



CITY OF CLEVELAND
Mayor Frank G. Jackson

2008 State of the City Address
Thursday, February 28, 2008
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Confronting our Reality Head On: Turning Challenges into Opportunities

Good afternoon. I want to begin by thanking the City Club of Cleveland for hosting, once again, this year's State of the City address. Thank you, Ms. Friedman, for your introduction. I would 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.

With two years behind me as Mayor, much has been accomplished. We still have a ways to go, but we are moving in the right direction. We have made significant strides.

I want to start this year by saying thank you for being Cleveland, because our success would not have happened without you. It has been my life's experience – growing up in Cleveland – that life is not always easy. At every intersection, there are challenges to face and choices to be made. What is done at that time will determine the future. It is how we confront and deal with the challenges that matters.

Cleveland is a town that accepts challenges. Cleveland is a town that runs to the fight, rather than away from it. Cleveland is tenacious.

In the last 24 months as your Mayor, I have faced challenges head on and as a result, today I will be able to outline a number of significant accomplishments.

Each year, I identify the same five areas to discuss so you can measure Cleveland's and my progress. They are:

- Improving the City's finances and increasing the efficiency of our operations;
- Creating an attractive investment environment;
- Strengthening our regional economy;
- Improving public safety; and,
- Improving the education and opportunities that we give our young people.

Finances and Operations

As always, I start with the City's finances. Like all of you business and homeowners, our costs continue to increase. In 2008, general fund expenditures for Cleveland are estimated at just over \$531 million while actual expenditures for 2007 were just over \$511 million. At the same time, overall revenue is projected to decrease 2.2 percent from just over \$516 million in 2007 to just over \$505 million in 2008. This is one of the challenges we face.

We are prepared to meet the challenge because of the work that has been done in the last 24 months. Through operation efficiencies, an increase in revenue in a couple areas last year and cost saving measures that I implemented, I was able to carry forward \$26 million dollars and balance the 2008 budget. I will continue to closely control and monitor expenditures throughout the year and continue to find ways to reduce costs while providing more and better service.

A large part of our success in increasing service while decreasing cost is due to the measurable accomplishments of the Operations Efficiency Task Force. I created the task force in 2006. The task force has now completed its second phase of analysis. City staff has implemented several new procedures that are reducing our costs, increasing revenue and improving service.

Here are some examples of the impact of Operations Efficiency:

- Parks, Recreation and Properties staff reduced fuel consumption by 10 percent;
- In 2007, demolitions increased by more than 400 percent, allowing us to tear down nearly 1,000 structures;
- Vacant and abandoned property clean up increased nearly 78 percent in the last two years;
- Residential streets were swept six times in 2007 – a 100 percent increase over 2006. In 2005, they weren't swept at all;
- Our Health Department increased customer satisfaction with Vital Statistics by 10 percent and increased health promotion outreach by 15 percent;
- Revenue for Commercial Waste Collection increased 15 percent; and,
- New recommendations, coming from last year's Assessments & Licenses action team, will help us collect an additional \$1.5 million this year.

These are just some of the improvements we made in 2007 through innovation, using new technology and by implementing new ways to do business, again, while carrying over \$26 million dollars of savings. I would like to thank the partners – both from within City Hall and from outside City Hall who have made this possible:

- Chief Operating Officer Darnell Brown, the Project Management Office and the Operations Efficiency Council; and,
- The 401 volunteers who donated approximately 12,600 hours.

An Attractive Investment Environment

We have improved our finances and operations over the last 24 months. However, if we are to truly prosper, we have to grow our local economy – by buying locally and investing locally. Our challenge is to do this in a time when the nation’s overall economy is slowing down and some predict a recession.

We can meet this challenge by providing job and business opportunities through self-help. By self-help, I mean that the City of Cleveland, our businesses, and you invest in the local economy.

I am asking both the public and private sectors together to invest an additional \$2 billion into our local economy. No matter what the economic challenges are, we spend money just to maintain our operations, even if there is zero growth. \$2 billion additional dollars invested in our local economy will create jobs and expansion opportunities.

One example of this kind of investment is the Medical Mart: We have taxed ourselves in order to make this investment. The local medical community supports the project. I look forward to making the Medical Mart a reality.

At City Hall, we have invested significant resources in creating ways to drive investment in our local economy. In 2007, the Department of Economic Development approved \$22 million in economic development deals that will help retain 2,791 jobs and create a projected 1,965 jobs.

In addition, the City’s Office of Equal Opportunity recently presented to Cleveland City Council a new program for Cleveland Area Small Businesses and Council approved the program. This small business program will support our local economy by encouraging prime contracting with local companies and by requiring City contracts for construction, goods, and services to subcontract with small, locally owned businesses. Thank you to Cleveland City Council and, especially Councilwoman Fannie Lewis, for their support and investment in Cleveland by approving this new program.

As the City invests in its own economy, I have reached out to local businesses to encourage them to invest in our economy as well. One result of this is the commitment of University Hospitals to local procurement for its \$730 million construction project. The hospital’s goal is to buy 80 percent of its construction, equipment, furnishings, and fixtures and labor locally. That means more than \$580 million will be spent in our local economy rather than going somewhere else.

UH has also committed through a project labor agreement to:

- Voluntarily comply with the City's minority and female business laws;
- Hire a minimum of 20 percent Clevelanders on construction sites;
- Create joint venturing opportunities so that small local contractors can participate; and,
- Hire graduates from the Max Hayes High School construction trade program.

This model can be replicated throughout the region. It would have never happened without the commitment and the leadership of University Hospitals, the trade unions, contractors association, and school district.

As more local businesses commit to buying locally, the stronger our region will become. Also, I would like to say thank you to a number of local companies who have recently announced their intention to stay in Cleveland and are investing in Cleveland:

- National City Bank invested \$58 million in an expansion of its Operations Center on W. 150th Street, where about 2,000 people work;
- KeyCorp recently announced it will keep 1,000 office personnel in downtown Cleveland in the Higbee Building;
- Tucker, Ellis & West announced that it will stay in Cleveland as a tenant in the first new office building downtown in nearly 20 years;
- Human Arc, a Cleveland company that supports the health care industry, with the City's help chose to stay in Cleveland – keeping 220 employees in the City; and,
- Ernst & Young, Eaton Corp. and other major downtown corporations are considering moves in the near future and have had substantive conversations with my Administration about staying in downtown Cleveland.

The importance of these companies staying in Cleveland goes beyond keeping jobs here. It is also the dollars invested in new buildings and rehabilitating old ones, creating construction jobs and contracts for services. It is the investment in Cleveland that shows confidence that Cleveland is a great place to be.

Strengthening Our Regional Economy

Again, Cleveland cannot go it alone. Since taking office in January 2006, I have worked with my fellow mayors in cities across the region and Cleveland City Council to develop and adopt a framework for our regional economy.

We have been successful. Fourteen cities have signed water service agreements, allowing the Cleveland Division of Water to take over the water mains in their

communities. In return, we have signed joint economic development agreements that prevent the poaching of businesses from each other and allow us to share tax revenue.

We have also finalized a revenue sharing agreement with Avon. Mayor Jay Williams of Youngstown and I have worked out a joint economic development agreement which Youngstown City Council has passed and I am asking Cleveland City Council to introduce on March 10 at their next meeting. Mayor Currin of Hudson is working on a study to share revenue from economic growth.

Cleveland and the Cleveland region are great places for investing. Cleveland Plus reports that our gross regional product is \$170 billion. We have more than 160,000 businesses and two million workers.

One reason for this is our great transportation infrastructure. Transportation modes are the lifelines to global commerce and are regional economic engines. Several decisions and actions I have taken have strengthened our transportation infrastructure and have made us more competitive.

Last year, I said that I would position Cleveland Hopkins International Airport for success in the future. My investment in Hopkins is already providing a return:

- In 2007, Cleveland Hopkins was the airport in Ohio with the highest customer satisfaction;
- A new terminal advertising program surpassed initial revenue projections in just three months;
- Last year, nearly 11,500,000 passengers used Hopkins – an increase of more than 138,000 from 2006.
- In September, I, along with Continental Airlines and Gov. Ted Strickland, announced that Continental plans to grow capacity at Hopkins by 40 percent over a two-year period, creating an estimated 700 Ohio jobs.

In addition, after years of uncertainty surrounding the future of Burke Lakefront Airport, I decided to keep the airport open, enhance general aviation service, and create development opportunities around Burke. Encore Aviation Services, a world-class leader in corporate and general aviation, has recently committed to major investments and development at Burke.

We also recently awarded a ten-year food and retail contract to BAA USA. This new contract is expected to double sales at Hopkins to \$620 million over 10 years; double the number of concessions jobs; and, double the current participation rate of local and minority-owned companies to at least 30 percent.

By expanding the economic impact of our airports, improving customer service, and increasing non-airline revenue at both Cleveland Hopkins and Burke, we are creating opportunities to grow the region. These actions, combined with the progress being made to expand maritime capacity at the Port of Cleveland, will transform Cleveland and the region into the world's gateway to the Midwest.

In December, the results of a Port study were announced, identifying a potential new location for the Port. I support this location because it will help expand maritime capacity, grow the region's long-term shipping capability, and help us tap into new markets. By air, water, rail and roads, Cleveland and the region is becoming a significant transportation hub that again, will allow us to compete to become the world's gateway to the Midwest.

I am investing in not only our economic engines but also the neighborhoods of Cleveland. These investments will rebuild each neighborhood based on the Citywide plan even as we face the challenge of the foreclosure crisis. My five-year capital plan, a direct \$1.5 billion investment in Cleveland, is one of our tools to get this job done. Because of the City of Cleveland's commitment to buying locally, this is \$1.5 billion that will be invested in the local economy.

The five-year capital improvement program will provide:

- A minimum of \$15 million in the next five years for targeted demolition;
- More than \$48 million in quality of life investments on bike trails, streetscapes and a river walk;
- More than \$37 million in recreation, including playgrounds, parks and new recreation centers;
- \$43.5 million on technology, facility improvements and equipment to help improve public safety; and,
- Nearly \$441 million for road and bridge repair;

These are but a few of the investments that we are making over the next five years in our neighborhoods.

Improving Public Safety

Another area I am investing in is public safety. This is a challenge that I am meeting head on. In 2007, Cleveland faced a 14.53 percent rise in homicides. However, overall, violent crime was down in Cleveland by 7.1 percent. I would like to thank Public Safety Director Martin Flask, Police Chief Michael McGrath and all of our police officers for their hard work over the last 24 months.

In January, I announced they would be working even harder, with a more aggressive and intense effort to combat street crime in Cleveland. I was able to do so because decisions made over the last 24 months.

When I first took office, police deployment and strategy were lacking. The City and the Division of Police were still recovering from the layoffs of 2004. There were no police academy classes or police entrance exams for six years. In addition, the City's police force has been shrinking due to retirement.

Last year – we faced this challenge head on. We graduated the first police cadet class in six years. We administered the first police entrance exam in six years. This year we are continuing with a police class of 64 cadets that will graduate in April; and, three days ago, another new class of 50 cadets began their training. They will graduate in August and we anticipate another class starting this fall. My goal is to achieve and maintain strength of 1,645 police officers, an increase of 30 officers over last year.

The Division of Police will continue to deploy personnel and resources to maximize our ability to combat crime, not only for Cleveland but also for the entire region because crime is a regional problem.

We have developed key partnerships with other local, state, and federal law enforcement agencies. As a member of the Department of Justice's Six Cities Initiative, we have worked closely over the last two years with US District Attorney Greg White. This partnership also includes, among others: the ATF; the Sheriff's Office; the US Marshall Service; the DEA Task Force; the North Coast Narcotics Violent Gang Task Force; and, the Northern Ohio Violent Fugitive Task Force. This partnership has brought more than 200 federal indictments surrounding the organized crime of guns and drugs.

In early January, I announced some of the next steps we are taking to improve public safety in Cleveland. The Chief of Police is establishing a Gang Impact Squad to address violent gang activity in the City. The officers will be in place next week. Chief McGrath will work with the ATF to ensure that all firearms seized by Cleveland Police are traced.

Last year, Chief McGrath deployed 146 gun suppression events in our neighborhoods, seizing 102 guns and arresting 265 individuals during 146 deployments. This year, the Chief is expanding the gun suppression initiative – with more than 300 gun suppression events planned. So far this year, we have taken 26 guns off our city streets and arrested 133 people as a result of gun suppression events. In total, nearly 1000 guns were seized in 2007 and a gun buy back in November gave us an additional 423 guns.

Another strategy started in January is the "Neighborhood Safety Initiative". To date, the neighborhood safety initiatives has resulted in: 232 felony drug arrests; 16 concealed carry arrests; more than 200 other felony and misdemeanor arrests for prostitution, auto theft and other crimes; more than 250 citations for things like loud music and littering; more than 4,300 traffic violations were issued; and,

eight guns and nearly \$100,000 has been seized. In addition, the Police issued parking violations, liquor violations and curfew violations.

Two weeks ago, 32 adults and juveniles were indicted after a yearlong investigation. This was a targeted effort to reduce violence in the Lenacrave neighborhood on the southeast side of Cleveland. As you can see, the Police are on the job and if you commit a crime in Cleveland, we are going to get you. We are pursuing every legal and law enforcement option we have to make our neighborhoods safer and to reverse the negative perception of safety in the City of Cleveland and the region.

Education and Opportunities

Equally as important, if not more important, is the work we are doing to prevent crime. The past two summers, I have put 4,000 young people to work through our One Voice Zero Tolerance Initiative. I put in place the City of Cleveland's Youth Development Program. One hundred ten high school juniors are participating and hold jobs at Cleveland Recreation centers. They provide tutorial services and they participate in workshops to improve life skills such as interviewing, public speaking, resume writing and budget management.

This year, Community Relations Director Blaine Griffin will implement a prevention and intervention strategy in Cleveland. This program – Operation Focus – will combine law enforcement, social services, and mentoring to stop violence and crime in our neighborhoods as well as to offer alternatives for those ready to turn away from a life of violence and crime. The partnership will include the Community Relations Board, Cleveland Division of Police, Cleveland Municipal School District Police, the Juvenile Court and community organizations.

Crime is a symptom of a greater social and economic ill. This challenge is also being met head on. One of the most important tools we have to attack the ill is education. Education provides alternatives to drugs and organized crime. Education will improve individual quality of life and create career opportunities. Education improves a community's quality of life as young people gain the skills they need to navigate society and compete in the global economy.

Education in Cleveland has had its challenges and victories over the last year. One of the biggest challenges last year happened on October 10 when a young man opened fire in SuccessTech, injuring four and killing himself. I want to thank the school administration and teachers, Cleveland police and all who responded immediately to this crisis and helped to reopen the school so that our students could continue their education. In addition, there have been other incidents of violence and assaults on teachers.

Recognizing the challenge, the Cleveland Metropolitan School District is working to improve safety in our schools. CMSD hired a new police chief – Lester Fultz, a former Cleveland Deputy Chief of Police. He has a strong working relationship with Cleveland Police; he knows this city and has a passion for helping young people. Metal detectors are currently being installed in our schools. My Chief of Education Monyka Price and Special Assistant for Public Affairs Natoya Walker are working with the school district, local service providers and a consultant to create a strong safety net for our children – so that we can identify the risks early, address them and ultimately, help every child.

In spite of the concern of safety in our schools, I have complete confidence in CEO Dr. Eugene Sanders and his plan to make CMSD a premier school district. A very important victory from the past year is that Dr. Sanders, his staff and students were successful in moving up in the state rankings to “Continuous Improvement Status.” Uniforms and dress codes have been implemented at all Cleveland schools. The district dramatically improved its most recent state audit performance. The audit found that the district managed its \$1 billion budget well and kept perfect attendance records.

Single gender academies are now open and a new Science, Technology, Engineering, and Mathematics high school will open this fall thanks to a \$600,000 grant from the State of Ohio for start-up expenses. This school will become a regional magnet school – providing top-quality education and experiences to Cleveland and suburban students. In 2007, 55 percent of seniors graduated – the highest percentage since 1995. This year, we are working towards a goal of 60 percent. Each year, we will be working to increase graduation rates.

I look forward to continue working with Dr. Sanders, Chairman Robert Heard and all members of the Board of Education as they move forward with their five-year strategic plan. Our goal is to provide every child with an excellent education and opportunities to succeed. We are well on our way.

Conclusion

In closing, yes, we are moving in the right direction. We have made significant strides, but we still have a way to go. There will always be one more challenge to face. In spite of the challenges we faced in the last year:

- The City’s budget is balanced;
- We are more efficient and our costs are under control;
- We will increase revenue through self-help and investing in our own economy;
- Regional cooperation and a regional economy are forming;

- We have a strategic plan for safety through proper and planned use of resources and personnel; and,
- The Cleveland public schools have made significant strides.

But all of this is yesterday's news. It is time to step it up a little more – to face the challenges that are ahead – to accept the challenges – to engage the challenges. When we do, we will win, because Cleveland has the tenacity to overcome.