
Cleveland's bid for Amazon HQ2: Public, private players discuss process, but details are scarce



Amazon announced Monday that it received 238 proposals for its second headquarters project, a potential \$5 billion investment known as HQ2. That's a stunning number, considering that only 50 to 60 metropolitan areas in North America appear to meet Amazon's requirements for the project. Amazon posted this map online but didn't provide more granular details. (*Amazon.com*)



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CLEVELAND, Ohio - Twenty organizations and more than 90 people touched Northeast Ohio's bid to attract **Amazon's second headquarters**, a project that promises up to 50,000 jobs and a \$5 billion investment over a decade, starting in 2019.

But nobody's saying much about the contents of that proposal, which was submitted to Seattle-based Amazon by **Team NEO**, a nonprofit economic-development group, last week.

In a meeting Monday, the private-sector representatives who shepherded the bid talked about the process and their reasons for holding back details. They wouldn't discuss sites, financial incentives, the full list of players involved or, even, the number of pages in the pitch.

"I actually think we're taking the right approach," said Joe Roman, president and chief executive officer of the **Greater Cleveland Partnership**, the regional chamber of commerce. "It's a judgment call, as you can see from the fact that people are dealing with it differently. We want to win this. And we think keeping things proprietary and confidential ... is the right way to move forward. Because this is about winning."

After weeks of keeping a low profile on the topic, the city of Cleveland and Cuyahoga County responded via email Tuesday afternoon to questions about the process and proposal. They described the push to assemble the bid as "a highly collaborative initiative" between the public and private sectors and characterized the proposal as "a business trade secret."

Amazon said Monday that it received 238 proposals from suitors in 43 states, Puerto Rico, Canada and Mexico. The publicly traded e-commerce company hasn't released a list of applicants.

Most communities haven't disclosed the details of their bids, citing confidentiality provisions or the competitive nature of site selection, traditionally a behind-the-scenes process.

But cities including Boston and, closer to home, Toledo and Maumee, posted their proposals online. State and local officials in New Jersey announced a \$7 billion incentive package as part of their pitch. Chicago revealed a list of potential sites. And between leaks and public-records requests, other details about some high-profile bids are starting to trickle out.

Public officials and businesspeople in Northeast Ohio did sign nondisclosure agreements as part of their interactions with Amazon, which were orchestrated through **JobsOhio**, a private, nonprofit statewide economic-development corporation. Those agreements might limit sharing information from Amazon that was used in a bid.

But, a company spokeswoman said, Amazon didn't mandate silence.

"We leave it up to each [applicant] to determine how much or little they want to share," Sam Kennedy, the spokeswoman, wrote in an email this week.

Amazon's very public approach to soliciting bids - the company announced its plans to establish a second headquarters, dubbed HQ2, with fanfare in early September - clashes with the company's traditionally hush-hush modus operandi when it comes to real estate.

And that's caused a conundrum for economic-development officials, who are facing scrutiny over the sort of process that routinely happens with total confidentiality - albeit on a much smaller scale.

"If you assume there's going to be an intermediate step, we're best keeping our cards close to the vest," Joe Marinucci, president and chief executive of the **Downtown Cleveland Alliance**, said of the possibility that Amazon will winnow the field to a smaller group of serious contenders before making a final decision sometime next year.

Site selectors and economic-development experts who aren't involved in the local hunt for Amazon HQ2 expressed widely divergent views about the pros and cons of going public.

Steve Weitzner, a principal with **Silverlode Consulting** in Cleveland, said he's in favor of complete openness. "There's an opportunity here to put yourself out there and tell the world that Northeast Ohio is competitive and a fantastic place to do business," he said. "So that even if you don't win Amazon, you're being considered by a lot of other companies."

But Jeffrey Finkle, an Ohio native who is president and chief executive at the nonprofit **International Economic Development Council** in Washington, D.C., said that cities that show all their cards could have a lot to lose.

"You may not have put as many incentives in as Newark, New Jersey or some of the other communities, but you may have had some other advantages that you may not want to share with all of your other competitors," he said. "Because today, it's Amazon. And tomorrow, it's something else. And do you want to show your best bid ever - this is a huge deal - do you want to show your competitors that this is what you're normally going to be up against?"

To capture the scope of the project, Team NEO and the Greater Cleveland Partnership hired local economist **Jack Kleinhenz** to pick through Amazon's request for proposals and come up with economic-impact projections. He estimated that Amazon's 50,000 jobs would generate upwards of 40,000 additional jobs statewide over a decade, between construction,

operations and the impact of Amazon employees and visitors traveling, dining and staying overnight here.

Amazon has said that average pay for HQ2 jobs could be about \$100,000. The company initially wants 500,000 to 1 million square feet of space. But the project ultimately could span 8 million square feet - more than five Key Towers worth of real estate.

If that happened in Cleveland, the completed HQ2 project would generate an estimated \$630 million a year in state and local revenues, from taxes and other sources. About half of that money would flow to the city and county, based on Kleinhenz's numbers.

"It literally is like dropping in three Cleveland Clinics, all at once," said Deb Janik, senior vice president of real estate and business development for the Greater Cleveland Partnership. "It's six times as many employees as are currently in the region from Progressive."

Kleinhenz's analysis, paid for using private funds, helped to determine what Cleveland, Cuyahoga County and other partners in the proposal were willing to offer. The city and county also declined to discuss financial incentives in their joint email Tuesday, though they said that benefits - economic and otherwise - of attracting 50,000 high-wage, high-skilled jobs "will far exceed any incentives we could offer."

JobsOhio offered up a one-size-fits-all state incentive package available to any of its six regional partners, including Team NEO. The catch was that JobsOhio was willing to support only one proposal per region, though a single proposal could include multiple sites, said Bill Koehler, Team NEO's chief executive. "It's my understanding that that directive came from the company as well," he said.

Columbus submitted a proposal. So did the Cincinnati area, in partnership with Dayton and northern Kentucky. But Toledo and Maumee, both in northwest Ohio, each filed a proposal, in an apparent break from JobsOhio's guidelines.

In an email Tuesday, Dean Monske of the [Regional Growth Partnership](#) economic-development group in Toledo wrote that the JobsOhio package was tacked onto Maumee's proposal. Toledo didn't seek help from JobsOhio and the partnership.

Matt Englehart, a JobsOhio spokesman, wouldn't talk about the Amazon headquarters deal. In an email, he wrote that JobsOhio has been building a relationship with Amazon and its data-center arm over the last few years. He pointed to projects including two huge fulfillment centers in the works near Cleveland, on former shopping mall sites in North Randall and Euclid.

Team NEO evaluated 10 to 20 potential sites for the HQ2 project, based on submissions from property owners and developers, Koehler said. Though neither he nor the other partners would drop hints about the location, it's not a stretch to assume that they showcased a site - or sites - close to the heart of downtown Cleveland, within walking distance of professional sports and entertainment, restaurants and hotels, housing and public transportation.

"And I would be remiss if we didn't talk about our asset to the north, Lake Erie," said Marinucci, of the Downtown Cleveland Alliance.

Koehler said he doesn't expect to hear back from Amazon for a while. The city and the county said they'll provide "ongoing updates" as the process moves forward. But Amazon hasn't offered much clarity on its timeline or the next steps in its headquarters search.

"I think we took a very professional approach to bidding for a very professional company," Roman said. "We didn't add glitz to the proposal like some cities have, to simply get attention. Because at the end of the day, this is the talent side of the competition. It's not the beauty pageant, not the swimsuit side."

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