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## Does a Mayor Make a Difference in a City's Economic Performance? The case of Akron, Ohio

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**Does a Mayor Make a Difference in a City's Economic Performance?  
The case of Akron, Ohio**

Edward (Ned) Hill

May 6, 2009

**Author's Note:**

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# **Does a Mayor Make a Difference in a City's Economic Performance? The case of Akron, Ohio**

## **Abstract**

Can a mayor make a difference in a city's long-term economic performance? Mayors have been observed making a difference in case studies and in press accounts but it is nearly impossible to link the economic performance of a particular city to the actions of a specific mayor. Terms are frequently too short and cause and effect cannot be disentangled. The term of Akron's Mayor Donald Plusquellic offers an opportunity to make the connection. The mayor's length of service is long, data are available, and comparable cities and metropolitan areas exist to act as informal controls for other structural explanations for the observed outcome. It is observed that the number of jobs held by Akron's residents grew from 1990 to 2007. This fact is compared to 29 other large central cities. Only eight of the 29 comparable cities experienced growth; Columbus being the only other city on Ohio. This paper examines the ways in which the city of Akron, under Plusquellic's leadership affected the city's economic performance.

## **Does a Mayor Make a Difference in a City's Economic Performance? The case of Akron, Ohio**

Edward (Ned) Hill

The 2007 recession is global, and it will have long-lasting impacts on central cities and regions, especially those with large numbers of jobs in the old domestic automobile assembly, home construction, and finance industries, and each of these industry's supply chains. This recession will most likely resemble that of the "double dip" recession of 1980 to 1982 in that cities and regions that house industries that are being restructured will face secular change in their industrial structure, not just cyclical fluctuations in employment. The recession of the 1980s ripped through cities and regional economies with deep roots in unionized durable goods manufacturing—steel and other metals, glass, rubber, autos, and machine tools. Some of these cities made a transition to a new economic base; others did not.

What was learned from the outcomes from the disruptive shocks of the 1980s that could be used to think about the recovery that will start in 2010? First, the transition to a new economic base takes a long time, often 20 years, and some regional economies will never regain their previous peak employment levels. Second, there is a direct correlation between increasing incomes, job generation, and the percent of a region's population with bachelor's degrees or better.<sup>1</sup> Even those with lower levels of educational attainment benefit from living in a regional

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<sup>1</sup> The *Wall Street Journal* (Evans, 2009) wrote that Edward Glaeser demonstrated that as the share of the adult population with college degrees in a city increases by 10%, wages correspondingly rise by about 7.8%. Also see Blumenthal, Wolman and Hill (2009), Cortright (2009), Glaeser and Saiz (2003), Glaeser and Berry (2005), and Gottlieb and Fogarty (2003).

economy with a large pool of highly educated workers. Third, new products that drive the economic recovery of regional economies frequently have their roots in the region's former industrial base.

An educated workforce and innovative firms located in a vibrant urban setting with quality residential amenities are clearly required for a region to successfully transition from one industrial era to a follow-on era. But how are these building blocks put into place? Can good leadership make a difference in catalyzing and navigating a city's economic transition?

Recently George Washington University's Harold Wolman and I led a research team that made case study visits to seven states to look at the connection between state policy and a city's economic performance.<sup>2</sup> We selected cities that either markedly outperformed or underperformed the results predicted by a statistical model. As the research team traveled the nation, we were struck by how, in different cities at different times, transformational leadership permanently affected the politics and economic performance of cities and their regions. This leadership came from different sectors. The leadership in Charlotte came from the private sector; in the Illinois cities of Aurora and Chicago as well as in Portland, Oregon, mayors took the lead in forming meaningful visions of their city's future. Common to all of these leaders is that they led coalitions that put in place the building blocks that supported new economic purposes for their cities and regions.

The research team observed that transformational leaders set in place pragmatic strategies, based on achievable visions of the future. Mayors influenced

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<sup>2</sup> Wolman et al. (2007).

the local investment climate by working with their departments, city councils, school boards, and investors to create the raw materials that the economy uses. They took political risks, making large and frequently controversial investments that gave meaning to their overarching visions. The difference is that the investments were in activities that build economies or fundamentally changed the value of critical parcels of land in the city.

Verifying these observations statistically proved to be hard to do because the terms of these leaders were frequently short and did not coincide with the economic transformation; they frequently preceded the physical manifestations of change. Rare is the opportunity to examine the arc of a mayoral career and see if one person had a statistically verifiable economic impact. Such an opportunity exists in Akron, Ohio. The mayor's length of service is long, data are available, and comparable cities and metropolitan areas exist to act as informal controls for other structural explanations for the observed outcome.

### **Donald Plusquellic and Akron, Ohio**

Donald Plusquellic was elected mayor of Akron in 1987, making him one of the longest-serving mayors of a major American city in recent history. His election predates the 1989 election of Chicago's Richard M. Daley and the 1993 election of Boston's Thomas Menino. Louisville, Kentucky's Jerry Abramson served as that city's mayor from 1985 to 1998 (he was forced out of office by the dead hand of term-limits). Abramson resumed his service when he was elected the first mayor of metropolitan Louisville in 2002.

Akron has changed dramatically since Plusquellic was elected to city council in 1973. At that time, Akron's tire plants, known locally as rubber shops, were operating, and the American tire industry was just starting to wake up to the threat to its bias-tire franchise from European radial tire manufacturers Michelin and Continental and Japan's Bridgestone. Just as the domestic companies had to decide where to invest in this new tire technology, Akron was hit with a four-month strike by the United Rubber Workers Union. The strike settled once and for all where the domestic industry's new investments in production capacity would be made—and that was not in Akron. The plants were erected in the South, in right-to-work states near essential raw materials for tire making, oil and natural gas.

The last of the big rubber shops closed in 1982, and the companies themselves started to fall soon after, taking with them their Akron-located headquarters employment.<sup>3</sup> Continental bought General Tire in 1987, establishing its U.S. headquarters in Charlotte, North Carolina.<sup>4</sup> Firestone sold to Bridgestone in 1988, and its corporate headquarters headed off to Nashville. B.F. Goodrich's tire operations were sold to Michelin from 1988 to 1990, and its industrial and specialty chemical divisions were also sold. Goodrich later merged its existing aircraft landing gear operations with its rival Coltec and acquired TRW Aeronautical Systems division in 2002. Goodrich now bills itself as an aviation company, and its headquarters location is Charlotte, North Carolina.

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<sup>3</sup> See Shanahan and Goe (1988) and Giffels (2007).

<sup>4</sup> The company opened its newest headquarters in 2009 in Lancaster County, South Carolina, just south of Charlotte. The headquarters is part of the automotive cluster that South Carolina is building around BMW's Spartanburg assembly plant.

Goodyear is the last tire company headquartered in Akron, but it kept no major production in the city. However, both Goodyear and Bridgestone maintain research and development facilities in the city due, in no small measure, to their dependence on the University of Akron's nationally prominent polymer science program for research and engineering talent.

Akron's population has followed the path of many formerly industrial cities in the Northeast and Midwest. From 1970 to 1990, the city's population dropped by nearly 20 percent, and over the next 15 years, it declined by another 10.6 percent. Reporter David Giffels laid out the impact on Akron in his entry on that city in *The American Midwest* encyclopedia. Downtown, he wrote, was "shuttered and desolate in the late 1980s." This is the time of Plusquellic's 1987 election as mayor.

Given the decline in the city's linchpin industry and the outmigration of population, can an argument be made that Akron's mayor made a difference in the area's long-term economic performance? The answer is yes; data indicate that the mayor made a positive difference.

## **Data and Analysis**

Table 1 lists all of the large cities in Ohio and in its surrounding states. The right-most column lists the estimated percentage change in employed city residents from 1990 to 2007.<sup>5</sup> The data begin in 1990, which is close to Plusquellic's first year

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<sup>5</sup> The data are annual averages derived from the U.S. Bureau of the Census, Current Population Survey, and were obtained from the U.S. Department of Housing and Urban Development's State of the City Data System (SOCDS). The data series begins in 1990 and ends in 2007. Retrieved from: [http://socds.huduser.org/Bls\\_la.us](http://socds.huduser.org/Bls_la.us)



in office (1988). The data for 2008 were not available in March 2009 when the table was constructed.

The table also lists the number of employed residents of each Metropolitan Statistical Area in 1990, followed by the number of the core city's employed residents in 1990, the city's percentage share of the metropolitan area's employed residents in 1990, the number of employed residents in 2007, and the percent change in the number of employed residents from 1990 to 2007.

Cities in Ohio and the surrounding states were selected to provide a rough control for region. All mid-sized to large central cities of metropolitan areas were selected with the exception of New York City. (Upstate New York has much more in common with the industrial Midwest than with the Big Apple.) The cities selected had to be in a metropolitan area with more than 125,000 employed residents in 1990.<sup>6</sup> In metropolitan areas with twin central cities, only the data for the larger city were included. Because the question revolves around the effectiveness of a mayor, it did not make sense to combine the data for the primary and secondary central city.

The screening resulted in data being collected from 29 cities, excluding Akron. Six of Ohio's central cities were selected; four from Indiana (Gary was included even though it is part of the Chicago Consolidated Metropolitan Area), two from Kentucky, five from Michigan, four from upstate New York, and eight from Pennsylvania. The combined number of employed residents in these cities in 2007

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<sup>6</sup> This eliminated all cities in West Virginia.

was nearly 3.8 million people. From 1990 to 2007, the growth rate of employed residents, when all of the 29 comparison cities were combined, was -1.9 percent.

## **Results**

Akron and Columbus were the only major cities in Ohio that experienced growth in the number of employed residents from 1990 to 2007, placing them in rare company in the Midwest. Over that time period, the number of Akron's city residents who were employed increased by 4.4 percent, or 4,286.

Only eight of the 29 comparison cities experienced growth in the number of residents who were employed at the end of this 17-year time period. Additionally, nearly all of the comparison cities had at least one of three major advantages over Akron in gaining this achievement: (1) the state's flagship public university was located in the core city, (2) the location of the exit ramps of the region's major circumferential, or ring, highway was located in the core city, or (3) the core city engaged in aggressive geographic expansion through annexation, thereby incorporating both employment and residents who were likely to be employed.

Three of the cities host their state's flagship public university: Columbus, Ann Arbor, and Lexington. Akron does not.

Table 1  
**Employment & employment change, for residents of Akron and its regional peer group: 1990-2007**

City	Employed residents		Central City employment as % of Metro Area: 1990	Employed residents	
	MSA 1990	City 1990		City 2007	% Change City
<b>Akron</b>	<b>315,587</b>	<b>97,182</b>	<b>30.8</b>	<b>101,468</b>	<b>4.4</b>
<b>Ohio</b>					
Cincinnati	902,833	164,168	18.2	156,962	-4.4
Cleveland	977,409	185,081	18.9	172,845	-6.6
Columbus**	728,058	336,824	46.3	397,930	18.1
Dayton	402,696	72,648	18.0	65,219	-10.2
Toledo	305,426	144,531	47.3	134,885	-6.7
Youngstown	262,210	30,996	11.8	29,283	-5.5
<b>Indiana</b>					
Gary	3,999,893	40,812	1.0	33,316	-18.4
Fort Wayne	182,609	86,778	47.5	120,488	38.8
Indianapolis**	671,589	377,387	56.2	400,122	6.0
South Bend*	142,197	48,364	34.0	45,084	-6.8
<b>Kentucky</b>					
Lexington	184,706	122,655	66.4	144,393	17.7
Louisville	521,646	333,170	63.9	340,011	2.1
<b>Michigan</b>					
Ann Arbor	151,177	59,470	39.3	61,860	4.0
Detroit	1,944,008	340,569	17.5	311,302	-8.6
Grand Rapids	318,654	88,406	27.7	96,654	9.3
Kalamazoo	144,810	37,195	25.7	37,622	1.1
Lansing**	219,693	60,839	27.7	60,751	-0.1
<b>New York</b>					
Albany**	411,118	50,996	12.4	44,763	-12.2
Buffalo	553,135	133,506	24.1	111,519	-16.5
Rochester	505,187	104,732	20.7	88,504	-15.5
Syracuse	321,036	72,126	22.5	60,089	-16.7
<b>Pennsylvania</b>					
Allentown*	335,396	50,147	15.0	47,470	-5.3
Erie	125,789	47,249	37.6	45,371	-4.0
Harrisburg**	250,024	23,650	9.5	21,127	-10.7
Lancaster	217,227	25,415	11.7	24,981	-1.7
Philadelphia	2,618,325	655,742	25.0	577,782	-11.9
Pittsburgh	1,090,296	156,977	14.4	143,804	-8.4
Scranton*	256,353	34,655	13.5	33,187	-4.2
York	178,761	19,101	10.7	17,677	-7.5

Notes: \* When multiple central cities in MSA the one with more employed residents in 1990 was used \*\* State capitol  
Source: U.S. Bureau of the Census, Current Population Survey, retrieved 03/16/09 from HUD User, SOCDs

Most of the comparison cities that grew have the exit ramps of their major circumferential interstate highway within their borders, complete with green fields that were ready for development during the 1970s and 1980s. Akron did not; as is also true for Ann Arbor and Grand Rapids in Michigan.

Five of the cities have aggressively used annexation to incorporate large portions of their surrounding counties into their city limits: Columbus, Fort Wayne, Louisville, Lexington, and Indianapolis. Fort Wayne is explicit in its strategy, stating on its Web page:

*“Since the early 1950’s Fort Wayne has extensively utilized annexation as a tool to keep up with the patterns of suburban sprawl. In fact, over 175 individual annexations have been initiated by Fort Wayne over the past five decades. These annexations included both voluntary and involuntary annexations.”*

While it is technically possible for Akron to expand through annexation, and it did so to a limited extent in the 1980s, the political process is daunting. One of the motivations citizens had for changing Summit County’s government to an unusual manager-council form was to limit annexation of unincorporated territory by municipalities in the county.<sup>7</sup> Kendrick (1984, 294) wrote that Akron’s attempts at annexation had been “relentlessly fought, frequently to a virtual standstill, by all affected unincorporated areas.” As a result of county charter reform, Akron chose not to address the fiscal consequences of sprawl through annexation. It has instead invented a legal device of joint economic development districts that trade access to city-supported infrastructure for suburban revenue. This will be examined below.

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<sup>7</sup> See Kendrick (1984) and Lieberman (1984).

Akron has more in keeping with the two mid-sized diversified manufacturing cities in this group of peers: Grand Rapids and Kalamazoo, Michigan. Grand Rapids rises and falls with the fortune of its leading industry, office furniture, which was in decline in 1990. Kalamazoo, like Akron, lost its major employer when Upjohn Pharmaceutical merged and closed its headquarters, research, and some of its production operations. Since then, the city has had to rely on a diversified economic development strategy and has reinforced its positioning in the local real estate market with the Kalamazoo Promise.<sup>8</sup>

The Brookings Institution's Elizabeth Kneebone recently classified Akron as a "moderately decentralized" small metropolitan area.<sup>9</sup> (See Table 2.) She reached this conclusion by examining the pattern of change in the location of jobs within metropolitan areas. More than a quarter of the Akron metropolitan area's jobs are located within three miles of the city's downtown, and nearly 70 percent are within 10 miles of downtown. Akron's metropolitan area is fairly compact with a large concentration of work near the region's core, giving residents of the city access to large pools of work. This provides employment opportunities for the city's residents. However, though the city's share of regional employment is a geographic characteristic shared with both Toledo and Dayton, these cities experienced a decline in the number of employed residents. There are two critical differences

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<sup>8</sup> The Kalamazoo Promise is a guaranteed offer of a full college scholarship covering tuition and mandatory fees to every graduate of the Kalamazoo Public School District. While it is being promoted as an economic development strategy, it is really a community development strategy designed to improve the position of the Kalamazoo School District in the regional real estate market and to improve the market share of the Public School District in the regional educational market. For research related to the Kalamazoo Promise, see the W. E. Upjohn Institute for Employment Research's compilation: <http://www.upjohninst.org/promise/index.htm>

<sup>9</sup> Kneebone (2009), Table 5, page 12.

between Akron and the other metropolitan areas; (1) the overall level of employment grew in the Akron metropolitan area, and (2) from 1998 to 2006 the three- to 10-mile ring around downtown Akron grew both in terms of the absolute number of jobs and in the share of the region's jobs located there.<sup>10</sup>

What can account for the growth in employment among Akron's residents over this time period? The three factors that are usually given for an increase in the number of jobs in a city have been ruled out. (1) Despite the excellence of the University of Akron's Polymer College, the university's enrollment has increased only by two percent to three percent over this time period. (2) Akron cannot annex employment for its residents or annex desirable neighborhoods that house workers who are easiest to employ. And, (3) Akron has not made a Kalamazoo-like promise to encourage the region's middle-class residents to live in the city.<sup>11</sup>

The residual explanation for the city's success in economic development is that it did many small things right that encouraged job generation and maintained a working residential population. There are factors both on the demand side of the local labor market (the location of work) and supply side of the market (the residential location of workers) that have been the subject of mayoral leadership and consistent public investment. The city courted investment to encourage job

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<sup>10</sup> Also see Hill and Brennan (2005).

<sup>11</sup> In the 2008 general election Mayor Plusquellic introduced a ballot initiative to lease the city's sewer system for 99 years to provide scholarships to all qualified Akron high school graduate to attend either the University of Akron or an approved technical or trade school located in the city of Akron. The initiative was opposed by the American Federation of State, County and Municipal Workers (AFSCME), the American Friends Service Committee (AFSC) and was defeated in the November 2008 general election with 62 percent of the voters opposing the issue. See League of Women Voters of the Akron Area (2008).

formation, invested in neighborhoods to retain an employable residential population, and connected residents to work.

Table 2

**Change in the geographic distribution of jobs in large metro areas, 1998 to 2006**

City	Total jobs within 35 miles of downtown in 2006	2006 % share of jobs		Change from 1998 to 2006			
		within 3 miles of	3 to 10 miles of	Jobs within 35 miles of downtown	% change in the share of jobs		
		downtown			within 3 miles	3- 10 miles	> 10 miles
<b>Akron</b>	<b>300,323</b>	<b>25.1</b>	<b>44.0</b>	<b>10,301</b>	<b>-3.7</b>	<b>0.8</b>	<b>2.9</b>
<b>Ohio</b>							
Cincinnati	917,480	17.1	30.6	40,984	-3.3	-0.8	4.1
Cleveland	959,388	16.2	38.1	-40,986	-1.8	-0.8	2.5
Columbus**	774,127	19.3	45.0	44,141	-3.9	-2.3	6.1
Dayton	361,810	23.8	54.4	-10,019	-2.3	1.5	0.8
Toledo	282,840	25.8	54.3	3,755	-0.9	0.3	0.6
Youngstown	214,663	17.1	37.3	-17,528	-0.2	3.1	-2.8
<b>Indiana</b>							
Indianapolis**	797,418	21.0	45.4	77,121	-3.0	-2.9	5.9
<b>Kentucky</b>							
Lexington	214,579	48.0	25.9	18,282	-2.6	1.9	0.7
Louisville	539,783	27.8	50.5	17,948	-2.8	-0.4	3.2
<b>Michigan</b>							
Detroit	1,679,362	7.0	15.7	-107,701	-0.3	-2.8	3.1
Grand Rapids	344,745	27.8	56.9	2,288	-2.6	1.4	1.2
Lansing**	165,542	39.0	44.6	-929	-5.6	4.8	0.8
<b>New York</b>							
Albany**	333,252	24.0	39.8	34,071	-1.2	-1.0	2.2
Buffalo	478,466	19.5	51.1	13,844	-1.8	0.6	1.2
Rochester	416,823	32.0	47.3	907	-1.9	0.4	1.5
Syracuse	253,476	37.7	40.4	-8,965	-1.1	-0.4	1.6
<b>Pennsylvania</b>							
Allentown*	289,827	26.4	44.1	19,801	-1.9	1.9	-0.1
Harrisburg**	263,917	29.4	41.9	10,592	-0.9	1.0	-0.1
Lancaster	221,687	29.7	37.9	20,606	-1.9	1.2	0.7
Philadelphia	2,460,205	15.5	20.8	147,161	-1.3	-1.7	3.0
Pittsburgh	1,008,801	25.9	29.1	35,651	-1.1	-0.6	1.7

Source: Kneebone (April, 2009)

In other words, Akron has scrapped and fought to revitalize its employment base. While no formal economic development vision statement can be found, the city's development strategy is revealed in investments made and risks taken.

**Recipe for Downtown Akron Version 3.0:  
Eds, meds, visitors, parking, and the potential for a new neighborhood**

Akron is building the third version of its downtown.<sup>12</sup> The mayor has led an effort, with substantial collaborative leadership from the Summit County Administrator and the long-serving president of the University of Akron, to provide a new economic purpose for the city's downtown. The starting point was to invest in traffic generators in the downtown area, which are culminating in the beginnings of a downtown mixed-use neighborhood. This was accompanied by major housing investments in the city's neighborhoods outside of the downtown core. The third part of the strategy was to use the city's water department as a leverage point to generate wage tax revenues from suburban development.

The regeneration of Akron's downtown is all predicated on a dramatic risk that Mayor Plusquellic took to reengineer the future of Akron's downtown; a step that enabled this redevelopment to take place. The city, along with Summit County, purchased large portions to the then failed downtown Akron. This allowed the city

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<sup>12</sup> Akron's original economic purpose was provided by the Erie Canal. The city is located at the canal's high point, and there was a large concentration of locks in the city to get the canal barges over the hill. The city grew because it took a day for a barge to work its way through the lock system, and a market town developed because merchants could service the canal in both directions. The drop later provided waterpower to the mills. The result is that the center of Akron grew up along the canal and the rubber shops followed the same development pattern. Akron's current revitalization efforts can be thought of as downtown 3.0. Version 1.0 was a mercantile break-in-bulk point powered by the canal. In Version 2.0, downtown was a center of heavy manufacturing, offices, and retail that catered to customers who could either walk downtown or take the streetcar railway. Version 3.0 is a work in progress, one that will be a knowledge fulcrum and amenity-centered mixed-use neighborhood.



to control a large share of downtown parking that was later used as a development asset. It allowed for new land uses that will be discussed below. And, it set the stage for Downtown Akron version 3.0.

The mayor has been a persistent advocate of investing in the city's downtown, encouraging the conversion of former rubber shops, beginning with the downtown B.F. Goodrich plant's conversion into 35-acre Canal Place in 1993. The Goodrich plant was slated to be demolished in 1988, but was instead acquired by Stuart Lichter's Covington Capital group with the encouragement of the mayor and rehabilitated into a complex that now houses more than 85 companies and 2,500 people. Canal Place serves as a combination incubator and mixed-use office complex. Among the larger tenants is Advanced Elastomer Systems, which relocated its headquarters from St. Louis, and locally owned GoJo Industries, an international manufacturer of Purell and other skin care products and dispensers.

Other downtown projects saw Summa Health Systems erect a new building on the site of the former Portage Hotel, and the five-story Main Place building was constructed on vacant land the city owned and turned into a multi-tenant building. The Summa System and Akron's Children's Hospital have been important sources of job generation for Akron's residents.

Canal Park, a minor league ballpark, opened with city assistance in 1997. The city's art museum added a new building in 2007. And, the mayor and president of the University of Akron have worked to integrate the university's campus and

downtown.<sup>13</sup> Merging of the university campus with Akron's traditional downtown began with the conversion of an abandoned downtown department store into university offices and classrooms, and then moved on to the revitalization of the campus and the immediate campus neighborhood. Now the university is building a downtown football stadium and converting a failed downtown retail-hotel complex into student housing. The campus and downtown are being blended.

While the number of students attending the University of Akron has not increased a great deal, its residential population appears to have grown, and it is a contributor to the revitalization of Akron's core. Increasing the university's undergraduate and graduate residential student body generates work opportunities for Akron's residents.

The University of Akron has played another important role in increasing employment for Akron's residents, and this revolves around its Polymer and Engineering Colleges and its award-winning technology transfer operation. Firms that rely on polymer engineering and science have set up laboratories to take advantage of the intellectual capital housed at the university and the stream of talent that the university produces. There has been a blending of technologically oriented firms that locate in the city to take advantage of the university's products in addition to companies that locate in the city to service the two large tire research complexes. The city of Akron states that 400 polymer-related companies are located in the Akron metropolitan area, employing more than 35,000 people.

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<sup>13</sup> For more on the role of the "eds and meds" in city-located employment growth, see Bartik and Erickcek (2008).

Northeast Ohio is home to about 1,400 polymer companies with sales of about \$50 billion.

The city's downtown retail decamped for the suburbs in mid-century and will not return. In its place, the city of Akron has invested in creating new economic reasons for the existence and revitalization of its traditional downtown. This is downtown Akron 3.0.

The city has consistently worked with the National Park Service to bring the Ohio and Erie Towpath Trail through the city, using it as a recreational and cultural amenity that serves as a catalyst for new housing development and as part of a locally-oriented tourist industry that uses the park, art museum, Inventors Hall of Fame, regional convention center, library, and ballpark as traffic generators. Not all of these attractions will prove to be successful, but the point is not to figure out which was the wise investment and which was a speculative bet. This is a distinction that is only known in hindsight. What is to be learned from Akron is that the investments are a foundation for rebuilding a downtown neighborhood of employees, students, and locally generated daytime visitors, coupled with an emerging group of adult residents. The University of Akron's football stadium and dorm complex in Quaker Square will soon be added to the mix.

Commuting times to the center of Akron and to Akron's major employers from high-quality suburban residential neighborhoods are measured in minutes. Therefore, the city cannot offer short commuting times to work as a motivation to market a new residential downtown. Instead, it has to build amenities and distinctive lifestyle experiences as part of the value proposition that can establish a

market for downtown living. To succeed, Akron needs to market a residential experience that blends access to a revitalized university campus and its entertainment and cultural amenities, with unique recreational amenities that have more than a dose of authentic history. The challenge to both the city and to the market will be to integrate the lifestyles of active empty nesters with young adults and university employees who desire easy access to their offices and labs with college students who want easy access to their classes, bars, and dates—undergraduates frequently make terrible neighbors.

In 2008 and 2009 the city concluded major deals with the state of Ohio to retain the research and development facilities of Bridgestone Tire and the world headquarters and research facilities of Goodyear Tire.<sup>14</sup> This was a clear partnership between the city and county government. As mentioned above, the polymer engineering talent at the University of Akron made Akron a “sticky” location for the research activities. It was easier to conceive of the resulting mixed-use development by using Canal Place as a model for a mixed-use development and with the involvement of the same development team.

The city of Akron uses a surprisingly simple development tool to allow downtown office space to compete with suburban office development. The city controls about half of the parking in the downtown area. This allows it to include parking spaces in development packages with potential office space users. Potential tenants have grown accustomed to “free” parking spaces in suburban building complexes, not recognizing that the parking fee is bundled into the office rent. To

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<sup>14</sup> Arend (2009).

offset the perceptual advantages that suburban parking offers, the city packages parking spaces to support downtown office occupancy so that the tenant can enjoy the perception of free parking.

According to the city of Akron, the percentage of the city's income tax revenues collected from downtown businesses compared to total city collections nearly doubled from 1991 to 2008, growing from 14.3 percent of citywide collections in 1991 to 27.16 percent in 2008. Another sign of the payoff from the city's investments in building Akron's Downtown Version 3.0 is that, as the city's total collections declined in 2008 by 1.5 percent, collections from downtown businesses increased by 1.9 percent.<sup>15</sup>

### **Innovative Economic Development Tools: JEDDs, international marketing, and Brownfield redevelopment – a strategic path to jobs and tax revenue**

Akron has used modern waterpower wisely. Ohio's municipalities are able to tax the incomes of both their residents and those who work within the municipality's borders. Townships are not allowed to assess an income tax. However, as Ohio's commercial and industrial development moves into suburban areas, this revenue source has become less elastic. As noted earlier, Akron does not annex areas that are in the path of development. To compensate for the loss in potential wage tax revenue, the city extends its water and sewer service to outlying jurisdictions only if it receives a slice of the local wage tax in return through a device called a Joint Economic Development District, or JEDD. The state of Ohio enabled the creation of JEDDs in 1993 at the prompting of Mayor Plusquellic and initially

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<sup>15</sup> Communication from the City of Akron, Office of Economic Development received March 2009.

restricted their use to Summit County.<sup>16</sup> Townships can assess wage taxes through the JEDD, providing a second incentive to this form of interjurisdictional cooperation.

Akron established its first three JEDDs in Copley, Coventry, and Springfield Townships in 1995, followed by the Bath-Fairlawn JEDD in 1999. The number of business accounts in those areas has grown from approximately 1,200 to nearly 2,100. In addition, the initial years of income tax collections in all the JEDDs has gone from about \$6.7 million to over \$16 million annually.<sup>17</sup> The city has also been able to build several industrial parks within the JEDDs and two recreational projects.

Akron receives several benefits from the JEDDs. Most important to the city is the receipt of wage tax revenues that partially cushion the impact of suburban sprawl in an environment where annexation is impossible. This supports city services and allows the city to maintain competitive tax rates for companies and residents inside the city's limits. The JEDDs also provide an incentive for the city to join the county and regional Chamber of Commerce in marketing the city and region to companies.

The city's economic development staff has also led cities in Ohio in consistent representation or presence in international business development. The city has attended a major industrial trade fair in Hanover, Germany since 1994, which the city's economic development director credits with the creation of 5,200 jobs and the

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<sup>16</sup> See Civittolo (no date) and Ohio Department of Development (no date).

<sup>17</sup> Communication from the City of Akron, Department of Economic Development, *ibid.*

attraction of 40 international companies.<sup>18</sup> The city has also invested \$500,000 in a technology incubator in Israel, which was matched by another \$1 million by other regional sources, with the understanding that any U.S. expansion undertaken by companies that have benefited from the incubator will be made in Akron. The city is also working on an incubator in its sister city of Chemnitz in Germany and a biotech incubator in Helsinki, Finland. These international incubator efforts are targeting bio-medical applications, renewable energy, and information technologies. The mayor is open in acknowledging that these investments are in reaction to Thomas Friedman's book titled *The World is Flat*.

There is a deeper logic to the Israeli investment than to find foreign start-ups and invest in them. That would be a faddish and foolish shot in the dark. Israeli technology firms have a strong record of spinning off technology-based firms and investment activities into the United States. Israel is a small country that is under constant threat, and companies with production facilities have to plan for the possibility of either an attack or war disrupting production. Israeli companies look to the United States as a large and friendly market, and they also look at the United States as a secure location for production.

In searching for other locations to replicate the investment Akron's economic development department is investigating places where they either have a relationship (such as their sister city Chemnitz) or places with small domestic markets with a solid track record in technological development, a weaker record of

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<sup>18</sup> See Warsmith (April 26, 2009).

deploying that technology into products, and weak track records of gaining access to the North American market.

Mayor Plusquellic has positioned Akron so that it has become the state's largest recipient of funds under the Clean Ohio program. Clean Ohio is a statewide program designed to take Brownfields, clean them, and to redeploy the land as a competitive development asset. Akron has become the state's acknowledged expert community on how to use the funds and they are part of the financing package that made the Bridgestone and Goodyear redevelopment efforts possible. No other city in the state has a person dedicated fulltime to using this funding source, and it is reaping the rewards.

When it comes to economic development, the mayor of Akron is both an activist and a pragmatist. He and his development team have invented economic development tools, maintained a consistent international presence, and displayed an inventiveness to deepen the demand for Akron's land and labor. It is a constant effort at economic development product improvement.

### **Neighborhoods and Schools**

There is more than formal economic development in the vision of the mayor of Akron. He has focused on investing in the city's neighborhoods. One of Akron's advantages, when compared to other major central cities in Ohio, is that it has been able to retain a diverse population in terms of income. Data reveal Akron's current strengths and also the danger that awaits the city. (See Tables 3 and 4.)



Table 3  
Income Characteristics of the Population of Ohio's Large Cities

City	Percent of Families with Middle Incomes*		
	1989	1999	Change: 1989-1999
Akron	61.4	61.7	0.3
Cincinnati	53.9	52.9	-1.0
Cleveland	54.9	53.7	-1.2
Columbus	63.5	63.1	-0.4
Dayton	57.5	57.5	0.0
Toledo	61.4	62.1	0.7
Youngstown	55.3	55.8	0.5

\*Middle Income is defined as in the middle 60 percent of the national income distribution.

Source: State of the Cities Data System (SOCDS) from U.S. Bureau of the Census, Census of Population.

Table 4  
2003 Poverty Rate in Ohio's Large Cities

City	2003 Poverty Rate
Akron	19.9
Cincinnati	21.2
Cleveland	27.1
Columbus	15.1
Dayton	22.2
Toledo	16.6
Youngstown	25.2

Source: State of the Cities Data System (SOCDS) from U.S. Bureau of the Census, American Community Survey,

Akron, Columbus, and Toledo are Ohio's large central cities that have more than 60 percent of their families with incomes in the middle of the national income distribution. But Akron also had a poverty rate in 2003 that was estimated at 19.9 percent of all residents, the highest of the three mentioned above. This means that Akron lacks the high-income residents of Columbus (only 9.7 percent of Akron's families were in the top 20 percent of the national income distribution compared to

14.8 percent for Columbus and 14.3 percent for Cincinnati). The relative good news for Akron is that it is less exposed to substantial income losses from the auto industry that await Toledo.

To ensure the stability of the city's residential neighborhoods, the mayor led a campaign in 2003 to impose a 0.25 percent increase in the city's wage tax to pay for the city's share of a state-sponsored school-rebuilding program. The estimated cost of rebuilding the city's 58 schools is \$800 million, with the state picking up 59 percent of the cost.<sup>19</sup> The city has also invested more than \$56,000,000 in rehabilitating older homes during the mayor's tenure. In the past 12 years, the city has partnered with non-profit and private builders to construct more than 415 new homes, and the city has seen the construction of eight new neighborhood community centers.

The city has invested in its downtown and received increased tax revenues in return. The city has aggressively attracted international investment and seen growth in jobs for Akron residents. The city has invested in its schools, which are key to retaining its middle class. And, it has also invested in the city's neighborhoods. The payoff will be in the retention of the city's middle-income families. This is a payoff that is not assured.

Akron is on a knife edge. It either invests in a disciplined way in its future, or faces certain decline. It either invests in schools and residential assets to retain its middle class, invests to attract new higher-income families to an amenity-rich downtown residential neighborhood, or risks losing the city. It either continues its aggressive economic development activities or faces certain job and tax loss.

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<sup>19</sup> Grady et al. (2007).

## **Conclusion**

Mayor Plusquellic is a pragmatist who understands that a city needs to invest in itself if it is to survive. He has also been able to take advantage of his long tenure to patiently rebuild an economy.

- The JEDDs are a long-term strategy to capture city revenue from suburban development. They are clearly working.
- Downtown investment has resulted in a competitive office market and the ingredients for a niche residential market that uses access to work, the university's presence, and recreational and cultural amenities to justify residential investments. There is a demonstrated return on the investment.
- A strategic approach to economic development that engages foreign investment and trade by: (1) investing in a venture fund in Israel to ensure that Akron will be the U.S. location of spin-off businesses, (2) having a consistent presence in select German trade fairs, and (3) building on the University of Akron's long tradition in polymer science has resulted in unusually strong job growth for Akron city residents.
- Working with redevelopers to turn abandoned rubber shops into anchors for technology-intense research companies in the polymer industries and in its value chain has provided Akron with a revitalized economic base.

The data indicate that this mayor has made a positive difference in the economic performance of a major American city.

The final piece of the puzzle of Akron's success in generating work for its residents is in retaining a middle class that is competitive in the labor market. This

requires healthy neighborhoods anchored by competitive schools. There are two storm clouds on the horizon. An observation made in our earlier research was that the transformational city leaders we observed changed the character of politics in their cities for years afterwards. It is not clear where the successors to Mayor Plusquellic are, and it is not clear that they have been schooled in his consistent pragmatic approach to city revitalization. The second challenge rests with the long-term viability of Akron's schools, their ability to retain the city's middle class, and provide an avenue of opportunity for students from lower-income families. Will Akron retain enough faith in its own municipal future to continue to invest in that future?

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