

Concord Township and city of Painesville

2011 WINNER

PROJECT: Concord-Painesville Joint Economic Development District

HEALTH PAIR

By working together, Concord Township and Painesville have created a stronger, more vibrant area for new businesses.

IN 2009, Lake Health opened the new TriPoint Medical Center in Concord Township to much fanfare, the first entirely new hospital built in North-east Ohio in 28 years. Fast on its heels was University Hospitals' new 60,000-square-foot Concord Health Center, which opened that summer.

Yet Concord Township's neighbor to the north, Painesville, found it difficult to join the celebration. TriPoint Medical Center had replaced the former Lake East Hospital, a part of Painesville since 1904.

The move brought challenges for both communities. Painesville was losing the income tax the hospital generated. Concord Township was facing the increased burden to its utilities, emergency services and infrastructure. But that didn't accompany a tax boost because these hospitals, both non-profits, were exempt from property taxes, a township's only source of tax revenue.

"We knew we had two major medical facilities coming in, we had interest from other businesses, and we knew that our corridor was going to blow up," says Christopher Galloway, a Concord Township trustee. "We were thinking, *What can we do to prepare ourselves?*"

Both communities also had something to offer, and they found a way to collaborate that would ease the blow — a joint economic development district.

The idea originated with Concord Township, which saw the coming growth and wanted a partner to stand by its side in facing it. Painesville was its first choice, and it didn't take long to get to the negotiating table.

"We initially said, 'Yes, it seems like a good opportunity,'" says Rita McMahon, Painesville's city manager. "We wanted to work something out that would be mutually beneficial. We were losing a great deal of income tax, ... and here would be a way to balance some of that cost."

Joint economic development districts are hardly a new concept. Galloway estimates there are about 30 in Ohio, including one

between the city of Akron and Copley Township that goes back nearly 20 years. The arrangement allows two communities to share tax revenue and services and jointly pursue economic development opportunities.

"Painesville is an older community that's very developed," McMahon says. "For large users, we don't have the land area. This offers a way for us to expand."

For all businesses and organizations that locate in the district — currently four and growing, including the two hospitals — a personal income tax is collected at 1.5 percent, down from the 2 percent imposed in Painesville. That tax revenue will likely top \$600,000 in 2011, with revenue split 75-25 in Concord's favor.

In exchange, Painesville is now able to sell water at a reduced rate and electricity — a 15 to 40 percent savings over First Energy, says Galloway — to companies in the joint economic development district. Concord Township is planning for a \$7.5 million road expansion, which would only be possible with additional tax revenue.

"It provides an incentive for businesses to locate here," Galloway says.

A unique element of the Concord Township-Painesville district is that 8 percent of all revenue goes back to the district itself, to head up promotions and other efforts to at-



tract new business. Galloway hopes to create partnerships with area institutions such as Cleveland State University and Case Western Reserve University to attract

startups for incubation.

Now that the joint economic development district is in place, that collaboration is spilling over into other areas, including conversations about other joint ventures, such as emergency services.

"It's established a base of trust and relationship," McMahon says. "That's the key to any collaboration. ... The timing was right, and the issues were complementary."

There's benefit all around in the joint economic development district, agree McMahon and Galloway: for homeowners, businesses and both communities' bottom lines.

"We've eliminated that [infrastructure] burden on our homeowners," says Galloway. "I think we can make our JEDD a piston within the Northeast Ohio economic engine."
— JENNIFER KEIRN

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