

MAYOR'S STATE OF THE CITY ADDRESS

GARFIELD HEIGHTS CHAMBER OF COMMERCE

JANUARY 21, 2009

IT WAS THE BEST OF TIMES; IT WAS THE WORST OF TIMES... IT WAS THE CRAZIEST OF TIMES - THIS PARAPHRASE OF THE OPENING LINE OF DICKENS' *A TALE OF TWO CITIES* DESCRIBES THE PAST YEAR'S EVENTS IN GARFIELD HEIGHTS.

IF NOT FOR OUR PERSISTENT ECONOMIC DEVELOPMENT EFFORTS AND A PROGRESSIVE CITY COUNCIL BACK IN 1988 AND 1989, WHO HAD THE STRENGTH AND COURAGE TO TAKE THE FIRST STEP IN DEVELOPING A MASTER PLAN FOR THE FUTURE OF OUR COMMUNITY, THERE WOULD BE NO DEALING WITH THE TUMULT WE EXPERIENCED IN 2008.

THE FORECLOSURE MESS HAS SYSTEMATICALLY SET THE TONE FOR ECONOMIC CHAOS AND CUT THE HEART AND SOUL OF OUR FINANCIAL STRENGTH. IN 2007, WE LOST \$500,000 IN PROPERTY TAX REVENUE. IN 2008, THAT LOSS DOUBLED. IN 2009, THE LOSS WILL BE IN EXCESS OF ONE MILLION DOLLARS.

THIS, COUPLED WITH THE INCREASE IN VACANT HOMES IN GARFIELD HEIGHTS TO 900, WITH 492 HOMES IN THE FORECLOSURE PROCESS, HAS UNDERMINED OUR FINANCIAL STABILITY. FOR OUR "CITY OF HOMES," THIS PROCESS IS CONTINUING, WITH NO END IN SIGHT.

CLEARLY, NO ONE SAW THIS DEBACLE COMING. WHILE ITS IMPACT HAS BEEN DEVASTATING, WE MUST ADJUST... AND PERSERVE. THE KEY TO STABILIZING OUR HOUSING STOCK IS NOT THROUGH POLITICAL GAMESMANSHIP — OFFERING FALSE HOPE TO DESPERATE HOMEOWNERS WITH SUPERFICIAL "TOWN HALL" MEETINGS THAT PROVIDE NOTHING MORE THAN INFORMATIONAL HELP THAT ALREADY EXISTS — BUT BY COLLECTIVELY WORKING WITH FEDERAL, STATE AND COUNTY OFFICIALS TO STABILIZE THE HOUSING MARKET THROUGHOUT OUR COUNTY, AND IN PARTICULAR, OUR CITY.

BECAUSE OF THE HOUSING COLLAPSE, PROPERTY VALUES ARE DECLINING. THIS IMPACTS OUR ABILITY TO BORROW FUNDS FOR CAPITAL PROJECTS - WHICH LIMITS OUR ABILITY TO MAINTAIN OUR INFRASTRUCTURE - WHICH, IN TURN, AFFECTS OUR CAPACITY TO MAINTAIN SERVICES AND TO PROVIDE ADEQUATE BENEFITS TO OUR CONSTITUENTS.

THIS HAS HAD A FURTHER NEGATIVE IMPACT ON OUR HOUSING VALUES. WHEN I BECAME MAYOR 25 YEARS AGO, WE HAD 13 VACANCIES IN A CITY OF 12,000-PLUS HOMES. THIS CRISIS INFLUENCES ALL ASPECTS OF THE QUALITY OF LIFE WE HAVE WORKED SO HARD TO MAINTAIN.

THINK ABOUT THIS - IF YOUR BIGGEST INVESTMENT IS IN YOUR HOME - HOW CAN YOU AFFORD TO RETIRE AND PLAN FOR FINANCIAL SECURITY IN RETIREMENT WITH DEVALUED HOME PRICES?

TO PROTECT THESE CRITICAL INVESTMENTS, OUR BUILDING DEPARTMENT MUST STAY ACTIVE AND STRONG TO ENSURE OUR HOUSING CODES ARE MAINTAINED AND ENFORCED. THIS INCLUDES THE POINT-OF-SALE AND ESCROW REQUIREMENTS OF OUR CITY.

CITY VIEW CENTER

THIS PAST SUMMER, THE OHIO E.P.A. FILED SUIT FOR "ENVIRONMENTAL VIOLATIONS" AGAINST CITY VIEW PRINCIPALS AND GARFIELD HEIGHTS. THE POLITICAL GAMESMANSHIP BEGAN THE MOMENT THE CASE WAS FILED. IT WAS "GRANDSTANDING" AT ITS WORST. THE COUNCIL PRESIDENT CAME RUNNING LIKE "CHICKEN LITTLE," SQUAWKING THAT, BECAUSE OF THE CASE, THE CITY WOULD BE LIABLE FOR MILLIONS OF DOLLARS, KNOWING FULL WELL THAT THIS WAS PATENTLY FALSE. IT WAS DONE SOLELY TO BOLSTER HIS OWN POLITICAL CAPITAL — AT OUR COMMUNITY'S EXPENSE.

INDEED, THE LAWSUIT HAS BEEN SETTLED — AT NO EXPENSE TO THE CITY — BUT THE OVERBLOWN POLITICAL AND MEDIA HYPE CERTAINLY HAS COST OUR COMMUNITY DEARLY, DAMAGING PUBLIC PERCEPTION OF THE SHOPPING CENTER'S SAFETY.

WAL-MART CLOSED ITS FACILITY WITH NO SPECIFIC OR DEFINITIVE REASONS. THAT STORE HAS BEEN AND IS, BY THE EPA'S OWN COMMENTS — SAFE. THE ONLY REASON TO CLOSE THE STORE WAS BECAUSE OF THE ALARMIST HYPE THAT UNDOUBTEDLY HAD A NEGATIVE AFFECT ON WAL-MART'S BUSINESS.

WE MUST NOW ALL WORK TOGETHER TO RESTORE THE VITALITY OF THE SHOPPING CENTER. THIS INCLUDES LOCAL POLITICAL LEADERS, THE OHIO E.P.A. AND THE PRIVATE SECTOR. I WILL BE MEETING WITH REPRESENTATIVES OF THE OHIO E.P.A. AND PRIVATE INVESTORS TO COORDINATE OUR EFFORTS. THE CHAMBER OF COMMERCE CAN AND SHOULD BE ACTIVE IN THIS ENDEAVOR.

WHILE I FULLY APPRECIATE AND SUPPORT THE IMPORTANT RESPONSIBILITIES THEY ARE CHARGED WITH, THE OHIO E.P.A. DOES NOT SEEM TO RECOGNIZE THE DETRIMENTAL EFFECT THEY CAN HAVE ON ECONOMIC DEVELOPMENT.

THEY SEEM TO HAVE A CAVALIER DISREGARD FOR THE CONCEPT OF "TIME EQUALS MONEY." NOT EXACTLY A FEATURE THAT IS LIKELY TO DRAW DEVELOPERS AND INVESTORS TO A STATE THAT SO DESPERATELY NEEDS THE ECONOMIC STIMULUS OF ADDITIONAL DEVELOPMENT DOLLARS.

I AM MOST CERTAINLY NOT SUGGESTING THAT WE PLACE PROFIT AHEAD OF OUR SAFETY AND HEALTH. NO, OF COURSE NOT. WHAT I AM SUGGESTING IS THAT SUCH AGENCIES NEED TO OPERATE IN A MORE BUSINESS-LIKE FASHION, WORKING WITH AND COMMUNICATING WITH ALL THE STAKEHOLDERS IN A MORE DIRECT AND TIMELY MANNER.

UNNECESSARY BUREAUCRATIC "FOOT-DRAGGING" HAS COST THE DEVELOPER, INVESTORS, GARFIELD HEIGHTS, CUYAHOGA COUNTY — AND THE STATE OF OHIO — MILLIONS OF DOLLARS IN POTENTIAL REVENUE.

ALSO, THE PERCEPTION THEY PROMOTE THAT INVOLVES SAFETY CAN BE AND IS DEVASTATING TO PROJECTS SUCH AS CITY VIEW. THEY COULD HAVE ACHIEVED THE SAME RESULTS BY WORKING WITH LOCAL COMMUNITIES AND THE BOARD OF HEALTH — WITHOUT CREATING UNDUE ALARM IN THE MEDIA. AS IT STANDS NOW, THEY TALK AND WORK WITH NO ONE. THIS HAS TO CHANGE.

THE CHAMBERS OF COMMERCE CAN AND DO WORK WITH STATE ELECTED OFFICIALS. YOU CAN MAKE A DIFFERENCE. THE CULTURE OF THE OHIO E.P.A. HAS TO CHANGE AND BE RESPONSIVE TO THE PRIVATE SECTOR AND LOCAL COMMUNITIES — WHO HAVE THE LARGEST STAKES IN THESE VENTURES. THEY MUST COMMUNICATE AND ESTABLISH BENCHMARKS. "TIME IS MONEY."

THE DECLINE IN OUR NATIONAL ECONOMY HAS DEALT AN ADDITIONAL BLOW TO THE CITY VIEW PROJECT. WE, AS A CITY, MUST DEAL WITH THE INCOME TAX LOSS FROM WAL-MART, CIRCUIT CITY, JOANN'S, PETSMART, ETC. LOCAL POLITICAL GAMESMANSHIP AND FEAR-MONGERING HAS BEEN DESTRUCTIVE TO OUR COMMUNITY'S ECONOMY AND IT MUST STOP.

FISCAL EMERGENCY

BECAUSE OF THESE UNPREDICTABLE ECONOMIC DEVELOPMENTS, OUR CASH BALANCE BECAME INADEQUATE AND SO THE STATE AUDITOR PLACED OUR CITY IN FISCAL EMERGENCY. ALTHOUGH OUR INCOME TAX REVENUE WAS UP OVER \$700,000, WE WERE LOSING A MILLION DOLLARS IN PROPERTY TAXES, ALONG WITH A 12-MILLION-DOLLAR DEVALUATION OF OUR TOTAL PROPERTY VALUE. NOW THE CITY COUNCIL AND ADMINISTRATION HAVE TO COME UP WITH A SOLID FISCAL PLAN TO ENSURE FISCAL SOLVENCY FOR MANY YEARS TO COME. THIS PLAN MUST BE APPROVED BY THE STATE AUDITOR, AND WE MUST DEMONSTRATE THAT IT WORKS.

ON THE BRIGHT SIDE - THIS SITUATION IS FORCING ALL CITY OFFICIALS TO TAKE AN OBJECTIVE, IN-DEPTH LOOK AT THEIR OPERATIONS. THE "SIMPLE" ANSWER WOULD BE TO LAY OFF 33 CITY EMPLOYEES, SLASH BENEFITS AND CUT SERVICES - OR - INCREASE TAXES, CHARGE FOR RUBBISH, ETC. - OR - A COMBINATION OF BOTH.

WE ARE IN SERIOUS NEGOTIATIONS WITH ALL FIVE CITY UNIONS - WAGE INCREASES HAVE BEEN FROZEN - OVERTIME SLASHED - EVERYTHING IS ON THE TABLE - ALL DEPARTMENTS WILL BE AFFECTED. DURING THE PAST 23 YEARS, OUR FULL-TIME CITY PERSONNEL ROLLS HAVE ONLY INCREASED BY 16 — FROM 214 TO 230 EMPLOYEES, WITH 14 OF THOSE 16 BEING ADDED TO THE POLICE DEPARTMENT.

DURING THIS PERIOD, THAT DEPARTMENT HAS GROWN FROM 48 OFFICERS TO 62. THE SERVICE GARAGE HAS BEEN REDUCED FROM 51 EMPLOYEES TO 25. COMPARISONS WITH OTHER SIMILAR COMMUNITIES WILL BE MADE BY THE PERFORMANCE AUDIT TEAM OF THE STATE AUDITOR. BECAUSE OF OUR ONGOING DISCUSSIONS WITH THE UNIONS, I AM LIMITING MY COMMENTS.

ONE DEPARTMENT WHICH IS INDEPENDENT OF MANAGEMENT BY THE MAYOR OR CITY COUNCIL - BUT WHOSE IMPACT ON OUR BUDGET HAS BEEN DEVASTATING - IS THE GARFIELD HEIGHTS MUNICIPAL COURT. THE COURT WILL BE A PART OF THE PERFORMANCE AUDIT, AS WELL.

THE COURT AVERAGES \$278,918 IN DEFICITS EACH YEAR – WHICH THE CITY HAS TO PAY FOR. DURING THE PAST 12 YEARS, THIS DEFICIT HAS TOTALLED \$3,347,019, WHICH, COINCIDENTALLY, IS EQUIVALENT TO THE DEFICIT OUR COMMUNITY NOW FACES. WITHOUT THIS UNWANTED BURDEN, OUR CITY WOULD NOT BE IN FISCAL EMERGENCY.

HOW DOES THIS OPERATION COMPARE WITH OTHER MUNICIPAL COURTS?

- A) BEDFORD MUNICIPAL COURT, WITH TWO JUDGES, LOST \$11,600 IN 2007.
- B) ROCKY RIVER, WITH TWO JUDGES, HAD AN EXCESS OF \$94,582.
- C) CLEVELAND HEIGHTS MUNICIPAL COURT, WITH ONE JUDGE, HAD AN EXCESS OF \$736,000.
- D) EUCLID MUNICIPAL COURT, WITH ONE JUDGE, HAD AN EXCESS OF \$28,647.
- E) THE LAKEWOOD MUNICIPAL COURT, WITH ONE JUDGE, HAD AN EXCESS OF \$166,945.

THE STATE AUDITORS WILL BE COMPARING OUR CITY AND COURT TO CLEVELAND HEIGHTS, EUCLID AND LAKEWOOD. WHY DO THESE OTHER COURTS OPERATE IN THE BLACK, OR NEARLY IN THE BLACK, WHILE OUR COURT CONSISTENTLY REGISTERS DEEP IN THE RED?

THERE ARE OTHER PUZZLING TRENDS REGARDING THE COURT WHEN VIEWED OVER THE PAST NINE YEARS:

- 1) COURT COSTS INCREASED 144% (THESE MONIES OFFSET COURT EXPENSES).
- 2) FINES FOR GARFIELD HEIGHTS HAVE INCREASED 2% (THESE MONIES FLOW TO OUR GENERAL FUND).
- 3) FINES FOR ALL OTHER COMMUNITIES SERVED BY THIS COURT INCREASED 296%.

THERE IS NO LOGICAL EXPLANATION FOR THE DIFFERENCE IN FINES COLLECTED FOR GARFIELD HEIGHTS AND OTHER COMMUNITIES IN THE COURT DISTRICT.

ALSO, THE COURT'S OVERTIME WAS AT AN ALL-TIME HIGH OF \$26,101.83. THAT IS MORE OVERTIME THAN OUR NUTRITION CENTER, RECREATION CENTER AND POLICE JAILERS REGISTERED.

BY ALL ACCOUNTS, MUNICIPAL COURTS SHOULD HAVE MINIMAL OR LITERALLY NO OVERTIME. HOW CAN THIS BE JUSTIFIED?

THE PERFORMANCE AUDIT WILL NOW DEAL WITH THESE FINANCIAL TRENDS. WE HAVE TO GET THE COURT'S BUDGET IN LINE - AND NOT ALLOW ANY LAYOFFS OR TAX INCREASES TO SWEEP THESE DISCREPANCIES UNDER THE TABLE. IF OTHER DEPARTMENTS ARE SUBJECT TO DOWNSIZING, THE COURT SHOULD SHARE IN THAT BURDEN.

POSITIVES TO ACCENTUATE

MARYMOUNT HOSPITAL AND THE SISTERS OF ST. JOSEPH, THIRD ORDER OF ST. FRANCIS, CONTINUE TO INVEST IN GARFIELD HEIGHTS. THE HOSPITAL IS PLANNING TO INVEST ANOTHER 25 MILLION DOLLARS IN ITS OPERATION. THE SISTERS OF ST. JOSEPH, THIRD ORDER OF ST. FRANCIS HAVE ALMOST COMPLETED THE RENOVATION OF THEIR CONVENT AND WILL DEDICATE THIS INDEPENDENT LIVING FACILITY SOMETIME THIS YEAR.

JENNINGS CENTER FOR OLDER ADULTS IS BUILDING ANOTHER APARTMENT COMPLEX FOR INDEPENDENT LIVING, AS IS THE CHURCH OF THE HOLY SPIRIT (THE FORMER ST. TIM'S). JENNINGS IS SCHEDULED TO OPEN EARLY NEXT YEAR AND HOLY SPIRIT IN MARCH OF THIS YEAR.

MARYMOUNT IS BEING ENCOURAGED BY OUR CITY TO ESTABLISH THE CLEVELAND CLINIC'S SPORTS MEDICINE DEPARTMENT HERE, IN THE TRANSPORTATION BLVD. AND ANTENUCCI QUADRANT. THE CLEVELAND INDIANS, THE BROWNS, CAVALIERS AND MANY AMATEUR TEAMS WILL HAVE THEIR ATHLETES TREATED AT THIS FACILITY. PLEASE LOBBY MARYMOUNT AND THE POWERS THAT BE, TO CONTINUE MAKING INVESTMENTS IN GARFIELD HEIGHTS.

TRANSPORTATION BLVD. MUST BE EXTENDED TO ROCKSIDE ROAD. THIS WILL TAKE A COORDINATED EFFORT BY THE CITY, THE PRIVATE SECTOR AND THE OHIO E.P.A. THIS PROJECT WILL HAVE A POSITIVE IMPACT ON THE FINANCIAL FUTURE OF OUR CITY AND HELP MAKE CITY VIEW A VIABLE OPERATION.

BRIDGEVIEW CROSSING IS IN A HOLDING PATTERN. THE ORIGINAL DEVELOPERS MAY OR MAY NOT BE ABLE TO PROCEED. HOWEVER, THE LAND HAS BEEN ASSEMBLED AND THE BANK WILL FIND SOMEONE TO DEVELOP THE PROPERTY. THEY, ALSO, HAVE CLAIM TO THE TAX INCREMENTAL FINANCING AGREEMENT WITH THE PORT AUTHORITY TO HELP FINANCE THIS PROJECT.

THE EXTENSION OF TRANSPORTATION BLVD., ALONG WITH THE ASSEMBLY OF PROPERTY FOR BRIDGEVIEW, ARE OPTIONS THAT WE MUST ALL WORK AT TO ENSURE THE FUTURE OF OUR COMMUNITY; OR WILL POLITICAL GAMESMANSHIP CONTINUE TO PLACE SELF-SERVING POLITICAL GOALS AHEAD OF THE WELL-BEING OF OUR COMMUNITY?

METROPARKS

GRANTS HAVE BEEN OBTAINED BY CLEVELAND METROPARKS TO EXPAND THE ALL-PURPOSE TRAIL TO GARFIELD BOULEVARD.

GARFIELD SHOW

WE HAVE APPLIED FOR A GRANT TO TAKE DOWN THE GARFIELD SHOW - TO ELIMINATE THIS EYESORE.

WIDEN BROADWAY

WE HAVE A GRANT TO WIDEN BROADWAY FROM EAST 144TH STREET TO McCracken. THIS PROJECT WILL HAVE A MAJOR IMPACT FOR DEVELOPMENT IN THE McCracken/BROADWAY CORRIDOR.

TO ACCENT THE POSITIVE

VISION, CAREFUL PLANNING, COOPERATION AND HARD WORK HAVE KEPT OUR CITY FROM BEING DEVASTATED. WITH A PERSISTENT AND DEDICATED EFFORT, WE WILL RESOLVE OUR CITY'S FINANCIAL FUTURE. THE SOONER, THE BETTER. CUT EXPENSES WHERE APPROPRIATE - COORDINATE WITH OTHER AGENCIES TO EXPAND TRANSPORTATION BLVD., WHILE WORKING WITH THE PRIVATE SECTOR TO ATTRACT BUSINESSES TO OUR COMMUNITY.

WE MUST MAINTAIN CITY SERVICES, WHILE KEEPING CITY INCOME TAXES IN LINE. WE MUST CONTINUE TO MAKE OUR COMMUNITY, WITH ITS STRATEGIC LOCATION, A GREAT PLACE TO RAISE A FAMILY. OR DO WE BECOME AWASH IN POLITICAL GAMESMANSHIP TO THE DETRIMENT OF OUR COMMUNITY?

IS IT BACK TO THE SQUABBLING POLITICS OF YESTERYEAR?
OR DO WE PLAN AND WORK TOGETHER TO TAKE ADVANTAGE OF THE
INITIATIVES TO BENEFIT OUR COMMUNITY? DO WE LOOK BEYOND
PERSONAL AMBITIONS AND POLITICAL GOALS? THE ANSWER
SHOULD BE OBVIOUS.

I HAVE BEEN INVOLVED IN ALL ASPECTS OF POLITICAL LIFE IN
GARFIELD HEIGHTS. EXPERIENCE HAS TAUGHT ME THAT
COOPERATING AND WORKING TOGETHER IS THE WAY TO SOLIDIFY
OUR FUTURE. WE ALL RECOGNIZE THAT THIS COUNTRY IS IN THE
MIDST OF A TERRIBLE RECESSION, BORDERING ON DEPRESSION.
BUT WE ALSO KNOW THAT THIS COUNTRY AND OUR COMMUNITY
CAN ACCOMPLISH EXTRAORDINARY THINGS... IF WE WORK FOR THE
COMMON GOOD AND AVOID POLITICAL GAMESMANSHIP.

WHAT'S REALLY NEEDED IS FOR ALL GOVERNMENTAL BODIES
TO DO A BETTER JOB OF IMPROVING SERVICES AND REDUCING
COSTS FOR THE TAXPAYERS.

LAST YEAR, I STATED WE HAVE A LONG WAY TO GO - AND THAT WE'LL HAVE TO RUN THREE TIMES AS FAST TO GET THERE. I WAS WRONG - GIVEN OUR CURRENT CHALLENGES, WE ALL HAVE TO RUN TEN TIMES AS FAST JUST TO STAY EVEN.

THANK YOU.

HISTORY CITY INCOME TAX AND
FULL-TIME EMPLOYEES

	<u>1985</u>	<u>2008</u>
CITY INCOME TAX	2%	2%
TAX CREDIT	100%	100%
POLICE	48	62
POLICE DISPATCHERS	7	11
JAILERS	1	7
ANIMAL CONTROL	1	1
FIRE	44	47
SAFETY	3	2
BUILDING	8	9
BUILDING MAINTENANCE	7	4
PUBLIC LANDS & BUILDINGS	3	6
MAYOR	2	2
SERVICE EMPLOYEES	2	3
SERVICE GARAGE	51	27
FINANCE	6	4
LAW	5	5
COURT	16	23
RECREATION	7	10
SENIOR CENTER	3	7
TOTAL OF FULL TIME EMPLOYEES	214	230
CASES IN MUNICIPAL COURT	11,237.00	16,837.00
FINES COLLECTED	\$239,804.00	\$441,786.60
COURT COSTS COLLECTED	\$141,759.62	\$1,260,854.15