businesses and being able to offer an attractive range of existing sites to prospective businesses requires that the city and the rest of the county maintain a good inventory of sites and be able to act to achieve sites for a full range of kinds of business users and economic development projects when they arise. The city, having built out earlier than the outlying areas, suffers most from this condition. This capacity does not now exist and the lack of sites is a serious negative factor. Furthermore, much of the land that is available has brownfields characteristics, complicating the site preparation.
- 10. Need for Strong Project Feasibility and Packaging Capability.** This is the backbone of effective initiative and responsive project development, both through direct public and public/private development activity and through the provision of technical assistance to others considering and carrying out projects.
- 11. Weak Small Business Development Capabilities.** Starting, operating and growing a small business in all parts of the city and county is challenging. Since these businesses account for a significant share of the jobs and business and public revenues, it is important that there be an effective program of management, financing and total technical assistance. Although there are many agencies “in the field,” much more can be done.
- 12. Extensive Business Attraction Efforts.** The Regional Growth Partnership has a relatively high budget relative to similar entities in comparably sized markets and carries out an aggressive and diversified program, now including the former Regional Technology Alliance function.
- 13. Technology-based Economic Development Efforts in the Early Stages.** Toledo is substantially behind efforts in many other cities, although the small staff is aggressively moving towards an effective cluster organization. A stepped-up effort needs high priority.
- 14. Downtown Efforts Need to Continue to Retain Competitive Position.** Toledo faces the typical American city challenge of retaining its market share as competitive centers are developed more convenient to growth areas. By maintaining the governmental function, the ballpark, the successful re-use of the festival market buildings, new corporate headquarters and impressive promotions, Toledo has made an important effort. The waterfront and downtown-adjacent neighborhoods are under consideration now.

HIGH PRIORITY RECOMMENDATIONS

There are two components of the high priority recommendations. The first is the identification of the target industries that the consultants have concluded will best fit Toledo’s current and

potential economy, based on an extension of the cluster work done locally, recognition of university research and academic strengths, and our knowledge of national trends.

The second part is setting forth the most important and effective strategies for attracting, retaining, and growing those targets. The strategies would be beneficial to other industries as well and their beneficial impact will go well beyond the focused targets.

Important Target Industry Clusters

1. Plastics

Opportunity. This is an important sector now in the Toledo economy, stemming from the related glass and container industry from early last century. As plastics becomes more and more the material of choice for automobile parts and high-tech applications, Toledo's firms in the industry can find new markets and new technologies on which to expand their business. A large and well-trained workforce already exists.

Required Actions. The existing firms need to stay abreast of emerging technological advances, reinvest and retrain as appropriate. Closer liaison with university research in this field will create synergy and ultimately new business opportunities. More emphasis on materials science at the universities would mesh well with the plastics industry.

2. Engineering Services

Opportunity. This important sector of the existing Toledo economy can move toward achieving its full potential if companies diversify to better serve auto companies in other geographic areas and to businesses focused on other large scale precision products. Outsourcing of limited production runs, sometimes called "mass customization," is an important target market for this diversification effort.

Required Actions. The existing firms need to achieve the difficult task of finding resources to complement their continued priority on the OEM and other existing Detroit customers with individual and joint efforts to pursue existing marketing leads and generate new ones in new manufacturing sectors.

3. Automotive Components

Opportunity. This is the largest single industry in the Toledo area with over 20,000 employees. While there is increased pressure from overseas production, auto manufacturers are outsourcing more of their parts and sub-assembly needs and even foreign firms need a presence near the auto manufacturers. Toledo is only one hour from Detroit and Ann Arbor and is within 500 miles of 75 percent of all of the automobile production in the U.S.

Required Actions. Small suppliers need to upgrade their technologies, not only in processing, but also in accounting, inventory control and logistics, to compete in an increasingly sophisticated market.

4. Logistics/Warehousing

Opportunity. Toledo is blessed with one of the most accessible locations in the U.S. and is served by an excellent network of highway, rail, port and airport facilities. This is a key factor in Toledo's attractiveness for the automotive, plastics, and other industries, and it provides opportunity for the shipping, trucking, distribution and related firms, as well as for the transportation providers themselves.

Required Actions. Continued improvement of the port and airport is essential, as is the development of attractive business parks near them. Shipping systems are becoming more sophisticated and more university research and curricula should be directed at information technology related to inventory and distribution control. Aggressive marketing of the airport as a freight and intermodal transfer point would further tap the region's location and transportation advantages.

5. Propulsion Systems and Advanced Manufacturing

Opportunity. There is substantial regulatory and industry pressure and substantial research funding available for the development of new, more efficient energy sources for vehicles. The partnership of the Port Authority, Teledyne and the universities in the small turbine research center and the federal funding which will provide support provide the platform if there is effective action. The quality workforce gives additional important strength in this area.

Required Actions. Getting the small turbine research center up and operating is certainly the first step and additional earmarked congressional funding can be attracted. A strong private industry/university effort can achieve substantially expanded federal earmarked financing.

6. Biomedical Engineering/Medical Apparatus

Opportunity. Toledo has the engineering services and advanced manufacturing capability, the available skilled work force and the medical school required to design and carry out an effective cluster strategy for this rapidly growing economic sector.

Required Actions. In order to achieve traction in this target area, the university research in the medical area needs to be substantially ramped up, the engineering and medical schools need to accelerate efforts in the bioengineering area, and a comprehensive incubation support program, with wet lab capacity needs to be put in place. Workforce retraining will be an important component of the effort. The new RGP technology activity will provide important input to this effort.

MAJOR ECONOMIC DEVELOPMENT STRATEGY INITIATIVES

1. Clear and Strong Priority on Meeting the Needs of Existing Businesses

Required Actions: Regular communications, diagnosis of needs, response to needs and continuing follow-up and feedback are the essential components, with priority in staff time allocation related to size and importance of the business. Fully deploying university faculty and other technical assistance resources to work with businesses to keep them at the technology cutting edge in their product development and refinement and production processes needs to be a very important part of the effort.

Primary Responsibility

- Countywide economic development entity (see Section IV)
- The RGP partnering on major re-attraction needs
- All agencies/entities play active intake roles, 24/7

2. Effective Land Assembly, Preparation and Packaging

Required Actions: Initial and continuing land needs assessment for each business type; comparison of the RGP land inventory against the needs; lead and/or carryout the actions required to fill land supply gaps; take the lead in acquiring additional sites when needed to accommodate specific project opportunities; carry out feasibility and pre packaging analysis; work with the Port Authority and others to assemble financing; lead in developer selection and management of public/private projects; and work closely with governmental agencies and private developers.

Primary Responsibility

- Countywide economic development entity (see Section IV)

3. Cost Effective Outreach Marketing and Business Attraction

Required Actions: Incorporate the important new image and branding concept proposed for the overall strategy into marketing materials and marketing efforts; integrate a focus on the target industries recommended in promotion, prospect targeting and outreach marketing; and continue the aggressive outreach marketing efforts.

Primary Responsibility

- The RGP

4. Transportation System Support

Required Actions: Continue to aggressively increase business volume for port, air, rail and other transportation-facilities and pursue transportation-dependent firms for Toledo; and play a key role in developing sites and parks which best meet their needs.

Primary Responsibility

- Port Authority

5. Adequate Funding and Management Support for Entrepreneurial/Small Business Development

Required Actions: Establish a new entity with experience and skill at assisting small businesses of all kinds at all stages of development, including management and marketing assistance and facilitating financing including the raising of a substantial new investment fund for very early stage businesses.

Primary Responsibility

- Countywide economic development entity (see Section IV)
- LISC in CDC assistance

6. Ensuring the Workforce Needs of the Region Are Met

Required Actions: Continued employer, union, and provider consultations to define existing and potential unmet needs and design programs to meet them; and give priority to workforce needs of target industry clusters and continued support of the RGP attraction and major retention efforts.

Primary Responsibility

- Universities for advanced training
- Lucas County

7. Fully Engaging the Universities in the Economic Development Strategy

Required Actions: Strong community leadership; implementation of the UT/MCO technology corridor initiative; priority to providing technology enhancement to existing industry; provide faculty strong motivation to play active economic development roles; work closely with the RGP in their new incubation, commercialization and cluster initiatives; and, perhaps most importantly, make every effort to recruit faculty with research funding, partner with established research universities, pursue congressional earmarks, and take other actions to bring research levels higher.

Primary Responsibility

- Top university leadership

8. Coordinated Effort to Optimize the Role of Technology in the Toledo Economy

Required Actions: Carry out the university role described in component 7; form and operate the cluster organizations in the clusters as described in component 9; provide supplemental funding for the RGP incubation and commercialization initiative; put together a funding strategy which will allow the local universities to reach research parity; and market Toledo aggressively to technology companies, particularly in the target clusters.

Primary Responsibility

- With its new funding, the RGP leadership role has been confirmed
- Universities as important partners

9. Coordinated Program to Harvest the Target Industry Clusters

Required Actions: Form a cluster council or cluster colony for each of the defined target industry clusters; universities make the cluster needs an important focus of research enhancement; give priority in workforce training and re-training to the cluster needs; identify growing firms in the clusters and make them a part of priority RGP outreach; and integrate the effort with the new RGP incubation and commercialization initiative.

Primary Responsibility

- Clearly, a partnership effort, assembled as cluster coordinating groups, brought together as a coordinating council.

RECOMMENDED ORGANIZATIONAL APPROACH

This section of the Executive Summary first summarizes the evaluation of organizational alternatives and then presents the two-component consultant recommendation.

Evaluation of Alternatives

Four organizational forms were considered:

- New RGP Division
- Citywide CIC
- Expanded Port Authority Activity
- Activated LCIC

Evaluation of the Organizational Forms

The following lists advantages and disadvantages of each of these alternatives:

- **New RGP Division**
 - Advantages
 - Existing entity
 - Administration and overhead exists
 - Current levy funds flow to RGP
 - Disadvantages
 - Mixed mission
 - Mixed geographic focus
 - No current authority
 - No comparable model
 - 2nd level department head

- **Citywide CIC**
 - Advantages
 - Inner city- good accountability
 - Focused mission
 - Potential greater leverage on city budget
 - Strong models
 - Disadvantages
 - City-county competition
 - Redundant service delivery
 - No existing framework
 - Doesn't address county needs

- **Expanded Port Authority**
 - Advantages
 - Established finance capability
 - Access to revenue stream
 - Administration and overhead exists
 - Broad powers
 - Combine city and county
 - Not a new entity
 - Disadvantages
 - Mixed mission
 - Little comparable experience
 - Upcoming levy
 - Accountability
 - 2nd level department head

- **Activated LCIC**
 - Advantages
 - Focused mission
 - Not another entity
 - Would have own CEO
 - Has broad powers
 - Combine city and county functions
 - Matches ED levy taxing district
 - Disadvantages
 - In effect a new entity
 - City and county constituency accountability
 - Has no existing staff
 - Has no funding source
 - Different taxing regimens
 - Lacks valuable financing tools

The selection of which of the four alternatives best meets the unique need of the Toledo area is ultimately a decision made by the affected entities. The table below summarizes the consultant’s summary assessment of the four organizational alternatives based on the most critical factors.

TABLE A. SUMMARY ASSESSMENT TABLE

Category	RGP Division	LCIC	City CIC	Port Authority
Senior Management Executive	-	1	1	-
Consolidates City & County Services	2	2	-	2
No Need for New Entity	1	1	-	1
Consistent Mission/Natural Relationship	-	2	2	-
Existing Funding	1	-	-	1
Existing Deal Making Authority	-	1	1	1
Existing Model	-	1	1	-
Total	4	8	5	5

Source: Hammer, Siler, George Associates.

Recommended Organizational Approach

The primary organizational recommendation has the two parts required to make Toledo a fully competitive and successful economic development player. The first is to embrace and implement an inclusive city and county partnership. The second is to create a world-class economic development corporation that operates effectively throughout the county, but with a strong focus on the built-up portions of the county, specifically the City of Toledo, where proactive measures are required to achieve economic development.

Part 1. A True, Inclusive Partnership

First, is to embrace the concept and implement a full regional economic development partnership, not in an organizational sense, but rather as an attitude, theme and principle that underlies all economic development actions (and other community goals as well, for that matter). It is a partnership with:

- 1) Full participation and partnership “shares” to all racial/ethnic groups and all parts of the geographic county.
- 2) Full partnership “shares” to business, university, government, labor and community.

This is necessary to bring the Toledo area up to par with the most successful communities in the nation, which have found that fully deploying all segments of the population and business community is good for the community’s image, prosperity and growth.

Strategy for its Achievement

We recommend several specific actions and activities to achieve this goal:

- Expand the economic development leadership team.
- Gain the support of top leadership.
- Develop a mission statement, which focuses on diversity and total countywide partnership.
- Existing business leadership embrace and incorporate this new regional diversity and total partnership mission.
- Sponsor a biennial conference to put the new Toledo on record before the world.
- Create an economic development entity, which will incorporate diversity and a total economic development partnership in specific economic development project activities.

Part 2. A World-Class Economic Development Corporation

Second, is a countywide, world-class economic development corporation, headed by one of the country’s leading economic development professionals. This entity would complement the competence of existing agencies in outreach marketing and transportation related economic development activities, but build on budget transfers and new funding, as available, to give all parts of the city and county the small business development, land assembly and preparation, and project packaging capability it so seriously lacks. Whatever alternative is selected to house the new entity, the rationale and characteristics of the organization as described below are valid. Given its role and the importance of city and county cooperation, we will refer to it in the remainder of this document as the **Toledo-Lucas County Economic Development Corporation** (or **TLCEDC**).

The primary reasons for this organization are: 1) there is no comparable entity playing this role; 2) it is needed to achieve greater economic development victories in the urbanized portions of the county; 3) there are very successful models in other communities across the country; and 4) if carried out as recommended here, it would bring a more equitable relationship between the primary source of public economic development funding, and the impact of its deployment.

Strategy for Its Achievement

Responsibilities. The Toledo Lucas County Economic Development Corporation will be a national leader and will greatly strengthen the competitive position, increase jobs and tax base, and in this way, insure a continuing enhancement of the quality of life in the Toledo area. The TLCEDC will be the primary economic development dealmaker in all of Lucas County and will carry out the following functions:

- Determining site needs for economic development and acquiring sites and assisting the city, county and other county jurisdictions when they need to acquire sites.
- Actioning the small business development program and the related community development corporation assistance program.
- Packaging and leading the implementation of important public/private development projects throughout the county.
- Assuming, from the city and county, most of the functions of their respective economic development departments, such as retention communications, commercial and business loans and grants, and nonresidential CDBG administration.

In this and its overall economic development leadership role, the TLCEDC will establish effective formal and informal project/program-specific relationships with its host organization and other key economic development entities:

- With the RGP in creating the optimum site and facility offering for attraction and major retention prospects.
- With the Port Authority on transportation-related economic development projects and creative project financings.
- With the universities on achieving research-related economic development projects and on actioning strategies to keep existing Toledo businesses at the cutting edge of technology in their industries.
- With the cities and the county in carrying out their strategic and tactical economic development planning.
- With downtown Toledo and other city and town center development entities, to keep these areas strong, holding Lucas County dollars, and attracting sales support from outside this area and the state.
- And, with state economic development and other state entities in joint marketing, financing and development efforts.

Board Structure. Whether a new or existing board is ultimately responsible, it must represent the diversity of geographic and demographics envisioned, and it needs to consist of the

acknowledged leaders of these groups. There needs to be a balanced mix of city and county representatives as well as leaders from the university, labor, and private sector businesses.

Staff Needed to Carry Out the Mission. To most efficiently carry out these functions and build these relationships, the TLCEDC will have an executive of national status and track record and have an executive office and three divisions, each headed by a working director with substantial direct experience, and with an approximate staff level as indicated below:

- Executive Office (4)
- Existing Business Enhancement (12)
- Project Packaging (3)
- Small Business Development (6)

Budget Needed To Carry Out The Mission. As a part of “next steps” the economic development leadership will want to prepare a detailed business plan for the TLCEDC, including a detailed staffing plan and budget. As guidance, and to frame the discussion, an operation with a staff of 25, as outlined above, would normally require a budget of about \$2.5 million. Based on the preliminary staffing plan shown, that would translate into a programmatic budget as indicated below:

Office of the Executive/Interagency Coordination	\$ 350,000
Existing Business Enhancement	900,000
Project Packaging	300,000
Small Business Development	600,000
CDC Assistance (LISC)	350,000
Total	\$2,500,000

This, of course, is operational funding. Program funds administered or direct county or city assistance to businesses are in addition, as would be any direct real estate activity that may evolve over time (and generate additional profits for operations).

Clearly, the budget level which is ultimately agreed to will be the subject of much leadership consideration and debate.

Funding the Effort. Funding this effort will require either a redirection of existing expenditures or finding new sources. Although funding is ultimately a local decision to be made after much deliberation, and perhaps negotiation, one approach to funding that the consultant team believes has merit is outlined below.

Transfer of City ED Budget	\$1,200,000
Transfer of County ED Budget	350,000
Reallocation of the ED Levy	
From current RGP Activity	700,000
From current Port Authority Activity	250,000
Total	\$2,500,000

In this profile of sources of funds, the amounts from the city and county are the approximate budgets of their respective economic development staffs whose functions would largely be transferred to the new entity as well. The remaining funds could come from a reallocation of the economic development mill levy, drawing from both the current allocation to the RGP and that retained by the Port Authority.

With these new organizational capabilities and carrying out the recommended strategies, Toledo will greatly strengthen its competitive position and its economic development achievement.

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SECTION I. SETTING THE STAGE

INTRODUCTION

This report sets forth a plan and strategy to improve the economy of Toledo, Lucas County and surrounding areas. Although the focus is on Toledo and Lucas County, the entire region will benefit from the actions recommended here. The organization of this report follows a logical sequence of inputs and analyses:

This section presents in a broad sense what the area hopes to achieve in economic development. It includes: 1) a discussion of the essential need for generating an image and reality for Toledo as a community which is achieving the “new economy” objective of fully embracing diversity; 2) recommended goals and objectives to guide the economic development strategy preparation and implementation; and 3) a summary of major findings based on our research and our extensive interviews in the community.

The second section identifies the industry clusters that have the best potential for immediate and longer-term growth in jobs and economic activity. This work builds upon a statistical analysis done by professors at the University of Toledo and Bowling Green State University.

The third section suggests the specific strategies and actions, which need to be taken to achieve the potential job and total economic growth in these target industries and an overall improved economic development environment.

The final section described the organizational structure that is needed to effectively carry out those initiatives.

ESSENTIAL NEED TO MAKE THE ECONOMIC DEVELOPMENT SYSTEM FULLY INCLUSIVE

There was almost unanimous agreement on the part of central city groups of various minority affiliations that the Toledo regional economic development system is not inclusive. In short, these groups feel that they have no seat at the table when important countywide and regional economic development policies are being formulated, projects developed, or benefits distributed. Even in instances where minority representatives have been included, there is the view that their positions have often been ignored. The lack of inclusiveness, according to central city groups, results in development policies that “never look to the core of the region, but always look to the edges” or “design guidelines not sufficiently flexible to embrace cultural preferences.”

While a policy of inclusion is not sufficient by itself to put the county and region in its most competitive position, the lack of inclusiveness results in inter-jurisdictional conflict and the inability of the region to work together successfully to formulate or accomplish a practical set of countywide or regional economic goals, especially goals that recognize the need to stabilize and grow the center of the region. Until this is achieved, the mobilization of city, county and regional resources to address the need for business attraction, entrepreneurial development and inner city neighborhood development will be difficult.

This suggest that if the Toledo region is committed to competing as a region in a now global economic development environment, it must shed its image of exclusiveness and embrace diversity as the first step in achieving regional unity.

Toward a Toledo Renaissance in Economic Development

The Toledo region’s population is a rich mixture of Irish, German, African, Arab, English, Italian, Mexican Americans and other ethnicities and national heritages. It must capture the full value of this diversity—on a county and region wide basis—if it is to achieve regional unity and maximize its competitive position for economic development. In our view, this will require the following:

Valuing Diversity. The economic development leadership needs to demonstrate that it is fully aware of the value of appreciating, respecting, and utilizing differences among people or groups of people to create a more appealing and productive economic environment.

Recognizing Diversity as an Economic Asset. The economic development leadership needs to view diversity as an economic development asset that can provide a substantial return on investment. In short, capitalizing on the value of diversity can pay dividends in terms of regional growth. There is no better example of this than the Atlanta, Georgia region.

Managing the Diversity Asset. The economic development leadership must work hard to create an environment that fully utilizes all segments of the population and workforce, helps them to realize their full potential, and maximizes their contribution toward the achievement of countywide and regional economic development goals.

Fostering Multicultural Leadership. The economic development leadership must authenticate the process by creating an inclusive environment where leaders from diverse segments of the population can emerge to foster effective communications, cooperation and collaboration.

Creating a Diversity-Friendly Economic Environment. This will require an economic system that actively engages in processes that support a multicultural system and that address systemic barriers.

This suggests that the regional economic development leadership must accept this new challenge of embracing diversity if a countywide and regional approach to economic development is to be effective. The success of moving from a system of near exclusion to a system of diversity is directly related to the skill, knowledge, and commitment of the top leadership to lead the economic development system through the multicultural change process.

GOALS AND OBJECTIVES

More focused goals and objectives are developed for both economic development in the region and specifically for this current effort to review the economic development setting and the organizational structure for carrying out the recommendations. We have reviewed below the relevant objectives as stated in the documents of the various entities involved in economic development in the region, as well as posed some others of our own.

Overall Economic Development Goals

The goals of economic development, broadly defined, are one component of the quality of life of the residents in the Toledo and Lucas County region. While there are other, and important, quality of life factors, such as the environment, recreation opportunities, social and community cohesion, which in turn help define economic development opportunities, we pose the following as the overriding goals of economic development:

- A quality job for all in the workforce, which provides adequate financial support for a high quality of life;
- Strong and successful businesses and institutions providing these quality jobs; and,
- A strong tax base for all governments, providing adequate revenue to support the facilities and services required for that quality of life.

Stated Objectives of Toledo Area Organizations

The governments and organizations in the Toledo area that carry out various forms of economic development all subscribe to these overall goals, whether explicitly stated or not, but have differing roles, objectives and means to achieve them. We have reviewed plans and reports of the entities involved in economic development in the Toledo area and most have some formal statement of their objectives for economic development, either in the broad sense for the region or for that particular entity's role. While not always labeled "objectives" as such, we have summarized below statements from those documents that are most relevant to, and most directly addressed by, this Economic Development and Innovation Plan.

From the Regional Growth Partnership's 2003 Action Plan: The three most relevant objectives (referred to as "strategies" in the document) are:

Business Development: To facilitate investment in new and existing businesses to create jobs, income and tax base. Under this objective are the actions related to marketing the region to new and expanding companies, retention, market research, and liaison with the Ohio Department of Development.

Technology: To facilitate implementation of a technology-based development strategy utilizing public/private partnerships to promote technology commercialization and the growth of technology-oriented companies. This objective is manifest through the Regional Technology Alliance, which since the development of the 2003 Action Plan has been merged into the RGP. This objective includes working with area universities to enhance technology transfer and encourage university research related to local industrial strengths.

Competitiveness and Product Development: To encourage continuous improvement in local and regional infrastructure and competitive position to support business and economic growth. This includes ensuring quality buildings and sites, legislative advocacy, working to expand telecommunications and transportation infrastructure, and supporting workforce development efforts.

From The Ford Plan 2002: In this statement of vision and direction for the City of Toledo under Mayor Ford’s administration, there are 47 goals listed relating to economic development. The most relevant to the overall economic development process and its effectiveness are paraphrased below.

- Provide leadership to “change the nature and culture of local and regional economic development efforts.” This addresses a number of related goals such as cooperation with other jurisdictions, regional organizations and the area’s universities.
- Improve the level of service delivery through a “professional, user-friendly, customer-oriented” approach. While not explicitly stated, this and some other goals appear to acknowledge that the city is sometimes perceived as difficult to work with by businesses.
- Improve staff capability in economic development techniques and strategies, real estate development and development financing, and incentives.
- Emphasize technology, not only in the targets of economic development activity, but also in the delivery of those services.

From Toledo 20/20: The adopted Comprehensive Plan of the City of Toledo contains 12 specific objectives pertaining to economic development (called “Marketplace Recommendations” in the document) and another 16 related specifically to downtown, as the core of the city in terms of image and activity. The key economic development objectives as adopted in the plan are summarized below.

- Develop and promote more efficient and effective use of college-based resources and technologies.
- Target efforts at attracting export industries that create wealth.
- Aggressively prepare, promote and utilize brownfields and other infill sites.
- Install utilities on vacant industrial sites.
- Encourage the creation of large sites for business and industrial parks.
- Implement a number of recommendations relating to housing, parks and recreation, arts and culture, and transportation to increase the activity, access and aesthetics of downtown.

From the Lucas County Land Use Policy Plan Update. This is the officially adopted plan for the county, but because each township and municipality is responsible for its own zoning and land use decisions, it provides only guidance and policy direction on most matters. It sets out goals and objectives in a number of areas, none specifically addressed as “economic development” except a reference to preserving agricultural use in what is defined as the “limited development zone” (generally the western tier of townships) as “an important component of the county’s economic base.” However, there are several policies in the plan that would influence economic development efforts and decisions.

- Divide the county into three zones for differential policy guidance: in-fill zone, expansion zone and limited development zone.
- In the in-fill zone (generally Toledo, Maumee and other built-up areas), encourage orderly development of balanced uses that will utilize and support the urban infrastructure already in place. This includes equalizing the cost of development between this and the expansion zone.
- In the expansion zone, develop the fringe beyond the built-up areas in a cost-effective manner that makes efficient use of the land and resources. The judicious use of water and sewer extensions is seen as the primary tool for influencing the cost and location of development in this zone.

Objectives for the Economic Development and Innovation Plan

There are common themes among the stated objectives of the existing organizations engaged in economic development. Among these are cooperation, professionalism and efficiency. Based upon the common thread among these stated objectives and the input the consultants received through numerous community interviews, meetings with the client group, and the results of the analysis and recommendations presented in this report, we have distilled these objectives into three broad statements addressing the three major components of economic development: retention and expansion of existing business, attracting new business, and fostering entrepreneurship to create “home grown” businesses.

- **Devote primary resource and leadership attention to supporting existing businesses and meeting their needs for viability and expansion.**

Existing businesses are the most important component of economic development. In aggregate they are thousands of times larger than new employees attracted to the region in a given year. If only a small fraction of them closes or moves out of the region, that would offset the most successful of attraction efforts. Their needs must be understood and catered to and they must be assisted in keeping up with technological change to remain competitive. Furthermore, the existing businesses tend to be concentrated in the built-up areas of the county, where the jobs are most needed. The RGP and the area jurisdictions have programs in place to maintain contact and communications with existing business, but its effectiveness is hard to measure.

- **Increase the effectiveness in identifying business attraction leads, selling the region, assembling a compelling offer, and closing the deals.**

Secondary, but still important, is the attraction of new businesses looking to relocate or expand. These opportunities are usually driven by outside sources, but the Toledo region needs to assure that it can respond effectively and quickly to those opportunities and make sure it has its “best foot forward” even before it knows that those opportunities are looking. The Toledo region has generally done a good job on this score, notably the recent cooperative deals put together for the Jeep Liberty plant and the Dana technology center.

- **Put in place the essential tools for entrepreneurial development—capital, management support, and well equipped, affordable, building space.**

The longer-term view of economic development recognizes that some of the best opportunities for regional growth come from “home grown” industries, often start-ups by

employees of existing businesses or stemming from research at local universities. The failure rate for new businesses is high, so to realize this potential their needs to be both a steady stream of entrepreneurship and a nurturing environment that will maximize the chances for success. It is in this “third leg” of the economic development environment that the Toledo area lags many other communities.

In addition to these overarching objectives, there are several more specific objectives for economic development in Toledo and Lucas County that are anticipated outcomes of the Economic Development and Innovation Plan or are necessary for its implementation:

- Enhance the level of technology in the traditional manufacturing base and the businesses that support them to insure long-term competitiveness.
- Stimulate greater interaction among the universities and local industries in subject matter, technology transfer, research funding, and developing the workforce for the emerging knowledge-based economy.
- Achieve significantly higher levels of university research as a long-term generator of new technologies and businesses for the region.
- Assure an adequate supply of suitable land and buildings in suitable locations to meet the needs of new and expanding businesses.
- Achieve broader private sector funding participation in the regional marketing and attraction component of the economic development system.
- Achieve broader participation by minority communities in economic development—in both the effort itself and in its results and benefits.
- Reduce the perceived geographic inequity between the source of funding for the countywide economic development mill levy and the resulting development pattern.
- Build a cooperative, supportive environment that will assure the reauthorization of the economic development mill levy in November 2004.

The recommendations presented in this report, if effectively carried out, will achieve these objectives and make strong progress toward achieving the goals of economic development for the citizens, the businesses and the governments of the region.

MAJOR FINDINGS AND CONCLUSIONS

As one component of the research for the Economic Development and Innovation Plan, we conducted extensive interviews of leaders in the community; board members and staff of the Port Authority, the RGP, and the Chamber of Commerce; representatives of minority business organizations and neighborhood groups; university research administrators; real estate practitioners; city council members; county commissioners; the Mayor of Toledo; and the city and county staff. In all, about 150 people were interviewed, either individually or in small groups. While there was not unanimity on all issues, there were consistent themes that emerged. Where corroborated by our own analysis and research into the issues, we have identified 14 major findings on which there was general agreement and which the Economic Development and Innovation Plan should and does address.

- 1. Toledo's Strong Economic Development Platform.** Toledo and Lucas County has a location central to the Midwest and the nation, an excellent transportation system, and substantial regional and adjacent regional economies, which provide a strong foundation for future economic growth.
- 2. Strong Institutions with Economic Development Potential.** The economic development platform is also strengthened by the fact that there are a relatively small number of entities in the key potential economic development roles and each has major resources. The City of Toledo, Lucas County, the Toledo-Lucas County Port Authority, the Regional Growth Partnership and the University of Toledo make up this core group. Each has strong labor and business participation.
- 3. Major Dedicated Countywide Economic Development Financial Resource.** The roughly \$2.4 million raised annually in the county by the Port Authority through the economic development tax levy, gives economic development in the county an important competitive edge if deployed in a high-leverage manner. Facing present public attitudes about taxes, it is essential that next fall's election campaign to renew the levy be based on a convincing set of agency and program uses.
- 4. Lack of Economic Development Planning and Priority Setting.** In order for the levy funds to be most effectively deployed, and this proposed deployment to be convincingly communicated to the voters of the county, a strong and systematic logic must be determined and communicated. This consultant work and this report is an important next step in setting priorities and in putting in place a continuing priority setting system.

- 5. Many Agencies but Unclear Roles.** Toledo has an extensive number of agencies and other entities that list economic development as a part of their mission and work program, but the consensus of our extensive economic development interviews confirms our own analysis that there is no organizational strategy assigning and allocating each economic development function to a lead agency and with roles of all participating agencies defined and agreed to. The result is inefficiency and under performance.
- 6. Disenfranchisement.** Important parts of the Toledo population and some physical and governmental sub-areas are not a serious consideration in the strategies and budget formulations of the economic development entities controlling the deployment of the Port Authority economic development levy and other dedicated financial resources. This is generating frustration and leads to their conclusions that recent efforts to begin to address this issue are moving far too slowly.
- 7. Way Behind the National Curve on Diversity as an Economic Development Resource.** The demographic shifts have spoken and there is now strong agreement among businesses of all sizes and industry focuses and, thus, among economic and total community leadership, that enhancing and fully integrating all parts of a population, rapidly becoming more diverse, is not only morally right and fair, but also pragmatically essential to continue to be competitive.
- 8. Strength in Economic Development Project Financing.** The Toledo-Lucas County Port Authority has legal capacity and staff capability and plays an important project-financing role for economic development projects in the county. The Port Authority also provides these services to jurisdictions elsewhere in Ohio, which generates net revenue for the Port Authority that can support other economic development activities.
- 9. Lack of Land Assembly and Site Preparation Capability.** Both meeting the needs of expanding existing businesses and being able to offer an attractive range of existing sites to prospective businesses requires that the city and rest of the county maintain a good inventory of sites and be able to act to achieve sites for a full range of kinds of business users and economic development projects when they arise. The city, having built out earlier than the outlying areas, suffers most from this condition. This capacity does not now exist and the lack of sites is a serious negative factor. Furthermore, much of the land that is available has brownfields characteristics, complicating the site preparation.
- 10. Need for Strong Project Feasibility and Packaging Capability.** This is the backbone of effective initiative and responsive project development, both through direct public and public/private development activity and through the provision of technical assistance to others considering and carrying out projects.
- 11. Weak Small Business Development Capabilities.** Starting, operating and growing a small business in all parts of the city and county is challenging. Since these businesses account for a significant share of the jobs and business and public revenues, it is

important that there be an effective program of management, financing and total technical assistance. Although there are many agencies “in the field,” much more can be done.

12. Extensive Business Attraction Efforts. The Regional Growth Partnership has a relatively high budget relative to similar entities in comparably sized markets and carried out an aggressive and diversified program, now including the former Regional Technology Alliance function.

13. Technology-based Economic Development Efforts in the Early Stages. Toledo is substantially behind efforts in many other cities, although the small staff is aggressively moving towards an effective cluster organization. A stepped up effort needs high priority.

14. Downtown Efforts Need to Continue to Retain Competitive Position. Toledo faces the typical American city challenge of retaining its market share as competitive centers are developed more convenient to growth areas. By maintaining the governmental function, the ballpark, the successful re-use of the festival market building, new corporate headquarters and impressive promotions, Toledo has made an important effort. The waterfront and downtown-adjacent neighborhoods are under consideration now.

This first section of the report presents a summary of the major findings, the recommended goals and objectives, and the recommendation of an important new mission and resulting image of diversity. These three components of the consultant work provide a strong and important platform for the analysis and recommendations that follow.

SECTION II. THE TARGETS FOR ECONOMIC DEVELOPMENT

OVERVIEW

Future economic growth will come from effective strategies to optimize the competitive position of the Toledo region for two basic kinds of growth targets:

- First are targets that are presently strong and growing and where Toledo has a strong competitive position. These should be viewed as immediate and continuing targets. The selection of targets in this category stems from an analysis and refinement of a “Cluster Analysis” conducted by professors at the University of Toledo and Bowling Green State University.
- Second are targets with strong potential but there are important gaps in the local resource offering which presently weaken their competitive position. These should be viewed as emerging and potential future targets. Selection of these stem from our analysis of the universities’ research strengths in relation to the private sector resources, as well as a broad perspective on emerging technology-based economic development at the national level.

This analysis has a number of important steps, which are described in the paragraphs and tables that follow. In summary, the analysis identified six groupings of high potential targets based on the Cluster Analysis and emerging potential industries. Those industries are:

1. Plastics (existing)
2. Logistics and transportation (existing)
3. Second and third tier auto industry support (existing)
4. Engineering and architectural services (existing)
5. Bioengineering and advanced medical manufacturing (potential)
6. Propulsion systems and related advanced manufacturing (potential)

ESTABLISHED GROWTH POTENTIAL TARGETS

The University-Sponsored Cluster Analysis

In the first step of this targeting analysis, the work of the two universities' targeting group, analyzing recent employment and output, provides the platform for a rigorous analysis of this data to focus in on appropriate target industries within the identified clusters.

As background, Michael Carroll and Neil Reid of BGSU and UT, respectively, have completed a "Cluster Analysis" of the Toledo region. Our assignment was to start with that analysis and do some refinement and ranking of the industries they identified in the various clusters that would be most appropriate and productive to select "Target Industries" for the economic development effort. Our role did not include identifying other targets not already on their list. Nevertheless, we have identified additional "emerging" targets as described subsequently.

The Cluster Analysis used the IMPLAN input-output model to quantify the linkages among industries in the Toledo region. Six "cluster" nuclei were identified based largely on the total regional output of the industries. The six clusters and their nucleus industries are:

- Cluster 1: Motor Vehicle Parts and Accessories and Motor Vehicle Manufacturing (IMPLAN codes 292, 384, 386)
- Cluster 2: Motor Freight Transport and Warehousing (435)
- Cluster 3: Fabricated Rubber (217, 218, 219)
- Cluster 4: Engineering and Architectural Services (506)
- Cluster 5: Containers (220, 231, 273, 274)
- Cluster 6: Petroleum Refining (210)

The criterion for identifying other industries (other than the nuclei) was those industries that, according to IMPLAN, accounted for at least 0.1 percent of the input used by the nucleus industries. This resulted in the identification of 225 industries (defined by IMPLAN codes) across all of the clusters, but because many industries appeared in more than one cluster, there were only 70 separate industry categories out of a total of 526 such codes.

Not all of these industries are suitable as targets. Some are business services such as banking, attorneys, and utility suppliers, which may have individuals who function as a part of a cluster, but are not suitable targets for attraction or retention as an overall industry. Others may be sectors that are not growing regionally or nationally, and unless there is a significant gap in the local supply chain, would not be productive targets. And the IMPLAN exercise provided other quantitative insights to the makeup of the economy that, while not used in the cluster definitions, added to the target selection.

Refinement of the Cluster Analysis

To address these issues, we refined the Cluster Analysis in several ways. Starting with a standard IMPLAN output table called the “Commodity Summary,” we entered and cross-tabbed the industries in each of the six clusters to identify those that were in more than one cluster, or were in none. Information on the Commodity Summary for each industry includes total local output (supply), local demand, a measure of how much of the local demand is met by local supply, and a measure of how much of the local production is consumed locally, among other data. This identified the 70 exclusive industries included in one or more of the clusters.

Since this list includes supporting service industries as well as linked supply-chain industries, we made a manual elimination of those service industries. This reduced the target list to 34 IMPLAN codes.

The next step was to take the 34 industries and analyze them in greater detail. We added a column to the Commodity Summary calculate the difference between supply and demand as a measure of the extent to which each was an export industry or provided imports to the region. Either could provide a rationale for its suitability as a target. Industries that export a high portion of their goods are the region’s “economic base,” bringing in dollars and representing the region’s strengths and the manifestation of the region’s economic characteristics. Industries that import a lot of goods to the region represent gaps in the supply chain that might be targeted to better meet the needs of existing businesses. In the table below, we also added the Standard Industrial

Classification (SIC) code(s) that corresponds to the industries' IMPLAN code (using a conversion chart provided in the IMPLAN model documentation), so that additional analyses could be carried out based on information that is available only on an SIC code basis. The resulting list of 34 potential targets is shown in Table 1, sorted by value of goods exported.

We have used the official IMPLAN and SIC definitions in the table, so we should point out that the category called "public building furniture" includes automobile seats, which is why it shows up as a part of the motor vehicles cluster.

TABLE 1. POTENTIAL TOLEDO AREA TARGETS FROM CLUSTER ANALYSIS

IMPLAN Code	Commodity	Total Commodity Supply	Total Gross Commodity Demand	Supply Less Demand	SIC Code	SIC 2	SIC 3
386	Motor Vehicle Parts and Accessories	4,503.805	1,726.809	2,776.996	3714		
210	Petroleum Refining	2,628.238	1,064.543	1,563.695	2910		
220	Miscellaneous Plastics Products	1,296.465	718.003	578.462	3080		
230	Glass and Glass Products- Exc Containers	774.952	221.199	553.753	3210	3229	3230
273	Metal Cans	455.934	76.698	379.236	3411		
219	Fabricated Rubber Products- nec.	456.819	148.647	308.172	3060		
292	Automotive Stampings	640.486	394.575	245.911	3465		
506	Engineering and Architectural Services	594.882	495.374	99.448	8710		
130	Automotive and Apparel Trimmings	142.929	59.400	83.529	2396		
156	Public Building Furniture	235.407	185.028	50.379	2530		
164	Paperboard Containers and Boxes	280.344	237.330	43.014	2650		
509	Research- Development & Testing Services	201.454	165.979	35.475	8730		
296	Metal Coating and Allied Services	84.964	54.226	30.738	3479		
321	Special Dies and Tools and Accessories	259.827	237.483	22.344	3544	3545	
331	Special Industry Machinery nec.	241.679	222.653	19.026	3559		
274	Metal Barrels- Drums and Pails	11.670	6.299	5.371	3412		
231	Glass Containers	17.975	13.449	4.526	3221		
258	Steel Pipe and Tubes	0.000	0.000	0.000	3317		
294	Metal Stampings- nec.	78.155	80.441	(2.286)	3469		
198	Surface Active Agents	13.207	16.315	(3.108)	2843		
187	Industrial Gases	14.098	17.278	(3.180)	2813		
218	Gaskets- Packing and Sealing Devices	29.002	34.287	(5.285)	3053		
384	Motor Vehicles	3,239.183	3,251.121	(11.938)	3713		
209	Chemical Preparations- nec	41.759	57.143	(15.384)	2899		
435	Motor Freight Transport and Warehousing	1,072.766	1,091.700	(18.934)	4200	4789	
189	Inorganic Chemicals Nec.	67.638	91.084	(23.446)	2819		
217	Rubber and Plastics Hose and Belting	10.196	45.999	(35.803)	3052		
192	Synthetic Rubber	20.070	83.334	(63.264)	2822		
190	Cyclic Crudes- Interm. & Indus. Organic Chem.	284.060	356.699	(72.639)	2865	2869	
289	Screw Machine Products and Bolts- Etc.	59.754	140.154	(80.400)	3450		
381	Engine Electrical Equipment	42.820	180.193	(137.373)	3694		
191	Plastics Materials and Resins	79.627	411.944	(332.317)	2821		
254	Blast Furnaces and Steel Mills	531.333	864.742	(333.409)	3312		
447	Wholesale Trade	2,677.972	3,822.260	(1,144.288)	5000	5100	

Notes: Dollars in millions.
2000 data.
Highlight means Nucleus Industries.

Source: Hammer, Siler, George Associates.

In converting to SIC codes at the four digit level, some of the IMPLAN codes were in effect three-digit SIC codes, so the list of potential target industries at the four-digit SIC level was significantly more than 34 and additional analysis was required to refine the list. After some additional screening and fine-tuning the wholesale sector (which is all one industry in IMPLAN), there were 50 four-digit sectors to analyze further.

Selection of Established Growth Potential Targets

We created five measures to test the suitability of each of these as a potential target: the “location quotient” of each, the industry’s growth trends at the local, state and national level, and the future outlook at the national level.

The location quotient (or LQ) is a measure of an industry’s relative concentration, and by implication, the region’s suitability for and attractiveness to that industry. An LQ of more than 1.00 generally means the region is exporting goods or activity in that sector. LQs were calculated using data from the fourth quarter 2003 of Dun and Bradstreet’s proprietary MarketPlace data set. In scoring the potential targets, we gave a point to each industry that had an LQ of 2.0 or more.

Three measures of recent growth were used. Again using D&B MarketPlace data we tabulated growth over the past five years for 1) the Toledo metropolitan area, 2) a three-state region (Ohio, Michigan and Indiana), and 3) for the nation as a whole. Even industries that are firmly imbedded in the regional economy as indicated by the LQ and Cluster Analysis are poor choices for targets if they are not growing at some level. We gave each industry a point for each of the three geographic areas for which there was growth over the past five years.

The fifth measure was the outlook for growth in the future. Here we used projections of national growth for 2000-2010 prepared by the U. S. Bureau of Labor Statistics (the latest available). Because these projections are not made at the four-digit SIC level, we used the three-digit category that included our potential target.

Thus, each industry could have a maximum of five points. Table 2 shows the potential target industries ranked in order of their total score. Out of the 50 industries, only 15 scored three or more points and an additional 16 scored in two of the categories. The targets with the most potential are those that score three or better, although some of those that scored two are in closely related industries that could be included with those ranked higher if they are rolled up into the same three-digit category. Those recommended for inclusion as target industries are highlighted in bold. The table also suggests that some of the industries that were identified in the Cluster Analysis, including some of the nucleus industries, would not warrant targeting, most notably the petroleum refining sector.

The wholesale categories deserve a special comment. Wholesale trade was a component of each of the initial six clusters. However, IMPLAN does not disaggregate it further. In the conversion to four-digit SIC codes, 69 subcategories of wholesale trade were identified. We included in this analysis only those five that had an LQ of greater than 2.0, indicating that they are more of an export industry rather than meeting local supply needs. Furthermore the BLS projections do not cover the wholesale trade sector. We have therefore chosen not to highlight the five wholesale categories that appear in the analysis, but rather recognize them as an important component of the overall Motor Freight Transport and Warehouse cluster.

TABLE 2. TOLEDO TARGETS, LOCATION QUOTIENTS AND GROWTH RANKINGS

SIC Code Industry	Location Metro Quotient LQ>2	Growth in Employment				Score
		Metro	3-State	U.S.	Forecast	
3085 Plastics bottles	9.87	1	1	1	1	5
2531 Public building and related furniture	1.35		1	1	1	4
3084 Plastics pipe	2.22	1		1	1	4
3089 Plastics products, nec	3.79	1	1	1	1	4
3465 Automotive stampings	6.77	1	1	1	1	4
5148 Fresh fruits and vegetables	3.01	1	1	1	1	4
8711 Engineering services	1.09		1	1	1	4
3086 Plastics foam products	2.06	1	1		1	3
3211 Flat glass	12.88	1		1	1	3
3714 Motor vehicle parts and accessories	9.55	1	1		1	3
5014 Tires and tubes	2.17	1	1		1	3
5015 Motor vehicle parts, used	3.27	1	1	1		3
5162 Plastics materials and basic shapes	4.76	1		1	1	3
8712 Architectural services	0.52			1	1	3
8732 Commercial nonphysical research	2.62	1	1		1	3
2396 Automotive and apparel trimmings	2.01	1	1			2
2899 Chemical preparations, nec	0.44			1	1	2
3052 Rubber and plastics hose and beltings	15.30	1	1			2
3053 Gaskets; packing and sealing devices	1.99		1	1		2
3069 Fabricated rubber products, nec	2.93	1	1			2
3081 Unsupported plastics film and sheet	0.35			1	1	2
3221 Glass containers	53.87	1	1			2
3451 Screw machine products	1.53		1		1	2
3479 Metal coating and allied services	4.21	1			1	2
3559 Special industry machinery, nec	3.41	1	1			2
3694 Engine electrical equipment	1.27			1	1	2
3711 Motor vehicles and car bodies	12.75	1			1	2
4213 Trucking, except local	1.36				1	2
4225 General warehousing and storage	1.07			1	1	2
4226 Special warehousing and storage, nec	1.15			1	1	2
5146 Fish and seafood	3.48	1			1	2
2652 Setup paperboard boxes	0.11			1		1
2657 Folding paperboard boxes	1.89			1		1
2821 Plastics materials and resins	0.59		1			1
2869 Industrial organic chemicals, nec	0.80		1			1
3082 Unsupported plastics profile shapes	0.19				1	1
3229 Pressed and blown glass, nec	4.60	1				1
3317 Steel pipe and tubes	7.01	1				1
3411 Metal cans	3.85	1				1
3469 Metal stampings, nec	3.41	1				1

TABLE 2. TOLEDO TARGETS, LOCATION QUOTIENTS AND GROWTH RANKINGS

SIC Code Industry	Location Quotient	Growth in Employment			Score
		Metro LQ>2	Metro 3-State	U.S. Forecast	
3544 Special dies, tools, jigs, and fixtures	3.01	1			1
3545 Machine tool accessories	1.53		1		1
4231 Trucking terminal facilities	0.79			1	1
2653 Corrugated and solid fiber boxes	1.19				-
2655 Fiber cans, drums, and similar products	0.41				-
2819 Industrial inorganic chemicals, nec	1.00				-
2822 Synthetic rubber	0.14				-
2911 Petroleum refining	1.53				-
3061 Mechanical rubber goods	0.91				-
3231 Products of purchased glass	0.40				-

Note: Highlight means Nucleus Industries.

Source: Hammer, Siler, George Associates.

To relate this additional analysis back to the original Cluster Analysis work, in Table 3 we have shown which of these target industries fit into which cluster. As with the original IMPLAN analysis, the SIC-defined targets fit into more than one of the defined clusters. However, the nucleus industries in the fabricated rubber and petroleum refinery sectors are not in themselves high potential targets.

TABLE 3. TOLEDO AREA SIC TARGETS IN ORIGINAL CLUSTERS

SIC Code	Industry	Motor Vehicle and Parts	Motor Freight and Warehousing	Fabricated Rubber	A&E Services	Containers	Petroleum Refining
2531	Public building and related furniture	X					
3081	Unsupported plastics film and sheet			X		X	
3084	Plastics pipe			X		X	
3085	Plastics bottles						
3086	Plastics foam products			X		X	
3089	Plastics products, nec			X		X	
3211	Flat glass					X	
3451	Screw machine products	X					
3465	Automotive stampings	X					
3694	Engine electrical equipment	X					
3714	Motor vehicle parts and accessories	X	X	X	X	X	X
4213	Trucking, except local	X	X	X	X	X	X
4225	General warehousing and storage	X	X	X	X	X	X
4226	Special warehousing and storage, nec	X	X	X	X	X	X
8711	Engineering services		X	X	X	X	X
8712	Architectural services		X	X	X	X	X
8732	Commercial nonphysical research		X	X	X	X	X

Note: Highlight means Nucleus Industries.

Source: Hammer, Siler, George Associates.

While the four-digit SIC is a useful screen for analysis, it is more helpful for targeting and marketing purposes to think of smaller groupings of associated industries that have similar needs and characteristics. In this regard, we have further refined the list above into four groupings:

- Plastics
- Logistics and transportation
- Second and third tier auto industry support
- Engineering and architectural services

Other Metros with High LQ in These Industries

As a point of comparison, we have identified other metropolitan areas in Toledo’s size range that have achieved success in attracting these target industries, as measured by Location Quotient.

Using the D&B database, we calculated the LQ for all 338 metropolitan areas in the country in a cluster of SIC codes that best matched those identified as the components of the four clusters as defined for Toledo above. According to the source, the Toledo metropolitan area has 347,000 total employees. We selected for comparison metropolitan areas that had between 200,000 and 500,000 employees, 57 in total and ranked then in order of their LQs in each group.

In Plastics, Toledo actually ranked number one with an LQ of 4.8. The top ranking areas are shown below:

Metro Area	LQ in Plastics
Toledo, OH	4.8
Kalamazoo-Battle Creek, MI	4.0
Ann Arbor, MI	2.9
Akron, OH	2.8
Appleton-Oshkosh-Neenah, WI	2.6
Worcester, MA-CT	2.4

In Logistics and Transportation, Toledo ranked in the middle of the pack at 25th with an LQ of 1.2. The top five areas are shown below:

Metro Area	LQ in Transportation
Jersey City, NJ	5.1
Chattanooga, TN-GA	4.1
Harrisburg-Lebanon-Carlisle, PA	2.6
Fort Wayne, IN	2.3
Wichita, KS	2.0

In Auto Manufacturing Support (excluding auto manufacturing itself) Toledo ranks second behind Ann Arbor in its size class with an LQ of 5.6. The other top areas in auto support manufacturing are shown on the following page:

Metro Area	LQ in Auto Parts
Ann Arbor, MI	7.3
Toledo, OH	5.6
Kalamazoo-Battle Creek, MI	5.2
Lansing-East Lansing, MI	4.2
Fort Wayne, IN	3.2
Huntsville, AL	2.5

Finally, in A&E and Research services, Toledo ranks 21st in the category, which in this case also included other research services. The top five metropolitan areas in Toledo’s size class are shown below.

Metro Area	LQ in A&E/Research
Huntsville, AL	4.6
Baton Rouge, LA	2.7
Trenton, NJ	2.6
Albuquerque, NM	2.4
Knoxville, TN	2.0

EMERGING AND POTENTIAL FUTURE TARGETS

In this second component of the target analysis, additional growth targets are recommended that, while not showing substantial growth at present, can be very important in the medium and longer term future. These emerging and potential growth targets build on strengths in the existing economic structure and strengths in the university research and technology potential.

They are not achieving that potential because other resource and programmatic requirements to their reaching sufficient relative competitive strength have not been achieved. However, based on progress made in other communities, it is reasonable to expect the key causal sectors to achieve what they need in the future. Often achievement by one causal sector is essential to strengthen the competitive platform so that sector can leverage off that achievement.

In today's highly competitive economy, for instance, universities with aggressive faculty recruiting programs, often catalyzed by supplemental funding from states, industry and local institutions, are dramatically increasing their research funding. Often these increases are very much targeted to technology sectors where they can supplement existing university and private industry research and development activity and greatly raise the competitive level of the community for the targeted technology types. This makes strengthening of the demand side of the economic development equation an important priority.

On the supply side, communities are recognizing each day that they must have quality technology and other business sites and multi-tenant building space to be competitive. For instance, a community without a rigorously developed and marketed technology park and technology incubator and accelerator space is not competitive for a substantial share of the high growth market.

When the supply side and the demand side reach a fully competitive level, the pressure shifts to those responsible for outreach marketing and equally to those who should be achieving a strong entrepreneurial harvest not only from the universities but also from the many skilled and creative workers at local industries. There is a substantial gap between existing and potential achievement in Toledo in these important economic development functions.

The selection of these emerging future growth target candidates comes from an analysis of the institutional and total research and technology structure and from an analysis of the existing industry structure and locational quality.

Interviews were held with the senior research directors and technology transfer administrators at BGSU, UT and the Medical College of Ohio to determine their research strengths and the extent of their technology transfer and economic development activities, such as research parks and incubators. The paragraphs below summarize these activities.

Technology Transfer and Start-ups

All three universities have recently joined the Association of University Technology Managers (AUTM) and are not included in past years' published surveys. They did, however, provide data from their recent AUTM survey responses regarding patents, disclosures and licensing. None had significant activity to report.

MCO has executed 10 licenses over the past three years, received 30 disclosures, filed 12 new patent applications and been awarded one patent. Most of the licensing activity has been with out of state firms, large firms who understand the process. There is little biomed or device activity locally, and the three or four local deals MCO has attempted over the years were not professionally handled by the potential licensee. There have only been three start-ups, none of any consequence yet and only one located locally. The most successful collaboration with local industry was with a product testing and contract research firm that developed a "sterility indicator" device that reduced the testing time from 14 days to 10 seconds. 3M later bought the company.

At UT, the new technology transfer office has been concentrating on cleaning up its inventory of 140 patents and focusing on getting the viable ones licensed, which they have done for over half. The previous president had virtually dismantled the technology transfer operation, but the current president is very supportive and sees it as a priority. In the past two years, they have generated 25 disclosures, 21 new patent applications, 10 patent awards and one start-up. There are three start-ups in process in thin-films technology, plant science, and photovoltaics.

BGSU did not provide the formal AUTM data, but did say that they have three active patents and have had nine disclosures this year. They do not have a formal technology transfer office. There have been no formal spin-outs, but one firm, Spectra, was created with (or because of) the university's strength in photochemical science.

Incubators

None of the schools sponsors an incubator, but UT is in the process of working on one in an old 36,000-square-foot building adjacent to campus. It is more likely to be a place for “cheap rent” rather than a real incubator with shared facilities and business services.

Affiliated Research Parks

BGSU has land designated as a technology park across I-75 from the campus, but the university is not actively pursuing it. There is only a bank service center on the property.

MCO has an active development, the Advanced Technology Park of Northwest Ohio, adjacent to the main campus on a 233-acre site that was once a state hospital and was given to MCO in part because they shared a steam plant. The park is partially developed and includes, in addition to some MCO facilities, a National Guard armory, a Post Office, and the local public radio station. MCO built a building for the Lucas County coroner with shell space available on the second floor for lease.

UT has no affiliated research park, but President Johnson has talked of a “technology corridor” running between UT and MCO and is seeking federal funding for a USDA lab and a hydrogen-power research facility to kick it off.

Research Activity

All three universities have self-described “modest” levels of research activity, with little private sector participation. They collaborate on some activity so there may be some double counting in the figures. More collaboration is expected and encouraged and a lead person has been designated as the collaboration coordinator.

At the University of Toledo research awards have increased 35 percent over the past four fiscal years:

- \$19.90 million
- \$18.87 million
- \$23.67 million
- \$27.5 million

Federal awards in 2003 accounted for 63 percent of the annual total with the largest share from NASA (\$4.0 million, most of that from the NASA-Glenn facility in Cleveland). Awards for FY04 already include a \$1.18 million grant from the state to establish an X-ray crystallography consortium. Research strengths cited include power and propulsion, alternative fuels and photovoltaics. The school has selected “Programs of Research Excellence,” areas of strength and others worthy of growing toward national significance for emphasis in the future. These are:

- Advanced Films and Coatings for Alternative Energy Systems
- Astronomy and Astrophysics
- Biotechnology
- Environmental Research
- GIS and Remote Sensing
- Science and Technology Education

At Bowling Green State University outside awards are also up 50 percent over the past four fiscal years:

- \$11.6 million
- \$12.0 million
- \$17.3 million
- \$17.4 million

The university classifies about half of this as “research” with the rest being training and public service. About one-half is federal funding and only 1 percent is from private industry. The largest single award was \$2.0 million from the state (a Wright Capital Project, part of the governor’s \$1.6 billion “Third Frontier” technology initiative) for the Center for Photochemical

Sciences to set up a lab to “create techniques and devices that will help make photochemical materials and processes marketable.”

A lot of the research activity is in education and social science, but several research centers in addition to Photochemicals are relevant to the economic development effort, including: the Center for Biomolecular Sciences, the Center for Applied Technology (and its unit, the Electric Vehicle Institute), and the Center for Materials Sciences. In fact, the Center for Applied Technology states as a part of its mission to provide “technology-based knowledge and skill to business, industry and public sector for the purpose of improving process and productivity to enhance economic growth.”

At the Medical College of Ohio recent research activity has been more stable in recent years:

- \$19.6 million
- \$19.0 million
- \$20.5 million
- \$21.4 million

Federal funding accounts for 82 percent of the total, of which 84 percent is from NIH, and corporate funding accounts for about 7 percent (mostly big pharma). The single largest grant was \$1.35 to the Department of Pharmacology and Therapeutics as a part of a 22-year ongoing study of cardiac proteins and enzymes.

In general, MCO officials believe that the research they do is so far down the chain of basic research that there is not much commercialization potential. It was stated that MCO’s greatest contribution to the local economic development climate is the attraction of intellectual capital and helping to offset the “brain drain” that is endemic in an older manufacturing-based economy.

The emerging and potential future growth targets selected are described in the paragraphs that follow:

Bioengineering and Advanced Medical Manufacturing. Looking at a more detailed breakdown of the research activity as reported by the National Science Foundation, the three major universities have about \$20 million in biological and medical sciences research and about \$7 million in chemical, electrical, and mechanical engineering. Assuming some growth, this now totals just under \$30 million. Very little of the research is now focused on bioengineering and medical devices—perhaps twenty percent if broadly defined, but there is a very substantial amount of R&D going on and growing substantially in precision advanced manufacturing. The national market is substantial.

The existing university research is not sufficient for this to be an existing target, but if the institutions recruit the funded “super docs” in this field and double their present output in this field, it would become a future target.

This is a time sensitive field and the potential is further leveraged if a successful effort is made to increase the present air service to major medical markets.

Propulsion Systems and Advanced Manufacturing. Teledyne, the new Small Turbine Research Center, the Electric Vehicle Institute and the existing related research in the universities and in private industry provide an opportunity, if the universities build their research strength and if a unified research park and technology incubator is put in place, to greatly expand their share of federal and state research in this field and to create another future target.

Logistics and Distribution. Toledo is in the middle of the country with excellent highway and rail access and a seaport. This is recognized in the transportation components of the Cluster Analysis, but the perceived cluster and targets could be much more. The limited air freight service and lack of aggressive marketing, combined with limited university research on emerging inventory and distribution control systems, have retarded the growth. With these components added, this can be achieved so it is not just an existing target but one that has emerging industry characteristics as well.

SECTION III. REACHING THE TARGETS: MAJOR STRATEGIC INITIATIVES

Toledo competes in a highly competitive national economy. The economic development strategy serving the area and its implementation must be substantially improved. This section describes what needs to be done. Section IV describes the organizational changes required to achieve the potential.

There are two components of this section of the report. The first is a further description of the target industries that were identified in Section II and the recommendation of specific actions that will cause Toledo to succeed in attracting, starting and growing firms in these economic sectors.

The second part recommends and describes the most important components of an economic development strategy for Toledo. This strategy incorporates the target industry cluster priority actions identified earlier in the section. The strategies would be beneficial to other industries as well and their impact will go well beyond the focused targets and foster an improved economic development environment for the Toledo region as a whole.

CHARACTERISTICS AND NEEDS OF THE TARGET INDUSTRIES

In the paragraphs which follow, we have presented for each of the target industry clusters a description of the composition of the industry nationally and in Toledo, a listing of largest Toledo firms in the industry and their approximate size, an overview of recent growth in the industry nationally, regionally and in Toledo, a description of the industry outlook and a description of the actions required for Toledo to move toward achieving its potential in this target industry cluster.

These target industries are of two types. The first four treated in the paragraphs that follow are industry clusters with existing strength in Toledo, where we judge with proper actions the growth

can be substantial. The final two are the emerging potential future targets as described in the previous section. To succeed in these clusters, critical requirements must be filled. We judge they can be filled with effective and coordinated local action. To summarize from Section II, the target industry clusters identified by the consultant team include:

- 1) Plastics
- 2) Warehousing/Logistics
- 3) Automotive Parts and Accessories
- 4) Engineering Services
- 5) Propulsion Systems
- 6) Biomedical and Medical Apparatus

The role which each can play in the future Toledo economy is described below:

1. The Plastics Industry

Introduction

Based on the analysis performed in Section II of this report, we have established the Plastics industry as a growth and retention market in the Toledo metropolitan area. According to the five measures used to screen and select targets, the various components of the plastics industry (as defined by four-digit SIC codes) scored between two and five points.

The majority of the plastics SIC codes that scored above three, scored a point in each of the following categories:

- 1. Location Quotient.** The Toledo region attracted early plastics industry, stemming back from the original glass producers in this country in the early 1900's. Therefore a large concentration of plastics and plastics manufacturing are located throughout this region.
- 2. Regional and Toledo metropolitan growth.** The U.S. Census Bureau indicates that the plastics industry has experienced relatively flat growth over the period between 1998 and 2001.

- 3. Outlook.** Based on the Bureau of Labor and Statistics Outlook for 2000-2010 (latest available), the national outlook for the plastics industry is positive. The use and sophistication of plastics has rapidly increased, especially with the evolution of medical equipment, car parts, and construction needs. The plastics industry is expected to maintain positive growth for quite some time. The anticipated employment growth between 2000 and 2010 based on the Bureau of Labor and Statistics Outlook is approximately 156,000 jobs nationally.

Plastics Industry Toledo Overview

The plastics industry covers a broad range of industries that are related to the manufacturing and production of plastic goods. This category is within the SIC major group 30 titled Rubber and Miscellaneous Plastic Products. Within this major group are five industry groups. The majority of the Toledo plastics industry is comprised of plastics products in the industry group 308, Miscellaneous Plastic Products. Within the industry groups are nine specific product groups (four-digit SICs), seven of which are prevalent in the Toledo market. The plastics industries and products that scored the highest number include: plastic products, plastic pipe, plastic foam products, and plastics material and basic shapes. Products that scored two include rubber and plastic hose and beltings, fabricated rubber products, unsupported plastics film and sheet.

The Economic Impact of Plastics in Toledo

According to The Society of Plastics, the plastics industry in the Toledo metropolitan area shipped approximately \$1.4 billion dollars worth of product in 2002. Total shipments account for approximately 6 percent of the total shipments from Ohio, which is the second largest plastics producing state in the United States. Toledo held less than 0.5 percent of total shipment of the United States and about 2.5 percent of total shipments in the three-state region.

The major plastic producers with operations in the Toledo region are indicated in Table 4.

TABLE 4. LARGEST EMPLOYERS IN THE PLASTIC MANUFACTURING TARGET MARKET

Company Name	Sic Codes	SIC Description/ Type of Manufacturing	City/ County	Employees
Aeroquip Inoac Co.	3089-0000	Plastic Auto Parts	Fremont, Sandusky	550
Budd Thyssenkrupp Company		Injection molded finished		
	3089-0608	plastics products, nec	N. Baltimore, Wood	1350
Comfort Line	3089-0322	Windows, plastics	Toledo, Lucas	2,600
Continental General Tire, Inc.	3089-0000	Tire Mfg.	Bryan, Williams	300
Cooper Standard Automotive	3011-0000	Rubber Mfg.	Bowling Green, Wood	1026
Great Lakes Windows	3089-0322	Window, plastics Mfg.)	Walbridge, Wood	576
Guardian Auto Glass	3211-0401	Plate glass, polished and rough	Millbury, Wood	1,900
Hinkle Manufacturing Inc		Packaging and shipping		
	3086-9905	materials, foamed plastics	Perrysburg, Wood	N/A
ITW Tomco	3089-0000	Plastics Mfg.	Bryan, Williams	300
Johns-Manville	3296-0000	Fiberglass Mfg.	Defiance, Defiance	350
Johns-Manville	3296-0000	Fiberglass Mfg.	Toledo, Lucas	630
Lamson & Sessions Co	3084-0000	Plastics pipe	Bowling Green, Wood	1,116
Lear Corp.	3089-0000	Plastic Product Mfg.	Huron, Erie	700
Libbey, Inc. (HQ)	3211-0000	Glass Mfg.	Toledo, Lucas	1,400
Norplas Industries	3089-0000	Plastic Mfg.	Northwood, Wood	610
Owens Corning	3711-0000	Siding, plastics	Toledo, Lucas	1,121
	3089-0317			
Owens Illinois Inc	3211-0000	Plastics bottles	Toledo, Lucas	1,240
	3085-0000			
Pilkington Libbey-Owens-Ford (HQ)	3211-9903	Glass Mfg.	Toledo, Lucas	700
Plastech	3089-000	Plastic Mfg.	Bryan, Williams	500
Sandusky Limited LLC		Vinyl Roll Goods Mfg.	Sandusky, Erie	350
Scottdel Inc		Carpet and rug cushions,	Swanton, Lucas/Fulton	N/A
	3086-9901	foamed plastics		
Silgan Plastics Corp.	3089-0609	Plastic Mfg.	Port Clinton, Ottawa	340
Style-Mark Inc		Plastics hardware and building	Archbold, Fulton	N/A
	3089-0300	products		
Tenneco Automotive, Inc.	3011-0000	Fabricated Rubber	Milan, Erie	500
Textileather Corp.		Vinyl Mfg.	Toledo, Lucas	410
ThyssenKrupp Budd Co.	3089-0000	Plastic Auto/Water Skis	North Baltimore, Wood	425
Titan Plastics Group	3089-0000	Plastics Mfg.	Clyde, Sandusky	480
Toledo Molding & Die Inc		Injection molded finished	Toledo, Lucas	900
	3089-0608	plastics products, nec		
Total Plastics Only				9,372
Rubber, Glass, Fabricated Vinyl				11,002
Grand Total				20,374

Sources: Dun and Bradstreet Marketplace Data, and the Regional Growth Partnership

The number of employees is subtotaled by various categories. The first category is strictly plastics manufacturing. The second tally are industries that are complementary to the plastics industry holding the same major SIC codes, but produce diverse products such as rubber, glass, fiberglass and vinyl siding. The final total is the total of all the plastics industries or related companies listed in our survey.

The total employment strictly in plastics in the Toledo region is 9,372 persons. The Toledo workforce is about 7.6 percent of the total plastics workforce in Ohio.

The overall financial performance of the firms above varies greatly. Currently, the manufacturing industry in the United States is hampered by many bankruptcies and the exportation of manufacturing facilities. Toledo is not immune from these market conditions. The overall growth rate among the companies with available income information grew approximately 2.35 percent between 2001 and 2002 (the latest available information per annual SEC filings reports). Revenue ranged from \$41.9 billion to very small operations. Overall however, the companies performed well compared to other market participants.

Outlook

The outlook for the plastics industry nationally is positive. The industry has increased shipments by approximately 2.9 percent per year between 1980 and 2002. Employment has grown approximately 1.7 percent per year over the same period. Slower employment and shipment growth occurred between 1998 and 2002, in line with much of the manufacturing industry. Despite the decreased growth, the state of Ohio has continued to grow as a major center of the industry.

The Toledo metropolitan area is home to corporate headquarters of several of the largest plastics and glass companies. Owens Corning, Owens-Illinois, Libbey, and Pilkington Co. are all located in the Toledo metropolitan area, and employ a total of 4,461 people, in both manufacturing and corporate jobs. This number of headquarters reinforces Toledo's reputation as being part of one

of the largest plastics producing and managing areas of the country. The chart below indicated the leading companies and number employed in 2003

Company Name	Employees
Owens-Corning Fiberglas Corp. (HQ)	1,121
Owens-Illinois, Inc. (HQ)	1,240
Libbey, Inc. (HQ)	1,400
Pilkington Libbey-Owens-Ford (HQ)	700

Summary - Why the Plastics Industry Makes Sense for Toledo

The plastics industry makes sense for Toledo because:

- The plastics industry has established strength in Toledo. Ohio is the second largest plastics producing state in the country and maintains growth.
- The majority of the plastics manufacturing is integrated into the automobile industry that is located throughout Ohio, Michigan, and Indiana. Toledo is well located in that market.
- Toledo’s location along the Great Lakes, complemented by a stable manufacturing workforce, and various transportation companies, works well for the industry.
- The plastics industry has experienced growth in employment over the past five years, outperforming the overall manufacturing industry which experienced significant decreases in employment in recent years.

Required Actions

New materials development is the foundation for greatest growth in this industry and the large players in this market in Toledo are in a strong position to lead this development and retain a strong market share. Local companies will be greatly strengthened in this effort if research in materials at local universities can be ramped up. If this happens, SBIR and STTR financing can be greatly increased and a culture of advanced materials development will emerge. The second challenge is to effectively reach out to a broad product line of final product producers. We are

confident that the RGP is on the case and targeting firms in this industry who would benefit from greater supplier proximity.

2. The Warehousing and Logistics Industry

Based on the analysis performed in Section II of this report, we have established the Transportation Industry as a target cluster in the Toledo metropolitan area. According to the five measures used to test the suitability the transportation and warehousing industry scored two points out of five points in each of the SIC codes identified as potential target markets.

The transportation and warehousing SIC codes that scored above two points earned points in each of the following categories:

- 1. Regional and National Growth.** The U.S. Census Bureau data does not indicate specific employment growth in the Toledo region, however, on a three state regional level this overall sector experienced employment growth of 9 percent between 1998 and 2001. Nationally employment growth was approximately 8.3 percent over the same period.
- 2. Outlook.** Based on the Bureau of Labor and Statistics Outlook for 2000-2010, the national outlook for the transportation and warehousing industry is positive. Transportation is relied upon heavily in this global economy where time and efficiency matter most. The manufacturing sectors also play a large role in transportation demands. Toledo has a central location in one of the largest manufacturing regions in the United States.

Logistics and Transportation Toledo Overview

The warehousing and logistics industry provides a diverse group of products and services. Warehousing and logistics market is defined within SIC classification group 42, Major Freight Transportation and Warehousing. The types of business activities included in this major group classification are as follows:

Establishments furnishing local or long distance trucking or transfer services or those engaged in the storage of farm products, furniture, and other household

goods, or commercial goods, and the operation of terminal facilities for handling freight with or without maintenance facilities.

The majority of industries located in Toledo fall within the industry groups 421 and 422, Trucking and Courier Services, except Air, and Public Warehousing and Storage respectively. The SIC codes prevalent in the Toledo market are shown on Table 5 and include; trucking except local, general warehousing and storage, automobile transport and delivery, general warehousing, and contract haulers.

The transportation and warehousing sector in Toledo is established. Toledo's convenient location at the crossroads of the Midwest and the eastern seaboard make it a desirable location for storage and transportation. The transportation networks in and around Toledo provide the following:

- An intermodal transportation network consisting of railcar and ship, truck and ship, truck and railcar, and airplane and truck capability. There are nine inbound service ports and fourteen outbound ports.
- Access to various interstate highways, which are typically free of congestion and provide easy access to the South, Midwest, and Eastern Seaboard.
- Leading national railway services that provide service to major industrial and manufacturing areas in the region. Four leading rail carriers pass through the Toledo region.
- A number of airports cater to distribution and freight in Northwest Ohio.
- The Toledo Port is the third largest seaport on the Great Lakes. This port handles approximately 13 million tons of cargo annually. There are three additional Lake Erie ports located throughout Ottawa and Erie County.

The Economic Impact of Warehousing and Logistics in Toledo

As previously mentioned, the warehousing and logistics industry is a cornerstone of the Toledo economy. The area's strategic location on the Great Lakes, its various airports, seaports, and trucking transportation hubs, make this a prime location to manufacture, store and ship goods across the country. Table 5 identifies all major employers in the Toledo metropolitan area that

are involved in the warehousing and logistics market. This list does not include the employment generated from skilled workers located at the ports, airports, and railways themselves. Also not listed are the many wholesale and retail distributors who use this network to serve regional and national markets.

TABLE 5. LARGEST EMPLOYERS WITHIN THE TRANSPORTATION AND LOGISTICS MANUFACTURING TARGET MARKET

Company Name	SIC Number	SIC Description Type of Manufacturing	City/ County	Employees
Whitacre Trucking Inc / Roadlink USA (AKA)	4213-0000	Trucking, except local	Portage, Wood	150
Air-Ride Inc*	4213-0000	Trucking, except local	Swanton, Fulton/ Lucas	750
Cassens Transport Company	4213-9901	Automobiles, transport and delivery	Toledo, Lucas	155
Roadway Express	4213-9903	Contract haulers	Toledo, Lucas	350
Ace Hardware	4225-0000	General warehousing and storage	Perrysburg, Wood	150
Burman Wine - Heidelberg Distributing	4225-0000	General warehousing and storage	Toledo, Lucas/ Perrysburg, Wood	150
Exel Inc	4225-0000	General warehousing and storage	Toledo, Lucas	150
Andersons Inc	4225-9901	General warehousing	Maumee, Lucas	150
PepsiCo	4225-9901	General warehousing	Toledo, Lucas	150
BAX Global	7359-0000	Transportation and Logistics	Swanton, Fulton/ Lucas; Holland, Lucas	1,000
Lott Industries	7363-0000	Packaging	Toledo, Lucas	1,996
USF Holland	7359-0000	Transportation and Logistics	Holland, Lucas	250
RPS, Inc.	7359-0000	Transportation and Logistics	Beachwood, Lucas	250
Estimated Total Employees as of 2003				5,651

Sources: Dun and Bradstreet Marketplace Data, and the Regional Growth Partnership.

The State of Ohio estimates the number of persons employed in the transportation industry in the Toledo metropolitan area increased 5.5 percent from 14,500 people in 2000, to 15,300 in 2001. Total employment in this sector in the Toledo metropolitan area makes up approximately 9.8 percent of the jobs in this sector in Ohio.

The Dun and Bradstreet MarketPlace data indicates that a total of 295 businesses operate under the four SIC codes of the identified targets (SIC: 4213, 4225, 4226, 4237).

The financial performance of the largest firms in Toledo is an important economic indicator. Based on a review of the SEC filings of the public companies we found that the companies grew approximately 15.0 percent between 2002 and 2003 (the latest financial data available). However, like many other industries that depend on trade, economic growth and stability, the trucking and transportation industry overall has felt the effects of the economic slow-down. Several firms filed Chapter 11 Bankruptcy during 2003. According to market reports, these bankruptcies have helped the remaining market participants increase revenues and profitability despite the weak economy.

Outlook

The outlook for the transportation industry nationally is difficult to predict according to a recent report in Transport Topic, a trade magazine dedicated to the analysis of the transportation industry. Analysts report that the transportation and warehousing industry is directly related to the health of the overall economy. Therefore, if retail sales increase and manufacturing increases domestically, then the transportation industry will improve. The report also indicates that individual companies must expand their services internationally to regain the market share of manufacturing transportation that has moved to Mexico and overseas.

Summary – Why the Logistics and Warehousing Market Makes Sense for Toledo Ohio

The warehousing and logistics industry makes sense for Toledo Ohio because:

- The Toledo region has a superb complement of transportation amenities.
- Toledo is located in the heart of the manufacturing region of the United States, a gateway to the eastern seaboard, and in close proximity to the major population centers of the country.

Required Actions

Continued investment in the port and airport is essential, as is the development of quality business parks adjacent to them. Increased university research in logistics and inventory and distribution control will provide important support for the efforts of the companies themselves. Continued aggressive marketing of the airport as a freight and intermodal transfer point would further tap the region's location and transportation advantages.

3. The Automotive Parts and Accessories Industry

Based on the analysis performed in Section II of this report, we have established the automotive parts and accessories industry as an industry cluster for potential growth and retention in the Toledo metropolitan area. According to the five measures used to test the suitability, the automotive industry scored between two and four points in each of the SIC codes identified as potential target markets.

The majority of the automotive SIC codes that scored above three, scored a point in each of the following categories:

- 1. Location Quotient.** The Toledo region is a satellite to the automotive industry located in nearby Detroit, as well as a manufacturing center in its own right, and maintains a large skilled manufacturing workforce. Therefore, the Toledo area has flourished as a major car parts and accessory source in the United States.
- 2. Regional and Toledo metropolitan growth.** The U.S. Census Bureau does not indicate specific growth in the overall automobile accessory industry, however, employment growth occurred in the motor vehicle transmission and power train parts manufacturing and the motor vehicle steering and suspension parts in the Toledo Region between 1998 and 2001.
- 3. Outlook.** According to the U.S. Industry Outlook for 2000, the national outlook for the automotive industry is positive. The increased production of motor vehicles has naturally increased the demand for automotive parts and accessories. Despite the economic slow down in 2001 through 2003, the demand for automobiles has continuously increased. The industry is anticipating healthy growth throughout 2004 and beyond.

Automotive Parts and Accessories Toledo Overview

The automobile manufacturing industry relates to various products and services that go into the production of a motor vehicle. As a result, this industry is largely diversified into a multitude of manufacturing, engineering, and service related industries. Within the SIC system we have identified the following major groups: 37- Transportation and Equipment, 34- Fabricated Metal Products, Except Machinery and Transportation Equipment, and 30- Rubber and Miscellaneous Rubber Products. Although category 30 is listed in the Plastics industry, several specific manufacturers located in Toledo produce automotive accessories that fit into the target market.

The dynamic of the automobile industry has changed in recent years. Out-sourcing car accessories and components has become an economical alternative for car manufacturers to realize economies of scale. It reduces costs such as research and development, engineering and manufacturing and places this responsibility on the car accessory industry.

Regardless of its structure, it has created a multi-billion dollar market throughout the United States, and consequently employs more workers nationally than car manufacturing alone. Toledo is a satellite to Detroit. Toledo provides not only the workforce for such manufacturing but is also close to various auto transportation services and raw materials.

The Economic Impact of the Car Parts and Accessories Industry in Toledo

The largest automotive accessory manufacturers in the Toledo region are listed in Table 6.

The automobile industry is a cornerstone of the economic stability of the Midwest. Toledo has experienced growth in the transmission and power train manufacturing and motor vehicle steering and suspension parts sector. Overall the sector has not indicated any substantial increases or decreases according to the U.S. Census Bureau. National and regional growth did not follow suit within the Toledo metropolitan area. National and regional employment decreased over the same period.

TABLE 6. AUTOMOTIVE ACCESSORIES TARGET COMPANIES AND LARGEST EMPLOYERS

Company Name	SIC Number	SIC Description/ Type of Manufacturing	City/ County	Employees
G M Corp/Powertrain Div.	3714-0212	Automotive Mfg.	Toledo, Lucas	4,092
G M Corp/Powertrain Div.	3714-0212	Automotive Mfg.	Defiance, Defiance	4,000
DaimlerChrysler Corp. Toledo Jeep	3714-0000	Automotive Mfg.	Toledo, Lucas	3,800
DaimlerChrysler Corp. Machining Plant	3714-0000	Automotive Mfg.	Perrysburg, Wood	1,725
Visteon Automotive Systems	3714-0000	Automobile Parts	Sandusky, Erie	1,500
Delphi Automotive Systems	3714-0000	Automotive Systems	Sandusky, Erie	1,400
Dana Corporation (HQ)	3714-0000	Auto Parts Mfg.	Toledo, Lucas	1,025
Honeywell International	3714-0000	Spark Plug Mfg.	Fostoria, Seneca	900
Ford Motor Co/Stamping Plant	3465-0000	Automotive Mfg.	Maumee, Lucas	775
Lear Corp.	3714-0000/ 3089-0608	Motor vehicle parts and accessories/ Injection Molded Finished plastic products	Huron, Erie	700
Norplas Industries Inc*	3465-0000	Automotive stampings	Northwood, Wood	500
Johnson Controls	3714-0000	Motor vehicle parts and accessories / Battery	Holland, Lucas	422
Tenneco Automotive, Inc.	3714-0000	Automotive Parts Mfg.	Napoleon, Henry	400
TRW, Inc.	3714-0000	Rotors & Drums	Fremont, Sandusky	350
Power & Sons	3714-0000	Auto Parts Mfg.	Montpelier, Williams	325
TKA Atlas, Inc.	3714-0000	Engine Mfg.	Fostoria, Seneca	300
Riker Products Inc	3714-0118	Mufflers (exhaust), motor vehicle	Toledo, Lucas	120
Teleflex Automotive*	3465-0000	Automotive stampings	Lyons, Fulton	100
Toledo Stamping a GenTek Company*	3465-0000	Automotive stampings	Toledo, Lucas	100
Decoma International of America*	3694-0207	Spark plugs, for internal combustion engines	Toledo, Lucas	100
Arlington Rack & Packaging Co*	3714-0000	Motor vehicle parts and accessories	Toledo, Lucas	100
Faurecia Automotive Holdings (HQ)*	3714-0118	Mufflers (exhaust), motor vehicle	Toledo, Lucas	100
Estimated Total Employees as of 2003				22,834

Sources: Dun and Bradstreet MarketPlace and the Regional Growth Partnership.

Outlook

Despite the economic downturn in 2001 and 2002, the automobile industry has maintained growth with record low financing incentives and cash rebates. Growth among our surveyed companies revealed an increase of 9.4 percent in revenue. Several companies surveyed also indicated growth in employment. For instance, Teleflex indicated growth of 2.8 percent over prior year.

On a state level, Ohio still remains the second largest producer of automotive parts and accessories, behind only Michigan. According to Automotive Industries “analysts predicted another strong production year, with North America looking at 16.5 to 17 million units produced.” Despite the anticipated increase in automobile production, the article also forecasts a difficult year for suppliers. Automotive Industries, ascertains that as the automotive suppliers expand globally, the car manufacturers will demand a cheaper product, increasing competition. The result may be consolidation among the tier one and tier two automotive accessory suppliers. Although the forecast is mixed among the industry, the Toledo area can leverage its location, skilled workforce and close proximity to its primary customer base to maintain this industry.

Summary - Why the Automotive Parts and Accessories Industry Makes Sense for Toledo

The automotive parts and accessories industry makes sense for Toledo Ohio because:

- Ohio and Toledo remain a convenient satellite to Detroit and therefore is an attractive place to do business for many automotive manufacturers.
- Toledo is close to many of the raw materials required by the automotive accessory industry. The plastics and metals industry are located nearby, reducing transportation costs for materials and increasing efficiency.
- The Toledo area provides the skilled workforce, engineering and transportation network for the automotive accessory industry.

Required Actions

With competition in the primary product line getting stronger, there is strong pressure and a strong opportunity for this industry to reach out and market their very impressive advanced manufacturing and process engineering skills to other related industries. Economic development agencies and universities in the region can greatly accelerate this effort if they carry out research to identify high potential peripheral markets and partner with these firms to market to them.

4. The Engineering Services Industry

Based on the analysis performed in Section II of this report, we have established the engineering services industry as a market of potential growth in the Toledo metropolitan area. Many firms in this target offer both architectural and engineering services (so called A&E firms), so we have included both the engineering (SIC 8711) and architecture (SIC 8712) in the analysis. According to the five measures used to screen and select targets the engineering services industry scored between four and three points in each of these SIC codes identified as potential target markets. The two SIC codes scored above three points. The points scored were in each of the following categories:

- 1. National, Regional and Toledo metropolitan growth.** According to the U.S. Census Bureau, the Toledo metropolitan area had an increase in research and development in physical engineering and life sciences between 1998 and 2001. The metropolitan area has also maintained steady employment growth in all other engineering sectors over the same period. Regionally employment growth has totaled approximately 8.5 percent over the same period in architectural, engineering and related services fields. Nationally the engineering sector has increased by approximately 10 percent according to the U.S. Census Bureau.
- 2. Outlook.** Based on the Bureau of Labor and Statistics Outlook for 2000-2010, the national outlook for the engineering industry is positive. The predominant local industries demand is for more engineers to meet the needs of the various manufacturing industries located throughout the region.

Engineering Services Toledo Overview

The engineering industry in Toledo consists of mostly mechanical engineering in affiliation with the design of automobile parts and accessories. This category is within the SIC major group 87, Engineering, Accounting, Research, Management, and Related Services. Within this major Group are four industry groups. The major group category located in Toledo is within group 871, Engineering, Architectural, and Surveying. Engineering Services (SIC 8711) consists of establishments primarily engaged in providing professional engineering services. This category includes the following services: designing machinery; industrial, civil, electrical, and mechanical engineering; machine tool designers, marine engineering services; and petroleum engineering services. Services classified as architectural services include architectural engineering services.

The Economic Impact of Engineering Services in Toledo

As indicated by the table below, the engineering industry in Toledo is predominantly related to mechanical engineering. More specifically, the automotive engineering industry dictates much of this field. It acts as a natural complement to the automotive industry and the manufacturing industry in northwest Ohio. Due to the fact that this industry works in conjunction with car accessory manufacturing companies and research and development firms, it is difficult to quantify the dollar impact this industry had on the economy. However, a discussion of the employment and percentage of engineering companies compared to the national and regional levels will outline how much the Toledo area had developed the engineering industry.

According to data provided by Dun and Bradstreet Market Place report, Toledo employs approximately 3,994 engineers, within 203 companies.

Our survey of engineering services companies is outlined in Table 7 on the following page. Many of the firms identified only perform engineering and architectural services. This profession however is a cross section of many diverse manufacturing architectural fields. For this reason, the employment estimates in Table 7 do not indicate every firm that performs engineering and

related activities, but a selection of many firms in the Toledo Metro who solely provide the services related to the corresponding SIC code. Looking at the overall financial performance of the firms listed below indicates an increase in revenue of approximately 9.5 percent between 2001 and 2002.

TABLE 7. ENGINEERING INDUSTRY TARGET COMPANIES AND LARGEST EMPLOYERS

Company Name	SIC Number	SIC Description/Type of Manufacturing	City/ County	Employees
Faurecia Automotive Holdings*	3714-0118	Mufflers (exhaust), motor vehicle	Toledo, Lucas	1,000
T L Industries Inc*	8711-0000	Engineering services	Northwood, Lucas/Wood	150
Product Design & Engineering	8711-0000	Engineering services	Not available.	656
Spicer Driveshaft Inc*	3714-0213	Universal joints, motor vehicle	Holland, Lucas	100
Ort Tool & Die Corporation	8711-0201	Machine tool design	Erie, Ottawa	50
Finkbeiner Pettis & Strout	8711-9903	Consulting engineer	Toledo, Lucas	300
ADT Security Services Inc	8711-9905	Electrical or electronic engineering	Toledo, Lucas	100
Poggemeyer Design Group Inc	8711-9909	Professional engineer	Bowling Green, Wood	220
RD Zande & Associates Inc	8711-9909	Professional engineer	Toledo, Lucas	N/A
National Family Research*	8732-0105	Market analysis or research	Northwood, Lucas	500
Dana Global Info Tech Group**	3714-0000	Motor vehicle parts and accessories	Toledo, Lucas	1,025
SSOE, Inc. ***	8711-9909	Professional engineer	Toledo, Lucas	600
AVCA Corporation	8711-9909	Professional engineer	Maumee, Lucas	N/A
Matrix Technologies Inc.	8732-0105	Commercial nonphysical research	Toledo, Lucas	5,700
Estimated Total Employees as of 2003				10,245

Notes: N/A means not available.

Employment Estimated upon entire Dana Group in Toledo Region, not only Engineering.

Employment Estimate based on entire company located throughout the United States.

Sources: Dun and Bradstreet MarketPlace and the Regional Growth Partnership.

Outlook

The outlook for the engineering industry is difficult to predict. As we mentioned earlier, engineering is directly related to the industry it supports. The automotive accessory industry identified earlier in this report is also considered a target market for Toledo. Threats to this industry include the relocation of manufacturing facilities and consolidation among the major market participants. Overall, the Toledo region is gaining an improved reputation for the engineering and technically based economy. With the auto industry projected strong and the role of engineering companies increasing, the outlook for growth is good.

Summary - Why the Engineering Industry Makes Sense for Toledo Ohio

- The Toledo area has a large manufacturing base and there is a growing demand for engineering services.
- The automotive industry relies on outsourcing the engineering aspect to reduce costs and increase efficiency.
- Toledo is within an hour's drive of the largest single market for such services in the world.

Required Actions

The Detroit engineering services region, of which Toledo is an important part, is by far the most sophisticated in the nation and the world, providing a very high level of skill in prototype development and limited run production as well as strong support for the advanced manufacturing essential to maintaining competitive position. During periods of normal growth in the auto industry these firms can achieve impressive growth while focusing on their primary customers. For the region to see an acceleration in growth, these firms must be encouraged to reach out to other geographic areas of auto production to offer their core services and/or to market their skills to other industries producing large precision products. A creative economic development community can play an important role in getting this industry to move in that direction.

5. Potential Target Cluster: Propulsion Systems and Advanced Manufacturing

Potential target clusters are defined as those where Toledo has a number of the requirements for success, but the industry has not yet emerged because there are other important requirements for competitive success that have not as yet been achieved, but we believe they can be achieved.

The Propulsion Systems and Advanced Manufacturing industry falls within the “Electrical Equipment” industry category. It encompasses turbines, switchgear products, transformers, motor generators, and engines among other electrical equipment and the advanced manufacturing of precision equipment. To begin we will briefly describe each category of propulsion systems and energy sector as defined by the *U.S. Industry and Trade Outlook 2000*.

Turbine

The Turbine industry includes the manufacturing of steam, hydraulic and gas turbine set units and wind powered and solar powered generators. This industry has experienced rapid advances in recent years due to new micro-turbine research and development. Additionally, this industry has gained more interest due to the increased awareness of alternative energy methods such as wind through windmills and various new technologies.

Transformers

Transformers represent another sub-sector to the turbine and energy sector. This sub-sector is the manufacture of power, distribution, industrial and specialty transformers. Essentially transformers regulate the voltage of electric current necessary for particular uses. The transformers market as of 2000 looked bleak with the national market experiencing decreases in shipments. The outlook in 2000 anticipated that sales and demand would decrease by 2 percent. This figure may have been reduced given the increased construction throughout early 2000 despite the economic slow down.

Switchgears

Switchgears are a third sub-sector. Switchgear products include switches, fuses, panel boards, distribution boards, and circuit breakers. “They are used in electric generation, transmission, and distribution systems.” Switchgears essentially protect electrical systems from problems in voltage, frequency, continuous current, and other operating conditions.

Motor and Generators

The motors and generators industry is defined as “the production of electric motors and power generators, motor generator sets, railway motors and control equipments and motors, generators, and control equipment for gasoline, electric, and oil electric buses and trucks.” The latest outlook as of 2000 indicated that growth is anticipated in the industry with cost saving manufacturing methods and consolidation in the market place.

Industrial Controls

Industrial controls are primarily used for “starting, regulating, stopping and protecting various types of machinery and equipment that incorporate motors and/or other power generating systems.” There are two types of industrial controls: advanced industrial controls and conventional controls. These controls are primarily used in machine tools, automotive, material handling, pulp and paper, food and beverages and heating, ventilation, and air-conditioning. The *Industry Outlook* indicates that market conditions for these types of controls are cyclical, depending upon capital expenditures and construction patterns.

The four-digit SIC codes we have identified as potential markets fall within SIC Major Group 35 and 36. Major Group 35 includes Industrial and Commercial Machinery, and Computer Equipment. Major Group 36 includes Electronic and Other Electrical Equipment and Components, Except Computer Equipment. The specific SIC Codes that we are analyzing within these major codes include the following:

- 3612 Power Distribution, and Specialty Transformers
- 3613 Switchgear and Switchboard Apparatus
- 3621 Motors and Generators
- 3624 Carbon and Graphite Products
- 3625 Relays and Industrial Controls
- 3629 Electrical Industrial Apparatus, Not Elsewhere Classified
- 3511 Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units
- 3512 Internal Combustion Engines, Not Elsewhere Classified

The majority of the industry in Toledo is included in SIC groups 3613 switchgear and switchboard apparatus and SIC group 3625 relays and industrial controls. The portion of the industry we have identified with the greatest potential within the turbine industry in the Toledo area is under SIC code 3511 steam, gas, and hydraulic turbines, and turbine generator set units. Table 8 indicates the firms with the above mentioned SIC codes in the Toledo metropolitan area.

TABLE 8. TURBINE INDUSTRY COMPANIES IN TOLEDO, OHIO

Business Name	SIC Code	SIC Name	Sales	Employees
Teledyne	3511-0201	Gas turbines, mechanical drive	unknown	100 to 249
Torque Power Engineering	3519-0103	Marine engines	\$0.2 - \$0.4MM	2 to 4
Auto-Tronic Control Co Inc	3613-0201	Control panels, electric	\$1.0 - \$2.4MM	10 to 24
Icon	3613-0201	Control panels, electric	\$5.0 - \$9.9MM	25 to 49
Jervis B Webb Company	3613-0201	Control panels, electric	unknown	5 to 9
DRDC Realty Inc	3613-0201	Control panels, electric	\$0.2 - \$0.4MM	2 to 4
Marathon Special Products	3613-0303	Fuse mountings, electric power	unknown	100 to 249
Ametek Inc	3621-0000	Motors and generators	unknown	1
Keith Flick Consulting	3625-0000	Relays and industrial controls	under \$0.2MM	1
Rieter Automotive-Oregon Plant	3625-0000	Relays and industrial controls	unknown	250 to 499
Mission Control Systems Inc	3625-0000	Relays and industrial controls	\$0.2 - \$0.4MM	5 to 9
Eaton Corporation	3625-0100	Motor controls and accessories	unknown	unknown
Toledo Electromotive Inc	3625-0103	Motor controls, electric	\$0.2 - \$0.4MM	5 to 9
Allen-Bradley	3625-0104	Motor starters and controllers, electric	unknown	unknown
Allen-Bradley	3625-0104	Motor starters and controllers, electric	unknown	10 to 24
Vickers Incorporated	3625-9901	Actuators, industrial	\$250.0 - \$499.9MM	50 to 99
American Actuator LLC	3625-9901	Actuators, industrial	unknown	25 to 49
Entelco Corporation	3625-9904	Control equipment, electric	\$1.0 - \$2.4MM	2 to 4
Industrial Technology Systems	3625-9904	Control equipment, electric	\$0.5 - \$0.9MM	5 to 9
Truline Automation Inc	3625-9904	Control equipment, electric	under \$0.2MM	2 to 4
Portec Inc	3625-9907	Electric controls and control accessories, industrial	\$10.0 - \$24.9MM	5 to 9
Bay Controls Inc	3625-9909	Industrial controls: push button, selector switches, pilot	\$1.0 - \$2.4MM	25 to 49
ITW Finishing	3629-9903	Static elimination equipment, industrial	unknown	25 to 49

Sources: Dun and Bradstreet MarketPlace, and the Regional Growth Partnership.

The propulsion systems and advanced manufacturing industry nationally has experienced growth in employment and number of companies operating in recent years. In the past five years, the number of firms in the industry increased by approximately 22 percent from 8,459 firms in 1998 to 10,357 in 2003. The Toledo metropolitan area has been performing in line with the regional and national increases posting a strong growth in the number of firms. The Toledo metropolitan area has posted growth in the engine turbine and power transmission equipment sector, and has maintained employment levels in the turbine industry overall between 1998 and 2001 according to the U.S. Census Bureau.

We have identified SIC code 3511 among the general SIC Groups 35 and 36 as a potential growth market along with the advanced manufacturing of turbines for several reasons. To begin, this industry overall has experienced dips in sales and productivity in relation to the overall economy. These dips in performance do not indicate the future of this industry. On the contrary, the growth in firms and overall national sales indicate that this industry has potential for growth and establishment in the Toledo region. The fuel cell and propulsion industry has experienced extensive research and development in both the private and public sector. Identifying alternative methods for energy, improving efficiency and reducing cost drive this research and development. It is anticipated that fuel cell generation and turbine research will revolutionize the way energy is generated reducing harmful by-products and improving the amount of energy produced from raw materials.

One prominent company in the Toledo region, Teledyne Technologies, has established a research and development lab with substantial funding in the research of gas turbines, and fuel cells. This research and development lab is a start to the types of research that is necessary to develop this industry in the region further. The University of Toledo will be a player in this effort. The following will outline the necessary features the propulsion systems and advanced manufacturing industry in Toledo must acquire to compete in the industry.

Industry Requirements

In order for the propulsion systems and advanced manufacturing industry to flourish, a region must have several key requirements listed below:

- Skilled Engineers
- Research and technology multi tenant space and redundant power capabilities
- Collaboration with the universities, federal and state research and development personnel
- Advanced manufacturing and precision manufacturing capabilities
- Skilled manufacturing workforce
- National market image of superior quality and excellence for manufacturing

Currently, several of the key requirements listed above are available in the Toledo region. However some key aspects are missing and must be fulfilled in order to realize this potential market in the Toledo region.

Required Actions

Research and development investment must increase to create a community of professionals in the industry. The Teledyne/UT effort is important, but additional governmental research funds are needed to attract additional firms. Secondly, the region is in need of a research and technology multi-tenant space to house new companies. This space should include redundant power. An entrepreneurial program will encourage start up businesses financially and provide business model assistance. The new RGP initiative will be helpful.

6. Potential Industry Cluster: Biomedical and Medical Apparatus Industry

The biomedical and medical apparatus industry as defined here combines the resources and capabilities of two sectors. The first is the research and development of medical and surgical apparatus. The research and development sector primarily involves the identification and utilization of the appropriate university and local research centers to develop and engineer the apparatus. The second is the actual manufacturing of the medical equipment and apparatus, which builds upon Toledo's reputation in precision manufacturing and advanced materials.

The biomedical apparatus industry can succeed by developing new apparatus and technology and then utilize the skill set and the manufacturing capacity in the Toledo region to produce these goods. The manufacturing of medical devices and apparatus is the primary potential sector.

The Medical Device Industry

The medical apparatus and supply industry nationally has experienced growth. In the past five years, the industry increased approximately 17 percent from 9,880 firms in 1998 to 11,580 in 2003. Employment levels have remained relatively flat according to the U.S. Census Bureau with slight increases in the fabricated metal products sector between 1998 and 2001. The trend across the nation is not the same in the Toledo metropolitan area. According to Dun and Bradstreet, the number of biomedical manufacturing companies increased in the Toledo metropolitan area and the three-state region of Indiana, Ohio and Michigan between 1998 and 2003.

The Organization of the Biomedical and Medical Manufacturing Industry

To better understand this target industry, we will first outline the industry structure according to SIC codes. All biomedical and medical manufacturing fits within SIC Major Group 38, Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical goods; Watches and Clocks. The industry group 384, Surgical, Medical, and Dental instruments is the

industry group with most potential for the manufacturing industry in Toledo. This group contains the following SIC codes:

- 3841 Surgical and medical instruments and apparatus
- 3842 Orthopedic, prosthetic, and surgical appliance and supplies
- 3843 Dental equipment and supplies
- 3844 X-ray apparatus and tubes and related irradiation apparatus
- 3845 Electromedical and Electro-therapeutic apparatus

The majority of the biomedical firms located in the Toledo area, are in the SIC code 3842, Surgical Appliance and Supplies. This industry includes, but is not limited to, the manufacturing and development of orthopedic, prosthetic and surgical appliance and supplies. Dun and Bradstreet indicates that Gelok International Corp, Barton Carey Medical Products, and Toledo Joint Replacement have the highest net sales by SIC code 3842 (four digit).

TABLE 9. BIOMEDICAL FIRMS IN TOLEDO, OHIO

Business Name	County	SIC Code	SIC Description	Estimated Sales	Employees
Vail Products Inc	Lucas	3841-0000	Surgical and medical instruments	\$2.5MM - \$4.9MM	25 to 49
Mallinckrodt Inc	Lucas	3841-0000	Surgical and medical instruments	unknown	2 to 4
Bionix Development Corp.	Lucas	3841-0000	Surgical and medical instruments	\$2.5MM - \$4.9MM	25 to 49
Penical Technology	Lucas	3841-0200	Diagnostic apparatus, medical	\$1.0MM - \$2.4MM	2 to 4
Rmed Inc	Lucas	3841-0000	Surgical and medical instruments	\$0.2MM - \$0.4MM	2 to 4
Gelok International Corp	Wood	3842-0000	Surgical appliances and supplies	\$1.0MM - \$2.4MM	10 to 24
Gendron Wheel LLC	Fulton	3842-0000	Surgical appliances and supplies	under \$0.2MM	2 to 4
Lost and Found and Limb R Marshall Kloene Orthopedics	Lucas	3842-0303	Limbs, artificial	under \$0.2MM	2 to 4
BMC	Wood	3842-0000	Surgical appliances and supplies	unknown	50 to 99
Barton-Carey Medical Products	Wood	3842-0102	Clothing, fire resistant and protective	\$2.5MM - \$4.9MM	25 to 49
New Pro Medical LLC	Lucas	3842-0000	Surgical appliances and supplies	\$0.5MM - \$0.9MM	5 to 9
O P C Inc	Lucas	3842-0300	Prosthetic appliances	\$0.2MM - \$0.4MM	5 to 9
Wheel-Chair Carrier Inc	Lucas	3842-0000	Surgical appliances and supplies	\$0.2MM - \$0.4MM	5 to 9
Toledo SC Audiological Service	Lucas	3842-0412	Hearing aids	under \$0.2MM	2 to 4
I D I	Lucas	3842-9912	Infant incubators	\$0.2MM - \$0.4MM	10 to 24
Rehn Co	Lucas	3842-9902	Atomizers, medical	\$0.5MM - \$0.9MM	10 to 24
Cole Orthotics Prosthetic Ctr	Lucas	3842-0403	Braces, orthopedic	\$0.5MM - \$0.9MM	10 to 24
Swanson Orthtic Prosthetic Ctr	Lucas	3842-0300	Prosthetic appliances	\$0.2MM - \$0.4MM	5 to 9
AAA Standard Services Inc	Lucas	3842-0301	Cosmetic restorations	\$1.0MM - \$2.4MM	100 to 249
Dimitri Shoes & Orthotics Hanger Prosthetics & Orthotics	Lucas	3842-0400	Orthopedic appliances	under \$0.2MM	2 to 4
RR Ruge Inc	Lucas	3842-0300	Prosthetic appliances	unknown	10 to 24
World Prep Inc	Lucas	3842-0000	Surgical appliances and supplies	under \$0.2MM	2 to 4
Gottfried Medical Inc	Lucas	3842-9907	First aid, snake bite, and burn kits	\$0.2MM - \$0.4MM	5 to 9
Toledo Joint Replacement	Lucas	3842-0000	Surgical appliances and supplies	\$1.0MM - \$2.4MM	10 to 24
Synapse Dental Information	Lucas	3842-9909	Grafts, artificial for surgery	\$0.5MM - \$0.9MM	5 to 9
Dentsply International Inc	Lucas	3843-0000	Dental equipment and supplies	under \$0.2MM	5 to 9
Med-Tel International Corp	Lucas	3843-0000	Dental equipment and supplies	unknown	25 to 49
Jobs Service Center	Lucas	3844-0000	X-ray apparatus and tubes	unknown	unknown
	Lucas	3845-0200	Electrotherapeutic apparatus	unknown	100 to 249

Sources: *Dun and Bradstreet MarketPlace Data, and the Regional Growth Partnership.*

The SIC codes with the smallest amount of industry activity are SIC 3845 electrotherapeutic apparatus, SIC 3844 dental equipment and supplies, and SIC 3841 surgical and medical

instruments. The table on the previous page outlines the largest players in the medical apparatus and manufacturing industry in Toledo Ohio.

This analysis is an attempt to determine how the Toledo region can leverage itself and take advantage of this potential market.

Industry Requirements

In order for the biomedical and advanced manufacturing industry to flourish, a region must have the key requirements listed below:

- Skilled Engineers
- Advanced manufacturing capabilities
- Biological lab space for research and clinical trials
- Skilled manufacturing workforce
- Strong medical research base
- National market image of superior quality and excellence for manufacturing
- Access to raw materials such as plastics, glass, and electrical components

Toledo has many of the requirements necessary for the biomedical and advanced manufacturing industry to flourish. Toledo currently has a well-established set of skilled engineers. This skill set is predominantly involved in advanced manufacturing, the automotive accessory manufacturing, and plastics manufacturing. Toledo's engineering firms have assisted the automobile industry for many years, providing integral automotive pieces such as airbags, brakes, drive shafts, transmissions and car interiors among many other automotive accessories. Toledo also has ample skilled labor that is currently under-utilized with the closing of several manufacturing facilities in the region. The region has an image recognized nationally for superior manufacturing. Finally, the area provides ample amounts of raw material such as metals, plastics, glass and electrical equipment necessary to efficiently product products related to the biomedical industry.

Required Actions

Although Toledo has many of the necessary skills and resources, the region is missing several key aspects to take advantage of this nationally emerging industry. Most importantly, there needs to be greater funding of research at the Medical College of Ohio. Investment in research and development will create a contingent of professionals and developers in the biomedical industry. A group of “super docs” will attract additional market participants to the region.

Secondly, the region is missing wet-lab space, which is necessary to house the research and development facilities of private companies and entrepreneurs. Wet-lab incubator space and multi-tenant, multi-use wet and dry lab, and office space is very important for small start-ups and second and third stage businesses. An entrepreneurial program must provide management and financing assistance, as well as lab and office space, and research and development assistance from the universities. The coming RGP incubation/commercialization effort will be key.

MAJOR ECONOMIC DEVELOPMENT STRATEGY INITIATIVES

The actions required to achieve the potential of the target industry clusters described above are also important to assisting many other sectors of the Toledo economy. This action program is described in this section and has nine major components:

1. Meeting the Needs of Existing Businesses
2. Effective Land Assembly, Preparation and Packaging
3. Cost Effective Outreach Marketing and Business Attraction
4. Transportation System Support and Leverage
5. Funding and Management Support for Entrepreneurial/Small Business
6. Meeting Workforce Needs
7. Fully Engaging the Universities
8. Optimizing the Role of Technology
9. Coordinated Program to Harvest the Technology Clusters

The steps in each of the components are described and the primary responsibility recommended.

1. Clear and Strong Priority on Meeting the Needs of Existing Businesses

This is a very important strategy component, particularly in a manufacturing community. A top program has a very large job impact on a community. The informal Toledo report card is that some impressive major retention and expansion victories have been achieved, but the typical business often must initiate and persist to have their needs addressed, and many in the city feel that the job just does not get done unless a political leader gets personally involved. So much is being done and much more needs to be done. The most important steps in the process include:

Outreach and Communications. Many firms do not have confidence that their needs can be effectively addressed by public economic development agencies, and as a result they will often not ask for assistance. Some will leave and many will defer the expansion they could achieve with help that could be made available if the retention/expansion process could be effectively begun.

Clear Responsibility. Except for the major rescues, there does not seem to be the perception that there is someone in charge of the existing business service program in the city or county. Rather that the function is part time at the senior level. This means that there is little initiative action when the business needing assistance comes forward.

Regular Initiative Contacts. The largest 20 percent of companies should be contacted personally twice a year, and a substantial number, once a year, either in person or by prearranged phone conversation. How are you doing and what can we do for you is a direct outline of the conversation.

E-Mail Contacts to the Business Directory. This tool allows more frequent contacts with a much larger share of all businesses. The Internet and web site tool provides a vehicle for informing businesses of available programs and examples of how the programs have been used by other businesses, as well as providing the opportunity for the business to respond with an indicated need for follow-up. The rapid growth of spam is causing more and more executives to

have their e-mails screened, but the tool remains an important one for stretching the coverage of understaffed efforts.

Diagnosis of Needs. Whenever a business indicates a need, quick response is important to diagnose the problem, lay out a plan for response and review that plan with the subject business.

Technology Integration. An important part of the existing business services, not yet fully operative, is focused on intensifying the effort to provide sophisticated technical consultation and assistance to businesses to constantly upgrade their technology to remain competitive. The universities can play an important role in this regard with the EISC center. This can be a very important part of the community's overall technology strategy.

Regular Reporting on Progress. Many business needs are difficult to meet and some, after concerted effort, cannot be satisfactorily met. Regardless, it is essential to keep the business making the request regularly informed. To fail to do so turns a positive economic development initiative into a negative.

Periodic Existing Business Service Case Reviews. Economic development agency management and their boards and elected officials need to be made aware of the status of the response to business requests, particularly from larger firms. Where there is inadequate staff to handle the active caseload, such review makes that clear. It also prepares those officials briefed to respond to formal and informal questions from businesses who have initiated a request.

Primary Responsibility

- The RGP should continue its role of leading major retention/expansion efforts.
- For the remainder of the existing business service function described above, it is recommended that a new economic development entity be formed (as described later in this document), which would be staffed and responsible for handling this very important function.
- All agencies/entities should continue to play active intake roles, 24/7.

2. Effective Land Assembly, Preparation and Packaging

The strong consensus of the economic development leaders and senior staff in Toledo is that business attraction and expansion of existing businesses is greatly handicapped by the lack of an inventory of quality sites and their ability to quickly create sites when a specific business location opportunity or project development opportunity arises. Correcting this deficiency must be a high priority for this economic development strategy.

The Toledo area has had important project packaging successes in the downtown, in Maumee and elsewhere around the region, but our findings confirm the local perception that much more economic development project success can be achieved with better staff capability and capacity in land acquisition and project packaging. The components of this function should include:

Determination of Land/Site Inventory Needs and Gaps in the Various Parts of the City and Remainder of the County. A task force of the economic development professionals and commercial/industrial real estate brokers in the county can determine where economic development land in the various parts of the county is in demand for various kinds of uses and projects. They can also pool their experience to come up with a reasonable estimate of the recent past and probable future land inventory needs and use their formal and informal land inventories to determine where the site supply is adequate and where there are important gaps. For instance, the deficiency mentioned most often in our work was for clean, high accessibility commercial/industrial park/project sites in the city. Marketers say that the share of prospects that will seriously consider an urban site are often turned away by the lack of inventory.

Strategies to Fill the Defined Land Supply Gaps. The objective should be to meet a very large share of the land supply need through the actions of private developers and landowners. Incentives from the public side, like expedited zoning and site plan approvals are very important in this regard. A first step in the efforts to accelerate the site production process would be to circulate the results of the land supply gap analysis described in the paragraph above to land

owners and developers through a summary publication and a series of meetings in the various parts of the county.

Where there are obstacles to the private creation of the needed, marketable site inventory (multiple ownership, brownfields, utility capacity gaps, etc.) public/private partnerships need to be formed to supplement private developer staff and financial capacity. (In brownfields, both the Port Authority and the city have staff expertise),

Meeting Quick Action Needs. There are many times when there is a specific potential tenant or multi-use project, which can happen if site control can be achieved, but there are major obstacles. Strong staff work and decisions by the involved governmental units about public intervention may be required. The RGP has often faced this challenge in putting together attractive site offerings for potential business attraction prospects.

Feasibility and Project Origination. An important part of this function is the origination of single and mixed-use development projects, which are judged to be particularly important in job and public revenue impact. The project concept may come from economic development agency staff, from developers and landowners, or from others. If the project is judged important if successful, preliminary market and financial feasibility analysis needs to be carried out to give information on the probability of success, perhaps with a level of public participation justified by the positive public impact.

As with meeting land and site inventory needs, the emphasis should be on maximizing the private role and minimizing the public role and maximizing the private investment to public investment ratio.

A major challenge for good public project packaging entities is the ability to make an early success-probability determination. There is a tendency to chase every developer proposal until it is proven dead. The financial and staff resources which will be available are in far too short supply for this.

Project Packaging. This is best defined as putting the commitments, approvals and other requirements in place to cause a project to happen. In the vast majority of projects, this is accomplished by the public project packaging entity working closely with private developers.

The project packaging entity that we envision here handles developer selection, if that is needed, and works with the developer in achieving all the requirements of project success. The entity also serves as the intermediary between the developer and the governmental entities involved.

Putting the financing in place is an important part of project packaging. The financing group within the Port Authority has built substantial skill and track record in this area and should continue to be an important partner for the primary project packaging entity.

Primary Responsibility

- Countywide economic development entity (see Section IV).

3. Cost Effective Outreach Marketing and Business Attraction

The RGP has made major efforts to project a strong image of Toledo to the business world, to retain major businesses that consider moving, and in seeking to attract new, quality firms to the community. They should continue to play this role in the economic development strategy recommended in this report.

Strong New Image and Branding. The RGP and total economic development efforts in Toledo have been hindered by the image that the area is not as progressive as many others. In Section IV of this report, a new image and a new branding strategy are recommended which build on the diversity foundation so important to successful “new economy” communities.

The RGP promotional and marketing efforts and their specific attraction activities are a very important part of the Toledo communication with the economic development outside world. They need to be part of the utilization and communication of this new message.

Integrate the Recommended Target Industry Clusters Into the Promotion and Attraction Program. The identification of growing firms in the industry clusters defined and recommended in the first part of this section, focusing on those with Toledo linkages, and adding these firms to the RGP high priority prospect list will be a very important part of the implementation of this strategy.

Reassess the Funding and Benefits Balance. There is a strong perception that outlying counties receive a much larger share of the benefits of the RGP activity than their share of financial support for the RGP justifies. At a minimum, their needs to be much better communication of the RGP benefits, absolute and relative, which go to the primary funders. If there is an equity gap, efforts to raise a larger share of funding from jurisdictions outside Lucas County should be made.

Primary Responsibility

- The RGP

4. Transportation System Support and Leverage

A major Toledo strength is its central location and the strong transportation system that serves it with highways, port, rail, and air service. The port ranks near the top among all Great Lakes ports. This system supports the development of a healthy and growing distribution and logistics industry cluster, described earlier in this section.

Increased Air Service. Efforts to enhance air passenger transportation are negatively impacted by the proximity of Detroit Metropolitan Airport, but the convenience of this facility neutralizes the negative economic development impact to some degree. Continued efforts to attract a low cost carrier hub, as an alternative to Detroit, should continue.

Aggressively Reach Out to Transportation Dependent Prospects. The Port Authority facilities serve a substantial hinterland. Marketing to the large users should continue to include

not only the promotion of transportation business but also the assembly of relocation packages that would bring them closer to the transportation facilities on which they depend.

Develop Business Parks and Quality Sites Around Major Port Authority Facilities. The airport, with its multi-modal capacity and expressway access should have a highly successful business park program. Additional energy from the economic development entities and lead by the Port Authority is needed to realize the full potential.

Reinvest To Remain State of the Art. The Authority has been aggressive in this regard in the past and needs to continue to be so to maintain its competitive position.

Primary Responsibility

- Port Authority

5. Adequate Funding and Management Support for Entrepreneurial/Small Business Development

Need for Comprehensive Small Business Development Program. Even though more than eight organizations claim to be substantively involved in small business or entrepreneurial development, few people in the community believe that small business development is a high priority or that there is a coordinated effort to provide comprehensive assistance to entrepreneurs in need.

This is not unusual. In other cities where we have conducted surveys specifically of minority businesses, we found that approximately one out of five had never heard of the organization purporting to provide business or financial assistance and that nearly three of five had never sought assistance. This was because minority businesses believe that the resource groups purporting to provide assistance generally lack the full range of resources needed. Our interviews suggest that this may also be the case in Toledo and for non-minority businesses as well.

Any change in these conditions will require a substantial change in the approach to technical assistance and a full partnership with the local financial community. A third element would be an effective management and coordination system that could maximize the resources of the various organizations that assist the small business community.

Perhaps the most effective effort today is that of the Toledo Area Small Business Association which directs the small business programs for the Toledo Area Chamber of Commerce including the operation of a Small Business Development Center. Despite its notable accomplishments and awards, there is a perception, in the minority community at least, that this business development initiative has not been as effective in expanding the base of minority businesses in the region.

Challenges Faced by Small Businesses. Small businesses tend to fall into three categories. The first category is small “mom and pop” type businesses which are generally convenience businesses or personal service businesses (Group I). The second type of businesses are the construction related businesses (Group II), and the third type the mainstream businesses (Group III). The last group tends to be larger businesses that have succeeded in establishing themselves.

From our interviews in Toledo and our work in other cities, we can identify specific types of assistance needs common to the three categories of business. They are as shown in Table 10 on the following page.

TABLE 10. SMALL BUSINESS ASSISTANCE NEEDS BY GROUP

Business Type and Assistance Needs	Group I Mom and Pop	Group II Construction	Group III Mainstream
Marketing	<ul style="list-style-type: none"> • Help in overcoming competition • Help in achieving business credibility • Help in develop effective marketing strategy • Help in managing time to market business • Help in defining markets 	<ul style="list-style-type: none"> • Help in managing time to market service • Help in identifying a good marketing professional • Help in securing performance bonds • Help in accessing private sector construction work 	<ul style="list-style-type: none"> • Help in estimating the real cost of marketing • Help in developing polished presentations • Help in developing effective negotiation skills • Help in building the staff capacity to follow through on opportunities
Facilities, Equipment, and Personnel	<ul style="list-style-type: none"> • Help in selecting a good business location • Help in finding good people • Help in keeping good people 	<ul style="list-style-type: none"> • Help in finding good people • Help in keeping good people 	<ul style="list-style-type: none"> • Help in finding good people • Help in keeping good people • Help in educating and training workers
Financial	<ul style="list-style-type: none"> • Equity • Obtaining bank loans • Start-up seed capital • Securing a Line of Credit • Cash management 	<ul style="list-style-type: none"> • Equity • Obtaining bank loans • Securing lines of credit • Performance bonds • Help in financing movable assets 	<ul style="list-style-type: none"> • Equity for expansion • Sufficient Line of Credit • Bank loans for expansion

Source: Hammer, Siler, George Associates.

Small businesses need assistance in marketing their business, finding qualified and motivated workers, and financing their businesses. These needs differ somewhat between small business groups as the customer base changes radically from a neighborhood- and perhaps minority consumer-based market, to a largely public-based market for construction-related businesses, to a largely private-based market for mainstream businesses. These marketing needs require substantially different degrees and levels of expertise that are not usually offered by existing resources groups.

The financial needs often begin because of insufficient equity and access to capital. They are further exacerbated because the banking community often views small businesses, particularly minority-owned businesses, as being of greater risk. These conditions need to be responded to in a bold way.

Small Business Resource Center

To respond to this need Toledo needs to create a Small Business Resource Center. The goal of the program should be to expand the opportunity for small business development in general and to build a minority business base in Lucas County that reflects the percentage of the county's minority populations.

The Resource Center would be made up of the following components:

- The Program Staff
- The Incubator Without Walls - Network of Technical Assistance Providers
- The Business Mentor Program
- The Entrepreneurial Institute
- Community Development Financial Institution
- Business Loan Staff

The Program Staff. The program staff would consist of highly experienced professionals who would be responsible for facilitating cooperation between all of the groups providing small business development assistance, running the Incubator without walls, the Business Mentor Program, the Entrepreneurial Institute, and the Community Development Financial Institution (CDIF). This would be a 4-6 person staff headed by a director. A partnership should be created between the Small Business Resource Center of the new entity and other regional business development initiatives.

The Incubator without Walls - Network of Technical Assistance Providers. This program would provide the full range of technical assistance to small businesses including neighborhood retail and service establishments, contractors, or emerging manufacturing companies. However, there would be strict requirements to be admitted to the incubator program since it would only

provide assistance to those businesses with potential to succeed. It would differ from the existing Small Business Development Center in several ways. First, it would focus only on businesses from Lucas County. Second, businesses would be enrolled in the program for a specific term. Third, businesses would be required to have a completed business plan before entering the program.

The incubator without walls would provide a full range of assistance that would include identification of market opportunities, marketing strategies, human resource development, and financial planning. The downfall of most technical assistance programs is in the quality of technical assistance being provided. To help overcome this deficiency the program would operate using a network of technical assistance providers. This network of providers would be recruited from three sources:

- Volunteers recruited through business organizations.
- SBA retired executive program.
- A paid group of business consultants including accountants, lawyers, public relations and advertising specialists, human resource, and media/public relations specialist who would agree to provide services at reduced rates in expectation that they would establish a long-term relationship with the business as it grows.

The incubator without walls would accept businesses that met its criteria and who would be recommended by the Chamber of Commerce, Black Chamber, Hispanic Chamber, Minority Contractors Association, CDCs or other small business development groups.

The Business Mentor Program. The business mentor program would be a business-to-business program designed to provide technical assistance and joint marketing opportunities between small businesses and established ones. This mentoring relationship is particularly important to nurturing minority businesses. The program would undertake the following:

- Encourage small, emerging businesses to work with established businesses to provide business assistance while pursuing joint-marketing opportunities.
- Work with both the majority and minority business in establishing the partnership.

- Monitor the progress of the partnership.
- Help to market the partnership for public sector procurement opportunities.
- Organize recognition programs for mentoring companies.

The business mentoring program would be a concrete way to show that partnerships are being created that take advantage of the area's diversity to move the economic agenda forward.

The Entrepreneurial Institute. The entrepreneurial institute would be a program component of the Small Business Resource Center that would be designed to encourage more minorities to consider entrepreneurship. It would promote small business development through the following program components.

- **Small Business Recognition.** The Institute would sponsor programs to give visibility and recognition to the existing group of successful small and minority businesses in the City of Toledo and Lucas County.
- **Academic Programs.** These programs would include a set of courses and workshops for people considering entrepreneurship. These programs could be developed in partnership with other small business development organizations and local colleges.
- **Credit/Loan Readiness Program.** An essential part of the system needed to support entrepreneurship includes credit and loan readiness services. Credit reports have always been a part of the traditional "due diligence" conducted by financing sources. They have become more important with the advent of credit scoring which emphasizes quantitative data and that reduces the role of character in the credit review process. As a part of this program, the institute would provide a credit report review and repair process.
- **Business Head Start Program.** The business head start program would be a package of programs and activities designed to involve youth in the business and entrepreneurial culture.

Community Development Financial Institution. Successful business financing not only requires readiness on the borrower's part, but also a positive way of thinking towards small business by lenders and creative approaches to meeting the needs of small businesses, especially minority businesses. It is unfortunate that many minorities feel that the local banking community

is not being responsive to their needs. In this regard, Advisory Letter 98-9, issued by the Comptroller of the Currency, provides some cogent advice by identifying some techniques used by national banks to meet the financial needs specifically of their minority small business borrowers.

Examples of the techniques described in detail in the advisory letter include:

- Carrying out targeted outreach programs to minority businesses.
- Developing relationships with minority small business owners and partnerships with community-based development organizations.
- Staffing small business lending programs with loan officers from diverse backgrounds and vesting them with appropriate lending authority.
- Developing innovative financing products and loan structures and use of government guaranteed programs to reduce risks or share risk with local business development financing entities.
- Participating in equity and subordinate debt investments in entities that service minority businesses like community development financial institutions (CDFIs) and bank community development corporations.
- Creating opportunities by seeking out minority small businesses to use as the banks own suppliers and contractors.

To assist the local financial community in this process we propose a CDFI. This type of entity would provide the opportunity for:

- Increased credit enhancement through the provisions of subordinate debt.
- The opportunity to do “stand alone” deals when a bank cannot provide any financing.
- The opportunity to carry out innovative programs for emerging businesses.

Business Loan Staff. The business loan staff would be responsible for processing any of the loan programs that might be available from the Small Business Development Center including the CDFI, if created. They would also work with the local financial community to create partnerships in small business financing.

Utilizing CDC's as Instruments to Achieve Neighborhood Development

Neighborhoods and the physical condition of neighborhoods are an important component of quality of life. In recognition of this fact, the City of Toledo has sought to support the activities of community development corporations (CDCs) or other neighborhood development entities in undertaking work the city has not had the staff capacity to do. Neighborhood development requires a number of different activities that need to be shared between local government and neighborhood development organizations. Among these are the following:

- **Enhance the Housing/Residential Function.** This activity cluster is perhaps the most important in older neighborhoods where the housing stock has become blighted and/or obsolete and where private developers are no longer responding by building new housing stock.
- **Neighborhood Commercial Revitalization.** This activity is focused on the revitalization of commercial areas within neighborhoods and generally involves the organization of the local merchants to reinvest in their stores both with respect to their physical facilities and merchandise and to cooperatively market the area.
- **Improve Neighborhood Infrastructure.** This activity is generally focused on improving water and sewer, streets, streetscapes including lights, and sidewalks in the neighborhood.
- **Develop Community Facilities/Support Services.** This activity complex focuses on the development of community centers, recreation facilities including parks, and city services such as trash collection, police and fire protection, and building code enforcement.

Interviews with representatives of neighborhood development corporations indicated that their primary work is focused on enhancing the housing/residential function of the neighborhoods that they serve. Some also are engaged in neighborhood commercial revitalization activities. Neighborhood development organizations do participate in the development of neighborhood infrastructure in so far as their housing projects require, but largely are dependent on the city to undertake these activities. The city also has the primary responsibility for the development of community facilities and support services.

Challenges Faced by CDCs. CDCs and other neighborhood organization now face a serious financial resource challenge. Both national and local funding sources are becoming more difficult to attract. At the national level, reductions in CDC funding have forced local jurisdictions to reconsider their funding priorities. Many CDCs therefore turned to the development of tax credit rental housing projects as a way of earning revenues from developer fees. This has sometimes created friction since many neighborhood leaders are strong advocates of ownership housing. In the City of Toledo reductions in the CDBG budget has forced substantial reductions in the city's contribution to CDCs and other neighborhood development organization budgets.

The net result has been a reduction in staff for some CDCs and a total loss for others. Neighborhood organizations now face the challenge of maintaining their current productivity while creating housing products more consistent with the objectives of the neighborhoods that they serve. It is therefore our conclusion that given the importance of the development capability of CDCs and other neighborhood development organizations, additional funding should be provided to assist them in accomplishing their neighborhood missions.

Recommended Actions. An umbrella organization should provide funds for staff assistance and technical assistance to CDCs and other neighborhood organizations. Given current financial resources limitations, local neighborhood organizations should begin to consider various forms of shared staff arrangements to minimize cost and maximize productivity. The development of a technical assistance component for CDCs and other neighborhood organizations would be one step toward this goal.

The new organization would provide a project assistance fund to support economic and housing development projects undertaken by CDCs and other neighborhood organizations. Project support funds could be used for economic development projects (neighborhood commercial revitalization) or for home ownership programs. The funds could be used for a whole range of activities from staff support through the funding of soft costs.

The direct services would be contracted for through and in partnership with the Toledo Local Initiative Support Corporation (LISC) to carry out these activities. This organization is being recommended because we believe that it can attract additional resources from the private sector that can enhance this overall function.

Primary Responsibility

- Countywide economic development entity
- LISC for CDC assistance

6. Ensuring the Workforce Needs of the Region Are Met

Toledo has a highly skilled workforce developed over the years to meet the needs of its manufacturing economy. Over the last decade, as the manufacturing work force needs have declined in Toledo and the broader region, the need has been for training and re-training for jobs in emerging, non-manufacturing industries.

The challenges are two-fold because retraining is difficult and the lack of an existing new economy labor pool retards the attraction of businesses that would use it, thus limiting the jobs available for those trained. Workforce actions important to this strategy include:

Defining the Need. Continued employer, union, provider consultations are needed to define existing and potential unmet needs.

Meet Target Industry Cluster Needs. Design and implementation of worker retraining needs for target industry clusters is an important part of the strategy to achieve the potential. This is particularly challenging for the potential clusters, biomedical/medical apparatus and new energy/propulsion, because there is not a substantial job demand at present.

Targeted Training for All Levels. In the attraction area, the RGP assembles a strong training component to their offering package for firm prospects. This service is equally important for

existing businesses and needs to include traditional skills training, active outreach by the universities in the area to design part-time advanced degree programs, and non-degree programs in the technical and management area. Companies find advanced study and advanced degree programs essential to retaining top employees.

Primary Responsibility

- Universities for advanced training
- Lucas County overall

7. Fully Engaging the Universities in the Economic Development Strategy

Across the country, the university role in achieving the broad range of quality of life objectives of their communities and regions, including economic development, has been increasing and maturing. This is, in effect, an “additional role” for universities at a time when budget resources are tight. It reflects both a clear decision by community leaderships of the importance of a strong university role and a decision by university leadership that such participation is valuable and perhaps essential.

We have worked with many of the universities in the country on their economic development initiatives and talked with Toledo area universities about their existing activities and visions for the future. Recommendations for priority university actions and initiatives are outlined below.

Community Leadership Role. Toledo university top management and faculty are perceived to be active and have an essential leadership role not only attending economic development groups, but strongly advocating priority support for university/community economic development “partnership” efforts.

Institutionalizing the University Value Added Concept. There are many ways universities have great potential value for existing and potential businesses. The universities need to provide

clear descriptions of the facilities and services available and policies and regulations on how they can be accessed:

- Faculty access and good response
- Student recruitment assistance, permanent and intern/part-time
- Shared use of specialized equipment and building facilities
- Invitations and participation in technical sessions
- Targeted business school management assistance
- Effective technology enhancement outreach
- Degree and non-degree continuing education
- Adjunct teaching opportunities

Access to university programs for their employees is also often available to companies in university research parks as a special locational incentive.

Action the UT/MCO Technology Corridor. Joint initiatives among the fine institutions clearly must be an important part of their economic development. This effort, presently in its very early stages, is a potentially important part.

Our recommendation is that it have two parallel action tracks. First, there needs to be an aggressive effort to increase research funding at both UT and MCO, including efforts in materials and engineering and joint efforts in bioengineering and life sciences. An important focus of this enhanced research effort should be support of the identified target clusters. Even more needs to be done in recruiting funded researchers, providing state of the art research facilities and achieving federal earmarks, which often are the best strategy for “quantum jumps” into research areas not now being attracted. The small turbine funding is a small but hopeful next step. In some other communities, local institutions (hospital foundations etc.) and state funding have been used to move research programs to the next level.

Second, the physical/development strategy should be put in place to begin to make the physical corridor come alive. Multi-tenant building space and incubation facilities and services will be important early steps. The RGP entrepreneurial development initiatives, about to be accelerated, will be important to the achievement of the physical corridor strategy.

Supporting Existing Business. The single most important component of any economic development program in a mature economy is providing effective support to existing business. For universities in today's Toledo, that means working with small and medium-sized businesses to diagnose their technology enhancement needs and to bringing together university, EISC, and other resources to help meet those needs. This will be an important demand on university resources, but it is very important to Toledo's future.

Actively "marketing" and providing business management assistance of all kinds with clear availability and reasonable charges is another very important part of the university support package. Our experience is that business school faculty often need encouragement to take on management problems not at the cutting edge, but doing so is very important to local businesses involved.

An important role that UT and BGSU leaders are playing is to provide the management training and market access needed by minority firms to move into and expand their role in the construction contracting industry. The universities need to look for such opportunities and fill them.

Strong, Active Support for Incubator and Technology Park Initiatives. With their impressive new funding, the RGP will be creating new capacity in the entrepreneurial development field. That is an impressive "transmission" for the entrepreneurial vehicle, but the heart of the engine will remain the research and technology transfer output of the local universities. Supplemental funding to modestly increase technology transfer staff capacity needs to be an important initiative.

Recruiting Assistance. There is a tendency for top graduates of Midwestern colleges to assume that the grass is greener at the coasts, but the need for top graduates by Toledo firms and the opportunities here for them is equally great. Providing these companies recruiting help, involving them in teaching, internships, honors projects and other vehicles to sell their firms to the graduates are very important. Early access is very important.

Communicating and Reinforcing the University Mission. At most universities today, the top management officially and publicly proclaims a total commitment to a much more active role in the community's economic development, but departmental tenure and salary committees often do not institutionalize this new objective. This has a particularly negative impact on pre-tenure, energetic young faculty. Technology commercialization activity takes an additional increment of time in already busy faculty schedules. Without clear evidence that it is valued in salary and tenure decisions, that time may not be invested.

Active Participation in Outreach Marketing. University research and technology leaders are very valuable parts of the recruiting team for Toledo. Required quick response often makes participation a challenge, but the promise of this kind of supporting R&D to the company's own product development and refinement can be an important dealmaker.

University Economic Development Point Person. Navigating universities is a challenge and each should have a primary interface person known to the economic development and local business community. This person should be everyone's "first call" when seeking a new kind of university value added.

Primary Responsibility

- Top university leadership

8. Coordinated Effort to Optimize the Role of Technology in the Toledo Economy

Clearly, the continuing foundation of the U.S. economy is leading the world in the development and refinement of products, production, equipment and service packages.

This position at the cutting edge of advancement, often called "high technology," is very important, both in the form of technology developing/producing companies and also in the many more companies who are very much dependent on technology to maintain and enhance their competitive position. This technology dependence very well describes the Toledo technology

opportunity and need. The high priority, technology component of the Toledo strategy includes the following elements.

Technology Assistance to Existing Companies. Keeping Toledo companies at the cutting edge of product development and process refinement technology is perhaps the most important component of the strategy. Identifying and diagnosing the need and providing the technical assistance needs to be an important part of the total existing business support program as described in major initiative 1.

A new countywide economic development entity is proposed which will have among its important responsibilities to lead the communications with existing firms, including identification of needs. The university engineering, science and management faculty needs to work with state (EISC) manufacturing assistance agency to carry out the diagnosis and provide needed services. Resources needed will be short and it may take a while to sell the value of the program to many local firms, but leverage will be great.

With its major new funding, the RGP will be a very strong partner to the university and other economic development agencies.

Continue the Formation and Operation of Technology Cluster Organizations. Cluster organizations bring together entrepreneurs and companies, researchers, existing technology company employees, economic developers, and others with a stake in the continued development of one or more technology clusters in a community. They meet regularly, formally and informally, to share information and skills and to form influence groups and strategic alliances.

There is benefit in having a cluster group for each of the target industry clusters recommended and for the digital services sector of computers and communications that serves them all.

Priority Marketing Targets. High growth firms in the target industry clusters identified should be added to the RGP high potential prospect list and made a part of that agency's aggressive outreach marketing and attractions program.

One important part of the marketing effort is a research and technology support and total value added component of the RGP offering package. This would be developed jointly with the universities, and committing their research, visiting professorships, specialized equipment use and other value added features to the effort.

Raising the Toledo Technology Excellence Image. In advanced manufacturing, engineering services, materials and related fields, Toledo companies are at the cutting edge. The area does not have a strong technology image. The manufacturing tradition and the fact that the university research funding is not stronger compared to other cities makes this a challenge and the economic development leadership has not been able to generate the earned media and other image building activity that some other communities have.

More regional and national technology events and more success at generating earned media coverage through local outlets and with their help, through national outlets, will be important parts of this effort.

RGP/RTA Incubation and Commercialization Initiative. Major state funding and new staff capacity will greatly energize the transfer of technology from university and local company research and development and the start-up and growth of small technology companies.

UT/MCO Technology Corridor Initiative. We understand this initiative is in the early stages of strategic planning, but with a strong joint research component as well as facility development as the financing and market allows, it could be an important part of the technology strategy.

MCO Research Park. This park is well underway, but private technology company marketing success has not been as strong as hoped. The market success of the park will benefit greatly as MCO research and strategic alliances increase.

Primary Responsibility

- With its new funding, the RGP/RTA leadership role has been confirmed
- Universities as important partners

9. Coordinated Program to Harvest the Target Industry Clusters

This strategy is aimed at optimizing economic development results in Toledo and Lucas County. One major part of that effort is to carry out the actions that will result in successful development of the target industry clusters. Each of the eight high potential strategy components needs to be carried out to reach that full potential.

Communities have had success coordinating their cluster development activities through cluster organizations, made up of all those in the community with a stake in the success of the cluster: companies, economic developers, university researchers, suppliers, professional service firms, lenders, investors and others. There is often a board and officers, with staff support by a university or economic development agency, and there may be subgroups of the cluster organization focusing on the various specific industry clusters.

Primary Responsibility

- RGP/RTA has begun a set of activities moving toward the development of a mature cluster organization, and will logically staff the effort. This would allow the cluster movement to proceed at the fastest pace.

CONCLUSION

Recent years have not been kind to the Toledo economy and there is a great need to sharpen the focus of the economic development program and put a more effective total organizational

structure in place. This section of the report identifies high potential target industry clusters. While economic development should in no way be limited to these clusters, they do provide additional guidance as to sources where employment growth can come. For each we have suggested the actions that we feel are most important to achieve the potential.

In the second part of the section, we have recommended and described what we believe are the most important components of the Toledo economic development strategy for this next century. Again, specific actions are recommended.

The basic organizational structure and resource utilization for economic development in Toledo also needs revision—both to meet the vision of the various parts of the community and to effectively implement the strategies and actions proposed in this section of the report. Those organizational recommendations are presented in Section IV, which follows.

SECTION IV. GETTING IT DONE: AN EFFECTIVE DELIVERY SYSTEM

Toledo has an active group of economic development entities with substantial financial and staff resources. They are accomplishing much to help meet the economic development needs of the city and county, but there are important gaps. These need to be and can be corrected with achievable organizational and budget resources. This final section of the report presents the consultant team's recommendations for the organizational and budget structure, which will bring greatest additional strength to the solid existing efforts.

The section achieves that objective by first describing the roles, staffing and budgets of the principal players in the existing Toledo economic development effort.

Next, the important issues and concerns with the existing economic development effort, which emerged from our many interviews and our total analysis are identified and described.

Then the "best practices" organizational and program approaches of a selected group of comparable cities are presented.

The above three parts of the section provide important input to, first the recommendation as to which existing or new entity should have primary responsibility for each important economic development function in Toledo in the future, and second, two major new initiatives which must be added if Toledo is to reach its potential.

REVIEW OF CURRENT AGENCY ROLES, STAFFING AND BUDGETS

Regional Growth Partnership

The Regional Growth Partnership is a 501(c)(6) nonprofit organization, serving eleven counties in northwest Ohio. Upon its creation ten years ago, the RGP assumed outreach-marketing

activities previously carried out by the Port Authority and the Chamber of Commerce. The RGP is also active in regional business retention, economic research and market information, and technology advocacy. Additionally, the partnership facilitates real estate and project packaging assistance, legislative advocacy, and international trade assistance.

Staff and Budget Resources. There is a staff of 17 including two working for the Regional Technology Alliance, which has recently been merged into the RGP. The organization's total budget for 2003 is \$2.4 million of which 55 percent comes from the Lucas County economic development mill levy. For 2004, the RGP will administer an \$800,000 matching state grant for development of a "virtual" incubator to nurture technology firms in the region.

RGP Estimated Impact. According to statistics maintained by the RGP, over the past three and one-half years (through June 2003), the RGP assisted in projects that resulted in \$1.54 billion in new investment, 5,178 jobs saved or created, and 5.1 million square feet of new construction. Over nearly ten years, the total is \$6.6 billion in investment and 20,482 jobs.

Toledo-Lucas County Port Authority

The Port Authority is a public entity that owns the Port of Toledo, operates Toledo Express Airport and passenger rail terminal, and provides economic development financing services in the region and elsewhere in the State.

Staffing, Budget and RGP Allocation. There are 66 Port Authority employees, down from 74 in 1994, including six in the finance department, which is responsible for administering the various loans and bonds as well as typical accounting and budget functions. The Port Authority's total operating budget for 2003 was \$13.3 million, not including grants and loans. The Port Authority allocates all proceeds from a countywide tax levy to economic development, including \$1.35 million annually to the Regional Growth Partnership for providing traditional retention, expansion and marketing services, with the remainder used for capital projects at its

transportation-related facilities, usually as matching funds for federal grants. Voters will be asked to reauthorize the levy in November 2004.

Important Financial Services Revenue Source. Another major source of revenue is service fees from the issuance of revenue bonds for transportation, economic development, housing, recreation, education, governmental operations, culture, or research projects, and administering the SBA 504 and Ohio loan programs. Since 1988, the Port Authority has provided financing for 216 projects of more than \$643 million. When equity, private financing, and grants are included, the total project costs exceed \$1 billion. These sources contribute more than \$1 million after expenses in financial support for the Authority.

Brownfields Program. The Port Authority also pursues economic development opportunities through its brownfields redevelopment program. It forms partnerships with the City of Toledo and owners of underutilized brownfield properties to create projects that combine private and public dollars. The Port Authority acquires property through donation or at a discount, depending on the cost of remediation, and works with state and federal agencies to obtain available cleanup grant funds. At the same time, the Port Authority markets the property to prospective end users, who may also become partners in the remediation project. Currently there are several projects underway. The Marina District is a retail, commercial and residential project planned between Front Street and the Maumee River. It is expected to attract \$200 million in private investment. The Port Authority purchased the Toledo Coke property and is in the process of applying for state funds and securing end-users. There is a \$150,000 budget for activity specific to the brownfields program. These funds are used for environmental assessments and legal costs. Additional funding comes from the State of Ohio and the U.S. EPA.

Lucas County Economic Development

The county's economic development staff of five focuses on project assistance, administering loans, and administration of CDBG grants outside city limits. Additional roles include local

business retention efforts and responding to outreach marketing leads from the RGP or independent inquiries.

Budget. The county targets 1.5 percent of its general fund for economic development, but the amount varies. For 2003 the allocation was \$2.27 million. Of this, about \$360,000 annually goes to administration. Most goes toward loans and subsidies for clients. At least half of the funds have gone to deals within the City of Toledo.

Staff Lucas County Improvement Corporation. They also serve as staff to the Lucas County Improvement Corporation, which at the present time acts as a conduit for SBA loans administered by the Port Authority and some real estate transactions. The LCIC has the statutory authority and by-laws to be a significant player in local economic development activity.

The City of Toledo Department of Economic & Community Development

This department has five divisions and handles economic development, housing, neighborhoods, and inspections and permits. It has a total 2004 budget of \$10.8 million, of which \$6.1 comes from the federal Community Development Block Grant program.

Economic Development Division Budget and Staffing. The economic development division budget is \$1.46 million for a staff of 11 positions, not all of them currently filled. In addition there is \$900,000 annually in loan repayments that may be redeployed as new loans.

Program Focus. Activity of the economic development division includes local business retention, following up on RGP marketing leads, downtown development, inner-city neighborhood services, and entrepreneurial initiatives. The division administers a number of grants, loans and incentives, including CDBG grants, enterprise zones, facade improvement, community reinvestment tax abatement, and brownfields assistance, among others. Other divisions in the department perform inspections, issue permits and administer housing programs.

Downtown Toledo Inc.

DTI began in 1992 as a joint partnership between the city and county. DTI activity includes attracting small business to downtown, showcasing downtown real estate, and organizing entertainment festivals and events.

Staffing and Budget. It is a small 501(c)(6) membership organization with an annual budget of \$240,000 and two staff. Members are downtown property owners who give DTI approximately \$150,000 per year. The city gives around \$90,000 and the county gives \$10,000.

Important Potential Initiative. At this time DTI is working on forming a Special Improvement District for downtown Toledo in order to substantially increase its level of service, similar to those districts in place in many other cities.

Toledo Area Chamber of Commerce

The Chamber's primary function is to provide services to its more than 4,000 members throughout the region.

Staffing and Budget. With a 2003 budget of \$2.16 million and a staff of 20, its program activities include public affairs, education, workforce development, leadership training, and member services, among others. The Chamber contributes \$365,000 per year to support the RGP.

Important Subsidiary Functions. Other economic development activities include operating the local Small Business Development Center, the Toledo Area Small Business Association, a package of minority business services, and the International Trade Assistance Center. The Chamber also conducts numerous training sessions in business planning and management, and provides matchmaking with potential sources of capital.

Estimated Impact. An analysis by Ohio University estimates that in FY03 the Chamber's SBDC programs created a total impact (including the multiplier effect) of 1,342 jobs and \$269.3 million in economic activity.

Toledo Community Development Corporations

Toledo has a number of neighborhood development organizations that are an essential component of the city's capacity to revitalize or redevelop its neighborhoods. Among these organizations are the Toledo Warehouse District Association, Toledo Central City Neighborhoods, River East Economic Revitalization Corporation, Neighborhoods in Partnership, Roosevelt Revitalization and Development Corporation, Toledo Olde Towne Community Organization, Organized Neighbors Yielding Excellence, Housing East Redevelopment Corporation, Lagrange Development Corporation, Ottawa Community Development Corporation, North River Development Corporation, Heritage South Commercial Revitalization as well as several others such as Viva South Toledo that have formed more recently.

The primary function of these neighborhood organizations has been to improve the neighborhood housing stock through the rehabilitation of existing units, the introduction of new rental housing, and the introduction of new ownership housing. Several of the organizations have also taken on the responsibility of developing commercial properties by undertaking specific commercial development projects or through neighborhood commercial revitalization efforts.

Budget Sources. Funding for these efforts have come from the City of Toledo, the Local Initiative Support Corporation, and other public funding sources. Many of the housing projects are funded with the participation of the local banking community. CDCs often earn fees for their services in packaging these housing and other projects.

Other Entities with Economic Development Roles

There are many other entities, which have direct and/or indirect roles in economic development in Toledo. A matrix was assembled by local agency staff with a large number of entities and records the economic development functions each is judged by this staff group to have. That matrix is in this report as Appendix B.

Summary

Toledo’s existing economic development organizations carry out the various functions of economic development to varying degrees according to their mission and budget. The following table reflects current responsibilities of the major entities that are most affected by the recommendation of this analysis.

TABLE 11. CURRENT ORGANIZATIONAL MATRIX

	RGP	Port Authority	County	City	Existing CDCs
ED Function					
Outreach Marketing	X				
Retention	regional			local	
Entrepreneurial Development				X	
Technology Development and Support	X				
Real Estate Packaging and Operations	facilitate	X			
Project/ Business Financing		nonresidential		housing	X
Geographic Focus					
Downtown	X			X	
Inner City Neighborhoods				X	X
Other Employment Areas	X		X	X	

Source: Hammer, Siler, George Associates.

MAJOR IDENTIFIED ISSUES

Through the course of our analysis including interviews and small meetings with over 150 economic development, business, government, university, organization and other community

leaders in Toledo and Lucas County, a number of important issues were noted and described which have importance to the optimum organization for economic development in the future. These are presented in this section.

Marketing Benefit/ Financial Support Imbalance. There is a strong perception that the Regional Growth Partnership outreach marketing efforts benefit outlying counties and parts of the county outside the city primarily, while the economic development levy money raised throughout the county, provides the bulk of the RGP financial support.

Inner-City Levy Share a Particular Concern. Because the levy funds go primarily to outreach marketing and transportation facilities, although a major share of them are raised from properties in the city, there is a natural and strong feeling among many residents and their elected leaders that there is a serious imbalance which needs to be corrected.

There is a disconnect between the source and results of the mill levy. Despite paying taxes to support the RGP, city clients believe they are not benefiting from it. Rather, the mill levy is helping in fringe areas that pay little or nothing for the services.

Economic Development Decision Process. Closely related to the above, there is a strong feeling among minority and ethnic business and community groups that they are “not at the table” when economic development decisions are made; and as a result do not receive fair consideration.

Overall Retention Efforts Need to Improve. Although there have been some major retention victories, overall there is strong leadership concern. City groups and clients feel underserved and feel that retention efforts, particularly in the city, are not meeting their needs.

Economic Development Site Gap. There is a shortage of quality economic development land and site inventory and of the capacity to build this inventory and to meet needs of specific project opportunities when they emerge.

Lack of Capacity to Carry Out Important Public and Public/Private Economic Development Projects. The area must find a way to offset its lack of real estate transactional experience and capability. Downtown has seen some impressive projects and needs to effectively address the riverfront and the downtown-adjacent neighborhoods to hold onto market share.

Increased and Focused University Research. Toledo area universities lag far behind many others in the total amount of externally funded research and in focusing the research program on the needs of major existing and potential economic sectors. Community support is very important in this effort.

Weak Entrepreneurial and Small Business Development System. The recent major state grant to the RGP is particularly exciting news because the present small business/ entrepreneurial development system is weak in facilities, available company financing, financing and management technical assistance, and support programs.

Confusion, Gaps/Overlap on Economic Development Roles. The matrix in Appendix B relating Toledo entities with direct and/or indirect economic development roles gives evidence to the views expressed by many in the interviews that responsibilities for the various economic development functions in Toledo are not as clear as they should be, leading to gaps, overlaps, and equally importantly, confusion on the part of business and governmental “customers” as to how to access what they need.

Need to Project Highly Cost-Effective Character of Workforce. Although labor leaders indicate that the Toledo area plants in a number of large corporate systems are ranked as most cost effective by top management, the image that many potential corporate relocatees have is of a “high cost union workforce.”

Need for More Experienced Economic Development Professionals. Many users and community leaders feel that there is not a high enough skill level at a number of economic development entities.

Need to Assess and Supplement CDC Effectiveness and Resources. The skills of many need to be enhanced and many performing well need more financial resources

These are not necessarily unique to Toledo and have been addressed by many of the cities discussed in the Best Practices discussion that follows.

BEST PRACTICES

In the economic development field, as in many others, much can be learned about potential improvement strategies by examining those programs and techniques being used by comparable cities. We evaluated the approaches to the various economic development functions in ten communities that were felt to be instructive in one or more economic development functions.

Best Practice City Selection. Most of the ten cities were selected because they share demographic, economic or geographic characteristics with Toledo. Others were selected because they have particularly strong organizations for a specific economic development function, like business attraction or downtown development. The experience of IEDC in working with these cities and their economic development professionals and the comprehensive survey of economic development organizations that IEDC carries out periodically were important input to the selection process. The table below lists the ten best practice cities and shows several relevant characteristics of their metropolitan areas and how they compare with Toledo.

Comparison. Toledo exceeded all but one in manufacturing growth between 1990 and 2000 and was third in total employment growth over the period. Toledo was below average and ranked in the middle on the percentage of jobs that are in “high-tech” sectors (see footnote in Table 12), although none of these communities are considered among the nations leaders in that regard.

TABLE 12. COMPARATIVE DATA, TEN BEST PRACTICES COMMUNITIES

Community	Total Emp		Total	Percent	Mfgr	Percent Tech ¹
	2000	Mfgr Emp 2000	Growth 1990-2000	Mfgr 2000	Growth 1990-2000	
Akron, OH	399,218	64,974	18.0%	16.3%	-4.10%	6.71%
Buffalo-Niagara Falls, NY	647,536	88,092	2.5%	13.6%	-12.20%	7.09%
Charleston-North Charleston, SC	325,225	23,445	12.3%	7.2%	4.88%	6.25%
Dayton-Springfield, OH	576,871	98,126	7.1%	17.0%	-6.33%	9.90%
Gary, IN	315,848	47,672	9.8%	15.1%	-16.82%	3.35%
Kansas City, MO-KS	1,186,557	107,821	22.7%	9.1%	-3.69%	9.82%
Louisville, KY-IN	687,031	89,774	23.3%	13.1%	0.25%	6.95%
Pittsburgh, PA	1,360,660	141,137	10.2%	10.4%	-4.68%	6.57%
Syracuse, NY	410,585	51,032	1.5%	12.4%	-10.13%	8.10%
Tacoma, WA	334,562	24,845	20.8%	7.4%	4.68%	3.26%
Toledo, OH	389,249	61,355	14.7%	15.8%	3.21%	6.93%
Average	603,031	72,570	12.8%	12.0%	-4.81%	7.36%

Notes: ¹Percent Tech in the table is the percent of the total employment that is in the sectors that are deemed to be "high tech" by most economic analysts. The specific figures are an aggregation of about 150 four- and eight-digit SIC codes that has been developed by Hammer, Siler, George Associates for its technology-based analyses. The subcategories of the tech sector (not shown here) are Biotechnology, Aerospace and Defense, Chemicals and Plastics, Advanced Manufacturing, Digital Infrastructure, and Digital Services.

Source: Hammer, Siler, George Associates.

Five Cities Particularly Instructive. It is important to note that no one city exhibits best practices throughout all of its economic development organizations and functions, rather each has component strengths that are instructive. Five cities with particularly strong organizations in one or more functional areas are discussed in more detail: Buffalo, Dayton, Louisville, Pittsburgh, and Tacoma.

Regional Marketing. Pittsburgh has an aggressive regional marketing organization, the Pittsburgh Regional Alliance, and a very proactive deal making organization, the Urban Redevelopment Authority.

Project and Real Estate Development. Buffalo also has a state-sponsored real estate development organization, the Empire State Development Corporation.

Management Structure. Tacoma has a strong city economic development department and a successful public relations campaign.

Business Retention. Buffalo also has a strong business retention program. Both Pittsburgh and Buffalo have well-regarded technology initiatives.

Agency Serving Countywide. Louisville demonstrates how a consolidated city and county can conduct economic development with a single agency serving both.

Port Authority. It also has a port authority with economic development successes, which is now expanding its economic development portfolio.

Non Profit Comprehensive Economic Development Corporation. Dayton has a very successful nonprofit economic development corporation, which leads in a broad range of economic development functions, working closely with local government.

Appendix C provides a summary of local and regional economic development organizations in each city and identifies the role(s) that each fulfills. Specifically, the case studies identify which organizations in each city and metropolitan area handle each of the following economic development functions:

- Business attraction,
- Business retention and expansion,
- Technology-led economic development.
- Downtown development,
- Inner-city neighborhood development,
- Industrial and commercial development,
- Real estate packaging and development,
- Port Authority role in economic development, and
- Local Universities' role in economic development.

For each economic development organization, there is a capsule description that summarizes its role and operation. For the five cities selected as most instructive, there is additional discussion of local universities' economic development activities, tech-focused organizations, and port authority activity.

The following discussion details the major economic development roles and how the best practice cities approach them.

Business Attraction/Outreach Marketing

Business attraction includes marketing the region, working with new business prospects, and identifying incentives. Often, economic development organizations (EDOs) that conduct business attraction will pass the prospect to a local EDO to close the deal and provide incentives. The pass off from the regional to the more local organization is typically done when the business selects a site in the specific jurisdiction where they intend to locate. Regional or multi-county entities commonly carry out business attraction responsibilities.

There are also cases in which business attraction activity splits geographically between city and region, as in Tacoma.

Regional entities lead business attraction efforts in Buffalo, Dayton, Louisville, and Pittsburgh. Many times the lead marketing organization takes on additional responsibilities. The Pittsburgh Regional Alliance and Greater Louisville Inc., for example, handle business retention and expansion.

In most cities, there is a regional entity and accompanying board that regard outreach marketing as its primary purpose. Financing for the entity typically comes from both private businesses and government. Among the survey cities, Pittsburgh demonstrates such an arrangement. Pittsburgh's PRA performs outreach marketing activities as its first priority, followed by some business retention and expansion duties for the region's largest corporations. PRA receives funding from a variety of sources: 15 percent from the state, 20 percent from foundations, and 65 percent from the private sector.

Business Retention and Expansion

Business retention and expansion is often given less attention in economic development, but it encompasses the most important functions for job creation. The functions include:

- Business surveys and interviews
- Assistance with land, buildings, and infrastructure needs
- Financial assistance, including linking companies with available sources of capital
- Development of a competent workforce through training and retraining
- Technical assistance and assessments
- Assistance with technology resources
- Export assistance
- Assistance with ways to reduce energy costs and comply with environmental laws and regulations
- Assistance with permitting and licensing
- Various forms of tax and non-tax incentives

Of these functions, the business surveys and interviews are most essential to the process. The surveys are typically conducted by a combination of regional and local economic development organizations.

Often, regional involvement is through a partnership with a local jurisdiction. In Louisville, Buffalo, Pittsburgh, and Tacoma, the local jurisdiction takes primary business retention and expansion responsibility but the regional marketing entity surveys the largest companies.

Alternatively, business retention and expansion is even more of a local function. In Dayton, the function is shared between several city and county-focused organizations. This approach puts local representatives, the most knowledgeable of local issues, in contact with businesses.

Technology-Led Economic Development

There was inconsistency among best practice cities in this instance. Many times regional organizations or chambers of commerce assume the lead role, but there are also cases in which

city departments take the lead, as in Tacoma. Louisville's regional entity, Greater Louisville Inc. (GLI), is the primary provider, although another entity, LMCDC, has the real lead in biomedical development. GLI has a leadership role in regional technology strategy and work force. Various industry organizations support their role.

Dayton's technology efforts are divided among several groups, although the groups work closely together. The Dayton IT alliance is a membership organization that works to improve local IT business competitiveness. They recently undertook an effort to improve telecommunications infrastructure. The Regional Technology Council works through the Dayton Development Coalition on projects such as the state sponsored Wright Center of Innovation on Dayton's data mining and management cluster. The state Edison Center, EMPEC, focuses on technology commercialization from the Wright Patterson Air Force Base. Citywide Development Corp. is involved in all of the initiatives.

In Pittsburgh, the Pittsburgh Technology Council is the primary organization. PTC provides services, like educational programs and business development assistance, for 1,500 member companies.

Akron has two organizations that boost its technology sector. The Edison Polymer Innovation Corporation provides consultation and technical services for polymer related companies. The Akron Industrial Incubator, a partnership between city, state, university, and nonprofit entities, offers rental space and lab facilities for small technology-related businesses.

University and medical-based organizations lead Buffalo's technology efforts. These include the SUNY-Buffalo Technology Incubator and the Buffalo Niagara Medical Campus, which houses the Center for Bioinformatics.

Downtown Development

Downtown development is commonly the responsibility of a nonprofit city economic development organization, downtown development authority or city government. Downtown promotion, cleaning and security is typically handled by a downtown Business Improvement District (BID).

Louisville, Buffalo, Dayton and Pittsburgh each have a downtown agency with BID management responsibilities. In most cases there is also a downtown leadership group of senior business executives. For downtown project packaging and development, a city agency or development corporation is responsible.

Pittsburgh, Buffalo, Kansas City and Dayton stand out among the best practice cities. In these cities, a larger, more comprehensive economic development organization handles downtown project packaging and development. The Dayton Citywide Development Corporation takes on many of the responsibilities of a city economic development department. Downtown is a focus and there is an emphasis on downtown housing. Citywide packages real estate projects for the city, arranges financing and coordinates studies.

The Economic Development Corporation of Kansas City is another good example. Though EDC assumes many roles, including marketing and business retention, land development is one of its foci, particularly areas with private development prospects in the downtown and surrounding industrial areas. EDC helps with acquiring property, tax increment financing, and infrastructure.

Inner-City Neighborhoods

City planning and economic development departments or nonprofit EDOs often work with inner-city neighborhoods. These entities may administer façade improvement programs, facilitate infrastructure upgrades, or set the stage for a neighborhood retail anchor, like a grocery store.

Buffalo and Tacoma rely on city economic development departments.

Louisville, Dayton, and Pittsburgh utilize development authorities or nonprofit corporations (Louisville's Metro Development Authority is managed by city government). Below are some examples of the projects that organizations in these cities undertake:

- Louisville's MDA Neighborhood Retail Teams develop underutilized inner-city assets to facilitate retail business.
- Pittsburgh's URA uses revolving loan funds to provide below-market interest gap financing for: (1) the acquisition of land, (2) building construction and rehabilitation, (3) equipment, (4) leasehold improvements, and (5) working capital.
- Dayton Citywide has neighborhood development and housing programs that encourage diverse housing opportunities, stimulate neighborhood revitalization and promote homeownership.

Industrial/Commercial Development

The city, a quasi-governmental development authority, or a nonprofit economic development organization commonly facilitates industrial and commercial development, as in cases like the Pittsburgh Economic and Industrial Development Corporation (PEIDC) and the Economic Development Corporation of Kansas City (EDCKC). Buffalo is similar, performing its industrial development through a county industrial development authority.

The Kansas City arrangement is instructive. The Land Clearance for Redevelopment Authority (LCRA), an affiliate of EDCKC, revitalizes commercial areas through land acquisition, demolition, and site improvements. LCRA, with the City Council, has the authority to grant property tax abatements for 10 years, issue bonds, and assist with land acquisition. It also provides programs for businesses and housing development located within designated Urban Renewal Areas. LCRA has eminent domain authority and works with another KCEDC affiliate, the Kansas City Charitable Industrial Development Fund (KCCID), which uses the power to redevelop central city industrial properties.

An alternative is to assign industrial and commercial development responsibility to a port authority, as in Louisville and Tacoma. The Louisville Riverport Authority undertook extensive development along the riverfront and is becoming the lead industrial development agency for the area, with powers to acquire, assemble and resell land.

Real Estate Packaging and Development

Real estate packaging and development is commonly the responsibility of a public authority or nonprofit development corporation. Activities include assembling land, facilitating infrastructure improvements, financing, technical assistance, and conveying the property to the private sector to develop. Real estate packaging and development may focus on residential, neighborhood commercial districts, older industrial areas or downtown.

In Buffalo, the Empire State Development Corporation (ESDC) is working to redevelop downtown along the river through the Inner Harbor Development Project. Often real estate packaging and development represent a major component of an economic development organization with broader functions.

Dayton's Citywide Development Corporation provides business finance and retention in addition to real estate development. Organizations may work with industrial development entities, as in Louisville where the MDA, in addition to its own industrial development division, provides strategic direction to the port authority.

Pittsburgh has a comprehensive real estate packaging and development organization, the Urban Redevelopment Authority (URA). The URA redevelops residential, industrial, and commercial property throughout the city. It provides financing, assembles land, and facilitates some of the city's largest development projects, like South Side Works, a former industrial site that now supports residential, office, research and entertainment uses.

Port Authorities

Port authorities assume several roles, from traditional port activities to real estate development and financing. Some authorities only develop real estate around the port. Others develop industrial property outside the port area as well. Port authorities sometimes administer finance programs like the SBA 504 and often issue industrial revenue bonds. Activities vary among the best practice cities. Several execute real estate development around and beyond the ports.

In Louisville, Jefferson Riverport International facilitates commodity transfers, houses industrial companies, and increasingly develops industrial land citywide. The Port works with the city-county Metro Development Authority on brownfields projects.

The Port of Tacoma is an active industrial developer in four districts citywide, providing sites and facilities for manufacturing, warehousing, and distribution.

In Buffalo, the Niagara Frontier Transportation Authority (NFTA) manages more than 2,000 acres of real estate property including the NFTA Boat Harbor, the Outer Harbor, rail rights of way, plus airport and waterfront property. The NFTA is a partner in the redevelopment of Buffalo's Inner Harbor in downtown Buffalo.

University-based Economic Development

Universities commonly contribute to local and regional economic development. Some programs have ties to city, county, or regional economic development organizations, while others receive state or federal support. There are instances in which university entities target a specific area, like life sciences, technology, or a local industry.

Louisville has several such university-based organizations. The Louisville Medical Center Development Corporation, a nonprofit created in part by the university's hospital and medical school, promotes biomedical research and attracts life sciences companies to Louisville.

The University of Louisville's Logistics and Distribution Institute develops instructional and research programs in logistics and distribution and is tied to United Parcel Service, Louisville's largest employer.

In Buffalo, the University at Buffalo Center of Excellence in Bioinformatics provides research, development, education, and financial resources for industries based on bioinformatics, including information technology, biotech, and pharmaceuticals.

Many universities have programs to commercialize research, start companies, or transfer technology. Annually, the University of Pittsburgh conducts over \$513 million in sponsored research, generating approximately 110 invention disclosures each year. The university's Office of Technology Management evaluates the inventions for technical merit and market and patent potential. The Office of Science, Technology Transfer, and Economic Outreach at SUNY-Buffalo performs a similar function, as does the University of Louisville Office of Technology Development. Incubator facilities and research parks are another way that universities help economic development.

The Miami Valley Research Park near Dayton brings research and resources together from four area institutions: Central State University, Sinclair Community College, The University of Dayton, and Wright State University. It focuses on attracting technology companies and employs 3800 people.

Incubator facilities sometimes operate within research parks, as in the University at Buffalo's Technology Incubator and the Baird Research Park. The University of Louisville's iTRC incubator has been operating since 1994, providing support for high growth potential technology-focused new ventures.

OPTIMUM ROLE IN EACH AREA OF ECONOMIC DEVELOPMENT ACTIVITY

Based on the assessment of the functional responsibilities of existing Toledo economic development agencies, the performance issues and gaps which emerged from our Toledo interviews and related analysis, and the best practice metro program analysis described above, recommendations are presented on where the primary responsibility for each of the important economic development functions should be located in the optimum future economic development strategy for Toledo. Most functions are recommended to remain with their present lead agency. But some important changes are recommended.

Outreach Marketing

The Regional Growth Partnership is responsible for outreach marketing activities in the city and region. Lucas County Economic Development and the City Department of Economic Development follow up on leads that the RGP generates. This arrangement is similar to those in other urban areas. The project team recommends maintaining this arrangement.

Retention

The Regional Growth Partnership is responsible for regional business retention relating to the larger employers and this responsibility is recommended to remain with the RGP.

Other aspects of retention, particularly in the city are not judged to be successful. A new economic development entity is proposed as an important part of the new Toledo economic development strategy. We propose to give that entity responsibility for outreach communication with existing businesses in the county, which includes diagnosing their needs and working with government to meet their needs. This would be a shift in primary responsibility and budget, from the City Department of Economic & Community Development, although that department, the Mayor and council members and others in the city will continue to receive and refer requests for assistance. The continuing city government role will be particularly important in dealing

with security, building and zoning issues, and the quality of infrastructure, which local jurisdictions deal with.

Technology Development and Support

The Regional Technology Alliance, recently merged into the Regional Growth Partnership, is the lead organization for technology development and support. The project team recommends that the RTA/RGP continue its role.

The recently announced major state funding in the entrepreneurial area will help strengthen this role.

Entrepreneurial/Small Business Development

The consultant team recommends that a small business development function be placed under the proposed new countywide economic development entity recommended and described later in this section.

This new entity will work closely with the RGP and their new incubation and commercialization program, particularly when dealing with technology companies, and with the Chamber's SBDC and related programs.

Real Estate Packaging and Development

There is a very important need in Toledo for a strong new agency, with senior staff highly skilled and experienced in making economic development projects happen.

The Regional Growth Partnership facilitates real estate packaging and development. The Port Authority is involved as well. Its brownfields program helps assemble contaminated industrial

property for redevelopment. Partners include the City of Toledo, brownfields property owners, and potential investors.

The Port Authority and the RGP, however, do not satisfy the need for real estate packaging and development throughout the city and the county. The Port Authority concentrates on industrial property and the RGP role does not go beyond facilitation.

This gap in project implementation must be filled if Toledo is to realize its economic development potential. The entity would focus on nonresidential real estate packaging and operations, with attention to the inner city, older suburban areas, and downtown. Our analysis shows that in Toledo, land acquisition and site preparation will be a particularly important part of this very important real estate function.

Project and Business Financing

Several groups have project and business financing responsibility. The Port Authority provides nonresidential project financing. The City Department of Economic & Community Development is responsible for financing related to housing. CDCs have financing functions in neighborhood commercial districts. Together, these organizations do not adequately address project and business financing in Toledo. This is a gap in Toledo's economic development activity that could be addressed by the new real estate development entity.

Downtown

There have been impressive projects completed in downtown and they required substantial city and county resources and substantial senior management effort. We believe this situation will continue and that the best way to meet that need is the creation of a new strong project packaging entity, which will serve downtown as well as the remainder of the county. This will be a transfer of development function from the City Department of Economic & Community Development. Downtown Toledo Incorporated should continue its functions, hopefully with business

improvement district supplemental funding, and the Chamber should continue its supporting promotional activities.

Inner City Neighborhoods and Their Housing

Our analysis shows that although there are some very productive CDCs, these entities as a total group will benefit much from strong technical assistance. We are proposing that the new countywide economic development entity add experienced staff focused on providing technical assistance to the CDCs. Program support funds for these entities should also be included in this entity's budget. As an alternative to its own staff providing the administration of these program support funds, the new entity may choose to contract with LISC to carry out this advisory function.

Other Industrial and Commercial Areas

There is not effective staff capacity focusing on this important function at this time. Filling it will be a priority objective of the new countywide economic development entity. The Regional Growth Partnership, the City Department of Economic & Community Development, and the Lucas County Economic Development will have important supporting roles to play in project approval and assembling financing packages.

Summary: A New Entity is Needed to Fill the Gaps

While existing organizations adequately cover most of the economic development functions, there remain important gaps in Toledo's economic development efforts. These gaps are keeping the city and the remainder of the county from realizing their economic development potential and enjoying the quality business volume, job growth, and related governmental revenues so important to maintaining and enhancing the high quality of life.

This new entity will have financing and implementation responsibilities. Its functions and roles can include: 1) financier, 2) developer and 3) information service provider. To attract top-level talent, the organization needs an economy of scale such as that provided by a larger city or combined city and county area.

The entity can be public, private, or a partnership between the two. Public-private implementation organizations are often legally and usually physically, outside of local government. They can be independent, nonprofit private sector corporations that serve a public purpose and have both public and private sector representatives on their boards of directors. The public-private mix within these institutions may occur in board representation, funding, objectives, and/or staff. Such partnerships can minimize many of the problems and retain many of the advantages of organizations in both sectors.

Small business, neighborhood economic development, and entrepreneurial economic development are also not well served. Currently Toledo lacks an organization, like Dayton Citywide or Pittsburgh's Urban Redevelopment Authority, which can provide commercial real estate packaging in its inner-city neighborhoods. Similarly, Toledo has limited capacity to fund local start-up businesses. These functions are often included in the public/private implementation organizations discussed above.

EVALUATION OF ALTERNATIVES

The analysis described in the paragraphs above clearly indicates that there are important gaps in the Toledo economic development structure and recommends a set of capabilities needed and a new entity to be created to provide them.

Based on the analysis described above and our long experience working with other cities on similar challenges, the consultant team conceived and evaluated four alternatives for an implementation entity:

- New RGP Division or Divisions
- Activated Lucas County Improvement Corporation
- City Development Corporation
- Expanded Port Authority Activity

Each is evaluated below in terms of advantages, disadvantages and the implications for the roles and responsibilities of the other entities.

Option 1: New RGP Division

The RGP could add a real estate packaging and operations division that handles nonresidential development. Under this alternative, the RGP would continue its outreach marketing, major case retention, and technology function, but shift some of the current outreach marketing budget to transaction functions. Funding for the division would come from part of the present economic development levy. The RGP would add a senior transaction staff for the division with performance standards to serve both the city and county. The RGP division would contract with the Port Authority for financing functions, while city and county staffs would continue to handle retention surveys and residential CDBG. Table 13 on the following page shows responsibilities under this alternative:

TABLE 13. NEW RGP DIVISION

	RGP	Port Authority	County	City	Existing CDCs
ED Function					
Outreach Marketing	X				
Retention	regional		local	local	
Entrepreneurial Development	X			X	
Technology Development and Support	X				
Real Estate Packaging and Operations	nonresidential	X			housing
Project/ Business Financing	nonresidential	X		housing	housing
Geographic Focus					
Downtown	X			X	
Inner-city Neighborhoods	nonresidential			X	housing
Other Employment Areas	nonresidential		X	X	

Source: Hammer, Siler, George Associates.

There are several advantages to adding a new RGP division. One is that the RGP already exists and already receives funding and there would be none of the complications involved with creating a new entity and channeling funds to it. In addition, staff is already in place. Second, adding an RGP division could allow for a more politically appealing flow of funds since a new division would redirect funding to city and county areas that pay into the levy.

There are also disadvantages to a new RGP division. The new division would give the RGP an unusual, mixed mission. It is not common that a regional entity, whose primary role is marketing, would also focus on deal making, real estate, and the inner city. The two areas of work require disparate skills for two geographical areas. None of the organizations had a model comparable to this option.

Another disadvantage is that the division director would have second-level status in the organization. It is preferable to attract a first-tier individual with extensive real estate and leadership experience who may not accept a second tier role.

Also, the RGP lacks authority to engage in real estate deal making. Currently the agency is authorized to broker deals, but cannot acquire or condemn land, or issue bonds. Gaining such authority would require a change in the legal status of the RGP.

Option 2: Countywide Development Corporation: Activated Lucas County Improvement Corporation

Fully activating the existing Lucas County Improvement Corporation as an entity with very different responsibilities would provide a suitable entity to focus on nonresidential real estate packaging and operations, with attention to the inner city, older suburban areas, and downtown. There would be a strong board with equitable representation from city, county (including participating incorporated areas), and the private sector.

Funding would come from a share of the economic development levy. The LCIC would also absorb the city and county real estate transaction and business retention functions and budget. It would continue, at least initially, to channel its business lending programs through the Port Authority, however, it could initiate new lending programs. The organization would resemble Dayton's Citywide Development Corporation but cover both city and county as does Louisville's Metro Development Authority.

In this option: 1) county staff continues residential CDBG outside the city; 2) city staff continues residential CDBG inside the city; 3) the RGP would continue to fulfill its outreach marketing role; and 4) LCIC financing functions would contract through the Port Authority (see Table 14).

TABLE 14. ACTIVATED COUNTY CIC (LCIC)

	RGP	Countywide CIC	Port Authority	County	City	Existing CDCs
ED Function						
Outreach Marketing	X					
Retention	regional			local	local	
Entrepreneurial Development	X	X				
Technology Development and Support	X					
Real Estate Packaging and Operations		nonresidential	X			housing
Project/ Business Financing		nonresidential	X		housing	housing
Geographic Focus						
Downtown	X	nonresidential			X	
Inner-city Neighborhoods		nonresidential			X	housing
Other Employment Areas	X	nonresidential		X	X	

Source: Hammer, Siler, George Associates.

The LCIC alternative has many advantages. For one, it creates an entity and board with a commitment to real estate deals and transactions. The new entity would have a strong CEO as opposed to a second-tier department head, and a statutory entity exists already – albeit on paper – with authority for land acquisition and real estate development. Equally important is that this arrangement combines city and county functions. Consolidating their economic development efforts would promote cooperation instead of unnecessary duplication of services. Also, the LCIC coverage would coincide with the Port Authority tax levy district, eliminating the need to decide how to distribute levy money.

There are also disadvantages to LCIC creation. In developing a new entity, it may be difficult to agree on by-laws and board composition. It may also be difficult to sell the community on creating an agency with no track record of providing transaction services. A new entity requires staff and funding, neither of which is secure in this instance. City and county funding support would need to be resolved. Nonetheless, the project team believes that the LCIC advantages outweigh the disadvantages.

Option 3: New Citywide Development Corporation

The third option is to create a citywide development corporation that would focus on nonresidential deal making and real estate in the inner city and downtown. The citywide development corporation would have a public and private board and a strong, experienced executive director. The new corporation would utilize its share of the economic development levy funding, and absorb the city economic development real estate transaction and retention functions and related budget. In this arrangement, the RGP retains the outreach marketing role, city staff continues CDBG for housing, and the corporation would contract with the Port Authority to handle finance functions (see table below).

TABLE 15. NEW CITYWIDE CIC

	RGP	Citywide CIC	Port Authority	County	City	Existing CDCs
ED Function						
Outreach Marketing	X					
Retention	regional			local	local	
Entrepreneurial Development	X	X				
Technology Development and Support	X					
Real Estate Packaging and Operations		nonresidential	X			housing
Project/ Business Financing		nonresidential	X		housing	housing
Geographic Focus						
Downtown	X	nonresidential			X	
Inner-city Neighborhoods		nonresidential			X	housing
Other Employment Areas	X	nonresidential		X	X	

Source: Hammer, Siler, George Associates.

Some advantages of a citywide entity are that it has a focused mission, it is accountable to the city, and it would have a strong CEO. There is potential for greater leverage on the city budget and city approvals because the entity is city-focused. In addition, there is a strong model on which to base a citywide CIC, the Dayton Citywide Development Corporation.

There are disadvantages to a CIC with a strict city focus. Its creation promotes unnecessary duplication of services between the city and the county, which conflicts with the desired outcome

to increase cooperation and efficiency. There would still be a need for a comparable organization for the county. Some services, particularly port financing programs, would be difficult to split between the city and the county. Funding would also have to be split. The city would have to negotiate a share of the county-based mill levy.

Option 4: Expanded Port Authority Activity

The final alternative is to expand activity of the Port Authority, which already handles some nonresidential real estate packaging and financing. The Port Authority has an established staff with finance capability, a revenue stream, and broad powers to complete desired transactions. Expanding the Port Authority requires no new entity while also combining city and county efforts. The following table shows additional roles under this arrangement:

TABLE 16. PORT AUTHORITY

	RGP	Port Authority	County	City	Existing CDCs
ED Function					
Outreach Marketing	X				
Retention	regional		local	local	
Entrepreneurial Development	X	X			
Technology Development and Support	X				
Real Estate Packaging and Operations		nonresidential			housing
Project/ Business Financing		nonresidential		housing	housing
Geographic Focus					
Downtown	X	nonresidential		X	
Inner-city Neighborhoods		nonresidential		X	housing
Other Employment Areas	X	nonresidential	X	X	

Source: Hammer, Siler, George Associates.

The Port Authority would continue to provide development-financing services, while the RGP would still have responsibility for outreach marketing.

There are disadvantages to this option. Expanding the Port Authority into a broader economic development focus would present a somewhat unusual relationship between the authority and the

city. Port Authority development issues are different than the issues facing inner city and downtown development. Thus, the Port Authority may not be the ideal entity through which to address city real estate. Port authorities do not generally undertake such activity, as evident from the scan of ten best practice cities. There is no case from which to model such activity.

The Port Authority must also attract and retain a second level department head to lead economic and real estate development efforts. It is easier to attract top-level talent for a first-tier position. Accountability issues also exist because authority board members are already appointed and operate with expertise and by-laws that are not conducive to a broader economic development mission. Lastly, expanding Port Authority activity may not, given current concerns, be appealing to citizens who will be asked to renew the levy.

Preferred Structure

The selection of which of the four alternatives best meets the unique needs of the Toledo area is ultimately decision made by the affected entities. However, in making that choice, we suggest keeping the following questions in mind:

Does the alternative:

- Provide opportunity to attract a senior management executive?
- Consolidate city and county services?
- Cause need for a new entity?
- Maintain a consistent mission or natural relationship among affected entities?
- Have access to existing funding?
- Have existing deal making authority?
- Have an existing model to base operations upon?

We put these questions in a format for comparing the alternatives and “scored” each. Alternatives receive one point for each question positively satisfied. In consideration of project goals, some categories weigh more heavily than others. Particularly, it is important that the alternative consolidates city and county services and has a focused and natural mission. These categories received double weight.

TABLE 17. SUMMARY ASSESSMENT TABLE

Category	RGP Division	LCIC	City CIC	Port Authority
Senior Management Executive	-	1	1	-
Consolidates City & County Services	2	2	-	2
No Need for New Entity	1	1	-	1
Consistent Mission/Natural Relationship	-	2	2	-
Existing Funding	1	-	-	1
Existing Deal Making Authority	-	1	1	1
Existing Model	-	1	1	-
Total	4	8	5	5

Source: Hammer, Siler, George Associates.

The LCIC alternative scores best among the four with eight total points. It satisfies six of the seven categories, including the two most important ones. The LCIC option can attract a senior management executive, consolidate city and county services, and commit to one mission. It has authority to make real estate deals and there are existing models from which to base its operation upon. It is thus the preference of the consulting team. However, we recognize that all have advantages and the ultimate decision should be made locally after serious deliberation and consideration of the analysis presented as well as other factors not explicitly considered here.

THE OPTIMUM RECOMMENDATION

The primary recommendation has two parts. Both are required to make Toledo a fully competitive and successful economic development player. The first is to embrace and implement an inclusive city and county partnership. The second is to create a world-class economic development corporation that operates effectively throughout the county, but with a strong focus on the built-up portions of the county, specifically the City of Toledo, where proactive measures are required to achieve economic development.

Part 1. A True, Inclusive Partnership

First, is to embrace the concept and implement a full regional “economic development partnership,” not in an organizational sense, but rather as an attitude, theme and principle that underlies all economic development actions (and other community goals as well, for that matter).

It is a partnership with:

- 1) Full participation and partnership “shares” to all racial/ethnic groups and all parts of the geographic county.
- 2) Full partnership “shares” to business, university, government, labor and community.

Rationale for the Recommendation

Across the country, the businesses and communities that are achieving most economic development success are those that are fully deploying all racial/ethnic parts of their population. As urbanologist Richard Florida has said, “Regional economic growth is powered by creative people, who prefer that places are diverse, tolerant, and open to new ideas.”

This has workforce importance, but achieving it also has major importance in achieving the image of a progressive community, with the times, and aware of the demographic trends, which companies seek when making their plans.

The consultant analysis reveals that ethnic/racial groups in Toledo do not feel they are a full partner in economic development and other important parts of quality of life and they do not think there are effective efforts underway to make things better.

The consultant analysis reveals that the logical members of the leadership group in Toledo also do not feel that an effective partnership exists for economic development efforts among their members in labor, politics, and business education.

Toledo lags seriously behind other progressive competitor cities that earlier diagnosed their problems and their need for a full ethnic/racial, geographic and community economic sector partnership and are taking the actions required to achieve the partnership.

Because Toledo has not established a strong national image of inconclusiveness, efforts to communicate that the manufacturing workforce is among the very most productive in the nation have not maximized attraction impact.

This full regional partnership deficiency is so important that it must be effectively corrected if Toledo is to be a successful economic development competitor and if the other components of an effective economic development strategy are to have a good probability for success.

Strategy for its Achievement

Expanding the Leadership Team. The economic development leadership, now made up exclusively of the board and staff leadership of the Port Authority, Regional Growth Partnership and Chamber of Commerce, must begin the process of acting as a team to promote the long-term interest of the city and county. Further, this team needs to be expanded to embrace the leadership of neighborhood organizations and minority economic and community development groups.

Gaining the Support of Top Leadership. The expanded economic development leadership team must gain the support of Toledo's top leadership from the business community, political community, labor community, universities and neighborhoods.

Developing a Mission Statement that Focuses on Diversity and Total Countywide Partnership. The economic development leadership, with the support of the top civic and political leadership, should develop a mission statement that recognizes the importance of diversity and total unified regional efforts in the economic development process and in changing the current of the Toledo region.

The Regional Growth Partnership and the Chamber of Commerce Must Embrace and Incorporate this New Regional Diversity and Total Partnership Mission. These entities spend many of the marketing and promotional dollars, which in effect brand the Toledo region for the nation and the world, and it is essential that in their minds and in their marketing materials and communications, that this new, unified and sharing Toledo comes strongly across.

A Biennial Conference to Put the New Toledo on Record before the World. In order to gain the essential new energy of an all inclusive, regional economic development partnership approach, this image and branding program must define, achieve and communicate this important new commitment. Clearly, the most important communication is internal, to energize those not having the opportunity to participate by now having that opportunity and by energizing the others by the knowledge, and yes, excitement, that their community is at the cutting edge of what is best in America.

Strong communication of this new image is also very important to the economic development success of the region, reaching out to firms seeking a new location and those wishing to start a business to serve important markets from Toledo. As an important part of this effort, we recommend that Toledo institutions come together and plan, promote and stage every two years, a “National Conference on Regional Partnerships.” At this conference, successes in recognizing, embracing and deploying diversity as an important part of the regional partnership strategy would be a focus. The broader focus would be on successful efforts around the nation and the world to bring all the parts of regions together, to work together on a continuing basis to achieve the total resource efficiency required to build and maintain the highest quality of life.

An Economic Development Entity, Which Will Incorporate Diversity and a Total Economic Development Partnership in Specific Economic Development Project Activities.

As will be proposed in the second part of the recommendation (described in the following paragraphs and detailing such an organization), Toledo/Lucas County needs new economic development capabilities. These are particularly needed in small business development, in land assembly and site preparation and in project packaging and implementation. We are strongly

recommending the creation of such an entity and are strongly recommending that this vehicle incorporate diversity in staff and board and all of its program targeting. Such targeting will give great life to the efforts to achieve all the regional economic development partnership approach can mean for Toledo.

Part 2. A World-Class Economic Development Corporation

The second element of the recommendation is a countywide, world-class economic development corporation, headed by one of the country's leading economic development professionals. This entity would complement the competence of existing agencies in outreach marketing and transportation related economic development activities, but build on budget transfers and new funding, as available, to give all parts of the city and county the small business development, land assembly and preparation, and project packaging capability it so seriously lacks. Whatever alternative is selected to house the new entity, the rationale and characteristics of the organization as described below are valid. Given its role and the importance of city and county cooperation, we will refer to it in the remainder of this document as the **Toledo-Lucas County Economic Development Corporation** (or **TLCEDC**).

Rationale for the Recommendation

The most successful best practice cities and many others with whom we have worked and/or otherwise observed have established an economic development corporation with a strong public/private leadership board to have primary responsibility for important projects.

The consultants and the vast majority of Toledo economic development leaders conclude that Toledo does not have that capability now. This creates an important disadvantage in competing with these other cities and retards economic development progress overall.

The lack of competitive sites in the city and other built-up parts of the county is judged a major detriment to attracting substantial businesses to the city, even if the company's preference is for an urban location.

The consultants recommend that this new entity focus particularly on filling the deficiency which is most harmful to the generation and preservation of good jobs, that of small business development, land assembly and site preparation and project packaging and implementation.

Because Toledo is much stronger competing before the world when the city and county compete as one and because the primary source of economic development funding is raised county-wide, it is our strong recommendation that the new economic development entity put in place be governed by and serve the entire county.

Strategy for Its Achievement

The Toledo Lucas County Economic Development Corporation will be a national leader and will greatly strengthen the competitive position, increase jobs and tax base, and in this way, insure a continuing enhancement of the quality of life in the Toledo area.

Roles and Responsibilities. The TLCEDC will be the primary economic development dealmaker in all of Lucas County and will carry out the following functions:

- Determining site needs for economic development and acquiring sites and assisting the city, county and other county jurisdictions when they need to acquire sites.
- Actioning the small business development program and the related community development corporation assistance program.
- Packaging and leading the implementation of important public/private development projects throughout the county.
- Assuming, from the city and county, most of the functions of their respective economic development departments, such as retention communications, commercial and business loans and grants, and nonresidential CDBG administration.

In this and its overall economic development leadership role, the TLCEDC will establish effective formal and informal project/program-specific relationships with its host organization and other key economic development entities:

- With the RGP in creating the optimum site and facility offering for attraction and major retention prospects.
- With the Port Authority on transportation-related economic development projects and creative project financings.
- With the universities on achieving research-related economic development projects and on actioning strategies to keep existing Toledo businesses at the cutting edge of technology in their industries.
- With the cities and the county in carrying out their strategic and tactical economic development planning.
- With downtown Toledo and other city and town center development entities, to keep these areas strong, holding Lucas County dollars, and attract sales support from outside this area and the state.
- And, with state economic development and other state entities in joint marketing, financing and development efforts.

Board Structure. Whether a new or existing board is ultimately responsible, it must represent the diversity of geographic and demographics envisioned, and it needs to consist of the acknowledged leaders of these groups. There needs to be a balanced mix of city and county representatives as well as leaders from the university, labor, and private sector businesses.

Staff Needed to Carry Out the Mission. To most efficiently carry out these functions and build these relationships, the TLCEDC will have an executive of national status and track record and have an executive office and three divisions, each headed by a working director with substantial direct experience, and staffed approximately as indicated below:

- **Executive Office**
 - Chief Operating Officer
 - Administrative Assistant
 - Financial Officer
 - Approximate staff of 4

- **Existing Business Enhancement**
 - Communication
 - Administer city and county business loan and incentive programs
 - Technology enhancement
 - Approximate staff of 12

- **Project Packaging**
 - Site/land needs determination
 - Site acquisition and preparation
 - Project feasibility
 - Project implementation
 - Approximate staff initially of 3

- **Small Business Development**
 - Technical Assistance
 - Financing Assistance
 - CDC Technical Assistance (contracted to LISC)
 - Approximate staff of 6

Budget Needed To Carry Out The Mission. As a part of “next steps” the economic development leadership will want to prepare a detailed business plan for the TLCEDC, including a detailed staffing plan and budget. But as guidance, and to frame the discussion, an operation with a staff of 25, as outlined above, would normally require a budget of about \$2.5 million. Based on the preliminary staffing plan shown, that would translate into a programmatic budget as indicated below:

Office of the Executive/Interagency Coordination	14%	\$ 350,000
Existing Business Enhancement	36%	900,000
Project Packaging	12%	300,000
Small Business Development	24%	600,000
CDC Assistance (LISC)	14%	<u>350,000</u>
Total		\$2,500,000

This, of course, is operational funding. Program funds administered or direct county or city assistance to businesses are in addition, as would be any direct real estate activity that may evolve over time (and generate additional profits for operations).

Clearly, the budget level which is ultimately agreed to will be the subject of much leadership consideration and debate.

FUNDING OPTIONS AND PROFILE

Funding this effort will require either a redirection of existing expenditures or finding new sources. Although funding also is ultimately a local decision to be made after much deliberation, and perhaps negotiation, one approach to funding that the consultant team believes has merit is outlined below:

Transfer of City ED Budget	\$1,200,000
Transfer of County ED Budget	350,000
Reallocation of the ED Levy	
From current RGP Activity	700,000
From current Port Authority Activity	<u>250,000</u>
Total	\$2,500,000

In this profile of sources of funds, the amounts from the city and county are the approximate budgets of their respective economic development staffs whose functions would largely be transferred to the new entity as well. The remaining funds could come from a reallocation of the economic development mill levy, drawing from both the current allocation to the RGP and that retained by the Port Authority.

While this does not address what function the RGP or Port Authority would curtail or what alternative sources of funding they would seek, the best practices analysis does suggest that the outreach marketing and marketing data maintenance is often funded more heavily by the private sector than is the case in Toledo. Moreover, there are indications that the Toledo area may be spending more than comparable cities. As shown in Table 18, outreach marketing expenditures in Toledo, per capita, exceed those in three of the five best practice cities.

TABLE 18. MARKETING EXPENDITURES

City	Marketing Expenditures	Metro Population	Per Capita Expenditures	Funding
Buffalo	\$4,100,000	1,170,111	\$3.50	Pub/Pvt
Pittsburgh	6,000,000	2,358,695	2.54	Pub/Pvt
Dayton	1,200,000	950,558	1.26	Pub/Pvt
Tacoma	750,000	700,820	1.07	Pub
Louisville	1,300,000	1,025,598	1.27	Pub/Pvt
Toledo	\$1,240,000¹	618,203	\$2.00	Pub/Pvt

Note: ¹Estimated share of total budget.

Source: Hammer, Siler, George Associates.

Toledo spends \$2.00 per capita, while spending in Louisville, Tacoma, and Dayton is below \$1.30. The two largest metropolitan areas Pittsburgh and Buffalo spend more, as is typical of larger urban areas.

PERFORMANCE MONITORING AND FEEDBACK

We have pointed out that several of the existing core economic development organizations such as the Regional Growth Partnership and the Lucas County Port Authority have sufficient capacity and perform well in their core missions. Moreover, we have recommended that they should continue to focus on their core missions since they make an important contribution to the regional economy. These organizations have already established a basis to evaluate their performance and document their successes and we do not intend here to revisit that process.

On the other hand, the new entity that we have proposed will have to build an effective monitoring and feedback system. Our effort here therefore focuses on that need. Such measures are important both internally, in order to fine tune the programs and staff efforts to be most effective, and externally, to document the importance of the of new entity’s overall mission and to effectively compete with other city-county functions for scarce resources.

We therefore recommend that a substantial effort be made to monitor and measure both the effort put forth and the results achieved. To achieve the former, we recommend that the new entity consider instituting “time sheets” for the staff to keep track of their time in several broad categories. The categories could vary somewhat by division but might include:

- Administration
- Business Retention-Outreach
- Entrepreneurial Development-Outreach
- Business Retention-Technical Assistance
- Small Business Development-Technical Assistance
- Deal Making
- Development Packaging
- Professional Development
- Special Projects

Activities in the business retention, small business development and deal making categories could be assigned case numbers to track the effort associated with any given “client.” This could be done initially on a trial basis for a month or so to refine the categories and identify problems. Ultimately the system could provide computerized data for a wide range of management and budgeting purposes.

Other important measurements can be obtained by having staff keep a running “tick sheet” (which could be a part of the time sheet) to keep track of the nature of contacts. The list below includes the recommended “effort” and “achievement” measures that should be monitored. The categories may be modified or interpreted differently as appropriate for each section.

Measures of Effort

- Staff time expended by broad category
- Personal calls on existing businesses
- Follow-up contacts
- Inquiries fielded, prospects vs. site consultants
- Inquiries fielded by source
- Number of minority small business market opportunities identified
- Number of small business market opportunities identified
- Level and quality of technical assistance provided CDCs

Measures of Achievement

- Small business births
- Minority business births
- New business park product generated
- Jobs created
- Existing businesses substantially aided
- Jobs retained/expanded/relocated within Toledo
- Web site hits
- Earned media mentions and equivalent value
- Loan data from small business section

There are two additional monitoring measures broader than the items mentioned above that could be useful in longer-term evaluation of the new entity effectiveness.

The first is to periodically conduct a “customer satisfaction” survey of those whom the new entity has served recently, with simple questions. As we have stated elsewhere in the report, many small businesses never take advantage of the services that local groups have to offer, so the survey would be more productive if it were limited to firms that the new entity has actually served during the previous year.

The second is to periodically compare the City of Toledo and Lucas County with their peer communities. While this would not measure the new entity’s effectiveness directly nor its role in causing the changes, it could be a useful tool in evaluating changes in the Toledo area’s position that may suggest areas of emphasis not only for the “new entity” but for the overall economic development system.

CONCLUSION

There is much strength and much current achievement in economic development in Toledo and Lucas County, but there are important gaps which are retarding the success the area is able to achieve in starting, growing, and attracting businesses and institutions which provide the quality jobs and public revenues required to sustain and enhance the high quality of life so valued by Toledo residents. This section presents an effective and reasonable approach to fill the gaps and bring substantial strength to the effort.

APPENDIX A. CEDS OUTLINE

The following pages present a sample outline of a Comprehensive Economic Development Strategy (CEDS), based upon a review of CEDS requirements, review of benchmark CEDS plans as identified by the U.S. Economic Development Administration (EDA), and conversations with EDA officials in Columbus and Washington.

A few points need to be addressed concerning the formulation of the CEDS:

- **No Standardized Format:** According to the Economic Development Administration, there is no standardized format for a CEDS document. A CEDS is required as a prerequisite for several EDA funding mechanisms, and the EDA is typically interested in seeing that its funding priorities are in concordance with a region's economic objectives. Thus, a CEDS needs to address overall economic development issues, but a rigid outline or format is not mandated.
- **CEDS Committee:** At the beginning of the CEDS planning process of committee needs to be formed. This committee would be the entity responsible for facilitating the CEDS process. The Committee should include representatives from various major stakeholder groups including but not necessarily limited to the following:
 - Local Government(s): Representatives from the leadership ranks of the local governments participating in the CEDS process
 - Quasi-governmental Agencies and Economic Development Organizations: Organizations throughout the service area that represent economic and/or business interests are important components of this process.
 - State or Regional Agencies: Representatives from the state Department of Development and regional development organizations should be represented.
 - Educational Institutions: Particularly providers of workforce development need to be included.
 - Labor and Community Organizations: Organizations such as organized labor as well as community-based organizations need to be part of the project in order to give the CEDS process as wide a foundation in the community as possible.
- **Updating the OEDP:** Toledo would use the CEDS process as an updating process for the existing Overall Economic Development Program (OEDP). As such, the timeframe of "past projects" within the CEDS document can be from the previous OEDP date to the present.
- **CEDS Geography:** CEDS documents are typically composed for a region – being either a county, with the county's various jurisdictions each having representation on the CEDS Committee. While it is not specified that a CEDS Committee must contain multiple local jurisdictions, any deviation from this convention should be brought to the attention of the

Economic Development Administration at the beginning of the CEDS planning process in order to ensure that EDA approves of the geographic inclusiveness. In the past, EDA officials have indicated that a countywide CEDS and process would be preferable.

Recommended CEDS Outline for Toledo

A. Introduction: Brief summary of the CEDS Plan’s purpose, goals, and coordinating agencies.

Length: One or two pages.

B. Report on Past Activities: Though not present in all CEDS plans, a listing of previous economic development projects gives the impression that the region for which the CEDS has been written is engaged in an ongoing economic development and planning process.

- A section such as this is particularly relevant when one of the purposes of the CEDS is to update a prior comprehensive planning document. For example, a Richland County CEDS cited by the EDA as being a benchmark document contains a listing of major county economic development projects since 1978 when the county’s first comprehensive economic plan was written.
- This can be a generalized list, showing the following features:
 - Location (street address, or just city/township).
 - Type of project
 - Estimated cost of project
- The list can be in columns, resembling a spreadsheet, with each project listed on a single row.

Length: Varies by time period being examined but should be lengthy enough to impart a feeling of thoroughness. Several pages of listings are recommended.

C. Examination of Economic Trends: This section of the CEDS document does not need to be in great detail – just enough to show that the topic of economic change has been examined as part of the CEDS. This can contain general information about the state of the region’s economy. For example, commonly used sources in this section would include County Business Patterns from the U.S. Census, Regional Economic Information System data from the Bureau of Economic Analysis, or commercially-available sources, such as from Claritas, Inc.

- This section should summarize employment happenings (employment by sector) over the past decade. Relevant information could include:
 - Analysis of Major Employers
 - Changes in Employment Sectors (major hiring and/or layoffs)
 - Occupational and/or Wage Data

- Analyses of each major sector in relation to national or regional trends

Length: Five to Ten pages.

D. “SWOT” Analysis: A section highlighting the constraints and potentials for economic development in the region.

- Some type of SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis should be present in the CEDS document, although individual names for this type of section may vary. This can take the form of (as in the Richland Co. example) a Constraint and Potential Examination, or a delineated SWOT Analysis.
- In its basic form, a SWOT analysis or similar methodology takes the constraints and potentials identified through processes within the planning process and evaluates them based on recent developments or changes in the regional economy.
- When the CEDS is a follow-on assignment to an earlier comprehensive planning process, the SWOT component can concentrate on strengths and weaknesses that have emerged over the course of time since the last comprehensive planning document.
- If following a SWOT format, the CEDS should have a separate subsection for each of the four components, articulating what are perceived to be the Strengths, Weaknesses, Opportunities, and Threats to the local economy.

Length: While there is no set length, many CEDS plans have between five to ten pages of SWOT Analysis.

E. Development Strategy (Goals and Objectives): This is the most crucial part of the CEDS document because it gives clarity to what the region’s overall economic strategy looks like.

- This section consists of Goals and Objectives related to the pursuit of economic development.
- Goals and Objectives are divided among both short-term and long-term issues.
- Each goal (for example Diversify the Area’s Industrial Base) should be stated in a concise sentence and then followed up by several discrete Objectives. For example: Concentrate Efforts on Recruiting Different Industries.
- The objectives are typically general in scope, such as “expand and redesign the educational and training systems,” but are generally focused on helping the local economy successfully transition from a manufacturing-intensive economy.

Length: This is one of the most critical components to the CEDS plan and a length of approximately ten pages is appropriate.

F. Current Project List: It is advantageous to include a Current Project List of ongoing or planned projects relating to regional economic development. These could include the following types of projects that are publicly funded by either the county or one of the component municipal governments:

- Infrastructure improvements
- New construction projects
- Community facilities
- Other projects related to economic development initiatives at the local or municipal levels.

Similar to the Report on Past Activities section, each individual project would be a line item on the Project List, with one column each for the Project Location, Type of Project, Estimated Cost, Estimated Schedule, and Applicability for EDA funds. Therefore any projects for which the CEDS Committee anticipates getting EDA funds should be on this list.

Length: This varies by CEDS area, but, similar to the Report on Past Activities, the Current Project List should be lengthy enough to impart a feeling of thoroughness. Several pages of listings are recommended.

G. Economic Development Organization: This section lists the various agencies and organizations that are involved in economic development within the CEDS area. This can be either in a list or in a chart format, and at the minimum, should include the following:

- Name of the Agency or Organization
- Address and contact information
- Very brief description of the organization's duties (for example, Tourism Development or marketing, etc.)

Length: This does not need to be an in-depth list. For an area of Toledo's size, just approximately two pages (long enough to list the various organizations) would be sufficient.

Appendices: Detailed tables can be placed in the Report's Appendices. Such tables could include the following:

- Population and Census tables, either time-series or static

- Employment statistics by SIC Code
- Payroll statistics by SIC Code
- Lists of individual participants in the planning process, including local government officials, as well as citizens who were in attendance at meetings related to the CEDS planning process.

APPENDIX B. TOLEDO AREA ECONOMIC DEVELOPMENT DELIVERY ENTITIES AND ACTIVITIES (Part 1)											
Agency/Jurisdiction	Workforce	R&D Tech	Financing	Real Property		Business	Area	Project	Retention &	Maintenance & Development	
	Development	Transfer	Capitolization	Assembly	Remediation	Incentives	Marketing	Management	Expansion	Private	Public
GOVERNMENTAL											
City of Toledo			X	X	X	X		X	X		X
Lucas County	X		X	X		X		X			X
Lucas County Improvement Corporation			X								
Sylvania Community Improvement Corporation			X	X		X	X	X	X		X
City of Sylvania				X							
Oregon Economic Development Agency						X	X	X	X		
City of Oregon				X							X
City of Maumee			X	X		X		X	X		X
Sylvania Township			X	X		X		X	X		X
Toledo Lucas County Port Authority			X	X	X	X	X	X			X
University of Toledo	X	X		X				X			
Bowling Green State University	X	X		X				X			
Owens Community College	X			X				X			
MCO											
Eisc		X									
Manufacturing Extension Program											
Food Processing Unit											
Toledo-Lucas County Visitors and Conv Bureau							X				
UT Capacity Building Program	X										
Workforce Investment Board	X					X					
Federal Government	X	X	X			X					X
TMACOG											
State of Ohio	X	X	X			X		X			X
OSU Extension and Sea Grant											
NON-GOVERNMENTAL											
Regional Growth Partnership		X					X	X	X		
Toledo Area Chamber of Commerce											
Private	X	X	X		X			X		X	
Utilities											X
Financial Institutions											
Businesses											
Engineering					X						X
Planning											
Community Development Corporations			X					X			
Toledo Sister Cities							X				
NORED							X				
Hospitals		X						X			
Great Lakes Consortium				X			X				
LISC			X								
Main Street Program											
Other Educational Institutions	X										
DTI											
<i>Source: University of Toledo, Urban Affairs Center</i>											

APPENDIX B. TOLEDO AREA ECONOMIC DEVELOPMENT DELIVERY ENTITIES AND ACTIVITIES (Part 2)							
Agency/Jurisdiction	Community Development	Quality of Life Amenity	Strategy Facilitation	Market Research	Economic Research	Entrepreneurial Development	Land Use Planning
GOVERNMENTAL							
City of Toledo	X	X				X	X
Lucas County	X	X					X
Lucas County Improvement Corporation							
Sylvania Community Improvement Corporation	X						
City of Sylvania							
Oregon Economic Development Agency	X						
City of Oregon							X
City of Maumee							X
Sylvania Township							X
Toledo Lucas County Port Authority							X
University of Toledo	X		X		X	X	
Bowling Green State University			X	X	X		
Owens Community College							
MCO							
Eisc			X			X	
Manufacturing Extension Program							
Food Processing Unit							
Toledo-Lucas County Visitors and Conv Bureau		X					
UT Capacity Building Program						X	
Workforce Investment Board							
Federal Government	X			X	X	X	
TMACOG					X		X
State of Ohio	X			X	X		
OSU Extension and Sea Grant							
NON-GOVERNMENTAL							
Regional Growth Partnership			X	X	X	X	
Toledo Area Chamber of Commerce		X				X	
Private		X		X			X
Utilities							
Financial Institutions	X						
Businesses							
Engineering							
Planning							X
Community Development Corporations	X			X		X	X
Toledo Sister Cities		X					
NORED			X				
Hospitals	X			X			
Great Lakes Consortium							
LISC	X						
Main Street Program	X					X	X
Other Educational Institutions				X			
DTI							X
<i>Source: University of Toledo, Urban Affairs Center</i>							

APPENDIX C. SUMMARY OF BEST PRACTICE CITIES

AKRON, OH

Akron is located 30 miles south of Cleveland and has a population of 217,088 (2000). The area has transformed in recent years, trading economic stagnation, population loss and unemployment for economic growth, a mild population increase and new well-paying jobs. A number of factors are responsible for Akron's reversal of fortune, including the development and transformation of the city's historical rubber manufacturing capacity and the booming United States economy. Akron economic developers and city officials are proud of the city's rebirth as a regional polymer research and development center. The city now refers to itself as both "The City of Invention" and the "Polymer Valley."

Greater Akron Chamber

Formerly the Akron Regional Development Board, the Greater Akron Chamber is a regional chamber of commerce and economic development organization serving the Northeast Ohio counties of Medina, Portage and Summit. In addition to membership services, the chamber provides marketing and leadership for businesses in the Greater Akron region. The chamber's Economic Development Department assists businesses in retention and expansion. Greater Akron Chamber has 25 staff members.

Downtown Akron Partnership

Downtown Akron Partnership (DAP), with eight staff members, is a nonprofit organization focusing on marketing, business attraction and retention for downtown Akron. The DAP also manages the Downtown Akron Partnership Special Improvement District (SID), a private, not-for-profit organization working to increase private sector participation in downtown management and marketing. The DAP collects a special tax assessment from the city tax department that is then used to fund the operating expenses for the SID.

The Mayor's Office of Economic Development

The Mayor's Office of Economic Development serves as a liaison for the City of Akron to the business community. The department focuses on business attraction and retention, especially in manufacturing.

Summit County Port Authority

Originally created in 1993 to preserve rail corridors, the SCPA was expanded in 1997 to assist Summit County in promoting projects that create jobs and economic growth. The Port Authority operates CAK International Business Park, located in Green, Ohio. In addition, the Port Authority provides financing for economic and community development projects in the area. The Port Authority has five staff members.

University-based Economic Development

Edison Polymer Innovation Corporation (EPIC)

The Edison Polymer Innovation Corporation, part of the Ohio Department of Development’s Technology Division, is a consortium of polymer industry companies devoted to research, development, and problem solving in the industry. EPIC collaborates with Case Western Reserve University and the University of Akron in its research.

Akron Industrial Incubator

The City of Akron, the Akron Development Corporation, the University of Akron, and the State of Ohio established the Akron Industrial Incubator in 1983. The AII offers rental space and lab facilities for small technology-related businesses. It is supported by the City of Akron and the State of Ohio.

Advanced Liquid Crystalline Optical Material and Technology Center (ALCOM)

ALCOM is a university research consortium that leads the nation in its field. It includes Kent University, the University of Akron, and Case Western Reserve University. Liquid crystal displays used in hand-held instruments, laptop computers and telecommunications equipment are the products of pioneering research into advanced optical materials. Kent Displays, Inc. licensed the technology and is manufacturing flat panel signs from its Portage County facility.

Akron, OH		
Population	217,088 (Central City 2000)	
Metro Population	694,960 (MSA 2000)	
Major Employers	Summit County	
	Goodyear Tire & Rubber Co.	
	SUMMA Health System	
	The University of Akron	
	Summit County	
	Akron Public Schools	
		Port Authority Services
Port Authority	Summit County Port Authority	Runs the CAK International Business Park and Finances Economic Development Projects
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>	Mayor's Office of Economic Dev.	
<i>Region</i>	Greater Akron Chamber	
Retention and Expansion		
<i>City</i>	Mayor's Office of Economic Dev.	
<i>Region</i>	Greater Akron Chamber	
Downtown Development	Downtown Akron Partnership (Downtown SID)	
Inner City Neighborhoods	Mayor's Office of Economic Dev.	
Industrial Development		Akron Industrial Incubator
Technology Development	Edison Polymer Innovation Corporation	Akron Industrial Incubator

BUFFALO, NY

Buffalo, located in western New York's Erie County, has a population of 292,648 (2000). Eight counties in western New York State and the Niagara Peninsula of Ontario, Canada comprise the Buffalo Niagara bi-national region (pop. 1,170,111). Buffalo is home to one of New York's Empire Zones, which offer special incentives to encourage economic development, business investment and job creation. There are a number of economic development organizations operating in the city and in the Buffalo Niagara region. The following is an overview:

Erie County Industrial Development Agency (ECIDA)

ECIDA is public benefit corporation that focuses on business financial assistance and infrastructure development projects. The Agency provides loans from \$5,000 to \$500,000 through the SBA Micro Loan Program, direct loans, and strategic loan programs for minority-owned & women-owned businesses, start-ups and brownfields development. As an approved Ex-Im Bank broker and Delegated Authority Lender, the Agency also provides international trade/export support for companies in Erie County. The agency has a staff of 28 and is self-funded with 90% of its budget coming from fees.

Buffalo Niagara Partnership

BNP is the business leadership organization in the region, serving as the chamber of commerce for Buffalo Niagara. The organization focuses on membership services and business advocacy. Currently, the organization is working on some special projects, including the Buffalo Niagara NOW, a short list of nine specific strategic initiatives to improve Buffalo Niagara's business environment, and the New York State Smart Border Coalition, which supports a flexible border policy to encourage commerce between the United States and Canada.

Niagara Frontier Transportation Authority

The Niagara Frontier Transportation Authority is a state agency that oversees the activities of two airports, a boat harbor and the region's metro bus and rail system. In addition to maintaining and improving its infrastructure, the Authority is currently managing the Buffalo Inner Harbor Development Project in cooperation with the Empire State Development Corporation. The Transportation Authority generates its own income and also receives funding from the state.

Buffalo Niagara Enterprise

The Buffalo Niagara Enterprise is a private, nonprofit organization with a staff of 16. The Enterprise is the regional marketing agency and is largely funded by private sources with some Erie and Niagara county funding.

Empire State Development Corporation – Western NY Region Office

The office, a consolidation of the former Western New York Economic Development Corporation and Horizons Waterfront Commission, is a state agency serving the five counties around Buffalo. The agency focuses on business retention and new business support through grants and loans. It also directs specific real estate development projects. Currently, the agency is working on the Buffalo Inner Harbor Development Project to redevelop part of Buffalo's

downtown area along the Buffalo River. The agency has 15 staff and receives most of its funding from the State of New York.

ESD houses InfoTech Niagara, the regional information technology association, and was one of its founding members. InfoTech Niagara recognizes the need to build a regional consciousness in IT as an initiative in defining Buffalo's economy. ESD also participates in the Entrepreneurial Services Network, which recognizes the need to grow entrepreneur culture in Western New York and take advantage of research generated by local colleges and universities.

Buffalo Place, Inc.

Buffalo Place, Inc. was created in the late 1970s as a 24-block business improvement district. This designation coincided with a master plan to turn downtown Buffalo into a pedestrian/transit mall with a light rail system. The organization was originally named the Downtown Buffalo Management Corporation and primarily concentrated on maintenance, with a smaller focus on marketing and planning. Today, the organization is actively involved in marketing, maintenance, planning and advocacy for downtown Buffalo. There is a 24-member board representing various government agencies, businesses and community entities associated with the development of the downtown.

University-based ED

SUNY-Buffalo is the major university in the area and a major research institution. Quickly becoming known for its sciences, it is one of 3 institutions involved in the New York State Center of Excellence in Bioinformatics (see below). There is also a Center for Computational Research, which boasts one of the faster processing centers in the country. For engineering-related services, companies can access university resources through the Center for Industrial Effectiveness.

Other institutions, like Canisius College, have launched business centers to provide mentoring and education services to women and the minority community. The Women's Business Center at Canisius provides training, counseling and mentoring to entrepreneurs and small business owners. Additional organizations related to SUNY-Buffalo include:

The Institute for Local Governance and Regional Growth

Founded in 1997, this is a research institution that catalyzes and supports new and existing initiatives in the Buffalo-Niagara region. Some of the Institute's current projects include the Buffalo Comprehensive Plan, Buffalo Niagara Cultural Tourism Initiative, Regional Economic Development Strategy, and the New York State Policy Initiative in Land Use/Economic Development.

Buffalo Center for Excellence in Bioinformatics

The center is a research, development, education, and economic resource for industries based on bioinformatics, including information technology, biotech, and pharmaceuticals. It combines computational facilities with experimental facilities to enable the development of new medical treatments, and develops new algorithms for data acquisition, storage, management, and

transmission. The center has 225 employees and business associates and covers 150,000 sq ft, 50% for labs and 50% for computational facilities.

Buffalo Niagara Medical Campus

The bioinformatics center (see above) is one of many health care organizations within the Buffalo Niagara Medical Campus, the largest concentration of such facilities in Western New York. BNMC also includes the Roswell Park Cancer Institute, Buffalo General Hospital, the Hauptman Woodward Research Institute, and the Buffalo Medical Group. These organizations collaborate with the University at Buffalo, an education and research partner on a range of projects and initiatives.

The Office of Science, Technology Transfer, and Economic Outreach (STOR)

STOR is a means to convert SUNY Buffalo laboratory research into commercial applications. It helps researchers protect their ideas, develop connections with the private sector and locate funding sources. STOR has three divisions: Intellectual Property, Funding and Commercialization.

UB Technology Incubator

The incubator is located in the Baird Research Park and supports the creation of new technology-based companies through provision of business services. Since its inception in 1988, the program has assisted more than sixty tenants and graduates, boasting a 75 percent survival rate. Aggregate employment by those companies is 455 people and annual revenues exceed \$60 million.

Buffalo, NY		
Population	217,088 (Central City 2000)	
Metro Population	1,170,111 (Buffalo-Niagara Falls MSA 2000)	
Major Employers	HSBC Bank USA	
	Kaleida Health	
	Delphi Harrison Thermal System	
	M&T Bank	
	Catholic Health System	
	General Motors	
		Port Authority Services
Port Authority	Niagara Frontier Transportation Authority	No Economic Development Programs
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>		
<i>Region</i>	Buffalo Niagara Enterprise (marketing)	
Retention and Expansion		
<i>City</i>		
<i>Region</i>	Erie County Industrial Development Agency (also active in city)	Empire State Development Corporation - WNY region office
Downtown Development	Empire State Development Corp. - WNY region office, and Erie County Industrial Dev. Agency	Buffalo Place, Inc.
Inner City Neighborhoods	Erie County ED Agency & City Office of Strategic Planning	
Industrial Development	Erie County Industrial Development Agency	
Technology Development	Biomedical Organization	

CHARLESTON, SC

The Charleston metropolitan area, located on the South Carolina coast, consists of Berkeley, Charleston and Dorchester counties and has a population of 550,000 (2000). The city population is 96,650. The Charleston County Council has nine members and serves as the legislative, policy-making body of the County government. Charleston has a number of economic development organizations serving the region.

Charleston Regional Development Alliance

The Charleston Regional Development Alliance is a public-private partnership representing Berkeley, Charleston and Dorchester counties. Formed in 1995, the organization has seven professional staff and receives funding from the three counties, as well as from private investors. The Alliance focuses primarily on outreach marketing.

Charleston Metro Chamber of Commerce

The Charleston Metro Chamber of Commerce is a private, nonprofit organization serving Charleston County. Besides providing membership services, the Chamber also does business retention and expansion for the county. In addition, the Chamber offers professional development with its Business Training Institute and Leadership Charleston programs. The Chamber has 56 staff members and receives most of its funding from private membership dues.

City of Charleston's Department of Economic Development

The City of Charleston's Department of Economic Development focuses on business retention and expansion mainly in the central business district. The Department has a staff of seven and receives its funding from the City of Charleston.

Berkeley-Charleston-Dorchester Council of Governments Economic Development Department

The Berkeley-Charleston-Dorchester COG Economic Development Department provides financial resources for businesses in the three-county area with Economic Development Administration funds, Community Development Block Grants and the department's own Revolving Loan Fund. The COG also acts as the local clearinghouse for an Economic Development Administration program. The department has one staff member.

South Carolina State Ports Authority

The South Carolina State Ports Authority owns and operates three port facilities: the Port of Charleston, the Port of Georgetown and the Port of Port Royal. The Authority is working toward improving existing terminals and deepening the Charleston Harbor. The South Carolina General Assembly recently passed legislation approving port expansion in Charleston on the west bank of the Cooper River and deeding half of the former Charleston Naval Shipyard to the Ports Authority. The Authority has also begun construction of the \$600 million bridge across Charleston's main shipping channel. The Ports Authority has a six-member board of directors and over 600 employees.

Charleston, SC		
Population	96,086 (Central City 2000)	
Metro Population	549,033 (MSA 2000)	
Major Employers	U.S. Navy	
	Medical University of SC	
	Charleston Air Force Base	
	Charleston County School District	
	Roper St. Francis Health Care	
		Port Authority Services
Port Authority	SC State Ports Authority	Harbor deepening, terminal construction
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>		
<i>Region</i>	Charleston Regional Development Alliance	
Retention and Expansion		
<i>City</i>	City of Charleston's Department of Economic Development	
<i>Region</i>	Charleston Metro Chamber of Commerce	BCD Council of Government's Economic Development Department

DAYTON, OH

The City of Dayton is located in western Ohio, northeast of Cincinnati, and has a central city population of over 160,000 (2000). The city has quite a few economic development organizations that coordinate well together. The following is an overview of these organizations:

CityWide Development Corporation

CityWide Development Corporation is a private, nonprofit organization with 24 staff members. Operating and capital funding sources break down as follows: 40% from the federal government, 40% from local government, and 20% from the private sector. The organization's primary focuses include project packaging, arranging financing, and business retention and expansion. About half of the staff of CityWide concentrates on inner city neighborhood housing and commercial development. The rest of the staff focuses on downtown housing development. An example of CityWide's neighborhood development program is Genesis Project, which helps revitalize Dayton's Fairgrounds neighborhood.

City of Dayton's Office of Economic Development

The Office of Economic Development focuses on business retention, in cooperation with CityWide Development Corporation. The department is also involved in incentive negotiations, such as tax abatements. Some of its current projects include the McCalls Redevelopment program, which is an initiative to demolish the city's printing press/distribution facility and market it to light industry businesses, and the Tool Valley - Dayton/Miami Valley Entrepreneurs Center which provides incubator facility for technology-related businesses. The office has four staff members.

Dayton Downtown Partnership

The Dayton Downtown Partnership is a private, nonprofit organization that focuses on business retention and expansion for the downtown area. Since 1996, the DDP has been funded in part through the Downtown Dayton Special Improvement District. The DDP has a staff of 11.

County Corp

County Corp Development is a private, nonprofit corporation that the Montgomery County Commissioners established in 1980. The organization focuses on lending through five different programs: SBA 504, Regional 166, Community Development Block Grant Business Loan, Child Day Care Revolving Loan and the Well Field Protection Fund. County Corp has five staff members and a \$430,000 budget.

Montgomery County Community and Economic Development Department

The department coordinates business retention and expansion within the county. While each of the larger county jurisdictions has its own BRE efforts, the county manages a comprehensive BRE database, participates in retention calls for the smaller jurisdictions, and provides deal support as needed. The county also maintains a set of protocols for BRE practices among the jurisdictions.

Dayton Area Chamber of Commerce

The Dayton Area Chamber of Commerce serves over 3,600 members in the multi-county Dayton region. Besides providing membership services, the Chamber also offers leadership on product improvement, such as transportation and schools. The Chamber has 28 staff.

Dayton Development Coalition

The Dayton Development Coalition leads outreach-marketing efforts for the region. DDC's Regional Technology Council coordinates resources and partnerships for technology-related businesses. The coalition is also involved in venture capital arrangements. It has a private board of directors and a staff of 20. The DDC annual budget is approximately \$3 to \$3.5 million of which \$1.2 million is for new business development, including marketing. Half of the funding comes from the private sector and half is from the region's nine counties.

Dayton-Montgomery County Port Authority

The City of Dayton, Montgomery County and the Dayton Development Coalition created the port authority. The Authority's primary function is project financing.

The Entrepreneurs Center

The Entrepreneurs Center is one of ten Edison Technology Incubators across the state. Its goal is to nurture companies in their early stages by providing managerial and technical assistance, discounted services and space, and networking among fellow new ventures. The center is fully occupied and has a staff of two. Funding is through the Ohio Department of Development's Edison Program. Partners include the city, the county, the EDA, and area financial institutions.

The Dayton IT Alliance

The Dayton IT Alliance is a nonprofit, 200-member trade association that supports growth technology of the area's information technology industry. Funding for Alliance operations and programs comes from two sources: (1) public state and county government economic development agencies, and (2) Alliance members and funding partners.

University-based Economic Development

Wright State University is home to one of Ohio's "Wright Centers of Innovation." Wright Centers aim to advance Ohio's tech research capabilities, promote start-up companies, and create jobs. Wright State received \$11 million for its center, which focuses on information and database management. Partners in the project include Reynolds & Reynolds, LexisNexis, NCR, and the University of Dayton.

Wright State also has a Small Business Development Center. The center has two employees, and provides a variety of services including research, consulting, and info sessions to existing and potential small business entrepreneurs.

Additional university-based entities in the Dayton area include:

The Information Technology Research Institute (ITRI) is a cooperative research and development organization involving partnerships between Wright State University and industrial and governmental organizations in Ohio and particularly with the Miami Valley that are involved in the information technology field. The Institute combines traditional academic strengths in research and education with the University's role as an economic development partner. ITRI is located within Wright State's College of Engineering and Computer Science.

The Miami Valley Research Park is a university-related research park owned by the nonprofit Miami Valley Research Foundation, founded in 1980. Wright State University, the University of Dayton, Central State University and Sinclair Community College are members of the foundation whose mission is to foster and promote research and technological, scientific and education activities.

Dayton, Ohio		
Population	166,193 (Central City 2000)	
Metro Population	950,558 (MSA 2000)	
Major Employers	Miami Valley Hospital	
	Montgomery County	
	Delphi Automotive	
	Dayton Public Schools	
	NCR Corp.	
		Port Authority Services
Port Authority	Dayton Montgomery County Port Authority	Project Financing
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>		
<i>Region</i>	Dayton Development Coalition	Dayton Area Chamber of Commerce
Retention and Expansion		
<i>City</i>	CityWide Development Corporation	City of Dayton's Office of Economic Development
<i>Region</i>	County Corp; Montgomery County Community & Economic Development Department	
Downtown Development	CityWide Development Corporation	Dayton Downtown Partnership
Inner City Neighborhoods	CityWide Development Corporation	
Industrial Development		
Technology Development	Dayton IT Alliance, Regional Tech Council	Dayton Development Coalition, Dayton Citywide

KANSAS CITY, MO

Kansas City (pop. 441,545) is the largest city in Missouri, located at the junction of the Mississippi and Kansas rivers near the Kansas border. The metro area spills into both states and has an MSA population of over 1.7 million (2000). The MSA definition for Kansas City includes Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray counties in Missouri and Johnson, Leavenworth, Miami and Wyandotte counties in Kansas. Following is a profile of the major economic development organizations in Kansas City:

Economic Development Corporation of Kansas City

The Economic Development Corporation is the city’s primary economic development agency. It is a public-private, nonprofit organization that has 31 staff and a \$3.6 million, city-funded operating budget. The organization focuses on business retention and expansion and works with the Kansas City Area Development Council to attract businesses to Kansas City. The EDC manages three statutory agencies, which must be legally separate from the City: the Land Clearance Redevelopment Authority, the Tax Increment Financing Commission and the Port Authority of Kansas City. The organization also administers loans through its EDC Loan Corporation.

Kansas City Area Development Council

KCADC is a private, nonprofit organization focusing on business attraction and marketing. The Council initiated the SmartCities Campaign to attract telecommunication-sensitive and other technology development businesses to Kansas City. The Council has a private board of directors and 14 staff members.

Kansas City Area Life Sciences Institute, Inc.

The Civic Council of Greater Kansas City and the Kansas City Area Development Council founded the Life Sciences Institute. The Institute is a nonprofit organization with a private board of directors. The Institute promotes Kansas City as a leading life sciences center through fundraising and marketing, as well as supporting biomedical research and development. It has a nine-member private board.

Kansas City SmartPort, Inc.

The Kansas City SmartPort, Inc. is a nonprofit organization founded by the Greater Kansas City Area Chamber of Commerce, the Kansas City Area Development Council and the Mid-America Regional Council. The organization focuses on attracting transportation businesses to Kansas City, and redeveloping the city's port to promote economic activities. The organization receives funding from both the public and private sources.

Greater Kansas City Chamber of Commerce

The Chamber of Commerce has 47 staff and is affiliated with the Kansas City Area Development Council. The Chamber mainly provides membership services.

Community Development Corporation of Kansas City

The Community Development Corporation of Kansas City is an independent, not-for-profit organization focusing solely on the inner-city area of Kansas City. The organization receives most of its funding through federal grants and has a staff of 9. Some of its projects include transportation services, job opportunities for individuals with low income and the community home health care services.

The Port Authority of Kansas City

The Port Authority of Kansas City is an affiliate of the Economic Development Corporation of Kansas City. The agency administers waterborne commerce, transportation and trade in Kansas City. Its economic development functions include revitalizing the Kansas City Riverfront, converting Richards-Gebaur Air Force Base into an international freight gateway and inter-modal facility, and overseeing the city's riverboat gambling development.

University-based ED

The University of Missouri-Kansas City and the **University of Health Sciences** are both area leaders in medical research. Specifically, UMKC supports innovative research and programs within the biological sciences, while UHS is known for its excellence in academic medicine including education, research and patient care. Both universities are key stakeholder institutions

in a collaborative effort by the Kansas City Area Life Sciences Institute to make Kansas City a center for excellence in life sciences research and development.

Kansas City, MO		
Population	441,269 (Central City 2000)	
Metro Population	1,776,062 (MSA 2000)	
Major Employers	Federal Government	
	Ford Motor Co.	
	Hallmark Cards Inc.	
	Health Midwest	
	Sprint Corp.	
		Port Authority Services
Port Authority	Port Authority of Kansas City	Riverfront revitalization, Air Force Base conversion, and riverboat gambling
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>	Economic Development Corporation of Kansas City	
<i>Region</i>	Kansas City Area Development Council	Greater Kansas City Chamber of Commerce; Kansas City SmartPort, Inc.
Retention and Expansion		
<i>City</i>	Economic Development Corporation of Kansas City	Community Development Corp. of Kansas City (inner-city)
<i>Region</i>	Kansas City Area Development Council	
Downtown Development	Economic Development Corporation of Kansas City	
Inner City Neighborhoods	Community Development Corporation of Kansas City (inner-city)	
Industrial Development	Economic Development Corporation of Kansas City	
Technology Development	Kansas City Area Life Sciences Institute, Inc.	

LOUISVILLE, KY

Louisville, the state’s largest city, lies along the Ohio River at the Falls of the Ohio. In 2003, the City of Louisville and Jefferson County governments consolidated to become Greater Louisville (pop. 695,000) in an effort to streamline governmental structure for Jefferson County. The Louisville economy traditionally relies on a variety of manufacturing and service sector jobs, but recently the economic development focus has shifted to logistics and life sciences. The Community Development Secretary, who reports to the mayor, heads Louisville economic development. Reporting to the secretary are the directors of: Metro Development Authority, Planning and Design Services, Metro Housing, Building and Development Services, Property Maintenance, and Air Pollution Control District. The Secretary also is the mayor’s link to two affiliated organizations, the Downtown Development Corporation and the Riverport Authority. These organizations have their own boards of directors.

The following economic development organizations serve Louisville:

Metro Development Authority

The City of Louisville created the MDA as a public authority. It is the consolidated city-county's lead agency in urban development. The MDA focuses on real estate development, especially strategies, goals and objectives. Its Industrial Land Development division markets industrial land throughout the county area, while the Neighborhood Retail Teams develop underutilized inner-city assets to facilitate retail business. The MDA also does business retention by providing loans and support services for minority and small businesses.

Jefferson Riverport International

The Riverport implements industrial development along the riverfront and is now moving to be the lead industrial development agency citywide. It implements the strategic direction established by MDA, especially for industrial redevelopment.

The Riverport operates like a private company, but maintains public powers, including those to condemn and acquire land. It is entirely self-funding, and it cannot levy taxes. Money comes from acquiring land, assembling it, and then re-selling, leasing, or renting it at a higher value. The Riverport also operates an international free trade zone and barge terminal. The organization's operating budget is approximately \$450,000-\$500,000 per year, while the capital budget varies depending on property acquisition and infrastructure expenses. It also takes on leadership and marketing for brownfields projects. There are five staff members.

Downtown Development Corporation (DDC)

The DDC is a private, nonprofit development entity with a mission of fostering the future economic development of downtown Louisville and its immediate environs. As one of its areas of responsibility, the DDC serves - through a contractual arrangement with MDA - as the Metro Government's agent for all downtown activities and actions of Metro government.

The Downtown Development Corporation has a staff of six employees. Specific areas of development and design expertise, such as legal, urban design, real estate analysis/appraisal, etc. are done through contracts with individuals and/or firms that provide such expertise on an as-needed basis. The Downtown Development Corporation has a 10 member Board of Directors

The annual operating budget of the DDC is \$717,000. Its major source of funding comes from the annual lease revenues from the downtown baseball park, Louisville Slugger Field.

Recent projects include: The administration of the Louisville Downtown Housing Fund; the development and the implementation oversight of the 2002 Downtown Louisville Development Plan; Fourth Street Live! (new urban entertainment project); Marriott Convention Hotel, Muhammad Ali Center and Ali Plaza; and a new downtown wayfinding system.

Greater Louisville, Inc.

Greater Louisville Inc. is both the metro chamber of commerce and an economic development agency serving the Louisville, Kentucky – Southern Indiana Metropolitan area. GLI has the lead in outreach marketing and business retention. As a chamber of commerce, it provides membership services. GLI also has a leadership role in regional technology strategy and work force. It has over 70 staff members and receives most of its funding from major members and some from the city and county. GLI's annual operating budget is approximately \$9 million.

Louisville Central Area, Inc.

LCA is a private membership, nonprofit organization focusing mainly on downtown development. The organization does not administer any direct economic development functions, but does staff and oversee the Louisville Downtown Management District (LDMD), the city's BID. LCA has a staff of seven and gets most of its funding from membership dues, grants and contracts from the public and private sectors. The city's BID is financed through a special tax assessment collected by the city and returned to the LCA for operation of the district and management of the LDMD.

University-based ED

Louisville Medical Center Development Corporation

The LMCDC is a nonprofit organization jointly created by the University of Louisville, its medical school and hospital, Jewish Hospital HealthCare Services, Norton Healthcare and the City of Louisville Medical Center. LMCDC is the leader in ED functions related to life sciences in the area surrounding the medical center, which is located at the fringe of downtown. Currently, LMCDC is working on the Louisville Medical Center Research and Business Park. Located on the east edge of downtown near all the medical institutions, the Park promotes biomedical research and attracts life sciences companies to Louisville. The corporation has a board broadly representative of the city, the medical institutions in the center, GLI, the business community, the community college and others. LMCDC has a venture development subsidiary called the MetaCyte Business Lab, an entity that creates companies and assists in the development of companies created by others.

Logistics and Distribution Institute

The University of Louisville houses the Logistics and Distribution Institute, set up in 1998 to develop cutting-edge instructional and research programs in logistics and distribution. It has a budget of about \$300,000 supported from university general funds for a director and support staff, 6 Ph.D. stipends and some supplies. It offers internal grants, seminar series, a certificate program and graduate student support for some center faculty. It creates a forum for interdisciplinary work in Logistics. Faculty from the business school, engineering school, and college of arts and sciences participate.

The institute supports the Center for Engineering, Logistics and Distributions (CELDi), a multi-university, multi-disciplinary National Science Foundation sponsored Industry/University Cooperative Research Center (I/UCRC). CELDi provides integrated solutions to logistics problems, through research related to modeling, analysis and intelligent-systems technologies.

The institute also supports the UPS Center for Worldwide Supply Chain Management (UPSi), which provides high quality education, research and development in the field of supply chain management.

iTRC Ideas to Action Incubator

The iTRC (Information Technology Resource Center) Ideas to Action Incubator began in 1994 to provide support for high growth potential technology-focused new ventures. The incubator's budget is \$300,000 per year and is funded by the Kentucky Office for the New Economy. The program offers furnished office space, high speed Internet access, shared office equipment, counseling, and mentoring by staff, faculty, and volunteers. The incubator is at 95% capacity with twelve clients in the program. There are 3 staff members plus 3 part-time interns. Ideas to Action is currently in negotiations with MetaCyte to manage the program.

iTRC Net IT R&D Lab

The lab began operating in 2003 to provide a low cost vendor-neutral Information Technology test lab for research and development. The budget is \$500,000 per year and funding comes from the Kentucky Office for the New Economy. iTRC Net just started operating. It is providing IT services to several clients on continual retainer and will be starting a statewide marketing program in early 2004.

University of Louisville Office of Technology Development

OTD operates under the Vice Provost for Research and supports efforts to transfer university research into commercial products and applications. In full service since 2001, OTD helps identify saleable innovations developed at U of L, protect the discoveries with patents and develop ideas into startups or sell them to established firms. The Budget for FY '04 is just under \$900,000 with about half ear-marked for patent and legal expenses. Significant accomplishments thus far are licenses that led to the formation of several local startup companies including Aptamera, Inc., Vitatech, LLC and Strategic Health Systems, LLC. OTD employs six staff, four of which are professional.

Minerva Ventures

Minerva Ventures is the University of Louisville's \$3 million venture capital fund. It provides both business assistance and capital to university researchers who wish to commercialize their ideas. The services including financing, strategic planning, and management advice give Louisville faculty, staff, and students the best chance to bring their innovations to marketplace. Minerva has made four investments two in bio-tech companies, one in a software company, and one in a company that publishes commercially viable books written by university faculty and staff. Investments total \$650,000.

Gary Chamber of Commerce

The Gary Chamber of Commerce provides a number of programs that help attract and maintain industrial and commercial businesses. The chamber participates in overall community marketing efforts, infrastructure projects and the provision of human resources assistance. GCC programs include management and technical support to small business, information services, workshops and seminars, community newsletters and business-to-business events. The chamber has a staff of 3 and a 31-member board of directors from the business and leadership community. Funding comes primarily from membership dues and sponsorships.

City of East Chicago Dept. of Planning & Business Development

The planning department provides information and assistance to the public regarding the City's planning processes and development requirements. The department conducts land use, zoning, and environmental design analyses for all developmental applications; ensures consistency with codes, ordinances and policies; and directs grant programs. The department also staffs and advises the Planning Commission, the Technical Review Committee and the Board of Zoning Appeals. The department has five staff.

Northwest Indiana Business Development Corporation

The City of East Chicago is also affiliated with the Northwest Indiana Business Development Corporation. The NIBDC is a nonprofit organization that facilitates the expansion of existing businesses and attraction of new businesses in Lake County. The corporation runs three assistance programs, which include the East Chicago Revolving Loan Fund, the Three City Revolving Loan program and the SBA Section 504 Loan Program. The EC RLF only assists businesses located in East Chicago while the Three City Revolving Loan Fund assists businesses in East Chicago, Gary, and Hammond. The NIBDC also provides assistance to small businesses seeking financing. This organization has two staff that works directly with the city's planning department.

Lakeshore Chamber of Commerce

The Lakeshore Chamber of Commerce began operating in June 2001. It services the communities of East Chicago and Hammond. This organization is relatively new and does not currently offer any substantial assistance programs. The organization currently has three staff and a 30-member board of directors.

Hammond Development Corporation

The Hammond Development Corporation is a not-for-profit economic development corporation focusing on new business investment and workforce development issues in the City of Hammond. The organization has a 20-member board of directors. The corporation offers a number of services including technology seminars, business start-up workshops, the Business Builders Network and general assistance for businesses in the city.

Northwest Indiana Forum, Inc.

The Northwest Indiana Forum, Inc. is a regional economic development organization representing the counties of Lake, Porter, LaPorte, Jasper, Newton, Pulaski, and Starke. The Forum provides site location assistance to companies planning new or expanded facilities.

PITTSBURGH, PA

Pittsburgh is located in southwestern Pennsylvania where the Allegheny and Monongahela rivers meet to form the Ohio. The city has a population of 334,563 (2000) and covers over 55 square miles. The Pittsburgh region (pop. 2,358,695) includes ten counties: Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington and Westmoreland. Pittsburgh is home to seven Fortune 500 companies and five Business Week Global 1,000 companies. A nine-member City Council governs the city, each member representing one council district.

Pittsburgh Regional Alliance

Established in 1995, the Pittsburgh Regional Alliance is a not-for-profit organization, serving the ten-county region in Pittsburgh. The agency performs outreach-marketing activities and takes the lead in business retention and expansion for the region's largest corporations. The agency also covers some global investment functions through established international partnerships. Of its \$6 million budget, 15% comes from the state, 20% from foundations, and 65% from the private sector. The PRA spends approximately 15% of its budget on business retention activities. The Alliance has 28 staff and is affiliated with the Allegheny Conference for Community Development.

Allegheny Conference for Community Development

The Allegheny Conference for Community Development is a private, nonprofit organization that was founded in 1944. A private sector leadership group with a private board, the agency provides resources to businesses in the ten-county region. In late 2002, the agency launched "3 Rivers: One Future," a three-year plan to generate 50,000 net new jobs and secure \$1 billion in new private and public investment in southwestern Pennsylvania by the end of 2005. The Allegheny Conference has 19 staff members and a \$6 million operating budget.

Urban Redevelopment Authority of Pittsburgh

The Urban Redevelopment Authority (URA) of Pittsburgh is active in inner-city housing and commercial revitalization. The Business Development Center (BDC) of the URA utilizes several revolving loan funds to provide below-market interest gap financing for: the acquisition of land, building construction and rehabilitation, equipment, leasehold improvements, and working capital. The BDC also provides tax-exempt fixed-asset financing for qualified manufacturing companies. Additionally, the BDC administers the Citywide Mainstreet Program and the State's Enterprise Zone Program. The agency has 104 employees and a \$6.6 million administrative budget. Most of its budget comes from federal, state and city government. Additional support is from the U.S. Department of Housing and Urban Development, the Pennsylvania Department of Community and Economic Development, and the Pennsylvania Department of Commerce.

Pittsburgh Economic and Industrial Development Corporation

The Pittsburgh Economic and Industrial Development Corporation (PEIDC), managed by the URA, acts as the City of Pittsburgh's industrial development corporation for real estate development. With this designation, the PEIDC is able to purchase real estate for development, sale or lease, and obtain private and public financing including low-interest PIDA loan from the State for industrial real estate renovation and construction. The PEIDC is a membership

organization with a nine-member board of directors. Representatives from the City Council, the Mayor's Office, local major banks, community development corporations and regional economic development organizations make up the current board.

Regional Industrial Development Corporation of Southwestern Pennsylvania

The Regional Industrial Development Corporation, established in 1955, is a private, nonprofit organization. The agency focuses on city and regional industrial park development projects, as well as free standing projects and foreign-trade zones. The agency administers the Pennsylvania Industrial Development Authority (PIDA) loans, which may be used for land and building acquisition, site development expenses and tenant improvement costs. The organization has 25 staff.

The Port Authority of Allegheny County

The Port Authority of Allegheny County is a state agency that runs the shipping port and oversees economic development activities around the port. The agency's latest achievement is the East Busway Extension, which opened in June 2003 and enables Port Authority to provide bus rapid transit along the 9.1 miles of exclusive East Busway.

The Allegheny County Airport Authority

The Allegheny County Airport Authority operates both the Pittsburgh International and the Allegheny County airports. The Authority oversees all aspects of airport operations including new development, environmental issues, and airline and tenant management as well as airfield operations. It has a largely private board of directors and employs over 400 people.

Pittsburgh Technology Council

The PTC was created in 1983 to act as the principal point of contact for four primary clusters of technology development: information technology, biomedical technology, advanced manufacturing/materials and environmental technology. This organization offers a number of services and programs including business development assistance, cost-saving plans, workforce placement, knowledge sharing forums and educational programs. There are currently 1,500 member companies, which makes it the largest trade association of its kind in the county. The council has a 45-member board.

Pittsburgh Venture Capital Association

The PVCA's mission is to catalyze venture investment and entrepreneurial activity in Western Pennsylvania. A membership organization founded in 1982, it is the leading voice of private equity investors in the region. The PVCA has programs to facilitate deal flow, encourage investor collaboration, and foster relationships with service providers. PVCA also hosts promotional events, fairs, and awards ceremonies. Staff is one executive director and an eleven-member board. Funding comes primarily from membership dues.

Innovation Works

Innovation Works is a publicly funded venture capital organization that invests in technology startups in Southwestern Pennsylvania. It provides access to risk capital, business expertise, and third party resources to give start-up companies the best chance to attract additional capital. It is

one of four regional centers in the Ben Franklin Partnership. The Pennsylvania General Assembly created the BFP in 1982 and re-authorized it as the Ben Franklin Technology Development Authority in 2001. The partnership links public, private, and educational resources to ensure technology companies have efficient access to capital, expertise, and resources.

University-based ED

Institute for Entrepreneurial Excellence

The University of Pittsburgh's Institute for Entrepreneurial Excellence focuses on management education programs for leaders of established businesses in the region. It houses the Small Business Development Center (SBDC), established in 1979, which is dedicated to helping start-up and existing businesses in southern Pennsylvania. The university's SBDC provides funding and research assistance for technology-based companies with its Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The Community Outreach Partnership Center program provides learning opportunities for self-employment and start-up businesses. In addition, the SBDC offers consulting services, research, product development, international trade, environmental management, and government marketing.

Carnegie Mellon University Center for Economic Development (CED)

Established in 1987, the CED is an applied research center designed to leverage academic resources to better understand key regional economic development issues. The Center is an affiliation of Carnegie Mellon's H. John Heinz III School of Public Policy and Management. Some of the Center's current projects include System Synthesis – Regional Economic Development Study, a study to benchmark how different regions organize the delivery of economic development services and the Regional Technology Policy Group, an effort to unite the key organizations behind the region's technology development industry.

Mellon-Pitt Carnegie Corporation

MPCC is the joint economic development office for the University of Pittsburgh and Carnegie Mellon University, currently headed by Donald Smith. Smith has also led the Life Sciences and Digital Greenhouses, public-private partnerships founded by the University of Pittsburgh, Carnegie Mellon University, UPMC Health System, the Commonwealth of Pennsylvania and its regional foundation community. The Greenhouses invest in and support regional companies in their respective fields.

University of Pittsburgh Office of Technology Management

Formed in 1996, the Office of Technology Management (OTM) is responsible for the protection, management and commercialization of intellectual property for the University of Pittsburgh. Pitt conducts over \$513 million in sponsored research annually. This research activity generates approximately 110 invention disclosures on an annual basis, which are evaluated by the OTM in conjunction with the University Technology Transfer Committee for technical merit and market and patent potential. The OTM supervises the preparation of roughly 40 new patent applications from this portfolio and develops commercialization strategies for these patent-pending technologies and for a number of additional non-patented technologies. The office has six professional staff and five support staff.

Pittsburgh, PA		
Population	334,563 (Central City 2000)	
Metro Population	2,358,695 (MSA 2000)	
Major Employers	UPMC Health System	
	U.S. Government	
	Commonwealth of Pennsylvania	
	University of Pittsburgh	
	West Penn Allegheny Health System	
	US Airways Group Inc.	
		Port Authority Services
Port Authority	The Port Authority of Allegheny County	Runs the Shipping Port
	The Allegheny County Airport Authority	Runs the 2 Airports
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>		
<i>Region</i>	Pittsburgh Regional Alliance	
Retention and Expansion		
<i>City</i>	Urban Redevelopment Authority of Pittsburgh	
<i>Region</i>	Pittsburgh Regional Alliance	Allegheny Conference for Community Development
Downtown Development	Urban Redevelopment Authority of Pittsburgh	
Inner City Neighborhoods	Urban Redevelopment Authority of Pittsburgh	
Industrial Development	Regional Industrial Development Corporation of Southwestern Pennsylvania	Urban Redevelopment Authority of Pittsburgh (PEIDC)
Technology Development	Pittsburgh Technology Council	

SYRACUSE, NY

Syracuse (pop. 147,306) is located in the center of New York, approximately 40 miles south of Lake Ontario. The Syracuse Metropolitan Statistical Area (pop. 732,117) is a 3,400-square-mile land area composed of four counties Cayuga, Madison, Onondaga and Oswego. The City, located in Onondaga County, is the region's major metropolitan center. It is appropriately called the Crossroads of New York State because it is centrally located and the state's two major interstate routes, I-90 and I-81, intersect here. Beyond Syracuse, the principal population centers of the MSA are cities of Oswego and Fulton in Oswego County, Oneida in Madison County and Auburn in Cayuga County.

City of Syracuse Office of Economic Development

The Office of Economic Development concentrates on business relocation, expansion and improvement within the City of Syracuse. Its primary services include low-cost, permanent financing for business development, site referrals, job training and referral, and regulatory and permit assistance. In 2002, the City was among one of seven cities in the state that received a Federal Empowerment Zone designation. The City also has an Empire Zone that provides tax credits and incentives to qualified zone certified businesses.

The Greater Syracuse Chamber of Commerce

The Greater Syracuse Chamber of Commerce focuses on membership services, business attraction and business retention and expansion for both the city and central New York region. The chamber offers a number of services that directly affect economic development efforts in the region. These services include the Greater Syracuse Economic Growth Council, the Entrepreneurial Council, the Central New York Regional Compact and the Greater Syracuse Business Development Corporation (GSBDC).

The Metropolitan Development Association

The MDA is a not-for-profit organization that focuses on business attraction, retention, and expansion in the central New York region. It also provides business planning and research services. The MDA has seven staff members and a 50-member board of directors.

Greater Syracuse Economic Growth Council

The Growth Council includes over 20 organizations involved in economic development in central New York. Council members and “Working Partners” meet regularly to address job retention and creation in the greater Syracuse area. The Working Partners are the entities that make up the core of the council. They include Verizon, CNY Regional Planning and Development Board, CNY Works, City of Syracuse, Empire State Development, Greater Syracuse Chamber of Commerce, Lakefront Development Corporation, Metropolitan Development Association, Niagara Mohawk, Onondaga County Industrial Development Agency, U.S. Small Business Administration and the Technology Development Organization.

Onondaga County Industrial Development Agency

The OCIDA was created in 1970 with the Onondaga County Office of Economic Development. The agency provides business attraction and expansion services to firms in Onondaga County. The OCIDA works in conjunction with the Greater Syracuse Economic Growth Council. OCIDA has financed more than 190 projects for over \$1 billion in both tax-exempt and taxable financing. These projects have created or preserved over 26,500 jobs in Onondaga County.

Syracuse Industrial Development Agency

The SIDA works with companies located within the city limits, primarily through taxable and tax-exempt industrial revenue bonds, tax exemptions and flexible development fund loans for major development projects. The SIDA cooperates with the Greater Syracuse Economic Growth Council and the City of Syracuse.

Central New York Technology Development Organization

The TDO is a nonprofit agency based in Syracuse. It is partially funded by the National Institute of Standards and Technology (NIST), the Manufacturing Extension Partnership (MEP) and by the New York State Office of Science, Technology and Academic Research (NYSTAR). The organization provides information and research services for high-tech and manufacturing businesses in Central New York. The TDO has a staff of nine and a board of directors comprised of 30 local leaders, technology business owners and other stakeholders.

Downtown Committee of Syracuse, Inc.

The Downtown Committee of Syracuse, Inc. is a private, nonprofit downtown management organization, representing all property owners and tenants within the central business district. The City created the organization in 1975 at the request of the private-sector leadership. A special assessment district was created to provide the financial resources necessary to finance downtown development and the creation of new residential neighborhoods in the central business district. The Downtown Committee undertakes programs to improve downtown's image, strengthen its economic base, increase its attractiveness, and provide safe and clean programs. The organization has a staff of ten including three economic development professionals.

University-based ED

Syracuse University has an important role in economic development activities for the City of Syracuse. The university just started a Center of Excellence in Environmental Systems, a collaborative effort between Syracuse University, the State of New York, the private sector and other academic and research partners. The Center focuses on research and development for environmental systems engineering. In 2002, the State of New York pledged \$37 million in support (out of a \$170 million budget) for the development of this center. The Center also got nearly \$100 million from corporate partners, and \$23 million from research and academic partners. The Center of Excellence is expected to be a catalyst for local high-tech growth and job creation.

Syracuse University also houses the New York State Center for Advanced Technology in Computer Applications and Software Engineering (CASE). CASE conducts applied research in systems assurance, networked and distributed computing, wireless information systems and applied computing. The center also runs an incubator to help venture-ready technology businesses. From 1984 to 2000, CASE received almost \$98 million in support, 42% of which came from corporate partners, 38% from the Federal government, and 20% from the State of New York.

The Onondaga Community College in Syracuse provides workforce training, mainly in the high-tech manufacturing field through its Excell Center for Community Education.

- **Downtown Development:** The department serves as the primary development organization for downtown Tacoma. It carried out a “Destination Downtown Partnership” to support the light rail effort, which would link their downtown railroad to the Seattle system.
- **Inner-city Neighborhoods Development:** The department works with neighborhood councils and administers the CDBG program funds. Through the “Main Street” program, the department selected twelve neighborhood business districts, which are achieving considerable success. A majority of the financial support comes from the general fund. Each of these districts has a council and the “cross-district council” brings all of these councils together once a month.

Economic Development Board of Tacoma/Pierce County

Established in 1978, the Economic Development Board of Tacoma/Pierce County is a private, nonprofit corporation with a staff of four. Both the public and private sectors fund the organization and a public/private board of directors governs it. Private investments generate approximately 65% of revenue. The remaining 35% is from contracts with public sector partners. The EDB focuses on attracting manufacturing and port-related firms, as well as business retention and expansion. In cooperation with city economic development officials, the EDB is putting together a technology plan. Its anticipated completion date is March 2004.

Tacoma-Pierce County Chamber of Commerce

The Chamber is a not-for-profit organization with 19 professional staff and a 21-member board of directors. Primarily, membership dues fund its operation. In addition to providing membership services, the Chamber coordinates with the Economic Development Board of Tacoma/Pierce County in business retention and marketing efforts.

Port of Tacoma

The Port of Tacoma is an independent, municipal corporation that operates under state-enabling legislation. Created by Pierce County citizens in 1918, the Port has 2,400 acres (972 hectares) that are used for the shipping terminal and for warehousing, distribution, and manufacturing. The Port is located at the edge of downtown Tacoma and has a large area of vacant land for industrial development. The Port of Tacoma is the 6th largest container port in the country. The port also administers environmental projects, and plays a considerable role in real estate and industrial development around the port.

University-based ED

Institute of Technology at the University of Washington-Tacoma

The Institute of Technology houses a new computer science program to meet the State's demand for educated tech workers. The program is a joint effort between the public and private sector. It offers bachelors and masters degrees and has an enrollment of approximately 200 students. Funding for the Institute of Technology also comes from a public-private partnership. Significant contributors include the City of Tacoma (\$500K), Pierce County (\$500K), the Port of

Tacoma (\$500K), KeyBank (\$500K), Boeing (\$300K), Intel (\$270K) and HUD (\$250K), among others.

Tacoma, WA		
Population	193,177 (Central City 2000)	
Metro Population	700,820 (MSA 2000)	
Major Employers	U.S. Army/Fort Lewis	
	Local public schools	
	U.S. Air Force/McChord	
	State of Washington (govt.)	
	MultiCare Health System	
		Port Authority Services
Port Authority	Port of Tacoma	Real Estate and Industrial Development
Role	Lead Organization	Supporting Organization
Business Attraction		
<i>City</i>		Tacoma Economic Development Department
<i>Region</i>		Economic Development Board of Tacoma/Pierce County
Retention and Expansion		
<i>City</i>	Tacoma Economic Development Department	
<i>Region</i>	Economic Development Board of Tacoma/Pierce County	
Downtown Development	Tacoma Economic Development Department	
Inner City Neighborhoods	Tacoma Economic Development Department	
Industrial Development	Port of Tacoma (Real estate development)	
Technology Development	Economic Development Board of Tacoma/Pierce County	Tacoma Economic Development Department