

# CRAIN'S CLEVELAND BUSINESS

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## Co-op laundry first up in Univ. Circle initiative

*Cleveland Foundation eyes jobs, development in neighborhoods surrounding bustling district*

By JAY MILLER  
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A mixed bag of supporters is putting together a plan for a group of new, employee-owned businesses in the University Circle area designed to put Clevelanders to work and give the employees a stake in the success of the businesses.

The first business, a commercial laundry, is scheduled to open next spring. Evergreen Co-operative Laundry will occupy 10,000 square feet at ShoreBank Enterprise Center on Cleveland's East Side, said Jim Anderson, program coordinator of the Ohio Employee Ownership Center at Kent State University.

Evergreen is lining up contracts to handle the laundry needs of several University Circle operations, including two nursing home operators, Judson Services Inc. and the A.M. McGregor Home.

The project is spearheaded by the Cleveland Foundation as part of its Greater University Circle Initiative. That program is designed to bring jobs and economic development to the neighborhoods surrounding the one-square-mile University Circle district, said Lillian Kuri, the foundation's director of special projects.

"The foundation over the last three years has recognized the big

opportunity in University Circle with the growth of the major institutions that are investing a lot of money in physical development over the next three to five years," Ms. Kuri said. "So (Cleveland Foundation president) Ronn Richard has led a strategy that focuses on community projects that affect the whole (area)."

The Cleveland Clinic, University Hospitals Case Medical Center and the Louis Stokes Cleveland VA Medical Center are among the employers undertaking construction initiatives at University Circle. Ms. Kuri noted the foundation's business analysis found the major institutions at University Circle procure about \$2 billion annually in goods and services.

The laundry is the first of a handful of businesses the foundation hopes to cultivate in the next several years. Others include a solar energy firm, a hydroponic greenhouse that will grow vegetables and a home health care business.

The idea is to set up home-grown businesses with client bases built around customers that won't be picking up and leaving the region.

The new-business program builds on a concept that has been successful in Philadelphia, where the University of Pennsylvania has worked to support businesses in its West

### ABOUT THE PROJECT

**As part of its Greater University Circle Initiative, the Cleveland Foundation is attempting to take advantage of the growth in University Circle:**

- **The plan:** Employee-owned businesses that will employ Clevelanders and offer services the area's residents need
- **First:** Evergreen Co-operative Laundry, which will open at ShoreBank Enterprise Center
- **Next:** A solar energy firm, a hydroponic greenhouse and a home health care business

Philadelphia neighborhood, which is similar to the neighborhoods surrounding University Circle.

Ted Howard, executive director of the Democracy Collaborative at the University of Maryland, said the University of Pennsylvania has built its neighborhood spending to \$80 million a year during the last decade.

Mr. Howard has been working with the Cleveland Foundation to create the co-op businesses program. He held many discussions with purchasing managers and other executives of University Circle institutions to see what businesses the institutions would support.

"What's new in Cleveland is the marrying (of the University Circle institutions) with the creation of community-owned firms," he said.

Ms. Kuri is leading an effort to put together \$6 million in financing for the program. Initial support includes a \$750,000 Cleveland Foundation grant, a \$1.5 million economic development loan from the city of Cleveland and a loan from ShoreBank.

ShoreBank initially is providing more than \$200,000 in pre-seed money, said Mary Ann Stropkay, the nonprofit's president and CEO. It's also made space in its building on East 105<sup>th</sup> Street for the new business.

The project also has secured New Market Tax Credits through National City Bank. Additional money will be collateralized by the laundry's equipment.

While no new company is guaranteed success, the institutions behind this co-op business effort believe the businesses can be competitive and environmentally advantageous, while at the same time helping the people in the area's struggling neighborhoods. The laundry already has sparked interest among several likely customers.

"It makes sense for us financially," said R. Robertson Hilton, president and CEO of the McGregor Home. "This will be an outsourcing opportunity for McGregor, and no one will be losing a job."

Cynthia H. Dunn, president and CEO of Judson, said her organization is ready to outsource bed linen and towel laundering to the new firm.

"This is good for the community, but we have to be sure they can match or beat" Judson's cost of doing laundry in-house, she said. ■