



**CITY OF CLEVELAND**  
Mayor Frank G. Jackson

January 30, 2009

To the Cleveland City Council and Citizens of Cleveland:

The City of Cleveland, like many American cities, is currently facing fiscal challenges as a result of the national and global economic crisis. The magnitude of the unprecedented financial failures of 2008 and the subsequent ripple effect throughout the economy baffled regulators, economists and policymakers throughout the world. Our fiscal vigilance from 2006 to the present certainly did not anticipate the depth of the current recession but has successfully positioned the City of Cleveland to not only weather immediate fiscal decline but positioned the City for future growth and stability.

The strategic implementation of the five year budget projections to manage the City's finances, Operations Efficiency Task Force and Clean Cleveland have resulted in significant reductions in operating costs and a balanced budget for 2009 without reducing personnel or cutting city services. We are not out of the woods. The many unknown variables require that stringent fiscal controls and mandated energy conservation be the platform for the 2009 operating budget. The Budget Management Strategy for fiscal 2009 includes but is not limited to the following:

- Hiring freeze that only allows replacement of critical employees;
- A mandated 10% reduction in both overtime and fuel consumption citywide;
- Restricted travel and material and supply purchases;
- A mandated 3% reduction in energy consumption; and,
- Funding for only contract negotiated salary increases in 2009.

As required by the provisions of Section 38 of the Charter of the City of Cleveland, I transmit the estimate of receipts and expenditures for all departments and divisions of the City for the year 2009:

- General Fund expenditures are estimated at \$541,501,686 compared to \$523,046,301 actual in 2008. This 3.5% increase in expenditures is primarily due to negotiated salaries and wage driven benefits such as hospitalization and pension contributions; and,
- General Fund revenues are projected to decrease from \$524,676,358 actual in 2008 to projected \$512,095,696 in 2009. This 2.4% decrease assumes no increase in income tax collections for fiscal 2009, a 6% decrease in Local Government Fund, significant decrease in interest earnings and grant recovery citywide. Modest declines anticipated in other sources.

The projected gap will be funded by carrying over more than \$29 million in savings from reduced operating costs from 2006 to the present. The 2009 operating budget supports the following:

- Two police cadet classes and an entry level test with the goal of achieving and maintaining a budgeted strength of 1,645 officers;
- One fire cadet class and an entry level test with the goal of maintaining efficient fire operations on a balanced schedule;
- EMS operations and House of Corrections at current strength;
- Operation Clean Cleveland's focus on eliminating blight through maintenance, demolition or rehab of vacant and abandoned properties; and,
- Maintenance of the level of city services that include public safety, waste collection, street resurfacing, snow removal and recreation facilities that ensure enhanced quality of life for the citizens of the City of Cleveland.

We recognize that the projections for national economic recovery are dire, long ranged and dependent on federal intervention. The outlook for 2010 is not encouraging and will require yet more stringent measures.

While I am engaged in the possibilities of all State and Federal stimulus initiatives that may benefit the City of Cleveland and the region, I continue to be steadfast in my mission to stimulate our local economy. Through the Department of Economic Development, we have invested over \$13 million in Cleveland businesses in order to retain and create new jobs in the City. We continue to promote Cleveland as the world's gateway to the Midwest through our airport administration, Cleveland Hopkins International and Burke Lakefront, and are engaged in the repositioning of Cleveland's lakefront port as a means to attract international investment. In anticipation of the success of our efforts, we are developing a locally trained workforce through Workforce Development that will attract and maintain new companies in our region.

We have had our successes and disappointments and much work is ahead of us. I acknowledge and appreciate the partnership that has supported the City's competitive edge and look forward to our continued growth and development throughout the region.

Sincerely,



Frank G. Jackson, Mayor  
City of Cleveland