

STATE OF THE CITY – 2008

Council president Speakman, members of city council, those present in this room, citizens of the city of Jackson,

There can be no greater honor than to stand before you, my fellow citizens, and portray to you what I believe to be the state of our city as we move forward into 2008 and just as importantly, beyond.

Each one of us at this table has an awesome responsibility. We have accepted the call of our friends, neighbors and each and every one of our residents to bring about a quality of life that makes us all proud to call Jackson our home.

On January 1, a new city administration took its place, a majority of new members took their seats on this city council, signaling the start of an exciting new and successful chapter in our city's history.

As I look forward, there are two primary philosophies I hope to carry forth in my term as mayor, philosophies I hope will set a tone not only for today and tomorrow, but hopefully for many years to come.

One is realizing we have a shared responsibility, a shared responsibility to make this happen with the assistance of each one of our citizens and each member of our business and industrial community. We can't do it alone, we can't expect them to do it alone. We must do it together. If everyone is to share in the success, then everyone must share in the responsibility. There can be no other path to ultimate prosperity.

The second is I hope all of us can be remembered for "what" we do in our service for our citizens, and not necessarily for "who" accomplished it.

We live in a wonderful city. There is no place else I would rather live, no where. The reason for this, though, is people over generations of time made the necessary sacrifices for us today to have the very functional and reliable water, sewer and electric systems we enjoy, made the hard decisions to invest in the necessary infrastructure so you and I could have a better life, generations of people that we know what they did by what we have today, but unfortunately can hardly call any of them by name.

I am sure they knew many of the investments they made would not come to fruition in their lifetime, but had the foresight and the courage to made the difficult decisions to bring us the quality of life in Jackson we do enjoy today, and for that, we should all say thank you.

We are given the same calling, and not to be the generation which is regarded as the one that let Jackson down. We are truly nothing more than a bridge from the generations of dedication of the past to our children and their children yet to come. We are the bridge to the future, and we must reach the other side. We can't let Jackson down.

There is precedence for this philosophy.

The 1990s was considered to be one of Jackson's greatest eras for growth. Now known as Bellisio Foods, Luigino's started from nothing and grew to more than 1,000 employees, a ringing endorsement of our community's work ethic and drive. Other industries remained steady or grew.

Late in the 1990s, our neighbor to the south, Ironton, was enduring the opposite, losing nearly 1,000 jobs in a short span of time. Then State Representative John Carey asked former Mayor Evans and myself as the chamber of commerce director to meet with Ironton officials to share how we had gained our successful economic footing.

Not only now Senator Carey, but leaders from throughout southern Ohio recognized Jackson at that time as the economic success story of southern Ohio and the Appalachian region. Whether they were from Chillicothe, Athens, Gallipolis or Portsmouth, the phrase was oft repeated, "Jackson seems to be doing something right".

When Ironton officials asked how we did it, I can still remember former Mayor Evans saying, "It's because we care about 'what' and not about 'who'. We don't care about the credit, we care about the results, and by working together we have gotten things done."

Unfortunately for us, on March 18, 2002, our community changed, and tragically the philosophy of "what" seemingly became lost in the transition and so many things suddenly became all about "who".

When former State Auditor Petro unleashed the results of his "evaluation" of our city's government on our community and our state, the attack was so forceful it brought about such savage divisions that seemingly "who" always took center stage from that point on and the "what" became harder and harder to find.

It led our city on a roller coaster ride of emotions and division from a personal and political standpoint, and was used to establish a financial tone and direction that has been vigorously scrutinized and debated ever since.

Our most important charge as elected officials of the city of Jackson is to properly manage the finances of the people in a way it serves the citizens of today as well as the citizens of tomorrow. The responsible distribution of funds, along with the creation of laws, is by-and-large the two primary functions of a city council.

There will always be debate on what is the best use of our money, but in the end, you can only spend the money you have, not the money you don't have. When a dollar is spent, there must be a plan for how that dollar is going to be replaced. In general terms, when the day is done, our city must be as financially stable as when the day began.

Of course, we are talking great sums of money. We can always put a different face on what we do to manipulate the results in the short-term, but make no mistake about it, dollars and cents always have the last word. If they are not spent and recouped in a responsible fashion, the truth will always come out.

Since March 18, 2002 and the former state official's revelations, our citizens have been bombarded with every scenario possible about our city's finances, or in other words, their money.

They have been told by some fund balances have grown, yet by others all funds are in danger. They have been led to believe they can have more city services and benefits than ever before, and even pay less for it. Then they have been warned with governmental funding, you can fall into a "pay me now, or pay me later" trap, and in the future we will not only have to pay for our current upkeep and any future investment, but for the past as well.

It confuses me, I am sure it confuses many of you, so it is no wonder every one of our citizens would be totally confused as well.

Are we going in the right direction financially? Can we stay the course with business as usual, or do we need to now discard the evaluations and scenarios of the past and conduct a total reevaluation of our city's finances, and potentially our financial funding structure, to ensure everyone is sharing in the responsibility so everyone can hopefully share in the success?

The real and actual financial numbers of our city in recent years would seem to certainly suggest we can not stay the course. The numbers I am about to give you suggest a downward spiral that must be turned around as I don't believe any person sitting at this table can say these numbers are acceptable. It would certainly appear this direction can not be continued without disastrous consequences.

For example, in numbers provided and verified by the city auditor's office, combined expenditures in the general, water, sewer and electric fund in 2007 exceeded revenues by \$2,253,598.06. This was more than 19 percent of our total surplus in those four funds combined. Every fund lost at least \$200,000. At this rate, every primary fund in our city would be broke in just over four years, no police, no water, no sewer, nothing.

The real concern must be addressed in our utility funds.

In the last four years, our water fund has lost \$1,814,007.18 in its surplus and had expenditures exceed revenues in each of the last four years.

In the last four years, our sewer fund has lost \$3,156,166.59 in its surplus and had expenditures exceed revenues in each of the last four years.

In the last four years, our electric fund has lost \$806,210.06 in its surplus and had expenditures exceed revenues in three of the last four years.

The amount of surplus lost in the last four years in the city's water, sewer and electric fund combined is \$5,776,383.83, or 44 percent of the city's surplus in those funds.

Yes, there has been monies used from those funds to help with upgrades to the system, but making necessary repairs and upgrades are a normal part of funding any utility system and can not be separated out. A dollar spent is a dollar spent.

It would seem we need to immediately start the process of having independent engineers begin a comprehensive study on the steps we must take to reverse this trend. I believe the picture is clear and while we will make it through tomorrow and next month, the financial direction of these funds is very troubling.

We must also not forget additional money that has been borrowed and must be repaid in the future concerning our utilities.

There was the \$8 million mandated by the Ohio Environmental Protection Agency to upgrade our wastewater plant. There was the \$3.5 million borrowed for the Veteran's Drive substation that our electric customers paid for once then the money had to be borrowed again, meaning an additional \$2.4 million in interest with a total cost of \$4.68 to every electric customer every month until 2031. Then last year, \$750,000 was borrowed for upgrades that were absolutely needed at the water plant.

Add these figures together, \$14,650,000 all told, with the \$5,776,383.83 in surplus reductions, and it means it would take \$20,426,383.83 to have the funds to where they were four years ago with all surpluses recouped and all money borrowed paid off.

Obviously, we have more than 20 years to pay off our debts, and due to the financial scrutiny of our city's leaders in the 1990s we still have surplus funds in our utilities. It certainly would appear, though, our financial direction must drastically change if we are to successfully manage our city's finances from this day forward.

Numbers can always be manipulated in a number of different ways, but these numbers, in my opinion, don't lie. Going back to the saying "you can pay me now, or you can pay me later", we must be very cognizant of the burden we could be placing on our future generations with the direction we are traveling now.

Of course, I am sure residents believe any cost for utilities or any other service is going to be too much, because there are other things they would like to spend their money for. This is human nature.

But when they don't have the money in the first place for whatever reason for these necessities, let alone the supposed luxuries of life, it can be overwhelming and it is difficult to ask someone potentially for more if they don't have it in the first place.

This is why it will be just as important moving forward to have a rock solid plan for the economic development of our community. We need to return to the qualities when all of southern Ohio perceived Jackson as "doing something right".

In the last two years, we, as a community, have learned how fragile a city's economy can be with the eventual closing of the Meridian facility. We know first-hand the devastating effect it can have on our economy and community as a whole.

While the effect has been overwhelming for those who lost their jobs, it has also affected every utility customer in Jackson as well. When going at full production, Meridian purchased, on average, about \$1 million of electric each year from the city. If the city used but 7 percent of the income from that electric for operation of the system, this is approximately \$70,000 lost in money used in the operation of our electric system that must be made up in some manner.

If the city were to lose, for example, Bellisio Foods, formerly known as Michelina's, as a water and sewer customer, the effect would even be more devastating. An independent engineer's study has determine if such were to happen, water rates would have to be raised by 15 percent and sewer rates potentially by as much as 43 percent.

And for many cities, such losses of industry are catastrophic as a result of the tax revenues lost.

Since other cities have lost industries just as our city lost Meridian, and those cities have felt the same crushing economic effects, the competition for industries to either fill that now vacant facility or potentially build new in Jackson is going to be extremely competitive.

From my 12 years of experience in the economic development field and talking with economic development leaders from throughout Ohio, we can not afford any missteps or unnecessary delays in confronting this issue. There is not a more evident challenge before us where we must put the “what” ahead of the “who”, because each time we don’t, another community succeeds and we are left hoping for another chance.

If we are to find a tenant for the Meridian building or otherwise replace those jobs with income similar to the income lost, we must be pro-active and actively utilize the tools we have at hand.

For the last 15 years, our city has been an active participant in the Jackson County Economic Development Board. This board has successfully united the public and private sector to promote our county’s economic development potential. It has been a prime example of how success can be gained when the personalities of an issue are put aside for the betterment of all.

Currently, Kara Willis acts as the director of this agency. This county is extremely fortunate to have such an individual of her talents leading this effort. Her tremendous experience in economic development on a state-wide level has placed this agency in an established position that hopefully will give us the necessary advantage needed to be in a front-running position for new economic potential for our city and our county.

If we are to ultimately be successful in reaching our economic development potential, this path in no way can be impeded by personalities or political considerations. Every focus must be on what, and not who, being totally responsible and professional in our efforts. We must allow those, both currently in place locally and within our state structure, to continue the path already created and allow them to explore and develop the necessary enhancements needed for this process to move forward.

There are other things, though, we can do directly as a city to help in this effort.

We have already done a great deal by our foresight in the development of our utility infra-structure. Our capacity to provide water, sewer and electric, in part because of the recent upgrades to our system that were needed for normal customer use anyway, is absolutely imperative.

The industrial park at the northeast corner of Veteran’s Drive and McCarty Lane is considered one of the most prime industrial and retail development sites in southern Ohio because of its location, availability of utilities and the fact it is immediately ready for development today, an incredibly important factor.

Its proximity to major retail outlets, such as WalMart, and U. S. 35 might give it a slight edge over the Gettles Industrial Park in Wellston, but any economic development effort for the benefit of the citizens of Jackson must present this area as the prime development area in the immediate Jackson area. Any effort to divert attention from this location as a prime development site will be detrimental to the economic development efforts of both the citizens of Jackson as well as all of Jackson County.

While location and utilities use to be primarily the two considerations most commonly contemplated when determining a new industry’s location, two more considerations in today’s world of business and industry are receiving equal consideration and must be recognized as such.

They are the quality of the workforce available, and the quality of life for their employees outside of their work environment.

We have a quality workforce in place, and good school systems with nearby universities that continue to produce quality workers. Our community is steeped in the tradition of hard work from the generations who toiled away at Globe, JISCO and the D. T. & I. Car Shops. Quality workers spent 40 years in the facility on East Main Street that started out as Goodyear and brought economic promise to Jackson four decades ago.

Those displaced workers are still standing vigilant today at that site hoping to send a message they want to work and do the work needed for an industry who will hire them.

The quality of life issue is the area we still need to do much work, but it must be made a strong priority as well if we are to truly compete with other communities who are desperately trying to fill their vacant facilities as well, and are making the necessary improvements in their community's quality of life to do so.

Industries know their employees are going to be most productive when they are in surroundings that are most conducive to a complete lifestyle. They want to see them have the opportunity to stay physically fit, thus potentially reducing health care costs for them in the future, and have a fully appreciative outlook on life the industry hopes will carry over into his or her's attitude in the workplace.

This has become such an important issue, the president of the Ohio Chamber Of Commerce told me personally last November that when he is locating a facility for his company, it is one of the first considerations they examine. He said he can tell when the community is serious about, or just playing politics with their economic development.

This is why, under his strong encouragement, I hope this year to appoint a committee of citizens to form a Community Quality Of Life Taskforce. This would be made up of between 10 to 15 individuals, not appointed by me, but by various groups in our community to represent their interests. This will allow them to give a truly unimpeded, yet totally advisory, view on the steps needed to be taken to improve our community's quality of life.

It will also, though, allow them to gain a better understanding of the financial conditions that must be met to make such improvements and allow them to independently help educate our citizens as to the actual cost of these projects and improvements as well.

Some steps have been taken in recent years to help upgrade our quality of life, but those efforts were severely compromised by the lack of effort to find appropriate ways to fund such improvements, leaving some projects in very compromised positions today.

Our efforts toward these improvements must go far beyond just forming a few programs for our elementary-age school children.

We might be the only county in Ohio with more than 30,000 residents which does not have an adult softball field for summer recreation. The bike path is a good project toward this end, but many challenges have been left with this project for it to be completed as planned.

I don't believe we can address these quality of life issues from a standpoint of being just a total luxury, and only if we really want to put the money into it. Good streets, good sidewalks, good recreational programs, they might be the deciding factor in whether we get the industry with the 300, good-paying jobs or watch it go to a similar size city 100 miles away.

We have the location, we have the utilities, we have the workforce, we need to complete the cycle to make sure we are on the front-lines competing for these valuable jobs, and not just praying one falls into our lap, because in today's ultra-competitive economy, it is not going to happen. We have to make it happen if it is going to be a reality. We have to be top-notch in every area, just a few will not do.

The bottom line, though, is there a financial reward for an improved quality of life? When you consider if an industry were to locate in the Meridian building, it could bring in an additional \$70,000 or more income for our operational costs for our electric system, money other customers who not have to make up, and the same with water and sewer, yes, maybe by finishing the bike path, for example, or adding recreational fields just might be the edge in the area of quality of life that allows an industry to say yes to Jackson, providing income for employees and reducing utility costs for all.

Yes, it is most evident having a sound quality of life for all our citizens is not just a luxury or a reason to go out and have a good time, it is something that will eventually put money back into everyone's pocket, and always keep Jackson in the forefront of economic development potential.

We have many great assets in our community, and certainly not least among them are our city employees. They are well paid for their services, but they are also well-trained and dedicated to their responsibilities.

We have a strong, veteran police department who I believe has the street officers with the experience to make the right, common-sense decisions needed to keep a community safe yet peaceful.

Our fire department is a truly dedicated group of citizens who dedicate great amounts of time to make sure they are always prepared to protect you and your property to the best of their ability from the ravages of fire.

The dedication of our utility workers shone through in December when a major water-line break force them to work for nearly 12 hours into the morning to restore water service to the community.

We should be proud of the employees we have working for us.

And personally, I feel very blessed to have such a qualified and competent individual as Bill Sheward to serve as my service-safety director. He brings a level of professionalism and understanding that will serve all of our citizens and employees well.

What I have listed for you tonight is just a handful of the many challenges we have that lie ahead. These are just some of the primary ones requiring your most undivided, unimpeded attention.

If we focus on “what” we need to do to move forward, then we will have laid the foundation for a successful future for both today and tomorrow as well. If we focus on the job at hand rather than the players involved, then we perform as a team and the community as a whole celebrates as the winner.

If there is a concern, it must be voiced, every opinion must be heard and responsibly weighed for the best results to be realized. I do not have all the answers, and I never will on my own. You don't have all the answers, but I am sure you have some I don't.

But ultimately the answers we arrive at are not for you or for me. They are for our citizens, the people I so proudly serve as their mayor, and you so proudly serve as their representatives on this city council.

We will be judged by their success, not ours. We will be judged by future generations not by our names, but by our deeds.

We can't let Jackson down. If it meant this much to our forefathers to make the sacrifices they did, then it must mean that much to us to do the same for our children and beyond.

If we all share in the responsibility, then we will all share in the success. This must be our direction, this must be our goal, to make Jackson the city those on the outside envy, but most of all, to make our city the place we will always love to call home.

I thank you with all of my heart.