

Jackson Mayor Randy Heath issues Annual State of City Address, 2018

For the past ten years, I have proudly stood at that podium and honestly and factually reported our city was good, it was improving, it was getting better every year and taking us from the false stigma of Appalachia to a city that could compete with anyone.

Competing? Yes, competing against the world every day, every community that wants new jobs that are available, competing against the communities that want the jobs we have now.

While the Ohio Revised Code requires me to report to you on the state of our city, it doesn't really address what you say when the state of your city is in the greatest uncertainty in its 200-year history.

How we meet that uncertainty, those of us sitting at this table, will determine the future of Jackson. It is as simple as that. Will we even have a future, or will we slowly be dismantled, not only re-enforcing the false stigma of Appalachia, but potentially becoming its poster child.

If we do not find an immediate source of additional income for our general fund, Jackson will be changed forever and the community so many of us grew up in and loved for it, will be gone, and a community that struggles with disappearing jobs, more drugs, more crime and a slow decay of life will replace it.

Will it happen tomorrow, no, next month, probably not, maybe not for a year, but while other communities believe in themselves, tell the world "we are worth investing in ourselves" and moving forward just to keep pace, Jackson will have sent the message, "we are just not worth it".

Clearly, the community has a right to judge our current situation any way they want, but if I may personally ask one thing, would you please judge our current situation solely on its merit, and not on what appears to some as the vicious campaign of hate, animosity and sometimes just lies that has been launched against me personally in these last three months.

If the goal of those spreading this venom was to establish that this kind of approach to addressing the issue is reflective of the entire community, maybe they have gone a long way in doing that.

But this isn't about my future, politically attacking and disparaging me for the benefit of a few; this is about every single person in Jackson, whether they vote, whether they don't vote, our children, our parents, our friends, everyone. What an injustice if the greatest challenge in our life cannot be addressed responsibly.

Right now, we are in a paralyzing situation and those of us at this table can decide whether it is temporary, or becomes permanent.

I have no trouble whatsoever saying that I am very proud of the advances our city has made during my tenure as mayor. We have spent the citizen's money wisely, we have invested wisely, we have reduced costs when it was in the best interest of our city, doing that every day if possible.

Maybe we have not made the glaring reductions as we will have to do if we do not see immediate income into our general fund, but there are less employees than when I started, and we have avoided adding to utility and general fund costs by securing as much as \$8 million in grants, or almost \$1,250 for every man, woman and child in Jackson.

But these times are gravely different. All the advances that have been made could very well be wiped out. While other communities will be moving forward for the betterment of their

residents, we will be regressing and sliding backwards, as will all of our residents, whether it affects them today or not.

What residents might think they are saving today, though, might cost them so much more tomorrow that no one can realize now.

Throughout my life, I have tried to the absolute best of my ability to live by two guiding principles, to be fair and to be responsible, no matter the circumstances, no matter the repercussions.

While one might say shouldn't everyone do that, there are tremendous pressures that can severely challenge a person to steadfastly stand by those principles.

For example, this year we had to negotiate a new contract with our police department. The timing of how things have unfolded these past four months I have found to be incredibly amazing, and the fact that this financial crisis developed at the very same time we were negotiating this contract is just as amazing.

Obviously, we have many employees in our city, employees who do many different jobs and consequently are paid out of many different funds, but regardless we have a responsibility to all of our employees and all of our citizens to treat our employees fairly and responsibly.

In our last contract with our non-uniformed employees, we granted each of those employees basically a two percent raise. Was it fair to say we have to take a potential raise for our police officers away because we thought for sure we were doing something right, and it amazingly all of a sudden changes? Is that fair to them? They had nothing to do with this scenario.

So next, is it responsible?

Clearly, we are in a state of great uncertainty, which is why we ask the police to agree to go without a raise for the first year to see if we could resolve this situation.

In addition, if there is no additional general fund income very soon, the raises in the second and third years would amount to very little cost to the city because of the number of officers who no longer would be working and would be receiving nothing, let alone a raise.

Also, police officers cannot strike. If the two sides cannot agree, or council does not accept the contract, it goes through a series of steps until finally a totally independent third party, after both sides have paid thousands of dollars fighting each other, says this is what it is going to be, and because our city is overall financially solvent, regardless of the standing of the general fund, the third party, as they have done historically, most likely would rule in favor of the police, especially since that is equal to what all other employees have received and equal to the current rate of inflation, and those raises would be immediate.

But someone might ask what have the police done for the city, besides protecting our lives every day?

A few years ago, the police officers elected to be represented in the future by the Teamsters Union.

And if you remember, two years ago, the Teamsters Union, as a result of their representation of our police department, offered to bid on our city's insurance policy. As a result of the package they offered the city in comparison with the other bid received by the city, based on the first year costs of both proposals, the city over the three-year period will save approximately \$2,662,200.

Would you like to think of where our city would be if we had not been able to save this \$2.6 million, the added costs to the general fund, to the utility funds, the added costs to our residents?

Thus, knowing that all other city employees had received raises, the police had saved our city \$2.6 million in health care costs, far, far beyond what any raises would amount to, and risk arbitration that could cost the city even more in the long run; yes, offering the raise with what

has happened, and knowing the reaction has weighed on me every minute for the last four months, but in the end, what is most fair, what is most responsible, and I cannot put into words how all of that was considered.

So, is the police budget too high anyway?

These are questions we, as an administration, ask with every budget we prepare. But we must also do what is best for Jackson.

While comparisons can be useful in select instances, maybe what we are being compared with is not a fair comparison, would not be fair to our employees because what is being compared is not responsible, either, and why should we shortchange our community because others have been shortchanged?

And not all comparisons are the same, many can be very misleading. For example, someone gave me a sheet of other communities with supposedly their budgets compared to their population.

I called one police department to follow up and got the answering machine three times, saying to call 9-1-1. Glad it wasn't important. Another was Athens, but their overall population includes the students in the dorms at Ohio University, which are the responsibility of the Ohio University Police Department.

Another one, Circleville, had a budget twice as much as was found on the Internet. Yes, Wellston has a smaller budget, but I have been told possibly a majority of the time they could have only one officer on duty. Is that safe?

It has been said the county sheriff's department budget is much less than ours, but they also have a joint dispatching agreement with the EMS which could affect it and there are costs in our budget that they can include in the jail budget, which I believe is totally separate from its operating budget, making that comparison not totally fair.

And if their deputies are paid just over \$11 an hour, as Mr. Willis indicated in our meeting with the commissioners, for putting their lives on the line for us every day, then I would say they do deserve more, but I am also very respectful of the situation the county is in.

So what is the worth of our safety?

I know from comments from Municipal Court Judge Mark Musick, he has always had great praise for the work of our police department in putting together evidence that helps assure the bad people are appropriately punished for their deeds, and I would rather have those who violate our laws punished rather than walking free on technicalities or poor investigations.

But who does pay for the police, it is all on the residents?

No, absolutely not. In matter of fact, only a small portion of what it takes to fund the city's police department comes directly from the residents.

One of the incomes for the general fund comes from cost allocations. But in the numbers and percentages I will make note of, I am not including the cost allocations as cost allocations are passed through payments to overall general fund employees for utility work.

At the beginning of 2017, of the remaining money in the general fund, only 15.5 percent came from the residents, which includes 50 percent of the real estate tax income and approximately 25 percent of the residential costs paid into the rents and rights-of-way utility program, or utility easement program.

This year, if there is no income from an income tax, the only money coming directly from the residents to the general fund will be the approximately \$160,000 from real estate property taxes, that's all to pay police and all other general fund expenses, or only about 6 percent of what is needed to maintain our current level of services.

In matter of fact, even if we had a 1 percent income tax in which 60 percent of the income came from non-residential sources, it appears that still only about 25 percent of our general fund income outside of cost allocations would come from the residents.

This means that if the police contract was to be approved, even if the income tax was in place, the amount it would cost the citizens would not be 6 percent, but closer to 1.5 percent for the police putting their lives on the line for us every day.

Clearly, this city has tried every way possible to avoid having to implement a tax to support its police department, even though every other one of the 247 cities in Ohio fund their departments either through an income tax (243 of them), or the other three which use property taxes, while there are some who use both.

As a result, Jackson city councils have elected to supplement their general fund in lieu of the taxes that all other communities have imposed or voters have approved, by using the rents and rights-of-way method of generating those funds.

Thus, when people say “We need to do like other cities”, well, then, let’s compare ourselves to other cities.

As mentioned, there are 247 cities in Ohio. There are 74 cities that have a population of between 5,000 and 10,000, like Jackson, who have a cumulative average of a 1.54 percent income tax, or 50 percent more than what we have proposed.

In matter of fact, of the 243 cities that have an income tax, only 27 of them, or just over 11 percent, have 1 percent or less, meaning 89 percent of those 243 cities have an income tax of more than 1 percent.

This does not include the 390 villages that also have municipal income taxes as well, meaning that over 630 municipalities in Ohio have an income tax on their residents and those who work there.

For your review, I have included a list of every one of those municipalities, including for the cities by rate of tax and by population.

The other three cities who do not have income taxes are Cortland (22.1 mils of property tax), Bellbrook (19.5 mils of property tax) and Beavercreek (18.5 mils).

And the amount Jackson residents pay?

6.7 mils; 3.5 mils for the fire department and cemetery, 3.2 mils for the general fund, and that is compared to Oak Hill, which has 17.4 mils of property tax and an income tax; Coalton, which has 12.6 mils of property tax, and Wellston, which has 10.8 mils of property tax plus a 1 percent income tax.

In other words, only 6.6 percent of a Jackson resident’s property tax goes to the city’s general fund. That is compared to a total of 65 percent of a resident’s property tax that goes to the schools, or 10 times as much.

While the school’s state audit revealed they have an income of just over \$5 million in taxes, the Ohio Department of Education says they also received more than \$14 million in state funding. So I am sure if the state legislature took away 43 percent of that \$14 million, or more than \$6 million, they would not be making cuts simply through attrition.

So, the commonly asked question, if we did have an income tax, would we have to have the rents and rights-of-way program and could that money be returned to the citizens?

Most certainly that program has to be totally reviewed as to finally, once and for all, decide what is legal and what is not.

We have now been severely punished twice as a result of this issue, for something we thought was right, then all of a sudden “crash” and we are in chaos. The only way to avoid it is to

implement a method that no one can question, and that is an income tax, and implement it before irreparable damage is done to our community.

But our residents need to be aware that while the funding mechanism of the rents and rights-of-way program has meant more than \$1.2 million annually to our general fund in the past, the only reason we have been able to have any police department of substance, only about 25 percent of it has come from the residents. If the program were to be totally dissolved, it is believed it would still only mean about \$8 a month in potential savings to the residents and it would have to be determined what would be the best way to handle it.

Before we can work on refunds, paving streets and other things such as that, though, we need to have an adequate police department and we need to have it now, not a year or three years from now, because if we let our guard down now, the drug lords from Michigan, Ohio and West Virginia will have set up a permanent shop in our community that will never go away.

The decision as to our future is ours. The decision is ours as to what is fair and responsible, not necessarily the most popular. It is easy to be popular, it is difficult to be responsible, and I want to see Jackson have another 200 years of growth, love and caring for others as we have enjoyed our first 200 years, but the crossroads are here and now must be met.

--Jackson City Mayor, Randy Heath