

JOB CREATION IN CINCINNATI: CHALLENGES AND OPPORTUNITIES

What the City of Cincinnati Faces in Creating New Jobs

For nearly two years, Charlie Winburn has been working with members of the Job Creation Committee Roundtables [insert link to SPECIAL JOBS REPORT] to develop solutions and economic innovations that will attract and grow businesses, create jobs and expand the city's tax base in a challenging climate. The major factors Cincinnati faces in creating new net jobs include the following:

- Declining city population over the past decade from 323,000 to 296,000
- Decline of property values by at least 7.2%
- Excessive government restrictions on businesses and residential/commercial development
- Potential loss of approximately \$25 million in state funding in 2012 and 2013
- Negative public safety perception
- Poor performing schools
- Big, bloated city bureaucracy interfering with a quality delivery of city services

In spite of the challenges, Winburn is forging ahead with several top economic development issues with a view toward:

1. Growing existing current businesses to create new net jobs in the private sector.
2. Attracting new companies from outside the State of Ohio to relocate to Cincinnati
3. Increasing new homeownership opportunities to encourage people to return to Cincinnati
4. Eliminating excessive restrictions on businesses so they can grow and expand to Cincinnati
5. Expanding the city's tax base
6. Promoting equal opportunities for businesses to contract with the city through race- and gender-neutral policies
7. Encouraging entrepreneurs to start new businesses and providing an economic climate so they can be started more easily
8. Restructuring the city budget to address the Cincinnati Retirement System's \$2.1 billion unfunded liability
9. Excessive taxation from 2.1% earnings income tax, high property taxes and excessive fees for services
10. Negative perception of the city's Small Business Enterprise Program that is not fair and does not embrace equal opportunities for all.

Over the past 20+ months, Charlie Winburn has led or supported efforts to create jobs in Cincinnati through numerous initiatives. Notable projects completed or underway include:

1. **Allied Construction Industries** – provides specialized construction industry training and mentorship designed to foster the start-up, growth and development of small companies in order to provide increased opportunities for them in the public and private sector.

2. **MSD Apprenticeship Initiative** – A joint program being developed by Allied Construction Industries and Environmental and Safety Solutions to train local companies and their staff to perform specialized contracts to be awarded for major construction projects for Metropolitan Sewer District.
3. **Summer Youth Jobs Program** – Annually, the City of Cincinnati, through grants provided by the Department of Housing and Urban Development, funds a summer youth jobs program that enables young people to receive a variety of work experiences that are geared to prepare them for college and careers in a number of disciplines.

The Programs are administered by local organizations that have the staffing, supervision, networking, partnerships and vision to help young people make the most of their summer months. Past contracts have been awarded to Community Action Agency and the Urban League of Greater Cincinnati. In 2011, 370 jobs were provided to youth between the ages of 14 and 18 who worked on average 15 hours per week for 8 weeks.

4. **The Partnership** – A proposal is under development to create an unprecedented partnership between the Cincinnati USA Regional Chamber, the African American Chamber of Commerce, and the Port of Greater Cincinnati Development Authority to accelerate job creation in the City of Cincinnati like never before. The City of Cincinnati would provide a 50% matching grant to the Partnership participants with the anticipated goal of attracting and creating businesses by providing transactional and procurement support for new and existing businesses, as well as identifying business resources and leveraging the City's Economic and Community Development Departments.

The Partnership would report to the Economic Development Department and Job Creation Committee once a month to provide both written and verbal reports on the following items:

- i. Provide monthly development and job creation reports to the City Administration and Council.
 - ii. Document detailed business attraction efforts each week.
 - iii. The City's Economic Development Department would conduct outside independent evaluation of the Partnership every six months and report the results to City Council.
5. **HUD Section 3 for Housing & Public Construction** – As a recipient of Housing and Urban Development funds, Cincinnati is required to comply with Section 3 Regulations, which provides economic opportunities for low- and very-low income persons. Section 3 is a means by which HUD fosters local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 is triggered for applicable contracts in excess of \$100,000.

The types of projects to which Section 3 applies include:

- Housing rehabilitation, including reduction and abatement of lead based paint hazards but excluding routine maintenance, repair and replacement.
- Housing construction

- Other public construction

The Department of Community Development has ongoing meetings and a solid partnership with Hamilton County and Cincinnati Metropolitan Housing Authority (CMHA) to share Section 3 best practices and procedures. The partnership has resulted in the creation of a shared database of certified Section 3 Residents and Section 3 Business Concerns.

In 2010, Charlie Winburn made Section 3 compliance a high priority for the City of Cincinnati for two important reasons: (1) Failing to abide by the rules could subject the City to significant penalties; and more importantly, (2) Providing jobs for this segment of our population could very well mitigate some of the reasons that assistance from HUD is needed in the first place.

6. **Cincinnati Competitive Edge Initiative** - The CCE-I, a project developed by Charlie Winburn and members of his SBE Roundtable, once fully implemented will offer disadvantaged businesses a unique opportunity to grow and enhance their capacity. Expected benefits of the CCE-I include creating 200 net new jobs through a two year pilot demonstration project, creating partnerships between small businesses, city agencies, contractors and neighborhoods, and greater potential for small business to access city procurement and public contract opportunities.

7. **Leveraging Tax Dollars and Incentives** – The City of Cincinnati has numerous opportunities to leverage tax dollars and various incentive programs to offer developers and potential businesses who are interested in working in the city. Charlie Winburn has been very aggressive in encouraging the city’s development departments to be creative in finding the right incentives to bring projects home. Some of those projects he has been directly involved in and/or supported include:
 - i. **Nehemiah Manufacturing** – Nehemiah’s growing business allowed them to tap into HUD’s Empowerment Zone loan funds to enable them to expand their manufacturing/warehouse building in West End and add 75 new entry-level and supervisory jobs over the next 5 years. Their goal is to team with non-profits to provide opportunities to those who are unemployed and/or have barriers including criminal record or lack of skills.
 - ii. **A & B Deburring** - A&B provides deburring services and industrial metal finishing equipment and supplies to local manufacturers. Over the next three years, a minimum of 12 jobs will be created with the assistance of loans from the City of Cincinnati through the Empowerment Zone funds.

Additional recent job creation and job retention projects that citizens in Cincinnati can be encouraged about include:

Major Projects	New / Retained Jobs:	Avg. Salary:	City Support:
Proctor & Gamble Winton Hills	650 (new) / 300 (ret.)	\$99,665 (new)	\$5,547,982
Christian Moerlein at The Banks	200 / 0	\$28,000 (new)	\$211,357
US Bank-Wooster	70 / 2,518	\$30,056 (ret.)	\$102,671
dunnhumbyUSA	150 / 300	\$130,000 (both)	\$570,662
Graeters	30 / 68	\$30,000 (both)	\$768,274
Burke, Inc.	0 / 125	\$68,000 (ret.)	\$218,640

Kao Brands	30 / 449	\$95,784 (new)	\$190,083
Macy's	125 / 656	\$89,524 (new)	\$1,850,000
P&G Relocation	0 / 650	\$66,200 (ret.)	\$5,547,982
American Red Cross	0 / 115	\$29,000 (ret.)	\$0
MedPace	1,339 / 0	\$70,192 (new)	\$0
Queen City Square Tower	0 / 2,500	\$65,000 (ret.)	\$58,750,000

Neighborhood Projects	New / Retained Jobs:	Avg. Salary:	Loan Amount:
Manna Vegetarian Deli, LLC	2 (new) / 2 (ret.)	\$13,500 (both)	\$150,000
Middle Earth Developers, Inc.	9 / 32	\$26,346.67 (both)	\$360,000
Dalton Marathon, LLC	0 / 5	\$37,420 (ret.)	\$211,000
General Factory Supplies Co. Inc.	0 / 39	\$23,911.54 (ret.)	\$850,000
Culinart, Inc.	3 / 3	\$24,960 (both)	\$152,500
The 639 Building On Main	1 / 5	\$50,000 (both)	\$755,000
American Ecotech	4 / 0	\$49,000 (new)	\$250,000
Green Dog Café, LLC	26 / 0	\$32,808 (new)	\$211,000
Trattoria Roma	2 / 12	\$23,400 (both)	\$251,000
In Between Tavern, LLC	6 / 17	\$24,960 (both)	\$700,000

The City of Cincinnati is not much different than most any other major metropolitan area facing economic challenges today. The good news is that we have strengths that many don't.

The Mayor, City Council and City Manager must continue to face every challenge head on by developing solutions and economic innovations to leverage the resources and tax dollars at their disposal in order to generate a return on the city investment that results in attracting and growing business and job creation.

In addition to using the above noted tools available to transform the city's economic climate, consideration should be given to several other structural hindrances that may be holding the city back. These include:

- Ceremonial Mayor Form of Government vs. Executive Mayor Leadership
- City Manager Form of Government vs. Executive Mayor Leadership
- Four Two-Year City Council Terms vs. Two Four-Year Terms