



CITY OF CLEVELAND
Mayor Frank G. Jackson

**Mayor Frank G. Jackson's Fourth Annual State of the City Address:
It's Our Time:
Bucking National Trends and Building for Tomorrow**

Good afternoon and thank you once again to the City Club of Cleveland for hosting my annual State of the City Address. Thank you, Ms. Roller for the introduction.

I'd like to welcome Council President Martin J. Sweeney, all the members of Cleveland City Council and all elected officials, members of the clergy, the business community, members of my Cabinet, and Cleveland residents. Thank you all for being here.

Cleveland is bucking national trends.

At a time when cities across the country are struggling to fill deficits, Cleveland's budget is balanced.

At a time when banks have tightened credit, Cleveland is providing loans to local businesses.

At a time when urban centers across America are seeing continued disinvestment, Cleveland is investing in its neighborhoods.

At a time when Cities are cutting service, Cleveland is not.

At a time when crime is increasing in many cities, Cleveland's violent crime rate has decreased in two consecutive years.

And when so many cities are struggling to survive this moment, Cleveland is moving confidently towards the future.

The work that I have done over the last three years has prepared us for this moment - a moment of economic uncertainty; a moment of hardship for so many – but also a moment of hope and the opportunity to define Cleveland for decades to come.

Budget

Despite the global economic crisis, Cleveland is a strong city. The City ended 2008 with a balanced budget and we are on track to balance the 2009 budget – without layoffs and without service cuts. This was no accident.

It required a plan for the future and a commitment from all city employees to execute the plan. Every City employee should be credited with helping to balance the budget. And I thank them for their efforts.

When I came to office in January 2006, I requested a five-year budget projection. While we could not predict to a certainty the depth of the current recession or the magnitude of the unprecedented financial failures of 2008, we knew in 2006 that we would need to be vigilant with our budget to weather a weakening economy and to position the City for growth and stability. Temporary remedies were not the solution. Rather, a long-term plan was needed.

My plan over the past three years has been to reduce operating costs; improve service delivery; to increase efficiency and save money; increase the collection of fines, fees and forfeitures owed to the city but that have gone unpaid; and reduce the cost of energy consumption. The savings and revenue created through these efforts resulted in a \$16 million carryover in 2006, \$26 million in 2007 and a \$29 million carryover in 2008. These carryovers were used to fill the gap between rising costs and declining revenue each year.

This year, the City's general fund expenditure will increase about 3.5% from 2008, while revenue will decline 2.4%, creating a \$29 million gap. I was able to fill the budget gap with the \$29 million balance I just mentioned. As a result, we have been able to avoid laying off hundreds of employees and service cuts.

This year, we have budgeted in: a hiring freeze that only allows replacement of critical employees; a mandated 10% reduction in overtime and fuel consumption; restrictions on travel and the purchase of supplies; and a mandated 3% reduction in energy consumption. Without this work, I am convinced that Cleveland's future would be in doubt.

With a balanced budget proposed for 2009, I am already preparing for 2010 and 2011. And there is much work ahead. Long term solvency and a sustainable economic rebirth will require strategic planning and a solid partnership with City Council, residents, non-profits and the business community.

City Hall Reform

Last month, I sought and received approval from Cleveland City Council to hire a consultant to help Cleveland take the next step in the reform of city government. The consultant will review the structure of City departments, divisions and responsibilities; and, provide recommendations to streamline City government, reduce bureaucracy, improve customer service, further reduce operating costs and increase revenue.

By the end of the year, I will introduce a legislative agenda to City Council to accomplish the recommendations. Without this, the City of Cleveland will not be able to maintain a balanced budget in 2010 and beyond. The failure to do this will result in a budget deficit, layoffs, and service reductions. We will lose all the progress we have made and greatly damage quality of life.

Service

Our neighborhoods can and should rival any neighborhood in any city for quality of life and service. I have invested heavily in providing more and better service to the residents and neighborhoods of Cleveland, including efforts to build a citywide curbside recycling program and creating the Clean Cleveland initiative.

The coordination and collaboration between City departments and City employees over the past three years is unprecedented. By working together and working smarter, we have delivered more and better service for less money and improved quality of life.

Quality of Life - Safety

Public Safety is also critical to quality of life. Although there is much more to do, we have come a long way in reducing crime and protecting our citizens. Violent crime has decreased in each of the past two years. In both 2007 and 2008, structural fires claimed fewer lives than any time in recorded history. EMS has upgraded to a wireless transmission of heart attack information from the field to the emergency room to help save lives.

Throughout the past year, we: implemented Operation Focus – a prevention and intervention strategy to help teenagers and young adults; enhanced partnerships with other law enforcement agencies; and, instituted new technology, including Computer Aided Dispatch, Mobile Computing and Automatic Vehicle Locators, for all branches of our safety forces. The Division of Police implemented an improved deployment strategy, created neighborhood patrol zones, and a downtown services unit.

We have seen an overall decrease in response time and more police on the streets. But this is not enough to ensure a high quality of life for all residents.

Quality of Life - Health Care

For the past two years, I have been engaging our partners at our major hospitals, local clinics and support agencies to help address an important quality of life issue – access to health care, which begins with annual check ups, office visits, and prescription coverage. Research shows that patients who receive this type of care are less likely to develop more serious illnesses and it reduces the burden on emergency rooms.

This year, I will expand my efforts to increase access to health care. I am developing a protocol that will encourage residents to use City of Cleveland clinics as a medical home for primary care; extend office hours at our clinics; and allow EMS to transport non-emergency cases to City clinics.

All of this will help address one of the biggest needs we have as a community, but there is more work to be done, particularly in addressing the issue of homelessness.

Quality of Life - Homelessness

Over the past three years, I have worked with the Northeast Ohio Coalition for the Homeless, our Community Development Department, County staff and others to address this. My focus is not solely on providing emergency shelter but on finding ways to offer permanent supportive housing; access to wraparound social services; and, job opportunities.

In Cleveland, we have built 351 units of permanent supportive housing. But it is not enough. Addressing issues like service, safety, health care and homelessness must be matched with significant investment in our neighborhoods.

Quality of Life – Strong Neighborhoods

At Cleveland's core are its 36 neighborhoods. And I am investing in our neighborhoods through our citywide plan and a five-year \$1.5 billion capital improvement program – the CIP. The Citywide plan and the CIP together provide a blueprint for building Cleveland's future through neighborhood redevelopment; quality of life improvements; and, creating opportunities for business growth through infrastructure investment.

This year, work will begin on two new recreation facilities in Collinwood, totaling \$15 million through 2010, as well as a \$5 million renovation of League Park. Next year, Zone Recreation Center will implement its \$2.5 million green space plan and there will be a \$2 million streetscape project for W. 130th street.

The CIP has also funded demolition – the need for which has been fueled by the foreclosure crisis. The city has razed more than 2,300 structures since January 2006. In addition, the private sector demolished more than 900 structures over the past two years. We are revitalizing historic neighborhood districts for retail, arts and entertainment, like the Gordon Square Arts District and the Waterloo Business District.

These are just some of the amenities that will help Cleveland improve quality of life in our neighborhoods; but critical to Cleveland’s future are four infrastructure projects: the Inner Belt Bridge; Opportunity Corridor; the West Shoreway; and, Riverbed Road. I am committed to working with the new Director of ODOT and continuing to work with Lt. Governor Lee Fisher on solidifying the funding for these projects and moving them forward.

Economic Development

We must continue to invest in our neighborhoods, provide service, improve safety and be fiscally responsible in order to move forward; but, as I said last year, Cleveland cannot save its way into prosperity. We have to invest in our regional economy and business growth.

Our gross regional product is approximately \$178 billion. If we, as a region, spend an additional 3% of that in procuring goods and services from regional companies, we would funnel an additional \$5.3 billion back into our economy, support local businesses in these difficult times and create and retain jobs.

To help reach this goal, the City implemented the Cleveland Area Small Business program last year to help local companies become more competitive. We are also installing new tracking software and increasing project monitoring to ensure that more Cleveland area businesses are receiving city contracts. By taking these steps, we are building our capacity to invest in Cleveland businesses and the region’s economy.

And, despite the unavailability of credit to consumers and businesses, the City is making loans and economic development deals. We are helping local businesses expand and are attracting new businesses, like Howard Hanna Realty which announced in January that they are moving their regional headquarters to Downtown Cleveland.

Drawing upon \$30 million of funds identified early in 2008, we pursued an aggressive lending program to insulate Cleveland from the worst impacts of the national credit freeze.

- \$415,000 in City Neighborhood Retail Assistance Program Loans were awarded last year to 22 companies, leveraging more than \$2.7 million in private investment, retaining 324 jobs and creating 72.
- With Working Capital Loans of up to \$200,000, the City helps local companies remain competitive despite the lack of bank lines of credit. This loan allowed The Braden Sutphin Ink Company to take advantage of pricing discounts from its vendors to fill a customer's large order. Without the loan, they may have lost the customer.
- Most banks have reduced their Loan to Value Ratio, and businesses are now required to inject more equity into their projects if they want to use traditional bank loans. To address this, Cleveland has turned to **HUD 108 Funding** which is at an all time low interest rate. The Evergreen Cooperative Laundry, designed by the Cleveland Foundation, is using HUD 108 funds to create jobs and ownership opportunities for local residents.
- With the **Vacant Property Initiative**, forgivable low interest loans help address loan to value issues and costs that do not add to value – such as demolition. Through this program, Olympic Forest Products, which had outgrown its space, has been able to reduce renovation costs at the Musicians Union building on 22nd and Carnegie.
- The **Technology Grant Program** is designed to attract new technology businesses to the City while also helping to reinforce the 'brain gain' in the City. With this grant, Arisdyne, a company that designed a piece of equipment to improve the biodiesel manufacturing process, has selected a site in Cleveland for a new facility, and will add 24 jobs.
- Bellwether Real Estate Capital, a start-up financial services company, outgrew their offices in Seven Hills and Cincinnati. With a **Citywide Business Grant**, they will relocate 9 jobs and create an additional 13 jobs in Downtown Cleveland.
- While the **Flats East Bank** project has been delayed by the current economic conditions, in December 2008 the City partnered with the State and Cuyahoga County to provide additional funds to complete infrastructure work and brownfield remediation, making the site ready for construction.
- The **Industrial Commercial Landbank** is addressing one of Cleveland's greatest needs: "shovel-ready" sites. Take the 54-acre Coke Plant site, for example. Our partner, Arcelor Mittal offered to sell the City the site cleaned to industry standards. The City applied for and received a \$5 million Jobs Ready Site grant from the State to complete the project. It is expected to be ready for sale in 2011 and should allow us to attract more than 300 jobs to the site.

As you can see, Cleveland is meeting the challenging economic times head on with an aggressive economic development strategy. Cleveland is open for business and is

making loans, even when lenders are not. In normal times, what has been done would be sufficient; but in the times we are in, it is not.

Regional Economy

Creating a regional economy is more important now than ever before. Having a regional development strategy is imperative to our success and will position us for the future. The strategy must: build on the joint marketing efforts that have already begun; and, include common incentives, revenue sharing, job training to match demand for skills, and common tax policies.

Cleveland and the region have tremendous strengths that can and should be marketed. Our healthcare industry, for example, employs tens of thousands of people and procures billions of dollars in goods and services. The Medical Mart along with a new convention center is an investment in this strength.

The remaining questions surrounding this project must be resolved soon so that we can move forward. I am committed to working with the Cuyahoga County Commissioners, Cleveland City Council, Merchandise Mart Properties, Inc., Positively Cleveland and the Greater Cleveland Partnership to ensure that we have a high quality, state of the art medical mart and convention center that will help create jobs, support the hospitality industry; and, further strengthen our region's health care industry.

Another strength is Cleveland's location –the best in the nation. Our location, along with a quality transportation network of road, rail, water and air, makes Cleveland a gateway for trade and the transportation network is a lifeline to commerce, accommodating the flow of goods to the Midwest and southern Canada.

Since taking office, I have worked to build on this strength with the Cleveland Airport System. Both Cleveland Hopkins International Airport and Burke Lakefront Airport are in the midst of master planning projects. Economic development projects are being planned for the land surrounding both airports to help attract investment, create jobs and continue to create demand for air service.

The same holds true for the Port of Cleveland with plans to increase capacity for maritime trade.

All of this will help position our region in the international economy.

In April of last year, I traveled to Costa Rica to meet with trade officials, business owners and President Oscar Arias to invite them to use Cleveland as a port of entry for their goods. In November, a contingent of Costa Rican business leaders visited Cleveland. Last month, I met with Dr. Monica Araya, the head of the Costa Rican Chamber of Commerce, to continue our discussions.

I've also traveled to France, Germany and Belgium. While in Brussels, I met with representatives of the European Union's small business organization. The SME Union is a business advocacy group of over 300,000 small and medium-sized businesses throughout Europe. Joining us today representing the SME Union is: Dimitar Ivanov who will staff the SME Union's new North American Headquarters in Cleveland.

Having this office means that Cleveland will be the first point of contact many European businesses will have with the United States. It will help Ohio companies create a direct link to European markets; and, we will have quick access to European political leaders and captains of industry.

These international development efforts are the result of collaboration between: the City, the County, the State, the Cleveland Foundation, and it's Director of International Relations, Jorge Delgado; Team NEO, the Honorary Consular Corps, and the Greater Cleveland Partnership, which has agreed to host the new SME Union office.

This regional partnership is vital in making it easier to do business in Cleveland and the region, and in easing concerns about interacting with multiple government agencies.

Regional economic cooperation will continue to be a priority for my Administration; but, as a region, we must move forward on practical regionalism that will allow local governments to: maximize our dollars through regional procurement; reduce redundancies in service; develop new regional tax policies; build on the 18 joint economic development agreements we've signed; and, achieve a higher-level of inter-governmental cooperation.

If the public and private sectors come together as a region, Cleveland and the region will survive this economic downturn, and be better positioned for the future. And for our region – the future is green.

We have the natural resources, infrastructure and expertise to become a leader in advanced manufacturing, renewable energy, green building and to create a green economy. My Office of Sustainability and several local organizations, including Entrepreneurs for Sustainability, the Corporate Sustainability Network, Green City Blue Lake Institute and the Great Lakes Institute for Energy Innovation, have set the stage for Cleveland and the region to become a powerhouse for green industries.

The City is investing in new technology that will create a new energy source for Cleveland Public Power. The Municipal Solid Waste to Energy initiative will convert solid waste into electricity using gasification. Recyclable materials will be sorted, bundled and sold for maximum value. The benefits are threefold:

- We'll reduce the amount of waste sent to the landfill;
- We'll reduce CPP's reliance on coal; and,
- We'll obtain maximum returns for recycled goods.

In partnership with Cuyahoga County, we are working to make Cleveland a leader in wind power generation – on and off shore. By doing so, we will harness the power of the wind for energy and build an industry around it, capitalizing on the work already done in this field by regional companies.

These are only two examples of the groundwork that is being laid for our green economy. But it is not enough. We have to have a strategic plan.

In August, I will host a three-day summit, bringing together everyone from CEOs to students to create an action plan for building a green economy for Cleveland's future. Last month, I brought together 40 people from across the Cleveland area and across disciplines to help design the agenda for the summit. This summit will be facilitated by Dr. David Cooperrider of the Center for Business as an Agent of World Benefit at Case Western Reserve University. Our goal is to create: an action plan for economic sustainability that will support business growth; protect the environment; and, create opportunities for individuals to prosper.

Positioning our region for the future and creating opportunities for people to gain access to prosperity will be the measurement of our success. This will require us to train our residents for the jobs of the future – jobs that will be created by a green economy.

The current economic crisis has resulted in high unemployment in the region; and, at the same time, jobs are going unfilled because we do not have a workforce trained for the jobs that are available. The Cleveland/Cuyahoga County Workforce Development System is helping people gain access to the training and education they need to be competitive now and in the future.

The same can be done for graduates of our school system.

Last summer, I established the Cleveland Public Power Apprenticeship program to help train Cleveland school graduates for a career as electricians. 10 students are continuing their apprenticeships and, less than a year out of high school, are making more than \$40,000 per year and are on a career path before the age of 20.

Young people cannot be successful in life without a career path. For some, programs like this one at CPP will be the right thing. For others, going to college will put them on the right path. The Cleveland Scholarships for Education and Training I began in 2008 sent almost 500 Cleveland school students to Cuyahoga Community College for free this year, taking away the barrier of lack of money for tuition.

Thank you to Dr. Jerry Sue Thornton, her staff, CMSD staff and my staff - Monyka Price and Valarie McCall for their hard work in making this happen. And, most importantly to the donors who provided the funding for these scholarships:

- The City of Cleveland and its employees;
- The Cleveland/Cuyahoga County Workforce Investment Board;
- The Cleveland Clinic;
- Cuyahoga Community College Foundation;
- Fisher-Yan Family Foundation;
- Stephanie Huffman;
- Huntington Bank;
- KeyCorp;
- Ozanne Construction Company, Inc.;
- Parker Hannifin Corporation; and,
- The Partnership for a Safer Cleveland.

Education

With these two programs, we are having some success in creating opportunities for our young adults. However, education, particularly K-12 education, must continue to be a priority.

Over the past three years, the Cleveland Metropolitan School District has had some successes and some failures. Dr. Sanders and I are disappointed that we are not farther down the road to providing high quality education to all children. However, I am confident that we are on the right road and moving in the right direction – as demonstrated by the success of some of our model schools:

- John Hay High School, STEM Academy and Design Lab are becoming regional magnet schools;
- Riverside Elementary and the Early Childhood Development Center received “excellent” ratings from the State;
- Our four single gender schools have a 94% parental satisfaction rate; and,
- The Ginn Academy promoted every ninth-grader to the 10th grade last year.

But there is much more to be done to ensure our children are able to compete globally. Innovative strategies that are in place and already working for some of our schools must become routine in all schools throughout the district, so that every child has the same opportunity.

What will help in this effort are:

- Longer academic days;
- Longer school years;
- Increased professional development for teachers;
- Enhanced services for children with special needs, like those created by lead poisoning;
- An assessment of every child to identify at risk and gifted children, so they can be properly assigned to maximize their potential; and,
- Curricula and standards tailored to 21st century demands.

This type of innovation has been recognized by Governor Strickland who will invest in Cleveland as we become the first district to adopt the education initiatives he outlined in January.

The private sector is investing in education as well. Our new corporate partner in Cleveland – PNC – launched *Grow Up Great* this morning for Cuyahoga County. Thank you to Chairman and CEO Jim Rohr for coming to Cleveland today to kick off this program. It is a comprehensive corporate-based school readiness program with a focus on arts, science and math for pre-school children.

Programs like this will help us improve education, but we need to do more. The entire region must invest in the education of children. We cannot continue to go our separate ways and say everyone can fend for himself or herself.

Education is a regional concern and should be approached in the same way, with the same vigor as a regional economy. Every student in every district should learn at the same pace and perform at the same high level. It is important to create:

- Regional funding for education;
- A regional procurement process and collective bargaining agreements; and,
- Regional performance standards and regional curriculum standards.

These changes will help our children: learn better, compete better, and reduce the cost of providing education in the region.

Conclusion

As you can see, Cleveland has accepted the challenges, ran to the fight and we are holding our own. As you can also see, there's a lot more work to be done because we're never satisfied.

The face of misery and suffering has changed as more and more people and families are unemployed, in some form of homelessness and visiting food pantries. They are confused with a sense of helplessness they have never experienced before. They are worried about the future and the world their children will inherit.

They are looking to us as leaders, whether political leaders, business leaders, religious leaders, philanthropic leaders or the media, to give them direction and to protect them. At the same time, they are leery and cautious because we have let them down in the past.

The things I've mentioned today are things that must be done; but, as I will always tell you, whatever I do as mayor – whatever we do as a community – it is never enough. There is still more to do.

And what we do must be done for a purpose. It must be done for a purpose that does not look at personal gain or personal interests. It has to be done for a purpose that's larger, much larger than we are as individuals.

If we are truly to be a great city and a great region in a way that sets us apart and above the rest, it will be by what we do for the least of us, not in terms of just providing for those who are needy; but, also in allowing everyone to participate in the prosperity and the quality of life that we work to create.

Cleveland has demonstrated its greatness in the past. It has demonstrated its greatness through its tenacity; its willingness to fight; its willingness to meet challenges; and, its ability to overcome those challenges.

And we have demonstrated our greatness through our great generosity.

All things that I mentioned to you today are the reasons why I sought to be mayor. I have no other agenda. These are the reasons why I sought to be mayor and it is why I serve.

We have a great opportunity in this city and region in these very difficult times to set the direction for this city and this region for the future in a way that will guarantee the wellbeing and the prosperity of all of our citizens, improve their quality of life and create investment opportunities for our businesses.

We have a great opportunity. I hope we don't waste it.