

## 2014 State of the City Speech

Good evening and welcome to the Canton Civic Center for the 2014 State of the City address. I would first like to recognize and thank the sponsor of this event—The Canton Regional Chamber of Commerce represented by Denny Saunier. Thank you for your continued sponsorship of the State of the City.

I would also like to thank city council for all their hard work and recognize those members in attendance as well as the other city elected officials joining us today.

Most importantly, I would like to thank you, the residents of Canton for your continued support and confidence in our administration over these past six years. Running the 8<sup>th</sup> largest city in Ohio is not easy, but with dedicated hardworking employees, a very talented group of department heads, and our large population of community minded individuals, we are moving Canton forward.

Now it is time for us to raise the bar. We want to create a Standard of Excellence to provide the absolute best services in everything we do. Today, I challenge every employee in every department to not only excel, but to raise the bar beyond current best practices and set new standards. If we really want to claim ourselves as the Hall of Fame City then we should be performing everything we do at Hall of Fame levels.

So how do we get our city to Hall of Fame performing levels? The answer is the same way any business with a goal of creating a world class organization would. We start with management. We must build a leadership team of the most qualified, experienced, progressive professionals and give them the resources they need to create a Standard of Excellence. And that is exactly what we have been doing.

As Mayor, I directly or indirectly oversee 22 of the city's 32 different departments, not counting those under specific boards or commissions, or other elected officials like the Auditor, Treasurer, Law Director, Judges, or Council. And since I have been Mayor, I have made it a priority to find the most qualified, experienced, professionals I can, to lead every one of those 22 departments. And today, I am proud to say that we have the most talented management team the city has ever experienced. And it is because of the efforts of these individuals we are reaching best practice levels in some departments and have already reached a Standard of Excellence in others.

I would like to first take a moment to recognize and thank my cabinet and staff for their personal and professional dedication to the City of Canton. It all starts here, and this is the strongest team I have had since I have taken office. Thank you for providing a standard of excellence in leadership for the entire city of Canton!

I am also very proud to introduce to you the rest of our management team. These are the department heads and appointees in key positions that do not fall under another elected official, starting with our leaders in public safety.

Next we have our leaders overseeing those departments of Public Service.

Then we have those leaders that handle our Internal Services.

And of course, those leaders who take care of our community and economic development services for the city of Canton. These 31 individuals have 60 college degrees, professional certificates or licenses and 14 of them have a master's degree or higher! This group also has a combined 180 years of management experience and 350 years collectively with the city.

In addition to this group, there are other key people serving under other elected officials as well as those we are positioning as our future leaders that I have not mentioned who fit into this category as well. Thank you all for what you do every day for our citizens, and please thank everyone in your respective departments who deserve to be recognized as well.

In addition to a strong management team, the next thing we must have to become a Hall of Fame performing city is financial strength. Like any business, you are only as healthy as your overall finances, and the city is no different. I'm happy to share with you today that the city of Canton is currently experiencing its strongest financial position in over a decade. Let me repeat that, **the city of Canton is experiencing our strongest financial position we have seen in over a decade!**

Now please don't mistake this for us rolling in cash or having the ability to spend at will, because that is certainly not the case. However, when you look at our entire financial picture, we have collected the highest income tax revenue in our history, we have been able to reduce our overall debt while investing in our infrastructure, and we were able to strengthen the reserves in our general and enterprise funds.

There are still some areas of concern, as our general fund cash flow is significantly lower than it was before the recession. However thanks to our strong team of leaders and disciplined spending, overall operations are more efficient and effective than ever. The city now has a much stronger and more stable financial outlook.

Let's take a closer look at our finances that will show you the overall strength of our current financial situation, but also show you a few areas of concern.

The City of Canton's total annual operations this year are currently \$206 million with 32 Departments and over 900 full time employees. However, city finances are not quite so simple.

We have a number of separate funds that make up this \$206 million budget, including enterprise funds, grant funds, capital funds, and of course the General Fund, which is what we spend so much time talking about. The one thing you need to know is that as a rule, you cannot commingle these different funds. So, just because we have money in one area, it does not mean it can be used for anything else. In most cases, every dollar has a specific purpose and needs to stay in the funding stream it currently applies to. And the reason I can stand here and tell you that we are doing very well financially, yet also tell you that we need to be cautious with our spending, is because while most of our funds are in very good shape, a few others are not quite as strong, like our General Fund.

Our General Fund is a combination of our income tax collections, the state's local government funds, interest income, grants, fines, fees, etc. This is the fund we pay our police and fire out of, which means state cuts have had a direct impact on the number of police and firefighters we can afford.

Income tax collected is the largest source of revenue to the General Fund and represents where about 65% of our General Fund dollars come from. The most we have ever collected in income taxes was in 2007, just before the recession started. We bottomed out in 2010 during the recession and since then, we have been steadily recovering. In fact this past year, we had the highest level of income taxes we have ever collected! Our local economy has recovered and we are getting stronger every day.

Our projections for 2014 are anticipated to be similar to 2013. In addition, our new City Treasurer, Kim Perez and his team are taking an aggressive approach to collecting back taxes and new investment strategies. Because of their efforts we anticipate a modest increase in our income tax collections in 2014.

The second largest source of income to our General Fund has always come from the state, supporting local governments. However, our state funding has been reduced from nearly \$11 million in 2008 to under \$5 million in 2014. Think about that for a minute. That's over \$6 million! \$6 million that we won't see every year, year after year! The losses from these state cuts have had a huge negative impact on our operations. Although our General Fund is stable now, imagine where we'd be if we had an extra \$6 million a year for our operations.

Another important source of available revenue for our General Fund is the amount of money not used from the prior year, called our carryover. Being fiscally responsible, we have been able to live within our means while steadily improving our cash flow. Our General Fund carryover has continuously improved each year since 2009, meaning we have spent less than we have taken in each of those years. And these carryovers are extremely important because they roll over to the following year to be used as needed.

Now when you add the carryover to all those other items in our General Fund, like our income tax collections, local government fund dollars and others, our General Fund budget has shown significant improvement since it bottomed out in 2012. However, because of state cuts to local governments, our 2013 General Fund revenues are still about \$5.5 million below our pre-recession high from 2008.

As I mentioned, the City's overall budget is \$206 million and the general fund accounts for less than 30% of that. The next biggest portion of the overall budget comes from our three largest enterprise funds; Water, Sewer and Sanitation which accounts for over \$37 million.

During the past several years, we have been aggressively investing in the repair and maintenance of our plants as well as the replacement of equipment in our Water, Sewer, and Sanitation Departments. In fact, over the past six years, we have spent nearly \$50 million reinvesting in these departments with plans to spend over \$100 million more over the next few years to create a standard of excellence second to none, in providing these infrastructure needs to our citizens.

Not only have we made a commitment to reinvest in our public utilities, we also have managed to strengthen our reserves in each of their respective enterprise funds. This has all been possible because of those talented leaders that I mentioned earlier; Tracy Mills, Tyler Converse, Jimmy DiMarzio and Mark Adams, along with our engineer Dan Moeglin and their respective teams. The state of Canton's public utility reserves are just one more indicator that the city's finances are stronger than they have been in over a decade.

Another key indicator to look at when determining the city's financial outlook is the amount of debt held, and the city's ability to pay off that debt. At the same time that we have been reinvesting in our infrastructure, growing our revenues, building up our carryovers, stabilizing our general fund operations, and strengthening our enterprise funds, we have also been paying down our debt. Since 2006, the city's overall debt has decreased by 13%, or nearly \$8 million.

So what does all of this mean? It means that we not only have been good stewards of our tax payer's dollars during some of the most difficult times, but we have also raised the bar and positioned our city for a brighter future. We are financially strong and getting stronger every day.

Because our financial outlook is much stronger than it has been in years, we feel confident that the city is poised for an increase in our Bond Rating. This will allow us to borrow money for future projects at lower interest rates. Working closely with the City Auditor, R.A. Mallonn and his Chief Deputy, Gary Young, we will be inviting representatives from Standard and Poor's and Moody's to meet with us in the near future to reevaluate our bond rating.

Now that we have reviewed our internal operations, let's take a look beyond the walls of City Hall. I continue to set my priorities based on the four pillars of what makes a strong city; Economy, Education, Community, and Safety. Let's start with the economy.

As I mentioned above, our income tax collections are at an all-time high and that means people are working. A key performance indicator of a strong economy is a steady decline in unemployment and that's exactly what has been happening here in Canton.

We peaked out at nearly 15% unemployment during the recession, but since then, we continue to put more and more Canton citizens back to work and our declining unemployment rate reflects that. In addition, there is typically a large gap between the city's and the state's unemployment rates, however, we are closing that gap too. This comparison shows that Canton's economy has been improving at a much faster rate than the rest of the state.

One reason for our success locally is because several of our core companies such as the Timken Company, Marathon Oil, Aultman, Mercy Hospital, Malone University, Gervasi Vineyards, and the Pro Football Hall of Fame just to name a few, have invested over \$1 billion over the past few years with expansions and upgrades here in Canton.

In addition, the Akron-Canton Airport, Stark State College, the Timken Company, Chesapeake, Baker Hughes, and many others have committed hundreds of millions more dollars locating and

expanding in the Canton region. This creates both construction and full time positions available to Canton citizens and all Stark County residents. And what happens around Stark County, matters to Canton. When the Hoover Company closed in North Canton several years ago, for example, hundreds of Canton residents lost their jobs. When our region does well, we all win.

And this is why it's so important that we work closely with our neighbors, because we are all in this together. Our partnership with Jackson Township has allowed us to work together promoting economic opportunities for both communities. And this partnership is serving as a model to emulate with Plain Township and others to work together for the good of the whole community.

And of course, I cannot talk about economic development without mentioning the Canton Regional Chamber of Commerce. Our partnership has been invaluable and I want to personally thank Denny Saunier and his entire team for all that they do for our city.

One example of how important our relationship has been is the development of the Mills Industrial Park along with developer, Bob DeHoff. We have recently attracted another business to this park located off Faircrest and Rt. 77. I<sup>2</sup>R Power is the newest company to move into this industrial park and we are excited to have them here in Canton. Combined with Medline, GE Capital, and Old Dominion Freight Line, who all have moved into this industrial park within the past few years, we are now up to 170 new jobs in our city that would not be here today without the Chamber's efforts.

In addition to the Chamber of Commerce, we are also working closely with Team NEO, which is our economic development organization that represents Jobs Ohio. When it comes to creating jobs, you can never have too many partners. One area we have worked well with Team NEO is with foreign investors. We have had several leads for new business opportunities, and our latest international success due to this relationship is with a company called Ambaflex Inc. They have recently purchased a building on Raff Road and have brought with them 25 more jobs. I believe that one of the best opportunities for creating new jobs here in Canton is to seek out those international companies looking to do business in the US. We will be focusing more and more on attracting foreign investment to help our community grow.

And speaking of working with Team NEO, they were the ones who gave us the lead for VXI Global Solutions a few years ago. VXI has been in downtown Canton for about two and a half years and they are already one of the city's top ten employers with roughly 1,000 employees. That is exciting in itself, but even more exciting is the fact that they have recently announced that they will be hiring an additional 650 workers by the end of spring! With those additional hires, VXI Global Solutions will become one of the city's top five employers! This is fantastic news, and we are thrilled to have them here in Canton. So, if you know anyone looking for a job, I'd start at VXI.

*The Repository* recently reported that Utica Shale drilling has fostered more than \$18 billion in economic impact for our region. Canton has directly benefitted from engineering firms, law firms, hotels, and other oilfield service companies bringing even more jobs to our city. And this

is still just the beginning. We expect to see this industry to continue to grow every year for many years to come.

In addition to the oil and gas industry, we have several other exciting projects developing that will bring new companies and new jobs to Canton, and I look forward to sharing those with you throughout the year.

The importance of a strong education system is the second of the four pillars that are needed to build the foundation of a strong city. As we shift into a more globalized and interconnected world, we must make sure our children have every opportunity to succeed. Having just a high school diploma is not enough anymore in order to compete in a global market. But graduating from high school is the first step.

Graduation rates are a good indicator as to how well our schools are performing. They also are one of the most important factors in where people want to live and raise their families. The overwhelming majority of our children attend either Canton City or Plain Local Schools. Collectively, they are graduating about 86% of our children, which is well above the State's average. And Canton City Schools have been consistently graduating a higher percentage of their students compared to any of the other "Big 8" school districts. This is a big improvement from the past, but the future is even brighter.

Superintendent Adrian Allison and his administration have stepped up to the challenge and are in the process of completely transforming Canton City Schools. The Brighter Tomorrow Plan began last year with a goal of customizing the educational experience and creating a greater opportunity for every child to succeed. At this time I would like to thank Superintendent Allison and the entire Canton City School Board for establishing a standard of excellence.

It is not enough to just help our kids graduate from high school. That is why I continue to promote the Mayor's Scholarship Program. Our office has partnered with several colleges and universities that guarantee funds to Canton students. Every child who lives in Canton and attends one of our public schools is eligible for this program. As long as they stay in school, do their best, and graduate, I want every single child to know that there are resources available to help them go to college.

And of course, one of the most exciting things going on in downtown Canton is the addition of Stark State's newest campus focusing on the oil and gas industry. Stark State anticipates servicing thousands of students at this new downtown campus and classes are expected to begin this year.

Having healthy, attractive neighborhoods is the third pillar of a strong city. Canton has many beautiful neighborhoods, but we also have our share of blighted and stressed properties as well. The appearance of our housing stock is only part of the equation. There are many other variables that help create quality neighborhoods.

But in every case, it's the involvement of the people that makes a neighborhood great. And I would like to take this moment to thank every citizen who is actively participating within their

local neighborhood organization. Your involvement matters and is making a real difference. Thank You.

The City of Canton has been committed to eliminating blight while also investing in our infrastructure. Since I took office, we have had the most aggressive housing demolition program in Canton's history. In the past six years, we have torn down over 1,000 blighted structures throughout the city, and we just received funding, thanks to the efforts of Bethany Chamberlin and Lisa Miller, that will allow us to tear down another 250 properties over the next two years.

In addition to removing the blight, we have spent \$21 million repairing and replacing over 80 miles of roads and bridges throughout the city.

Creating quality neighborhoods means more than roads and bridges; it also means that we have working sewer systems, waste water treatment, and fresh water available at affordable prices.

And this is where strong leadership has really made a difference. Our public works team, led by Jimmy DiMarzio, Tyler Converse, Tracy Mills, and Dan Moeglin, together have consistently raised the bar, creating a standard of excellence by reducing neighborhood flooding, modernizing our water and sewer systems, and creating the largest, cleanest, greenest waste water treatment facility in the entire world!

Another one of those leaders that I was referring earlier is Derek Gordon, our Parks Director. With Derek leading the way, our citizens agreed to a levy that will invest in our parks while spearheading the eventual merger of our Parks and Recreation Departments. I would like to take a moment to thank the Canton residents for investing in Canton's future. I'm sure that we will see many wonderful improvements to our parks and recreation services in the near future.

And one of the most important things we are working on is the creation of our citywide comprehensive plan. Just yesterday, we delivered a communication to council that will allow us to enter into a contract with CZB, LLC to develop our Citywide Comprehensive Plan. This process will take some time, but by this time next year, we will have a formal document that will serve as our guide into the future.

The last pillar I'm going to discuss today, and perhaps the most important of the four pillars is **Safety**. In spite of all the challenges we have faced over the past six years, our Police and Fire Departments have been doing a spectacular job. The citizens of Canton are fortunate to have the most professional, skilled, and trained police and fire departments anywhere. If you have had the need to call them, or if you ever had an opportunity to ride along like I have, to witness firsthand how talented they really are, you would understand why I can make this claim.

Let me start by taking a closer look at our fire department.

Our fire department had an extremely busy year in 2013, responding to roughly 12,000 calls. Of those calls, less than 250 were for structural fires, the rest of the calls were for EMS services. Because of our aging population, the number of EMS calls has increased significantly nearly every year. Our firefighters are busier than ever, but putting out fires is only a small part of what they do.

In the past, everyone in this department was a trained firefighter, with a small portion of them also trained as medics. Today, if you want to serve on the Canton City Fire Department, you must be both a firefighter and a medic. By raising the bar, Canton now has the most educated and trained firefighters we have ever had.

In addition to fire and medical training, our firefighters have also been prepared for numerous types of disasters, including environmental issues, water rescue, building collapses, natural disasters, terrorist attacks, and just about anything else you can imagine. Our Firefighters are already performing at a Standard of Excellence worthy of Hall of Fame recognition.

Under the leadership of Chief Bruce Lawver, we have seen a standard of excellence in our Police Department that has not been present in decades, if ever. This department is performing at the highest levels our city has ever seen, and they are getting results!

Crime in the city has been on the decline. Intelligence Led Policing strategies have driven our crime levels well below where they were seven years ago, when they were at an all time high. Except for a slight increase through portions of 2011 and 2012 when a large portion of the county jail was closed, we have seen a continuous reduction in crime across our city since 2007.

When you look back over the past ten years at the actual crime statistics, the same ones that are reported to the FBI annually, you can easily see that Canton is a much safer city today than we were in the mid-2000s. I will be the first to tell you that 6,800 incidents is still way too high and we are committed to doing everything within our power to continue to make Canton a safer community.

The biggest change to our policing strategies today compared to seven years ago was the implementation of Intelligence Led Policing, which is the use of modern technology and statistical analysis to enhance our policing strategies. This system allows us to be much more efficient and effective. A few examples of making better use of technology was the implementation of the Shotspotter system and Tip411, as well as using the web site for posting our most wanted criminals.

In a collaborative effort between the US Marshal's Service, the Stark County Sheriff's Office, the Canton Police Department, and the Adult Parole Authority, the Northern Ohio Violent Fugitive Task Force has been instrumental in apprehending more than 100 violent fugitives in our area.

We are in the process of bringing back the Community Initiative to Reduce Violence program in a partnership with the Stark County Prosecutor, John Fererro. They have hired Reverend Walter Moss to head up this program that targets gang members, gang activities, and violent crime. We brought this program to Canton with grant money back in 2009, but had to dissolve it because of a lack of funds when the grant ran out a couple years later. We expect that this program will have a big impact on gang and gun related crimes throughout our city.

Our police and fire departments do a great job. As you all know, sophisticated programs and modern technology are all good, but what we really need are more boots on the ground!

Today I have just sworn in 35 of the newest members to our safety forces, that is 18 new police officers and 17 new firefighters! This will increase the **total number of police officers from 147 up to 165** and will increase the **number of firefighters up from 138 to 155!**

Not only is this the largest class of new hires we can find on record, it also is the most diverse class we have hired in 25 years. I am also proud to say this class includes ten veterans.

Ladies and gentlemen, I would like to introduce you to the newest members of your safety forces!

Congratulations to all the new members to our safety forces, and thank you to everyone else for attending my State of the City address.