

Conventional Wisdom

The County Is About To Spend Hundreds Of Millions On Another Sure Thing. Just Don't Ask Any Questions.

by [Charu Gupta](#)



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Cuyahoga County's political and business leaders have long had a weakness for high-cost, low-concept projects that supposedly will cure the region's economic woes. Remember Gateway and its promise of 28,000 jobs? Perhaps you prefer not to.

This decade's model of the can't-miss scheme is a new convention center and "medical mart," where hospital administrators and other healthcare professionals will convene to see the latest million-dollar machines go ping! It could be the county's largest public investment ever. The current price tag is more than \$500 million of public money; the final tally could near \$1 billion. To generate funds, county commissioners raised sales taxes by 0.25 percent last year.

Since a site-selection committee released its recommendations in August, there have been two public hearings, both of them in the suburbs. It took a Cleveland councilman's insistence to get another meeting added for residents of Cleveland, the city that will host

the development. But whether these meetings even matter is debatable: Only one of the three county commissioners bothered to attend the first two.

The commissioners also appear inclined to use the county's partnership with a private company - Merchandise Mart Properties Inc. of Chicago - as an excuse not to release documents related to the project. The site-selection committee's report, incomplete in many ways, is all that's been made available thus far.

So Cleveland Scene called up the three county commissioners - Peter Lawson Jones, Tim Hagan and Jimmy Dimora - to get their more detailed thoughts on this monumental undertaking. Only Jones, the one who attended the public meetings, spoke up. (Jones is the only commissioner running with opposition for reelection in November.) Dimora pawned us off on County Administrator James McCafferty, who couldn't answer many of our questions. But that's still better than Hagan, who didn't even bother responding to repeated requests for an interview.

A vote by the commissioners on the merits of a convention center/medical mart and its location could come by the end of October. If the final decision reflects the best interests of the region's taxpayers, it might just be a coincidence.

OFFICIALLY, THERE ARE two sites in play: land behind Tower City, on the Cuyahoga River, occupied mainly by parking lots; and the current, city-owned convention center, under Malls B and C downtown. Both were evaluated by the Greater Cleveland Partnership, a coalition of major area businesses.

In August, the GCP's 13-member site-selection committee, formed at the county commissioners' behest, released a report explaining the pros and cons of both locations (available online at www.positivelycleveland.com/media_center/convention_center). The committee also announced that it had voted unanimously in favor of the Tower City location, which is owned by Forest City, whose board chairman, Sam Miller, is a contributor to many campaigns and arguably the most powerful non-elected person in Cleveland.

Among the main reasons cited by the GCP in favor of Tower City were cost (constructing there supposedly will cost \$47 million less than rebuilding over the city's Convention Center) and "connectivity" - referring to the ease with which convention-goers can access area hotels, shops, restaurants and attractions. (The proposal to build there also calls for a network of covered pedestrian walkways and improved rapid transit, in addition to the airport line already serving Tower City.)

So is this a foregone conclusion?

Last week, the county commenced negotiations over a purchase price with both sites. A few days later, Commissioner Jones told The Plain Dealer that it was imperative to reach a deal with Tower City's owners. The PD put Jones' views this way: "Both sides have too much to lose if the deal falls through."

But people familiar with the convention business say they are baffled by GCP's preference.

There's a whole industry dedicated to the logistics of setting up and producing large-scale conventions. These firms are called upon by convention planners to install everything from carpeting to registration booths to lights and signage. The work requires dozens of trucks docked at one time, with the ability to get in and out quickly.

"Without us, there's no convention," says a 40-year veteran who spoke on the condition of anonymity. He's based in Cleveland and works for one of the country's largest convention general contractors. He didn't want his company to suffer any ramifications for his speaking out against the deliberation process so far.

If only a limited number of trucks are able to dock, or if they're slow to enter and leave the convention center, prices go up, the industry veteran says. Given the traffic patterns around Tower City, he says this location doesn't make much sense.

"It's a congested area," with little room for expansion once the center's built, he says. He doesn't see how 20, 30 or 40 trucks can dock or move simultaneously. "We have a limited time to put shows on. I haven't seen a plan or any architectural drawings yet on how they can get it done, or what a convention center behind Tower City would look like."

None of the four major companies in the convention logistics business, the veteran source says, were called on by GCP researchers. "I'm frustrated," he says, "that the people who are [contracted to produce convention shows] haven't been asked about site selection."

In addition to traffic, he says the "connectivity" argument is off-kilter. A Rapid train to the airport as its centerpiece is just "horrible spin," he says. During a citywide convention, only those staying at the limited number of Tower City hotels will take that train. The rest will get taxis. Hunter Morrison was the planning director under mayors George Voinovich and Mike White. He helped shepherd, and touts even today, the nearly \$480 million Gateway sports complex, made up of Progressive Field, Quicken Loans Arena and surrounding parking lots. Morrison also participated in detailed studies and research into a potential Cleveland convention center.

The pedestrian connector plan was one that surfaced under then-Mayor Voinovich, says Morrison, and is one of several problems with the county's work this time around. "It was a very bad idea 20 years ago," he says of covered walkways between buildings. "Unless you're Houston or Minneapolis, with extreme heat or cold, it's bad. It only segregates people economically and racially. The idea has been thoroughly tested and it doesn't work."

Morrison, who advocates for the city's existing convention center location, says the GCP took a close look at certain site costs but didn't do the same for much else.

What are the soil conditions under Tower City? asks Morrison. Where is the comparative analysis? "Let's get some architectural designs, some construction line items, some engineering studies," before making a decision, he says. Let's get some enumerated cost matrices. "What's actually included in the \$500-plus million price tag?"

But that's not how it's going to be done.

Mark Falanga, the senior vice president of MMPI, the county's private partner in this venture, says that is an ideal wish list. Detailed cost estimates and architectural plans would be great, he says, but aren't realistic. "We're managing limited financial resources in a responsible way and are being cognizant of the time that's required to not risk our 'first mover' advantage, and not do everything in an excruciatingly detailed way," he says.

So far, the GCP's 36-page report and its appendices are all that are available for public consumption. By most accounts, those documents will play a meaningful part in the county commissioners' final vote. Calling on Dimora's behalf, County Administrator McCafferty says it's important to remember that these were just recommendations; two sites are still being discussed. "We're doing our due diligence as well," says McCafferty.

Commissioner Jones echoes McCafferty: "I'm still doing my research. I'm looking forward to the research from MMPI."

And Falanga says that his company and the county are in a "collaborative" relationship to get this work done. But it remains unclear which, if any, county staffers, like engineers, budget planners or economic development experts, are working on the project too. That's troubling because any work product developed by MMPI is unlikely to become public record, according to Falanga.

Commissioner Dimora says, through McCafferty, that he expects to see MMPI's business plans before voting, but he won't commit to making them public. THEN THERE ARE THE problematic economic impact figures cited by GCP. Jobs and tax revenue growth is based on the estimated total cost of \$425 million - a price that has since ballooned to \$500-plus million.

Convention-related spending, the GCP says, will be driven by 50 conventions a year, with 5,000 people attending each event, and amount to \$250 million. These are "assumptions," the report notes, and, as Free Times reported last year, it's unknown exactly how many of the hundreds of medical associations listed as potential visitors might ever convene in Cleveland (www.freetimes.com/stories/15/15/the-magical-mystery-medical-mart).

Falanga says MMPI has examined the Cleveland market, as well as the costs and requirements of staging conventions here, but declined to release business plans related to the project.

Fred Nance, the chairman of the GCP, spearheaded the site-selection committee's work and is being paid by county commissioners to represent them in talks with developers and MMPI. Nance did not return repeated calls seeking comment on the GCP report.

That leaves Ed Morrison skeptical. He's a longtime economic development expert who also advises the Center for Regional Development at Purdue University (and is Hunter Morrison's brother). Ed is still waiting to see a full business plan, with Cleveland's economy compared to the convention business.

"I don't think [GCP has done] a very thorough market analysis," says Ed. "Where and how are they planning on getting this market share [of 50 conventions a year and 5,000 people per event]?" Moreover, he says, a business plan would give the impacts of the current economy - \$4 gallons of gas or even internet-based technologies like teleconferencing - on a convention center/medical mart.

All this amounts to huge gaps in the actual economic impact assessments of this project - the whole reason for raising the county sales tax and committing public money in the first place.

"The drive has been to build it," says Michael DeAloia, former Cleveland technology czar under Mayor Jane Campbell. DeAloia says he has not seen any plans "to recruit companies to fill the buildings around a convention center, to build density." DeAloia now works as a senior executive at one of the technology firms he helped bring to Cleveland.

Commissioner Jones says such strategic plans are "a work in progress." No matter where the convention center/medical mart is located, the most important piece is to "catalyze private-sector investment, new hotels, restaurants, businesses," says Jones. "It's why we're doing it.

"When it comes to bad public policy decisions, the Cleveland Browns Stadium is Exhibit A."

The stadium, completed in 1999, cost close to \$300 million -almost \$60 million over budget. It was paid for mostly with excise taxes. There has been no significant retail or job growth since. Another white elephant, Gateway Sports Complex, cost \$480 million in 1994 and came in more than \$135 million over budget. Voters, by a slim margin, passed sin taxes on cigarettes and alcohol to fund the project. Proponents then promised high-paying jobs, housing development and increased tax revenues for schools. Little of it has come to pass. The only part of that area not wholly dependent on games for business is a single tiny block of East Fourth Street, south of Euclid, and no thanks to strategic planning around Gateway a decade ago.

So, says Jones, "There will be ongoing discussions between the county, MMPI, the city [and other business stakeholders] to strategize on a comprehensive economic development strategy."

But no such efforts are currently underway. Falanga says he doesn't see that as MMPI's role. "Our job is to make the facility successful," he says. "That will spark a lot of development from a lot of private developers." The urban planning component of the GCP report doesn't offer much more. It mentions only existing retail and hotel establishments. A more thorough study would include ongoing and future plans to build and recruit additional business, retail and corporate, around the convention center/medical mart.

IN 2003, THEN-COUNCIL President Frank Jackson suggested he would not support a sales tax to build a new convention center. "We cannot put the cost of the convention center on the citizens of Cuyahoga County. We have to figure out a revenue stream that will be paid for mostly by people who don't live in the county," he told The Plain Dealer.

But by last year, Mayor Jackson was asking suburban mayors to support the county commissioners' plan to raise the sales tax. Commissioners are looking at other ways to finance additional costs, already \$26 million over initial estimates.

This about-face is the only public position Jackson has taken on the matter. He's otherwise sat on the sidelines.

Past mayors were much more hands-on, says Hunter Morrison. The city released infrastructure development plans that included convention center proposals in 1990, under Mike White, and 2005, under Jane Campbell. (Morrison is also Campbell's ex-husband.)

DeAloia, who served in the Campbell administration and the first 18 months of Jackson's, says the current mayor seems to have ceded responsibility for the project entirely to the county. A working group of top administration staffers (including Bob Brown, who remains Jackson's planning director) was disbanded soon after Jackson took office, according to DeAloia.

In the administration meetings that did occur during the early months, says DeAloia, there was a consensus to support the Tower City site.

When Cleveland Scene asked to interview Jackson administration officials about this, we were told that no one was available before the stated deadline. Instead, e-mailed responses to questions were provided. When the deadline was extended, the administration chose to stand by its canned replies. Such as:

"From the beginning, Mayor Jackson supported having a process conducted by an independent committee to evaluate the best location to put the Medical Mart and the Convention Center. The GCP made an informed choice regarding the location of the convention center and he supports the outcome of the process."

We were able to get Chief of Staff Ken Silliman to address one lingering question: What will become of the existing, 375,000-square-foot convention center at Malls B and C?

"We are not worried," he says. "We're confident we can use the facility." But could it break even or profit? "Let's put it this way, if the convention center goes to Tower City, we can make productive use of the facility that will benefit the city," says Silliman. He floated only one idea: expand use as a movie and TV production facility. He also insisted that the mall site would not become a money pit for Cleveland taxpayers.

Not everyone is so confident.

Already, the Jackson administration has asked for \$2 million in capital upgrades for the aging convention center - to be paid for with bonds, not the hotel bed taxes and event service charges that currently cover operating costs.

So where will future maintenance and renovation costs come from? That remains to be seen.

"Cleveland is a very poor city and will be left with a major liability," says former planning director Hunter Morrison. "Business and political leaders have not yet addressed that issue - what do you do with a significant public asset, especially with a city and region under great stress?"

Commissioner Jones says he's cognizant of that fact. "We have to take into account the costs of that facility," he says. "When we consider the total convention center/medical mart costs, we should consider the costs of the mall site's future, especially if we go with another site. At least for me, that will be part of the ultimate calculation."

Will it be for Dimora and Hagan as well? They won't return our phone calls. We'd suggest asking them at the next public meeting - if we thought they'd attend.

Too much is at stake for them to remain silent on these questions. "A public investment of this magnitude needs to be much more rigorous," says Hunter Morrison. "There are too many unanswered questions. The taxpayers need to ask some hard questions of the county commissioners. And there are answers out there. We didn't start studying this yesterday."