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Report to the Aerozone Alliance: Phase 1

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**Report to the
Aerozone Alliance**

Phase 1

August 2017

Final Report to the Board of the Aerozone Alliance
FINAL MASTER DRAFT – August 9, 2017

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Project Summary

The origins for this project include a 2011 Cleveland State University feasibility report which provided research on “aerotropolis” developments in general and describes planned development outward from an airport with observations specifically for Cleveland. Subsequently or concurrently, Cuyahoga County Council introduced a resolution to support early efforts to collaborate with stakeholders for the purpose of promoting economic development, job creation, job retention, and workforce development around Cleveland Hopkins airport.

The Aerozone Alliance has been organized to create the conditions for an airport city or “aerotropolis” to take shape.

The Aerozone Alliance region comprises more than 7,000 land parcels around Cleveland Hopkins airport in multiple political jurisdictions that offer potential to be developed into an “aerotropolis.”

This project involved technical assistance performed by the Center for Nonprofit Policy & Practice to assist in organizing the effort. This report draws on a scope of work intended to:

- assist in developing the design and composition of the Aerozone Alliance board membership, governance, working committee structure, and work project implementation;
- set the conditions for a mutually agreeable work plan for the board and its committees with project outcomes;
- and provide support in the form of staffing to organize stakeholders which may include:
 - 1) preparing four meeting agendas;
 - 2) note-taking at meetings with written minutes;
 - 3) coordinating communications of the committee members; and
 - 4) research as required.

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Background

The Aerozone Alliance is spearheaded by the Ohio Aerospace Institute (OAI), a non-profit initiative of the NASA Glenn Research Center, the Air Force Research Laboratory at Wright-Patterson Air Force Base, the state of Ohio, and 10 universities, to enhance aerospace competitiveness for the region. It is located on property adjacent to NASA Glenn Research Center facilities.

The objective of the Aerozone Alliance is to work collaboratively with public and private stakeholders to attract small and medium-sized companies, large corporations, and multi-national corporations; and to entice developing technologies to commercialize in the geographic area near Cleveland Hopkins International Airport and the NASA Glenn Research Center facilities.

The work of this project comprised “small p” planning (not traditional strategic planning). The general class of products delivered include process work for:

- Organizational priority and goal setting;
- Board of director development work;
- Development of Aerozone Alliance leadership and culture.

Deliverables

- A written final report;
- updates during the process to key individuals;
- recommendations based on the project work; and
- a presentation to the board leadership and others as required.

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Narrative

The process leading toward outcomes of this report required five 90-minute meetings (one introductory meeting and four working sessions). The meetings were held between April and June 30, 2017 in conference room space made available by the Ohio Aerospace Institute.

Each meeting had an agenda and support materials serving to frame discussion to achieve specific outcome objectives. The framing concepts included: understanding the context and purpose for which the organization is founded; establishing the validity and legitimacy of Aerozone Alliance as an intermediary to facilitate Public Private Partnerships (PPP); providing rationale for the Aerozone Alliance governance and membership structure; proposing a model for financially sustainable operations of the Aerozone Alliance.

The data informing the recommendations of this report are drawn from the discussion portions of the meetings; a summary of the discussion responses can be found in Table I (Tab 4). The meeting participants listed in the Appendix offered their views on achieving the following:

- Determining priorities for Aerozone and a plan for fulfilling them;
- Devising a governance structure for the Aerozone Alliance;
- Understanding and devising a way to create a PPP whose purpose is to drive regional development toward a world-class innovation hub for aerospace business and related development in an employment center of 50,000 people.

Context

The meeting agendas, power point presentations, and participant feedback are included as support materials of this report and appear in its appendices (Tab 9). To sum, at the first meeting, participants were made aware of the “Cleveland models” for high performing nonprofit intermediary organizations. Examples cited were: Cleveland Development Foundation, University Circle Development Foundation, Greater Cleveland Partnership, University Circle Inc., Midtown, and the Downtown Cleveland Alliance.

The work of these intermediaries typically rested on some problem whose remedy was beyond the ability of a single institutional form to resolve, requiring instead the collaboration and organization of stakeholders in government, business, and philanthropy.

Endeavors such as these are referred to in Cleveland as PPPs. Successful PPPs arise with an alignment of interests to achieve clear purpose across a broad spectrum of actors; clarity, simplicity, and openness in decision making by leaders; conscious actions to problem solve by using an intermediary organization that provides space outside of the workplace to incubate ideas and initiatives; sufficient financial resources to fund the intermediary operations; and committed interest in taking action by key leaders in the community who remain present and engaged throughout the PPP.

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Toward these ends, participants were asked three questions related to their:

- A.) organizations’ priorities that led to their participation in the Aerozone Alliance;
- B.) aspirational expectations of the Aerozone Alliance and partnerships;
- C.) sense of the barriers and challenges Aerozone Alliance would likely be required to over-come to fulfill its promise and potential.

The responses are documented in Table I then clustered in Table II (Tab 4) as a way to identify common themes of organizational program priorities for the Aerozone Alliance.

In meeting two, the presentation included the shape and contours of nonprofit board governance. Participants were offered several best practices models and offered examples of local nonprofit intermediary organizations whose work involved PPPs.

The meeting participants discussed a refined version of the mission of the Aerozone Alliance; a governance and executive committee structure; board and membership composition; board roles and responsibilities; and bylaws.

In subsequent meetings 3, 4, and 5, participants were provided short lectures to establish context for the discussion, which comprises the data underpinning this document.

Drawing on our notes from the meetings, suggestions were made to sharpen the mission of the Aerozone Alliance. Based on this input, we propose a slight revision of the mission of the Aerozone Alliance to the following:

“To create a world class innovation hub for aerospace, related and unrelated business, and development around the Cleveland Hopkins Airport, NASA Glenn Research Center, and adjacent communities, characterized by public-private partnership and member reciprocity.”

The remainder of this report will offer an organizational framework for the Aerozone Alliance, drawn from the work of the organizers and participating stakeholders.

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Table I: Itemized Summary by Respondent			
Respondent	Priorities	Expectations	Perceived Challenges
A	Land development ¹ Improve housing stock Economic & community development Job creation ²	Recognition of ‘strength in numbers’	Active engagement and commitment from the city of Cleveland.
B	Economic & community development	Clear agenda Use time effectively A strategic and actionable plan Mutually beneficial for all parties	Reaching the point of momentum where private partners are willing to take the risk; establishing incentives for private partners to get involved and cooperate.
C	Job creation Job retention Improve housing stock Land development	Team building Collaboration and resource sharing ³	Sustainability; keeping partners engaged through the momentum when the results are apparent.
D	Job creation Prevent sprawl Economic sustainability	Commitment to the three-mission principle Collaboration & resource sharing A strategic and actionable plan	Determining what priorities are real and doable; determining what resources are necessary to actualize the real opportunities; visioning, planning, and implementing action.
E	Job creation Job retention Economic & community development Asset leverage	Contribution/commitment from all parties Commitment to the three-mission principle A common goal for the common good Recognition of ‘strength in numbers’	Getting larger buy-in from partners beyond this immediate group; value recognition and active engagement by community leaders and organizations; sustainability; maintaining the momentum and

¹ Land development in terms of thoughtful, strategic, and deliberate land development

² Job creation specifically includes strategic creation of jobs at living wages, creative jobs which support a knowledge economy, jobs relevant for this era of time.

³ Resources specifically mentioned include financial resources, networks, experiences, and skills; although can include other forms of resources.

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		Avoidance of pettiness and self-service only	responsibility; continuity in the long term.
F	Aerospace/technological development and incubation	Commitment to the three-mission principle Collaboration & resource sharing Advocacy	Credibility and legal standing; changes in federal government policies; sustainability.
G	Aerospace/technological development and incubation Collaboration & resource sharing	Contribution/commitment from all parties Collaboration & resource sharing Moderation/facilitation	N/A
H	Knowledge economy development Collaboration & resource sharing Job creation	A focus on placemaking Long-term planning World-wide recognition of Aerozone Strategic planning and design Credibility/legal standing	Multitasking and balancing of priorities simultaneously; strategic allocation of resources; stewardship of the John Glenn legacy.
I	Aerospace/technological development and incubation	A strategic and actionable plan Organization	Active engagement and commitment from the city of Cleveland.
J	Economic & community development	A narrowing of common interests A strategic and actionable plan	Credibility; planning the most strategically.
K	Economic & community development	Clear priorities and goals A strategic and actionable plan Collaboration & resource sharing	Getting multiple local governments to agree; involvement versus exclusion; determining the best stakeholder(s) to drive the initiative.

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Table II: Summary of Emerging Clusters with Number of Responses (#)					
Priorities	#	Expectations	#	Perceived Challenges	#
Job creation	5	A strategic and actionable plan	6	Getting buy-in from external stakeholders	4
Economic & community development	5	Collaboration and resource sharing	5	Reaching point of momentum	3
Aerospace/tech development & incubation	3	Commitment to three-mission principle	3	Sustainability/long-term partner engagement	3
Collaboration & resource sharing	2	Contribution/commitment from all parties	2	Engagement by the city of Cleveland	2
Land development	2	Recognition of ‘strength in numbers’	2	Strategic/actionable plan for implementation	2
Improve housing stock	2	Clarity (clear agenda, goals, and priorities)	2	Credibility/legal standing	2
Job retention	2	Moderation/facilitation/organization	2	Agreement among multiple governments	1
Knowledge economy development	1	Use time effectively	1	Value recognition	1
Asset leverage	1	Mutually beneficial for all parties	1	Multi-tasking/prioritization	1
Economic sustainability	1	A common goal for the common good	1	Assessing which priorities are actionable	1
Prevent sprawl	1	A narrowing of common interests	1	Determining what resources are required	1
<i>Overarching theme of “improve quality of life”</i>	-	Credibility/legal standing	1	Strategic allocation of resources	1
		World-wide recognition of Aerozone	1	Determining best stakeholders to be involved	1
		Team building	1	Changes in federal government policies	1
		A focus on placemaking	1	Stewardship of the John Glenn legacy	1
		Long-term planning	1	Involvement v. exclusion	1
		Avoidance of pettiness/self-service	1		
		Advocacy	1		

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Important planning principles and values

Throughout the discussion, the meeting stakeholders affirmed or suggested a number of values they believed are important criteria to set the best conditions for the collaborative work needed to achieve the mission of the Aerozone Alliance.

The following are values and ideas drawn from the stakeholder views which will guide the more detailed work of building the Aerozone Alliance organization.

- Everyone (board members and general members) pays an equal membership fee and there is one fee for everybody. Some members may receive “scholarships” based on their circumstances and as determined on a case-by-case basis. Consideration is given to an organizations alignment with the mission and initiatives of the Aerozone Alliance and strategic importance to accomplishing the work.
- Cuyahoga County, corporations, and private philanthropy institutions have the expectation to financially support the Aerozone in the form of sponsorship or other provisions for special events, programs, or initiatives that can be applied to the start-up, operations, and sustainability of the organization.
- A startup goal for FY ending June 2018 is a commitment of \$225,000 over the course of 3 years (\$75k per year) which is to be matched by foundation support.
- The bylaws will have an article about how the bylaws are amended. The initial bylaws will need to describe the process of how decisions are made with recognition that they are considered provisional and arise from a still evolving process. Where a work-around occurs, it should be explained in the context of Aerozone Alliances stated principles. The concept arises from the practical matter wherein bylaws that are too tight up front create barriers and difficulty in operations, unnecessarily. Points of flexibility within procedures and looser regulations with a good statement of principles are desired at this stage of the Aerozone Alliance’s development.
- Since the first set of bylaws will require adjustment based on the experience of the Aerozone Alliance founders and board members, it is important for the amendment process to not be too difficult. Once the organization has been operating for 5-10 years the bylaws can become more fixed and amendments can be more difficult; but early on the rules for operations should be flexible and accessible, with a focus on organizational priority and goal attainment.
- The general membership models presented to the stakeholders in this process reflect differing degrees of authority for members (discussed in greater detail below). At its founding, the organization will serve to be a consensus type organization where member views are desired, and general members are offered the opportunity to confirm a decision

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by the board. This is a welcomed and preferred contribution of general membership. But, the initial premise of organizing a general membership is to avoid models where final authority rests from an approval or non-approval by the general members; this is a clumsy attempt to be democratic and open.

- As rationale for the non-governance role of general membership, we offer the three-mission principle as the cornerstone value for the Aerozone Alliance and principle of the bylaws. Since the general members formally meet one to two times per year, they will be less informed on the deliberations of the board and executive committee on the intricacies of Aerozone Alliance partnerships and reciprocities.
- Aerozone Alliance will approach its partnerships as a form of “soft regionalism.” We will apply this concept as a respect for political boundaries with a focus on economic boundaries and regions, which are different lines on the geographic map. We believe this concept will be a positive force for collaboration, partnership, and for the achievement of the three-mission principle.

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Aerozone Alliance Governance Board Structure

The Aerozone Alliance general membership will be an institutional and business membership (as opposed to individuals) comprised of a mixture of public and private representatives. Using Cleveland Hopkins Airport as the geographic center of the Aerozone Alliance service area, the five communities immediate adjacent are sought as the founding general members and the first-generation board of directors. They include:

City of Cleveland;
City of North Olmsted;
City of Fairview Park;
City of Berea;
City of Brook Park.

Representation from Cuyahoga County as founding general members and first-generation board of directors will include:

County Council;
Planning Department;
Regional Economic Development Department.

Other key founding general members identified may include

Ohio Aerospace Institute;
NASA Glenn Research Center;
Cleveland Hopkins International Airport.

Additional public sector agencies and actors will also be sought as members. They include but are not limited to:

Kamms Corners Community Development Corporation;
Greater Cleveland Partnership;
Cleveland Metroparks;
Cleveland-Cuyahoga County Port Authority;
State of Ohio.

The founding general members – subject to their preference and limitation to serve - will be the prospective first generation of board of director participants.

Private business and nonprofit organization board of directors will be added with suggested participants noted in Table 4.

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Table 4 | Proposed key governance board of director member affiliations as of June 2017

Local Government		Non-local government	Business	Nonprofit
Cuyahoga County	Council	Cleveland Hopkins Airport	Moen	Ohio Aerospace Institute
	Planning			
	Development			
City of Cleveland		NASA Glenn	Constant Aviation	Kamm’s Corners Dev. Corp.
City of North Olmsted;		Cleveland Metroparks	Paran Management	Baldwin Wallace University
City of Fairview Park;		Port Authority	PNC	Team NEO
City of Berea;		State of Ohio	Other corporations	Greater Cleveland Partnership
City of Brook Park		Federal agency	Other corporations	Other

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General Membership

The purpose of the general membership is to provide opportunity to have key stakeholders involved in the work of the Aerozone Alliance who will: have an interest in its success; be willing to participate in its initiatives; pay membership dues to provide core support for operating budget; advise and advocate on behalf of the organization.

A general sense of the participants in this project is that the Aerozone Alliance membership model would borrow elements from each of the four “types” of member models with the caveat that the decision-making processes of the organization will honor the principle of openness, and the authority for making those decisions would reside with the Board of Directors, following the leadership of the Executive Committee.

The following industry standard member models are (drawn from <https://www.neoncrm.com/membership-programs/#programs>):

Trade association: Relies on membership programs for all their fundraising needs. With trade association membership models, members are usually corporations or individuals from wealthy professions. As such, fees are generally set at a higher amount than with other types of membership models. In exchange for their monetary contributions, members of trade associations usually receive partial influence over decision-making within the organization.

Members as donor: Donors will submit a membership fee and gain status as members, receiving in return the satisfaction of knowing they’re supporting a good cause. Because donors don’t receive any internal influence at the organization, the interaction between the organization and the member is usually limited after members pay their dues.

Members as consumer: Members are treated more like consumers than donors. This model has little to do with fundraising and more to do with community-building. Because they want people to enjoy the benefits of their services, the nonprofit sets fees relatively low or might even offer membership for free. The hope is that, in return, the nonprofit will build a strong network of donors that can support each other, further the cause, and grow the organization.

Members as advocate: The most ambiguous type of membership program. Because advocacy groups are more concerned with furthering causes than fundraising, this model relies on an exchange of intangible benefits. Members will offer their voices, actions, and skills, while the organization provides a guiding structure for mobilizing advocates. However, since many organizations with an advocacy focus still need to fundraise, they’ll also often incorporate a consumer-based model as well.

A general acquiescence by the group for a layered organization model called for a large dues paying membership of institutions and businesses; a board of directors numbering 20-25 members to be drawn from this group; and an executive committee of 5-10 drawn from the full governing board. See Figure 1 below.

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Executive Committee

5-10 members ideally

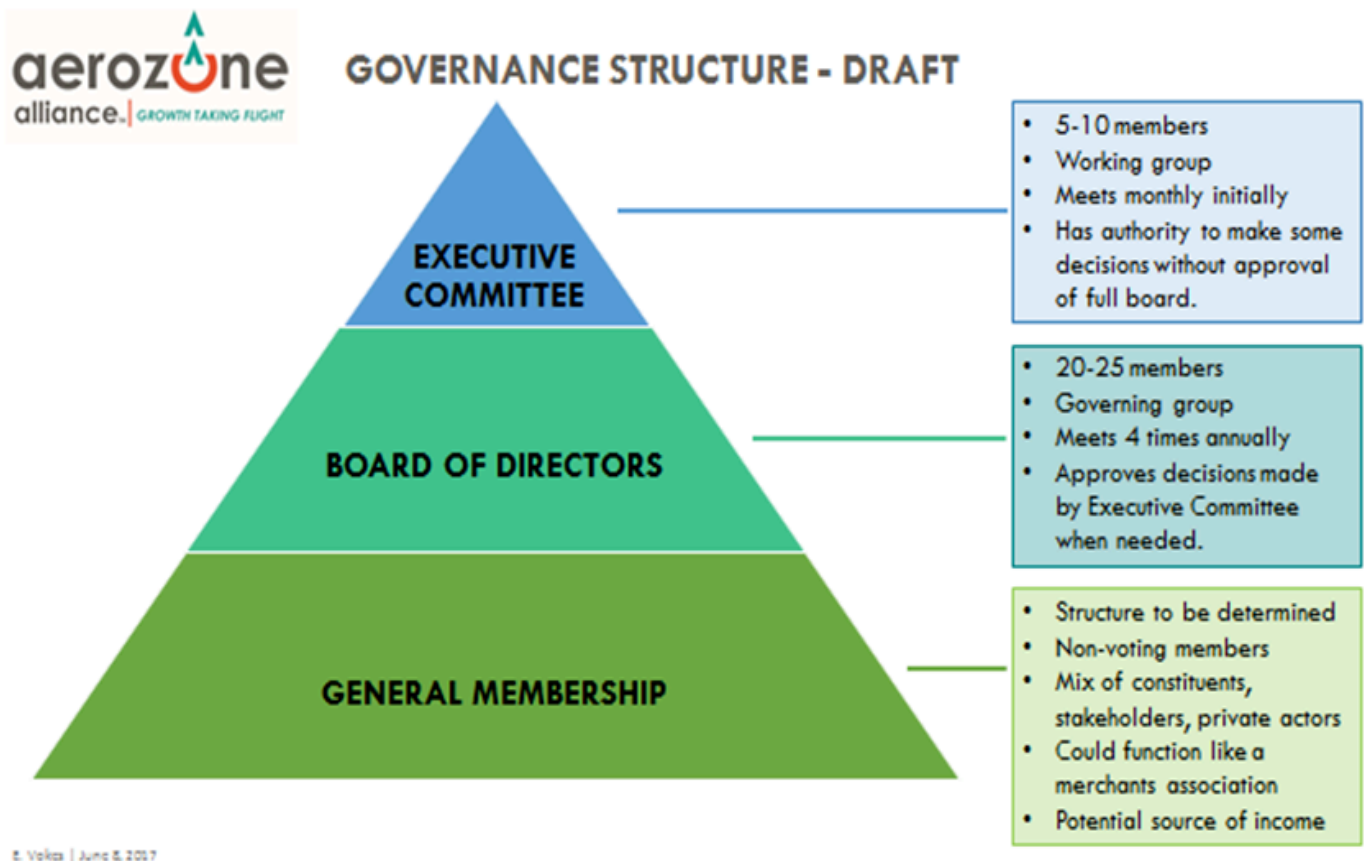
Smaller working Executive Committee to have the authority to make certain time-sensitive decisions on behalf of the board but with notice of those decisions to the board.

Monthly meeting schedule.

Will devise the strategic direction for agreement with sanction of the full board.

Will devise values statement for Bylaws as framework for board and membership.

Figure 1



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Full Board of Directors

Governing Board of 20-25.

Traditional officer positions whose authority, time-in-service, and succession is determined by the board and codified in the organization bylaws.

Contours of Bylaws will be less detailed and vague at first but sharpened over time.

Commitment to board development, training in best governance practices, new member acculturation, and organizational values statement(s).

Board members are selected through a nomination process of general membership.

Governing board only meets 4 times per year.

General dues set at \$2,000 per year renewable annually.

The board shall have the authority to establish and define non-voting categories of general membership.

General Membership

Category for non-voting, ex-officio members.

Larger group of constituents/stakeholders; will include all the sectors (public, private, nonprofit).

Eligibility of members will be businesses, governments or public agencies, and nonprofit organizations, and is granted after completion and receipt of a membership application and annual dues.

All memberships shall be granted upon a majority vote of the board.

Continued membership is contingent upon being up-to-date on membership dues.

General dues set at \$2,000 per year renewable annually.

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What Aerozone Alliance would do

- Act as intermediary to facilitate partnership where government, private, and nonprofit sector institutions, businesses and organizations can align resources, community assets and priorities that add to public value.
- Work to overcome (work around) the limits of the institutional forms and to follow the three-mission partnership principle.
- Work to change practices of “non-compete” employment regionally to better allow for innovation and knowledge share.
- Consider ways to use the procurement power of public agencies to stimulate cutting edge industries;
- Act in the best interests of the Aerozone PPP to fulfill its mission and to create public value.

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Aerozone Alliance Start-up Budget

The short-term start-up will require an early-stage operations budget. Roughly speaking, the revenue streams will be comprised of the following:

Revenue:

- A. \$2,000 membership dues paid by 25 board member organizations will comprise the core operating revenue during year 1.
- B. \$75,000 annual support for each of three years provided for the purposes of start-up provided by Cuyahoga County starting in year one budget year ending June 2018.
- C. \$100,000 annual support for each of three years provided for the purposes of start-up provided by private philanthropy or corporate relations to match the earned and public sector funding noted in A and B above.
- D. Sponsorships and project dollars to be derived through the formation of partnerships. \$50,000 over the three-year project period. This item will be nurtured to become the main revenue stream for the Aerozone Alliance for purposes of long term sustainability.

The expense streams will be comprised of the following Year 1 expenses, repeated during the three-year development period:

- A. Coordination of meetings and next stage organization development
- B. Partnership development and project planning
- C. Implementation
- D. Organization outcomes assessment

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Next steps

Raise funds from the sources indicated.

Implement planning work performed by the Aerozone Alliance stakeholders. This will include continued staffing of board work; follow up on organizational (Aerozone Alliance) development initiative(s); and coordination to set the conditions for a PPP to pilot the concept and create a replicable model for the future.

The PPP will be devised as a pilot to model the work of the organization and to offer stakeholders illustration of the promise and potential of the Aerozone Alliance. Additional projects will arise from the seminal/model PPP.

An assessment and evaluation of the Aerozone pilot will be necessary. Based on the best practices determined from the pilot, additional PPP opportunities will be devised and initiated. This will include a strategic plan process for the organization to identify program priorities. The work will also include continued staffing of board work, follow up, coordination, and recommendations for board development and advancement of the Aerozone Alliance organization.