

Proprietary - 2003

State of the City January 15, 2004

Before I begin, I would like to relate a quick story. About a month ago, I attended a luncheon at St. John's hospital to recognize several people that have supported the hospital in different ways. Our own John O'Neil was one of them. Another was the fire chief from Westlake. After each distinguished recipient received their award, they were given a few minutes to address the audience. The fire chief went up to the mike and said "I said I will keep it short, so I will", and with that, he sat down. Unfortunately, perhaps, mine won't be quiet that short.

Members of the North Ridgeville Chamber of Commerce, Superintendent Bowersox and School Board members, elected Officials, Lake Ridge Academy Faculty and Staff, ladies and gentlemen, I bring you greetings from the City of North Ridgeville.

I appreciate and thank you for the opportunity to speak to you today about the State of our great City.

First, I would like to introduce to you our new Safety Service Director, and my right hand man, Denny Johnson. Denny recently retired from SBC Corporation, formerly Ameritech, and has been a resident of North Ridgeville for 24 years. He is a former Councilman at Large. His strong telecommunications experience was invaluable when council last year wrote a new telecommunications ordinance, and is already paying benefits to the City as we tackle items such as Cable negotiations, Care Call which you will hear more about later, and other technology related issues. I am extremely pleased to have him on board.

I would also like to introduce Sandy Hall and Robin Smith who round out the Mayor's office, and certainly make Denny's and my job easier and more productive. And if anyone does not know her, I would like to

introduce my wife Beverly.

Next, I would like to introduce our new Council members.

(Just read the names as the flash on the screen).

I look forward to working with Council to accomplish great things together, to make North Ridgeville an even better place in which to live.

The next group of people I would like to recognize are absolutely essential to the State of the City. These are the people that on a day to day basis, keep it running, answer to the residents and visitors, put out our fires, keep us safe, provide us with recreational outlets and deal with the veritable mountain of paper work that a government requires.

Please hold your applause, and these people really deserve it, till all are announced, and department heads, would you please remain standing until you all are recognized. Some may not be here for various reasons.

(Introduce Department Heads)

The very first thing we did when we moved into the Mayors office, was to prop open the entry door. We have learned that the employees, as well as the public appreciate being able to just walk into the Mayors office. In an effort to restore confidence and trust in your public officials, we felt that an open door policy would go a long way towards keeping us in touch with general public. And it is working. One of the first people through the door, was a gentleman from St Peters selling lottery tickets!

Let me now turn to some of the major projects that we have underway. First, the Center Ridge Road sewers. Last Friday we opened the bids for the western phase of the Center Ridge Road sewers, going from Race

Road to the City line. The lowest bid came in slightly under our estimate of \$2.2 MM. We have a couple meetings tomorrow in regards to a few outstanding easements that have not yet been resolved, but I anticipate that we will be able to award the bid within our given 60 day period before we would have to rebid the project. I believe we will be able to begin digging on that portion of the sewer this spring. We are currently completing the engineering for the eastern phase, which is estimated to cost \$5.7 MM to construct. Recently we saved almost \$1 MM in future construction costs, by running that sewer down the Ridgeway ditch, rather than down Center Ridge Road.

It is our intent to have both phases completed before the end of 2005, when Center Ridge Road is scheduled to be repaved.

Center Ridge Road rewidening is a major priority of this administration. Last year, the City sent an application to NOACA, the Northeast Ohio Areawide Coordinating Agency, for \$12MM of an estimated cost of \$16MM, to widen Center Ridge Road from Stoney Ridge to Lear Nagle. This application was not funded. Denny and I have since met with the consultant, URS Engineering, to discuss that application. URS is going to revise that application and hopefully resubmit it for the next round of funding. In the meantime, we have met with the Ohio Department of Transportation and again NOACA. Preliminary indications from them are that funding may be available through them through other accounts. ODOT has indicated they would provide \$5MM through their SAFE fund, and NOACA has indicated they may be able to fund another \$7MM, still leaving us with a \$4MM commitment. Our first step will be to fund a study at a cost of approximately \$120,000 that will give us a realistic estimate of costs. We will be fighting to make sure this is part of the budget for this year. It was interesting that during these discussions, ODOT made the statement that the application submitted last May was the first time anyone had asked for assistance on Center Ridge Road, and our meeting was the first time that they felt that anyone

was serious about widening the road. We reinforced that opinion that we were indeed serious, that the street has to be widened sooner or later, and later would only cost us a lot more.

NOACA also contacted us about widening Lear Nagle Road, and indicated that they are ready to move forward if we are, otherwise, they are going to remove the project from their priority list since it has been on it for a number of years. We responded in the affirmative. We desire to move forward.

How do we fund these projects? ODOT, the consulting firms and NOACA have all indicated they are willing to work with us. We may have to borrow from the State, we may look at bonds, and we may look at a 1 time, non-renewable tax levy just to fund these 2 projects. From a State of the City prospective, these projects are absolutely essential and are underway.

We are currently involved in discussions for a project at Lear Nagle and Center Ridge Road that would enable us to extend Lear Nagle straight north through the dentist's parking lot, and gently curve back to the East to rejoin Lear Nagle. This would be a TIF (Tax Increment Financing) Project, similar to what we did with Tops. We will do what we can to help this project progress to completion, and we are currently arranging a meeting between the developer and our TIF consultant.

The City has indicated it's support to the County Department of Development for a Foreign Free Trade Zone in the Taylor Woods Industrial Park Area. I have written a letter to the Department that will be submitted with an application to be sent to Washington DC for approval. If granted, this would make the designated area part of the Cleveland Port Authority. Basically, it allows companies that import and/or export their products and components, to be treated as if they were offshore and not subject to US Customs Authority. They would

not have to pay inventory tax on their inventory that is being exported, or on inventory that has been imported, until it becomes part of a product and is sold in the United States. This is an effort to not only retain businesses such as Beckett and Invacare, which are so important to the State of our City, but to attract new manufacturing and distribution type businesses.

Coinciding with this effort, and with Beckett's long range plan to develop a Technology Park off Race Road, in exchange for vacating the road to Beckett Air and Beckett Gas, Beckett will build a road to City standards from the intersection of Bender and Sugar Ridge north, and then turning west to align with the existing Taylor Woods.

Cypress Equities, better known as the Staubach property. There is nothing on the front burner. I have talked with Donald Bain, from Staubach in regards to the property, and from what I can gather, they are simply hoping for a buyer. However, I have had discussions with 2 different developers that have potential projects on that site. It is way too premature to discuss any specifics, but rest assured, we are actively working on that area.

The Special Development District legislation that will hopefully be enacted at next Monday's Council meeting will go a long way towards enabling us to finally do something that is attractive and productive with that area. And, we already have a candidate for occupancy in the Special Development District area that could bring 50 to 100 new manufacturing jobs to the City within 3 years.

The Route 83 Railroad overpass continues on it's path to completion. We just spent \$36,160 dollars for our portion of the land acquisition costs. The expected completion date remains late 2005.

Last, for major new projects - the Ohio Rail Development Quiet Zone

Project. Council last year passed an ordinance asking to be considered for inclusion in this project. Several cities including Berea, Brooklyn, Brook Park, Middleburg Heights, Olmsted Falls and Strongsville are already a part of this project. The project is designed to analyze and study rail crossings in these cities, and suggest possible safe alternatives to requiring trains to continually blow their whistles while traversing the area. The original costs to be shared by those communities plus Olmstead Township is \$49,000. However, to include North Ridgeville in the study, because of the quoted lost "economies of scale", it would cost North Ridgeville an additional \$11,592 to be included. This does not seem fair to me. We are working with Sen. Armbruster's office to see if there is anyway to get this amount reduced, and will need to take a hard look at this to see if we wish to pursue it, if we cannot get it reduced.

I would now like to turn to a discussion of Economic Development activities and opportunities in North Ridgeville.

We have received over 20 responses to our request for volunteers to join our committee. I have selected a facilitator, whom I will be meeting with to finalize a draft of the concept of the committee, contact the volunteers and set time and location for the initial meeting. We have already developed a vision statement, of "North Ridgeville as an ideal community with continued residential growth balanced by the growth and development of the commercial assets of the City", and a Mission statement that says "The board will serve as an advisory board to evaluate and recommend to the Mayor, strategic issues and policies, which will create a favorable environment for retaining and attracting business and industry to the community." Naturally, both the vision statement and mission are subject to review, adaption or total replacement by the advisory board, but this will give them some initial direction as to how I see the board functioning.

I have already met with the Lorain County Department of Development to discuss what tools and assistance they have available in helping to attract new business. Tax abatement is not the only way we can assist desirable businesses to locate here. Low interest loans, training reimbursement and infrastructure improvements among others, are being investigated. We have already connected 2 businesses with the department to help them expand their businesses, 1 by moving here and the other by adding on to their current facilities.

In the near future we will be meeting with the State Department of Development. I have put off going to Columbus until the holidays were over as the legislature was not in session and many people take time off during the holidays, but with the new Economic Development Board becoming a reality, we will move this to the front burner.

In addition, we have met with URS Engineering, K.E. McCartney, KS Associates, and soon, CT Consulting. All of these engineering firms are experts in finding funds that will support projects in which they are involved. We anticipate using their services to the maximum extent possible.

Examples of some of the opportunities we are already seeing, are a new small industrial park that would bring 50 manufacturing jobs immediately, and an existing business in the city that would like to expand creating 30-40 new jobs. We are seeing new economic development opportunities every week. We need to be prepared to take advantage of the opportunities to grow our City in a positive way, to help alleviate the tax burden on our residents and make North Ridgeville an even better place to live.

Everything we have discussed so far has been positive and, I hope, forward looking.

But not everything is peaches and cream. Let's talk about our financial picture.

Final numbers will not be available for some time. We did end 2003 with all accounts in the black. However, this does not come as a surprise. It is required by law, and we cannot operate with a deficit.

I firmly believe that the economy is recovering, yet, I don't know how fast that will transcend into an increase in revenues for the City. I do know that our hospitalization costs in 2003 were up 33% since 2001. As business owners, most of you are aware that these costs can have a major impact on your bottom line, and that is true for a City as well.

Interest rates on the Star Ohio Pool, which is where we invest our funds, dropped from a whopping 1.31% in January to 1.02% in December. At times during the year, the rates actually dropped below 1%. The days of 10% returns are only a dream. Rates on CD's went from 1.90% in January to 1.06% in December. In the year 2000, our interest earnings from all accounts were \$1,336,049.72. Last year, our interest earnings were \$215,595.56, over \$1MM less.

From a hospitalization cost and investment standpoint, it doesn't get much worse than this.

And, we are currently in the midst of contract negotiations with our 3 unions. Those may have an additional negative impact on our bottom line, but we will have to wait and see, and so far negotiations have been very positive.

On the plus side, our tax duplicate, the value of all the properties in the City increased from \$457,411,050 to \$518,707,270, an increase of 13%, meaning we will see some increase in our property tax collections. I'm not sure most of you who live here in the community see that as a plus,

but to the City it is. Also, during 2003 the City issued \$5,290,000 of Capital Improvement refunding bonds, taking advantage of current low interest rates that will save us more than \$500,000 over the remaining loan terms. And, our employees have been outstanding in cutting costs in their departments and working with the Auditor's office to search out ways to weather the current economic downturn.

Where does that leave us? Financially, we are definitely looking at a deficit. I do not believe it will be \$1.6 MM as earlier predicted, yet, it will be substantial and will have an impact on services. City Council, the Auditor and the Administration will be working closely together to find ways to address this. I am sorry that I cannot be more specific, but that information just does not exist until all our bills are in and paid. The only thing I can promise you is that we will be as fiscally conservative as possible in using your tax dollars to the maximum extent possible, and we are looking at other ways to save money. For example, we currently waive our court costs to encourage people to waive court appearances on traffic tickets. Conservatively, we could include those costs in the tickets, and still be below what appearing in Mayors court might cost without even considering the inconvenience of appearing in Mayor Court. That would add about \$64,000. And we are trying to negotiate some employee contribution towards the hospitalization costs. An amount as low as \$50/month per employee would translate into over \$120,000 per year.

I want to now turn to some of the things that we currently have in the works.

First, we will soon be offering to our Seniors and others, a new program called "Care Call". The system will use a computer to call each participant daily at a prearranged time, and play a message that we can customize as we like. If the resident responds as agreed, the system will log the call as successful and hang up. The process will be repeated every day at the same time. Should the participant not answer, or an

answering machine answers, or the correct response is not received, the call is flagged for human intervention. Several responses are possible, ranging from simply recalling in a few minutes, calling a next of kin, a visit by a Senior Center employee or volunteer, a visit by the NR police, up to forced entry by the police, depending upon the circumstances.

Once the system is up and running, there is no limit to the number of participants it can handle, and it can even be used for public service announcements to the participants, such as an invitation to events at the Senior Center or to notify them of scams in the area for example. We already have the hardware and the software only cost us \$3500, a small price to pay for another way to reassure our senior citizens and help allow them to stay in their homes.

Overtime charges continue to be a concern and is something that we are watching extremely close. In some cases, employee positions that have been vacated have not been filled. We are analyzing these to see if we can get by without filling them. In addition, an employee is not being replaced at French Creek that we are transferring to City Hall. This employee will devote part of her time to the building department to help them reduce their paperwork load. Understandably, our building inspectors are in the field during the day when contractors are working. We are also looking at staggering some work hour assignments to give us better inspection coverage without requiring any overtime.

Currently we are paying approximately \$5000 per year just to archive old records which are rarely used. We are researching the possibility of constructing a caging system inside the new water tower which will allow us to store those records securely at no cost to the City.

The Lorain and Root Road intersection needs further work. Last Friday, Signal Services installed detection devices so the lights will operate “on demand”. The redesign completed by the last administration does not

address the problem of traffic southbound on Root attempting to turn left, and frankly, the paving that was done is already disintegrating. Our street supervisor has assured us that he can hold it together throughout the winter, but corrective action will be required come spring. In the meantime, we are discussing with the Ohio Public Works Commission's local integrating committee, the possibility of switching projects, to allow us to use the funds allocated for the repaving of Case Road to this intersection instead. That decision remains to be seen.

We are going to assemble a policy or employee manual which the City does not now have. There does exist in some cases, specific policies, but in many key areas they do not exist. Also, the simple matter of having a policy manual will give us a procedure to smoothly and effectively document and/or implement new policies.

We have contracted with URS Engineering to complete traffic crash analyses for SR 83 & Sugar Ridge, for which I have received several requests, as well as SR 83 & Chestnut Ridge and Center Ridge Road and Case Road. These studies should be completed prior to September 30th of this year.

I have also discussed with the City Engineer the way Lorain Road is striped at the intersection of Bagley and Lorain and will be looking for a better method of funneling traffic in that area. The current pattern of moving all traffic to the right, just before many turn left onto Bagley is unsatisfactory, in my opinion, and we will be addressing it as soon as possible.

North Ridgeville remains a VERY desirable place to live and work. In the year 2003, we issued 396 new residential building permits and 26 new condo permits. That number is growing rapidly. We currently have 20 new subdivisions underway, including 9 in Waterbury and Meadowlakes combined. There were 13 new commercial projects

including 4 companies brand new to North Ridgeville, Autozone, the Ichibon Japanese Steak House, EMH Regional Medical Center and Sheetz. There were over 9000 inspections conducted by our overworked Building department, and almost 900 complaints investigated by our zoning inspector. A very busy year indeed.

I would like to say just a little bit about the levies that are coming up in March. Of course, the paramedic/fire levy is of most concern to me. This levy is a replacement with a reduction, meaning when passed, the City will receive more money than last year, but less than if we asked for a full replacement. The 1.75 mill levy is essential to maintain our current level of service, including the majority of our firemen also being trained paramedics.

Our library has a 1.91 mill replacement levy on the ballot. When we originally funded the new library, the crown jewel of the City right now, we planned on a renewal levy in 5 years. We did not anticipate a \$500,000 reduction in funding from the State. Our new library is visited by more than 16,000 people each month, who check out more than 30,000 items on average each month - doubling the items per month at the old Library. They need your support.

And, of course, our schools. The schools will have a 4.9 mill levy. I sincerely believe that a good school system is an essential part of a City that is "attractive to all". I think if you ask any realtor, they would agree that one of the most commonly asked questions is, "What about the school system?" A good school system is a key component of a City's reputation, and they also need our support.

The City, in conjunction with you, the Chamber, is dedicated to working on Economic Development. But good libraries, fire departments and schools are needed to convince new businesses to locate here and employees to buy homes and live here. Development is coming but will take time. These are things that are within our control right now.

In summary, our financial picture is a major concern right now. I do not believe drastic measures are in store, but changes will be made and the impact will be felt. Once again, we will not be making any major capital expenditures, and over the long run that can only be detrimental. But one of the strongest assets we do have is our employee force. Morale is VERY good and turnover is almost non-existent. When asked, our employees have continually stepped up to the plate and delivered, whether we are talking about holding the line on expenditures, doing the same job with less manpower or being aware of the city's financial woes and doing what ever they can to help. You should be proud of your City work force.

Our infrastructure is, in my opinion, better than most cities. Yes, our roads always need attention, but our French Creek Waste Water Treatment Plant is state of the art and we are expanding our sanitary sewers into new areas of the City. In fact, the FCWWTP essentially operates as a profit center bringing new income into the City. Our water system is in pretty good shape with a department that continues to modernize, including a state of the art billing system, a new tower and approximately 85% of our customers now have radio read meters. We now have 9414 customer accounts. We do need to continue replacing older water lines in the City, but good progress is being made, although some people will never be happy. One e-mail I received in regards to mud on the streets where we are putting in new water lines on Mildred read "I was really praying you would finally clean up this town and start putting rules in effect but I guess not." That e-mail was received Jan. 4th. I thought, "boy, this honeymoon didn't last long!"

We will have a new paramedic ambulance delivered this month and we have made our final payment of the Fire Department's aerial ladder truck. Our police department is as professional as they come and continues to do an outstanding job, even though that staff has shrunk

from 50 in 2002 to 46 last year.

In summary, the State of the City is good, not great, but good. We have a lot to do, but we have a lot going for us and we have a lot to offer. We will get through our financial woes, and we will move forward. North Ridgeville is a great place to live and work, as others are quickly realizing, but we already knew that. We need to take advantage of the assets that we already have here, to move us forward into the 21st century, and we plan to do just that. With the help of the Chamber and it's members, Council, our employees and of course our residents, the future looks great. One last point. To paraphrase a remark Denny made to me, "This job is a lot of hard work, but we're having a lot of fun!" Thank you.