



CITY OF CLEVELAND
Mayor Frank G. Jackson

State of the City of Cleveland
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March 1, 2007

I want to begin by thanking the City Club of Cleveland for hosting this year's State of the City address.

Thank you Ms. DeOreo for your introduction.

I'd like to recognize the Council President, Members of Council and other Elected Officials, Members of the Cabinet, and Members of the Clergy who are here today.

Last year, during my State of the City address, I said that my vision for Cleveland was to make it a great City again and that the measure of my success is whether the least of us are better off. After my first year in office, this remains my vision.

As Mayor, my primary responsibility is to make Cleveland a City of Choice and our region a region of choice. Last year, I outlined the direction and areas I would be working on, so that each year, you will have something to measure me by. The areas I mentioned were:

- Stabilizing our finances and improving our operations;
- Improving public safety;
- Creating an environment that promotes development and job creation;
- Developing regional cooperation; and,
- Providing educational excellence.

As I wrapped up last year's speech, I said that none of what I said meant anything without results. Today, I will outline the results of my work over the past year, what is underway for 2007 and how we will continue to make Cleveland a City of Choice.

First, let's start with finances. The City of Cleveland is more financially sound today than it has been for several years. When I took office in 2006, I ordered a five-

year financial projection for our general fund and a review of our enterprise funds; and an assessment of our capital needs, our ability to pay for capital improvements and our ability to move forward with major development projects which had been promised funding.

As a result, it became apparent that, operationally, we would see a five to eight percent (5-8%) rise in cost each year in the general fund. Our revenue would remain basically flat; and, we would have to use \$13 million in one-time money to balance 2006. This rise in cost plus the \$13 million one-time money would create a \$20-30 million deficit for the 2007 general fund budget.

It was also apparent that we had large capital needs while our general obligation bond credit card was maxed out. We had more dollars committed to development projects than were available. As a result, in 2006, I made the decision that the City would not issue any general obligation bonds in order to increase our capacity to borrow and to pay debt. We were able to support many projects by prioritizing them based on readiness of the project, redirecting available capital dollars and scrubbing the capital accounts.

I mandated a three percent reduction in costs citywide. We actually achieved a three and a quarter percent (3.25%) reduction in the general fund, which produced a savings of \$16.4 million in 2006. This savings, along with other savings and cost reductions, and a one percent (1%) increase over budgeted income tax, allowed the 2007 general fund budget to be balanced, averting \$20 million worth of layoffs and preserving the jobs of hundreds of employees.

Looking ahead to the 2008 budget and beyond, Law Director Robert Triozzi is working to negotiate union contracts that will allow us to project labor costs for the next three years, which allows me to better control 80% of our operating budget.

The City's challenge in 2006, and again in 2007, is to maintain the reduced cost of operation, while continuing to provide more and better service. In order to meet this challenge, I did several things.

First, in 2006, I instructed Chief Operating Officer Darnell Brown to launch the Operations Efficiency Task Force. In Phase I, more than 130 people came together – City employees, business people, community people and professionals. They produced 135 recommendations on how to make City operations more efficient.

This year, we began Operations Efficiency Phase II, again for the purpose of continuing cost savings and improving service. In addition, we're looking at increasing revenue through a review of the Division of Assessments and Licenses. The goal is to collect several million dollars of taxes, permit fees and license fees owed the City but not collected in the past.

We provided more and better service for less money in 2006 by working across department lines and sharing personnel and resources. That level of service is the floor of expectations for 2007.

In 2006, I also began to look at workers compensation, health care, fuel and energy costs, and our Division of Motor Vehicle Maintenance for cost reduction. Based on decisions I made last year, each of these areas will have significant reduction in costs in 2007 because they will be managed more efficiently.

We will operate our Public Utilities like businesses. We are working to reduce costs, increase our customer base and keep rate increases to a minimum; and Cleveland Public Power now has a five-year strategic plan for growth.

Cleveland's future depends on our ability to provide quality of life for those living in our neighborhoods. Essential to quality of life is public safety.

Over the last year, Cleveland's safety department has worked to improve public safety in all of our neighborhoods. We continue work with the City of Cleveland's Office of Homeland Security to test this region's readiness to handle disasters. The Division of Fire placed into service a state-of-the-art weapons of mass destruction response vehicle that can analyze chemical and biological agents on scene. The Division of EMS implemented computer aided dispatch and automated vehicle locators and this year will begin transmitting patient heart rhythms from the field directly to emergency room physicians with state-of-the-art medical technology. Personnel are now deployed around the City based on call volume, so that we can reduce response time.

The Division of Police worked with the CMSD, CMHA and RTA to implement a plan for safe and secure schools, and they are enforcing the nuisance abatement law promoted and passed by City Council last year. The police have brought back the police helicopters.

In partnership with Federal, State and local law enforcement agencies, CPD targeted major drug and gang activities in the City of Cleveland and more than 140 offenders were indicted. These efforts will continue and I guarantee more indictments and arrests will be coming in the not-too-distant future.

Crime and violence will not be tolerated in the City of Cleveland. We will respond with every resource available to make sure that our streets are safe for everyone in Cleveland.

To do this, however, we cannot continue to approach public safety the way we have in the past. We have to move public safety into the future. Last year, I instructed Director Flask to develop a plan for the future of public safety. He delivered a 53-point plan designed to make our neighborhoods safe and restore quality of life. Nineteen of the projects have been implemented and more will be completed this year.

Additionally, I will be hiring 30 additional police officers this year, which will increase our base number of police officers who are working in our neighborhoods to protect and serve the community.

Public Safety is always a work in progress and we will continue to build on what we've accomplished in the last year. This year, Director Flask will present The Future of Public Safety, Phase II. These will be additional recommendations beyond what we are already working on.

In short, safety is a priority. My goals are:

- To provide the citizens of this City the public safety they deserve;
- To give the safety forces the tools and resources they need to do their jobs; and,
- To protect all the people who live in, work in and visit Cleveland.

On the prevention side, we began One Voice Zero Tolerance. This community, speaking with one voice, saying we will not tolerate violent and disruptive behavior. Last summer, over 1,000 teenagers received jobs and mentoring. This year, we will start this Saturday and make One Voice Zero Tolerance a year round program for helping our children.

For Cleveland to prosper, we need more than financial stability, operational efficiency and public safety. We must grow our economy and create jobs and investment opportunities. For the first time since 1991, we have a real Citywide Plan.

The Departments of Community Development and Economic Development will work under the Citywide Plan. Everything that these departments do will be an accomplishment of some part of the Citywide Plan, making it a living plan, not just a plan on a shelf.

The base of the Citywide Plan is the rebuilding of Cleveland's neighborhoods. The City of Cleveland is divided into 36 neighborhoods, one of which is downtown. Community Development has created a typology for each neighborhood, ranging from regional choice to distressed. This typology allows the City to direct our limited resources based on both the unique needs and assets of each neighborhood.

At the same time, the Department of Economic Development is implementing strategies designed to position the City for growth – now and in the future. We are streamlining our approach to engaging the business community with a single point of contact to expedite the project and navigate City Hall, and reducing time to finalize a loan by 25%.

We will increase the local impact of each development project, as economic development staff work to link projects to job training, local hiring and local procurement.

We will coordinate with the State, County, Port Authority, Greater Cleveland Partnership and Team NEO to share information on business expansion or relocation and identify a lead agency for each project.

In January, I announced the Industrial-Commercial Land Bank that will turn underperforming land in our neighborhoods and the industrial valley into valuable assets for redevelopment. We will aggressively seek state and federal grant dollars to clean up the land and make it ready for redevelopment. It is projected that each vacant acre of land zoned for manufacturing will yield 14 jobs with a salary of \$40,000 each.

These economic and community development strategies will help us grow and maximize our existing economic base and provide the framework to rebuild Cleveland.

To begin to rebuild Cleveland, the City has a 5-year Capital Improvements Program – the first in 16 years. \$1.5 billion will be invested in Cleveland under this plan. The capital plan is designed to have a strategic investment in our neighborhoods, infrastructure, facilities, parks, playgrounds and to leverage dollars for development.

To jump start this capital plan, this year we are issuing \$45.8 million in general obligation bonds. Again, we are able to do this because we built debt capacity over the last year. For the first time, \$6 million of our bond issuance will go toward demolition of vacant and condemned structures that have a negative impact on the quality of life in our neighborhoods. This is a priority for development because it improves neighborhoods and provides land for our land bank.

In addition, several private developments are underway that are helping to improve our neighborhoods. Allow me to recite a few of the development projects – both public and private – that are underway or will soon be underway:

- The \$120 million mall at Steelyard Commons;
- A \$496 million Heart Center on the Cleveland Clinic Campus, which is part of nearly \$1 billion in investment planned for the region;
- University Hospitals is investing more than \$600 million in the region, including \$212 million for a new Cancer Center, \$42 million for a Center for Emergency Medicine and \$32 million for a neonatal intensive care unit in the City of Cleveland;
- \$4.2 million in the ISG Coke Plant to move its 50 acres into our industrial land bank;
- The more than \$240 million Flats East Bank redevelopment, with housing, entertainment, retail space and a hotel;
- \$250 million Avenue District residential development;
- \$100 million for Battery Park a 300-housing unit project between West 73rd and West 76th Streets;
- The \$187 million VA Hospital that, includes the Mt. Sinai Clinical Skills Center and a 6-story, 260-bed tower in addition to the existing hospital;
- The \$5.3 million Kamm's Corners Streetscape project;

- More than \$12 million in bike trails, including \$1 million for the Forest Hills Parkways Bike Lane; and,
- The \$18 million Gordon Square Arts District that will transform Detroit Avenue from W. 58th to W. 73 into that neighborhood's own "downtown."

We must also be innovative and invest in the infrastructure and technology of the future if Cleveland is going to be able to compete and attract the jobs and the investments of the future.

I am pleased to announce today that Cleveland will move forward with developing a Citywide WI-FI network, potentially the first in Ohio. This network will provide wireless access throughout all 77 square miles of the City and position us for the future. We will increase our broadband penetration, and begin bridging the digital divide that has adversely affected low-income communities. Cleveland will be recognized as a City of technology. We will have an environment that promotes innovation, and we will be able to compete globally.

In addition, the City has the opportunity to rebuild Euclid Avenue as one of the most wired streets in America, and to utilize it as a potential tool of high tech investment. Already, the City, County, and RTA are collaborating to share network infrastructure along the Euclid Corridor. With this partnership, the City will expand our IT footprint, increase capacity to support our public safety communications in the event of an emergency or disaster and improve IT capacity for local businesses and commuters. This technology infrastructure will make wireless networking easy and enhance the overall impact of this major redevelopment project.

In fact, as I've outlined today, between private investment in development projects and the City's capital plan, there will be more than \$3 billion of investment in Cleveland over the next 5 years. \$3 billion worth of investment in Cleveland will create an environment for jobs and further investments, as well as support our base economy and our future economy.

But, Cleveland cannot go it alone. Our fate is tied to the region and the region's fate is tied to Cleveland. In order for us to survive in today's economy – we must be able to compete on a national and international basis.

We can only do that with a regional economy and the City of Cleveland and our regional neighbors have laid that foundation. The main principles are:

- Companies should locate where it is in their best business interest to do so; and,
- We can no longer afford to steal from each other.

We have developed a regional incentive package and revenue sharing agreements. In addition, inter-governmental cooperation is needed to reduce the cost of

operations. Recently, Cleveland City Council passed legislation that would allow us to participate in a joint procurement consortium.

We must now look at how we deliver service and find ways to cooperate to gain efficiency. I have had several conversations with the Mayors & Managers Association of Cuyahoga County on these and other issues and we are making progress.

To further strengthen our regional economy, we are positioning Cleveland Hopkins International Airport for success in the future, regardless of what changes may come to the airline industry. Hopkins is a lifeline of commerce for our entire region, and under Director Smith:

- There are more than \$500 million in improvements planned for Hopkins over the next five years;
- We are poised to compete in the global economy with nonstop service to London and to Paris, starting in the Spring of 2008;
- Hopkins is now focused on generating non-airline revenue and is aggressively marketing the Airport as the airport of choice in this region;
- We are improving the appearance of the airport, and passenger amenities, like taxi service, concessions and parking; and,
- We are working on a master plan for both Hopkins and Burke Lakefront Airport.

By the end of the year, the possibilities for Burke Lakefront Airport will be clear which will allow us to move forward with a complete lakefront plan and identify development opportunities.

Today, I have talked about many important things.

- I have talked about building our regional economy and becoming hi-tech.
- I have talked about \$3 billion in investments and our citywide plan.
- I have talked about improving public safety in our neighborhoods and delivering better service.
- I have talked about increasing efficiency and stabilizing our finances.

But, there is one thing that I have not talked about yet. For those of you who are looking for the silver bullet, it is education. If we accomplish all of what I have outlined today, we will still have failed if we do not create educational excellence.

Education will lead us to a stronger economy, stronger neighborhoods and better quality of life, not only in Cleveland, but also in the region.

In Cleveland, Dr. Sanders is implementing a 5-year plan for improving the Cleveland Municipal School District. His recommendations have my full support and I will continue to bring all of the resources of City Hall to bear to achieve the plan of creating educational excellence for our children, and, to quote Dr. Sanders, “move the district into continuous improvement status and make Cleveland’s school district a premier school district in America.”

Everyone must recognize that the problems of public education are not just Cleveland’s problems. Today, all schools within Cuyahoga County, and beyond, are facing multiple issues that negatively impact student achievement and thus hinder economic growth:

- School funding;
- Closing the achievement gap;
- Access to high quality learning experiences for all students;
- Teacher quality;
- A student population that changes schools frequently; and,
- The level of family and community engagement.

And as the cost of education grows, school districts across the State continue to struggle with how to effectively utilize the limited resources they have. We must change the way we operate now.

I have instructed my Chief of Education Tracy Martin to work with Dr. Sanders and others to form an “Education Cooperative”. The purpose of the “Education Cooperative” is to allow multiple, independent districts to:

- Share resources, information and services;
- Realize cost savings through joint purchasing;
- Direct these savings back to the classroom;
- Support high-quality curriculum throughout the region;
- Produce effective professional development opportunities for teachers and administrators;
- Create a forum to solve problems that all schools face, regardless of where they are located; and,
- To work on ways to connect our numerous colleges and universities in the region with our public education systems.

Through this, we will:

- Improve the education of our children;

- Be more efficient and effective with the resources we currently have;
- Strengthen not only Cleveland, but also the entire region; and,
- Develop an educated population that can compete globally and contribute to the growth of the region; while, at the same time, improving the quality of life in our neighborhoods.

Eleven of our inner ring suburbs have established something similar, but we need to strengthen it and broaden it to include the entire region.

I have outlined the City's progress over the last year and I have laid out my plan for the future of Cleveland and the region:

- **Cleveland's finances are stable.**
- **Cleveland is delivering more and better service for less money.**
- **Cleveland is continuously working to create safe neighborhoods.**
- **Cleveland's Citywide Plan does provide a blueprint for innovation, job creation and quality of life.**
- **There will be \$3 billion of investments over the next 5 years in Cleveland.**
- **Cleveland and the region are working together to build the economy.**
- **And, we are committed to educational excellence for our children.**

All for the purpose of making the vision a reality – to make Cleveland a great City – a City of choice and our region a region of choice; and, in doing so, improving the life of the least of us. I have no other purpose for being mayor.

Cleveland is a great City. Sometimes, this is more often said by those who visit or move to Cleveland than those who live here already.

We all must invest in Cleveland. Invest in our people, economy, schools and quality of life so that Cleveland and our region can grow and prosper. But, just as important, if not more so, invest in Cleveland with your attitude, an attitude of greatness, an attitude of can-do, an attitude of sacrifice where all of us give up a portion of our self-interest to ensure that we are a great City where everyone shares in the fullness of our prosperity.

Thank you.