



CITY OF CLEVELAND
Mayor Frank G. Jackson

6th Annual State of the City Address
**Brave New Cleveland:
Restructuring, Reimagining and Rebuilding
Cleveland for the Future**

Mayor Frank G. Jackson
March 3, 2011

Good afternoon. Thank you to the City Club of Cleveland for presenting my annual speech and welcome to Public Auditorium.

Governor Kasich, County Executive FitzGerald, Council President Sweeney, members of Council and all elected officials, members of my cabinet, clergy and our community – thank you for joining me today.

For the past five years, at my State of the City, I have delivered a report card for the City of Cleveland so that you can understand where we have been and what we have accomplished. And while I will update you today on some of our successes and challenges, I will also share with you my sense of urgency and define our need to make the decisions necessary to ensure a successful, prosperous and resilient future for Cleveland and the region.

Eric Hoffer, an American novelist, once said: “In times of change, learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists.”

We live in a time of sweeping and constant change. The swing of the pendulum measuring change – whether economic, social or political – is more radical, more extreme and more rapid than before. Decisions being made today that would have set our policy and direction for years to come, now may only last a few months. This doesn’t mean that they are bad decisions. It simply means that our environment is changing so rapidly that our decisions may not have the longevity to which we are accustomed.

We as leaders – in government, business and community – must be more fluid and examine our direction daily. If we fail to do that, we will be left behind – as Hoffer said – in a world that doesn’t exist. Those who fail to adapt to the new ways of doing business will become inefficient and dysfunctional in a short period of time.

As I have discussed in my previous speeches, I began my tenure as mayor with the intent to be ahead of the game – to change how the City of Cleveland operated, to create efficiencies, to create the ability for the City to change as times change and to position us for the future. This direction, and the ability to align with change, is more clearly relevant now than it was five years ago.

Today, the City of Cleveland is in a state of constant restructuring of operations. We revise policies to ensure they are correct for the times we are in and we reconsider decisions to ensure they are still relevant. This includes our financial management, service delivery, neighborhood investments, economic development, public safety and education. This is a daily endeavor – because the times are changing that rapidly.

Managing Finances

Perhaps the most obvious display of rapid change over the past couple of years is the global economy. The economic environment is drastically different than it was a few short years ago. Cleveland has weathered these changes better than many cities because of budget management. Our goal is to have annual expenses at or below annual revenue. We are not there yet, but we will get there.

By utilizing five-year forecasts, we saw the need to change how we operated, save money and reduce costs long before the financial crisis of 2009 hit. The key here is not only that we recognized the need for change, but that we did change.

We began restructuring in 2006 and have survived the economic crisis with minimal layoffs and service cuts, but the challenge is far from over.

Cleveland faced a projected budget deficit of \$28 million for 2011. However, we presented a balanced budget to Cleveland City Council, primarily by increasing employee contributions to health care premiums, not increasing wages and using some one-time revenue.

The use of one-time money is not the best practice nor is it sustainable. However, it was necessary this year to balance the budget, in part because of projected reductions in State revenue. Ohio's projected budget deficit of at least \$8 billion and the proposed elimination of the estate tax will result in less funding to local governments. The only question is how much.

This is the environment in which we are operating: an uncertain, ever-shifting financial landscape that can only be successfully navigated by focusing on it daily.

Improving Service Delivery

Despite uncertain times, one thing must remain certain for the City of Cleveland: delivery of high quality service. Since 2006, the City of Cleveland has focused on being more efficient. Our model is to do more with less. In 2006, we launched Operations Efficiency Task Force Phases I and II. This effort was successful and the real savings helped carry us from 2006 through 2010. These savings, however, disappeared with the recession that began in 2008 and was in full swing throughout 2009.

Recognizing the need for deeper restructuring and new revenue opportunities, I commissioned a management efficiency study in 2009 that produced more than 175 recommendations.

A number of recommendations from that study have been implemented, including the consolidation of two major departments. With this restructuring, we are able to more efficiently deploy personnel and equipment; deliver better service; create more accountability; and, reduce redundancy.

The new structure also better positions Cleveland to collaborate with cities throughout the County for service delivery.

We have the infrastructure, equipment and personnel to provide services beyond our borders. I predict that we can provide City services more efficiently and for less money than smaller cities or private contractors can. This will help the region reduce redundancies in service and realize cost savings. To do this however, we need to change Ohio law governing how cities can provide service.

Last year, I asked the State to pass such legislation. And while it faced hurdles last year, I believe that the new economic and political landscape in Ohio makes it more likely for the bill to pass, clearing the way for cities to build regional cooperation and reduce the cost of operating government.

Cleveland is also well-positioned to expand its services beyond its borders because of our experience in providing regional service delivery through the Cleveland Airport System and the Cleveland Division of Water. Both are regional assets owned and operated by the City of Cleveland.

Cleveland Water provides an outstanding product at a reasonable price. Our physical plant is state-of-the-art and our ability to respond to emergencies is excellent. However, public confidence in the Division of Water has eroded because we have failed to provide the quality customer service our customers deserve.

We have made significant progress in improving customer service and reaching benchmarks by implementing new technology but we have not gone far enough fast enough. The changes in technology were not matched by the necessary changes in the culture of the Division.

Therefore, Councilman Kevin Kelley and I introduced legislation for passage on January 31, authorizing the City to hire a turnaround firm to assist us in driving the change needed at the Department of Public Utilities, chiefly in the Division of Water. By having an external entity review our operations, make recommendations and guide our progress, I am confident we will achieve our goal of making the Division of Water a customer-service focused business, solidifying its position as one of Cleveland's greatest assets.

Revitalizing Neighborhoods

Cleveland has many great assets – including our neighborhoods, where we and the private sector have been making investments based on each neighborhood’s needs and unique assets.

The \$200 million Uptown Development is creating new vibrancy in University Circle. This year, we will see the completion of both the Kamm’s Corner streetscape and the \$10 million green-built Collinwood Recreation Center. Improvements will continue at the West Side Market in Ohio City and, we will see the first phase of redevelopment of the historic League Park in Hough.

These projects and more are creating green space and revitalizing retail districts. Urban gardens and improved bike and pedestrian access support our growing sustainable economy. By investing in Cleveland neighborhoods, we are building a vibrant 24-hour city.

Investing in Cleveland

As you can see, a transformation in Cleveland is underway. With a neighborhood investment plan, we’re transforming neighborhoods. With strong financial management, we’ve restructured operations and created cost savings. But we cannot save our way into prosperity. We must raise revenue. We must attract investment and create jobs. The economic crisis caused many cities and private investors to retreat - but not the City of Cleveland.

The City is a significant partner in development projects worth more than \$1 billion dollars. Any one of these projects alone will not change our future. But together, they are transforming our economy, our neighborhoods, our city and our region.

The Health Tech Corridor is growing. The Midtown Technology Center, a hub for biomedical companies, will create 215 jobs. Proxy Biomedical is in the process of opening a sales and research lab; and, the Cleveland HeartLab was recently approved for a \$200,000 working capital loan to expand its operation on the Health Tech Corridor.

This concentration of health tech companies builds on our leading economic strength – the health care industry. According to Bioenterprise, the Cleveland region is home to nearly 600 health care companies and has more than 230,000 health care employees¹. Our four major health care systems attract patients, doctors and medical students from around the world. Their work requires cutting edge technology as well as basic medical supplies.

A few years ago, a vision emerged to make Cleveland a showcase for medical technology and companies that support the health care industry. Today, that vision is becoming a reality with the construction of the \$465 million Medical Mart and Convention Center. The new Convention Center will support medical trade shows and help Cleveland attract conferences and conventions of all types.

This will create new demand for retail, hotels and restaurants downtown and in the surrounding neighborhoods, including the \$275 million Flats East Bank Phase 1. This project has significant public financing support and will create a sustainable LEED certified neighborhood with office space, retail, green space and parking on Cleveland's waterfront.

One of the first projects to open on Cleveland's resurgent waterfront will be the Greater Cleveland Aquarium, a \$33 million investment. Just down the river, a new skatepark will open next door to the new headquarters for The Cleveland Rowing Foundation.

These investments signal the rebirth of the Flats, provide opportunities to market Cleveland as a destination and end the debate over whether or not Cleveland can develop its waterfront.

Cleveland can better market itself because of the recently announced Horseshoe Cleveland Casino. The \$350 million Phase 1 casino will open within the next year in the historic Higbee Building on Public Square, attracting visitors to the heart of downtown Cleveland.

As with all of these projects, it will create jobs for Clevelanders. Rock Caesars Ohio is committed to contracting with local companies for goods and services; and hire local residents in its nearly 2,000 construction jobs and 1,600 permanent jobs.

The casino will also support existing local businesses in nearby downtown destinations – including East Fourth Street, Gateway, and the Warehouse District. As the Medical Mart staff and Positively Cleveland work to attract business, the Horseshoe Cleveland Casino will make it easier.

Connecting these investments is the \$287 million Innerbelt bridge project. With nearly 130,000 vehicles traveling the bridge daily, it is a vital stretch of highway that literally connects our neighborhoods to our economy.

This amounts to more than \$1.4 billion dollars worth of projects in downtown Cleveland that have begun this year. These are investments that are being made in an economic environment where other cities are retreating.

These are investments in our future: a future where Cleveland is a 24-hour city, with a downtown that is not only the central business district, but a true neighborhood with residents, retail, and entertainment; where there is a demand for goods and services around the clock.

While these projects are creating jobs, there is other evidence that Cleveland's economy is gaining strength. In 2010, the Cleveland market added 4,900 manufacturing jobs, ranking it second in the country according to the Buffalo Business Journal². The Cleveland metropolitan area's general employment growth was in the top 10 in the country last year, according to the Federal Reserve Bank of Cleveland; and, Cleveland's income tax receipts for January 2011 were 13% higher than January 2010 and the month of February shows an 8% increase.

These are indicators that our economy is beginning to improve and Cleveland is ready to take advantage of this resurgence in the economy.

The work we have done – both in streamlining our City operations and spurring public and private investments – has positioned us to succeed as the economy recovers. But it is not enough. We cannot allow ourselves to become complacent because of these successes.

Building a Sustainable Economy

We must create a sustainable economy. Sustainable development has three main tenets: invest locally, invest in diversity, and invest in the economy of the future.

Investing locally recycles our cash back into our economy, connecting our local companies and our local workforce with the prosperity we create when we invest. The City of Cleveland has been working to increase its spending in the regional economy, from 61% in 2008 to 75% in 2010. Last year, our local and sustainable purchasing ordinance took effect, providing a bid discount on City contracts for local businesses that have adopted sustainable business strategies.

If the private sector follows suit, we as a region will go a long way to ensuring our economy prospers, even in difficult times. This is what I call self-help and it is the first step in creating a sustainable economy. The next step is to diversify our investments.

For much of Cleveland's economic history, we relied on manufacturing and heavy industry and the availability of low-cost natural resources, labor, and energy. The result was a local economy that was vulnerable to the fluctuations of the global economy. We have the opportunity now to build on our growing economic diversity – in health care, biotechnology, tourism,

hospitality and green collar jobs – while continuing to be competitive in manufacturing.

Building a sustainable economy is also investing in the economy of the future – the industries and technologies that will be economic engines for decades to come. The economy of the future is becoming the green economy: including local foods, renewable energy and traditional companies with sustainable business practices.

The green economy is big business. The City of Cleveland currently has 176 gardens and more than 4,000 gardeners and producers but, the local food industry is an untapped market. Only 1% of the food we consume locally is produced locally. The 2009 Northeast Ohio Local Food Assessment plan calculated that increasing local food consumption to 25% could create 10,000 jobs, \$346 million in earnings, and \$1.4 billion in output.³

Similarly, the demand for alternative and renewable energy is increasing. According to a 2010 NorTech study, the proposed offshore wind farm being developed by LEEDCo will create 600 jobs during the pilot project and the potential for 8,000 new, long term wind energy jobs.⁴ This is good news for Ohio's wind power supply chain of 106 companies, 13 of which are in Cleveland.⁵

And then there are the companies, like Taylor Furniture, the first Green Plus Certified business in Cuyahoga County, that realize the old way of doing business is no longer viable and are implementing sustainable business practices. The Hospice of the Western Reserve and Forest City Enterprises both have set a zero-waste target for 2019.⁶ Eaton Corp is working to reduce total energy consumption by 25% by 2016.⁷ Oatey Co., a Cleveland manufacturer for 90 years, captures rainwater for irrigation at its LEED certified building; and, Talan Products reduced production line waste by 80% in two years.⁸

These companies are saving money, are more efficient, are more competitive, and are improving the environment. To encourage this throughout our economy, I launched Sustainable Cleveland 2019 two years ago. SC2019 is engaging hundreds of local businesses, from small start ups to large international companies with the goal of transforming our economy into a sustainable economy by 2019.

Sustainable Cleveland 2019 has positioned us for the future. But it needs to be part of our daily focus. By acting now, we can position Cleveland to emerge from the recession as an economic leader, with a sustainable economy that invests locally, is diverse and has longevity.

Transforming Public Safety

The investments we are making in Cleveland are impressive. In order to maximize these investments, we must transform public safety. Doing so will ensure an excellent quality of life in our neighborhoods and Cleveland as a whole, and help attract businesses and residents to our city.

Our Department of Public Safety has actively worked to transform its operations and improve its outcomes through technology and partnerships.

Thanks to the efforts of our firefighters and our partnership with the Red Cross, there were five fire fatalities in 2010, the fewest fire deaths in Cleveland in 112 years.

To enable a quicker, more effective response throughout the county, Cleveland has Mutual Response Protocols with Brooklyn, Brooklyn Heights, Parma, Euclid, Brook Park, East Cleveland, and Newburgh Heights and we're working on more.

We currently provide fire and EMS services to Bratenahl and Linndale, and are exploring the feasibility of providing fire and EMS support to the City of East Cleveland.

Cleveland Fire has been working with three other HazMat teams in the county to develop a Joint HazMat and Weapons of Mass Destruction Team to respond to local, regional, state and national hazardous material incidents without limiting local coverage.

Cleveland Public Safety is spearheading a new Automated Fingerprint Identification System with regional partners to create a five-county network that will allow an officer on the street to know instantly if there is a fingerprint match in the network.

These successes are just the beginning. But just as the economic landscape has changed dramatically over the past couple of years, the factors affecting public safety are changing rapidly as well. The tightness of Cleveland's budget along with emerging threats to our security has led the Department of Public Safety to develop a new way to move forward.

As I mentioned last year, we are continuing to work on integrating Fire and EMS. In 2010, EMS received more than 92,000 calls for service and Cleveland Fire responded to more than 60,000 alarms. By combining resources, personnel and budgets, we will be better equipped to respond to medical emergencies and fires more efficiently.

Violent crime is down in Cleveland 21% since 2006 and 2010 had the fewest number of homicides in more than forty years. But here, too, we cannot rest on our laurels. The Cleveland Division of Police is also transforming its operations to build on its strong performance over the past five years.

In January of this year, Police Chief Michael McGrath restructured the Police department to maximize resources – both dollars and personnel – to become more efficient and more effective. This reorganization also aligns expertise and specialized units appropriately in order to address the emerging threats to public safety in Cleveland.

With the emergence of active shooters and the potential for improvised explosive devices as real threats in American cities, the Cleveland Division of Police is using technology and information sharing to implement intelligence-led policing.

Intelligence-led policing supplements traditional police work to help improve safety in the city and throughout the region.

The Northeast Ohio Regional Fusion Center, a multi-agency effort located in Cleveland Police Headquarters, will expand this year, maximizing our ability to detect, investigate and respond to criminal and terrorist activity in Cleveland and throughout Ashtabula, Cuyahoga, Geauga, Lake and Lorain Counties.

The Cuyahoga County Regional Forensic Science Lab is expanding beyond the Cuyahoga County Coroner's Office and Cleveland Police to include the Sheriff's and Prosecutor's Offices, CMHA and others who have pledged funds, resources and support. The result is a county-wide, state-of-the-art lab with reduced turnaround time, swifter court presentation, and cost savings.

We are taking a regional approach to fighting crime and responding to emergencies because neither crime nor tragedy stops at city boundaries.

As you can see, the changing world we live in has required Cleveland to change how we operate, from financial management to economic development to public safety. These efforts have required partnerships with government agencies and the private sector to be successful. We have built the partnerships and they are working. We have made difficult decisions and implemented the policies that were essential to our success.

We have one issue, however, that still needs to be addressed – education.

Valuing Education

A decision on education is a decision about the future of Cleveland and the region and whether or not we will thrive or we will fail. Our goal must be to provide every child access to an education that prepares them for college, careers and success.

We no longer live in a time when our children are competing with each other for opportunities. That world no longer exists. We now live in a world where our children must compete globally. Our education system should be globally competitive as well.

The stark reality is that it is not. Forty percent of U.S. college students must take at least one remedial course because their high school education was deficient⁹. The 2009 Digest of Education Statistics demonstrates that our high school students lag behind their peers around the world.¹⁰

If this continues, we will have failed our children. They will not be able to compete in the global marketplace. They will not have the critical thinking skills they need to be successful in this rapidly changing world. Education must not only offer a diploma, but the knowledge young people need to make good decisions and the technical skills to succeed, personally and professionally.

In the past, I have suggested regional solutions to improving education so that we can reach those goals. The solutions include:

- The joint procurement of goods and services to help school districts save money;
- Joint negotiations on wages and benefits;
- Common academic standards for achievement and measurement for all schools, public and private, urban and suburban;
- Common performance standards, accountability and credentialing for teachers and administrators;
- Regional magnet schools; and,
- Improving how we fund all schools, whether public or private.

I still believe these issues are relevant and that we must address them. I am working with State Senator Nina Turner and Randy McShepard of Policy Bridge to develop a mechanism to support these actions.

And, I am working with the Cleveland Metropolitan School Board and to hire a new Chief Executive Officer for Cleveland's district –

- Someone who can and will create a culture of learning throughout the system as opposed to a culture of special interests;
- Someone who will act with a sense of urgency to change the system for the better and for all the children of this City;
- A leader who is a change agent and is committed to making Cleveland's public schools an international model for education, where every child receives an excellent education.

Education has the power to transform lives, our economy, our city and our region. Education will give our children choices in life, make our economy globally competitive and grow the population of Cleveland and the region.

We have transformed how City Hall operates and how we provide service – by creating efficiencies and building regional collaboration.

We have begun the transformation of Cleveland's neighborhoods and public safety – with public and private investment and with law enforcement partnerships.

We have begun the transformation of the regional economy – by pursuing investment in tough economic times and focusing on sustainability.

Cuyahoga County government has been transformed.

Each of these transformations began with a decision to change the status quo and a commitment to the outcome. None of these transformations have been easy and all have met some level of resistance. But each has happened.

This community must demonstrate the same level of commitment, passion and desire to succeed for education. The time to do it is now, in this climate of rapid change. Otherwise, all of what I talked about today will mean nothing. Cleveland and the region will be left behind, making the same mistakes over and over again in a world that no longer exists.

This document represents planned remarks. Actual speech may differ upon delivery.

¹ <http://www.bioenterprise.com/Cleveland/>

²Manufacturing employment (December 2010)
<http://www.bizjournals.com/buffalo/datacenter/manufacturing-employment-december-2010.html?appSession=86896131896180>

³ The Northeast Ohio Local Food Assessment and Plan, <http://www.neofoodweb.org/about>

⁴ The Potential Economic Impacts in Ohio Associated with the Emergence of a Lake Erie Offshore Wind Industry, July 2010;
http://www.nortech.org/images/stories/_pdf/LEEDCo_Economic_Impact_Study_FINAL.pdf

⁵ The Solar and Wind Energy Supply Chain, http://elpc.org/wp-content/uploads/2011/01/OhioWindSupplyFinal_HQ.pdf

⁶ Funk, John, *Sustainable business practices are nothing new to these Cleveland companies*, The Plain Dealer;
http://www.cleveland.com/business/index.ssf/2010/09/sustainability_summit_2.html

⁷ Funk, John, *Sustainable business practices are nothing new to these Cleveland companies*, The Plain Dealer;
http://www.cleveland.com/business/index.ssf/2010/09/sustainability_summit_2.html

⁸ Funk, John, *Sustainable business practices are nothing new to these Cleveland companies*, The Plain Dealer;
http://www.cleveland.com/business/index.ssf/2010/09/sustainability_summit_2.html

⁹ Spurring Innovation Through Education: Four Ideas,
http://www.brookings.edu/papers/2010/0603_innovation_whitehurst.aspx

¹⁰ Digest of Education Statistics: 2009, <http://nces.ed.gov/programs/digest/d09/>