8-15-2014

Voinovich Archives Project Conference on Public Private Partnerships: Conference Reader

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August 15, 2014

Dear Conference Participants,

Thank you for joining us today at the Voinovich Archives Project Conference on Public Private Partnerships. It’s quite flattering that we have a number of scholars and other professionals from all over Northeast Ohio and outside of the region gathered here today to discuss the importance of public private partnerships. Over the course of the past year our team has worked hard preparing for this conference by digitizing research material for the Voinovich Collections online archive. As well, we have been working on a primer which outlines my view and other’s on public private partnerships and how we believe they are more needed today because of enormous financial and management challenges facing America’s cities, towns, and in some cases States.

The purpose of both the conference and the primer is to create a tool for public policy makers, businesses, organized philanthropy and nonprofit sector leaders which explains, in depth, how to make the best use of limited financial resources and human capital to solve complex and long term problems. The primer will concentrate on two Operation Improvement Taskforces (OIT) that I initiated in the City of Cleveland and the State of Ohio, with heavy emphasis on the City of Cleveland.

When I served as Mayor of Cleveland, the city was under immense financial strain and the OIT was the saving grace that got Cleveland back on even keel and created the synergism that lead to Cleveland receiving an unprecedented three All America City Awards in a five year period. The OIT and the other partnerships flowing from it were used for several years as a case study at the Harvard Business School to illustrate the role of businesses in public-private partnerships. It is my opinion that the partnerships in Cleveland and the State of Ohio paved the way for my becoming the only person in the United States to be President of the National League of Cities and Chairman of the National Governor’s Association.

I sincerely regret that because of a knee operation that has limited my mobility and an IV pump that I will be tethered to for several weeks, I cannot be with you today. I am impressed with the program that was organized by Stuart Mendel and Dennis Young and having read your proposals I was looking forward to the presentations and the detailed discussion generated by them.

Thank you for attending and making this conference a success.

Sincerely,

[signature]

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Campus Location: Glickman-Miller Hall, Room 330 • 1717 Euclid Avenue • Cleveland, Ohio (216) 687-5271 • Fax (216) 687-9239 • http://urban.csuohio.edu/nonprofit/
Senator George V. Voinovich

From his time as a member of the Ohio House of Representatives, Cuyahoga County Commissioner, County Auditor, Lieutenant Governor of Ohio, Mayor of Cleveland and Governor of Ohio to his twelve years as Ohio’s senior United States Senator, George Voinovich has strived for more than 40 years to make all levels of government "work harder and smarter and do more with less."

During his time as a state legislator he was dubbed the father of the Ohio Environmental Protection Agency, and he considers his career-long fight to win the "Second Battle of Lake Erie" and protect the Great Lakes to be one of his most significant accomplishments. As mayor of Cleveland, USA Today credited him with "turning the nation’s 22nd largest city from a laughingstock in the 1970s into a three-time All-America City winner during the 1980s". His work rebuilding the city through public-private partnerships earned him additional praise from the National Urban Coalition, which hailed him as one of four distinguished urban mayors in America.

He was named Governing magazine’s "Public Official of the Year" in 1995 for his many accomplishments as governor. Before arriving in the nation’s capitol as a Senator, The National Journal called Voinovich "one of five local and state officials who make a difference in Washington." He is the only person to have served as both chairman of the National Governors Association and president of the National League of Cities.

As a United States Senator, Voinovich focused on four major areas: assuring fiscal responsibility, strengthening national security, enhancing American competitiveness, and improving the management, efficiency, and effectiveness of the federal government. He came to be known as a “Debt Hawk” for his sustained leadership on improving fiscal discipline. As a member of the Senate Foreign Relations Committee, he was actively involved in foreign policy development in many critical areas, including Iraq, Afghanistan, Iran, North Korea, the Balkans, NATO expansion, and former Captive Nations in Eastern Europe. He repeatedly called for policies that would harmonize our economic, energy, environmental, and national security needs. In addition, the most significant reforms to the federal civil service in more than three decades were enacted under his leadership.

Since retiring in January 2011, Voinovich has been named a Senior Fellow at Cleveland State University, and Ohio Visiting Professor of Leadership and Public Affairs at Ohio University. He remains committed to and involved with the Voinovich School of Leadership and Public Affairs at Ohio University.

In 2009, Joe Hallett of the Columbus Dispatch wrote that George Voinovich "ranks with Republican James A. Rhodes and Democrat Frank Lausche...as the most popular politicians in Ohio history." Despite his many accomplishments in the public sphere, Voinovich calls
Janet, his wife of 47 years, God’s greatest blessing on him. Together they have three children, George, Betsy, and Peter, and eight grandchildren.
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## Conference Agenda

### August 15, 2014

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<tbody>
<tr>
<td>8:30 am</td>
<td>Arrival/Check-in</td>
</tr>
<tr>
<td>9:00 am</td>
<td><strong>Welcoming Remarks</strong></td>
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<tr>
<td></td>
<td>Stuart C. Mendel, Conference Co-Chair</td>
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<td></td>
<td>Dennis R. Young Conference Co-Chair</td>
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<td></td>
<td><strong>Opening Remarks</strong></td>
</tr>
<tr>
<td></td>
<td>Sara Harrington, Ohio University Archives</td>
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<tr>
<td>9:20 am</td>
<td><strong>Morning Session Chairwomen:</strong></td>
</tr>
<tr>
<td></td>
<td>Kathryn C. Lavelle, CWRU</td>
</tr>
<tr>
<td>9:20 am</td>
<td>First Presentation: Warren/Mead</td>
</tr>
<tr>
<td>9:50 am</td>
<td>Second Presentation: Madden</td>
</tr>
<tr>
<td>10:20 am</td>
<td><strong>Short Break</strong></td>
</tr>
<tr>
<td>10:30 am</td>
<td>Third Presentation: Morgan</td>
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<tr>
<td>11:00 am</td>
<td>Fourth Presentation: Coombs/Denihan/Baur</td>
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<tr>
<td>11:30 am</td>
<td>Morning Session Q&amp;A Discussion</td>
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<tr>
<td>12:00 pm</td>
<td>Luncheon Speaker:</td>
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<tr>
<td></td>
<td>Hunter Morrison</td>
</tr>
<tr>
<td>1:05 pm</td>
<td><strong>Afternoon Session Chairman:</strong></td>
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<td></td>
<td>David C. Hammack, CWRU</td>
</tr>
<tr>
<td>1:05 pm</td>
<td>Fifth Presentation: Mendel/Brudney</td>
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<tr>
<td>1:35 pm</td>
<td>Sixth Presentation: Jenkins</td>
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<tr>
<td>2:05 pm</td>
<td><strong>Short Break</strong></td>
</tr>
<tr>
<td>2:15 pm</td>
<td>Seventh Presentation: Young/Soh</td>
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<tr>
<td>2:45 pm</td>
<td>Afternoon Session Q&amp;A Discussion</td>
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<tr>
<td>3:15 pm</td>
<td><strong>Respondents, Summations, Learning:</strong></td>
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<td></td>
<td>Lee Fisher, John C. Green, Rob L. Fischer</td>
</tr>
<tr>
<td>4:00 pm</td>
<td>Adjourn</td>
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</tbody>
</table>
Introduction
Much has been written in the popular press and by some scholars of the achievements of the Mayoral administration of George V. Voinovich. During his two mayoral terms, the Voinovich administration successfully positioned Cleveland to receive three All-America City designations within five years. Mayor Voinovich was also recognized as an outstanding Mayor by his peers, elected President of the National League of Cities, and credited by the National Journal as one of five local and state public officials with influence in Congress and federal agencies.

As governor of the State of Ohio, Voinovich was again recognized as an effective public leader skilled at making the best use of human capital, public-private partnerships and empowerment through total quality management on achievements. In December 1995, he was named “Public Official of the Year” by Congressional Quarterly’s Governing Magazine.

In serving 12 years in the U.S. Senate, Voinovich further burnished his reputation as an able leader through his work as Chairman or the ranking member of the Oversight of Government committee, Federal Workforce Committee and District of Columbia sub-Committee of the Homeland Security, and Governing Affairs Committee. He was named a fellow in National Academy of Public Administration.

In reflecting back on his experiences from the 1980s, Voinovich credits his successes in Cleveland -- and later in reforming state government as Ohio Governor in the 1990s -- to the extraordinary public-private partnership processes of the era.

A case for Public Private Partnership
Public-private partnerships empower the public and private sector to work together. But the need for partnerships must be recognized by both the private and public sectors. And, business, nonprofits, and foundations must respond to the call for help from the public sector or suggest on their own initiative their willingness to support the public sector with human capital resources and/or financial resources.

In the private sector, there is often a reluctance to get involved because not all business leaders fully understand and appreciate the symbiotic relationship they have with the community. In addition, public leaders need to reach out to the private sector for help or respond positively when the private sector presents an offer of help. Too often, public leaders do not comprehend the valuable resource they have in the private sector.

The opportunity for interaction between the public and private sector allows for progress to be made in improving the city’s government and the community as a whole and it provides a framework for sharing risks in a world with limited resources. In a time of decreasing funding from the federal and state government, if our cities are to survive and succeed, it will take a local public-private partnership effort with cooperative efforts from every stakeholder.
Why a conference?
Through a distinctive process involving leadership of city government, business and nonprofit and philanthropic institutions, Cleveland emerged from a financial disaster decades in the making. Among the outcomes was a resurgence that included rebuilding local government administration in no small part due to the collaboration fostered through public private partnerships.

Many of the fiscal and operations challenges Mayor Voinovich worked through in the 1980s and 1990s are present in cities of the United States today. Municipal bankruptcy and fiscal emergencies in places like Detroit, Michigan; Cincinnati, Ohio; Harrisburg, Pennsylvania; Oakland; and Fresno, California are but a few examples.

But what tools exist for public policy makers, businesses, organized philanthropy and nonprofit sector leaders today to make the best use of limited financial and human capital for the complex and long wave problems they seek to address?

To begin to answer this question, we have conceived and are holding a conference comprised of research papers tapping primary documents of the Voinovich Archives. We have invited researchers and participants from northeastern Ohio and other places to reflect the practice of partnership and collaboration we are examining.

Acknowledgements
I would like to take a moment to acknowledge those individuals who have helped advise us in taking the steps that have led to this conference. Foremost, we are grateful for the help and participation of retired Senator George V. Voinovich, who has tirelessly provided us an experienced and wise perspective.

Because we are interested in stimulating sustainable collaboration, we have sought and readily received the participation of some of the best, reflective thinkers drawn from northeastern Ohio's many institutions of higher education. Many of these individuals attended two preparatory, advisory meetings convened in August and December 2013 here at the Maxine Goodman Levin College of Urban Affairs, Cleveland State University.

The August and December meetings were co-chaired by myself and my friend and teacher Dennis R. Young currently with Georgia State University and formerly with Case Western Reserve University.

We acknowledge and thank Jennifer Madden, Joseph Mead, Melanie Furey Julie Rittenhouse, Anna Jones and Lauren Sargi of Cleveland State University; David C. Hammack, Kathryn Lavelle, Matthew Rossman, Dan Flannery, Anna Santiago, Robert Fischer, Mark Chupp and John Yankey all of Case Western Reserve University; William Jenkins from Youngstown State University; John Green form the Bliss Institute at the University of Akron; Bob Cahen and Carol Willen of the Lakeland Community Foundation; Matt Starkey from the Voinovich School at Ohio University, Pamela Willits, Paul Feinberg of the Jewish Federation of Cleveland, Richard Pogue of Jones Day, France Post of Ogden Post consulting, Michelle Seyranian, Hunter Morrison, and Raymond Cox.
We also express appreciation to both Edward (Ned) W. Hill, dean of the Maxine Goodman Levin College of Urban Affairs, Cleveland State University and Grover (Cleve) Gilmore, Dean of the Jack, Joseph and Morton Mandel School of Applied Social Sciences, Case Western Reserve University for their support and interest in this project.

**About this Project:**
The Ohio University Libraries and the George Voinovich School of Leadership and Public Affairs at Ohio University have partnered with the Maxine Goodman Levin College of Urban Affairs at Cleveland State University to bring you an interactive digital home of the Voinovich Collections. This Omeka-based web platform provides users the opportunity to explore exhibits comprised of material from the collections, view multimedia pieces, and learn about George Voinovich’s impressive 45-year career in public service.

The Voinovich Collections (www.voinovichcollections.library.ohio.edu) comprise four sets of archival collections created by three of the offices held by George V. Voinovich; Mayor of Cleveland, Governor of Ohio, and United States Senator, and his various campaigns. In addition to this virtual location, The Voinovich Collections are physically housed at two institutions:

- **The Mayoral Papers (1979-1989):** The Western Reserve Historical Society - Cleveland, Ohio

The goal of this project is to bring together the three archival collections into an integrated and searchable digital collection. In addition, there is great educational importance in disseminating the archival materials far more widely than is otherwise typically possible for such archives. It is the project team’s hope that students will benefit from this innovative tool by advancing solid research skills and developing an interest in public service. Ultimately, it is the unique collaboration between two great Ohio institutions that aims to bring transformative education into the classroom across the nation.

This project does not seek to digitize the Voinovich Collections in their entirety. Documents drawn from the collections will be digitized in an incremental fashion according to thematic foci. These foci are chosen based on faculty, classroom, and student demand. As of August 2014 there are almost 400 documents and other pieces of material available for research.

**The Partners:**

**Ohio University**

**OU Libraries:** Ohio University was chartered in 1804 as the first college in what was then the Northwest Territory of the United States of America. Ten years later, the University’s library was founded. Today, the Ohio University Libraries holds over three million volumes
and is a member of the Association of Research Libraries. The Ohio University Libraries support the educational mission of the University, seeking to serve as a dynamic gateway for the discovery, creation, and exchange of knowledge by students, faculty, scholars, and members of the public. The Voinovich Gubernatorial and Senatorial Collections are proudly held in the Mahn Center for Archives and Special Collections, and are curated by Doug McCabe. The Mahn Center is housed in Alden Library. The Voinovich Collections offer a window into Senator Voinovich's decades of public service in the fast-moving and historic late twentieth and early twenty-first centuries.

**George Voinovich School of Leadership and Public Affairs**: The Voinovich School of Leadership and Public Affairs partners with colleges and academic units at Ohio University to educate students and provide them with unique learning opportunities. Two degree programs are offered through the school—the Master of Public Administration (MPA) and the Master of Science in Environmental Studies (MSES). The school integrates scholarship, learning, and practices to mold current and future strategic leaders in public, business and environmental affairs, solve environmental and energy problems, promote value creation, smart policymaking and innovation in governments and nonprofits; build business, drives entrepreneurship, and help develop the region’s economy. Directed by Professor Mark Weinberg, the Voinovich School is currently home to 11 full-time faculty, nearly 70 professional staff and over 150 students (including the MPA, MSES, and the Voinovich Undergraduate Research Scholars).

**Cleveland State University**

**Maxine Goodman Levin College of Urban Affairs**: The Maxine Goodman Levin College of Urban Affairs teaches men and women how to work effectively in the urban community. By blending a broad understanding of the urban environment with advanced problem-solving skills, urban affairs graduates qualify for a variety of positions in the public, private, and nonprofit sectors. Research undertaken through the college directly links the university with the concerns of the Cleveland metropolitan area. The Levin College is Ohio’s only College of Urban Affairs and is ranked among the top schools of urban affairs in the United States. The College is ranked second in the graduate specialty of city management and urban policy in U.S. News and World Report’s 1998, 2002, 2005, 2008 and 2013 editions of "America’s Best Graduate Schools.”
Sara Harrington
Sara Harrington is the Head of Arts and Archives at Ohio University Libraries in Athens, Ohio, where she works with Doug McCabe, Curator of Manuscripts, who oversees the George V. Voinovich Gubernatorial and Senatorial Collections. Dr. Harrington has a Ph.D. in Art History and a Master’s in Library Science, both from Rutgers University, and a Master’s in Higher Education from Ohio University. As Head of Arts and Archives, Ms. Harrington seeks to integrate library collections into the academic classroom, as well as to make collections freely available online.
Morning Session Q&A Discussion

Session Chairwoman: Kathryn C. Lavelle

Kathryn Lavelle is the Ellen and Dixon Long professor of World Affairs at Case Western Reserve University. Her research explores the exchange between economic and political institutions with a particular emphasis on global financial issues.

Her interest in US foreign policy commenced as an undergraduate in Georgetown University's School of Foreign Service and continued as a graduate student at the University of Virginia where she completed a Master's degree in Government and Foreign Affairs. During the summer between her first and second years in Charlottesville, she worked as an intern in the political and economic sections of the US embassy in Dar es Salaam, Tanzania. She later earned a Ph.D. in political science at Northwestern University where her dissertation explored the economic and political development of the African group of states in the United Nations Conference on Trade and Development. Her first book, The Politics of Equity Finance in Emerging Markets, explored the political circumstances that surround stock exchanges and large issues of stock in the developing world.

After she was tenured in the political science department at Case Western, Kathryn began her next major project--research on the book Legislating International Organization: The US Congress, the IMF, and the World Bank. She was awarded an American Political Science Association Congressional Fellowship and named the William A. Steiger fellow, a designation given to the most promising political scientist in her class of fellows. While in Washington, she worked on the staff of the House Committee on Financial Services on issues related to domestic and international monetary policy. After teaching for a year in Cleveland, she drafted the manuscript for the book during the 2008-9 academic year while a resident fellow at the Woodrow Wilson International Center for Scholars. The next year, she was the inaugural holder of a Fulbright Visiting Chair in Global Issues at the University of Toronto Munk Centre.

As a result of her time in Washington during critical moments in the country's financial history and her interest in financial politics, her most recent book titled Money, Banks and the American Political Process traces the conduct of financial policy in the formal political institutions of the federal government of the United States as compared to other countries.

[Her favorite city by far is Cleveland, Ohio—where she was born and attended St. Joseph Academy!]

Joseph Mead
Joseph Mead is an Assistant Professor at the Maxine Goodman Levin College of Urban Studies at Cleveland State University, where he holds a joint appointment with the Cleveland-Marshall College of Law. His research interests include the legal, theoretical, and empirical study of nonprofit law and administrative law, with a particular focus on interactions between governmental entities, nonprofit organizations, and the courts. Prior to joining the faculty at Cleveland State, he was a trial attorney for the United States Department of Justice, Civil Division, Federal Programs Branch, where he represented the United States in litigation challenging the constitutionality of federal statutes, agency regulations, and other agency action. He has also worked or volunteered for a wide range of nonprofit organizations. He received his law degree from the University of Michigan. He can be reached at j.mead@csuohio.edu

Kate Warren
Kate Warren is seeking her Master of Public Administration and Certificate in Urban Economic Development while working as a Research Assistant for the Center for Community Solutions. After completing her B.A. in Communications and Religious Studies at CSU in 2010, she worked in various capacities with homeless men & women, as well as at-risk youth. She currently volunteers as a mentor for teens in the Clark-Fulton and Tremont neighborhoods of Cleveland. She also serves as the Education & Professional Development Chairperson for the CSU American Planning Association.
Quasi-Governmental Organizations at the Local Level: A Descriptive Approach
Joseph Mead
Katherine Warren

Introduction
What happens when the government controls the board of a private organization? Can there be such a thing as a governmental nongovernmental organization? Or a government-run independent sector? These and other questions are raised by organizations that, as incorporated nonprofit organizations, are nominally private, yet are governed by a board that must have directors affiliated with traditional government.

The government-controlled nonprofit organization is a particular subset of quasi-governmental organizations (QGOs) that populate many urban landscapes. QGOs are hybrid entities that borrow structural characteristics from both the public (governmental) and private (for-profit or nonprofit) sectors. As hybrids, they are not easily categorized into either the government or non-governmental spheres of organizations. The use of QGOs threaten the old definitions of the public and private sectors, warranting additional study of the definition, structure, use, and implications.

How do we make sense of these strange creatures? We undertake the first step by defining quasi-governmental organizations and situating them within the larger organizational ecology. In particular, we offer one explanation for how QGOs can be used by Public-Private Partnerships (PPP) to achieve their objectives. We then apply this construct to several organizations in and around a mid-size city with a history of innovation in local governance structures.

This paper proceeds in four parts. First, we survey existing literature to develop a construct of quasi-governmental organizations. Second, we identify potential motivations that could explain certain characteristics of a quasi-governmental organization. Third, we describe several QGOs that we identified locally. We find that the QGOs in our study tend to emphasize their private incorporation status more than their affiliation with the government. Finally, we discuss implications of our QGO construct and pose a series of research questions for future researchers. One overriding lesson from our survey is that the nuances of QGOs merit further study.

Public and Private Organizations
Humans structure their activity into a wide range of formal and informal institutions. The American tradition, broadly speaking, tends to sharply distribute formal organizations into public and private sectors, with the private sector commonly subdivided into for-profit and nonprofit spheres. (Mendel 2009; Stone and Ostrower 2007; Friendly 1982; Horwitz 1982) This division is reflected across a variety of perspectives, including dichotomous legal rules, different management norms and practices, and socially-assigned significance. Under this tradition, public organizations are run by leaders elected through popular and open elections (and individuals who answer through the chain of command to such leaders) who owe a duty to promote the public interest at large, while private organizations are run by directors who are put in place by a vote of shareholders,
members, or existing board members, and who owe a fiduciary duty to further the narrow interests of the organization. (Moe and Gilmour 1995). Public entities reflect community or majoritarian values, while private entities express the views of their narrower constituencies. (Moulton and Eckerd 2012). Because they are accountable to the electorate, public entities have a more legitimate claim to coerce non-consenting parties, and therefore can pass laws and collect tax revenue; private entities have power only over those who consent to their rule, and must rely on consensual receipts of funding (whether commercial or donative revenue). A corollary of public accountability is that public entities can be abolished at will by the electorate, while private organizations enjoy perpetual life, at least while solvent, until their managers choose to close down the enterprise. (M. Lee 2007). Public entities are given designations such as departments, cities, and authorities, while private entities are called corporations, trusts, and nonprofit organizations.

Table 1 highlights a few of the salient differences, somewhat simplified, of governing structure between public and private organizations in the United States:

<table>
<thead>
<tr>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boards, departments, authorities</td>
<td>Nonprofit and for-profit corporations</td>
</tr>
<tr>
<td>Managers work towards public interest</td>
<td>Managers work to further narrow interests</td>
</tr>
<tr>
<td>(fiduciary duties)</td>
<td>(directly or indirectly)</td>
</tr>
<tr>
<td>Accountable through popular elections</td>
<td>Accountable through market</td>
</tr>
<tr>
<td>(directly or indirectly)</td>
<td></td>
</tr>
<tr>
<td>Coercive</td>
<td>Voluntary</td>
</tr>
<tr>
<td>Funded through involuntary tax revenue</td>
<td>Funded through sale of goods and services,</td>
</tr>
<tr>
<td></td>
<td>donations, performance of contracts</td>
</tr>
<tr>
<td>Creates laws</td>
<td>Follows laws</td>
</tr>
<tr>
<td>Can be abolished at will by electorate</td>
<td>Can be abolished only by managers</td>
</tr>
<tr>
<td>Owned by the people</td>
<td>Owned by private interests or self-owned</td>
</tr>
<tr>
<td>Reflects majoritarian values</td>
<td>Vehicle for civic engagement, advocacy,</td>
</tr>
<tr>
<td></td>
<td>individual expression</td>
</tr>
</tbody>
</table>

Some of these characteristics hold as a matter of definition, while others are simply perceived tendencies of each type of organization.

**The Quasi-Governmental Organization**

Whether or not the tidy divide between public and private has ever been empirical reality, the complexities of modern society increasingly call it into question. This is particularly true given the rise of quasi-governmental, quasi-private organizations that do not fall neatly into either the public or private realm. These organizations have been called hybrid organizations, quasi-autonomous non-governmental organizations (Quangos), gray sector organizations, or, as we will refer to them, Quasi-Governmental Organizations (QGOs).

QGOs are extremely difficult to define (van Thiel 2004; Cole 1998). As Moe (2001) put it: “The truth is that the quasi government, virtually by its name alone and the intentional blurring of its boundaries, is not definable in any precise way.” Sure enough, the literature
abounds with differing definitions. Definitional difficulties are compounded by transnational differences in legal regimes, social history, and cultural traditions, but even scholars focused on the American experience have failed to reach a consensus. The varying attempts at definition congeal around the idea that the organizations of interest possess a mix of public and private characteristics, but scholars differ as to which characteristics are considered, focusing variously on funding sources, missions, performance characteristics, means of accountability, and/or application of certain laws (such as personnel rules or governmental immunities). (Becker 2010; Andre 2010; Moe 2001; Bertelli 2005; O’Connell 2014; Kosar 2008; Musolf and Seidman 1980). One reason why scholars have not agreed on--or even sought--a common definition is because the variables of interest will differ depending on the scholar’s particular research aims.

Prior definitions also have something of a circularity problem, as they depend on an identifiable set of “public” versus “private” characteristics, which the very nature of QGOs call into question. (O’Connell 2014). Future efforts to define QGOs should first identify the characteristics that are being considered, and specify which characteristics qualify as public or private (as we have attempted to do in Table 1). This will often limit a definition to a particular social, historical, political, and/or legal tradition. However, difficulties with definitions should not distract from the significant conceptual puzzle that QGOs pose.

Existing literature on QGOs is surprisingly limited, and is largely focused on the federal level, where QGOs can be highly visible. (Koppell 2003; O’Connell 2014; Kosar 2008). Salient examples include the Federal National Mortgage Association (Fannie Mae), the Smithsonian Institution, Amtrak Corporation, and the National Park Foundation. However, legal, political, and historical circumstances suggest that QGOs chartered by Congress could differ from those incorporated by state legislatures, which could in turn differ from those created as adjuncts to local political units such as cities.

QGOs at the local level, while not unusual, have hardly been examined in the literature. One exception has been Business Improvement Districts (BIDs) which have been the subject of research (Hoyt 2003; Hoyt and Gopal-Agge 2007; Gross 2013; Billings and Leland 2009). BIDs are a specialized type of PPP that are prevalent around the world. A common type is where local businesses form a contract with the city to self-fund services that will improve a specified area, most often in the form of safety and sanitation services. BIDs can be considered local QGOs: they typically have some, but not total, autonomy from local government, and they may have public privileges and a somewhat public mission, but are considered to be privately owned (Andre 2010).

The Role of Organization in PPPs
Just as QGOs blur the traditional dichotomy between the public and the private sectors, public-private partnerships (PPPs) challenge the typical division of organizational forms into public and private. Prior literature has studied the formation of PPPs, their widely varying governance structures, and their effectiveness (Liu, et. al, 2014; Van Gestel, Voets, & Verhoest, 2012; Ysa 2007). The New Public Management movement more broadly blurs sectoral boundaries by insisting that private sector management styles and market-based,
outcome-focused mechanisms of accountability be applied to the public side. (Peters and Pierre 1998).

PPPs might exist in a variety of forms, from informal short-term arrangements to ongoing institutions. (Gazley 2008). With a few important exceptions (Mendel and Brudney 2012; Becker 2010; Shaol, Stafford, Stapleton 2012), scholars have not paid as much attention to the organizational forms employed by PPPs.

Creators of a PPP who intend or anticipate a long-term, perpetual project have a series of choices to make about institutional design. Thus, scholars have begun to study the role of institutional design in PPPs by parsing the specifics of contractual terms on aspects of management, financing, and ownership. (Marrewijk, et al, 2008)

Formal contractual arrangements, however, have limitations of minimal flexibility, unintended ambiguities, and monitoring and enforcement costs. As a result, originators of a partnership sometimes choose to create new legal entities to institutionalize the partnership. Mendel & Brudney's recent article (2012) highlights the role of nonprofit organizations as the institutional intermediary that implements PPPs. This article compellingly demonstrates how organizations served as a physical and/or conceptual space for the partners to develop and implement various PPPs in the Cleveland area over time.

The versatility of QGOs may make them an attractive vehicle for many Public-Private Partnerships (PPPs). These new entities can be structured in a way that specifies an ongoing role for each of the partners in the governance of the partnership via the new entity’s board of directors. This has the advantage of providing a mechanism for the resolution of disputes, ambiguities, and new circumstances, but this flexibility may allow for departures from the original vision of the partnership at its genesis.

**Private Legal Status, Publicly-Appointed Board**

Without intending to define QGO for all purposes, we focus on a particular type of QGO: one that mixes a private legal status (i.e. nonprofit organization or for-profit corporation) with public governance (i.e. having at least one director who is appointed by a unit of government). Given our local focus, we consider organizations that have a tie with city, township, or county government.

The relationship between the government and private organizations (specifically nonprofit organizations1) has been modeled by several scholars, who have noted the varying levels of

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1 The private role played by nonprofit organizations in these models often can be performed by for-profit companies. For example, for-profit and nonprofits alike receive and administer governmental funding. For-profit companies have increasingly adopted public or social missions. And for-profit companies have increasingly assumed a role in political and ideological advocacy and even religious expression and identity. This is not to minimize the valuable and rich field of inquiry into differences between for-profit and nonprofit organizations. Rather, the point is that the differences were not implicated in the particular study we perform here.
cooperation or adverseness that can exist between the sectors (Coston 1998; Najam 2000; Young 2000; Salamon 1987). Other scholars debate the wisdom of certain types of interactions between government and private organizations, such as whether certain regulations or funding decisions threaten the nonprofit sector’s independence. (Brody 2004; Mead 2008). For the most part, however, this literature presumes a distinctness between government and nonprofit.\(^2\) Existing literature studying the relationship between government and the private sector has focused on the government’s power to regulate, tax, and fund, but rarely considers the possibility of direct political control.

In the normal situation, boards of for-profit organizations are picked by shareholders or owners, and nonprofit boards are elected by members or the existing board. Government appointments are a departure from the normal course of things in the United States. The ability to appoint directors offers government the theoretical possibility of controlling or influencing an organization by appointing directors friendly to the government’s position. The relationship between appointment of personnel and control has long been studied by political scientists in the realm of public administration (Lewis 2008; Wood and Waterman 1991; Scher 1961).

Because the board of directors has formal control over private organizations, it makes sense to analyze the appointment of the organization’s formal leaders. Granted, particularly for nonprofit boards, the board does not always have the level of control contemplated by the law, and decisionmaking for the organization is driven by factors well beyond a boardroom vote. Yet the board’s status as the ultimately responsible organ for the direction of the organization, and its power (even if unexercised) to override the decisions of staff, make it an important component of the organization to understand.

Even outside of the QGO context, the government asserts some measure of control over the governance of private organization. It requires that organizations be governed by a board in the first place, prescribes what these directors are to consider when acting, and can remove directors for perceived misbehavior. It can require certain board membership for organizations with which it contracts (Guo 2007; LeRoux 2009). Private organizations also can choose to elect government officials (whether past or present) to their boards. The government official might bring influence or insight that is desired by the organization (Hillman 2005). None of these situations, however, offer a governmental unit the same potential for control as the power to directly pick an organization’s leaders.

**Why Use A QGO Form?**

Why might creators choose to structure a new enterprise as a QGO instead of a more traditional form? More specifically, why would the creators choose to create a nonprofit

\(^2\) Two of the watershed articles in the field of government-nonprofit relations have carefully noted the problem of cross-sector organizations. Young (2000) noted the difficulties the resulted from “governing boards of some nonprofit community development agencies in the United States [which] have members appointed by government officials.” Salamon (1987) observed that both Harvard and Yale once had boards staffed with trustees appointed by state legislatures. Generally, though, the implications of government control over the composition of nonprofit boards has not been subject to much scrutiny.
organization with government-affiliated directors, instead of a purely private nonprofit organization or an independent, nominally-public organization? There are several, non-exclusive reasons that might exist for any particular organizational structure, and the reasons that motivate a QGO’s founding may differ from those that apply to the QGO as its ages.

Institutional embodiment of a PPP or Intergovernmental Agreement. As noted earlier, the QGO can be used to facilitate the work of a PPP. (Mendel and Brudney 2012). The institution could serve as the space for the PPP’s work, and/or it could embody the details of the agreement between the various partners in a PPP, specifying percentages of public and private ownership or control over the project. Similarly, the QGO could specify the details of a joint venture between different public bodies, such as different units of local government. This view of the QGO as the embodiment of a complex agreement is consistent with the construct of the corporate form as simply a complex network of contractual agreements.

Government and Market Failure. Some have pointed to QGOs as a way of overcoming instances where both traditional government forms and the market fail to produce goods at a socially optimal level. (Becker 2010). BIDs are a good example of this. Business districts desire, and are willing to pay for, additional services, but to obtain the optimal level of service they need to overcome collective action problems (market failure) and elected officials focused on different political preferences (government failure). By combining elements of both the public and private, BIDs allow businesses to overcome these hurdles to arrange heightened services for the district. Although this rationale might explain some QGO structural elements, additional theoretical or empirical work is needed to explain why a nominally-private form is needed to overcome the various failures.

Autonomy. A QGO with less government control might also be indicated when a measure of independence from traditional government is desired. This might be the motivation when, for example, leaders believe a plan should be dictated by those with some specialized expertise, or when there is concern for the interests of a political minority. Depending on its composition, a pseudo-private form could potentially be more independent than even an insulated public body. For example, an organization governed by a board with a majority of directors who are not subject to governmental appointment or removal would be theoretically more distant from local government, in terms of control, than an independent commission. Further, even holding political and legal constraints constant, leaders of a nominally private organization may perceive themselves as less constrained by public will than those with a nominally public entity.

Whether the private form actually leads to autonomous decisionmaking is not certain. For example, nationally, the vast majority of BIDs claim to have independence in setting policy, the level of their services, and level of revenue, Becker 2010, but a recent study of quasi-autonomous organizations in Canada show a significant degree of political influence in funding decisions. (Mehiriz 2014)
Commitment. Another aspect of independence is the degree of commitment to a project. Government funding can be discontinued in future funding cycles, and public departments can be abolished, but transfer of ownership of public property to a legally private institution may be irreversible.

Commitment is often disfavored in public administration because it interferes with popular sovereignty and the ability of the electorate to undo mistakes made by their leaders. However, commitment may be needed before private partners will be willing to invest in a particular project. Thus, for example, municipalities must commit to repayment of their loans or no one would loan them the money, at least not at a reasonable interest rate. Similarly, without some assurance that a project will not be abandoned upon a change in political leadership, it may be difficult to obtain the investment of monetary, intellectual, or other resources in an endeavor. This assurance cannot always be provided by contract, and a QGO might be structured such that the organization has a life of its own that cannot be undone solely by the actions of municipal government.

This motivation can be illustrated by the City of Detroit’s bankruptcy, where the City’s massive art holdings (much of which was donated) could be sold and the proceeds used to pay for other City functions. The result of the bankruptcy will likely be to insulate the art holdings from future budgetary threats by transferring them to a QGO or purely private nonprofit.

Selection of Rules. The use of QGO can be a way of picking which legal rules will apply. Public entities often have to comply with laws concerning public meetings and access to records, conflict of interest rules, whistleblower protections, and personnel policies. There are commonly requirements providing for judicial review of agency decisions. And governmental entities must comply with federal and state constitutional rules that prohibit certain actions, such as discrimination or censorship. At the same time, public entities and their officers may enjoy immunity from lawsuit. Private entities are bound by fewer statutory requirements. The use of a QGO rather than a purely public form could be a way of opting out (or at least attempting to opt out) of the myriad legal requirements that constrain public administrators. Depending in part on one’s normative position, the use of a QGO to select a particular portfolio might be described as either cutting through bureaucratic “red tape” or an end-run around rules of accountability.

Facilitating trust. Calling an organization a “private nonprofit organization” may be perceived as a way of obtaining the trust of those who are skeptical of the government. (Van Slyke and Roch 2004; Drevs, Tscheulin, Lindenmeier 2014). The government gets the best of both worlds: benefiting from the warm glow that people feel towards the nonprofit sector while still maintaining some measure of electoral accountability for the organization.

This assumes that people will trust an organization based the type of legal status chosen during incorporation rather than how independent an organization is from the government based on other metrics, such as presence of government officials on the board or extent of government contracting. This runs counter to some evidence which suggests that people may not know the legal status of the organizations with which they interact. (Handy et al.
If the assumption of a change in perception is accurate, the flip-side is that an organization designated as private will not benefit from the positive perceptions that people may have of “governmental” entities. Further research is needed into the level of information that people have about quasi-governmental entities and how that influences their perception of them.

**Limiting Debt Liability.** Much like a company might form a subsidiary to undertake a new real estate project or enterprise without risking the parent company’s assets, the government could create nonprofit organizations to immunize itself from debt from a new endeavor.

**“Better” Directors on Nonprofit Boards.** Nonprofit board governance is overwhelmingly criticized by scholars and practitioners, who claim that boards regularly fail to live up to their legal or ethical obligations. (Boyd 1986; Brody 1996; D. P. Lee 2003). Inattentive or incompetent board members are common targets of complaint. One might attempt to remedy this problem by eliminating the self-perpetuating board, and instead vest appointment in an outside body to perform a sort of quality control. For this to work, the political body must be viewed as superior to appointing directors than alternative means of appointment.

A similar--and marginally more plausible--explanation is that government appointment will lead to more representative board members. Nonprofit board members are often recruited for their connections or their fundraising capacity, which often excludes large segments from the community from having a seat on the board. (Guo and Saxton 2010). Since local political institutions have been forged through the electoral process, they reflect a more diverse range of perspectives than nonprofit boards. Indeed, Salamon pointed to government involvement as a means to remedy philanthropic paternalism (Salamon 1987), and some evidence suggests increased government funding leads to more representative boards (LeRoux 2009). The concern of nonrepresentative boards--and seemingly unchecked power to harm employees, consumers, and/or the environment--led some commentators to propose publicly-appointed directors on large corporate boards (Conard 1977; Blumberg 1973). Further study is needed to determine whether government-appointed directors are, in fact, more representative or competent than directors appointed through other means.

**Research Method**
In an attempt to better understand QGOs at the local level, we will take a descriptive approach, analyzing the structure of several organizations from the Cleveland area. The Cleveland metropolitan area has a rich history of using PPPs in innovative ways to solve pressing problems, making it an ideal environment for studying the development of QGOs.

We selected organizations in the Cleveland area that appeared to possess characteristics that fell within our definition of QGOs of interest. These organizations were non-randomly selected by broadly examining nonprofits and PPPs across Cleveland’s political landscape, and evaluating those organizations to determine if their structure fit our criteria of private status but public involvement in directorships. We sought to understand how these
organization are currently structured and any apparent reasons why they were created in that manner. We were interested in how these organizations perceive themselves, and how they choose to identify themselves to the public. We collected data on the sampled organizations using the organizations’ own web sites, newspaper and journal articles, articles of incorporation, Form 990s, and other public documents.

**The Organizations**

**Special Improvement District: Downtown Cleveland Improvement Corporation**

The Ohio Revised Code (ORC) allows for nonprofits or groups of business or property owners to create a Special Improvement District (SID), better known nationally as a Business Improvement District (BID). SIDs have the unique capability as a nonprofit to collect assessments from property owners within their assigned district for use in safety and sanitation initiatives as well as capital projects. Though the business owners in the district must vote to incorporate the SID, once it has been passed, all business owners in the district must pay the assessment, which is based on property value, front footage, and the benefits the business will receive from being part of the SID.

The District is governed by a board of directors, which must include a person appointed by the legislative authority of each participating political subdivision, and the municipal executive of each municipal corporation. Ohio Rev. Code § 1710.04. Moreover, SID assessment plans must be approved by the legislative authority of the relevant political subdivisions before they can be implemented. These organizations represent a form of quasi government because they provide services to the area generally provided by government (safety, sanitation, capital improvements) with public funds, collected in the form of assessments, and they have public officials as directors. We chose one SID in Cleveland.

In 1994, Northcoast Development Coordinators was founded, holding several different identities through the years: Downtown Development Coordinators in 1996, Downtown Cleveland Partnership in 1999, and Downtown Cleveland Alliance (DCA) in 2006. It was in 2006 that DCA took its present form as the nonprofit management arm of a new SID. According to their mission statement, they are “committed to making Downtown Cleveland the most compelling place to live, work and play. Downtown Cleveland Alliance works hand-in-hand with Downtown stakeholders to enhance the quality of life in NEO’s urban core by implementing initiatives like the Clean & Safe Program, economic development assistance, marketing & special events, advocacy and strategic projects.” The SID is known as the Downtown Cleveland Improvement Corporation (DCIC), though the two organizations appear to overlap considerably in their day-to-day operations.

DCIC was established in 2005, and has a contract relationship with all of the business owners in the district, by which they are required to pay an annual assessment fee to DCIC. In return DCIC’s Board of Directors is responsible for deciding how to use the assessment dollars. DCA is then contracted by DCIC to implement the programs in Downtown Cleveland as DCIC’s Board decides. DCA’s funding comes almost entirely from the assessment fees that DCIC collects, though they also conduct some private fundraising
activities. The assessment funds are used mostly for safety and sanitation within the district, but they can also be used on capital projects for the improvement of the district.

Currently, DCIC has 21 members on their Board of Directors, including one councilman, and one City of Cleveland staff person. DCA has a Board of 25 Directors, with no public officials on the Board.

**Cuyahoga Land Bank**

Senate Bill 353 and House Bill 602, better known as the Land Bank Bill, was passed in 2008, allowing for the creation of a County Land Reutilization Corporation (CLRC). Ohio Rev. Code Chs. 1724, 5722. Originally only Cuyahoga County could create this type of corporation, but the power was extended to other large counties in 2010.

The Cuyahoga Land Bank was incorporated under this law through a collaborative effort of local politicians, including the Cuyahoga County treasurer. The Cuyahoga Land Bank’s mission is to “strategically acquire properties, return them to productive use, reduce blight, increase property values, support community goals and improve the quality of life for county residents.” It identifies itself as a “separate non-profit, government-purposed entity” and as “a quasi-governmental corporation.” The statute authorizing the creation of the Land Bank expressly reserves the right to the County to dissolve the organization.

The Board of Directors of the Cuyahoga County Land Reutilization Corporation consists of the County Treasurer, two county commissioners, one representative from the largest municipality in the county, one representative from another township, and the remaining members selected by the county officials on the board. Originally, the law required a majority of local mayors to approve appointed board members, but that requirement was eliminated in 2010. 2010 Sub. House Bill 313. Currently, the Land Bank’s Board has nine members, two of whom are not local city or county employees.

The Land Bank receives some government funding in the form of tax dollars, though most of their funding comes from “accumulation of penalties and interest on collected delinquent real estate taxes and assessments” or grants from local partners. According to the County Budget Book, the Cuyahoga Land Bank received $7 million in county funds in 2012 and 2013. It also received $4.6 million in federal grants in 2010 to demolish blighted homes. The penalties and interest are collected by the county and distributed to the Cuyahoga Land Bank by the County Fiscal Officer. It is required to comply with auditing rules as if it were a traditional government agency.

**Gateway Economic Development Corporation**

Gateway Economic Development Corporation is a nonprofit corporation that was established in 1990 by City of Cleveland officials to own and manage two large sports facilities for professional teams. Its articles of incorporation state that it was established "for the purposes of constructing and operating a sports facility [in Cleveland]... and for the additional purposes of conducting redevelopment and economic development activities within the City of Cleveland." They explicitly claim on their website to be a “501 (c)(3) non-profit Ohio corporation legally separate from any other entity.” The organization has
argued in court—at times successfully—that it is not bound to provide constitutional protections such as free speech because it is not a governmental entity. Cleveland v. Bregar, 106 Ohio App. 3d 713, 721, 667 N.E.2d 42, 48 (Ohio Ct. App. 1995); Contra United Church of Christ v. Gateway Econ. Dev. Corp. of Greater Cleveland, Inc., 383 F.3d 449, 455 (6th Cir. 2004). However, their board of 5 members is appointed by the City of Cleveland and Cuyahoga County officials, and each board member can be removed by either a vote of the board or by a vote of the council that appointed them. Id.

Interestingly, it is a widely held belief that the sports facilities are owned by local government and are thus public facilities. However, it appears that the facilities are in fact legally owned by this nonprofit, which leases them to the professional sports teams who play in the facilities.

**Cleveland Citywide Development Corporation**

Cleveland Citywide Development Corporation (CCDC) was founded in 1981, with a purpose “to advance, encourage, and promote the industrial, economic, commercial, and civic development of the City of Cleveland” (CCDC Articles of Incorporation). Currently, its mission is to “promote Economic Development in the City of Cleveland by serving as fiscal intermediaries in the review and recommendation for approval of loans to businesses within the City of Cleveland.” It exists as a nonprofit corporation, but it is the approval authority for City of Cleveland economic development loans under $250 thousand, and it provides recommendations to City Council on loans over $250 thousand. It reviews all loan requests approved by City of Cleveland administration and financed by the Economic Development Department. Its expenses are minimal, and it pays no salaries, but its funding comes from government grants, in-kind contributions, and closing and processing fees. Its Board of Trustees is composed of 17 members, 7 of whom are public officials, and 10 of whom are private appointees. All board members are appointed by the mayor.

CCDC has no staff of its own, and is administered primarily by City of Cleveland staff. Interestingly, as can be learned from a document outlining plans for various PPPs in Cleveland in 1981 (Cleveland Area Development Corporation, Greater Cleveland Growth Association, and Cleveland (Ohio). Department of Economic Development, “Plan for Partnership for Economic Development in Cleveland, Ohio, draft, August 1981,” Voinovich Collections, accessed July 28, 2014, https://www.voinovichcollections.library.ohio.edu/items/show/400), when CCDC was founded, its creators were open to the idea of CCDC eventually operating with its own staff and functioning more independently from the city. Though those changes never happened, the board has grown since the organization’s inception (it originally had thirteen members), though the ratio of public to private board members has remained the same through the years, with private directors always being in the slight majority.

**Cleveland Transformation Alliance**

The Cleveland Transformation Alliance was created in 2012 following the passage of state legislation promoted by a collection of local leaders. The Alliance represents a component of the “Cleveland Plan,” a strategy for improving primary and secondary education within
the City of Cleveland. Although the Alliance primarily has an oversight and communication role, it is also required to ratify the mayor’s proposed plan for improving area schools.

The Cleveland Transformation Alliance is organized as a nonprofit organization as a “municipal school district transformation alliance” specially authorized by state law. It is governed by a board of directors, and the mayor has the “sole authority” to appoint directors. However, state law requires that directors be appointed who represent four categories: the municipal school district; partnering community schools; the community at large; and business leaders. Ohio Rev. Code § 3311.86. No single category can constitute a majority of the board. The mayor has appointed a 29 member board, which includes several public officials as well as representatives from many influential local organizations. The Alliance must comply with public records and meetings laws, but directors are not considered public officials. The Alliance will automatically terminate in 2018.

**Analysis**

**Governance and Government**

The structure of the board could differ along several dimensions, including whether the directors are public officials or merely appointed by a public official, the political body in which appointment is vested or from which directors are drawn, and the relative percentages of each. The studied organizations revealed considerable diversity in allocation of board members.

![Composition of Boards, by Affiliation](Figure 1)

**Figure 1.**

**Public Officials v. Public Appointees.** Our data show that some organizations allow government bodies to appoint officers, while others provide that a public official sit directly on the board. Even within an organization, there can be a mix of governmentally-appointed directors and public officials.
Both appointment and ex officio mechanisms offer some measure of influence to the political body, since it provides a chance to select a director who is predicted to act consistent with the preferences of the political unit. However, political costs and information costs preclude perfect fulfillment of preferences, and placement of ex officio members on a board is likely to lead to greater control on the part of the political unit than appointment. Even assuming, as seems quite unlikely, that an appointing authority has numerous candidates for a position and conducts a lengthy investigation of each, it still cannot guarantee that the chosen director will faithfully implement its policy preferences. The mayor’s preferences might be shared by a director appointed by the mayor, but the mayor himself will be a stronger champion of his own preferences.

Political scientists have for years studied the dynamics of appointment within the context of government, finding that, for example, Presidential power to appoint agency leaders often fails to provide the promised measure of control over the organization (Rourke 1990). This, of course, assumes a model where the appointing authority is the principal, seeking to implement its preferences through the appointee/agent. Additional research is needed to uncover whether a principal-agent model is appropriate and what factors influence the political appointment of nonprofit directors locally.

Legislative v. Executive Authority. The discussion so far assumes a monolithic political body with a singular set of preferences. In fact, the organizations draw directors from different local political units (county, the City of Cleveland, and/or other municipalities). Even within a particular political body, the organizations differ in how they allocate directorships between the local executive and legislative units. Cleveland Transformation Alliance gives total control to the mayor (executive), Gateway depends on the action of two legislative bodies, and the other organizations have a mix of executive and legislative-originating directors. This, too, indicates a rich vein of potential research into the political processes that different appointment methods might reveal.

Proportions of Board Members. All but one of the studied organizations had a board that was 100% composed of government-affiliated (whether through appointment or ex officio) directors. Several of the boards had a mix of public officials and public appointees, and at least one organization (Cleveland Citywide Development Corporation) has a majority of directors who are affiliated with a single municipality’s executive (either as city officials or mayoral appointees). Some of the organizations were carefully designed to avoid having a majority of the board from any particular bloc. The Cleveland Transformation Alliance, for instance, may not have a majority of members from any of four categories, and Gateway is structured to ensure complete equality in terms of board membership between the City of Cleveland and Cuyahoga County.

Appointment versus Removal. Appointment is but one half of the equation; if an appointed director fails to perform as hoped, what are the remedies? Only one of the organizations—Gateway—had information about removal, and it gives the appointing authority the power to remove a director. The remainder of the organizations did not have clear information about removal, which
suggests that it can only be done by a vote of the organization’s board, and not the outside political body.

With the power of removal comes the potential to issue threats ex ante, and act ex post, to persuade the director to act in accordance with the remover’s wishes. Yet removal is hardly a perfect tool of control, as political scientists have documented the ways that, for example, the President’s greater formal power to remove some agency heads more than others does not always lead to increased control over their agencies (Lewis 2003). Nevertheless, the combination of appointment and removal power give a considerable amount of political control to the government over directors.

**Law and Labels**

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of Nonprofit</th>
<th>Website Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Cleveland Improvement Corporation</td>
<td>Specialized nonprofit</td>
<td>[describes self as SID]</td>
</tr>
<tr>
<td>Cuyahoga Land Bank</td>
<td>Specialized nonprofit</td>
<td>“separate non-profit, government-purposed entity” and as “a quasi-governmental corporation.”</td>
</tr>
<tr>
<td>Gateway</td>
<td>Generic nonprofit</td>
<td>&quot;non-profit Ohio corporation legally separate from any other entity&quot;</td>
</tr>
<tr>
<td>CCDC</td>
<td>Generic nonprofit</td>
<td>[limited web presence]</td>
</tr>
<tr>
<td>Cleveland Transformation Alliance</td>
<td>Specialized nonprofit</td>
<td>&quot;nonprofit advocacy organization&quot;</td>
</tr>
</tbody>
</table>

Table 2

**Legal Rules.**

Two of the five organizations we studied appear to be incorporated under the general nonprofit incorporation statute. Three of the five are incorporated as specially-authorized nonprofit organizations, which allows the state legislature to specify the particular rules that apply to the organization. The three specialized nonprofit forms do reveal some differences in what mix of laws the legislature has prescribed for them. A few examples are summarized in table 3:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Specialized Nonprofit Type</th>
<th>Local approval of charter?</th>
<th>Public records laws?</th>
<th>Public meetings laws?</th>
<th>Considered public officials?</th>
<th>Governmental immunities?</th>
<th>Express reservation of authority to dissolve?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Cleveland Improvement Corporation</td>
<td>Special Improvemnt District</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>Cuyahoga Land Bank</td>
<td>County land reutilization</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>
Table 3.

**Self-Identification.** As seen in Table 2, some of the organizations emphasize their private, nonprofit status on their webpages. The Land Bank says a little bit more about its relationship with the government, but two others singularly stress their privateness in their external communications. There are two possibilities for this emphasis. First, the organization’s leaders perceive of the organization as a genuinely private endeavor, discounting the role of director appointment in the orientation of the organization. The cause and effect of such organizational identity is worthy of further study. Second, the organization could believe that being perceived as distant from elected government would benefit the organization in some way.

**Implications and Questions for Further Research**

*Beyond Labels:*

One lesson from our survey is that labels can be at least potentially misleading, and scholars must be careful to consider right of control or other structural characteristics, and not simply rely on an organization's title when assessing privateness or independence. The American social conception of nonprofit organizations (tellingly called “nongovernmental organizations” in other traditions) is premised on notions of independence and distinction from the majoritarian government, and there is a debate over whether government regulation and oversight or government funding threaten the sector’s independence, but our survey highlights the more specific and concrete possibility of direct governmental control over some nonprofit boards. This, in turn, raises an empirical question of how independent these organizations really function. Further research is needed on how government-affiliated nonprofit directors and organizations behave and are perceived.

More concretely, scholars who study public administration or nonprofit organizations should use caution when classifying organizations that exist on the boundary between sectors. Depending on an author’s research aims, the classification of an organization based solely on legal status could lead to an imprecise or inaccurate understanding of the phenomenon observed.

*Implications for Accountability.*

There is an extended literature discussing the accountability of PPPs, but many of the same conceptual issues apply with equal force to QGOs outside the PPP context. (David M. Van Slyke and Christine H. Roch 2004). What are the mechanisms through which QGOs are accountable? Who do QGOs view as their constituencies? How does their structure promote or interfere with political or market accountability?

Interestingly, some of the QGOs identified are controversial among the public. For example, Gateway Economic Development Corporation was the subject of public discourse during debates over renewal of Cuyahoga County’s “sin tax,” and the wisdom of the
Cleveland Transformation Alliance was debated in local press during its creation. Some of the controversy involved the specifics of the QGO structure (i.e. whether CTA should be subject to public records laws), but other parts of the debate dealt with whether the attempted project was sound public policy at all. Our data are not sufficient to compel any conclusions over whether QGO form precipitates political controversy or is the product of such controversy, or neither. We leave to other scholars to consider the possibility that a QGO form might be used when political leadership wants to retain control but also wants the political cover of a superficially private organization to implement a controversial project.

Legal implications.
The mix of public control and private status place QGOs in ambiguous legal terrain. (O’Connell 2014). For example, it is often unclear whether they must comply with open meetings and public records statutes, whether they are bound to follow constitutional rules of process and equality, whether their assets can be seized and repurposed by elected government, whether they enjoy First Amendment rights of free expression or not, and whether the managers owe fiduciary duties to the organization or the public at large. (Seidman 1998) Further, the extent to which QGOs can exercise delegated power from the traditional government is in question, and will be ruled upon by the Supreme Court of the United States in the upcoming term (Dep’t of Transportation v. American Ass’n of Railroads). There are also difficulties posed under state law, such as Ohio constitution’s ban on joint ownership between the government and private entities. (Osmer 2012)

Equally unsettled is the role that government-appointed directors are expected to play. Some cases have suggested that they owe a fiduciary duty to the organization in exactly the same manner as any other director, and therefore must sacrifice the broader public interest to the mission of their organization; however, at least one scholar has argued that a public method of appointment should be considered when defining the nature a director’s fiduciary obligations (Froomkin 1995).

These issues are starting to reach the courts but no clear answers have yet emerged. Indeed, courts have shown that they are desperate for a clearer conceptual model. For example, in a recent opinion, the second highest federal court in the country had such difficulty figuring out whether public or private law applied to National Railroad Passenger Corporation (Amtrak)--a nominally private for-profit with Presidentially-appointed directors--that it ended up striking down some of the organization’s activities as unconstitutional largely because Amtrak’s website ended in .com instead of .gov. At a minimum, courts will need to wrestle with the traditional conception of law neatly divided between public law versus private law, and will benefit from a more fulsome understanding of the complexity and variety of modern organizations.

Historical and Social Implications.
In the pre-revolution American colonies, organizations were not clearly so divided between public and private forms, and the corporation as a legal construct bore little resemblance to its modern descendants with the same name. However, as American law and society evolved, legal rules and social conception divided organizations between public and private
sectors, and later public, for-profit, and nonprofit (Lee 2007). The proliferation of QGOs and PPPs over the past few decades could suggest that we may be coming full circle back to a less compartmentalized view of the corporate form. This trend is parallel to the relaxation of the border between nonprofit and for-profit, where social enterprise and the evolution of hybrid for-profit, public benefit corporations threaten earlier distinctions. We hope that our observations and questions will guide future scholars who are seeking to understand the rich and increasing diversity of organizations that have evolved in the urban ecosystem.

Works Cited


Mendel, Stuart C. 2009. “Are Private Government, the Nonprofit Sector, and Civil Society the Same Thing?” *Nonprofit and Voluntary Sector Quarterly*.


Jennifer R. Madden
Jennifer Madden is an Assistant Professor of Business Administration at Carthage College. Madden has a wealth of experience in capacity building, strategic planning, facilitation, training and providing technical assistance to the nonprofit sector, the private sector, and government agencies. Madden has been working in community development for over 20 years. In addition to an extensive background in urban real estate development and project finance, Madden has expertise in economic development strategy, project management, nonprofit management, research and fund development.

Madden is a Ph.D. candidate in Management: Designing Sustainable Systems at the Weatherhead School of Management at Case Western Reserve University. She is researching leadership competencies, management strategies, team interaction and other fundamentals for designing and redesigning effective cross and within sector partnerships to determine how collaborations can be designed and leveraged for social innovation and neighborhood rejuvenation, a concept Madden calls "Rejuvenative Innovation". Madden is a Nonprofit Management Research Fellow, Management Design Fellow and Fowler Sustainability Fellow. Madden holds a Masters Degree in Nonprofit Management and Bachelor Degrees in both Economics and American Studies from Case Western Reserve University.
INTRODUCTION

Public-private partnerships (PPPs) have been described as a social development mechanism to accomplish large-scale undertakings and to address urban-based pathologies. PPPs are also a form of New Public Management (Hood, 1995; Rubin & Stankiewicz, 2001) promising efficiency and risk sharing (Joyner, 2007). Public-private partnerships can attract resources, increase efficiency (ADB, 2008), enable creativity and innovation (Li & Akintoye, 2008) making them a viable strategy for addressing complex urban problems (Bryson, Crosby, & Stone, 2006; Roberts, 2000) and facilitating local economic development (Keating, 1998).

To better understand public-private partnerships, semi-structured interviews were completed with 31 participants across 15 U.S. affordable housing public-private partnerships. The data is grounded in the experiences of participating leaders from local government, nonprofit organizations, and private developers. The research design and methods are noteworthy. A grounded theory approach (Corbin and Strauss 2008) was adopted, collecting data from semi-structured interviews to develop theory inductively. The grounded theory approach permits a naturalistic study that uses qualitative data in a systematic and rigorous way (Glaser and Strauss 2009; Babbie 2010), providing a rich understanding of social phenomena by examining patterns, themes, and common categories discovered in observational data (Babbie 2010).

The purpose of this paper is to provide insight on what key attractors contributed to effective of public-private partnerships and what attractors did not in the case study examples. This paper begins with insight from literature starting with types and a definition of public-private partnerships, then a summary of purposes of PPPs including government/nonprofit PPPs. A conceptual framework is then presented building from the schematic of general and unique organizational aspects proposed by Galbraith (1977). Background information on affordable housing policy and the community development corporation model for urban economic development follows. This paper concludes with a brief summary of research methods, a discussion of findings, and implications for future research.

INSIGHT FROM LITERATURE

The literature identifies partnerships and cross-sector partnerships. According to Boviard (2004: 203-204) types of partnerships include: sectoral (i.e., partnerships with third sector, private business, with business and third sector); relationship (i.e., loose network, collaborative, power sharing, contractual); economic (i.e., supply side, demand side, or mixed demand/supply side partnerships); policy; and scope (i.e., vertical, horizontal, mixed). The literature distinguishes between four types of cross-sector partnerships: public-private partnerships (government and business); public-nonprofit partnerships (government and a nonprofit); private-nonprofit partnerships (business and a nonprofit); and trisector (or tripartite) partnerships (partnerships of all three sectors) (Seitanidi & Crane, 2009; Selsky & Parker, 2005). Cross-sector collaboration, based on explanations by Mihaly (Thomson, Perry, & Miller, 2009, p.: 25) and Ignesias (2005) are initiatives involving shared allocation of resources, risk, roles and responsibilities to achieve a combination of public and private goals. This study builds upon the definition of Boviard
for public-private partnerships as “working arrangements based on a mutual commitment (over and above that implied in any contract) between a public sector organization with any organization outside of the public sector” and defines public-private partnership as cross-sector collaborations, “involving government, business, nonprofits, and/or communities and the public or citizenry as a whole” (Bryson & Crosby, 2008, p. 3). Purposes of public-private partnerships include facilities or infrastructure development (Coopers, 2010; Li & Akintoye, 2008); program design, planning, coordination, implementation, monitoring, evaluation and review; service delivery; resource mobilization; and resource management (Bovaird, 2004). Also studied are the economics of public-private partnerships (De Bettignies & Ross, 2004; Engel, Fischer, & Galetovic, 2007; Iossa & Martimort, 2009; Linder, 1999), governance and risk management (Nisar, 2007; Vining & Boardman, 2008), and the links of public-private partnerships to neoliberal or neoconservative ideologies (i.e., management reform, problem conversion, moral regeneration, risk shifting, restructuring public service and power sharing) (Linder, 1999). There is an abundance of literature explaining public-private partnership history (Smith & Wohlstetter, 2006), formation, evolution, performance (Wettenhall, 2003), strengths and weaknesses (Bovaird, 2004), analysis of options, conflicting goals, rules for government engagement (Rosenau, 1999), and possible pitfalls (Vining & Boardman, 2008). Also addressed in the literature is the role of public-private partnerships in infrastructure projects between government and private sector (for a detailed assessment see Akintoye, Beck, and Hardcastle (2003)), emerging markets (Koveos & Yourougou, 2010) and the increasing importance in nonprofit organizations in public-private partnerships (Mendel & Brudney, 2012).

Some of the scholarship on government/nonprofit as a form of public-private partnerships cautioned the potential dilution of the advocacy role, and “vendorism,” defined as the distortion of agency’s mission in pursuit of available government funding, resulting in loss of flexibility and local control (Bovaird, 2004; Hood, 1995). While other scholars suggest nonprofit organizations play a critical role in assisting public-private partnerships actualize potential and retain values (Mendel & Brudney, 2012) where public-private partnerships with strong collaborative character can effectively build upon existing resources and competences (Salamon, 1995). Government’s growing reliance on its partners in the private and nonprofit sectors means that its success in many cases has come to depend in large part on how well those partners perform (Bovaird, 2004). Exploring the importance of collaboration as a critical success factor in public-private partnerships may uncover critical findings.

**CONCEPTUAL FRAMEWORK**

In examining local economic development public-private partnerships, conceptually (as Ghere (1996) observes) there is consensus in the literature that government does some things best, the private sector other things, and the nonprofit sector still different things (figure 1). Often these sectors act independently or have task-based interactions to achieve efficiency. For example, during the Voinovich Mayoral Administration (1980 to 1989 in Cleveland, Ohio) ten City of Cleveland departments worked with the private sector to set up an internal auditing enabled accounting system improving operations and efficiency. As a result, this “Operations Improvement Task Force” secured cost savings for the city (Voinovich Archives, 2013).
This research builds upon the schematic of general and unique organizational aspects (figure 2), proposed by Galbraith (1977). Galbraith outlines that on some dimension, every organization is like every other organization (A); is like some organizations, but unlike others (B); and has features that are unique to the specific organization (C). In theory, public-private partnerships should combine the best of what each sector brings to the relationship (Rosenau, 1999).

This research seeks to understand which factors influence the effectiveness of public-private partnerships and the possible attractors that facilitate collaborative and effective public-private partnerships where organizations across sectors move from independent actors in local economic development to collaborative organizations building relationships, exploring general organizational aspects and adapting unique organizational aspects. This conceptual model is presented in figure 3.
Affordable Housing Policy

There is substantial academic and professional literature on U.S. affordable housing program success and failure (Katz, Turner, Brown, Cunningham, & Sawyer, 2003). This section presents a brief historical summary of major federal programs for the redevelopment of urban areas. These programs (i.e., Urban Renewal, Model Cities, Community Development Block Grant, Low-Income Housing Tax Credit, and Neighborhood Stabilization Program) demonstrate the need for public-private partnerships.

**Urban Renewal.** Between 1949 and 1974, the Urban Renewal program created from the Housing Act of 1949, spurred inner city development (Ho, 2008). With the initial idea of reversing the decline of the inner cities and replacing existing slums with new affordable housing, two key features of the program maximized the role of the private sector and gave local governments the ability to initiate and implement renewal projects. 810,000 units of new decent, safe and sanitary housing were authorized to replace blighted and dilapidated buildings in poor urban neighborhoods. Very little affordable housing, however, was actually created (Euchner & McGovern, 2003). Eminent domain was regularly utilized and renewal projects yielded prime land in the city center for business and developers (Euchner & McGovern, 2003). With substantial subsidy, the private sector had the responsibility of rebuilding communities without meaningful community involvement. The collaboration entailed government acquiring, demolishing or renovating existing building, improving infrastructure, and the private sector redeveloping the area (Ho, 2008). The Urban renewal program was terminated in 1974.

**Model Cities.** Between 1966 and 1974, the Model Cities program created from the Demonstration Cities and Metropolitan Development Act of 1966 worked to address some of the failures of the Urban Renewal program (Ho, 2008). The Department of Housing and Urban Development (HUD), established in 1965, would coordinate urban redevelopment efforts, address social and physical development needs, and ensure citizen participation. The private sector maintained its role as developer and continued to work and be receptive predominately to local government because of the absence of power sharing between local government and community (Ho, 2008). The Model Cities program ended because of administration changes, lack of power sharing with community supporting a top-down approach, and questions regarding program legitimacy (Ho, 2008).

**Community Development Block Grant.** The Community Development Block Grant (CDBG) program was created from the Community Development Act of 1974 transitioning federal housing policy oversight and control to local government because local housing need did not always match the priorities set by federal programs (Ho, 2008). The program required community participation and provided developer incentives, however funding was more specifically outlined.

**Low-Income Housing Tax Credit.** In 1986, the Low-Income Housing Tax Credit (LIHTC) program was created from the Tax Reform Act of 1986, and in 1990 the HOME program was created under Title II of the National Affordable Housing Act of 1990. These programs marked the devolution of the design and implementation of affordable housing to local
government, for profit and nonprofit developers, and community (Katz et al., 2003). Both programs rely on the nonprofit sector for the delivery (Katz et al., 2003), and community development corporations have been working to fill the affordable housing deficit created by the government’s retrenchment in housing policy (Silverman, 2009).

**Neighborhood Stabilization Program.** In 2008, the Neighborhood Stabilization Program (NSP) was created from the Housing and Economic Recovery Act (HERA) of 2008 under Title III Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes. NSP is a component of the Community Development Block Grant (CDBG). The first tranche of funding of $3.92 billion (NSP1) awarded grants to a total of 309 grantees including the 55 states and territories and selected local governments to stabilize communities hardest hit by housing foreclosures and delinquencies. NSP grantees develop their own programs and funding priorities (U.S. Housing and Urban Development, www.hud.gov, 2009). Under an allocation of funds provided under the American Reinvestment and Recovery Act of 2009, a second tranche of funding of $1.93 billion (NSP2) was awarded to eligible applicants including states, units of general local government, nonprofits, and nonprofits collaborations with other nonprofits or for profit entities (U.S. Housing and Urban Development, www.hud.gov, 2009).

As detailed in the above section, affordable housing policy has been critical in providing funding for housing development in urban communities. A historical timeline of public policy and major federal programs for the redevelopment of urban areas is provided in figure 4. Figure 4 summarizes the statute enacted in the top section of the diagram and identifies the public policy that directly connects below the timeline to the funded program.

![Figure 4: Affordable Housing Policy & Corresponding Programs](image)
Community Development Corporations

Community Development Corporations (CDCs) leverage affordable housing policy programs for local economic development. CDCs have been established as a model for the revitalization of urban neighborhoods (Frisch & Servon, 2006; Vidal, 1992; Vidal & Keating, 2004). Since 1992, a CDC “industry” (Frisch & Servon, 2006; Walker, Gustafson, & Snow, 2002; Yin, 1998) has developed and CDCs have evolved from local community residents working to make their neighborhoods better, to a community development “system” with relationships with banks, government, foundations, churches (Walker, 2002; Yin, 1998), and intermediaries offering training, best practices, and capacity building (Bockmeyer, 2003; Frisch & Servon, 2006; Glickman & Servon, 1999, 2003). Foundations and government have significantly invested in CDCs because unlike government agencies, they are more flexible, and unlike private developers CDCs involve residents in their governance, planning and development activities (Galster, Levy, Sawyer, Temkin, & Walker, 2005).

Most CDCs develop housing. Successful CDC affordable housing developments combine the aggressiveness of private-sector developers with the public mission of the government to build and rehabilitate housing units (Kroopnick, 2008). Three key abilities of CDC versus for-profit developers as development organizations include the CDC ability to secure support from residents on redevelopment projects and policies, the ability to secure support from public agencies, and the ability to coordinate public investments. Weaknesses include liquidity or cash-flow problems, substantial political involvement because CDCs are the alternative model to local government administering community development programs, and lack of capacity to complete projects cost effectively and efficiently (Walker, 2002).

Three financial intermediaries: Enterprise Foundation, Local Initiatives Support Corporation (LISC), and Neighborhood Reinvestment Corporation (NRC) now NeighborWorks have been seen as critical to building the capacity, growth, development and success of CDCs (Vidal, 1997) and communities in general. Since 1980, LISC has invested $9.6 billion in communities and CDCs, leveraging $29.5 billion in total development (Local Initiatives Support Corporation, 2009). Enterprise has invested $10 billion in communities since 1982 (Enterprise Foundation, 2008). In fiscal year 2008, NeighborWorks provided $8.6 million in direct grants to member organizations, and total direct investment leveraged in fiscal year 2009 was $3.9 billion (NeighborWorks, 2009). Intermediaries secure resources from foundations, government, and corporations and strategically distribute funds to CDCs (Glickman & Servon, 2003). The activities supported by intermediaries positively affect CDC performance (Rohe & Bratt, 2003; Walker, 2002; Walker et al., 2002) resulting in CDCs, especially larger ones, having an impact in the neighborhoods in which they operate (Cowan, Rohe, & Baku, 1999). CDCs are frequently the only hope for the many communities that they serve because private developers often ignore high-poverty neighborhoods (Knotts, 2006) leaving CDCs as the main organizational vehicle for development in urban areas (Stoecker, 2003). Despite impressive work completed under difficult conditions and the fact that CDCs are critical in their role as...
neighborhood change agents (Bratt & Rohe, 2007), CDCs like many nonprofit organizations, have remained small, underfunded, and staffed by inexperienced personnel (Euchner & McGovern, 2003; Kroopnick, 2008) and their production numbers are limited. In 1991 there were 2,000 CDCs in the United States producing 320,000 housing units. By 2005 that number more than doubled to 4,600 and production totaled 1,252,000 (NCCED, 2005). Despite these advances, in 2005, only 44% of CDCs had produced more than 100 units of housing over their existence, and only 20% had produced more than 25 units for four consecutive years (NCCED, 2005). While CDCs that received funding and support from intermediaries were the most productive affordable housing providers (Glickman & Servon, 2003), even these were only on average producing 24 units per year (Glickman & Servon, 2003). Further, community development organizations decreased significantly dropping by half from 2002 to 2010 (VonHoffman, 2013).

METHODS

Methodological Approach
Qualitative research is an opportunity to increase understanding of affordable housing public-private partnerships. Qualitative research looks in depth at experiences and viewpoints allowing the leaders to tell their stories holistically focusing on the issues and concerns they feel are most salient to their experience. Qualitative methods can impose order on disorder and promote, “thinking in terms of complex relationships” (Corbin & Strauss, 2008: 13). Qualitative research methods also contribute to understanding the meaning of experiences, actions, and processes that inform outcomes (Maxwell, 2004).

Sample
Our sample consisted of 31 participants engaged in 15 ongoing or recently completed affordable housing public-private partnerships in ten U.S. states. The collaborations were identified with the assistance of two national organizations that secure resources, provide management and technical advice, and serve as industry experts on housing and neighborhood revitalization. Our respondents included 20 nonprofit (of which 18 were CDC Executive Directors), seven for-profit and four government collaboration representatives. Six of the 15 public-private partnerships were tri-sector (nonprofit, for-profit and government participants) and nine were either a nonprofit or for-profit organizations in collaboration with government.

Case Studies
Profiles of four (of the 15) affordable housing public-private partnerships are summarized in table 1. Case #4 exhibited exploitative, rigid and transactional attractors while cases 1, 2 and 3 exhibited explorative, adaptive and relational attractors.

<table>
<thead>
<tr>
<th>Table 1: Sample Case Study Profiles</th>
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<tr>
<td><strong>Case #1: Government &amp; Private Sector Organization</strong></td>
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<tr>
<td>Community did not want more affordable housing in their neighborhood. For profit developer created housing that looked and felt exactly like market-rate housing. Community didn't understand affordable housing strategy. For-profit developer held</td>
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community council meetings with information comparing work with other cities; Identify community leaders and sat with them individually to answer detailed questions; Open about intentions with community. Developer conducts tours when construction started, does not displace any residents, employs minority contractors, and makes local hires.

Community detractors now supporters.

State financing agency would not approve two deals submitted by the developer because they were in the same submarket. Developer pitched a case outlining the importance of the critical mass and comprehensive neighborhood revitalization needed with both deals. State agency changed approach, adopting neighborhood revitalization as a criterion for future funding. State funds both deals. Because of the economic conditions, couldn’t sell tax credits for original pricing creating a financing gap. Developer contacted the City requesting additional assistance. Developer also goes after stimulus funds to fill the gap.

Secured additional funding from both sources to complete the project.

Case #2: Government & Two Nonprofit Organizations

Because of an outcry from neighborhood residents about building a facility to house chronic inebriates, the nonprofit organization does not move forward with the project losing the $3 million dollars in funding that had been secured for the site. The nonprofit identifies a different site and their nonprofit partner helps them secure $3 million dollars in bond funds to complete the development on this second site. To build on the second site needed a special permit. The City denied the permit, but did not do it within their legal time frame of 60 days. With support of partner, organization sues the City under both violation of fair housing laws (permit denied because of NIMBYism) and violation of the 60-day rule. Nonprofit organization wins lawsuit. There was a strained relationship with the City after winning the lawsuit. The nonprofit apologized to the planning department, explained that had to file suit and why it was important. The organization was able to work with the City to complete the project.

Case #3: Government, Nonprofit Organizations, Private Sector Organization

A visioning process was completed with neighborhood residents and stakeholders. A location was identified for development. However, the economy was terrible, the nonprofit was having a difficult time finding an investor and was fearful the project would fall apart.

The private sector partner was persistent. The public-private partnership successfully approached State Farm as an investor (this was State Farm’s first investment in this type of deal in the nation). When the partnership reported back to the neighborhood, “it was like they had amnesia that they had told us to do the development here... they were up in arms.” Both partners attend the community meetings “and we both took the bullets”, but were able to persuade the neighbors. Project supported by majority of residents. A small group of residents stood against the project. Nonprofit partner made funders feel comfortable, reached out to public officials and the media to convey the message that it was just a handful of neighbors that did not support the project.

Case #4: Government, Nonprofit Organizations, Private Sector Organization

A for-profit developer partners with a community based nonprofit housing developer. They
have partnered in the past, and the for-profit wants the same structure as developed in previous deals. The for-profit has developed a system where they have multiple line items in the construction budget (e.g., construction, architectural, planning) because the for-profit is a vertically integrated development company. The nonprofit wants to take a larger role and wants more developer fee. The for-profit does not believe that the nonprofit brings real “value to the deal” and thinks the deal is fair. The for-profit has to put up the guarantees, and is “taking all the risks” and refuses to renegotiate to a profit split that is acceptable to the nonprofit. The nonprofit walks away from the deal, and the for-profit finds another nonprofit organization with no housing development experience, but a valid 501c3 and housing mission to replace the disgruntled nonprofit.

**DISCUSSION**

The data suggests despite size, type of partnership, or experience, PPPs for affordable housing encountered three common challenges: financing problems, community and/or political opposition, and conflict with partners. In seven of the 15 public-private partnerships, financing challenges stemmed from the traditional affordable housing finance tool – the Low Income Housing Tax Credit (tax credits). Difficulties included: 1) shortfall (value decline) in credits, 2) loss of tax credits, or 3) difficulty securing an investor to purchase tax credits. In the remaining eight public-private partnerships the financing challenges resulted from additional funding needed for the housing development. Several leaders also reported financial challenges for their organizations.

All the PPPs included in the study experienced community and/or political challenges in the early stages of development prior to construction. Opposition to affordable housing is commonplace. The data revealed that partners with relationships with the local communities targeted for development was critical. Some reported with intensity a willingness to take on community and political opposition to ensure that housing for those in need, was built.

Leaders of public-private partnerships experienced conflict with partners. Several leaders reported intense negotiations with partners. Leaders reported struggling with personnel problems of their partners, including turnover and limited experience and conflict around profit sharing and developer fee split. All of the public-private partnerships had previous development experience, and all were established organizations. Despite the potential, the data revealed sharp differences for overcoming obstacles, between attitudes and conduct between successful collaborations and less successful collaborations when facing a problem.

Finding #1: Effective public-private partnerships were more explorative then exploitative.

The narratives of the successful collaborations demonstrated problem solving that explored new ideas, flexibility, and risk acceptance. The data revealed solutions to challenges discovered through authentic dialogue with politicians, residents and among partners. In several examples solutions to one challenge led to another challenge that the successful collaborations considered alternative possibilities to solve. Examples of evidence are provided in table 2.
Table 2: Exploitation vs. Exploration

**Exploitation**

- "...it was not a good business deal for us to take all the risk with acquiring 22 houses and... have them in our inventory... The... developer wanted me to take all the risk."
- "It's not just like we're any other developer... we're a fairly large developer with some significant capacity... We want to control the deal. We want to be able to make the decisions that affect the financial ramifications of the deal..."
- "They felt that we did not have the capacity to get houses done. That what they were bringing to the collaboration... can get the work done."

**Exploration**

- "...the city planning commission voted us down. And it [was] truly nimbyism, it was neighbors standing up and shaking their heads, and you know, calling the people we work with the scum of the earth... at public meeting on public television... we filed a lawsuit against the city... It was ugly. But we did it for all the right reasons... it was the right thing to do, people deserve housing..."
- "...it was not a good business deal for us to take all the risk with acquiring 22 houses and... have them in our inventory... The... developer wanted me to take all the risk.
- "They felt that we did not have the capacity to get houses done. That what they were bringing to the collaboration... can get the work done."

Finding #2: Effective public-private partnerships were more adaptive then rigid.
Effective public-private partnerships were adaptive, approached problems with a willingness to modify plans and roles, and were able to respond favorably to change and unpredictability. Leaders of effective public-private partnerships moved beyond the default solutions available for resolving their problem in an effort to complete the affordable housing development. The research revealed that leaders took on detractors, difficult populations, and government. This commitment produced results that improved conditions for the targeted population through the development of housing (and in many
cases supportive services), won design awards, captured the attention of the U.S. Housing and Urban Development Secretary, and changed policy. In addition, the effective public-private partnerships encountered many problems as they worked to complete the affordable housing development. The adaptive actions taken by the successful collaborations enabled them to move forward. In all of the effective public-private partnerships, challenge after challenge was met and resolved until the project was completed. Examples of evidence are provided in table 3.

**Table 3: Rigid vs. Adaptive**

<table>
<thead>
<tr>
<th>Rigid</th>
<th>Adaptive</th>
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<tr>
<td>&quot;So, our deal was that they were going to do end financing. When they couldn’t get their end financing my question to them was - what is your new role?&quot;</td>
<td>[Residents had no where to go if their homes were demolished and rebuilt, so nonprofit comes up with the idea to build a “holding house” – a house built on a vacant lot on the block where families could move into so no families would be displaced. The house was completely designed and presented to the community] &quot;...and they looked at it and said we don’t like it... From an efficiency standpoint, use of space, the kitchen was smaller and tighter and culturally within that street and that place, kitchens are really important. They wanted it to be done in a different layout because that’s the way they cook and the way they live, and so we respected that, redesigned the entire house and there’s nothing in the original design that’s in that house.&quot;</td>
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<td>&quot;...they were controlling everything they did the proformas, they looked at the house, they did the spec, they did everything. They just wanted me to bring the money and not ask questions.&quot;</td>
<td>&quot;...we’re actually moving our office there because... I can’t afford to keep renting my current office and paying the mortgage over there so we’re moving our office and we’ll-it’s going to cost us a lot more money to have an office than it is now but I have to deal with this issue. So- it’s things like that are real risks that people have taken.&quot;</td>
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<tr>
<td>&quot;We sat down multiple times and discussed potential roles for both of our organizations and it sort of just became clear that through our discussions that [partner] was going to be very uncomfortable playing that leadership role...&quot;</td>
<td>&quot;...you’re coming back and you’ve just survived a storm... You see nothing but despair, heartache, pain... They were just paralyzed... when you go in and you rip all of that out and throw it out on the curb, you tear out all the sheetrock, you empty it and when they walk back into that house, there’s nothing but 2 x 4’s and some walls. A strange thing happens is that now you get this, ‘You know? I always wanted to open this room up.’ Simple little act changed them from, ‘I’ll never be able to recover,’ to ‘You know, I see hope. I see possibilities,’ and that lifts the spirit.&quot;</td>
</tr>
<tr>
<td>&quot;...we’re actually moving our office there because... I can’t afford to keep renting my current office and paying the mortgage over there so we’re moving our office and we’ll-it’s going to cost us a lot more money to have an office than it is now but I have to deal with this issue. So- it’s things like that are real risks that people have taken.&quot;</td>
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Finding #3: Effective public-private partnerships were more transactional than relational.
Less effective public-private partnerships were transactional, with a focus on the specifics of the deal and were unable to resolve conflict in their partnerships or unable to move forward to complete the affordable housing development; were transactional with a focus on “fees”, “the deal”, “value” and “money”. Leaders of effective public-private partnerships were relational. Evidence in support of this focus is provided in table 4.

*Table 4: Transactional vs. Relational*

<table>
<thead>
<tr>
<th>Transactional</th>
<th>Relational</th>
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<td>“I needed a partner that was bringing money to the table…”</td>
<td>“…we would be most useful if we did what we did well, and if we partnered then with organizations that could do what they do well, and for us not to feel like we have to do everything.”</td>
</tr>
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<td>“I always would say to [partner], at some point this is about money. This is a business relationship…”</td>
<td>“…affordable housing is a really tough nut to crack. So here is an opportunity… we just don’t normally get. And 90 units of affordable housing is a big deal for us…”</td>
</tr>
<tr>
<td>“The problem with that is they also wanted fees. They wanted to participate on the developer fees or any fees. My question was - what are you putting in?”</td>
<td>“We have brought some additional institutional money into the neighborhood… we want to make an impact in not only just the housing stock, but in the community…”</td>
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<tr>
<td>“The only way that we’ll partner on deals is if we, being me… is if I bring them the concept because it’s always about, ‘Well, what is your value?’ And I’m valuable to people when I bring them a deal that they would not have otherwise done had I not brought it to their attention.”</td>
<td>“The only way that we’ll partner on deals is if we, being me… is if I bring them the concept because it’s always about, ‘Well, what is your value?’ And I’m valuable to people when I bring them a deal that they would not have otherwise done had I not brought it to their attention.”</td>
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IMPLICATIONS FOR FUTURE RESEARCH & LIMITATIONS

Limitations
There are several limitations to this study. This study was a descriptive, non-random, qualitative investigation. The sample was small, heavily concentrated in the Midwest, and not representative of all public-private partnerships for affordable housing. Further, interviewing leaders may have introduced self-reporting bias, and interviewees were required to recount past experience. Some recollections may have been incomplete or compromised by the effect of time on memory creating the potential for recall bias. Finally, qualitative data analysis depends heavily on the interpretations of the researcher. The principal researcher has worked in the field of housing and community development for over 15 years, and we acknowledge the potential for researcher bias, despite a conscious effort to control effects through the use of rigorous methods in designing and implementing this study. This is only a preliminary conceptual understanding of success in these partnerships and will require further inquiry, particularly quantitative confirmation of the conceptual model.

Implications for Future Research
For practice, nonprofit agencies and private developers may find our results useful in guiding actions for responding to the common barriers that confront public-private partnerships that build affordable housing. Considerable research has been conducted on public-private partnerships concerned with economic development, education, health care, the alleviation of poverty, capacity building, and environmental sustainability (Selsky & Parker, 2005), but there are few field-based studies on public-private partnerships concerned with affordable housing development. This qualitative study adds to the growing research on collaborations with research associated with affordable housing public-private partnerships. The findings contribute to the limited research available.
REFERENCES


Neil Morgan

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Public-Private Partnerships: Trends, Issues, and Policy Considerations
The Newport News Redevelopment Experience

Introduction
This paper focuses on the public-private partnership oriented redevelopment experiences of Newport News, Virginia, a community of 180,000 citizens with many of the challenges and opportunities faced by America's largely built-out, older communities. Local governments are turning with increasing frequency to partners for significant infrastructure and redevelopment initiatives. Today's public-private partnerships, often called a P3, go beyond business-friendly cooperation and are based increasingly on formal, written agreements that commit multiple parties to perform in cooperation over a set period of time—what many would call a formal "deal."

These transactions are rooted in the experiences of communities like Atlanta and Cleveland dating back to the early 1980s. These earlier pioneers of public-private partnerships began with the big idea that regional economies had to move away from a “them (business) and us (government)” type of thinking. The notion of marshaling the strongest possible share of a community’s financial and intellectual resources through partnerships in order to be competitive and building livable urban places gained salience. Developing alliances of business, non-profits organizations, and government players became popular as a key way to move urban communities forward. Atlanta’s boom in the late 1970s and 1980s was partially attributed to this philosophy as was Cleveland’s reemergence during the 1980s.

While the potential advantages of partnerships became clear, their proliferation also meant that they became more diverse in character and that many would-be partners had limited experience and capacity to succeed. As in Atlanta and Cleveland, many of Virginia’s initial local government partnership experiences were in the economic development arena even as many states establish Public-Private Transportation Acts (PPTAs) and Public-Private Education and Infrastructure Acts (PPEAs) to encourage inter-sectorial cooperation to finance such projects.

After first reviewing some of the history of American partnerships that have been around in various forms for a long time, the experiences of Newport News, Va., which has been a leader in deploying public-private partnerships in the redevelopment arena over the past quarter century, will be described. Those lessons then will be considered in the wider context of the nation’s increasing use of structured P3s.

With frequent use and changing times, these mechanisms create contemporary challenges of process management, proposal evaluation, and staff capacity. Fresh policy options for addressing concerns and creating a situation in which smaller organizations and communities have the opportunity to benefit from the efficiencies and capital-infusion potential of P3s are needed. Vigilance is indicated because high profile partnerships that fail or come under scrutiny generate pressure to “reform” P3 rules in ways that could result in processes that are indistinguishable from regular government procurement. In addition there is some risk that the spirit of practical teamwork so critical to local partnerships will
be damaged by partisan forces of gridlock so evident in Washington and some state capitals today.

**P3s in American History: What Comes Around Goes Around**
P3s were not a new invention when Newport News, and Virginia more generally, deployed them for redevelopment purposes over the last quarter century. Nor were they a new idea for Cleveland or Atlanta in the 1980s. Government and business have had complex partnerships in America since soon after the first English colonists came ashore under the auspices of the Virginia Company in 1606. The State of New York did a deal to build the Erie Canal, and the federal government contracted out the national railway system and much of the American mining industry by contributing free or nearly free land during much of the 19th century.

These examples and many other partnerships were ubiquitous during much of American history. As UVA historian Brian Balogh observes, Americans often prefer their government services to be delivered less visibly in conjunction with the private sector. These mixed arrangements came in many shapes and sizes. They often had many advantages over purely governmental actions in terms of the public’s more favorable attitudes toward the private sector and political support for major initiatives requiring visible government actions. On a more tangible level, P3s of the past also had the positive features of private capital financing and access to the human resources talent of private sector actors.

**Progressive Era and Modern Times**
Of course, big projects and complicated public-private transactions can be tracked during the industrial and modern era as well. However, with the Progressive Era and the push for anti-corruption and clean government, came formal, “rule bound” procurement, competitive bidding and suspicion that any government-business partnership not established by some type of arms-length process was tainted. Much of this scrutiny and rightful concern that good government uphold values like fairness and equity also generated the procedural safeguards that came to be synonymous with plodding and cautious government decision-making. This was not an environment in which nimble P3s tended to emerge.

Parallel with the push for clean and fair government was the general expansion and professionalization of national, state and local governments that accelerated after World War II and was widespread by the 1970s. With this growth in size and capacity came more

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rules, procedures and transparency expectations that tended to render entrepreneurial P3s a rare breed. Additionally, until the 1973 oil crisis, there was little perceived lack of public financing for any transportation or redevelopment project that one might imagine and otherwise enjoyed political support.

**Third Way Urban Partnerships and Market Mechanisms**
The 1970s and 1980s featured American communities that were forced to face their challenges from a new vantage point. Business as usual wasn’t working with the much more greatly restrained national economy and limited national resources. Americans were shocked when advanced manufacturing seemed to be taken over by Japanese multinational corporations deploying American developed plan-do-check-act techniques.\(^8\) While subsequent developments make the Japanese seem far less monolithic, their formula of teamwork for the greater good made a real impression on many. Perhaps not coincidentally, this was the time of the “third way” political economists, such as Lester Thurow (*The Zero-Sum Society; Distribution and the Possibilities for Economic Change*, 1980) and Robert Reich (*The Next American Frontier*, 1984). These “third way” American thought leaders generally advocated for greater coordination between government and business, as well as targeted investments and human capital development.

During the same timeframe, another strand of American political economy and philosophy was labeled as “Neoliberalism.” Although people advocating divergent policies came to be known as “neoliberals,” a unifying theme for many was the value of using market mechanisms even for government incented activities. As articulated by Charles Peters, the neoliberals promoted a system “in which the excesses of an adversarial, pluralistic system were softened by principles of community, democracy, and prosperity.”\(^9\)

It was in this historical and economic context that the stories of Atlanta and Cleveland fit. After Andrew Young’s election as Mayor of Atlanta in 1981 with substantial opposition from the business community, he famously reached out to Atlanta’s business leadership when he said “I didn’t get elected with your help, but I can’t govern without you”.\(^10\) Atlanta clearly had many things going for it at the time, including its strategic transportation hub advantages and “New South” racial climate of the “City too busy to hate.”\(^11\) Without going into project details, the conscious effort of Atlanta’s civic leadership to approach things in the spirit of teamwork and collaboration, while bringing in business leaders with market expertise were necessary ingredients in Atlanta’s dynamic development.

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\(^8\) There are many sources for Deming’s Plan Do Study (Check) Act cycle; e.g., W. Edwards Deming, *The New Economics for Industry, Government, and Education.* (Boston, MIT Press, 1994), 132.


\(^10\) As quoted by Andrew Young upon his election of Atlanta’s mayor in 1981; cited in Harvey K. Newman’s and Jeremy Greenup’s Engaging the Private Sector, part of the Atlanta Case Study Project, [http://aysps.gsu.edu/Engaging_Private_Sector_Case_Study.pdf](http://aysps.gsu.edu/Engaging_Private_Sector_Case_Study.pdf), May 19, 2014.

The case of Cleveland was more dramatic. As a rust belt city with declining manufacturing and population, in many ways the Cleveland of 1980 was still functioning in the post-World War II mindset of interest group conflict mode, or Lowi’s “interest group liberalism.” Government, labor, and business were largely operating in isolation from each other and without the mindset that all hands needed to be rowing in the same direction. Its 1978 default and national image of failure and decline represented a low point.

In many ways Cleveland’s resurgence tracked with the mayoral election of George Voinovich who served from 1980 until 1989. While the mayor and his team get much credit for changing the style and philosophy of the local government analogous to Andrew Young in Atlanta, other factors were also at play. In Atlanta, the surge of public-private investment rode a wave of national trends including the growing airport hub system, general dynamism and population growth in the South, a revolution in race relations and other factors. In Cleveland perhaps the critical variable beyond the change in city hall was the mobilization of the existing corporate leadership structure that had been partially dormant during the period of decline. In both the Cleveland and Atlanta cases the new spirit of teamwork for the greater good took place within the intellectual backdrop of market-oriented Neoliberalism and the growing sense that a third way of collaborative leadership across all sectors - business, government, labor, non-profits, universities - was necessary for community competitiveness not only within the United States but around the world.

Cleveland’s flavor of partnerships was particularly broad. In addition to redevelopment-oriented projects such as the Midtown Corridor and strategic groups like Cleveland Tomorrow and more traditional Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) leveraged government driven projects, Cleveland also had “soft partnerships” in which corporate talent was made available to advise the city on upgrading its services, technology, and general use of best practices. This is perhaps the most unique aspect of the Cleveland experience and illustrates the latent community advantages when there are corporate headquarters with both financial and human capital available for creative deployment. The reality is that few American cities such as Newport News have this luxury.

**Contemporary P3s around the Country**

There is no question that interest in Public Private Partnerships continues to grow around the United States, as well as internationally. Groups such as National Center for Public Private Partnerships (NCPPP) and the National Conference of State Legislatures (NCSL)
have created forums to exchange information and best practices targeting a national audience. Particularly in transportation, federal policy change beginning with the 1998 Transportation and Infrastructure Finance and Innovation Act (TIFIA) has accelerated project activity and interest in P3s nationally. However, most P3 work has been concentrated in just a few American states and there appears to be far greater potential to use P3s at least as an infrastructure financing vehicle than what has materialized to date.\(^{16}\)

From Jamestown to the Capitol Beltway, P3s are intertwined in American history. The formal, structured partnerships of today have a lineage dating to the first English settlements and a technical and contractual lineage that is traceable to urban redevelopment initiatives going back a few decades.

**The Deployment of P3s for Redevelopment in the Newport News Experience**

Many existing Virginia public-private partnerships predate the current Virginia PPEA\(^ {17}\) and Virginia PPTA.\(^ {18}\) Both laws are intended to ease procurement restrictions, move away from a simple low-bid mindset, and avoid the lengthy and complicated processes previously required for a local government to meaningfully partner with an interested private firm. These innovations in public-private partnering rules have come about in part because of financial pressures that limit available public capital financing, but also because of the demonstrated success of some of the partnerships that predated the contemporary PPTA/PPEA format.

With continuing modifications at the state level, the PPTA and PPEA procedures are receiving much attention. Some of the most successful and high-profile projects using these mechanisms include the Capital Beltway "hot lane" upgrade in the Washington, D.C., area, and the expansion of the Midtown Tunnel in Norfolk, Va. Conversely, the proposed new, limited-access U.S. 460 highway near Hampton Roads\(^ {19}\) has recently suffered a major setback resulting in additional scrutiny of Virginia's P3 regime.\(^ {20} \) Even with some bad publicity and some clear short-comings, on balance these undertakings and others have created a sense of momentum and observable progress where, particularly in the case of Virginia's roads, financial limitations resulting in years of limited activity were causing frustration.

When citizens, elected officials, and policymakers see bulldozers rolling, the positive benefits of P3s are observed, and interest in pursuing more and different kinds of P3s is inevitably the result. Thus far, the most well-known Virginia P3s have been undertaken by either the Commonwealth of Virginia or larger local governments with significant staff

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\(^{17}\) Va. Code §§56-575.1 through 56.575.17

\(^{18}\) Va. Code §§56-556 through 56.575

\(^{19}\) Office of Transportation Public-Private Partnerships (Virginia.gov).


capacity and well-developed oversight institutions. As interest in P3s migrates toward smaller agencies and local governments, issues of process management, proposal evaluation, and public oversight become more urgent.

Newport News’ Redevelopment Partnerships

Most of the major partnerships that have occurred in Newport News have been in the arena of redevelopment. Three examples implemented over the past 20 years provide a basis for identifying several common variables and questions that may be considered when effectively structuring P3s. Unlike Atlanta, Newport News had no unusually favorable transportation nexus to leverage; and unlike Cleveland, this Hampton Roads community has very few corporate headquarters assets upon which to draw.

The “Downtown Partnership”: In the early 1990s, the City of Newport News, its Economic Development Authority, and its Redevelopment and Housing Authority, along with Newport News Shipbuilding, and in some cases, the Commonwealth of Virginia, executed a series of projects that resulted in several hundred thousand square feet of office and research space, multiple parking decks, a waterfront park, and more recently, residential and retail space. The new Shipyard Apprentice School, which opened in December 2013, is the newest element in this longstanding example of redevelopment teamwork.22

City Center at Oyster Point: City Center is a dramatic mixed-use development that has arisen from what was once a suburban office park in the Oyster Point area of midtown. This ongoing partnership links the city and its Economic Development Authority to a private consortium led by Harvey Lindsey Commercial Realty. Governed by a master development agreement, this strategically directed public and private investment continues to transform the midtown area of Newport News.23

Brooks Crossing: Now underway along the Lower Jefferson corridor in the southeast section of the city, this partnership has united the city and its agencies with local developer Aaron Brooks, as well as Armada Hoffler, a major East Coast developer.24 The ambitious effort will bring new private investment to an underserved area of the city by leveraging large public infrastructure improvements and incremental private projects, all of which are mapped out with a master development agreement, defining the roles of the parties over time.

Different Projects, Common Variables

Each of these projects started with the local government already having acquired some critical real estate in the general target area. In each case, it became obvious that the scale of site assembly and infrastructure upgrades—and the ultimate potential to create a new

23 “Roots of City Center project took hold over more than a decade,” Virginia Town & City, May 2007, 10-23.
built environment—needed the financing, marketing skill, and practical knowledge of the private sector to move beyond an idea and get to a “bankable,” well-grounded development.

In each case, a pre-existing public policy had targeted a particular area for major physical change. To varying degrees, that public policy took the form of comprehensive plan guidance, citizen and business advocacy to affect change within a targeted area, professional recommendations by staff and consultants, and a political consensus by elected officials to move an initiative forward. Moreover, the successful completion of each of these partnership projects required strategic thinking, political will, and administrative capacity on the part of public partners. Perhaps even more important than these objective factors is the creation of a blended P3 culture featuring executive leadership. These endeavors were also extremely labor intensive and underscore the important point that similar partnerships should not be pursued without careful deliberation.

While it may have been possible for the city to acquire all the needed land, it was not practical for city representatives to design and construct much of the new infrastructure, as well as solicit purely private proposals, without linking the early stages of development to a specific outcome. With the scale of needed public expenditures (many millions over time), it was not possible to mobilize the community to invest so much if the expenditures were not linked to a specific outcome. By having a private partner in all of these examples, the city was able to show that its public investments were leveraging not only private dollars, but also particular kinds of buildings, public spaces, residences, offices, or retail construction. It is much easier to justify public investment when pointing to the tangible end product rather than speculating about what the private sector might do in the future. The need for a private partner with end-product market knowledge also enhanced the efficiency of public utility and transportation investments. If what will be built is known, engineers can right-size infrastructure to avoid over investments or expensive retrofits.

The need for appropriate public accountability is indisputable when such large public investments are made in conjunction with private, profit-oriented partners. Fortunately, in the Newport News experience, well-established institutions and structures were available to develop, analyze, and monitor major project elements. The elected city council provided policy oversight through its senior professional management team while also benefitting from the city’s Economic Development Authority/Industrial Development Authority and Redevelopment and Housing Authority, whose appointed citizens have the energy and capacity to properly review the complex work of professional staff.

While subjective policy and political judgments can never be perfectly fortified with quantitative performance measures as a local government organization strives to be accountable to its citizens and leadership, the most useful technical tool for Newport News has almost always been some form of cost-benefit analysis. In all of these redevelopment examples, city staff prepared detailed projections of both the tax revenue and the employment impacts of the proposed projects relative to public and private investments over extended periods of time. Senior management, citizen boards, and elected officials
were aware of these calculations at the time recommendations were provided and public bodies made decisions.

Admittedly, such projections require many assumptions in cases of complex redevelopment. Circumstances always change, and the city’s practice has been to periodically update cost-benefit analyses so that projections can be compared with actual results. Because of the long-time horizon of many of these projects, the objective reviews have generally been more meaningful for staff and management, serving to identify lessons learned for future partnerships. In terms of the general citizenry, the principal “metric” over time has been whether the redevelopment partnership produced the dramatic physical changes that were advertised at the project’s inception.

Among the many challenges of using rigorous cost-benefit techniques, three deserve mentioning here.

First, not all projects should have the same definition of success. A project such as City Center, in a vibrant portion of the city, should have a higher public return than a project of similar scale in an area with limited private-market activity such as Lower Jefferson Avenue. Who decides if more jobs and fewer taxes are acceptable returns? There is no scientific way to say a 3-to-1 private to public investment ratio is satisfactory in location “A,” while 2-to-1 is acceptable in location “B.”

Secondly, rigorous and transparent analysis opens a proposal to attack by critics who may choose to use honest analysis for purposes that do not align with the public interest. For example, properly factoring in the negative impact that a new project would have on existing businesses may come at the price of introducing a source of opposition that might not otherwise emerge. In other words, quality cost-benefit analysis sometimes gets in the way of project marketing.

Lastly, the successful use of econometric-type measurement has significant staffing implications. Many local governments may not employ individuals with both the skill set and the stature to apply such techniques with accuracy, credibility, and integrity. Newport News has been in a fortunate circumstance of having a high-capacity staff with a high degree of community credibility to advise management, elected officials, and citizens on the justification for a complex redevelopment project and subsequently reporting on how the partnership performed.

In the Newport News experience and elsewhere, a plan, a political consensus, and a high capacity staff are necessary but not sufficient in most cases to manage a successful P3. Another very critical aspect is establishing a unique partnership culture dominated neither by the government nor private partner. Such a blended culture allows the P3 team to accommodate both the unique challenges of the public side such as transparency as well as the equally important private sector drivers such as the required project internal rate of
return. Success in achieving the blended culture usually requires strong participation and leadership by senior management of the parties.\textsuperscript{25}

Thus, necessary factors for a successful public-private partnership include a local government environment of accountability that combines political leadership prepared to act on identified strategic priorities, a high-capacity staff that can function across multiple disciplines and various agencies, a culture of partnership among the parties, and a credible level of citizen oversight through appointed boards prepared to dig into the project details.

**Lessons Learned**

Newport News staff has learned from its partnership undertaking, including some unsuccessful ones not discussed in this paper. Clearly, while every opportunity is unique, partnership efforts that grow out of well-defined community redevelopment needs are more likely to succeed than unsolicited proposals not linked to established priorities. When the effort is pursuant to a community consensus—such as strengthening a major employer, creating a mixed use center for the economy of the future, or finding a way to encourage private investment in an area long suffering from disinvestment—implementing a successful partnership remains difficult but worth the effort. Well-written development agreements, rigorous cost-benefit analyses, private partners that understand governmental processes, a realistic financial strategy, and as much open communication with interested citizens as possible, are all factors that correlate with success.

**Questions to Raise When a Community is Considering a P3**

- Is the project of sufficient scale to justify the time and energy needed to follow through?
- Does the local government have the capacity to manage such a project?
- Does the local government have the ability to properly evaluate the potential costs and benefits of a project, thereby allowing a form of community accountability?
- How will the private partner(s) be selected?
- Can the selection process withstand the political consequences of disappointed parties not selected?
- How will the need for confidentiality be balanced with the transparency requirements of government?
- Does the prospective private partner have the resources, experience, and integrity to be a worthy teammate?
- Should the locality enter directly into an agreement using PPEA/PPTA techniques or use a companion agency such as an industrial or housing authority as lead negotiator?
- Do the updated PPEA and PPTA procedures offer any advantages over traditional partnering mechanisms in the redevelopment arena?
- Can the project's investment needs be structured in a way that local government can afford and the private sector can finance?

Do the partnership’s agreements adequately anticipate all of the contingencies that can derail a project despite everyone’s good intentions?

Policy Implications for Future P3s

Many of the attractive aspects of P3s, such as streamlining governmental procurement, taking advantage of the efficiencies of design-build teams, tapping private capital without going to the traditional bond market, and being presented with entrepreneurial, unsolicited proposals also represent policy challenges as more firms, non-profits, and more governmental units are drawn into these types of arrangements. Like any other public activity, the need to ensure accountability of process and accountability of result are omnipresent concerns. Additionally, will there be sufficient staff capacity and policy oversight to ensure that future P3s are procedurally sound and produce the promised results?

Some of the annoying inefficiencies of government are the result of procedural safeguards put in place over the years to ensure transparency, fair competition, and equity. Accountability of process refers to who gets the deal and how. As P3s become more commonplace, these same issues arise. State and local laws and administrative procedures are evolving with various requirements for public notice, alternative proposal solicitation, confidentiality limitations, and appeal procedures. To some extent, these requirements will tend to make P3s look more like “regular” government contracting over time. How do policymakers find the right balance between maintaining the practical advantages of P3s and mitigating the risks associated with the “usual suspects” (i.e., fraud, insider influence, political pressure, etc.)?

The concept of accountability of result refers to performance. Did the deal result in what was envisioned? Did the road get built at the appropriate design standard in a timely manner at the price promised? Did the private investment and toll rates work as envisioned? If changes to the deal were necessary due to unforeseen circumstances, were the changes made in a manner that resulted in a project that was consistent with the public interest?

As the use of P3s grows, the challenge of ensuring fair but efficient public processes, as well as developing/assuring governmental capacity to properly analyze whether a project is in the public interest, are imperatives that organizations with limited resources will struggle to achieve. To optimize the benefits of P3s and ensure that partnerships remain attractive options for our communities and agencies in the future, existing institutions must be redirected or new capacity must be developed so that unbiased resources are economically available to advise and evaluate the P3s to come.

Policy Options as P3s Grow in Popularity

Organizations with substantial, specialized professional staff and well-established policy-oversight governance have led the way in deploying P3s successfully in Virginia. For example, in the case of the Virginia Department of Transportation, a staff unit focusing on design-build and P3s has deployed PPTA procedures under the knowledgeable oversight of
the Commonwealth Transportation Board with good results. Larger local governments ranging from Fairfax County to Roanoke County to the City of Newport News have led successful projects that benefitted from staff capacity and established oversight institutions, including local elected officials and appointed boards such as industrial development authorities. As in the cases of Atlanta and Cleveland, there are many other successful flavors of P3s unique to communities around the country and indeed around the world.\textsuperscript{26} By and large these communities have capacity and sophistication. How can the many smaller agencies and units of government enjoy the benefits of P3 projects, take advantage of lessons already learned, and be alert to challenges going forward, particularly if the entities are not in a position to employ specialized staff or reap the benefits of a cadre of professional, citizen volunteers?

Two specific options, which are not mutually exclusive, are offered. As in the case of Newport News, many of the localities and regions have well-developed economic development systems that include citizen oversight and experienced staff. These institutions and personnel have in many cases already been involved in sophisticated “deal-making” that included most of the same questions of process and result discussed above. For example, there has been a significant evolution in the quality of performance agreements that local development officials (and often the Commonwealth of Virginia) use with private companies. What were once not much more than statements of good-faith intent in exchange for public dollars are now usually very tightly written agreements that detail the parties’ obligations and remedies based on cost-benefit analysis or other forms of policy analysis. This experience is readily transferable to the contracting phase of Virginia’s existing PPTA/PPEA structure. More generally, for communities with limited staffing and oversight choices, an existing economic development team may provide either a direct or advisory mechanism for evaluating and implementing future P3s.

Another broader policy option on a regional or statewide level is the establishment of one or more private advisory boards or centers of excellence that would become a resource for those confronted with or considering the possibility of initiating P3 projects. It makes no sense to hire permanent staff to undertake the technical work necessary to complete a P3 if such work rarely occurs. If the costs of staffing a partnership exceed the benefits, the process and the project are not going to happen, nor should they. While the trends are similar throughout the country, the differences in state law with regard to the powers and limitations of local government suggest the state (not necessarily state government) may be the proper level at which to provide public-private expertise to many organizations.

While the use of consultants could also be an option, the impartiality of any third-party resource would be highly desirable. A publicly-sponsored center for excellence would

provide confidence that any analyses or recommendations flowing back to an agency or locality would be unbiased. Over time a “library” of best practices could be built, offering guidance on process, alternative means of analysis and procedures for practically modifying agreements. The establishment of such an advisory institution could create an economy of scale for institutionalizing P3 expertise, build on the hard lessons already learned, and extend the benefits of P3s to a much broader group of communities and public agencies.

**P3s in the Context of America’s National Political Dysfunction**

Public/private partnerships today seem more commonplace than ever before. The spirit of teamwork, creative visioning and third way leadership is alive and well in the local government arena. In fact, this is one of the examples cited by International City Managers Association (ICMA) Executive Director Robert O’Neill when he observed that we are living in the “decade of local government.” Local communities are reinventing themselves drawing on all of the positive assets within their immediate reach as the resources and leadership at the level of national government is missing in action.

Although periodic high profile P3 failures put pressure on communities to establish clearer and more transparent agreements, innovation continues and smaller localities and agencies are eager to tap into the potential of these win-win strategies demonstrated around the country in recent decades. One concern is being alert to the risk of overreacting to problems and succumbing to the temptation of “reforming” P3s until they become just another form of bureaucratic procurement. Perhaps the greater threat is the partisan political posturing now so dominant in Washington and creeping into state capitals. The prospects for local and regional public-private partnerships will dim decidedly if the team sport philosophy of the P3 is hijacked by the vaporous partisan bickering behavior seen elsewhere. Let us hope such behavior is not contagious.

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Dr. Vera Vogelsang-Coombs is Associate Professor and Voinovich Fellow in the Department of Urban Studies of Cleveland State University's Levin College of Urban Affairs. She is a political scientist who specializes in public administration and is a recognized expert in the following areas: mayoral and city council leadership, city management, administrative ethics, public personnel management, Ohio governance, change management, and strategic planning. Between July 1, 2008 and June 30, 2010, she was Dean of the College of Graduate Studies at CSU. Before her appointment as Dean, she directed the Master of Public Administration (MPA) Program and the Local and Urban Management Certificate Program of the Levin College of Urban Affairs. Earlier she was the director of Leadership Programs at the Levin College's Urban Center, where she co-designed and delivered modules in the Local Officials Leadership Academy, the Ohio Certified Public Manager Program, the Newly Elected Local Officials Certificate Program, and the Career Executive Program. Before coming to Cleveland, she was the State Training Manager in the Minnesota Department of Employee Relations; her state government peers elected her President of the National Association of Training and Development Directors in 1991. Between 1982 and 1988, she was a faculty member and founding director of the Master of Arts Program in Public Administration (MAPA) at Hamline University in St. Paul, Minnesota. While at Hamline, she founded the Minnesota Center for Women in Government. Since joining CSU's Levin College, she has worked with more than one hundred (100) Northeast Ohio public and nonprofit organizations as a leadership consultant and served on Cleveland Mayor Frank Jackson’s Operations Efficiency Council. Dr. Vogelsang-Coombs received CSU's Distinguished Faculty Award for Teaching in 2011 and a Merit Award for Research for her publications on state and local governance in 2013.

William M. Denihan  
For over 40 years, Bill Denihan has directed large government agencies at the state, county and local levels and is the recognized authority in turning around and stabilizing troubled government in Ohio. Currently, Bill serves as the CEO for the Alcohol, Drug Addiction & Mental Health Services Board of Cuyahoga County. In 2009, he directed the consolidation of both the Mental Health and Alcohol Boards.

Bill considers himself a “public servant” / ”change agent of government”
who has made a difference serving as:

- ED of Ohio’s State Employee Relations Board
- Acting Director of the Ohio Department of Natural Resources
- Director of Personnel for Ohio and Cuyahoga County
- Deputy Administrator and State Claims Director for the Bureau of Workers’ Compensation
- Chaired Nuclear Power Evacuation Plan for Ohio
- Chief Deputy County Recorder
- Assistant Director for the Ohio Department of Administrative Services
- Public Service Director for City of Cleveland
- Executive Director of the Cuyahoga County Department of Children and Family Services

Bill is a native Clevelander and is personally invested in the City. He founded and was the first President of Cudell Improvement, Inc., a neighborhood development corporation located on Cleveland’s Westside.

**Melanie L. Baur, M.A.**

Melanie Baur is native of Cleveland, Ohio, and is a passionate Clevelander. Melanie attended Allegheny College in Meadville, Pennsylvania and earned her Bachelor of Arts in Economics. After returning to Cleveland, Melanie earned a Master of Arts in Global Business Interactions from Cleveland State University. This degree is a unique combination of international relations, international economics, and how the two interact and impact one another.

Following graduate school, Melanie worked for Senator George V. Voinovich as a Research Project Coordinator at the Maxine Goodman Levin College of Urban Affairs at Cleveland State University. In this role, Melanie carried out several public policy research projects including, the U.S. and Ohio steel industry, the auto bailout of 2009, environmental policy, non-public education and school choice, government management, and public-private partnerships.

In addition, Melanie served as project manager for the Voinovich Collections, which is an Omeka-based archival website that allows users to explore exhibits comprised of archival material from the George V. Voinovich collections in an interactive format.

Finally, Melanie was a project manager on the training program, Lean Six Sigma in Local Governments, known as LeanOhio Boot Camp. She is a certified trainer in Lean Six Sigma.
In addition, Melanie teaches courses in Political Science at Cleveland State and has presented numerous papers at various Academic conferences, including the Midwest Political Science Association Conference. Topics include the Arab Spring, the Syrian Civil War, diversity in the United States, and American political parties.

In the Fall of 2014, Melanie and her husband Joe Baur are moving to Ciudad Colon, Costa Rica. Melanie will be working as a teacher and writing on topics surrounding U.S. foreign policy, Costa Rica and Central American issues, and other related topics.

Melanie believes her unique international relations degree cannot be complete without an international experience that involves deep cultural immersion and language study.
The Transformational Effects of Public-Private Partnerships in Cleveland: An Inside View of Good Government under Mayors George Voinovich and Frank Jackson

Vera Vogelsang-Coombs, Cleveland State University
William M. Denihan, Alcohol, Drug Addiction, & Mental Health Services
Board of Cuyahoga County
Melanie F. Baur, Cleveland State University

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Abstract:
To avoid fiscal insolvency and modernize municipalities to fit changing population needs, the mayors of many legacy cities, such as Cleveland, initiate public-private partnerships.

This paper focuses on two mayoral-led public-private partnerships in Cleveland: Mayor George Voinovich’s Operations Improvement Task Force (OIT) (1979-1982) and Mayor Frank Jackson’s Operations Efficiency Task Force (OETF) (2006-2009). The analysis identifies the good government management of the OIT that enabled Cleveland to come back after the city's default in 1978. Additionally, the analysis identifies the good government management of the OETF that successfully right-sized Cleveland in relationship to its much smaller population needs during challenging economic times, including the Great Recession of 2008, without disruptions in service. The paper concludes with the lessons learned for sustaining public-private-nonprofit partnerships in legacy cities to foster long-term positive urban change. The significance is that the two mayoral-led partnerships taken together transformed Cleveland into a twenty-first century “city of choice.”
It may be laid down as a general rule, that [the people's] confidence in and obedience to a
government, will commonly be proportioned to the goodness or badness of its
administration.

Publius (Alexander Hamilton), Federalist Paper #1

Introduction
Public-private partnerships, with substantial participation of the nonprofit sector, are
essential to good governmental administration in twenty-first century America (Kettl,
2002; Mendel & Brudney, 2012). Based on a longitudinal analysis of Cleveland, this paper
shows why mayoral-led public-private partnerships are vital to the good governance of
legacy cities.

Legacy cities, such as Cleveland, have long histories as the manufacturing centers that
drove the American industrial revolution and the nation's prosperity in the twentieth
century. However, these cities have been in transition due to the internationalization of the
U.S. economy that has shifted American manufacturing companies and jobs offshore.
Consequently, legacy cities have experienced steep population losses as well as declines in
tax bases and revenue streams, leaving local officials to grapple with the challenges of high
unemployment, widespread poverty, service cutbacks, and blighted neighborhoods
(Mallach, 2012). To avoid fiscal insolvency while modernizing municipal operations to fit
shrinking municipalities and changing population needs, the mayors of legacy cities are
wisely initiating public-private partnerships. Through these partnerships, local officials are
tapping into business, nonprofit, and community-based resources to help them manage
necessary urban change as they secure a new and positive future for their residents.

Based on an extensive review of the literature, Ansell and Gash (2007) identified 137
partnership cases, most initiated by the public sector. However, these partnerships vary
significantly as for their leadership, goals, resources, operations, citizen engagement, and
impacts (Ansell & Gash, 2007; Mendel, & Brudney, 2012). For the sake of this analysis, we
use the definition of public-partnerships formulated by Cleveland Mayor George Voinovich.
In 1979, he was the first mayor of a legacy city to bring together on a large scale, public,
private, and nonprofit stakeholders to work cooperatively to restore the people's
confidence in city government after a major debacle — Cleveland's default. Specifically, as
mayor (and later as governor of Ohio), he acted on a good government philosophy and an
analytical management style known as “operations improvement” (Steiner, 1999).
Operations improvement is built on the following public-private partnership premise:

The need for partnerships must be recognized by both the private and public sectors.
Business, nonprofit organizations, and foundations must respond to the call for help from
the public sector or suggest on their own initiative their willingness to support the public
sector with human capital resources and/or financial resources . . . The opportunity for
interaction between the public and private sectors allows for progress to be made in
improving the city's government and the community as a whole, and it provides a framework for sharing risks in a world of limited resources. In a time of decreasing funding from the federal and state governments, if our cities are to survive and succeed, it will take a local public-private partnership effort with cooperative efforts from every stakeholder. The basic formula to the partnership is cooperation; therefore, the parties must first and foremost agree that they will come to the table to work together (Voinovich, 2014).

Based on a good government philosophy, this partnership premise has inspired many U.S. mayors in the twenty-first century, including Shirley Franklin of Atlanta. Mayor Franklin transformed Atlanta’s $82 million deficit into a $18 million surplus in her first year in office by making good (honest) government built on a biracial public-private partnership the centerpiece of her administration (Vogelsang-Coombs, 2007). The success of Franklin’s public-private partnership captured the attention of Cleveland’s municipal leaders in 2006, who inherited a $30 million deficit left from the outgoing mayoral administration (Brown, 2014).

Specifically, this paper analyzes two mayoral-led public private partnerships in Cleveland: Mayor Voinovich’s Operations Improvement Task Force (OITF) (1979-1982) and Mayor Jackson’s Operations Efficiency Task Forces (OETF) (2006-2009). Our paper has three research objectives. One objective is to identify the distinctive good government characteristics of the OITF that enabled Cleveland to come back after the default caused the city’s economic engine to sputter (Steiner, 1999). Our second objective is to identify the distinctive good government characteristics of the OETF that successfully right-sized Cleveland’s government during trying economic times, including the Great Recession of 2008, without disruptions in municipal services. Third, we use the empirical findings to discuss the lessons learned about the challenges and the solutions necessary for sustaining a mayoral-led public-private partnership in a legacy city.

Our paper is divided into five sections. The first section describes five partnership management behaviors that frame our analysis of the OITF and the OETF. The Cleveland setting and our research methodology are discussed in the second section. The third and fourth sections show how the partnership management behaviors are evident in operationalizing the OITF and the OETF. The final section discusses the lessons learned for weaving mayoral-led public-private partnerships into the twenty-first-century governance fabric of the nation’s legacy cities.

Five Partnership Management Behaviors
We have grounded our analysis of the OITF and the OETF in the scholarship of network theorists Robert Agranoff and Michael McGuire. By definition, the OITF and OETF are cooperative partnerships rather than multi-organizational governance networks. Nevertheless, we assume that the network management behaviors identified by McGuire and Agranoff (2014) are the same for mayoral-led public-private partnerships as in collaborative governance networks. Thus, our research question is as follows: Do the public-private partnerships of Cleveland Mayors Voinovich and Jackson involve the management behaviors of activating, mobilizing, framing, and synthesizing? Additionally,
our research seeks to identify whether the Cleveland mayors adopted a fifth management behavior that we define as *sustaining* the public-private partnership. Each partnership management behavior is defined briefly in turn.

First, *activation* focuses on the mayor’s leadership philosophy, his partnership vision and goals, and the urgent conditions requiring speedy action. Activating behaviors also refer to the incorporation of key persons and stakeholders, information, money, and resources necessary to organize and support the public-private partnership.

Second, *mobilization* focuses on how the mayor builds coalitions to develop internal and external support for the public-private partnership. Mobilization activities legitimate the public-private partnership by cultivating community support and gaining commitments for the resources needed to operate it. This includes the identification of partnership champions and process leaders. Champions are those who sell the public-private partnership idea internally to department heads and employees and to the external community, such as funders, unions, civic groups, elected officials, and county officials; process leaders are the vision keepers who maintain the partnership commitments internally. In essence, mobilization behaviors facilitate the movement from finding ideas and supporters to committing resources and incentives to the partnership volunteers and participants.

Third, *framing* behaviors translate the partnership ideas and commitments into the policies, practices, and decisions that give it operational meaning. Framing also focuses on building the capacity of partnership participants through training, retraining, and cross-training. Furthermore, framing includes the establishment of a partnership office or officer responsible for monitoring the partnership’s implementation and reporting on its progress. Thus, framing activities embed the practices of professional management into city operations based on a service orientation.

Fourth, *synthesizing* activities enhance the work conditions that lead to a collaborative environment and productive interactions among the partnership members. In other words, the mayor and his partnership managers use synthesizing behaviors to remove obstacles and create opportunities for participants to build relationships of trust and cooperation so that they can focus on the achievement of results. Thus, synthesis leads to the development of cross-departmental relationships and a citywide orientation among participants that culminate in the successful completion of the partnership’s goals and objectives.

Finally, *sustaining* behaviors institutionalize the public-private partnership into the governance of legacy cities. In practice, newly elected mayors may not be eager to embrace the accomplishments of their predecessors, especially if the latter are nominally of different political parties. Often when the mayor leaves office, the internal conditions supporting his public-private partnership disappear. The recurrence of this political problem, that Vogelsang-Coombs and Cummins (1982) called the “ancien regime” problem, makes it difficult for the leaders of legacy cities to foster long-term change. In contrast, a successfully sustained public–private partnership is one that has been integrated into the city’s administrative systems. The integration of this public-private partnership into day-
to-day municipal operations makes it less likely for new officials and permanent city employees to view it as the “pet project” of a particular mayor.

**Research Setting and Methodology**

Rather than employ a cross-sectional analysis of public-private partnerships in legacy cities, our research concentrates on the two mayoral-led partnerships aimed at restoring good (city) government in Cleveland, first the OITF in 1979 and then the OETF in 2006. Our single-city setting is consistent with Mendel and Brudney’s (2012) argument that this method allows us to control for contextual differences better than in a cross-sectional analysis. Given our long view of Cleveland’s partnership history, we can differentiate between the short-term and long-term (transformational) impacts of the OITF and the OETF. In this way, our analysis deepens understanding of how public-private partnerships can adapt to the changing environment of a legacy city — and vice versa.

Our research uses multiple data sources to provide an inside view of Cleveland’s public-private partnerships. The first source is the Voinovich Documents Collection in the Ohio University Library. The Voinovich archives reveal a hidden history of the key actors who made the OITF work nearly forty years ago. The second source is a document analysis. We use information gathered from the private collection of Mayor Voinovich and that of the senior authors (Vogelsang-Coombs and Denihan) who served as volunteers on the Operations Efficiency Council. Personal interviews provide the third data source. For information on the OITF, we interviewed Mayor Voinovich as well as Ben Bryan, the OITF Implementation Coordinator. For information on the OETF, we interviewed Mayor Jackson, Darnell Brown who is the city’s chief operating officer and served as the OETF Chair, in addition to Michele Whitlow, the manager of the OETF Project Management Office (PMO). Additionally, we interviewed two city council presidents Martin Sweeney and Jay Westbrook, who served on the Operations Efficiency Council, the oversight body of the OETF. All hour-long interviews, some in person and others by telephone, took place between June and August 2014.

Finally, our research methodology blends the theory and practice of public-private partnerships. In particular, we build on the “grounded theory” approach developed by McGuire and Agranoff (2014). Thus, our research is designed to bring forth theoretical propositions grounded in our data. For example, Mayor Voinovich provides the definition of public-private partnerships that is the foundation of our research. Furthermore, we have organized the empirical analysis around the partnership management behaviors drawn from McGuire and Agronoff’s network theory. The lessons learned are presented as theoretical propositions for future research on public-private partnerships in legacy cities.

**The Five Partnership Management Behaviors in the Voinovich OITF**

Table 1 provides a summary of the milestone activities that represent Mayor Voinovich’s management of the OITF. The first column is divided into the four phases of the OITF: (1) the formation of the partnership concept (1979); (2) the development of the partnership (1980); (3) the operations of the partnership (1980-1982); and (4) the partnership’s follow-up activities (1982-1989).
Studying government through public-private partnerships was inherent in George Voinovich’s work ethic. Steiner (1999) described Mayor Voinovich as a calm and patient, management-oriented public servant, who applied a thoughtful, analytical, and nonpartisan approach to every challenge. Steiner also observed that Voinovich consistently empowered others to help him set a course of action that was best for making a positive difference in the lives of citizens and then tenaciously stayed on the direction he set. Voinovich summarized his leadership philosophy, “Together We Did It,” as follows:

I believe government’s highest calling is to empower people and galvanize their energy and resources to help solve our problems, meet our challenges, and seize our opportunities. I also believe it’s a leader’s role to reach deep into every individual, draw out the goodness that’s inside, and inspire people to use that goodness to help themselves, their families, and their communities (Cited in Riffe, 1999, 1).

Moreover, an unwavering commitment to Cleveland characterized Voinovich’s forty years of public service. His steadfast conviction to his hometown and his work ethic were evident in his decision to run for the Cleveland mayoralty in 1979. At that time, Voinovich held the position of Ohio Lieutenant Governor because he was successfully elected on the first tandem ticket with Governor Jim Rhodes. Given that Rhodes was term-limited under the Ohio Constitution, Voinovich not only wanted to run for governor in 1982, his gubernatorial candidacy was widely expected. However, the Cleveland business community organized an intense effort to convince him to return to Cleveland because his hometown was imploding.

The Chairman and CEO of the Eaton Corporation E.M. deWindt (1981) described Cleveland as a city that was broke — “in fact and spirit.” Due to the high inflation of the late 1970s, Cleveland’s expenditures increased dramatically. The city’s spending was exacerbated by its geographic size that was based on one million residents. Given that Cleveland’s population fell to 573,822 by 1980 Census, budget shortfalls were inevitable. Instead of addressing these budget issues, the city relied on short-run strategies that included the selling of municipal assets, such as its transportation and sewer systems, to receive one-time revenue and the use of federal program funds, such as the LEAA and CBDG, to pay for city operations (Voinovich, 2013). Moreover, Cleveland residents were suffering due to deplorable living conditions with streets strewn with litter, blighted neighborhoods, racial polarization in the unresponsive police department, and the “countless breakdowns in the machinery of government” (deWindt, 1981; Bryan, 2014). According to Voinovich, Mayor Dennis Kucinich appeared more interested in dividing rather than unifying the city in order to address the emergency situation.

The Mayor and City Council were at war with each other. The administration was at war with the neighborhoods. It was reported that a key administration official punched a nun. The neighborhood people were at war with the Police Department for a lack of a police response and perceived excessive force. The organization representing black policemen
was suing the city for racial discrimination in the department. The city was up in arms over schooling busing, and a federal judge that mishandled it. Neighborhoods devastated from the riots of the late 60s [had approximately] 5,000 properties in need of immediate demolition. The city-owned electric company became a public football in spite of being on the verge of collapse. Unemployment was about 18%, and the city had a real hunger crisis (Voinovich, 2013).

Besides rejecting attempts by the business community to help the city address these problems, Kucinich declared war on Cleveland’s corporate leaders, denouncing them as “fat cats” who wanted to dictate the destiny of the ‘little people”(deWindt, 1981). The combination of the city’s hostile business climate, its financial instability, and Kucinich’s divisive management style sparked a special election to recall the mayor. After narrowly surviving the 1978 recall, Mayor Kucinich vilified the Cleveland business community in a televised presentation at the National Press Club and later in testimony before the U.S. of Representatives (Vogelsang-Coombs, 2007). When $14 million in short-term municipal loans came due, Kucinich was unable to secure credit from the Cleveland bankers, and the result was the municipal default on December 15, 1978. The default, in turn, forced Cleveland voters to raise the city’s income tax from 1% to 1.5%.

From the perspective of the business community, the national disgrace of the default and the city’s arrogant and inept administration imperiled Cleveland from reversing its dire direction (deWindt, 1981). Thus, as the “dean” of the Cleveland business community, deWindt organized an intense campaign to convince Lt. Governor Voinovich to resign and run for mayor. As Voinovich recounted, this decision was a momentous event in his life.

I prayed and asked the Holy Spirit for guidance and despite of my ambition to be governor, I concluded I could do more as mayor to make a difference and that was what I got into the business [of public service] for. And because of the dire situation it could be the most significant contribution I could make in my career in government (Voinovich, 2013).

Before finalizing his decision, Voinovich secured deWindt’s commitment for the business community to underwrite and provide the human capital necessary, including the assistance of Warren King and Associates, to carry out his public-private partnership for operations improvement in city government. [Endnote 1] Then, Voinovich pledged that he would fully implement the OITF recommendations. With this pledge, Voinovich convinced the city’s corporate leaders that:

Cleveland would give birth to a rare animal: a task force that would result in action rather than rhetoric. Like most big cities, Cleveland had been studied to near death. In recent years, five separate studies, including a Little Hoover Commission, focused on Cleveland. Each study ended up with a thick, spiral-bound tome and precious little action. We had had enough pretty pictures and multicolored charts. This time there had to be action . . . and plenty of it (deWindt, 1981).

Subsequently, Voinovich, a Republican, decisively defeated Mayor Kucinich, a Democrat, by receiving 56% of the votes cast in 1979 in solidly blue Cleveland. One day after his election,
the new mayor went to work with deWindt to develop the OITF partnership (Voinovich, 2013).

Within three weeks of Voinovich’s election, deWindt had the OITF’s governing structure in place (see Table 2). At the top was a twelve-member Executive Committee that acted as a board of directors, setting the policy objectives and providing the financial and personnel resources for the OITF (Bryan, 2014). Headed by deWindt, the Executive Committee was assisted by the twenty-one members of the Ways and Means Committee. The Ways and Means Committee was responsible for recruiting the volunteer management specialists to staff the task forces. The day-to-day operations of the OITF rested with a five-member Operating Committee, headed by Robert Hunter, CEO of the Weatherhead Corporation. In effect, the OITF partnership was structured as a “business enterprise of global proportions” (deWindt, 1981).

**Mobilization**

Mayor Voinovich used his leadership skills to serve as the overall champion of the OITF. One day after his inauguration, he sought to determine the true financial condition of the city. In January 1980, the Ohio General Assembly placed Cleveland under the supervision of the Financial Planning Commission after state auditors discovered that the city’s accounting records were “unauditable” (Voinovich, 2013). Thus, the mayor established the Volunteer Financial Audit Task Force. Led by Ernst & Whinney, this task force was comprised of accountants from the big-eight firms along with representatives of Standard Oil, Eaton, TRW, and the Chessie System. After eleven weeks of inventorying Cleveland’s financial position, the auditors found that the city was $110 million in debt. In effect, Cleveland’s financial position was much bleaker than the mayor expected. Thus, negotiating a debt repayment plan, restoring the city’s positive credit rating, and ending the state’s supervision of Cleveland’s finances were the mayor’s fiscal objectives folded into the OITF’s scope.

The external champion of the OITF was deWindt, and under his leadership, the Executive Committee raised $794,000, including challenge grants of $150,000 and $100,000 from the Cleveland Foundation and Gund Foundation, respectively. Additionally, deWindt and Morton Mandel, a prominent Cleveland entrepreneur and philanthropist serving on the Ways and Means Committee, used their networks to raise the balance of $544,000. Table 3 shows the widespread community support for the OITF. Specifically, 264 private firms (88%) and 36 not-for-profit organizations (12%) in Greater Cleveland served as OITF sponsors. Among the OITF sponsors were eight (8) labor unions. The OITF ended up with $900,000 in revenues (including earned interest) which was the equivalent to $3 million in 2014 dollars (Bryan, 2014).

Two consulting organizations, the Government Research Institute (GRI) of Cleveland and Warren King and Associates (WKA), served as the process leaders of the OITF. GRI managed the OITF finances and provided logistical support to the Operating Committee. WKA designed the set-up and operations of the OITF by providing the templates for the
time frames and the scope of the loaned executive work, the formats of the OITF recommendations, and the preparation of the final report (Bryan, 2014). The consultants acted in the role of “quarterbacks” because the OITF studies, recommendations, and implementation were done entirely by the volunteer task forces (deWindt, 1981). Nevertheless, Voinovich (2014) attributed the speed with which the OITF became operational and the quality of the final recommendations to the expertise of the two consulting firms.

The Ways and Means Committee successfully recruited 89 loaned executives for twelve weeks of OITF duty. These volunteers included “lawyers, accountants, administrators; CEOs, and CFOs; engineers experts in computers and human relations and every management discipline” (deWindt, 1981). Four study teams of business volunteers were formed to study the 63 agencies within the city, and the chair of each team was a member of the Operating Committee. Led by the Vice President of TRW, one team focused on the departments of public properties, port control and public service. Another team, led by an experienced FBI executive and Acme-Cleveland Vice President, headed the Protective Services team, focusing on police, fire, and emergency management services. Chaired by a former Executive Vice President of Detroit Edison, the third team studied public utilities, health, and community development. Led by an Ohio Bell Vice President, the fourth team focused on general government, and its scope included the mayor’s office as well as the departments of personnel and finance. Every city department and administrative process was within the OITF’s purview. Within ninety days, the OITF delivered a comprehensive evaluation of city government along with a report containing 650 workable recommendations. These recommendations were not dictated by the city in any way or vetted by the Council, the mayor, or the operating departments (OETF, 1980).

Framing

Consistent with Mayor Voinovich’s public-private partnership premise, the stated goal of the OITF was to help improve the quality of life for the people of Cleveland by making local government more responsive to citizen needs (OITF, 1980). The Executive Committee formulated the following three objectives to operationalize this goal: (1) to identify immediate opportunities for increasing efficiency and improving cost-effectiveness that could be realized by executive or administrative order; (2) to suggest managerial, operating, and organizational improvements for immediate and long-term consideration by the mayor and the city council; and (3) to pinpoint specific areas where additional in-depth analysis could be justified by potential short- or long-term benefits (OITF, 1982). To carry out these policy goals and objectives, the OITF provided funding for the city to hire a full-time implementation director — Ben Bryan — who worked closely with the Operating Committee while reporting progress to the mayor.

As the mayor, Voinovich established a culture of professional management at city hall. One way he did this was to remove the patronage politics that pervaded city administration. In particular, Voinovich eliminated the requirement for city employees to kick back a portion of their salary by buying or selling tickets to campaign fund-raisers. He made it clear to the employees that he would base their evaluations on their job performance rather than on
the number of campaign tickets they sold or their personal relationship to the mayor (Voinovich, 2014). Another way the mayor professionalized the culture was by his involving city employees in the OITF process. In framing the OITF, he approached them to find out what they were doing right, and solicit their ideas about what they could do better. The message he sent was “how can we help you do your job better, smarter, and in the most cost-effective way?” (Voinovich, 2014).

Within three weeks of taking office, Voinovich sent a memo to all department directors and city commissioners (the highest civil service positions) in which he requested an itemized list of the status of service in their units using a rating scale of “inadequate,” “adequate,” and “more than adequate” service. In this memo of January 23, 1980, the mayor also asked employees to share their thoughts about how to organize their departments to function better and more efficiently. The responses of the employees were fed back to the OITF study teams. The mayor said these changes helped him gain the trust of employees in the OITF process and improve employee morale. Without using these changes to frame the OITF partnership, the mayor felt that operations efficiency could not succeed (Voinovich, 2014).

**Synthesizing**

Unlike the strife characterizing Mayor Kucinich’s relationship to the council, Mayor Voinovich restored civility and pursued a bipartisanship approach with the legislative branch. Shortly after assuming office, he met with George Forbes, the Council President, to persuade him that the OITF partnership agenda was aimed at making Cleveland a better place for everyone to live. According to Voinovich (2014), the Council President was impressed that the Greater Cleveland Roundtable supported the mayor’s OITF agenda. By securing the support of the Roundtable, the OITF tapped into “our United Nations that dealt with jobs, economic development, and education, labor, and race relations” because “its membership included CEOs, elected officials, religious leaders, union officials, neighborhood activists, and the leaders of the African-American, Hispanic, and ethnic communities” (Voinovich, 2013).

Mayor Voinovich (2014) also informed the City Council that his administration would be “a new ball game — no patronage contracts; the focus was to do right.” For example, the mayor proposed legislation to increase the salaries of department directors after the OITF studies found a dearth of experienced managers at city hall. Despite Cleveland’s budget of half a billion dollars in 1980, the city’s low compensation failed to attract highly trained managers (deWindt, 1981). The council rejected this compensation proposal but later approved an OITF recommendation for a wage and salary study. Eventually, the Council enacted sixty OITF-related ordinances that focused on operations, management, and service delivery (Bryan, 2014). It is important to note that the mayor excluded tax policy and city council operations from the OITF’s scope. In this way, Mayor Voinovich respected the City’s Council’s prerogatives. By doing so, the mayor developed the critical political support necessary to synthesize and ultimately to institutionalize the OITF’s recommendations.
After the OITF studies produced 650 recommendations, Mayor Voinovich required his department directors to develop written implementation plans for their units, and he evaluated their performance heavily in terms of their progress. The mayor also met weekly with the Operating Committee and the Implementation Coordinator, whose sole responsibility was to track and facilitate the implementation of OITF recommendations (Bryan, 2014). Once a month, the mayor devoted time at his cabinet meeting for the department heads to report to their peers their progress in implementing the OITF recommendations in their units. Informally, the mayor conferred “eagle” and “jackass” awards to those department heads that made an outstanding or a limited effort, respectively, in carrying out the OITF recommendations (Voinovich, 2014).

In 1981, the supervision of the OITF implementation was transferred from Ben Bryan, an OITF-funded contract employee, to Tom Wagner, the city’s law director, a successful corporate attorney. As the in-house Implementation Coordinator, Wagner tracked and reported on the OITF’s progress. More significantly, Wagner established working relationships with each department director and city commissioner, thereby interacting with the management personnel of sixty-three operating units. After serving as the OITF Implementation Coordinator for two years, Wagner was appointed the mayor’s chief of staff and served another three years with a wider range of responsibilities (Bryan, 2014).

At its conclusion in March 1982, the OITF leadership delivered the second and final report to Mayor Voinovich. The mayor used this report to direct the attention of city employees to middle- and long-term strategies for the professional management of Cleveland’s finances and service delivery. In fact, Mayor Voinovich and the OITF Executive Committee identified fourteen improvement projects because they had long-term operational and financial potential. Key projects included an enhanced computer-aided dispatch system for the police department; a wage and salary administration study; a building maintenance system; EEO program assistance; a fire location study; and a payroll system (Bryan, 2014).

Much has been written about the immediate outcomes of the OITF, so we will only present some highlights. By the end of 1981, Cleveland was no longer in default, and the city achieved an investment grade for its credit rating; fiscal control was returned to the city when the state’s supervisory commission disbanded in June 1987. Overall, 94% of the OITF recommendations were implemented that reduced the city workforce by 4% and saved $200 million collectively (OITF, 1982). Additionally, the city reorganized ten departments, instituted an accounting system with internal auditing capabilities, and achieved savings of $57 million annually. The city also set controls on police overtime and adopted a computerized communication system to speed up the response time of safety forces, streamlined purchasing transactions, instituted a city-wide vehicle control and maintenance system, revamped the snow removal process, upgraded data processing capabilities, and improved personnel procedures (deWint, 1981; OITF 1982). As a result of the OITF, the city secured $149 million in Urban Development Action Grants that leveraged $770 million in private investments, including projects for neighborhood revitalization (Mendel & Brudney, 2012).
Beyond achieving operational efficiencies, an important synthesizing feature of the OITF was that it fostered professional relationships between the loaned private sector executives and their city counterparts. As deWindt (1981) noted, unlike previous studies, the OITF recommendations were integrated into city operations for two reasons. On the one hand, the employees embraced the challenges that the private sector studies generated, and, on the other hand, they participated in making the decisions about what to change. Consequently, the employees championed the OITF recommendations. The study teams found that most city employees were dedicated, hard-working, and willing to go beyond the call of duty, despite laboring under inefficient practices, untrained managers, inadequate resources, outdated equipment, and faulty technology. As the OITF leadership reported:

> This project has expanded vital channels of communication between the public and private sectors. Without the cooperation of the city’s employees, the progress achieved would not have been possible. In addition, task force members have developed a better understanding of the complex problems of municipal government management through their work with agency officials (OITF, 1982).

In other words, business leaders recognized the special problems of governing a large city and replaced their initial apprehension to get involved with an eagerness to assist the mayor. In fact, many loaned executives stayed involved with their city counterparts on their own time long after the study period ended, and a number of loaned executives joined the city’s work force on a temporary or a permanent basis (Bryan, 2014). Strategically, Mayor Voinovich used the expansion of these vital channels of communication between the public and private sectors to sustain the partnership.

**Sustaining**

The mayor, in partnership with the City Council, institutionalized the OITF’s governmental legacy. In 1981, the Council placed onto the ballot two OITF-inspired charter amendments. One amendment lengthened the terms of the mayor and council members from two to four years in addition to strengthening the mayor’s executive powers; the other clarified the prevailing wage requirements for city workers. Both charter changes were approved by the voters. In addition, the voters approved an earnings tax earmarked for debt repayment and capital improvements (Vogelsang-Coombs, 2007).

To sustain the work of the OITF partnership internally, Mayor Voinovich, assisted by Morton Mandel, created Project MOVE — the Mayor’s Operation Volunteer Effort. In March 1982, the OITF Coordinator hired a Project MOVE Coordinator to implement two programs. One MOVE program drew loaned executives to work under the direction of city officials to implement solutions to difficult issues; the other program channeled individual citizens or volunteers drawn from local placement agencies to help city officials on a specific issue (Garda, n.d.). Overall, Project MOVE channeled 8,000 volunteer business and community leaders into most levels of all city departments. Furthermore, 5,600 volunteers worked under the banner of Cleanland Ohio to beautify major corridors throughout the city. Under the direction of a small staff, these volunteers planted 9,000 trees and shrubs as well as 48,000 perennial flowers; they also cleaned up 7,000 tons of trash and debris.
Subsequently, the business community took over the responsibility for cleaning and maintaining prominent vacant areas through Cleveland’s City Side Gardens and the Summer Sprout program for youth (Voinovich, 2013).

To assist in the recruitment and management of volunteers, Project MOVE staff developed two handbooks, one for the supervisors of the volunteers and the other for the volunteers. To recognize the contributions of the volunteers, Mayor Voinovich established the Mayor’s Award for Volunteerism that was administered by a committee of volunteers and funded by American Greetings. The mayor also designated “a wall of fame” in Cleveland city hall, where plaques still hang to honor the MOVE volunteers (Voinovich, 2014).

Additionally, Mayor Voinovich worked with the Greater Cleveland Roundtable, an early supporter of the OITF, to help the city improve race relations. To ameliorate the destruction of neighborhoods during the 1960 riots, the mayor worked with Council President Forbes for the enactment of fair housing legislation. After the organization representing black police officers won their discrimination case in the U.S. Supreme Court, the mayor integrated the Cleveland police and fire departments. In addition, he created Police Community Relations Boards in each of the six police districts and a Police Review Board. Furthermore, the Voinovich administration set up a minority development center that became a national model (Voinovich, 2013).

The OITF leadership noted that future productivity gains in Cleveland depended on the establishment of new fiscal priorities for capital investment and maintenance. Given the constraints of limited tax revenue and limited debt financing, Mayor Voinovich established a cooperative relationship with the Greater Cleveland Growth Association. Specifically, he adopted the Community Capital Investment Strategy developed by the Growth Association to address capital rehabilitation and replacement needs of the city’s bridges, highways, and water and waste water systems. This strategy resulted in Build-Up Greater Cleveland that generated $1.6 billion to renew the city's aging infrastructure (Voinovich, 2013).

Building on the OITF’s recommendations to improve the city’s economic base, George Dively, the honorary chairman of the Harris Corporation, established Cleveland Tomorrow. Cleveland Tomorrow consisted of CEO’s from forty-four major Cleveland-based corporations who raised $850,000 in seed money for two economic development programs. One program coordinated the development of new companies throughout the Greater Cleveland region, and the other one assisted budding entrepreneurs in creating funded business plans. Among Cleveland Tomorrow’s accomplishments was that it promoted cooperation between labor and management especially in the area of advanced manufacturing processes. Aided by funding from Cleveland Tomorrow, the Voinovich Administration established Cleveland Neighborhood Development Corporations (CNDC). These CNDCs provided economic development and training programs that touched all the groups and regions in the city, and the number of neighborhood nonprofit organizations grew from twelve to thirty-five during the Voinovich administration (Voinovich, 2013). The presence of these nonprofit organizations in Cleveland’s neighborhoods had a positive impact because their efforts improved the residents’ quality of life.
Finally, the OITF laid the groundwork for the creation of physical partnerships that transformed downtown Cleveland into a destination location. The North Coast Harbor partnership raised $10 million to develop land to create a promenade and a park in downtown Cleveland; subsequently, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science, the Cleveland Aquarium, and other landmark attractions chose to locate at this harbor point (ECH, 1997). Other partnerships developed Playhouse Square, redeveloped the east and west banks of the Cuyahoga River, and built upscale hotels around Public Square. According to Voinovich (2013), there was more construction during his administration than any other time in Cleveland’s history.

All in all, the implementation of Mayor Voinovich’s public-private partnership vision and the sustained effects of the OITF partnership enabled Cleveland to rise from the ashes of the municipal default into the “comeback city.” Cleveland received national recognition by winning the prestigious All-America City Award from the National Civic League three times in the ten years of the Voinovich administration. On retiring from the Cleveland mayoralty in 1989, Voinovich (2013) had a proud moment because USA Today wrote an article about him and Council President Forbes “as the short white Republican mayor and the tall African-American [Democratic] Council President that worked together to bring about the Cleveland Renaissance.”

It is important to note that the OITF leadership identified four critical areas that required ongoing attention by city officials — personnel management; data processing/information technology management; management organization; and capital investment and maintenance (OITF, 1982). Three issues — personnel management, data processing/technology management, and management organization — resurfaced in 2006 as the priorities of Mayor Frank Jackson’s Operations Efficiency Task Force (OETF).

**The Five Partnership Management Behaviors in the Jackson OETF**

Table 4 provides a summary of the milestone activities that represent Mayor Jackson’s management of the OETF. The first column divides the OETF into four phases: (1) the formation of the OETF partnership concept (2006); (2) the development of the OETF partnership (2006); (3) OETF operations (2006-2008); and (4) the follow-up activities (2008-2014).

Activation

Pundits described Frank Jackson’s character as “honest” and “contemplative,” a self-effacing politician without “ego or ambition” (Roberts, 2012, 11). His council colleagues perceived him as a man of high integrity, an exceptionally good listener, and an excellent reader of people (Westbrook, 2014). Given three decades of service at city hall, Jackson developed extensive technical knowledge of Cleveland’s operations that he combined with political savvy and common sense. Throughout his public service career, Jackson skillfully mobilized broad-based, bipartisan coalitions to work with him to do what he felt was right and necessary (Trickey, 2013).
Despite his successful career, Jackson, a stalwart Clevelander, retained in his boyhood home located in the Central neighborhood, one of the city’s poorest sections. He said that after he made a decision, he remained steadfast and consistent as he followed through with it. He described himself as a “servant-leader” with a social equity mission to make a difference in the lives of citizens, especially “for those among us who have the least.” In his view, government was different from the private sector. Although government, he said, benefitted by applying business-oriented efficiency practices in its operations, its bottom line was quality service to people, not returning profits to stockholders (Jackson, 2014).

Council President Frank Jackson made history in November 2005 because he was the first sitting council member elected mayor since 1867 (Roberts, 2012). After thirteen years on the City Council, Jackson’s legislative peers elected him the president in 2002, and he took charge of the Finance Committee. His cooperative relations with Mayor Jane Campbell deteriorated in 2004 when she failed to keep the Council informed about the city’s operating deficit and her plans for layoffs and an income tax levy. Jackson felt compelled to run for mayor because, as the chair of the Council’s Finance Committee, he clearly understood Cleveland’s fiscal problems and knew what had to be done (Jackson, 2014). Consequently, Mayor Jackson had first-hand knowledge of the city and its finances when he assumed his new office. At that time, Cleveland’s population was 406,427, and the U.S. Census Bureau identified Cleveland as the nation’s poorest (Vogelsang-Coombs & Denihan, 2008). Despite losing approximately one-third of its 1980 population, Cleveland’s service delivery infrastructure had changed little since then. Moreover, few Fortune 500 companies remained headquartered in the city, Cleveland’s steel mills were closed, and local manufacturing companies were struggling. City operations were inefficient because few administrative processes were automated. Also, city employees lacked up-to-date hardware, software, and basic computer training. Labor relations at the city were tense because of the layoffs done under the Campbell administration, and the staff downsizing disrupted service delivery. Given these losses and the widespread inefficiency in city operations, budget shortfalls were inevitable. Jackson decided that the only way to end the recurring fiscal emergencies was for him as the mayor to provide the leadership for rightsizing Cleveland’s government while maintaining quality essential city services (Jackson, 2014).

In 2006, newly elected Mayor Jackson inherited a deficit of $30 million from his predecessor. However, Jackson refused to sell city assets or use one-time revenues to balance the city’s budget. Instead, his plan was to do what was necessary for him to achieve a structurally balanced budget (Jackson, 2014). Based on a suggestion from COO Darnell Brown (2014), Jackson embraced the analytical approach of operations efficiency as the means by which he could eliminate the city’s recurring budget shortfalls and restore its financial stability. For Jackson, good government meant efficient government, and efficient government, in turn, was one that created a positive future for Cleveland citizens, businesses and visitors (Jackson, 2009). Thus, operations efficiency gave the mayor a platform from which to launch his vision to make Cleveland a great city again. Within a month of taking office, Jackson activated the Operations Efficiency Task Force (OETF) to
create the model for how good government operated and develop the road map for Cleveland to become a “City of Choice” (OETF, 2006, 9).

Before carrying out the OETF partnership, Mayor Jackson consulted with Tom Wagner, the second OITF Implementation Coordinator under Mayor Voinovich; meanwhile, COO Brown consulted with the Atlanta officials responsible for implementing Mayor Franklin’s more recent public-private partnership. In the end, Mayor Jackson chose not to adopt a cookie-cutter approach to activate the OETF because Cleveland’s environment had changed substantially from the time of Mayor Voinovich and was very different from that of Atlanta. Consequently, he formed the OETF partnership as a broad-based coalition, drawing members from government, business, academia, nonprofit organizations, neighborhood groups, law firms, and former cabinet officials (OETF, 2006). In effect, the mayor structured the OETF partnership to fit Cleveland as he found the city in 2006. Moreover, he was firm that the OETF’s business-analytical approach would be driven by government and public sector values (Jackson, 2014).

The structure of the Jackson public-private partnership was flatter and more diverse in its membership than that of the OITF. At the top of the OETF Partnership was Mayor Jackson as the sponsoring executive who empowered the Operations Efficiency Council (see Table 5). The Operations Efficiency Council provided strategic direction to the partnership’s work teams in addition to serving as the oversight body. The council’s chair was COO Brown. Besides him, seven volunteers (including the two senior authors), the chief technology officer, and three mayoral assistants served on the Operations Efficiency Council. These volunteers were prominent community and business leaders, information technology experts, as well as leadership development faculty and staff from Cleveland State University’s Levin College of Urban Affairs. It is important to note that an active member of the Operations Efficiency Council was Jay Westbrook, a highly respected councilman and former council president. The Westbrook appointment insured that the city council had significant input into the OETF process and up-to-date knowledge of Cleveland’s financial condition. This financial transparency led to the City Council’s willingness not only to support the OETF initiative but also to serve as the mayor’s strategic ally (Westbrook 2014; Sweeney, 2014).

Similarly, the city’s labor unions became the strategic allies of the mayor. In March 2006, Mayor Jackson and COO Brown briefed the union leadership about the mayor’s OETF plans. After sharing the realities of the city’s fiscal condition and the bleak financial forecasts, the mayor discussed how operations efficiency gave him the means to address the city’s urgent situation. In particular, he communicated his intent to have city employees apply the analytical methods of operations efficiency to provide better service to residents with less money and greater integration of technology into administrative processes. In a bold move, the mayor asked the labor leaders for temporary contract concessions so that he could balance the city’s budget without disrupting service to citizens. Furthermore, Mayor Jackson pledged that if the unions made concessions to help him achieve a budget in structural balance, then he would maintain the city’s employment levels and not lay off
staff. All but one union leader agreed, and the roll backs in the labor contracts saved the city $30 million (Jackson, 2014). Mayor Jackson succeeded in gaining labor’s cooperation because the union leaders knew him and believed in his integrity.

As shown in Table 5, the OETF partnership had a Communications Advisory Team whose membership included public relations professionals from business, government, and the media as well as mayoral assistants and the city’s press secretary. This team was responsible for keeping stakeholders and the general public informed about the work of the OETF.

**Mobilization**

Although Mayor Jackson was the executive sponsor of the OETF, the overall partnership champion was COO Brown. Under COO Brown’s leadership, the Operations Efficiency Council recruited approximately 400 volunteers from the Greater Cleveland Partnership (the regional business chamber) and its affiliate, the Cleveland Leadership Center. Volunteers were also the alumni of the MPA Program and the Leadership Academy of Cleveland State University’s Urban College. This recruitment effort yielded subject-matter experts including public administrators, small business owners, neighborhood leaders, community activists, retired attorneys and corporate executives, former city employees, as well as interested citizens. The volunteers participated on twenty-four Action Teams, and they contributed more than 12,000 hours of service worth approximately $1.7 million in expertise (Vogelsang-Coombs & Denihan, 2008).

Furthermore, the Greater Cleveland Partnership funded loaned executives who assessed the city’s fleet of motor vehicles. Whereas the OITF leadership raised approximately $1 million to fund and execute Mayor Voinovich’s public-private partnership, Mayor Jackson’s partnership existed entirely on the donated time and in-kind services of the OETF volunteers.

The OETF process leader was Michele Whitlow, an employee with the Cleveland Water division, who had a mobility assignment to head the OETF Project Management Office (PMO). A small team of city employees and interns staffed the PMO (see Table 5). The PMO staff standardized formats for the Action Teams to gather, analyze and share critical information; developed the templates for tracking performance measures; and provided technical assistance during the implementation of the OETF recommendations. The PMO staff also had the daily oversight of the Action Teams and reported monthly to the Operations Efficiency Council.

Finally, the OETF leadership reached out to inner-ring suburban mayors. Three mayors, all of whom had chaired the Cuyahoga Mayors and Managers Association, participated in a focus group. Republican Mayor Bruce Akers of Pepper Pike, Republican Mayor Deborah Sutherland of Bay Village, and Democratic Mayor Martin Zanotti of Parma Heights offered suggestions to increase operational efficiencies with a special emphasis on inter-local service agreements. They also encouraged Mayor Jackson to participate in the development of regional strategies for job creation and retention and for marketing the city’s image (and brand) (OETF, 2006). During the Jackson administration, Cleveland joined the Northeast
Ohio City Council Association (NOCCA). Additionally, the mayor supported a “no poaching” economic development strategy, whereby municipal officials agreed not to lure businesses to relocate from one Greater Cleveland location to another (Vogelsang-Coombs & Denihan, 2008).

Framing
In April 2006, the mayor held his first meeting with all OETF participants, where he unveiled the OETF Partnership’s charter (see Figure 1). This charter established the OETF partnership’s urgent purpose and its overarching goals, and it was signed by each member of the Operations Efficiency Council. Additionally, the charter expressed the OETF’s guiding principles that included Mayor Jackson’s commitments to value the expertise of employees, provide them with opportunities for retraining, and enable them to share their learning. The charter also clarified the structure of the OETF partnership in addition to the roles and responsibilities of the participants. Thirteen critical success factors were cited in the charter, including the elimination of service gaps across city departments, the use of innovative solutions in service delivery, and the utilization of technology to enhance data collection and guide decision making. Thus, the OETF charter framed the mayor’s plans to foster a citywide culture of excellent performance and customer service.

To reinforce his commitment to the OETF principles, Mayor Jackson held meetings with city employees and stakeholders, including the unions, to reiterate the purpose of good government and efficient service delivery, to share information about the city’s financial condition and revenue projections, and to recommit to his pledge to maintain employment. The mayor continued these annual meetings to renew the employees’ confidence in the usefulness of operations efficiency and to maintain morale during the OETF-driven change process.

Also, as a part of the framing process, Mayor Jackson informed his directors that he expected them to live within their budgets. Accordingly, Mayor Jackson ended the practice of padding one department’s budget to pay for cost overruns generated in another department. He also informed his directors that the cost savings generated by their departments and divisions would be redistributed to those city operations where they would produce the greatest efficiencies, customer service improvements, and productivity (Jackson, 2014).

The OETF Partnership operated from April 2006 through December 2008, but implementation of the OETF recommendations continued through 2010. The OETF Chair and the PMO staff divided the work of the partnership into two phases: eight Action Teams operated in Phase 1 (2006-2007) and sixteen action teams operated in Phase 2 (2007-2008).

Phase 1 teams focused on four departments — Public Health, Building and Housing, Public Service, and Parks, Recreation and Properties — and on the following citywide services: IT service delivery, human resources, procurement and purchasing, and citywide customer
services. Concurrently, the Department of Public Safety conducted an internal assessment and identified fifty improvement opportunities for implementation. Phase 1 Action Teams reported their findings to the Operations Efficiency Council in October 2006, and the implementation of their recommendations took place mostly in 2007.

Phase 2 of the OETF incorporated the remaining city departments, with sixteen Action Teams focusing on Aging, City Planning, the Civil Service Commission, Community Development, Consumer Affairs, Economic Development, Port Control and Public Utilities, Cleveland Public Power (formerly Muny Light), Water and Water Pollution Control. Another four Action Teams focused on the general support functions provided by the Departments of Finance and Law, as well as the Mayor’s Offices of Communications and Equal Opportunity (OETF, 2007). Phase 2 Action Teams reported their findings to the Operations Efficiency Council in December 2007 and the implementation of their recommendations took place mostly in 2008. Taken as a group, the OETF Action Teams covered all aspects of city operations.

Each Action Team was co-chaired by a department director and a volunteer expert (called the external lead). The PMO oriented the Action Team members, gave them an OETF handbook, and briefed them on the methodology of operations efficiency. The Action Teams were given the following four objectives: (1) to reduce operating costs by at least 3%; (2) to enhance city services by using performance indicators and targets; (3) to increase employee productivity through better use of technology; and (4) improve customer service to internal and external customers (OETF, 2006 & 2007). The mayor and the Operations Efficiency Council met with the Action Teams at the beginning of their year-long terms to frame their work (and at the end to recognize their successes).

To build the capacity of the Action Team members, the PMO organized several training programs at the beginning of each OETF phase. Technical training on the PMO’s operations efficiency methods was delivered jointly by the Chief Technology Officer, Dr. Melodie Mayberry-Stewart, and the PMO Manager Michele Whitlow. All team members, including the volunteers, received training in performance measurement and customer service applications delivered by two members of the Operations Efficiency Council from the Levin College of Urban Affairs. These training and development activities were essential to the success of the OETF partnership because they fostered camaraderie among the city employees who worked in different departments and good will between the city employees and the outside experts.

Subsequently, the Action Teams applied the PMO’s performance methodology by assessing the current or “as is,” work process for their assigned department or citywide service. After mapping these work processes, the teams proposed recommendations that contained performance targets and customer service standards designed to achieve the four OETF objectives. In addition, the loaned executives from the Greater Cleveland Partnership assessed the city’s motor vehicle pool and recommended a fleet reduction of 25%. Collectively, the Action Teams produced 394 recommendations for improving more than 100 city processes operations from the inside out (OETF, 2007).
In effect, the framing behaviors gave meaning to the partnership’s urgent purpose and guiding principles as specified in the OETF charter. Given their common training experience, city employees felt comfortable in opening their units up to the outsiders on their Action Teams, and they willingly used the operations as learning opportunities. Feedback from city employees revealed how much they gained from the perspective and expertise of the volunteers; the volunteers reported that they had developed a “newfound respect” for the professionalism and competence of city employees (OETF, 2007). Based on their success in producing workable improvement recommendations, city employees developed an identity as learning-oriented change agents. In fact, they became the internal champions of operations efficiency. Because these OETF employee-participants were scattered throughout Cleveland’s departments and divisions, they informally facilitated a shift in the city’s work culture. This shift to a citywide culture of excellent performance and customer service occurred without an incident because it was driven by a bottom-up, employee-centered approach.

**Synthesizing**

Mayor Jackson delegated the supervision of the OETF Action Teams to COO Brown as the chair of the Operations Efficiency Council. The mayor monitored his department heads only if they were not meeting their OETF expectations; then, he would forcefully “get into their business,” demanding to know when and how they would change their lackluster performance (Jackson, 2014). In fact, the mayor removed one intransigent division head that blocked the implementation of the OETF recommendations at the city. In effect, he made it clear that the implementation of the OETF recommendations was a priority, and he was serious about seeing results (Jackson, 2014).

In assessing the OETF partnership in 2014, Mayor Jackson attributed the smooth implementation of the OETF recommendations to COO Brown and his PMO team. Specifically, they combined data-driven decision making and management by walking around. The PMO staff developed performance dashboards built on the performance targets identified in the OETF recommendations. The PMO staff collected and tracked these data and reported progress to the Action Teams. Additionally, the COO and the PMO staff met with the Action Teams, including the community volunteers and line employees, in the city’s departments and divisions. This practice gave line employees an opportunity to engage with the COO about their operational needs and aspirations. Interestingly, this practice was replicated by some department directors that opened up opportunities for their employees to contribute ideas for operations efficiency and improved customer service (Westbrook, 2014). Furthermore, a “city of choice” hotline and an email address were set up as other channels of safe communication between line employees and the city’s top leadership. This propensity for openness among the highest city officials reinforced the validity of Mayor Jackson’s employee-centered approach to operations efficiency.

The OETF leadership also extended this propensity for transparent government to the general public. During Phase 1, Chief Brown, the city’s communication director, and Dr. Vogelsang-Coombs of the Operations Efficiency Council met with the Editorial Board members of the *Cleveland Plain Dealer* to brief them about the OETF partnership and report...
on the early accomplishments of the Action Teams. At the end of Phase 2, the OETF Communications Team published the 2008 Mayor’s Annual Report to the Citizens of Cleveland that highlighted improved performance stemming from the OETF Partnership, and the city has continued publishing an annual performance report since then.

The OETF partnership concluded in 2010 because the city had implemented 94% of the OETF recommendations. Collectively, the Action Teams saved $71 million between 2006 and 2009. Given the substantial savings produced by the OETF process, the mayor balanced the city's budget in every year of his first term (2006-2010), including 2008 and 2009 during the Great Recession, all without disruptive staff layoffs and with better service.

Besides achieving significant cost savings, the OETF partnership improved the quality of life for citizens, including more timely snow removal, street repair, and waste collection, and more frequent sweeping of residential streets. The city also instituted a recycling program. The Departments of Parks & Recreation and Public Service (which were successfully merged) collaborated to clean more than 30,000 lots in one year, and neighborhood residents reported feeling much safer (OETF, 2007). With no new additional resources, the city reopened its neighborhood-based recreation centers on Saturdays and added a new recreation center.

The OETF partnership facilitated opportunities for employees to develop a citywide perspective. For example, feedback from the Action Teams in Phase 1 led to the establishment of the city’s Strategic Information Technology Council. This council had the oversight of the deployment and utilization of IT systems across the departments to insure the city’s technology aligned with the OETF’s strategic goals. As a result, the city adopted web-enabled interactive portals for citizen access, established a system of e-permitting, and provided field personnel with handheld computers with direct access to their operational systems. In 2008, the city launched a “3-1-1” communication system that allowed residents to report and receive faster service in non-emergency situations.

In addition, the city established two noteworthy cross-departmental initiatives to serve older and younger residents. On the one hand, the Senior Initiative involved the Departments of Aging, Building & Housing, Consumer Affairs, Community Development, Public Health, and Law. This initiative provided funding and technical assistance to help older residents (persons aged 60 and over) upgrade their homes to meet housing codes. On the other hand, the youth initiative, called “One Voice, Zero Tolerance,” involved the Mayor’s Office, Community Relations, Health, and Parks, Recreation, & Properties. This initiative developed a package of education, prevention, intervention, and workforce training services to serve the young people of Cleveland. Both initiatives were still working in 2014.

City officials also worked with their state and county counterparts to advance the mayor’s social equity agenda. One intergovernmental initiative coordinated services for the reentry of men who were returning to Cleveland from prison. The city received state funding to convert previously unused property into temporary housing where reentry residents
received job training and mental health services. Another initiative provided Permanent Supportive Housing as an alternative to homeless shelters. Thus, by 2009, the city had more than 350 permanent housing units to help reentry residents live stable and productive lives (Jackson, 2009). The city’s actions were significant because they substantially reduced the recidivism of former prisoners.

Finally, the OETF process extended the cooperation between the city of Cleveland and suburban jurisdictions. As a result of some OETF recommendations, the city established agreements with contiguous jurisdictions related to overlapping functions, such as snow removal and street repair. The mayor also worked with the Cuyahoga County Mayors and Managers Association to develop joint economic agreements tied to Cleveland water service, in which participating cities shared taxes from relocating industries (Jackson, 2009).

**Sustaining**

Although Cleveland business leaders were nervous when Mayor Jackson was elected in 2006, he captured their support due to his implementation of operations efficiency (Trickey, 2013). While the OETF was operating, the mayor decided to deposit $100 million in local banks that did their best business in Cleveland. Also, the mayor and city council crafted a zoning compromise that kept alive a redevelopment project of $230 million on the East Bank of the Cuyahoga River (Vogelsang-Coombs & Denihan, 2008). Moreover, the OETF results gave the business community confidence in Mayor Jackson’s stewardship of Cleveland. In particular, business leaders were impressed that Jackson’s fiscal discipline and the OETF cost savings and productivity improvements enabled Cleveland to survive the Great Recession better than many other cities in the nation (Trickey, 2013).

Mayor Jackson — who was reelected in 2009 and 2013 — used the respect he earned from the business community to work with the Greater Cleveland Partnership (GCP) on his visionary “Cleveland Plan” to transform the city’s underperforming and insolvent school district (GCP, 2014). This Plan integrated the city’s network of charter schools into the municipal school district so that Cleveland families living in neighborhoods with underachieving public school could have high-quality options available for their children’s education. The Cleveland Plan also established greater accountability standards for evaluating and compensating teachers and principals, and empowered the mayoral-appointed Board of Education to close failing schools. Then, in 2012, Mayor Jackson mobilized prominent business leaders, the teachers’ unions, teachers, parents, as well as key state and county officials in a bipartisan coalition that gained the approval of the Cleveland Plan from the Ohio Governor and the General Assembly’s leadership. By securing state legislation, the Mayor insured the sustainability of the Cleveland Plan (O’Donnell & Guillen, 2012). Subsequently, Mayor Jackson led the campaign built on public-private cooperation that persuaded the city’s voters to accept a 15-mill levy to underwrite the Cleveland Plan (GCP, 2014). With 57% of the votes cast, Clevelanders approved operating funds for the municipal school district for the first time in more than twenty-five years (SOS, 2012; Trickey, 2013).
To sustain the OETF improvements internally, the city invested in CitiStat, a data-driven work management system that was developed in Baltimore. In 2011, the PMO staff (who had returned to their home units) converted the OETF performance data into the CitiStat system, thereby creating a citywide performance dashboard. By merging the CitiStat and the “3-1-1” systems, employees had up-to-date data on their response time to citizen complaints, while department directors gained information about under-served areas of the city. The general public had access to these performance data because the city published the citywide performance dashboard in the mayor’s annual report to the citizenry (Whitlow, 2014). The mayor also used CitiStat data to appraise the annual performance of his directors (Jackson, 2014).

As a result of the OETF, the city made staff training and development priorities in order to sustain the OETF efficiency and productivity gains. Cross-functional training, mobility assignments, and internships were used to develop in-house talent and helped establish career paths for city employees. In a partnership with the Levin College’s Center for Leadership Development and the Cleveland Foundation, the city established the Cleveland Management Academy (CMA) in 2009 (Starzyk, 2009). Fifty-nine employees graduated from the year-long management development program that was aligned with the OETF objectives. [Endnote 2] Mayor Jackson (2014) reported that he promoted eight CMA graduates into positions of department directors and city commissioners (without knowing they were CMA alumni) because they were the best candidates. Thus, the OETF facilitated the creation of a citywide cadre of emerging leaders who successfully competed for upper-level leadership positions.

Finally, Cleveland received national attention for its success in implementing the “new urban renewal” (Hyra, 2012). Using the OETF’s culture of collaboration and performance, Mayor Jackson developed a sub-cabinet cluster to focus on the economic development of the city’s neighborhoods. Working with the private sector, this development cluster generated the extensive renewal of the city’s neighborhoods in addition to transforming the city’s aging downtown into a thriving residential district. Cleveland also experienced a “brain gain,” as young professionals made Cleveland their “city of choice.” Trickey (2013) attributed these transformational effects to Mayor Jackson’s leadership:

A mayor from Cleveland’s poorest neighborhoods is presiding over a downtown population boom, and a surge of vitality attracting young professionals to the city’s near West Side. Jackson helped those changes along with reliable services, a rejuvenated economic development department, strategic spending at key moments, and the more tangible aspects of his sustainability effort, from bike lanes to support of the local food movement.

Additional evidence that Cleveland was a city of choice as envisioned by Mayor Jackson occurred in 2014. Besides hosting the international Gay Games, Cleveland was chosen in a highly competitive selection process as the venue for the Republican Party’s 2016 presidential nominating convention. The transformation of Cleveland into a city of choice would not have occurred without the results of Mayor Jackson’s operation efficiency partnership that were reinforced by his vision of good government and his philosophy of servant-leadership.
Lessons Learned

Newly elected Mayor Voinovich and Mayor Jackson took considerable risks in using the OITF and the OETF partnerships to study city operations. Both public-private partnerships, though structured very differently, produced significant improvement recommendations that transformed Cleveland first in the 1980s and again in the 2000s. This section presents the lessons learned based on the similarities and the differences of the OITF and the OETF. Eight similarities were evident. First, both mayors took office during challenging economic times that lent a sense of urgency for them to change the way Cleveland’s government operated. Second, both mayors established their public-private partnerships to facilitate changes in accordance with their vision of how good government should operate in Cleveland. Relatedly, Mayors Voinovich and Jackson made serious commitments to the people in their partnerships, and they stood firm in implementing the significant changes that emerged from them. Third, both mayoral-led partnerships used technical training and technology enhancements to enable their study teams to engage in data-driven decision making. Fourth, Mayors Voinovich and Jackson built the trust of city employees in operations efficiency by involving them in analyzing their own work processes and in participating in the change efforts. Fifth, both public-private partnerships changed the city’s work culture. The Voinovich administration facilitated a transition from patronage operations to a professional management culture; the Jackson administration facilitated a transition from complacent operations to a performance culture of customer service. Sixth, Mayor Voinovich and Mayor Jackson established cooperative relations with the City Council, thereby securing legislation to sustain the operational changes that emerged out of their partnerships. Seventh, both partnerships were successful because the implementation coordinators gathered data to keep track of progress and held employees accountable to meet the partnership objectives. Finally, the volunteers who participated in both mayoral-led partnerships had positive experiences, and city employees impressed them with their dedication and professionalism.

There were four significant differences in the two mayoral-led public-private partnerships. First, Mayor Voinovich’s partnership used a top-down, corporate structure developed by Cleveland-based CEOs; these CEOs, in turn, generated approximately $1 million in private funding and mobilized high-level business executives on a short-term basis. Mayor Jackson’s partnership used a bottom-up, employee-centered approach driven by public sector values, and it operated without external funding; his partnership recruited a diverse group of volunteers who stayed engaged with city employees for one year or longer as the latter implemented the OETF recommendations. Second, the mayors faced different labor climates. During Mayor Voinovich’s time, the unions were small and active sponsors of his OITF public-private partnership. In contrast, Mayor Jackson inherited a tense labor-relations climate from his predecessor, but he secured the cooperation of the city’s unions by inviting them to the OETF table at the outset and by keeping his commitments to them. Third, Mayor Voinovich’s partnership utilized training primarily in the OITF’s study phase, while Mayor Jackson’s partnership provided multiple training opportunities to frame, synthesize, and sustain to the work of the OETF. The OETF’s emphasis on training and development led to the establishment of an internal management academy that fostered an effective leadership succession process at the city. Finally, while both mayors “put the NP”
(i.e., nonprofits) into their public-private partnerships, they utilized nonprofit organizations differently. In particular, Mayor Voinovich made extensive use of volunteers and nonprofit organizations to extend the OITF improvements internally, revitalize Cleveland’s neighborhoods, and anchor the city’s economic development in the Greater Cleveland community. In contrast, Mayor Jackson’s partnership engaged nonprofit organizations during all phases of the OETF, and then mobilized coalitions including nonprofit leaders to advance his social equity agenda, meet the needs of vulnerable populations, and reinvent K-12 public education in Cleveland.

The last lesson shared by both mayors was that the implementation of another operations efficiency partnership would benefit the city of Cleveland. In Mayor Voinovich’s view (2014), people get stale after six years because their “good habits disappear.” By renewing a public-private partnership every six years, Cleveland, he said, can take advantage of innovations in the technology field so that employees can find new ways to operate efficiently. In addition, he recommended that Cleveland train city employees in Lean Six Sigma approaches that use statistical tools and quality management techniques for process improvements. In this way, city employees can apply the latest and best business approaches to implement sustainable operational changes (Voinovich, 2014).

According to Mayor Jackson, the city would benefit from another round of operations efficiency by extending the OETF’s culture of excellent performance and customer service. In his view, another partnership would keep people from “going back to their old ways” because “someone was watching” (Jackson, 2014). He also said that he would use his next public-private partnership to incorporate up-to-date performance measures that merged the timeliness and the quality of city services into day-to-day operations. His goal would be to move the city from its current complaint-based operations emphasizing the response times of city workers to a technology enabled, data-driven, work management system emphasizing quality performance from the perspective of Cleveland’s residents.

In conclusion, this paper provided an inside view of the public-private partnerships led by Mayor Voinovich and Mayor Jackson in the legacy city of Cleveland. This study revealed that no algorithm existed in the design of a mayoral-led public private partnership, even in the same city. The empirical analysis showed that each mayor structured his public-private partnership to address the environmental conditions that Cleveland faced when he assumed office and to fit his particular leadership style.

If no single partnership model can address the needs of one city at different points in time, then a mayor interested in using a public-private partnership should pay close attention to: (1) who is invited to participate; (2) how to arrange the volunteer-participants; (3) how to foster strategic alliances with the city council, labor representatives, the business community, neighborhood development corporations, and the leaders of nonprofit organizations; (4) how to integrate training and development to instill a learning orientation among the participants; and (5) how well employees are empowered to shape, implement, and own the results. Finally, a mayor must focus on the management of public-private partnerships. In fact, the five partnership management behaviors — activating, mobilizing, framing, synthesizing, and sustaining — used as the backdrop in the empirical
analysis of the OITF and OETF can serve as guidelines for any mayor interested in leading a public-private partnership in the future.

In summary, this paper documented how Mayors Voinovich and Jackson used their public-private partnerships to restore good government in Cleveland in the wake of serious financial crises. Both Mayor Voinovich and Mayor Jackson concluded that public-private partnerships are not just for newly elected mayors. The dynamic environment of a legacy city makes a mayoral-led public-private partnership indispensable to the successful management of urban change in twenty-first century America.

Endnotes

1. Mayor Voinovich modeled the Cleveland Operations Improvement Task Force on the successful public-private partnership that Governor Ronald Reagan implemented in California with the assistance of Warren King and Associates (Voinovich, 2013).

2. Each CMA participant was part of a team that engaged in an improvement project approved by city supervisors. For example, one project team stabilized a Cleveland neighborhood by using "Defensible Space" methods to restructure street traffic patterns, increase neighborhood awareness, and organize a neighborhood clean-up. Another project team consolidated information about city services and amenities in a handbook available to Cleveland residents in hard copy or electronically. A third project team preserved the institutional knowledge of Cleveland employees by codifying protocols, processes, and procedures within and between organizational units. Collectively, the projects implemented in the first CMA class (October 2009-2010) saved the city $355,000 in consultant fees. Moreover, twenty-three participants (or 76%) opted to continue their education by enrolling in the academic programs of CSU’s Levin College of Urban Affairs (Tyler, 2014).

References


Trickey, Erick. 2013 (March). “It is Time to Stop Underestimating Frank Jackson.”
Tyler, Zoe. 2010. “City of Cleveland-Cleveland Management Academy Cohort 1 Summary.” Cleveland, OH: Center for Leadership Development, Levin College of Urban Affairs, Cleveland State University.


Voinovich, George V. 1980 (January 23). “Memo from Mayor Voinovich to All Directors and Commissioners Regarding Operations Improvement Task Force.” Accessed 08/05/14 from www.voinovich.collections.library.ohio.edu/items/show/582.


Table 1 - OITF Implementation Phases by Partnership Management Behaviors
Table 4 - OETF Implementation Phases by Partnership Management Behaviors

<table>
<thead>
<tr>
<th>OITF Phases/Management Behaviors</th>
<th>Activating</th>
<th>Mobilizing</th>
<th>Framing</th>
<th>Synthesizing</th>
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<tbody>
<tr>
<td>OITF Partnership Concept Formation (1979-1980)</td>
<td>*GV PPP premise</td>
<td>*PPP Overall Champion - GV</td>
<td>*OITF Goal</td>
<td>*Support of Greater Cleveland Roundtable</td>
</tr>
<tr>
<td></td>
<td>*Urgency - Default</td>
<td>*PPP External Champion - deWindt</td>
<td>*Exec. Committee policy objectives</td>
<td>*Support of City Council</td>
</tr>
<tr>
<td></td>
<td>*GV recruited by business community</td>
<td>*Cleveland Foundation Challenge Grant of $150,000</td>
<td>*GV elimination of patronage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*Business support for PPP premise &amp; OITF</td>
<td>*Gund Foundation Challenge Grant of $100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*GV elected mayor</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>OITF Partnership Development (1980-)</td>
<td>*deWindt, Eaton Corp. Chair &amp; CEO</td>
<td>*deWindt &amp; Mandel raised $544,000 from 264 sponsors</td>
<td>*Ways &amp; Means set time frames &amp; formats</td>
<td>*GV required dept. heads to write OITF plans</td>
</tr>
<tr>
<td></td>
<td>*OITF Executive Committee</td>
<td>*PPP Process Leaders: Warren King &amp;</td>
<td>*GV memo to directors &amp;</td>
<td>*GV met weekly with OITF funded</td>
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<tr>
<td></td>
<td>*Ways &amp; Means</td>
<td></td>
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<td></td>
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<tr>
<td>OITF Phases / Management Behaviors</td>
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<td>Mobilizing</td>
<td>Framing</td>
<td>Synthesizing</td>
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</tr>
<tr>
<td><strong>Activating</strong></td>
<td><em>Centralized &amp; top-down governance structure</em></td>
<td><em>Financial Audit Task Force</em></td>
<td><em>Objectives: to reduce expenses by 5-10% &amp; find productivity improvements</em></td>
<td><em>Directors evaluated on OITF progress</em></td>
</tr>
<tr>
<td></td>
<td><em>Operating Committee</em></td>
<td><em>89 loaned executives for 12 weeks</em></td>
<td><em>Study teams produced 650 recommendations</em></td>
<td><em>Saved $200 Million</em></td>
</tr>
<tr>
<td></td>
<td><em>Four OITF study teams</em></td>
<td><em>Hiring of full-time OITF Coordinator</em></td>
<td><em>Default ended</em></td>
<td><em>Workforce reduced 10%</em></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><em>Council passed 60 OITF ordinances</em></td>
<td><em>Original loaned executives stayed involved</em></td>
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<tr>
<td><strong>Mobilizing</strong></td>
<td></td>
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<tr>
<td><strong>Framing</strong></td>
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<tr>
<td><strong>Synthesizing</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>OITF Partnership Follow-up (1982-1989)</td>
<td>Project MOVE; Mandel &amp; other business leaders recruited volunteers &amp; raised funds</td>
<td><em>OITF supervision transferred to Law Director;</em></td>
<td><em>Culture shift from patronage to professional management</em></td>
<td><em>14 additional study teams formed</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Project MOVE Implementation Coordinator hired</em></td>
<td></td>
<td><em>Original loaned executives stayed involved</em></td>
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<tr>
<td>OETF Phases / Management Behaviors</td>
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<td>Mobilizing</td>
<td>Framing</td>
<td>Synthesizing</td>
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<tr>
<td><strong>Synthesizing</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>OETF Partnership Concept Formation’ (2006)</td>
<td><em>FJ became mayor</em></td>
<td><em>Executive Sponsor- FJ</em></td>
<td><em>OETF Charter</em></td>
<td>*Plain Dealer briefing <em>Mayor’s Annual Report to Citizens</em></td>
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<tr>
<td></td>
<td><em>Operations efficiency as good govt model</em></td>
<td><em>PPP Champion -COO Brown</em></td>
<td><em>Mayor’s annual budget meeting with employees</em></td>
<td></td>
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<tr>
<td></td>
<td><em>FJ Social equity mission</em></td>
<td><em>Suburban mayors</em></td>
<td><em>Fiscal discipline required of dept. heads</em></td>
<td></td>
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<tr>
<td></td>
<td><em>Budget deficit</em></td>
<td></td>
<td></td>
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<td>OETF Partnership</td>
<td><em>OEC Council</em></td>
<td><em>Volunteer Recruitment: Greater Cleveland</em></td>
<td><em>PMO Methodology</em></td>
<td><em>OETF Performance</em></td>
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<tr>
<td></td>
<td><em>OETF</em></td>
<td></td>
<td></td>
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<td>Activating</td>
<td>Mobilizing</td>
<td>Framing</td>
<td>Synthesizing</td>
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<td>----------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
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<tr>
<td>**OITF Phases/</td>
<td>Communication Team</td>
<td>Partnership - Cleveland Leadership Center - CSU Levin College *Process</td>
<td>* Technical Training *Customer Service &amp; Performance Measurement Training - Cleveland Foundation *City employees as internal champions</td>
<td>Dashboards *COO Management by walking around *City of Choice hotline &amp; email for employee input</td>
</tr>
<tr>
<td>Management Behaviors</td>
<td>*City Council as ally *Union cooperation</td>
<td>*Technical Training *Customer Service &amp; Performance Measurement Training - Cleveland Foundation *City employees as internal champions</td>
<td>*City employees as internal champions</td>
<td>*COO Management by walking around *City of Choice hotline &amp; email for employee input</td>
</tr>
<tr>
<td>Development (2006-</td>
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<tr>
<td>2007)</td>
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</tr>
<tr>
<td>**OETF Operations</td>
<td>*Public sector driven *Bottom-up, employee-centered structure</td>
<td>*400 volunteers - donated time *24 Action Teams</td>
<td>*Phase 1 - 8 teams *Phase 2 - 16 teams *Work Process Mapping *394 Recommendations</td>
<td>*94% implemented *Saved $71 million *Balanced budget *Strategic IT Council * Q-O-L for citizens *3-1-1 System *Social equity initiatives</td>
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<tr>
<td>(2007-2009)</td>
<td></td>
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<td></td>
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<tr>
<td>**OETF Partnership</td>
<td>*CNDCs revitalized neighborhoods; thriving downtown residential district</td>
<td>*Regional economic development strategy *Participation in NOCCA</td>
<td>*Shift to a Performance Culture of Customer Service</td>
<td>*Transparent Government *Citywide perspective *Inter-local agreements *Regional cooperation</td>
</tr>
<tr>
<td>Follow-up 2008-2014</td>
<td></td>
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**Table 2 - OITF Structure (OETF 1980, 1982)**
<table>
<thead>
<tr>
<th>Executive Committee</th>
<th>Job Title</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.M. De Windt, Chairman</td>
<td>Chairman of the Board</td>
<td>Eaton Corporation</td>
</tr>
<tr>
<td>Claude M. Blair, Vice President</td>
<td>Chairman of the Board</td>
<td>National City Corporation</td>
</tr>
<tr>
<td>Carole Hoover, Vice Chairman</td>
<td>President</td>
<td>Greater Cleveland Growth Association</td>
</tr>
<tr>
<td>Stanley C. Pace, Vice Chairman</td>
<td>President</td>
<td>TRW Inc.</td>
</tr>
<tr>
<td>Frederick K. Cox</td>
<td>Vice-Chairman</td>
<td>Ameritrust</td>
</tr>
<tr>
<td>Dr. Nolen M. Ellison</td>
<td>District Chancellor</td>
<td>Cuyahoga Community College</td>
</tr>
<tr>
<td>Fr. Marino Frascati</td>
<td>Priest</td>
<td>Our lady of Mt. Carmel Church</td>
</tr>
<tr>
<td>Robert E. Hunter</td>
<td>Ret. Chairman of the Board &amp; CEO</td>
<td>Weatherhead Company</td>
</tr>
<tr>
<td>Joseph A. Kocab</td>
<td>Vice President/Principal</td>
<td>Czech Catholic Union, Asst./South High School</td>
</tr>
<tr>
<td>Sebastian Lupica</td>
<td>Executive Secretary</td>
<td>Cleveland AFL-CIO</td>
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<tr>
<td>Charles McDonald</td>
<td>Chairman</td>
<td>Council of Smaller Enterprises</td>
</tr>
<tr>
<td>Dr. Ruth Miller</td>
<td>News Analyst</td>
<td>WBBG Radio</td>
</tr>
<tr>
<td>John W. Hushen, coordinator</td>
<td>Vice President-Corporate Affairs</td>
<td>Eaton Corporation</td>
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<table>
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<th>Ways and Means Committee</th>
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<tr>
<td>E.M. De Windt</td>
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<td>Eaton Corporation</td>
</tr>
<tr>
<td>Claude M. Blair</td>
<td>Chairman of the Board</td>
<td>National City Corporation</td>
</tr>
<tr>
<td>Harry J. Bolwell</td>
<td>Chairman and CEO</td>
<td>Midland-Ross Corporation</td>
</tr>
<tr>
<td>John T. Collinson</td>
<td>Chief Executive Officer</td>
<td>Chessie System, Inc.</td>
</tr>
<tr>
<td>William H. De Lancay</td>
<td>Chairman and CEO</td>
<td>Republic Steel Corporation</td>
</tr>
<tr>
<td>John J. Dwyer</td>
<td>President</td>
<td>Oglebay Norton Company</td>
</tr>
<tr>
<td>George J. Grabner</td>
<td>President and CEO</td>
<td>The Lamson and Sessions Company</td>
</tr>
<tr>
<td>Robert D. Gries</td>
<td>Founder and Managing Director</td>
<td>Gries Investment Company</td>
</tr>
<tr>
<td>Ray J. Groves</td>
<td>Chairman</td>
<td>Ernst and Whinney</td>
</tr>
<tr>
<td>Roy H. Holdt</td>
<td>Chief Executive Officer</td>
<td>White Consolidated Industries, Inc.</td>
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<tr>
<td>Allen C. Holmes</td>
<td>Managing Partner</td>
<td>Jones, Day, Reavis, and Pogue</td>
</tr>
<tr>
<td>William E. MacDonald</td>
<td>President and CEO</td>
<td>The Ohio Bell Telephone Company</td>
</tr>
<tr>
<td>Morton L. Mandel</td>
<td>co-founder and Chairman</td>
<td>Premier Industrial Corporation</td>
</tr>
<tr>
<td>Charles McDonald</td>
<td>Chairman</td>
<td>Council of Smaller Enterprises</td>
</tr>
<tr>
<td>Arthur B. Modell</td>
<td>Owner</td>
<td>Cleveland Browns, Inc.</td>
</tr>
<tr>
<td>Stanley C. Pace</td>
<td>President</td>
<td>TRW Inc.</td>
</tr>
<tr>
<td>Patrick S. Parker</td>
<td>President, Chairman and CEO</td>
<td>Parker-Hannifin Corporation</td>
</tr>
<tr>
<td>Samuel K. Scovil</td>
<td>President and CEO</td>
<td>The Cleveland-Cliffs Iron Company</td>
</tr>
<tr>
<td>Herbert E. Strawbridge</td>
<td>President</td>
<td>The Higbee Company</td>
</tr>
<tr>
<td>Hays T. Watkins</td>
<td>President and Co-CEO</td>
<td>CSX</td>
</tr>
<tr>
<td>M. Brock Weir</td>
<td>President</td>
<td>Ameritrust</td>
</tr>
<tr>
<td>Alton W. Whitehouse, Jr.</td>
<td>Chairman and CEO</td>
<td>The Standard Oil Company (Ohio)</td>
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<td>Robert E. Hunter, Chairman</td>
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<td>Weatherhead Company</td>
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<tr>
<td>Stanley S. Czarnecki</td>
<td>Special Agent in Charge</td>
<td>FBI</td>
</tr>
<tr>
<td>Robert W. Hartwell</td>
<td>President</td>
<td>Cliffs Electric Service Co.</td>
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<tr>
<td>James J. McGowan, Chairman</td>
<td>General Manager</td>
<td>Ohio Bell Telephone Company</td>
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</table>
Table 3 – Overview of OITF Organizational Sponsors

- 264 private organizations/businesses*
  - 88 heavy industrial
    - Ford & General Motors
    - 6 steel companies
    - 5 chemical companies
    - 1 railroad system
  - 36 service providers
  - 36 light industrial
  - 29 financial institutions
  - 13 accounting/auditing firms
  - 16 retailers
  - 7 real estate agencies
  - 10 law firms
  - 5 utilities
  - 5 transportation firms
  - 4 construction firms
  - 3 publishing/press organizations
  - 2 restaurants
  - 2 hotels
  - 1 sports team

- 36 nonprofit organizations
  - 8 labor union chapters
  - 9 foundations/charitable trusts
  - 6 professional organizations
  - 5 economic development organizations
  - 4 community associations
  - 2 religious organizations
  - 1 hospital
  - 1 university

- 1 public organization
  - The Federal Reserve Bank of Cleveland

*7 businesses could not be found
Table 5 - The OETF Structure (OETF, 2006, 2007)

<table>
<thead>
<tr>
<th>Executive Sponsor</th>
<th>Job Title</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Frank G. Jackson</td>
<td>Mayor</td>
<td>City of Cleveland</td>
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<table>
<thead>
<tr>
<th>Operations Efficiency Council</th>
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<th>Organization</th>
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<tbody>
<tr>
<td>Darnell Brown, Chair</td>
<td>Chief Operating Officer</td>
<td>City of Cleveland</td>
</tr>
<tr>
<td>William M. Denihan</td>
<td>Chief Executive Officer</td>
<td>Cuyahoga Co. Community Mental Health Board</td>
</tr>
<tr>
<td>Lee Friedman</td>
<td>President &amp; Chief Executive Officer</td>
<td>Cleveland Leadership Center</td>
</tr>
<tr>
<td>Fred Nance</td>
<td>Managing Partner</td>
<td>Squires, Sanders, &amp; Dempsey LLP</td>
</tr>
<tr>
<td>Charles Phelps</td>
<td>Director of Leadership Programs</td>
<td>Levin College of Urban Affairs, CSU</td>
</tr>
<tr>
<td>Dr. Vera Vogelsang-Coombs</td>
<td>MPA Program Director</td>
<td>Levin College of Urban Affairs, CSU</td>
</tr>
<tr>
<td>Jay Westbrook</td>
<td>Councilman, Ward 18</td>
<td>Cleveland City Council</td>
</tr>
<tr>
<td>Ron Woodford, PMP</td>
<td>Senior Program Manager</td>
<td>VW Group</td>
</tr>
<tr>
<td>Natoya J. Walker</td>
<td>Special Assistant to the Mayor, Public Affairs</td>
<td>City of Cleveland</td>
</tr>
<tr>
<td>Barry Withers</td>
<td>Special Assistant to the Mayor, Employee Svs.</td>
<td>City of Cleveland</td>
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<tr>
<td>Michele C. Whitlow</td>
<td>OETF PMO Program Manager</td>
<td>City of Cleveland</td>
</tr>
<tr>
<td>Dr. Melodie Mayberry-Stewart</td>
<td>Chief Technology Officer</td>
<td>City of Cleveland</td>
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<table>
<thead>
<tr>
<th>Communications Advisory Team</th>
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<th>Organization</th>
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<tr>
<td>Natoya J. Walker, Chair</td>
<td>Special Assistant to the Mayor, Public Affairs</td>
<td>City of Cleveland</td>
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<tr>
<td>Carol Caruso (2006)</td>
<td>Senior Vice President, Advocacy</td>
<td>Greater Cleveland Partnership</td>
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<tr>
<td>Marie Galindo (2006)</td>
<td>Owner</td>
<td>Luchita’s Restaurant</td>
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<tr>
<td>Mary Ann Sharkey (2006-2007)</td>
<td>Chief Executive Officer</td>
<td>Mita Marketing LLC</td>
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<tr>
<td>Tom Andrzejewski (2007)</td>
<td>President</td>
<td>Oppidan Group</td>
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<tr>
<td>Scott Osiecki (2007)</td>
<td>Director, External Affairs</td>
<td>Cuyahoga Co. Community Mental Health Board</td>
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<tr>
<td>Sheila Samuels (2007)</td>
<td>Former Development Director</td>
<td>Levin College of Urban Affairs, CSU</td>
</tr>
<tr>
<td>Erica Chrysler (2006)</td>
<td>Deputy Press Secretary</td>
<td>City of Cleveland</td>
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<tr>
<td>Jason Wood (2006)</td>
<td>Special Asst to the Mayor, Boards &amp; Commissions</td>
<td>City of Cleveland</td>
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<tr>
<td>Michael House (2006-2007)</td>
<td>General Manager, Channel 23</td>
<td>City of Cleveland</td>
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<tr>
<td>Francis Margaux (2007)</td>
<td>Special Assistant to the Mayor</td>
<td>City of Cleveland</td>
</tr>
<tr>
<td>Maureen Harper (2007)</td>
<td>Chief of Communications</td>
<td>City of Cleveland</td>
</tr>
<tr>
<td>Ossie Neal (2007)</td>
<td>Marketing Manager, Division of Water Pollution Control</td>
<td>City of Cleveland</td>
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**OETF Project Management Office**

City of Cleveland Employees
<table>
<thead>
<tr>
<th>Name</th>
<th>Years</th>
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<tbody>
<tr>
<td>Michele C. Whitlow, Program</td>
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</tr>
<tr>
<td>Manager</td>
<td></td>
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Figure 1 – The OETF Charter

**Mayor Frank G. Jackson’s Operations Efficiency Task Force Charter**

**VISION STATEMENT**
“Cleveland does have a great opportunity to reshape itself and to ensure a great future. But this does mean change in the way we think and do business.”

*Mayor Frank G. Jackson*
*State of the City Address, March 2006*

Economic conditions have made it impossible to operate under the existing model of government and maintain the current level of service to the City of Cleveland. If we can learn to do more with less, we can restore financial stability and increase the level of services provided to our citizens, businesses, and visitors. Changing the way we do business is the only way to create a “City of Choice.”

**PROGRAM PURPOSE STATEMENT**
The purpose of Mayor Jackson’s Operations Efficiency Task Force (OETF) is to:

- achieve and maintain financial stability;
- improve the efficiency and effectiveness of City services;
- and create a work environment focused on providing excellent customer service.

**OUR GUIDING PRINCIPLES**
- To value the insight and expertise of employees as well as offer opportunities for retraining if required.
- The City and its citizens’ needs always come first.
- All program team members remain focused, accessible, committed and results-oriented.
- All program team members are dedicated to working together in a professional, cooperative and open manner.
- At all times, show respect for the goals, objectives, plans and schedules of all program participants.
- Maintain timely, consistent, honest communication for all aspects of the program.
- Celebrate successes and share learning moments to enable us to succeed.

**OUR ROLES AND RESPONSIBILITIES**
- **Executive Sponsor**: creates and champions vision, approves overall strategy and resource requirements to implement the OETF recommendations.
- **Task Force Chair**: approves action teams, provides direction on policy, processes and legislation, and reviews progress with the Mayor and other key stakeholders.
- **Operations Efficiency Council**: provides strategic oversight, assesses the coordinated efforts of the Action Teams, and endorses the Program Management Office (PMO) Structure.
- **Communications Advisory Team**: develops and implements a communications plan to ensure a consistent and coherent message to all stakeholders.

**PMO and Program Manager**: provides daily oversight of the Action Teams; standardizes reporting formats for capturing, analyzing and sharing critical information, performance measurements and program reports; and ensures resources, support and information are available to action teams when most needed.

**Action Team Technical Leads**: develops operational improvement action plans, quantifies and documents the savings, monitors and reports outcomes and cost realizations.

**CRITICAL SUCCESS FACTORS**
- Create an Operations Efficiency Council for strategic oversight and establish a PMO for effective tactical day-to-day implementation and project management.
- Eliminate gaps in department-specific and City-wide general support services by implementing improvements utilizing innovative solutions.
- Craft action plans to enable City departments to successfully implement effective, transforming solutions, and remove work environment cultural constraints.
- Champion technology to enhance data collection and effectiveness to drive decision making.
- Obtain timely approval of plans leading to redesigned, re-engineered or streamlined Departmental processes that are sustained annually.
- Review and analysis of contracts to eliminate duplication.
- Achieve participation goals from external partnerships including Leadership Cleveland community leaders.
- Gain buy-in of critical internal and external stakeholders.
- Effectively implement a self-sustainability and organization change management plan which promotes broad and deep buy-in for achieving the Mayor’s goals and cost savings targets.
- Provide clear and prompt communications within the program participants and the community at large.
- Achieve a 5% reduction in operating costs across the City at the beginning of Fiscal Year 2007.
- Achieve and maintain an effective operating environment.
- Create an employee culture focused on providing high quality service.

**OUR ENDORSEMENT**

[Dwain Brown, Chair]
[Dr. Russ Vokoszcz, Mayor]
[Bill Dehn]
[Lee Hush]
[Dr. James Scarrow]
[Shayt]
[Tom Smith]
[Dr. James Scarrow]
[Bill Dehn]

Ron Woodford
Nabors Walker
Barry Watters
Luncheon Speaker

Hunter Morrison

Hunter Morrison is the Director of the Center for Urban and Regional Studies at Youngstown State University. The Center was established for the purpose of understanding applied research addressing issues of urban and regional development and providing technical assistance to local government, social service organizations, and businesses. Prior to this he was Director of the Cleveland City Planning Commission and was responsible for Civic Vision 2000, a $3 million initiative that resulted in the comprehensive updating of the City’s Downtown Plan, Citywide Plan, and Zoning Code. Civic Vision received the 1992 American Planning Association National Planning Award for Comprehensive Planning. Under his direction, the department was responsible for the development of master plans for North Coast Harbor District, site of Rock and Roll Hall of Fame and the Cleveland Browns Stadium; the Playhouse Square Theatre District, site of the country’s second largest performing arts center; and the Gateway Sports District, home of Jacobs Field and Gund Area. The Gateway project was awarded an Urban Design Citation from Progressive Architecture in 1990, an Honor Award for urban design from the American Society of Landscape Architects in 1991, and the AIA Urban Design Award in 1996. Prior to joining the City of Cleveland in 1980, he worked for the Hough Area Development Corporation, a neighborhood development organization in Cleveland; for private consulting firms in Boston, and for the cities of Nairobi and New York. He holds degrees in city planning and political science from Yale College, city planning from the Harvard Graduate School of Design, and business administration from Cleveland State University. He served on the Cleveland Landmarks Commission and the Ohio State Historic Site Preservation Advisory Board. He has been a member and served as president of the Northeast Ohio Areawide Coordinating Agency, the 5-county Greater Cleveland metropolitan planning organization. He has taught at the Harvard Graduate School of Design and at Cleveland State University’s Maxine Goodman Levin College of Urban Affairs.
Afternoon Q&A Discussion

Session Chairman: David C. Hammack

David C. Hammack is Haydn Professor of History at Case Western Reserve University; for nearly thirty years he was also among the faculty leaders of CWRU’s interdisciplinary Mandel Center for Nonprofit Organizations. His books include *A Versatile American Institution: The Changing Ideals and Realities of Philanthropic Foundations*, with Helmut K. Anheier (2013); *American Foundations: Studies on Roles and Contributions*, edited with Helmut Anheier (2010); *Globalization, Philanthropy, and Civil Society: Projecting Institutional Logics Abroad*, edited with Steven Heydemann (2009); and *Making the Nonprofit Sector in the United States: A Reader* (1998, paperback 2000). At the moment he is completing an edited volume, *Foundations in America’s Regions*. He has also published articles and more than fifty book reviews in journals including *The American Historical Review*, the *Journal of American History*, *Reviews in American History*, *Urban Affairs*, *the Nonprofit and Voluntary Sector Quarterly*, *Voluntas*, and *Nonprofit Management and Leadership*.

A past president of the Association for Research on Nonprofit Organizations and Voluntary Action and the 2012 recipient of the association’s award for distinguished achievement, David Hammack has been a Guggenheim Fellow, a Visiting Fellow at the Yale Program on Non-Profit Organizations, and a Resident Fellow of the Russell Sage Foundation. At Case Western Reserve he has won the Diekhoff Award for Distinguished Graduate Teaching. His earlier work includes *Power and Society: Greater New York* (1984), involvement and on-screen appearances in several televised films on the history of New York City, and contributions to the comparative history of New York and Budapest. He earned a B.A. in Government at Harvard, a Master of Arts in Teaching at Reed College, and a Ph.D. in History at Columbia; before coming to CWRU he taught at the City University of New York, Princeton, and the University of Houston. His students teach at Oberlin, Michigan, Cleveland State, and other colleges and universities, and work for the Educational Testing Service, United Way of Greater Cleveland, etc. In Northeastern Ohio civic life, he served for three years as president of the board of Greater Cleveland Community Shares; and he and his wife Loraine Shils Hammack instigated and consulted to “The Struggle for Integration in Shaker Heights,” a documentary project on the Cleveland suburb that has been broadcast nationally on PBS.
Stuart C. Mendel

Dr. Mendel currently serves as the President of the Nonprofit Academic Centers Council (NACC), the national association for nonprofit academic based research centers. His permanent position is as the Assistant Dean, Director of The Urban Center, and Director of the Center for Nonprofit Policy & Practice (CNP&P), Maxine Goodman Levin College of Urban Affairs, Cleveland State University. Since 1996, his duties have included work as chief of operations for the Levin College and for a time, work as a special assistant to the President of the University. He is founder of the CNP&P, an applied research, community service and academic education center. He also serves on the graduate faculty of the University and has been the academic Director of the Master of Nonprofit Administration and Leadership degree program. Dr. Mendel has raised over $1.5 million in project funding and provided technical assistance with over 200 nonprofit organizations. He is currently writing a book as lead author for Indiana University Press with Jeffrey L. Brudney entitled “Partnerships the Nonprofit Way: What Matters, What Doesn’t.”

From 1992 through 1996, Dr. Mendel served as the Director of Graduate Programs, Mandel Center for Nonprofit Organizations, Case Western Reserve University. From 1989 to 1992, he served as Director of Development for the Beck Center for the Cultural Arts, a comprehensive community based arts organization, were he raised approximately $1 million over 27 months.

Dr. Mendel received his Master of Nonprofit Organizations and Doctorate in Social Policy History from Case Western Reserve University in 1991 and 2000 respectively. His research interests include the nature and importance of civil society in America; philanthropy; fundraising and leadership; management of nonprofit organizations; public/private partnerships; the role of nonprofit organizations in public sector decision-making and social policy history. He has also taught graduate level courses and advised many nonprofit boards and executives in these topical areas.

Dr. Mendel has served as primary investigator or consultant in numerous grant and contracts underwritten by among others, the Cleveland Foundation, St, Luke’s Foundation of Cleveland, Nord Family Foundation, William J. and Dorothy K. O’Neill Foundation, Billie Howland Steffee Fund, Cuyahoga County department of Justice Affairs, Urban League of Greater Cleveland, Resident Empowerment Organization, Empowerment Center (formerly Welfare Rights) of Greater Cleveland, and numerous faith and community based organizations. The total of these grant funded projects exceeds $1,500,000.

Over the past 20 years, Dr. Mendel has established an expertise in working with nonprofit organizations in the areas of organizing, planning and implementation. He also performs project, program and organizational assessments with numerous funded projects to his credit.
Jeffrey L. Brudney, Ph.D.

Dr. Jeffrey L. Brudney is the inaugural holder of the Betty and Dan Cameron Family Distinguished Professorship of Innovation in the Nonprofit Sector at the University of North Carolina Wilmington. Dr. Brudney is the Faculty Director of Quality Enhancement for Nonprofit Organizations (QENO), a partnership between UNCW, funders, civic leaders and other community organizations to build the capacity of nonprofit organizations and increase philanthropy in southeastern North Carolina. He is the author of *Fostering Volunteer Programs in the Public Sector: Planning, Initiating, and Managing Voluntary Activities*, which received the John Grenzebach Award for Outstanding Research in Philanthropy for Education, and the co-author of *Applied Statistics for Public and Nonprofit Administration*, now entering its ninth edition, which has been used for instruction in more than 120 colleges and universities. Dr. Brudney is the Editor in Chief of *Nonprofit and Voluntary Sector Quarterly*, the premiere journal in nonprofit studies.
A version of this paper will appear as Chapter 12 entitled

“Cross Sector Collaboration and Public Private Partnerships: A perspective on how Nonprofit Organizations create Public Value in an archetypical city in the United States”

In

“Creating Public Value in Practice: Advancing the Common Good in a Multi-Sector, Shared-Power, No-one-Wholly-in-Charge World upcoming by Taylor and Francis, LLC.

PPPs: How Nonprofit Organizations Create Public Value

by

Stuart C. Mendel, Ph.D., M.N.O.
and
Jeffrey L. Brudney, Ph.D.

Abstract

The scholarship on public value has emanated largely from the perspective of government and public management. As valuable as this conceptualization may be, we suggest that public value in the United States can be created by a combination of government, business and nonprofit actors. We argue that nonprofit organizations have been overlooked in the public value literature – an unfortunate reality that does not accurately reflect the nonprofit sector's significant contributions. In many respects, creating public value is a primary raison d'etre for the American nonprofit sector. To elaborate and support this argument, we present an in-depth analysis of five case examples of public private partnerships (PPPs) involving nonprofit organizations in Cleveland, Ohio. The five PPP cases explored offer insights to public policy-makers, who might apply new, yet familiar strategies to make use of the nonprofit sector's ability to create public value.

Keywords: nonprofit organization role in public value; Cleveland public private partnerships; civil society, public value, nonprofit, public private partnerships, PPP.

Introduction

Since the term “public value” was coined (Moore, 1995) and refined as “public values” (Bozeman, 2002, 2007), scholars of public administration and related fields have
considered the concept primarily from the perspective of the public sector and for the purpose of public management (Williams and Shearer, 2011; Benington, 2011; O'Flynn, 2007; Alford and Hughes, 2007). From the public sector perspective, public value is advanced when government makes contributions to society to benefit the public good. These contributions might be tangible – infrastructure or tax collections – or intangible – increased citizen participation or awareness (Stoker, 2006). In his original conception, Moore also suggested that public may also align with the sensibilities of public administrators, managers and policy makers, whose aspirations, vision, and strategies to manage relationships with nonprofit organizations to serve the public during unsettled times (Moore, 2000). According to Jorgensen and Bozeman (2007, p. 361-362), public values are principles guiding public managers that contribute to the common good and possess elements of altruism. Public values are sustainable environmentally and financially and stimulate the public to perceive government as stable, dignified and trustworthy (Alford and Hughes, 2007; Stoker, 2006). An extensive literature review on the topic by the Warwick Business School’s Institute of Governance & Public Management (Williams and Shearer, 2010, 2011) confirms these observations. Although we recognize these contributions of the public administration/management literature, in this essay, we argue that nonprofit organizations create public value in important ways that have been largely overlooked by scholars and policy makers.

In making the case that nonprofit organizations have an important role in creating public value, we suggest public value is weighted less toward financial performance, efficiency and the “good that government can do through policy and public management innovation and entrepreneurialism” (O'Flynn, 2007; Levi, 1996; Roberts, 1992) and more toward the facilitating, intermediary and partnership contributions nonprofits make in their interactions with government, the private sector and individuals (Thomson and Perry, 2006). We also suggest that the work that nonprofit organizations perform can induce a more engaged citizenry and the inter-connections that strengthen social capital and a stronger civil society, (Mendel, 2010; Smith, 2000; Putnam, 1993; Berger and Neuhaus, 1996). By bridging the gap between public policy formulation and practical implementation (Mendel, 2003), nonprofits generate public value and honor the public values that underpin a vibrant American civil society.

In this article we suggest that nonprofit organizations contribute to the creation of public value in at least three ways: mission fulfillment, involvement in public-private partnerships, and assumption of a stewardship role. Through mission fulfillment, a nonprofit organization can produce impacts on the rest of society (Bryson, 2011; Salamon, 2002; Rojas, 2000; Herman and Renz, 1999). Public-private partnerships are a special class of relationships that nonprofits can form with government and business to pursue societal goals (Mendel and Brudney, 2012; Wettenhall 2003; Squires, 1989; Swanstrom, 1985). Finally, the stewardship role allows nonprofits to provide institutional space and constructive tension through which collaboration can incubate and thrive (Stone and Ostrower, 2007; Powell and Steinberg, 2006; Van Til, 2000; Drucker, 1990).
Although our cases emanate from a single municipality, we believe that they are representative of nonprofit activity throughout the U.S. (Mendel and Brudney, 2012). To understand the role nonprofit organizations play in public value creation, we offer a framework derived from mission achievement outcomes, involvement in PPPs that include public and private members, and nonprofit organization stewardship in providing the “third space” essential to inter-sectoral collaboration. We also consider the literature and relevant scholarly attention devoted to nonprofit organizations with respect to creating public value.

The argument for the participation of nonprofit organizations in creating public value is supported by an in-depth analysis of public-private partnerships (PPPs) in Cleveland, Ohio. These case examples involve public, private and nonprofit players in order to produce public value outcomes. Each case illustrates the role of nonprofit organizations in creating public value and provides lessons for public policy makers in their attempts to amplify public tax dollar investments to the greatest degree possible, insure best practice for public oversight of government-nonprofit contractual arrangements, and craft evaluative measures for nonprofit organization performance and fiscal accountability.

Public Value and the Nonprofit Sector

Although “public value” is not often recognized by this name, students of the nonprofit sector and civil society in the United States will likely recognize it as a familiar concept. In the context of the nonprofit sector, “public value” arises as an outcome of the intermediary and facilitating processes nonprofit organizations employ as they strive to achieve their organizational missions (Mendel 2003). Public value also results as nonprofits perform their work and serve constituents, form and strengthen social networks, sustain social capital, build community and nurture the bonds of trust that comprise civil society (Mendel, 2010, Bozeman 2007; Salamon 2002 and 1995). In many respects, creating public value is a primary raison d’etre for the American nonprofit sector.

Nonprofits also contribute to the conditions and attainment of public value (and values) through their relationships with the public sector. As Dennis Young (2000) explains, nonprofit organizations operate independently as supplements to, complements of, or in opposition to government. These relationships might include partnerships or mutual accountability. Through their relationships with government, nonprofits are likely to stimulate unanticipated public values and benefits in the form of “intangibles,” such as positive participant feelings, improvements in the environment, or re-directed public dollars through advocacy (Benington, 2011; Mendel, 2010; Jorgensen and Bozeman, 2007; Stoker, 2006).

Nonprofits can also generate public value by serving as mission or values guardians in public-private collaboration processes. In public-private partnerships (PPPs), nonprofits often provide the formal “institution” or “home” of the endeavor, creating a “third space” for meetings and collaborative PPP arrangements (Mendel and Brudney, 2012; Van Til, 2000). Unlike public bureaucracies, nonprofit organizations can deliver contracted services to fulfill the partnership, negotiate with public and private parties, and operate in a less
hindered way to attain public values. In doing so, the nonprofit enables stakeholders whose "day jobs" are in government or businesses to engage more freely in thinking, planning and implementing collaborative endeavors. This stewardship role allows nonprofits to take responsibility for inter-sectoral collaboration processes and facilitate the incubation, development, vetting and experimentation of policy innovation in ways that better advance public value (Mendel and Brudney, 2012).

Finally, in the nonprofit literature on civil society in the United States, government, business, and nonprofit organizations advance public values by participating in the decision-making process regarding public and private resources (Benington, 2011; Mendel, 2010). If we accept Bozeman's (2007, p. 13) belief that “public values” arise through the normative consensus of individual rights and obligations, then public value is also created when public, private and nonprofit actors establish conditions for individuals to follow their interests. When nonprofits engage in and utilize advocacy to influence the creation of public policy and hold public and private actors accountable, this “push-and-pull” is a manifestation of stewardship and a public value in itself (Boris, 2006, Salamon, 1995).

**Nonprofit origins of public value in the U.S.**

To understand the implications for twenty first century policy makers predisposed to stimulate public value through public-private partnership with nonprofit organizations, we draw attention to the historical threads of connection between present day and the origins of the nonprofit sector in the United States (Powell and Clemens, 1998 pp. xiii-xvi; O'Connell, 1983). Beginning with the first days of European settlement on the North American continent, collaboration among individuals arose because of an urgent common purpose in physical survival. Soon after, as life in the rough countryside attained routine, the goal of achieving an economic profit directed the shared endeavors of individuals. In the absence of both local government and legitimate officially sanctioned public authority, individuals pooled resources and responsibilities for the benefit of the larger community. Although they did not refer to it in the same way we do today, the early colonists created *public value* in the collaborative, protected space they crafted to gather the materials needed for business enterprise, commerce and the achievement of personal wealth (Mendel, 2011; Hammack, 1998).

Over time, the traditions of informal association and collaboration became essential for land-owning and enterprising residents of colonial North America in order to make decisions in the pursuit of their self-interests and a perceived public value. Public value of this era was marked by two characteristics. First, although individuals preferred to self-sustain, they would band together for the public good when it was in their best interest. Second, early Americans would seek public value through the actions and policies of government that rewarded individual efforts, encouraged the pursuit of wealth, and limited public authority, size, and expense (Hall, 1992; Hartz, 1955; Hofstadter, 1955).

Tracing the historical thread of connection through the 1800 and 1900s, informal private cooperation and association bridged the gap left by public policy directed institutions that were not up to the task of fulfilling the political, social and economic needs of communities
of the American frontier and later, in the fast growing twentieth century American cities (Bailyn, 1992; Bremner, 1960). Individuals recognized that public governance mediated by voluntary association or what we today refer to as “social capital,” was a good policy that supported the conditions to create private wealth. This combination of public and private authority comprised what we might today consider a distinctive “civil society” (O’Connell, 2000). Today, we recognize these processes as outputs of public social, economic and political policies that drive nonprofits toward the public good and the creation of public value.

Conceptual ambiguity of public value

The range of scholarship considering “public value” and “public values” is dense and not always clear. A comprehensive appraisal of 78 examples of published scholarship on the “public value” literature by Iestyn Williams and Heather Shearer (2011, 2010) acknowledges this problem. Williams and Shearer point out the heavy reliance on non-empirical case studies and vignettes as source material in research on the public value phenomenon, rather than use of more rigorously designed studies. Williams and Shearer (2010, p. 9) conclude that future research will require the development of theoretical and empirical foundations to increase understanding of “public value.”

Williams and Shearer (2010) highlight that most of the public value scholarship originates from the perspective of public administration and public management. Despite the public administration-focused literature and the absence of competing theories from the for-profit and nonprofit sectors, public administration scholars have found little consensus on definition for “public value” or “public values” beyond the original, rather imprecise, concepts conceived by Mark Moore (1995, p.10) and elaborated by Barry Bozeman (2007, p. 13).

Common to the public value literature (Benington and Moore, 2011; Alford and Hughes, 2007) is emphasis on government as the primary actor and instigator in public value (Horner and Hutton, 2011). A noteworthy exception is Benington’s (2011) explanation of a more complex system of public value creation that involves the overlap of civil society, the state, people, and the market, identified as “three nodes of networked governance” (Benington, 2011 pp 34-35). Aside from Benington, the literature casts nonprofits, businesses, and individuals as “second place” to government in the creation of public value. These subordinate actors make adjustments or changes in their behavior to align with government’s policy motives and actions (Crouch; 2011; Mulgan, 2011; Hartley, 2011).

The little scholarship rooted in other fields such as business management and the nonprofit sector suggests different explanations of what public value may be and how it is generated. Business theory observes public value as those values that enable business enterprises to generate wealth in a setting of quality public services, low costs, and minimum regulations (Sabidussi, Bremmers et., al, 2012, p. 121). In this literature, the role of the public sector is to enable the generation of privately held wealth by creating a stable environment where the economy might allow business owners to meet the demands of the marketplace (Domhoff, 2005; Powell and DiMaggio, 1991). Public values are realized by rewarding
individual effort, the pursuit of wealth, small government, and business enterprise – principles of American political tradition (Howell and Pearce, 2001; Greenberg, 1998; Chandler, 1977; Hofstadter, 1948).

Nonprofit sector theory observes public value as less in the domain of government and more in the province of individuals (Salamon, 2002). Public value is created when individuals trust public policy makers and public institutions, have faith in the economic and justice system and thus participate to achieve a measure of wealth from their own labors (Mendel, 2003; Hartz, 1955). Nonprofit scholarship suggests that nonprofits can generate and nurture public value in both specific and general ways, via certain programs or as standing institutions. For example, nonprofits act as advocates on behalf of constituents. In the most positive perspective of advocacy work, the nonprofits are feeding information back into the cycle of public policy-making and performing a checks-and-balances function on the power-brokers of the public and private sectors. In performing advocacy, nonprofits create a tension that comprises an over-sight and accountability function. Through this lens, advocacy by nonprofits creates the conditions for trust in policies by public authority and creates public value through the action of safeguarding the rights and responsibilities of the nonprofit’s constituents (Powell and Steinberg, 2006).

Nonprofits and the creation of public value
It is well accepted that nonprofits enter into collaboration and partnership in their roles as intermediaries and facilitators with public institutions, private businesses and other nonprofits to seek effective mission achievement (Boris, 2006; Powell and Steinberg, 2002; Salamon, 2002; Smith, 2000; Young 2000). Nonprofit organizations form to accomplish specific purposes, creating temporary or permanent voluntary institutions and associations through which productive energy is marshaled. Nonprofit organizations make use of volunteers and, where resources permit, paid staff under the authority of an uncompensated board of directors. These actors together are able to create a public-civic value of camaraderie and fellowship, which also yields qualitative results within the scope of the organization’s mission. Public value is created in this “third space” (Anheier, 2005; Salamon, 2002, 1995; Van Til, 2000)

Although we argue that nonprofit organizations create public value through mission fulfillment, public private partnerships, and stewardship of a “third space,” we believe that a useful approach to understand and define “public value,” and how it may differ from “public values” in the United States, lies in examining the way nonprofit organizations create public value through public-private partnerships. PPPs describe a distinctive class of relationships involving government, businesses, and philanthropic institutions in the United States (Wettenhall 2003; Squires, 1989; Swanstrom, 1985).

The concept of PPP is closely aligned with the American political tradition in which government institutions foster an economic, political, legal, and social environment of collaboration supportive of public purposes, wealth generation, individualistic effort and smaller government (Howell and Pearce, 2001; Greenberg, 1998; Hofstadter, 1948). PPPs offer a way to focus and amplify the powers and resources of government, while mitigating
the financial risks of investing in large-scale undertakings outside of the private, profit-making sector. For example, PPPs have been noted for providing a way to stimulate urban revitalization, enable complex actions such as changes in private land use and zoning, finance large public works projects using publicly-backed investment bonds, and leverage private business resources and the penchant for innovation (Jacobson and Choi, 2008; Carroll and Steane, 2000; Keating, Krumholz, Metzger, 1995). In the U.S., PPPs include contract-based service delivery. The partnerships are an expression of power: private business and civic and nonprofit leaders work in concert with government officials to plan and implement initiatives, which benefit the public good and private enterprise and build social capital (Powell and Steinberg, 2006; Putnam, 2000; Powell and DiMaggio, 1991).

Young (2006) argues that the private collaborative partners of the public sector can complement, supplement, and inform government through the delivery of services. Other research, however, portrays partnerships as a form of leadership by public sector officials engaged in large-and small-scale projects with private business (Savas, 2005; Salamon, 2002; Waddock, 1988). To those in the private sector, PPPs offer an opportunity to shape public agendas (Glasbergen, 2007; Crane and Matten, 2004; Austin and McCaffrey, 2002). Public sector officials may justify the return-on-investment of PPPs with respect to increased business activity, employment opportunities and taxable wealth. Officials also acknowledge the sense of collective accountability and teamwork that can arise across the community through a joint participation of public, private and nonprofit interests, especially when the nonprofit organization plays a vital role in the process (Mendel, 2010 and 2003; Anheier, 2005; Himmelman, 1996).

Nonprofits, Public Private Partnership and Public Value

To substantiate our argument concerning the contribution of nonprofit organizations to creating public value, we provide a detailed analysis of five case examples of PPPs in Cleveland, Ohio. The cases involve a central nonprofit participant and demonstrate how this organization played a critical role in the attainment of public values. We focus on the activities of nonprofit organizations: in mission accomplishment, involvement in public-private partnership; and in the creation of a “third space” wherein the nonprofit provides a sanctuary retreat of time and place for public and private sector actors to engage in work to benefit individuals and their institutions. A more detailed description of the case examples can be found in Mendel and Brudney, 2012.

The Cleveland Development Foundation (CDF) provides the first case. CDF was established in 1954 by local business leaders to assist urban renewal and slum clearance efforts. Working closely with local government and the business establishment, the CDF provided financial and planning assistance for a number of urban projects in the 1950s and 1960s.

The second case example, University Circle Development Foundation/University Circle Incorporated (UCDF/UCI), was formed in 1957 as the result of a study focusing on the need for future collective planning by University Circle neighborhoods and organizations in Cleveland. That same year, the nonprofit UCDF created a land bank to buy and assemble properties with the intent to turn them over to existing University Circle
institutions, new organizations and private developers for retail, commercial, and residential projects benefiting the community. UCDF worked closely with the City of Cleveland and Cuyahoga County; the nonprofit assumed an important facilitating role in the administration of the region’s Phase II Urban Renewal project, arising from the Housing Act of 1949, for these metropolitan governments.

The third case example was born under Cleveland Mayor George V. Voinovich. Facing default of bank loans in 1979, Mayor Voinovich organized a Task Force of local private industry executives to reduce administrative costs. These individuals donated the time, funds, and expertise of their companies to advise and reform the city bureaucracy and processes. The City re-organized ten departments and implemented a new accounting system with internal auditing capability. Tens of millions of dollars were re-allocated, and operating costs reduced.

The Task Force contributed directly to the founding of our fourth case example, Cleveland Tomorrow (CT), a private nonprofit civic organization that included chief executive officers of the largest companies of the greater Cleveland area. Drawing from the Task Force’s influence and visible impact on pressing civic matters, CT was created to improve the long-term economic health of Cleveland. Capitalizing on the direct involvement of its members in local and regional economic development initiatives, CT served as an incubator for novel ideas and growth.

The fifth case, Neighborhood Progress Incorporated (NPI), was created in 1988 by Cleveland Tomorrow and area foundations. NPI is a nonprofit agency designed to focus attention, dollars, and other resources on Cleveland’s neighborhood development projects, with an emphasis on housing. NPI worked closely with city and county government, private local and national funders, and businesses to preserve existing housing and to re-develop older housing stock in the urban community.

These five case examples constitute large-scale PPP initiatives in Cleveland over the past six decades. Involving public, private, and nonprofit participants. Table 1 places these cases within the framework of the three aspects of public value creation in relation to nonprofit organizations discussed above: mission fulfillment, participation in PPPs, and stewardship of a “third space.”

**Analysis of the Case Examples**

The executive leadership of Republic Steel Corporation set the terms and definition for the mission of the Cleveland Development Foundation (CDF). The CEO’s intention was to provide clean and affordable housing for employees in a portion of the City that was riddled by crime, substandard housing, poor health, and polluted land (Encyclopedia of Cleveland History, 1996, pp 233-234). Cleveland’s Mayor at the time, Anthony J Celebrezze, encouraged policies that supported the private initiative. In forming the nonprofit CDF, Republic Steel and other private business owners convened local government leaders, and devised plans, raised funds, obtained private property through market purchases and use
of the City’s power-of- eminent domain. In stewardship of the working relationships between local and federal government, corporations and other stakeholders, CDF performed planning, convening, and coordinating work that no other public or private entity had the capacity, ability or mission undertake. CDF created public value through the platform it established for its partners, but also for city residents and businesses that benefited in future endeavors beyond the scope of its original mission.

In a similar manner, the UCDF/UCI case illustrates the power of nonprofit organizations. Like the CDF, the University Circle Development Foundation performed many functions in the pursuit of its mission, which led to the production of public value. The central feature of the University Circle neighborhood is a grand park open to the public in a part of Cleveland otherwise known for urban decay. In the course of mission achievement, the nonprofit UCI organization assumed many public sector responsibilities, such as land banking, institutional planning, coordination of facilities expansion, public safety, tax collection, and public works. In driving toward mission achievement, UCDF/UCI created a third space for collaborative efforts that included planning and implementing land use and acquisition, raising funds from private and public sources, and leveraging resources held by the region’s major private, nonprofit, cultural, education and health institutions.

In the case of Mayor Voinovich’s operations improvement Task Force, public value arose in a manner that scholars might easily recognize, through changes in public sector operating dollars, bureaucracy, procedures and program allocations. Like his predecessor Celebrezze, Voinovich encouraged policies that supported the initiative. Public value was also created through the formation of a “project team” of senior Cleveland corporate CEOs, who then used the experience to take on other major challenges such as regional economic development. Cleveland Tomorrow became their formal organization as a result of the work they performed on the Mayor’s Task Force.

Using the model established by Cleveland Tomorrow, which demonstrated to the local philanthropic community the power of concentrated financial resources and the benefits that collaboration among local business leaders could bring, the Cleveland Foundation and the Premier Industrial Corporation Foundation created Neighborhood Progress Incorporated (NPI). NPI utilized the same principles implemented by senior executives in the Mayor’s Task Force. Through Cleveland Tomorrow, NPI convened corporate leaders, city and county public sector officials, and national thought-leaders in housing, urban redevelopment, and the banking industry to address residential disinvestment in the City of Cleveland.

In each of the cases presented, a nonprofit served as a mechanism or third space through which motivated parties performed the work none could accomplish alone. Public policy setting authorities were active participants in each endeavor. Each cases offers examples of leveraged local resources with those of the national government, a locally implemented application of federal policy and demonstrable outcomes of public value creation.
Our analysis shows that public value arises from the joint activity of all three sectors of civil society, and that the actions of one sector can carry benefits for the others. The PPP case examples demonstrate public value creation through strategic alliances between business and government that are guided or “stewarded” by a nonprofit intermediary. The case examples demonstrate the importance of the partnerships in achieving public value outcomes when previously fallow or damaged land is renewed, public dollars produce infrastructure that spurs business opportunities and economic development, social services are more precisely targeted, and government operations are optimized.

In sum, our analysis suggests that public value may achieve its highest aspiration when the interests of public, private and nonprofit organizations unite in collaborative fashion to make best use of the policies, practices, and resources contributed by each member of the partnership. This view offers a departure from Moore’s “Strategic triangle” (Moore, 1995, pp 70-72; Williams and Shearer, 2011 p. 5, and 2010, p. 16) in which he identifies the realm of public value confined within the intersection of strategic goals, the authorizing environment, and the operations capability of government. Rather than suggest public value arises and is realized through government actions alone, based on the case examples, we conclude that public value stems from the joint involvement of public, nonprofit and private for-profit actors. This view departs from Benington’s (2011, pp. 34-37) conception of networked governance in which “civil society” is not differentiated from its nonprofit component. To the contrary, our analysis demonstrates the facilitating and intermediary roles nonprofit organizations can play in creating public value through mission achievement, participating in public-private partnerships, and offering a third space for interaction among the sectors.

**Conclusions and Policy Implications**

In understanding the limits on American government set in place in its earliest years and distinctive aspects of political tradition, we suggest that public value in the U.S., like civil society – an equally difficult concept to define - can arise through a combination of government, business and nonprofit actors and actions. We also note that if, as Mark Moore described, public value is an outcome of improved strategies and tactics employed by public managers (Moore, 1995, p. 4) or, as Bozeman suggests, it arises through a normative consensus (Bozeman, 2007, p 13), then defining and understanding public value theory may best be advanced if we take into account the differing perspectives of the phenomenon from all three sectors – public, private, and nonprofit.

"Public value" lies beyond the sole province of the public sector. It emanates from the allocation of public and private resources that are amplified in intended and unintended ways well beyond their original purpose through the actions of the other sector. Public value is achieved most fully when public, private and nonprofit sector players work together in making the best uses of the resources and contributions of the others in ways in which benefits arise to all.

The Cleveland public-private partnerships case examples that we have analyzed demonstrate the three aspects of the nonprofit-centric framework for the creation of public
value consisting of mission achievement, involvement in PPPs, and stewardship of a third space. Several features of public value are found consistently in the five PPP cases that have implications for public policy makers. First, the process of forming and carrying out the work of an initial partnership endeavor can stimulate the creation of additional successful associations uniting the actions of the public, profit, and nonprofit sectors in public value. The succeeding associations became formal nonprofit organizations in themselves that went on to carry out projects that created public value outside of the public sphere. Second, the creation of formal private, mission-driven nonprofit organizations led to the employment of dedicated professionals who served as the stewards of the PPP. The hiring and retention of staff had the concentrated technical expertise and knowledge in the PPP in ways that extended its work beyond its original aspirations. Third, the PPP enabled public sector leaders to delegate to private actors important public functions, such as land use planning, public safety, public works projects, and reforms of government bureaucracy that were important outcomes of the partnership. Fourth, as tracked by the participants and promoted in the local press, the amplification of resources by the nonprofit PPP member produced a "leveraged" return on investment for the public and private funding well in excess of the invested resources.

This discussion suggests implications for policy makers, who seek ways to amplify or leverage public tax dollar investments to the greatest degree possible, insure best practice for public oversight of these government-nonprofit contractual arrangements, and devise evaluative measures for nonprofit organization performance and fiscal accountability. First, we suggest that requests for proposals (RFPs) from all three sectors take into the circumstances that can help to foster PPPs. RFPs might include, for example, recognition of the importance of alignments of operational culture among organizations; needs for mission fulfillment on the part of each nonprofit partner organization; and the balance of organizational self-interest that move collaboration to successful outcomes. Second, these funding proposals might be conceived as a cooperative strategy to achieve some long-term public value, rather than as an isolated service delivery event or transaction. Third, we suggest that public value can serve as an over-arching outcome for nonprofit organizations and their partners, presenting a way that organizations and their funders can claim the work performed leads to a larger, observable and measureable impact. A connection can thus be established that traces public investment in a private nonprofit entity leading to a large-scale contribution to the benefit of the nonprofit, its constituents, and the larger community. As demonstrated by the case examples, such linkages can stimulate additional private investments in the form of funding and volunteer expertise and support that would not otherwise occur to pursue and attain public value outcomes.
## Table 1. Analysis of Case Examples of Nonprofit Organizations Contributing to Public Value

<table>
<thead>
<tr>
<th>Public Value Arising Through</th>
<th>Mission Fulfillment</th>
<th>Involvement in Public Private Partnership</th>
<th>&quot;Third Space&quot; Stewardship Role</th>
<th>Public Value created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland Development Foundation</td>
<td>Succeeded in stimulating planning and concentration of $2 million of private funds to leverage federal urban renewal funds and creating conditions for private development of downtown Cleveland</td>
<td>Private (business) sector initiative using the powers of government to create opportunities for development that neither the market or the public sector might create alone.</td>
<td>Independent organization that raised private funds, obtained public urban renewal dollars, fostered the development and facilitated implementation of first phase urban renewal plans in the City of Cleveland.</td>
<td>Improved public infrastructure such as roads, water and sewer and health; substandard housing demolition and assembly of parcels for future residential and commercial development.</td>
</tr>
<tr>
<td>University Circle Incorporated</td>
<td>Succeeded in creating a private land-bank using the authority of the public sector to accumulate properties and leverage public resources for the creation of privately owned space enjoyed by the general public</td>
<td>Private (nonprofit) sector initiative using the powers of government to create opportunities for development that neither the market or the public sector might create alone.</td>
<td>Independent organization that courted philanthropy, performed land use planning/acquisition, negotiated between independent nonprofits and private landowners; performed public safety services.</td>
<td>Preservation and development of community assets in the form of cultural, health and higher education institutions; preservation of urban parklands; flood prevention and improved water drainage.</td>
</tr>
<tr>
<td>City of Cleveland Operations Task Force</td>
<td>Succeeded in attaining greater operational efficiency and costs savings of public bureaucracy arising through the voluntary work of senior leadership of the business community</td>
<td>Public sector initiative requiring the expertise and resources of the private sector to overcome problems of long established bureaucracy and limited political flexibility.</td>
<td>Informal association of senior corporate civic leaders who came to institutionalize their volunteerism in a private nonprofit to further their work of strengthening the public institutions of Cleveland to stimulate economic development.</td>
<td>Lower costs of local government; improved public services; greater access to public services by residents, business owners and others; improved social capital through participation of civic leadership and other constituents in planning and process implementation.</td>
</tr>
<tr>
<td>Cleveland Tomorrow</td>
<td>Succeeded in creating formal programs to stimulate regional economic development by building and sustaining a practice of government-</td>
<td>Private (business and nonprofit) sector initiative leveraging public resources to identify and implement opportunities to advance regional</td>
<td>Served as institution that incubated ideas and plans for regional economic development, then repeatedly served to convene key players, plan initiatives, provide intermediary and facilitator</td>
<td>Improved conditions for economic performance of local and regional business endeavors. Established framework for planning and collaboration between public and private</td>
</tr>
<tr>
<td><strong>Neighbor-hood Progress Incorporated</strong></td>
<td><strong>Succeeded in planning and coordination of neighborhood stabilization initiatives, housing rehabilitation and new construction by linking public, private and nonprofit organizations on a large scale.</strong></td>
<td><strong>Nonprofit sector initiative of the Cleveland philanthropic community to plan and coordinate neighborhood stabilization, housing rehabilitation and new construction by linking public, private and nonprofit organizations on a large scale.</strong></td>
<td><strong>Provided leadership in urban neighborhood stabilization, revitalization and new development. Facilitated collaboration among local community development corporations, philanthropy, lenders and the public sector.</strong></td>
<td><strong>Improved housing options and property values, opportunities for commercial business endeavors serving residents. Greater choices for citizens of Cleveland.</strong></td>
</tr>
</tbody>
</table>
References


Dr. William D. Jenkins

Dr. Jenkins attended Loyola College in Baltimore (now Loyola University of Maryland) prior to coming to Case Western Reserve University for his M.A. and Ph.D. degrees. He then began working in the History Department of Youngstown State University from which he retired in 2007. While there, he progressed to a full professor position, and also served as the department chair for six years, parliamentarian of the Academic Senate for twenty years, Senate chair for two years, and Director of General Education for eight years. He received four Distinguished Professor Awards for Research and Scholarship, University Service, and Public Service (twice awarded)

Over those years he served on a number of Ohio Academy of History committees, and also as its president in 2001-02. The Ohio Academy of History awarded him a Distinguished Service Award in 2007. A member of the Executive Committee of the Council for the Administration of General and Liberal Studies, he served as its president, 2001-2002, and as its Executive Director, 2004 to 2006.

Dr. Jenkins has published two books: Steel Valley Klan: A History of the Ku Klux Klan in the Mahoning Valley and Mahoning Memories: A Bicentennial History of Youngstown and Mahoning Valley. Each of them sold out the first edition. He has also published articles on the Klan, Mayor Joseph Heffernan who followed the Klan mayor in Youngstown, Representative Robert Bulkley from Cleveland, Ohio, and a number of articles on Ernest J. Bohn, the Executive Director of Cleveland Public Housing, and Chair of the City Planning Commission starting in the 30s and lasting until 1968. The Bohn articles include: “Ohio, the Birthplace of Public Housing,” Proceedings of the Ohio Academy of History: 2002 (Ohio Academy of History, Marion, Ohio, 2002); “Before Downtown: Cleveland, Ohio, and Urban Renewal, 1949-1958,” Journal of Urban History, Vol. 27, No.4, May 2001, 471-96; and “The Ku Klux Klan in the Midwest”, and “Youngstown” (Ohio) in the Encyclopedia of Midwestern History, published by Indiana University Press, 2007.

Presently, Dr. Jenkins is finishing his research on the career of Ernest J. Bohn and Cleveland’s efforts to stem its decline as a major city between 1930 and 1970. This research led to the discovery of the Cleveland Development Foundation Papers located in the Western Reserve Historical Society and to the writing of a paper on the CDF activities for this conference.
CLEVELAND DEVELOPMENT FOUNDATION: A PARTNER IN DECLINE

Former mayor, governor and senator George Voinovich has been a consistent advocate of public/private partnerships since he faced Cleveland's default upon becoming its mayor in 1979. Although the defeated mayor, Dennis Kucinich, was responsible for the default, Voinovich took charge by calling on 89 businessmen to form an Operations Improvement Task Force. Their job was to make “local government more efficient and more responsive to the needs of our citizens.” Over the next three months they developed 650 recommendations, 75% of which the city implemented in the following 18 months. This experience would lead Voinovich to create other ppp’s, such as MOVE that encouraged people to volunteer for civic projects, or Cleveland Tomorrow, sponsored by the Greater Cleveland Growth Association, to set long-range plans for Cleveland’s economic development. There were also efforts to improve neighborhoods through the Cleveland Neighborhood Partnership Program, which helped set up 35 Local Development Associations to promote rehabilitation programs underwritten by federal funding. There were more projects and partnerships than I have just mentioned, but, as a result, Cleveland received three awards as an All-American City in the 1980s.

These awards generated an invitation for Voinovich to speak before the National League of Cities, where he contended that Cleveland was no longer the “mistake on the lake,” but the Comeback City. This turnaround, according to Voinovich, “…was the crux of why I believe public-private partnerships are the soundest philosophical and economic principle a city can have. Public incentives that decrease the immediate risks to an entrepreneur’s spirit can only strengthen the sense of faith and commitment by community businesses and residents to the overall development and growth of a city.” According to Voinovich city government could not dictate “a policy of economic growth to its constituents, but it must provide effective leadership to collectively create and administer policies most beneficial to the majority of the community.” Underlying his policies was a belief that harmonizing the activities and desires of all groups would work best in restoring Cleveland.

It is interesting to note that when Voinovich was considering running for mayor, his wife Janet, some friends and Governor James Rhodes told him he was crazy to leave the lieutenant governorship. To Rhodes’ criticism that people in Cleveland could not get their act together, Voinovich responded “And I said to him, ‘governor, I believe that, with the right chefs and recipes (I knew what a great town this was with a great corporate and caring community) and with leadership that understands you’re only as good as your team; with leadership that understands that if you are going to get something done, you have to work with other governmental agencies; and with leadership that understands you have to work with the private sector to get something done – Cleveland can really be a turnaround town.” Clearly, Voinovich was successful in generating enough of a turnaround to enable him to return to the governor’s office and eventually to the U.S. Senate.

The study of public/private partnerships, as advocated by Voinovich, is a relatively recent development. At present this field seems to lack sufficient in-depth historical research on
the actual operation of such partnerships. Some of the literature also has a tendency to be overly positive about such operations. Although there are examples of successes in this field – the Voinovich administration being one -- this paper will examine the Cleveland Development Foundation as a partnership that was generally unsuccessful.

The Cleveland Development Foundation was founded in 1954 – a combination of 86 Cleveland firms interested in urban renewal and slum removal. Its founding resulted from the Housing Act of 1949 that encouraged cities to renew themselves by providing federal support to pay for 2/3rds of the cost of acquisition of slum properties through the use of eminent domain. The city could then sell the land for private development at 1/3d the price. Cleveland was slow to respond, however, because of a lack of planning monies and a provision in the 1949 Act requiring the availability of alternative housing, possibly public, for the displaced residents from urban renewal areas. CDF came to the rescue when 86 business corporations contributed $2M to a fund underwriting loans either to the government or to a private company to start projects. CDF hired Upshur Evans, from Standard Oil, as executive director. PHOTO

Lester Salamon, Director of the Johns Hopkins Center for Civil Societies Studies, has written extensively on the interconnection between the government and private enterprise, including non-profit organizations. Although he highlights the conflict between the conservative desire to limit government and to encourage voluntarism, and the liberal emphasis on regulation of business and the expansion of government to provide public services, Salamon argues that the intermixing of government and private enterprise has grown dramatically in the last 100 years despite the suspicion each side has of the other. He notes that earlier government activity emphasized only direct delivery of goods or services via government bureaucrats, but has evolved into a wide mix of loans, loan guarantees, grants, contracts, social regulation, economic regulation, insurance, tax expenditures, vouchers, etc. He labels these tools as “highly indirect” and utilized by commercial banks, private hospitals, social service agencies, industrial corporations, universities, day-care centers, financiers, construction firms and local/state governments. They are deliverers of publicly financed services for public purposes, thus constituting a third-party government.

Salamon has analyzed the different types of non-profit organizations that have cooperated with local, state or federal governments mainly since the rise of the New Deal. Using the fact that most such organizations seek tax exemption, Salamon consulted with an IRS document that identified foundations as one such organization. What they provided for government programs was funding. Specifically, a foundation like CDF could extend loans to the city government for planning or setting-up operations, or to private companies engaged in tearing down and rebuilding a designated slum. Salamon points out that some of the foundations enabled members to hide their assets and escape inheritance taxes, but that ended with the passage of a regulatory act in 1969. CDF did not operate in that fashion.

In their 1993 book on nonprofits, David Hammack and Dennis Young have offered some examples of such organizations -- a mutual benefit association being one. Although
technically not a mutual benefit association, CDF possessed similar characteristics in
limiting its membership to the business community and advocating programs that would
benefit that community. It arose because the government had entered a market area
formerly reserved for private enterprise – housing. The advent of public housing in the
1930s frightened businessmen, such as realtors, builders, and contractors, who viewed
such a development as socialistic. They fought back in the 1940s with the suggestion that
the federal government provide funding for private enterprise to clear and rebuild areas
designated for urban renewal by local government, but not for public housing. The
National Housing Act of 1949, however, did permit a very limited amount of public housing
thanks to Senator Robert Taft, a strong conservative who nonetheless admitted that there
were some individuals for whom private enterprise could not build an affordable house or
apartment. Thus, control of the marketplace for housing to protect private enterprise was
a critical reason for the rise of CDF.

A critical figure in the founding of CDF was Elmer Lindseth, President of the East Ohio Gas
Company. Three years earlier he had made a speech to the Rotary Club highlighting the
need of urban renewal if the city were to become a magnet for more industry. Lindseth and
his company were well known for their involvement in attracting industry to the “Best
Location in the Nation,” a company sponsored slogan. During World War II local
businessmen had created the Committee on Industrial Development to plan for expansion
of industry and jobs after the war. Not much happened in Cleveland, but Pittsburgh was
taking off. In 1948 Lindseth was inspired to try the same approach, thereby leading him to
talk with Paul Bellamy of the Plain Dealer, Curt Smith of the Chamber of Commerce and
Mayor Thomas Burke. The Plain Dealer sent a reporter to Pittsburgh, who wrote a number
of stories for the paper highlighting its successes, and creating local interest in emulating
Pittsburgh.

In one of his first speeches as Director, Evans denied that his interest was in welfare, as
charged by some of his colleagues at Standard Oil. Rather he asserted that “It is a business
proposition, and only by business methods can we accomplish our purpose.” According to
Evans, industry had a direct interest in rebuilding the central area of Cleveland – keeping
workers nearby. Better looks could also attract other industries and people back into the
city. His goal then was create a stronger economy by making the area an attractive place
to live. Since little had been accomplished by Cleveland since passage of the Housing Act,
Evans “realized that the problem could not be ducked by trying to turn it over to the City, or
passing the buck to the Federal Government. The responsibility would have to be taken by
private enterprise. In short, the industrial leaders of Cleveland, on behalf of the futures of
their own companies and the future of the city as a whole, and motivated primarily by
business motives, decided to take this situation in hand and work it out.”

An even more important indication of the business orientation of the CDF was its
leadership. John Virden, Chairman of the Federal Reserve Bank of Cleveland, became the
first president of the CDF Board. Seth Taft, a prominent Republican lawyer from the
corporate-oriented firm of Jones, Day, and eventual Republican candidate for mayor,
served as the corporate counsel for CDF. PHOTO Thomas Patton, a vice-president of
Republic Steel, was also on the Board.
The key problem, of course, was the potential decline of Cleveland. As the upper and middle classes moved in increasing numbers to the suburbs, leading to an expansion of slums and blighted areas and a decline in city revenues, civil and economic leaders became concerned about its revival. During the depression and World War II Cleveland had constructed some public housing and created a strong City Planning Commission. However, lack of money and agreement among various factions delayed its response to urban renewal in the 1950s. CDF became then the potentially catalytic agent. Its mission was to "furnish assistance to projects and undertakings for the improvement of the public peace, health, and safety, civic development and public welfare in the Cleveland metropolitan area of northeast Ohio and to participate in programs for the elimination of slum conditions and in urban redevelopment and other projects conducive to the progress of the community." Thus, it would serve as a liaison between local and federal governments, and also provide the financing that would enable planning to go forward.

What is important to note about CDF is what it represents politically. Most businessmen are Republicans concerned about lower taxes and less government regulation. Yet in Cleveland where many offices and plants were located, Democrats controlled most of the city offices. To counter Democratic control, businessmen formed the Chamber of Commerce that offered studies and advice on city issues. The advent of the New Deal brought a new challenge – urban legislation. As a result, Republicans began fostering independent candidates for mayor, men who would support lower taxes and work toward making Cleveland more attractive to industry and business in general. Frank Lausche, Thomas Burke and Anthony Celebrezze were examples of their success. In addition, they would have liked to change the form of county government so that it had more power, and thereby gave Republicans a bigger say in local issues. Thus, CDF represented an extension of the Republican efforts to influence local politics. It presented itself, however, as something that could bring the talents and skills of businessmen into the public arena for the benefit of the city, and not as part of a political party.

Between 1954 and 1969, when CDF went bankrupt, the organization engaged in the promotion of three different approaches to urban renewal. The earliest was the building of public and private housing and took place in the later fifties. The second approach was the renewal of downtown with Erieview as the central project. The last approach in the later 60s was an effort to rehabilitate substandard housing, especially in the Hough area. CDF approached each case with great enthusiasm, but faced much public criticism for all three.

The first program involved finding housing for those who would be displaced by the Longwood project – Area B in the central area of the East Side. PHOTO There were three builders anxious to purchase the urban renewal land in the Longwood Area and build new, private housing that might attract more homeowners back into the city. PHOTO The city, however, had been unable to identify any land on which to build public/private housing that might accommodate the displaced. Republic Steel Corporation, a strong supporter of CDF, came up with an idea. It owned land in Kingsbury Run, well-known for the Torso Murders, and located near E. 71st and Kinsman avenues. That land served as a dump heap for Republic slag and for the community, but Republic was willing to donate it. PHOTO
Despite the reputation of the area and its numerous drawbacks, CDF and the City Planning Commission (Ernie Bohn was the Chair) praised its possibilities and ironically named it Garden Valley. His explanation of industrial involvement was the fact that numerous African Americans would be displaced, but would have no place to go because of the limits imposed on their movement. Bohn bragged that Garden Valley would be a place of racial and economic integration. CDF purchased the land, provided fees for the architects and engineers, and financed contracts for the utilities needed in the area. Bohn characterized the effort as teamwork. “This is men of good will in industry and government working together.”

Evans was just as optimistic. Pleased by the fact that urban developers were labeling this project a “Moses-in-the-wilderness operation,” Evans praised the people involved --

In this case, industrial and business leaders banded together and transformed their position from that of impotent side-line critics into the role of active participants to bring the best community thinking to bear upon the problems that seemed insurmountable stumbling blocks to a couple of generations of Clevelanders. And I am sure that it has been demonstrated in this city that the private businessman can and should have a definite role in urban renewal.

Evans also predicted that “On this reclaimed land will be built, by public and private funds, new, soundly-integrated residential neighborhoods of moderate and low rental housing and attractive individual homes served by adequate community facilities and convenient retail enterprises.” Garden Valley would provide 700 public housing units, while private enterprise would build 480 homes that might attract various individuals from higher socio-economic levels. Evans was ecstatic about the actions of the city government when it created “a city-wide workable program for redevelopment, framed an urban renewal plan for the Garden Valley Project, passed all required ordinances, vacated streets, and to save time, risked $400,000 for new sewers for the project.” Part of his thinking was predicated on the premise that the major producers of city taxes, the businessmen, should play a major part in spending those dollars on urban renewal.

Despite the optimism, these projects floundered beyond their finishing dates of 1964. The public housing portion suffered from an inability to complete the project as originally intended. The sewer lines laid by the city collapsed when Republic and the city dumped slag and dirt on Garden Valley, and flooded numerous residences. The filling of the land took years to complete and delayed the building of a play field. And then there was the money problem. Although the city had originally budgeted $900,000 for recreational and playfield development, for ten years it could not find any such money in its yearly budget. In 1966 they finally found $400,000.

Private housing presented additional problems. The projects at Longwood and on E.71st and Kinsman were costly, and resulted in rents that were above the level of those living in the area. Of course, the intention was to build housing that would attract those who could afford the rent to return to these areas, but there were few takers. Racial and social prejudices continued to influence where people located in Cleveland despite the
enticement of new private housing. Thus, lower income families flooded these projects, particularly at Longwood, in the belief that their rents would be subsidized, as in the public housing projects. Once in the housing, they complained about the high rents, and even began rent strikes. A 1958-59 recession and the rising tide of automation hurt residents of Longwood even further. Owners of these projects soon found themselves in arrears and unable to repay the Cleveland Development Foundation.

By 1959 CDF would decide to rescue such projects. To do so, CDF had to buy out original developers at a loss, and set up two non-profit corps -- “a result not anticipated in forming the Foundation and a situation which it finds regrettable.” CDF had learned that private enterprise could not build cheap housing even with a land subsidy, and that people were reluctant to move back into the city. Although either of these conclusions could have been reached prior to construction, XX Evans would finally admit the difficulties involved in these projects to Mayor Ralph Locher PHOTO when opposing the adoption of a similar program for the E. Woodland area in 1966. Citing the loss of $750,000 in Longwood and Garden Valley, and the cost of rehabilitation that would make rents rather high, Evans concluded that ... “such units would be unattractive to anyone not receiving rent supplements and the theory that rent supplements will permit the 'mixing' of lower income families with those of moderate income is unworkable and impractical. Units will have to be fully occupied by rent supplement tenants or those able to pay their way.” PHOTO OF TRASH Thus, Evans’ background in business did not afford any special insights that enabled him to identify those difficulties prior to implementation of the projects.

CDF then turned to the restoration of Downtown Cleveland as its major hope. That section was also experiencing a downturn. Although previously serving well as a retail center, administrative and government location, a convention home, and a source of entertainment and dining, each of these areas was now on the decline. The department stores were facing serious competition from suburban outlets that offered free parking. Although Cleveland at one point had the biggest convention center in the country, other cities had begun to build even larger facilities. Equally important to the convention business was hotel space. Cleveland did not have a major hotel, and had not built a new one in over 20 years. As a result, many conventioneers had to find space in motels located outside the downtown area. Considering that downtown businesses and real estate provided a major share of the tax revenue, there arose a serious concern that its decline would add to Cleveland’s problems.

Upshur Evans and Seth Taft had begun beating the drum for downtown redevelopment as early as 1957. They met with Tony Celebrezze PHOTO who commented in agreement:

I have said repeatedly, and I say again today, that our number one job is to broaden the present tax base by working together to encourage and help make possible new growth and development downtown and throughout the city so that a reasonable tax rate will produce additional revenue to meet expanding needs.

Mayor Anthony Celebrezze’s attitude toward taxes was representative of the business community. In a 1960 memo he talked about his firm stance on keeping property taxes
low. The rate was 12.55 mills, one of the “most favorable” in the country, and “we want to keep it that way.” However, revenue had declined $90,000 between 1959 and 1960. The state of Ohio was adding nearly $500,000 in additional costs for workmen’s compensation, pensions, and auditor’s/treasurer’s fees. Meanwhile, the city had negotiated new contracts with the police and fire forces that added further costs. Celebrezze had only one answer to this problem – the Downtown plan. These financial stringencies that limited the ability of Cleveland to act on urban renewal would continue under Ralph Locher. PHOTO

Together Celebrezze, Evans, and Taft issued a call for a study plan that would hire some recognized planners; CDF would underwrite the cost. They turned to the City Planning Commission, Ernie Bohn as Chair, and Eric Grubb as Director, to recommend the planners to create a study plan for the Downtown area. Grubb hired a number of nationally known planners, including Walter Blucher. This process began in 1957 and culminated with a CPC sponsored public report in May of 1959 that attracted 1500 spectators. Bohn was the emcee and had an exhibit prepared to highlight the suggestions.

The report PHOTO OF DOWNTOWN PLAN called for Cleveland to emphasize full-scale redevelopment. The first recommendation focused on the convention center. It called for an expansion that would compete with other cities, and the possible addition of “modern” hotel space. The second was an effort to revitalize the retail center through construction of a subway to facilitate entrance into that center by connecting Public Square stores to those on E. 9th and Euclid. Public Square would be remodeled as a transportation center with multiple levels and the possible removal of the Soldier’s and Sailor’s Monument. The report also called for additional downtown parking to meet the needs of shoppers.

The third recommendation called for the expansion of office space. The trend in both industry and government was location of their offices in large buildings close to or in the downtown area. Cleveland needed to profit from this trend by encouraging the growth of office space. Closely related to this development was the need to provide downtown living spaces for those working in those offices. It was estimated that Cleveland would need at least 6500 units for those workers by 1975. Not only would they benefit from closeness to work, but they would also make purchases of the many goods and services available in the downtown area. Fourthly, the report cited the need to create better access to the downtown via improvement of the transportation system. Particular emphasis would be placed on finishing the freeway system, and enhancing throughways around the city. Finally, the Report called for a more sparkling downtown that eliminated drabness and “inappropriate signs.” Only in this manner could it compete more effectively with suburban malls.

These plans were widely accepted and praised, but not completely detailed. Hence, it fell to the CDF to do so. By the late 50s Upshur Evans had established a close relationship with Jim Lister, PHOTO the Director of Urban Renewal, and with the Mayor. He was encouraged to move forward with more specifics, as the City Planning Commission became a second fiddle. Ernie Bohn’s bout with alcoholism during these years was a further factor in the rise of CDF.
CDF, Upshur Evans, and their supporters were quite enthusiastic about their opportunities. So much so that they identified over 6000 acres that would undergo urban renewal, nearly two times as much as its next rival, Philadelphia (3586), and three times that of Boston (1906). Overall, they had selected 14 different projects, and would ultimately complete only 6. They considered that big plans were needed if Cleveland was to regain its position as a major American city. Ultimately, this goal would prove to be beyond their capabilities. As the Little Hoover Commission would later charge, Cleveland was “overextended.”

The most important component of their emphasis on significant creativity was the Erieview project -- a section of the city located between the Lakefront and Euclid Avenues, north to south, and between East 9th and E. 14th. CDF wanted the city to designate it an urban renewal area wherein land and buildings could be taken over by the city and offered to private enterprise to develop. Within this area, considered to be an extension of the downtown, would be government and business office buildings, parking, and apartment buildings housing the workers. Making the area hospitable via parks, recreation areas, stores and restaurants was also a goal. CDF believed that it could level the entire area and get private companies to invest in its rebuilding.

The initial plans for Erieview were not well received by the federal government. The GAO thought that leveling the entire area, as originally planned for a grand scheme, was too big and too expensive. The Cleveland Press responded with an article accusing the author, Marion R. Beeman, of prejudice. According to the Press, Beeman had observed that

The boys in the office and myself commented on the Erieview project. We thought the project too big in size…. We questioned whether the Erieview project would attract the private development and the interest for downtown living as the plan proposed. We had talked to real estate men and property owners and there was a lot of violent thinking about the project. We questioned the magnitude of the project and the wisdom of tearing down a lot of buildings on the city’s hope that developers would rush in overnight and redevelop the area with new apartment and office buildings.

The Comptroller General of the United States also agreed with Beeman. In a letter sent to Congress, the CG complained about the fact that the URA accepted without investigation the condemnation of all of the properties in the Erieview area. He noted that many of the buildings were not substandard, and could serve well in the area. The city had proposed that 84 of the 118 buildings were substandard, but the Comptroller General’s office found only 24 substandard with the additional 60 able to be rehabbed. Moreover, the government was skeptical of large-scale demolition because of its cost when rehabilitation might work just as well. He was recommending then a reevaluation of the project’s buildings to determine how many might be demolished.

Accompanying the letter was a report that condemned the initial plan of the Foundation. The Foundation, it accused, wished to find a site in downtown Cleveland that could be cleared of existing structures and then rebuilt as a business center with office buildings, stores, and apartments. The initial 1960 plan recommended “demolishing 224 of the 237 existing buildings in the area, most of which were being used for retail, office, and light
manufacturing purposes.” From submitted paperwork, they found that many of the buildings had only minor violations that could have been corrected by enforcement of the building code. They also inspected some of the buildings and found the same results. Finally, the report pointed out that the 1949 Housing Act had a provision that no more than 30% of an urban renewal project could be used for non-residential purposes.

The CDF strongly disagreed with the federal evaluation. Erieview, it was suggested, was part of a dynamic plan “revitalizing Cleveland’s downtown, strengthening existing property values, attracting substantial investment in new construction, and employment, and providing an environment that will attract people back to the central city.” CDF argued that “…in order to achieve a creative revitalization of our most important areas in our urban centers, it may not be sufficient action if limited to rehabilitation and a limited amount of clearance. This is particularly true where the plan expresses as its fundamental objective the achieving of dynamic redevelopment. This is exactly what our cities so urgently need today.” Its conclusion was that Erieview was a sound plan that deserved federal approval. One has to wonder how much worse Erieview might have been had CDF been able to proceed on its vision.

Despite the objections, Cleveland was forced to adopt a smaller plan within the financial limitations imposed by the federal government. The city hired I.M. Pei, nationally known architect, to provide the overall plan. John Galbreath, a Columbus developer, constructed the centerpiece of the area, a 40 story office building with a large reflecting pool nearby. Adding on parking spaces and a debate over how far it would be set back delayed construction, but it was the first completed and offered an impressive view of Lake Erie. The second project was a 30 story federal office building constructed on E. 9th St. and named after Mayor Celebrezze. The addition of apartments for downtown workers was delayed because of questions about the location. Ultimately, the 20 story Chesterfield PHOTO was constructed on Chester Avenue with over 400 units and a small urban park nearby. Within the Erieview area a number of companies, like Addressograph-Multigraph and the Cleveland Press, upgraded or expanded their holdings.

But that was the extent of it. From the first granting of federal support in 1961 to late 1966 the city acquired 75% of the properties approved for demolition, but sold only 12% with few prospects of selling more. The Little Hoover Commission blamed it on a lack of staff and lack of activity by the Urban Renewal Department. It noted that the city had developed an $800,000 debt from its purchases that was increasing by $50,000 each month.

Robert Weaver wrote in early 1967 to express his impression of the Erieview I project. Since there was clearly inadequate progress on land acquisition, land disposition, site improvements and supporting facilities, he would have to consider defaulting on the project if it continued. Cleveland’s Department of Community Development, however, saw only success in Erieview I – which contained mainly marginal businesses before, but now had a 40 story Erieview Tower, a 32 story Federal Building, a 14 story Cuyahoga Savings Building and the 20 story Chesterfield Apartments. These buildings had stimulated other construction – the Regency Apartments, a Hollenden House Hotel, and Public Hall addition making it the largest indoor exhibition hall in country. Mayor Locher PHOTO XX also sent
a letter covering all 16 points, and indicating more progress than Weaver admitted. Locher boasted that “I for one am not prepared to join the ranks of the defeatists so busily seeking scapegoats and so eagerly pointing their fingers at Urban Renewal’s every little failure while completely ignoring its successes.”

Meanwhile, other parts of the Downtown Plan faced serious opposition. A downtown subway that would link Public Square along Euclid Avenue and a few blocks south on E. 9th St. had secured bond funds back in 1953, but the County Commissioners kept delaying their approval. Meanwhile, the County Auditor, Albert Porter, issued a report and spoke publicly on his opposition. A strong supporter of a freeway system as the answer to Cleveland’s transportation problems, Porter predicted an adverse impact on the retail district while the subway was being constructed; he also questioned the stability of the buildings located on the route of the subway. Porter was successful when the County Commissioners refused to proceed in late December of 1959, several weeks prior to the expiration of the bond issue. This defeat also assured a scuttling of the plans for the Public Square.

A second defeat came regarding the need for a modern hotel. Jim Lister came up with the idea of approaching Conrad Hilton about building such a hotel on a corner of the Mall. Hilton agreed, and the passage of a bill allowing the location of the building on what had been considered a public area was placed on the ballot for the fall election in 1959. CDF supported the measure and campaigned on its behalf. The measure was controversial, though, because of its violation of an area previously dedicated to public use. This ballot issue also lost.

These defeats masked the lack of progress on other plans. As indicated by the Little Hoover Commission, Cleveland had other areas, such as E. Woodland, Gladstone and St. Vincent, that were hardly progressing at all. Partially, it was a result of the lack of staff to do the implementation of the plan. But in all areas there was a delay brought about by the time required to assess, negotiate and acquire the properties, as well as the need to relocate families from demolished properties. Once acquired, these properties were slow to sell to private developers. The designation of the area as a slum and blighted area led to a decline in property values, and the departure of stable homeowners. What was happening was the purchase of properties by the city led to an accumulation of debt on the part of the city, and an inability to repay loans. Financially, urban renewal was a mess in Cleveland. According to the Little Hoover Commission, “All projects reveal an apparent lack of phasing and scheduling of acquisition, relocation, rehabilitation, disposition and redevelopment.” Thus, projects were behind 1-4 years which was causing an interest overrun of $1,400,000 per year.

As mentioned earlier, in April of 1966 Evans sent a letter to Ralph Perk indicating his observation that private enterprise could not produce new housing within cleared slums that would be affordable for the low income family. In particular, he was no longer behind the East Woodland project because of the high rents and the poor location.

All of this activity fell apart in December of 1966 when the federal government indicated that it was fed up with the lack of overall progress and unwilling to continue funding. The
letters of Mayor Ralph Locher and Urban Renewal Director Jim Lister were to no avail. Locher then turned to the Little Hoover Commission to study the status of urban renewal in Cleveland. He had created the commission a year before because of an unbalanced budget caused by the Board of Tax Appeals decision cutting Cleveland's property values by $120M. Most of the 24 participants were once again businessmen. According to a Plain Dealer editorial, “Surely men experienced in large-scale land and construction could do better than those city workers Locher can hire at limited city salaries. Business savvy is sorely needed at the Hall.” It said nothing about the influence of CDF.

The report on urban renewal done by Wallace Chapla explained the problems facing supporters. Although city officials estimated that the city would gain from its 1/3rd expenditure on property by a 2/3rds federal subsidy, and a resultant increase in the tax base, the reality was further city expenditures creating a need to increase taxes. According to Chapla,

New buildings require new public service additions such as sewers, streets and parks, and new structures such as required by Metropolitan Housing Authority and other public institutions are non-taxpayers. As a result, the city can end up with an additional capital cost and less on the tax duplicate than when the Plan began. Moreover, the mere classification of a geographical area as Urban Renewal accelerates the deterioration of property (no incentive for maintenance) in the area; and demolition of homes without adequate provision for housing for displaced people creates overcrowding in other areas, thereby creating new slums. While Urban Renewal is a method for rebuilding the city, in practice it becomes a catalyst accelerating the deterioration of existent structures until the plans are completely executed. In short, the Urban Renewal can open a Pandora’s box of trouble, unless the plans are well developed and quickly executed, which means that the projects undertaken must be only of the size that can be executed by the available competence of the Division.

After the resignation of Jim Lister as Urban Renewal Director in 1965, CDF turned in a third direction – rehabilitation of existing housing. Actually, CDF had worked on rehabilitation in Garden Valley and in the Munroe, East Central, Glenville, Hough, and Near South Side neighborhoods back in the 1950s as part of Cleveland’s Neighborhood Rehabilitation and Conservation Program. In those early years no federal funding was available, but the availability of such funding in the 1960s encouraged CDF to work more directly with rehabilitation. But now it was to be the only method it would use for renewal.

PATH (Plan of Action for Tomorrow’s Housing), formed in 1966, was an inspiration for the new approach. This committee, financed by the Greater Cleveland Associated Foundation, had studied Cleveland housing for six months and had traveled to 11 other cities for information. Although lacking support from Ralph Locher, PATH recommended adding planning staff, a target of 10,000 new houses to replace the substandard, creation of a housing court to enforce the building code, state action on behalf of housing, including the creation of a commission, and finally an attack on housing segregation. It also labeled labor costs as too high and called for the employment of apprentices in rehabilitation who would work for less than union wages, and be supervised by a journeyman who would earn union
wages. James Houston, the head of PATH, who admitted at a congressional hearing that the cost of rehabilitation would not permit much rebuilding, called for more federal subsidies. It suggested the formation of a Community Housing Corporation bringing together government, businesses, and foundations to coordinate urban renewal rather than follow the piecemeal and fragmented Lister approach. It recommended the raising of $6M over five years with half from the business community and half from foundations. CDF would be the organizer.

With the election of Carl Stokes as mayor in 1967, this Community Development Approach gained momentum. In a press release in May of 1968 Cleveland: Now, the Stokes program, announced the formation of a Community Housing Corporation to undertake the rehabilitation of 4600 homes.

Somewhat discouraging, though, was a recent CDF report that concluded that "So far nothing has worked. After fifteen years of housing experience, effort and considerable money; perhaps all we can do is learn to lose money properly." In spite of its admission that it had not learned much, the CDF report called the new Community Development approach a key. In short, they might lose money in a planning stage that could take three years, but bringing it all together (perhaps through a super developer) was the solution. "In short, we are not just proposing a bigger and better rehabilitation or new construction program – but a massive program of such dimensions that it will respond to the economic, social, political and institutional changes of our community. There is no guarantee that even this effort would be successful; but if all elements of community development are directed in a single thrust, the social and physical deterioration of the central city might be reversed."

John Fockler, a vice-president for CDF and former local editor for Business Weekly, was the man assigned the task of handling the rehabilitation of housing for CDF. Fockler had come to Cleveland in 1957. Possessed of an uncanny ability to analyze and evaluate CDF efforts, he was the rare person able to learn the lessons of CDF's experiences. In a speech to City Council in 1966 he admitted the limitations of urban renewal – the extent of substandard housing within the city, the inadequacy of lower class incomes, and the social problems of the residents. Most significantly, he recognized that "...the costs of new construction are so high that private enterprise, motivated by a profit aim, cannot economically supply the needs, and the same is true of the cost of much rehabilitation."

Hough, of course, was a flashpoint for Cleveland in the 1960s. Riots in 1966 and again in 1968 led to an effort to reshape that area. Fockler noted in particular the economic changes. From people pouring into Hough in the 1950s and crowding into substandard housing with high rents, there was a reversal in the 1960s that led to a departure of 13,000 people (decline of 17.5%) by 1965, and a 25% decline in rents. Many of those remaining were unemployed. According to Fockler, "Some (landlords) abandoned their property early. Others cut back on maintenance and let their buildings come apart. A few have tried to maintain their investments in spite of what has been happening around them."
In spite of this downturn, rents in apartment buildings on E. 90th was $75, well above what many could afford. If properly rehabbed, which Fockler estimated at $10,000 per unit, rents would rise even higher to $140 per unit. There was, though, a recently passed government program – 221(d)(3)—that would offer a 3% mortgage for forty years, and produce a rent of $108 per month for tenants that merited a public housing subsidy in such housing, still too high. A further problem was the opposition of Cleveland Metropolitan Housing Director, Ernest Bohn, to such a program. There was also strong competition from all of the substandard housing in Hough that rented at $75-$80 per month. According to Fockler, “families with incomes haven’t been clamoring for housing at rents they can afford when substandard units have been available at such distressed prices.”

In particular, Fockler blamed the federal and state governments for his dilemma. The federal government did not have the type of program that would work. According to Fockler, “the Federal government, critical of Cleveland’s progress, has failed to update its programs to meet changing needs. Federal programs now available just aren’t enough to solve Cleveland’s housing problems. Federal officials can criticize and chastise all they want, but until they quit dealing in theoretical relationships and understand the practical problems of housing as they really exist, they won’t be giving cities the help the cities need.” Worst of all, however, was the fact that Ohio state government provided no assistance or aid. It also refused to pass a bill that would allow a city to take over property that a landlord refused to rehabilitate to meet city building standards.

In spite of the obstacles, Fockler believed that it was essential to do something in the Hough neighborhood in spite of the fact that no organization – CMHA, private enterprise, or church groups – favored rehab. Hence, he advocated a limited rehab program located on a portion of E. 90th street that would serve as a potential model. CDF would learn how to make it work economically, and then share its lessons. Through formation of Hough Housing Corporation, CDF would focus on four properties, move families undergoing rehabilitation within the neighborhood, and provide social services to assist during the adjustment. Eventually, this project would lead to the rehabilitation of over 100 apartment units on E. 90th.

The Hough Housing Corporation benefitted from five different forms of subsidy -- Federal payment of 2/3ds of the land cost, the 221 (d)(3) provision of a forty year mortgage at 3% interest, public housing leasing of large units for low-income families, grants for social services from Cleveland Foundation and Greater Cleveland Associated Foundation, and the payment of his salary and expenses by CDF. Fockler was positive about these subsidies, but realized that they were still not enough to reach low-income families. Understanding that small town and rural conservatives dominated Congress and state assemblies, he called on businessmen, whom he classified as conservative, to end their opposition to government subsidies and to federal/state expenditures in urban areas.

Within the next year, 1969, CDF folded. It was financially bankrupt from unrepaid loans and investments. Upshur Evans had quit as executive director a year earlier, and now John Fockler and his staff had to leave as well. As an example of private-public partnership, it
had failed to bring about a restoration for Cleveland that it had described in glowing terms. Despite the insights of John Fockler, Community Development did not work.

What can be concluded from the experience of the CDF is that inclusion of private enterprise, as represented by businessmen, does not guarantee success. Nor, of course, does the inclusion of politicians, planners, and government officials either. Factors that CDF, as well as others, needed to consider before beginning any project were the level of funding available, the sufficiency of staff to handle the tasks involved, how to speedily navigate the multiple levels of government, and whether their underlying assumptions were correct. CDF confidence that private enterprise could produce cheap housing and/or cheap renovation of older housing consistently proved incorrect, and led to CDF’s economic demise in 1969.

Around the same time the Cuyahoga River caught on fire, followed by Mayor Ralph Perk’s hair-on-fire incident, and Laugh-In’s award to Cleveland of its Flying Fickle Finger of Fate. Cleveland had become a national laughing stock. And yet it had had the help of prominent businessmen throughout the 1950s and 1960s. It is, of course, not fair to conclude from one study that businessmen are poor risks in public/private partnerships. The Voinovich experience certainly suggests otherwise. But it is important not to fall into the trap that businessmen have all the answers and that their background gives them automatic insights into the solving of social and political problems. That is why more intensive historical research is needed.
Dennis Young
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Dr. Young has written many scholarly articles and is editor and author of numerous books including Financing Nonprofits: Bridging Theory and Practice (2007) and the Handbook of Research on Nonprofit Economics and Management (2010, with Bruce Seaman). He is founding editor of the journal Nonprofit Management & Leadership, which he edited from 1990 through 2000, and founding and current editor of Nonprofit Policy Forum. In 2013 his seminal book If Not for Profit, for What? (1983) was reissued in digital format by the Georgia State University Library.

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Nonprofits and Government in Partnership: Let Us Count the Ways

ABSTRACT

For the last half century, the work of government in the United States and other western countries has moved inexorably towards a partnership model in which the provision of public services and the pursuit of public goals are shared between government and the private sector. Various facets of this evolution have been described under such themes as privatization, hollowing out of the state, third party government and public-private partnerships. An often underappreciated dimension of this movement is the critical role of nonprofit organizations – themselves a microcosm for joining public with private goals. In this paper, we explore various ways in which nonprofits and government now work together, and or potentially could work together. We begin with a review and elaboration of theory illuminating the nature of nonprofit-government relationships. This leads us to the view that nonprofit-government relationships are rich in variety and often innovative – a result of mutual pragmatic problem-solving to address pressing social issues. We further examine this theme through the lens of five prominent and established nonprofit organizations in social services, and arts and culture, in Cleveland, Ohio, each of which pursues a public mission, sometimes through multiple, creative strategies of cooperation with local, state and federal government. The study of these cases is enhanced by insights found through examination of documents from the new George Voinovich digital archives. We conclude that nonprofit-government relationships can no longer be fully understood simply as governmental outsourcing through contractual relationships or indirect reflections of tax policy, but also as more intensive and complex collaborations that serve the mutual interests of both parties in pursuit of the public good.

Acknowledgments: We are grateful for the support of Cleveland State University, and particularly to Stuart Mendel, Anna Jones, Melanie Fury and Gretchen Klaber for their help. We also appreciate the cooperation provided by executives at the five Cleveland nonprofit organizations featured here.
Nonprofits and Government in Partnership: Let Us Count the Ways

Introduction

The post-World War II expansion of “cradle to grave” welfare states in Western Europe and advanced countries such as Canada, Australia and Israel (Gidron, Kramer and Salamon, 1992) was never fully imitated in the United States, where a skepticism towards government has prevailed since Colonial times. The U.S. began to build its social safety net in the 1930s during the Franklin Roosevelt administration and the Great Depression, when important innovations including social security and unemployment insurance were instituted. A great boost in U.S. social welfare programming took place in the 1960s with the War on Poverty and Great Society programs of Lyndon Johnson. However, while government, at the federal and state levels, expanded significantly to administer and fund new programs in health care, education, community development, the arts and the environment, the country did not choose to build a vast new welfare bureaucracy to implement the new programs and deliver the array of new services. Rather, it chose the route of “third party government”, as Lester Salamon (1987) called it, channeling much of the funding through the states, and through insurance programs such as Medicare and Medicaid, into a vastly expanded private network consisting substantially of nonprofit organizations (Bowman and Fremont-Smith, 2006). Thus, even in the heyday of governmental support of social welfare programming in the U.S., the private sector was a critical element, with the expansion of new and existing nonprofits playing a major part. The role of nonprofits would become even more important in succeeding decades as governments took a generally more conservative turn and began retrenching. Beginning with the Reagan administration in the 1980s, government looked increasingly to the private sector not only for help in delivering services but paying for them as well.

From the viewpoint of private, nonprofit organizations, these developments presented an array of challenges. How could they operate with government support while retaining their coveted independence and autonomy? How could they rise to the challenge of expansion and providing new services by raising the required additional private resources to match or supplement government support? How could they best exploit tax incentives put in place by government to encourage private supply? How could they avoid being exploited themselves, by allowing their own expansion justify further government retreat from support of critical social services? More broadly, how could they work with government as a partner to address the common ground between their own individual social missions and that of governmentally funded and regulated programs? In the frenetic atmosphere of the past half century, the relationships between government and nonprofits have grown more complex, variegated and even hostile, yet often retaining the basic character of partnership as both parties struggle to serve their perceptions of the public interest.

Scholars have helped to track and conceptualize this complex domain as it has evolved over time. For example, Bowman and Fremont-Smith (2006) cataloged the multiple dimensions of financing, regulation and tax exemption characterizing the relationships of nonprofit with state and local governments (2006). Further, Gronbjerg and Salamon (2012)
documented the ways in which government support of nonprofits has been changing, especially towards market-based mechanisms such as “tax expenditures” (government tax revenues forgone through various kinds of tax incentives) as well as loan programs. In particular, these authors concluded that “…Certain components of the nonprofit sector...have become more deeply engaged with government. However, the mechanisms by which these relationships are carried out have diversified beyond the grants and contracts of the 1960s and are now increasingly market-like in structure...” (p.578). As Smith and Gronbjerg (2006) acknowledged, theorists of nonprofit-government relations have struggled to keep up with the changes, although there is a growing sense that a more nuanced and comprehensive framework reflecting new partnerships, networking and market relationships is needed.

The aim of this paper is to uncover and illuminate some of the creativity and variety found in nonprofit-government relationships in a particular effort to expand understanding of (intentional and implicit) strategies of public-private partnerships between nonprofits and government and how partnership arrangements might be further applied to the innovative solution of social problems. In this connection, we differentiate between routine aspects of nonprofit-government relations in the domains of tax, financing and regulatory policies, and pro-active efforts to forge partnerships between nonprofits and government to solve specific problems or address particular local issues. In making this distinction we follow the observations of Gidron, Kramer and Salamon, 1992, p.19:

“...nonprofits can simply function as agents of government program administrators, with little discretion or bargaining power. This might be termed the “collaborative-vendor” model. Alternatively, third-sector organizations can retain a considerable amount of discretion, either in managing programs or, through the political process, in developing them. Such a situation might be termed the “collaborative-partnership” model.”

It is this latter kind of nonprofit-government relationship that we primarily examine in this paper. We carry out our analysis in two steps. We start with the rudiments of nonprofit-government relationships as delineated in theories and conceptual frameworks offered in the nonprofit literature. We further elaborate on one of these frameworks (Young, 2006), teasing out nuances that address nonprofit and government problem solving through a collaborative partnership model. We then turn to a series of case studies of nonprofit organizations in Cleveland, Ohio originally developed for a project studying the changing finances of nonprofit organizations over the first decade of this century. These cases allow us to search for nuances in nonprofit-government arrangements and to uncover variations that reflect the collaborative partnership model and further enrich our understanding of the potential of nonprofit-government partnerships for addressing social needs.

**Theory**
As noted above, scholars including Bowman and Fremont-Smith (2006) have documented the multiple facets of financing, regulation and tax exemption that characterize relationships of nonprofit with government. These specific policy dimensions can be
Young (2006) describes nonprofit-government relations along three distinct dimensions: supplementary, complementary and adversarial. The complementary dimension, which describes how nonprofits and government often work together to share a common task such as delivery of a public service, is the one most closely associated with the notion of public-private partnership. However, aspects of partnership manifest themselves along the supplementary and adversarial dimensions of nonprofit-government relations as well. For example, by providing tax incentives to donors, government can in effect collaborate with arts or religious organizations to help fund them while avoiding the problems of church-state separation or support of controversial art that may be offensive to some groups of citizens. Similarly, nonprofit organizations can be seen to cooperate with government even along adversarial lines. For example, government regulation of nonprofit service delivery programs helps ensure the quality of those programs, increasing the public's trust in nonprofits and indirectly supporting their operations. Alternatively, advocacy efforts undertaken by nonprofits for underserved groups may ultimately result in new government programs that support the nonprofit's social mission.

Each of the three dimensions of nonprofit-government relations is grounded in economic theory of nonprofit organizations in a democracy and market economy. Such economic theory, as synthesized by Steinberg (2006), is bifurcated into two parts – demand for the services of nonprofit organizations and theory of nonprofit supply. Demand-side theory features three key strands – based respectively on public goods theory, information asymmetry or contract failure theory, and the concept of third party government – while supply side theory is based on entrepreneurship and (managerial) theory of the nonprofit firm. Public goods theory, as originally proposed by Weisbrod (1975), stipulates that nonprofit services arise from unsatisfied demand once government has responded to median voter preferences for public goods. This theory corresponds with the supplementary dimension of nonprofit-government relations. In particular, nonprofits finance and produce public goods that government is unable or unwilling to provide. This may entail public goods for which there are no political majorities to justify government programming or expenditure, or for which government-provided levels of quantity and quality leave some portion of the citizenry insufficiently satisfied. Indeed, this situation may even lead government to encourage nonprofit supply, through tax incentives for example, even if “tax expenditures” implicitly commit government resources to their provision.

It is clear, therefore, that the supplementary dimension of nonprofit government relations can entail more than just routine policies linking nonprofits and government. For example, tax incentives can be targeted to specific projects, government loan guarantees or tax-free bond issues. Thus the supplementary dimension of nonprofit-government relations is one avenue through which nonprofit-government partnerships can be forged.

A second strand of demand-side economic theory entails information asymmetry, i.e. situations in which the consumer is disadvantaged in the market-place because important aspects of the quality of services are complex and opaque. For example, parents may have
difficulty discerning the quality of day care services provided by for-profit firms to their young children because they cannot be present to observe all the time or they may not know what to look for. In such cases, the theory stipulates that nonprofit organizations may be more efficient suppliers because they face weaker incentives to exploit the information asymmetry. Government may enter the picture in these situations by subsidizing nonprofit suppliers or restricting supply to nonprofit organizations, as well as by licensing and regulating suppliers.

The theory of information asymmetry intersects all three dimensions of nonprofit-government relations: government may choose to provide tax incentives encouraging nonprofit supply rather than offering that supply itself (supplementary); government may choose to subsidize nonprofit supply directly (complementary); and government may also regulate nonprofit (and for-profit) suppliers and oversee their operations and implementation, or nonprofit groups may lobby for government to improve the supply through tax incentives, regulation or subsidy (adversarial). Situations of information asymmetry may also lead to nonprofit-government partnerships. For example, early childhood programming, social services, K-12 education, health care and social services, may all be parts of community programs in which government engages nonprofits to ensure service provision of requisite quality.

A third strand of demand-side theory of nonprofit organizations involves the decisions of governments to contract out the delivery of public services. This is the essence of Salamon’s (1987) theory of third party government. There are two chief underlying (economic and political) motivations for governments to do this. First, it may be cheaper for one of two reasons: (a) the costs of doing business in the public sector by running a direct program within government’s bureaucracy may be higher than the costs of administering a contract system, i.e., the “transactions costs” in the public sector vs. the market may differ; or (b) the operating expenses of direct public service provision may be higher within government versus what it costs for nonprofit service delivery. Various factors may account for lower costs to government if it contracts with nonprofits: personnel costs may differ, nonprofits may have flexibility to use resources more efficiently than government, or nonprofits may be willing to shoulder a portion of the costs from other sources because the service fits their mission.

Second, by contracting out, government may be able to be more responsive to demand by allowing nonprofits to customize services to their local situations. Government, to the contrary, must generally operate according to uniform policies that cannot easily vary from one venue to another, a factor that James Douglas (1987) called the “categorical constraint” of government. Indeed, government’s ability to contract out public service provision may even help address part of the problem of unsatisfied demand for public goods as discussed above.

The third party government strand of nonprofit economic theory corresponds closely with the complementary dimension of nonprofit-government relationships. Many such relationships may be routine, as reflected in established widespread government financing programs to support nonprofits’ provision of various social services, housing, education,
and health care. But the complementary dimension is also the most salient manifestation of nonprofit-government partnerships wherein special contractual relationships are established between particular nonprofits and agencies of government to carry out specific projects in particular locales, such as redevelopment of a neighborhood or addressing a local environmental issue.

In juxtaposition with demand side theory, the supply-side theory of nonprofits posits that entrepreneurial and managerial goals drive the formation, expansion and programming of nonprofit organizations (James, 1983; Young, 2013a). As such, the supply side theory is agnostic to the issue of relationships with government. If opportunities for government funding are consistent with entrepreneurs’ or managers’ preferences for addressing social goals and their personal goals such as autonomy and compensation, then such opportunities will be pursued, otherwise not. Supply-side theory also corresponds with all three dimensions of nonprofit-government relations. In the case of undersupply of public goods, entrepreneurial leaders may respond with their own additional programming, supported by private resources, in supplementary fashion. Where government seeks to support the work of nonprofits along complementary lines, entrepreneurial leaders will seek out these opportunities and try to engage with government on terms that meet their own requirements. If there are extant social needs that require government to implement new policies and programs, nonprofit entrepreneurs may lead those efforts to influence government. Various cases of these behaviors have been documented by Young (2013b) and others.

Supply-side theory also underwrites both routine relationships between government and nonprofits, and those which rise to the level of partnership. Nonprofit entrepreneurial leaders may in many cases simply be trying to break into established channels of government funding and service delivery. However, the establishment of new nonprofits that undertake social missions with the support of newly allocated government funds, special tax advantages or policy mandates to carry out major social projects, would have the character of partnerships.

In summary, economic theories of nonprofit organizations, undergirding the three dimensions of nonprofit government relationships, signal various possibilities for nonprofit-government partnerships that transcend the day to day provision, financing and regulation of services. As such, they motivate the search for a variety of creative possibilities through which nonprofit-governmental partnerships are manifested. As suggested in the cases offered in this paper and hinted in the foregoing theory, the diversity, innovativeness and creativity of public-private partnerships involving nonprofit organizations may be underappreciated and often subtle. For example, public-private partnerships aimed at community economic development or advancement of local cultural activity commonly involve nonprofits as critical elements to success – for instance as umbrella agencies responsible for coordination of complex projects with many partners, or as governing bodies that connect the interests of communities and business partners with those of government. Moreover such partnerships may employ creative means and strategies to accomplish their complex goals.
Methodology
This paper is exploratory in its approach. Case studies of five Cleveland-based nonprofit organizations have recently been drafted for the purpose of understanding the trajectory of their finances over the first decade of this century. The case analyses reveal both the extent and the nature of public sector involvement in the work of these nonprofits, during a period of considerable economic turmoil. The cases span two broad subsectors of nonprofit activity – social services and arts and culture. Each case illuminates various ways in which nonprofit-public partnerships can manifest themselves towards the achievement of a public purpose; the cases also hint at some as yet unrealized possibilities for productive partnership activity.

The selected cases may be considered a small “convenience sample” available from an existing project, and corresponding to the venue in which the Voinovich archives offers additional data from the historical record. Granted these limits, the sample has the advantage of holding the local venue, historical time period, and general fields of service constant so that we may reasonably expect that our results will be suggestive for other similar venues in the same fields and time period.

We examined each of the cases by searching for and illuminating instances where the nonprofit in question has established some kind of working relationship with government. In our analysis, we sought to discern the nature of that relationship and whether and how it illustrated the possibilities and nuances for partnership along each of the three dimensions of nonprofit-government relationships discussed above. The studied organizations were originally selected for an existing research project that examined their dependence over time on different sources of revenue, including charitable contributions, fee revenue, investment income, and government funding. Based on publicly available IRS Form 990 data, we found that these organizations had varying degrees of reliance on government sources. To obtain greater detail, we contacted representatives of the selected organizations to participate in interviews during 2013 and 2014. The executive directors, chief executive officers, and chief financial officers of the organizations provided us with annual reports and audited financial statements as well as other descriptive data. We then sought to supplement this information with documents from The Voinovich Collections, available online through Cleveland State University, which provided further detail about the nature of nonprofit-government relations manifested in the cases. The Voinovich Collections contain hundreds of documents from Voinovich’s political campaigns and time spent in political office in Ohio. For the purpose of this research, we relied on the mayoral archive which contains documents from Voinovich’s tenure as the Mayor of the City of Cleveland from 1979 to 1989 and is the most pertinent for the Cleveland-based organizations we were studying. With the assistance of the research project coordinator of The Voinovich Collections, we were able to examine memoranda, planning documents, press releases, and other materials that specifically mentioned the selected organizations or related to the overall nature of nonprofit-government relations in that time period.

The following five case studies constitute our sample: 
*The Centers for Families and Children* is the largest social services organization in Cleveland, a result of significant mergers in 2011 and 1970 of various social service agencies, some of
which date back to the 1800’s. The Centers offers a comprehensive array of services in three broad categories: health, education and social services. The Centers is also engaged in programs of government relations and public policy advocacy, and consulting with employers on workforce issues. It focuses on families and children in need in the Cleveland region. Its mission is to connect “…challenged families and children with the help that they need to be self-sustaining, through connections with appropriate health, education and social services provided through the organization’s own programs or through partnerships with other local institutions” (“What We Do,” n.d.).

The Cleveland Museum of Art (CMA) is a world class art museum, established in 1913 and located in University Circle, a special cultural district in the City of Cleveland. Its mission “…is to fulfill its dual roles as one of the world’s most distinguished comprehensive art museums and one of northeastern Ohio’s principal civic and cultural institutions” (“Mission Statement,” 2013). Its programs include display and conservation of its permanent collections, special exhibitions, musical performances, films and public lectures on art-related topics. CMA also offers classes for members of the community, school tours and outreach programs for children, and a day camp program in which children learn about the cultural institutions in University Circle. Those institutions include the Cleveland Orchestra, the Cleveland Museum of Natural History, the Cleveland Arts Institute, the Cleveland Institute of Music, the Cleveland Botanical Garden, Western Reserve Historical Society and Case Western Reserve University. CMA’s proximity to these organizations offers opportunities for collaboration, like the museum’s joint program in art history and museum studies with Case Western Reserve University. CMA also maintains an important archive of materials pertaining to the history of the museum, a library of 450,000 volumes available to researchers and scholars, and a publications program.

Famicos Foundation was established in 1969 in response to the civil unrest, disinvestment and suburban flight that followed the race riots in July of 1966 in the Hough neighborhood of Cleveland. Its mission is “to enhance the quality of life in greater Cleveland through affordable housing, neighborhood revitalization and integrated social services” (“Our History,” 2014). Famicos is now one of nine Community Development Corporations (CDCs) funded by Neighborhood Progress, Inc. (NPI), an umbrella nonprofit local intermediary for CDCs in the region. Famicos’s programming includes Help for Homeowners, Youth and Family Services, Senior and Adult Services, Community Programming and Real Estate.

Lake View Cemetery Foundation was established in 1984 to raise funds to restore the President Garfield monument in the historic Lake View Cemetery in Cleveland. Since then, the Foundation has broadened its funding goals to provide support for an array of services that the Cemetery offers to the general public. The Foundation is organized as a 501(c)(3) charitable organization and works closely with the Lake View Cemetery Association (a 501(c)(13) organization), although it is separately governed and administered. The mission of The Lake View Cemetery Foundation is to maintain, preserve and enhance, for the benefit of the general public, the historically and architecturally significant buildings, monuments and areas located within, and the horticulture, botanical gardens, and landscape of Lake View Cemetery and provide education outreach programs (“About Lake View Cemetery,” 2011). Accordingly, the Foundation provides financial support to the
Cemetery specifically for activities targeted to the general public including assistance with maintaining historically or architecturally significant facilities and property, horticultural programs, tourism, and education.

*The Rock and Roll Hall of Fame and Museum* "...exists to educate visitors, fans and scholars from around the world about the history and continuing significance of rock and roll music. It carries out this mission through its operation of a world-class museum that collects, preserves, exhibits and interprets this art form and through its library and archives as well as its educational programs." ("Learn About the Museum," 2014). Located on Lake Erie in downtown Cleveland, the Rock and Roll Hall, which opened in 1995, grew out of the work of the Rock and Roll Hall of Fame Foundation in New York, which was instrumental in its founding and continues to support its work. The museum's programs are broadly divided into four areas: exhibitions of resident and visiting collections; targeted educational programming; community programs and special events; and archival development and research. The museum collaborates with other local nonprofit institutions in community benefit activities, such as the Guitarmania public art project in 2002 which placed artistically unique guitar sculptures on display outside prominent Cleveland organizations, and community partnerships with United Way, Make-a-Wish Foundations and other charities, to help those charities raise funds for their own causes.

**Analysis**

First we examined each case for instances of nonprofit-government partnership along each of the dimensions of the nonprofit-government relations framework. The results are summarized in Table 1:

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<th>Supplementary</th>
<th>Complementary</th>
<th>Adversarial</th>
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<tbody>
<tr>
<td>Centers for Families and Children</td>
<td>Initial program offerings of founding (merged) organizations, prior to government funding</td>
<td>Partnerships with public schools, libraries and municipalities to assist children and families in Cleveland suburbs</td>
<td>Policy advocacy to advance legislation in health care, education, employment, and food security</td>
</tr>
<tr>
<td>Cleveland Museum of Art</td>
<td>Preservation and display of collections and educational programming for the general public</td>
<td>Advocacy for investment and neighborhood revitalization through University Circle, Inc.; Educational programs; Participation in Cultural Facility Revenue Bonds with Cleveland-Cuyahoga Port Authority</td>
<td></td>
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<tr>
<td>Famicos Foundation</td>
<td></td>
<td>Lexington Village project; Low Income Housing Tax Credits; Sale of federal tax credits for affordable housing and historic preservation</td>
<td>Advocacy efforts to create Lexington Village</td>
</tr>
<tr>
<td>Lake View Cemetery</td>
<td>Historic preservation; Horticultural and historical tours and programming for the general public</td>
<td>Lake View Cemetery Dam; National Register of Historic Places recognition of Garfield Monument</td>
<td>Lawsuit against University Heights and Cleveland Heights</td>
</tr>
<tr>
<td>Rock and Roll Hall of Fame and Museum</td>
<td>Preservation and display of collections for the general public; other educational and cultural</td>
<td>Creation of Rock Hall 501(c)(3); Lease of facilities from Port Authority; 2009 bonds secured by Cuyahoga County hotel bed tax;</td>
<td>Advocacy for obtaining federal funding for initial construction</td>
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Advocacy partnership with City of Cleveland to bring awards ceremony to Cleveland; Educational programs

Table 1: Manifestations of Nonprofit-Government Partnership

*The Centers for Families and Children*, as stated above, was the result of several mergers. The original organizations were created to meet the needs of unique communities that were not addressed by government, such as the provision of homemaking services for the homebound and Hispanic community integration (“History,” n.d.). Although the organization’s origins are based on a supplementary nonprofit-government relationship, The Centers currently provides its wide array of services in complementary partnerships with various government organizations. The Centers receives government funding to support many of its programs, from early childhood learning and food distribution to employment readiness services and mental health programming. The Centers maintains an adversarial relationship with government as well. As part of its Government Relations program, the organization “is responsible for leading the development and execution of government relations, advocacy and community relations strategies” (“Government Relations,” n.d.). By advocating for continued and expanded government funding and other relevant policies, The Centers attempts to influence government in four policy areas: education, health care, employment, and food security in order to address problems in Cleveland and Ohio (“Government Relations,” n.d.).

*The Cleveland Museum of Art* has an important complementary partnership with local government in Cleveland. Because cultural institutions in University Circle have a high economic impact in Cleveland, the city government has had a special interest in working with the museum and its counterparts. CMA and other organizations in University Circle are represented by the University Circle, Inc. (UCI), a nonprofit “development, service, and advocacy organization responsible for the growth of University Circle as a premier urban district...” (“About,” 2014). Historically, UCI has participated in various partnerships with the City of Cleveland to assist with neighborhood revitalization and economic development of University Circle and nearby neighborhoods. For instance, UCI, private businesses, and the City of Cleveland were participants in the Midtown Corridor revitalization project and the Cleveland Neighborhood Development Corporation in the 1980s (Mosier et al., 1989). CMA also works with UCI to provide educational programs, which sometimes involve partnerships with other public sector organizations. For instance, the Early Learning Initiative program geared towards preschoolers involves local school districts while the Art Study Group program is offered in cooperation with public libraries (“In the Community,” 2013). In addition, the museum utilizes public funding, such as the $90 million Cultural Facility Revenue Bond with Cleveland-Cuyahoga Port Authority, to underwrite construction and other organizational needs that benefit both the museum and the City of Cleveland (“The Cleveland Museum of Art,” 2012). The museum’s strong complementary partnership with the local government is of course more than matched by its supplementary programming, including the collections it maintains and makes available to the general public, along with its various privately supported educational and cultural programs.
Famicos Foundation has an extensive history of complementary nonprofit-government partnerships with the City of Cleveland via the Lexington Village Project, a low and moderate-income housing project located in the Hough neighborhood. The idea for the Lexington Village Project, as it was known, actually came from Famicos (Tittle, 1992). As a result, the origins of the housing project stemmed from an adversarial relationship with the government, as the City of Cleveland had to be swayed to support the development. Once the partnership was forged, however, the relationship became complementary as both Famicos and the local government worked together to complete the project during the 1980s. For instance, Famicos, local foundations and organizations, the City of Cleveland, and the federal government all funded construction and Mayor Voinovich himself was proactive in securing funding from the United States Department of Housing and Urban Development ("Letter from Mayor Voinovich," 1983; "Planning Overview," 1983). Lexington Village was also built on land either owned by Famicos or the City of Cleveland, which sold some lots to Famicos ("Letter from Mayor Voinovich," 1983). Today, Famicos continues to engage in complementary relationships with government. For instance, Famicos purchases some of its real estate assets from Cleveland for improvement and revitalization and takes advantage of Low Income Housing Tax Credits to fund construction and rehabilitation of low-income residential properties in areas where government rehabilitation is lacking. Finally, Famicos earns revenue through the sale of federal tax credits earned by restoring historical buildings; the latter is a more nuanced example of a complementary relationship with supplementary features: it takes advantage of a tax credit program intended to encourage private (supplementary) initiative and turns it into a revenue stream for its own programming by selling the credits to private developers. In this way, Famicos is able to achieve its mission of providing affordable housing and revitalizing Cleveland neighborhoods where the city is not necessarily able to do so.

Lake View Cemetery Foundation provides examples of each type of nonprofit-government partnership relationship. The Foundation has a supplementary relationship in the sense that the organization provides services that might well otherwise be provided by the government. In particular, on cemetery grounds there are historical monuments, such as the James A. Garfield and John Davison Rockefeller monuments, which Lake View Foundation preserves without any government assistance. Despite the historical and environmental significance of Lake View’s horticulture, the Foundation also provides its horticultural services without government assistance. There are over 1,000 recorded plantings that date from 1869 when a prominent landscape architect designed the cemetery grounds ("Horticulture at Lake View Cemetery," 2011). In contrast, the Lake View Cemetery Foundation engages in both complementary and adversarial relationships with government in connection with the Lake View Cemetery Dam. Dugway Brook, which flowed through cemetery property, used to flood the cemetery during heavy rainstorms. As a result, Lake View Cemetery sued the cities of University Heights and Cleveland Heights to cease their sewer expansions, which Lake View believed would exacerbate flooding (Morton, 2004). This adversarial initiative helped prompt the approval for a dam to be constructed as part of the Northeast Ohio Regional Sewer District ("Points of Interest," 2011). The actual construction of the dam was completed in a complementary manner, as the cemetery donated ten acres of land for the dam (Morton, 2004). Another example of complementary partnership with government is the recognition of the Garfield Monument.
as an important architectural and historical structure ("Ohio Historic Preservation Office National Register," 2007) although this does not involve government funding.

*The Rock and Roll Hall of Fame and Museum*'s founding in Cleveland was the result of cooperation among public and private organizations that sought the significant economic impact that the museum would bring to the city ("Update on Public/Private Partnerships," 1986). The Rock and Roll Hall is especially interesting because a stipulation of its establishment was that the City of Cleveland had to be instrumental in the creation of the nonprofit organization that would operate the museum, in cooperation with the Rock and Roll Hall of Fame Foundation based in New York City ("Planning Documents," 1985). The initial board of directors would be comprised of various City of Cleveland officials and members of the Foundation’s board. As with the construction of the Lexington Village Project, Mayor Voinovich was proactive in securing funding for the museum’s construction, which ultimately came from the federal government, the State of Ohio, the City of Cleveland, and various local organizations and events ("Planning Documents, 1985). The Rock and Roll Hall continues to have a strong complementary relationship with local government, as it leases its facilities from the Port Authority and works with various public organizations, including Head Start and Northeast Ohio school districts, to provide educational programs ("Development Finance Project Summaries: 1993-1999," n.d.; "Inside the Classroom," 2014). Cuyahoga County has also passed legislation that benefits the museum, such as the hotel bed tax used to fund a bond for construction in 2009 ("Development Finance Project Summaries: 1993-1999," n.d.). Additionally, the museum and local government officials worked together to bring the Rock and Roll Hall of Fame Induction Ceremony to Cleveland. The museum was also engaged in an adversarial relationship with the federal government when it participated in advocating for construction funds to be included as a budgetary line item ("Planning Documents," 1985). Finally, the Rock and Roll Hall also sustains supplementary relationships with government, such as the general preservation of its collections for public viewing. The organization holds special events without government involvement as well, such as the Music Masters series of lectures and musical programming ("American Music Masters," n.d.).

**Latent Opportunities**

In addition to current and historical relationships, the five case studies also suggest various prospective opportunities for nonprofit-government partnership in the future. These are summarized in Table 2 below:

*The Centers for Families and Children* may have opportunities to build additional supplementary and complementary partnerships with government. In particular, as Cleveland’s largest social service organization, the Centers is well positioned to address emerging needs associated with contemporary issues such as homelessness, food insecurity or immigration. Complementary partnerships may also be created as the organization expands its services into other jurisdictions. Concentrated in Cleveland, the Centers currently offers selected programs in East Cleveland, Cleveland Heights, and Lakewood and these could potentially be extended to other localities. Moreover, The Centers could potentially offer a fuller range of services in these three cities.
### Table 2: Latent Opportunities for Nonprofit-Government Partnership

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<tr>
<td><strong>Centers for Families and Children</strong></td>
<td>Additional program offerings dictated by community needs such as homelessness, food insecurity or immigration</td>
<td>Extension of services through partnerships with governments in jurisdictions surrounding Cleveland</td>
<td>Advocacy with state and local jurisdictions for including arts in public education</td>
</tr>
<tr>
<td><strong>Cleveland Museum of Art</strong></td>
<td></td>
<td></td>
<td>Advocacy for affordable housing and sustainability</td>
</tr>
<tr>
<td><strong>Famicos Foundation</strong></td>
<td></td>
<td>Extension of services through partnerships with governments in jurisdictions surrounding Cleveland</td>
<td></td>
</tr>
<tr>
<td><strong>Lake View Cemetery</strong></td>
<td></td>
<td>Federal and state partnership in support of historical monuments and horticultural education and conservation</td>
<td></td>
</tr>
<tr>
<td><strong>Rock and Roll Hall of Fame and Museum</strong></td>
<td></td>
<td>Engagement with arts councils and education departments in other states to support traveling exhibitions and educational programs</td>
<td>Advocacy with state and local jurisdictions for including arts in public education or supporting public radio</td>
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</table>

The Cleveland Museum of Art has strong complementary partnerships with government as a stand-alone organization and as a member of UCI. Given its high reputation and respected role in the community, CMA may also be able to take on an adversarial role with local or state governments by advocating for increased government support of arts education. The museum does work with local government agencies to provide its own educational programs, but advocacy efforts might increase the capacity of public schools to expand arts programming themselves, including jurisdictions outside of Cleveland. The mission of CMA is not geographically limited although it strives to be one of northeastern Ohio’s principal civic and cultural institution (“Mission Statement,” 2013). By engaging in advocacy with local governments, CMA could be influential in generating additional funds for educational arts programs across northeastern Ohio or even across the state.
Famicos Foundation may be able to expand its portfolio of complementary and adversarial partnerships with additional governmental jurisdictions. For instance, Famicos has historically concentrated its efforts in the blighted Cleveland neighborhoods of Hough and Glenville. Neighborhood revitalization, however, is a universal issue that is not limited to the neighborhoods in which Famicos already works. As Famicos expands its services throughout Cuyahoga, Geauga, Lake, and Medina Counties, opportunities for new complementary partnerships for providing social services and affordable housing may well arise. Adversarial opportunities may emerge for Famicos as well. For example, affordable housing and neighborhood and environmental sustainability (a new program area begun in 2011) are policy-driven areas where Famicos has considerable expertise and a good reputation. Famicos could potentially advocate effectively for continued or expanded government support in these areas.

Lake View Cemetery Foundation independently preserves historical monuments and maintains myriad plantings on cemetery grounds, which are public goods open for visitors to view and enjoy. Lake View could plausibly argue for government support of its work to preserve its historical monuments. In particular, federal and state governments should have an interest in preserving and enhancing the James A. Garfield Monument, since the monument is listed on the National Register of Historic Places and is the resting place of a U.S president, as well as many historic Ohio figures. Lake View could also take advantage of partnerships with local government agencies to support horticultural education and conservation. Some plants on cemetery grounds are believed to have been present at the time of Cleveland’s founding, so there is a historical significance to Lake View’s plants that is not yet reflected in government engagement. Additionally, although Lake View does allow horticultural students and academic institutions access to its plants, there is no clear relationship with public school districts or other governmental agencies through prospective arrangements to support and expand Lake View’s services in these areas (“Horticulture at Lake View Cemetery,” 2011).

The Rock and Roll Hall of Fame and Museum has had strong complementary partnerships with the Cleveland and Ohio governments throughout its history, based on the museum’s economic significance. There are opportunities for additional government engagement as well. As one of the largest and well-known music museums in the country, the Rock and Roll Hall could work with arts councils in other states to produce exhibitions outside of Ohio. The Rock and Roll Hall also currently works with various public sector organizations to provide educational programming to students of all ages. Toddlers participate in a music therapy program through a partnership with Head Start, elementary and secondary school students in Northeast Ohio participate in the Rockin’ the Schools program via partnerships with the local school districts, and the Rock and Roll Hall teaches in-person and online university courses by working with public and private universities in Ohio and beyond. The museum could potentially expand these complementary partnerships to Head Start and educational districts outside of Northeast Ohio, as well as cultivating additional state university partnerships. Finally, in terms of adversarial relationships with government, both locally and with Ohio, the Rock and Roll Hall could advocate for more arts education, especially in the performing and broadcast arts.
Discussion and Conclusion

According to documents prepared by public agencies during Voinovich’s mayoral tenure:

The success or failure of economic development in Cleveland over the long term is largely contingent upon the ability of the public and private sectors to create a well-organized, structured and continuing partnership...In some instances, the responsibilities attributed to each organization constitute a ‘lead agency’ role. In others, the responsibilities are to be carried out in a support capacity. (“Partnership for Economic Development,” 1981, p. 2)

As the cases studied here illustrate, public-private partnerships do indeed entail diverse roles for government and private agencies through a variety of arrangements. In general, the private agencies involved in such relationships with government may be for-profit or nonprofit, although public-private partnerships are typically thought of as occurring between businesses and governments. However, the experiences of the five nonprofit organizations discussed here show that nonprofits are truly important partners of government in various and meaningful ways.

The multifaceted relationships that the five organizations have with government showcase the different modes of nonprofit-government relationships. Notably, all of the studied organizations have engaged in complementary partnerships with government. This is the most common and proto-typical partnership mode wherein nonprofit organizations work alongside government to provide a service often financed or otherwise directly supported by government. The nature of these complementary partnerships can vary, however. Some involve local government and others are manifested on a state or federal level. The nature and intensity of government involvement varies as well. In some instances, governmental entities fund service provision by enacting favorable legislation or securing funding from other governmental or nongovernmental sources. The Rock and Roll Hall of Fame and Museum illustrates this scenario. In other cases, public entities are active in providing in-kind resources such as program space, as in the public library partnerships with the Centers for Families and Children, or by obtaining land, as the City of Cleveland did to aid Famicos Foundation’s construction of Lexington Village.

Although complementary nonprofit-government partnerships are the most common among the five cases discussed here, public-private partnerships are manifested in other forms as well. Supplementary partnerships are those in which nonprofit organizations provide a public good without direct government involvement or support. For example, The Cleveland Museum of Art offers many of its essentially public services such as display and preservation of great art, and various educational programs, without any direct government support, only the implicit assistance it receives from tax incentives for individuals to donate art or monetary gifts. Lake View Cemetery does not receive support from government to preserve historic monuments or conserve environmental assets, yet these too are public goods whose provision is assisted by tax incentives.

Finally, adversarial relationships have proved to be important in some of our observed cases as well, allowing these organizations to address their public goals, by advocating for
government support or changes in public policy. For instance, the Centers for Families and Children argues for policies that maintain or increase funding for their programs and Lake View Cemetery sued local governments to protect environmentally sensitive property on which the organization operates.

In summary, the five nonprofit organizations studied here not only illustrate and acknowledge the three distinct types of government-nonprofit relationships outlined in the literature, but they point to various facets of public-private partnership outside of the stereotypical (complementary) government funder-private supplier model. In addition, they illuminate the considerable variation within each class of partnership as well.

Furthermore, the cases suggest that the possibilities for public-private partnership involving nonprofit organizations are not fully exploited. We are particularly struck by the potential of our case organizations to extend their services to neighboring jurisdictions or beyond, through partnerships with other local governments. Or in the case of nationally prominent institutions with unique assets and programs, such as the Cleveland Museum of Art or the Rock and Roll Hall, partnerships with jurisdictions in other states or indeed internationally may be possible. Furthermore, we are impressed with the fact that some of these institutions have undertaken missions that clearly deserve consideration for yet unrealized governmental involvement and support to maintain and expand their range and impact. The Lake View Cemetery is the most obvious example, given its historic importance to the nation and the State of Ohio, and its local environmental significance.

The five organizations examined here attest to Cleveland’s continued commitment to public-private partnerships stemming from the Voinovich era. We make no claim that these organizations or Cleveland itself is representative of other jurisdictions or fields of nonprofit activity. However, our pilot study suggests the value of studying government-nonprofit relations in other nonprofit subsectors and political environments. Nonetheless, the Cleveland organizations do provide models of nonprofit-government partnerships that have contributed significantly to the revitalization of the city and the provision of valuable public services that other communities may reference in building their own nonprofit-government partnerships. Moreover, the Cleveland cases suggest the wide range of possibilities along all three lines of nonprofit/government relationship - complementary, supplementary, and adversarial. Certainly the cases illustrate that public/private partnership arrangements are by no means be restricted to government and business. Nonprofits are clearly positioned to play important roles in such arrangements.
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Respondents Panel

Chairman: John C. Green
John C. Green is a Distinguished Professor of Political Science, Director of the Ray C. Bliss Institute, and Chair of the Departments of Political Science and Public Administration at the University of Akron. He has published extensively on American and Ohio politics and Government, and has been widely quoted in the news media.

Chairman: Lee Fisher
Lee Fisher is president and CEO of CEOs for Cities, and a Senior Fellow with the Center for Economic Development at Cleveland State University's Levin College of Urban Affairs. He has served as Ohio Lt. Governor, Director of the Ohio Department of Development, Chair of the Ohio Third Frontier Commission, Ohio Attorney General, State Senator, State Representative, and President/CEO of the Center for Families and Children, one of the largest human service nonprofits in the Midwest.

During the time Lee led Ohio's economic development efforts, Site Selection magazine awarded its highest economic development award, the Governor's Cup, to Ohio three consecutive years and the Competitiveness Award, which recognized the Ohio Department of Development under Lee's leadership as the most effective economic development agency in the country.

A graduate of Oberlin College, Lee served on the Oberlin College Board for 12 years. He earned both a law degree and master degree in nonprofit organization from Case Western Reserve University, and received the law school's first-ever Distinguished Recent Graduate Award.

Chairman: Robert L. Fischer
Robert Fischer is a Research Associate Professor at the Jack, Joseph and Morton Mandel School of Applied Social Sciences of Case Western Reserve University. He is also Co-Director of the Center on Urban Poverty and Community Development at the Mandel School, and leads the Center’s efforts in regard to evaluation research. Dr. Fischer leads a range of evaluation research studies and teaches evaluation methods to students in social science administration and nonprofit management. Dr. Fischer is also faculty director of the Masters of Nonprofit Organizations (MNO) degree program at the Mandel School.
Dr. Fischer has presented the findings from his research at national and international conferences in the evaluation, social work and nonprofit research fields and has published these results in various professional journals. Dr. Fischer is an active member of the American Evaluation Association (AEA) and served for six years as president of the Ohio Program Evaluators’ Group, a state-wide organization of evaluation professionals. He has served as an evaluation consultant in such areas as social work and community-based intervention, organ donation promotion, faith-based programming, and minority health programming. He is the 2011 recipient of the Roberta O’Keefe Service Award from the Ohio Program Evaluators’ Group and a 2006 recipient of the Teacher of the Year Award from the Mandel Center for Nonprofit Organizations. Dr. Fischer received his Ph.D. from Vanderbilt University in policy development and program evaluation and holds a master degree from Vanderbilt’s Peabody College of Education, and a bachelor degree from Duke University, both in public policy studies.

Interests
- Evaluation of social/behavioral interventions in regard to delivery and effectiveness
- Nonprofit program research and outcome measurement
- Policy context and using data to inform research and practice in social welfare field