

**Recommendations  
Of The Mayor's  
Financial Task Force  
Shaker Heights, Ohio**

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*“It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change” -- Charles Darwin*

## **Executive Summary**

The Financial Task Force was formed in 2009 by Mayor Earl M. Leiken to provide the Shaker Heights mayor, other local government officials, and residents, objective insight into taxation and financial issues affecting the entire community. It was and is the Task Force’s goal to aid City, School District, and Library Board leaders in working together for the good of Shaker Heights residents while following separate operational and financial paths. The mission of the Task Force is to make recommendations that adapt to changing community circumstances and best preserve quality, while containing or reducing the financial burden on Shaker Heights taxpayers.

In early 2016, the Mayor’s Financial Task Force began an analysis of both the Shaker Heights Public Library services to this city and its current and future financial needs. The objective of this study was to identify the most effective and cost-efficient means to maintain or enhance excellent library services for Shaker Heights residents.

The study determined that both library services and consumer needs for these services have changed dramatically in recent years, and are continuing to change. To meet those future needs, a forecast done by the SHPL shows it will likely soon need additional property tax millage to support library services and unfunded building maintenance and improvements. With sensitivity to the extremely high tax burden on Shaker residents, the Mayor’s Financial Task Force concluded it is both prudent and timely to evaluate alternative, high quality lower-cost options for library services in Shaker Heights.

We understand that the Shaker Library is conducting an internal review of service options and we will review their report when it is complete. However, after considering all information available at this time, and after reviewing the world-class capabilities existent within the Cuyahoga County Public Library system, the Mayor’s Financial Task Force strongly recommends that the Shaker Heights Public

Library Trustees move forward to join the Cuyahoga County Public Library system. This recommendation is based on our strong sense that this action is the only viable option available without further burdening Shaker Heights taxpayers while continuing to provide state-of-the-art, broad range library services to residents of this city.

## **Introduction**

The Mayor's Financial Task Force was appointed by Shaker Heights Mayor Earl M. Leiken in October 2009. Mayor Leiken created the Task Force to study the financial position of Shaker's local government institutions, working across government boundaries, and to deal with taxation and financial issues affecting the entire community. The Mayor recognized that there was a greater need for a community-wide financial perspective and assessment in Shaker Heights for the 3 resident funded public entities – city, schools and library. The mission of the Task Force is to make recommendations to adapt to the changing circumstances of the community which best preserve quality, while containing or reducing the financial burden on Shaker's taxpayers. Task Force findings and recommendations were previously submitted to the community in October 2010 and March 2012. Both of these initiatives focused largely on operations, including revenue, expenses and a funding level which supports top-quality city services and safety, high-quality schools and a good library system. These reports are available on the Shaker Heights website at <http://shakeronline.com/>. The Task Force recommendations have no legal authority but are intended to be helpful to the city, public schools, public library and, very importantly, Shaker residents and taxpayers in addressing needs while reducing reliance on tax increases.

Essential to any Task Force evaluation of local government financial challenges, and any corresponding recommendations, is to recognize the significant tax burden already placed on Shaker residents. The recommendations of the Task Force must support the high quality of community life with good services, good schools and a good library system, so important to attract and retain income and tax-producing residents and businesses, while also limiting the additional financial burden on Shaker homeowners, residents and business owners. Additionally, these Task

force recommendations must also support a coordinated city-wide financial and tax plan, together with alternatives to relieve tax pressure on Shaker residents.

### **A Strong and Sustainable Shaker**

Shaker Heights recently celebrated its centennial in 2012. This desirable community has enjoyed remarkable success in maintaining the quality of its architecturally attractive homes and inviting parks, attracting a highly educated and diverse population of residents, providing excellent municipal services, maintaining high quality and nationally-recognized public schools, and supporting a high standard independent library system. The City, School District and Library have a long history of working together to support Shaker residents while following separate financial paths. From a citizen perspective, however, Shaker Heights is one community with a tax cost structure that places it at the high end of this region and in the State of Ohio. The City provides municipal services with an annual operating budget of approximately \$46 million, the Schools provide public education service with a budget of approximately \$93 million, and the Library provides their service with a budget of approximately \$4.6 million. Never in the 104 year history of Shaker Heights has it been more important for each of these three taxing entities to be more cognizant of the unprecedented financial pressures facing this community and cautious with their financial planning and spending. As such, there is significant value in taking a coordinated approach to planning and evaluating spending options, particularly in times like the present which are extremely economically challenging for all three entities and for our residents.

Like all Cleveland inner-ring suburbs, Shaker Heights continues to experience large economic, infrastructure, population, housing and neighborhood changes and stress. The recent voter approval of tax increases to support city operations and replace lost funds from the State of Ohio (0.5% income tax – August 2012) and support school operations (6.9 mills property tax levy – May 2014) has alleviated some near term operating challenges. However, large and long-term challenges remain. The City, Schools and Library continue to face significant operating and infrastructure needs.

Adding to these challenges, as stated earlier, Shaker Heights is already among the highest taxed communities in Northeast Ohio. If Shaker is to remain competitive with other high-service communities, the flexibility to seek additional taxes from residents is very limited. In this highly taxed and resource constrained community, balancing the needs and priorities, while protecting services, is of critical importance to Shaker's future and competitiveness with other desirable communities in the greater Cleveland area. Every alternative to seeking a tax increase, while maintaining services, must be sought out and properly vetted.

A key necessity for Shaker Heights is to attract and retain income and tax-producing residents and businesses to assure a funding level which supports top-quality City services and safety, high-quality Schools and good Library services. Shaker's ability to attract and retain these taxpayers is dependent on the perception that the community has much to offer without unduly burdening residents financially.

### **Shaker Heights City**

The residents of Shaker Heights approved an income tax increase of 0.5% in August 2012 with 64% of voters approving the measure. The purpose of this ballot initiative was to replace State of Ohio lost revenues resulting from the repeal of the Ohio Estate Tax, together with a 50% reduction in the Local Government Fund and further reductions in the Commercial Activity Tax, all totaling a loss of 16% of Shaker's revenue at the time. Prior to this ballot request, Shaker undertook an aggressive review and reduction in operating expenditures totaling over \$6 million in a 4 year period (2008-2012). The income tax increase was essential to protect Shaker's municipal and safety services. With its passage the financial position and bond rating of the City has remained strong. However, strong fiscal management and strict cost control remains an essential operating mandate at all times for Shaker Heights.

The income tax increase was a once-in-a-generation action and should not be considered or duplicated in the future due to the heavy resident-funded tax burden already in place. While the City faces large unfunded infrastructure needs, totaling in excess of \$30 million for streets, lakes/dams, parks, recreation,

equipment and building maintenance, a ballot initiative to fund these improvements is not feasible or practical. Infrastructure funding must come from other sources, including the operating budget, issuing new debt (with the corresponding debt service paid through operating revenues) and by other creative approaches, for example, funding for Shaker lakes and dams through the Stormwater Management Program of the NE Ohio Regional Sewer District, potential public/private business partnerships and collaboration, sharing services with other communities such as fire/police dispatch with Cleveland Heights, University Heights and South Euclid, and a possible fire department consolidation with one or more communities. The Mayor and City Council understand these funding challenges and are following a process to support both infrastructure and operating needs within the current income tax rate and property tax millage. We are pleased that Shaker's management team endorses this fiscal practice and is protecting the community in a financially responsible manner.

Shaker Heights has a unique value proposition that places extraordinary emphasis on high quality municipal services and safety, fast response time to emergency situations, good schools and good library amenities for residents. However, this is not inexpensive and within this proposition, (1) driving economic sustainability and (2) greater regional collaboration are critical mandates for long-term success.

### **Shaker Heights City School District**

The Shaker Heights City Schools are an essential, important and irreplaceable part of attracting and retaining residents to Shaker Heights by offering a world-class education. Shaker continues to have an outstanding School District and recently became the first school district in Greater Cleveland – and one of only eight districts across the entire nation – to provide the International Baccalaureate Program to students at all grade levels. The District regularly produces high numbers of National Merit and National Achievement semi-finalists and students who are accepted into the nation's most competitive colleges, as well as providing for the needs of those who are socio-economically disadvantaged and for those who require significant remedial help. The student population is diverse in every

sense and the Schools are under significant financial pressure to serve all constituencies.

The School District receives the bulk of its funding from property taxes and from the State of Ohio. House Bill 920 does not allow for inflationary growth in School revenue that results from increases in home values. Additionally, there is limited land available for new construction and its resulting tax revenue. As such, the Schools rely on property tax increases to support school operations. The residents of Shaker Heights have traditionally supported the District and in May 2014 approved a 6.9 mill property tax levy with 61% of voters approving the measure. With much hard work and careful cost management, the District has made great progress in extending the interval between operating levies, which historically have occurred every 3 years. Since 2006, the Schools have managed to lengthen the period between property tax levies to four years with levies in 2010 and 2014, and the current forecast is that the next levy request will not occur before 2020, a full six year interval.

The School District is currently developing a Master Facilities Plan with a focus on maintaining the long-term character and quality of Shaker's unique buildings and grounds, as well as enhancing the student educational and learning experience. On August 18, 2016 the School District announced that it will seek a \$55 million capital levy in May 2017 to fund significant improvements to the District, including replacing the Middle School. This projected ballot request will be the first school bond issue since 2004. Bond financing for the School District is the normal way to finance capital repairs and improvements. The last three capital bond requests for the Schools were in 1990 (\$10 million), 1996 (\$12.7 million) and 2004 (\$23.5 million). This ballot request will have a further significant impact on taxes. In addition, an operating levy will be requested in the next few years which will further increase resident taxes.

The Schools have no reasonable alternatives to funding services other than to ask Shaker residents for periodic support. However, the School District must continue to be careful stewards of taxpayer dollars. Like the City and the Library, the Schools face a situation where taxpayer dollars are limited and already strained in this highly-taxed community. Therefore the Shaker Heights City School District must continue to demonstrate sound fiscal reasoning and discipline with its

requests. Specifically, capital and facilities requests must be practical, affordable and essential must-do's, and not discretionary nice-to-do's, and result in increased efficiencies.

It is also important that other taxpayer-funded government entities, the City and the Library, recognize the importance of the School District to the future of Shaker Heights, manage their own fiscal needs prudently and seek funding alternatives so as to protect School funding and garner stakeholder support.

### **Task Force Project Mission**

In early 2016, the Mayor's Financial Task Force began to analyze the Shaker Heights Public Library financial needs and determine if there are less costly library alternatives for Shaker residents. This was not because of any disappointment with the quality of library services, staff or leadership in Shaker Heights. To the contrary, the Task Force applauds the Library Board on how it has managed its resources to deliver the best possible services, given the limitations of its fiscal position and the loss of State of Ohio library funding. Rather, the need for consideration of this library alternatives question relates to a continuing concern by Task Force members with the heavy load of total taxation for Shaker taxpayers, especially in relation to other communities. As Shaker has changed in so many ways, so too have library services during the last 20 years, but the overall tax burden on our residents in Shaker has continued to grow. The Shaker Library's financial forecast shows a need for additional tax millage, effective as early as 2017 and again in 2023, to support their current operation and level of services, and provide for unfunded building improvement costs.

This analysis directly concentrates on the core mission of the Mayor's Financial Task Force – provide recommendations to preserve high-quality services while containing or reducing the financial burden on Shaker's taxpayers, including alternatives which will potentially deliver comparable services at a lower cost to our residents. The request is also consistent with the Task Force recommendations provided in the 2012 report that stated: *“The Library should develop a financial forecast that seeks no additional tax increases. If the operational outlook with this constraint is not feasible within the present funding*

*level, the Library should look at other options that reduce the tax burden on residents of Shaker Heights. One such alternative would be to evaluate a merger with the Cuyahoga County Public Library system, which is a more economical tax option for Shaker residents.”*

### **Public Library Options for Shaker Heights**

Few people would ever question the importance of good library services for Shaker Heights. Public library services are an essential part of the fabric of Shaker Heights. Since 1922, originally as a branch of the Cuyahoga County Public Library, and since 1937 as an independent school district library, this service has been provided by the Shaker Heights Public Library. The Shaker Library has historically provided good services and has adapted to changing library usage and customer needs throughout its history. Additionally, throughout Cuyahoga County there are several fine public library alternatives for residents, independently managed by Cuyahoga County, the City of Cleveland and by local communities.

In evaluating library options for Shaker Heights there are two direct issues to be analyzed:

1. Financial/cost – including current cost, projected future costs, and cost savings for residents from other library operating models.
2. Services provided to library users – including breadth of collections, educational programs, speakers/authors, archive collections, public meeting space, youth centers and customer service.

A separate but important consideration is to understand and prioritize alternative demands for precious and limited taxpayer dollars for other community entities, such as public schools operations and infrastructure, and city municipal, safety, security operations and infrastructure.

## **Shaker Public Library Financial Overview**

There are two primary sources of public library funding in the State of Ohio, local real estate property taxes and the Ohio Public Library Fund. In Shaker Heights the breakdown of library funding follows:

1. The Public Library Fund and intergovernmental revenue – for the Shaker Heights Public Library, in 2015 the Public Library Fund was \$1,499,997 or 32% of total revenues, and intergovernmental revenue was \$398,940 or 8% of revenues. The State of Ohio Public Library Fund revenue source peaked in 2000-2001 and has steadily declined since then. According to the Ohio Library Council, public libraries receive about the same amount of State funding today in 2016 that they received in 1997. During this same period cumulative inflation has been 50.1% so this represents a reduction in State funding of 50% in real dollars.
2. Real Estate Property Taxes – for the Shaker Heights Public Library, in 2015 this was \$2,648,734 or 56% of total revenues. Shaker homeowners have approved an effective property tax millage rate of 4.0 mills for Shaker Heights Library. There can be a wide differential in library millage from one system to another. The Cuyahoga County Public Library system, which serves 47 communities, has a millage rate of 2.5 mills.
3. Other small revenue sources such as fines and fees, interest, meeting room rentals and contributions – for the Shaker Heights Public Library, this was \$197,686 or 4% of 2015 revenues.
4. Revenue sources totaled \$4.7 million in 2015 compared to over \$5.5 million in 2009. The Shaker Library has aggressively pursued cost reductions and, as a result, expenditures have declined from \$5.4 million in 2009 to \$4.6 million in 2015.
5. Shaker remains a very high-usage library in Cuyahoga County but usage is changing. Items borrowed were 1,346,085 items in 2009 compared to 1,010,685 in 2015, a decline of 25%. Library visitors declined from 576,386 to 454,343 during this same period, a decline of 21%. Reference questions answered and directional questions answered also showed significant declines during this period as well.

All of this translates into a difficult economic environment for the Shaker Heights Public Library – State of Ohio funding dropping, inflationary cost pressures, library usage down dramatically, an aging infrastructure and facilities, and other competing, important and significant financial needs in the community. The Shaker Library has addressed its operating challenges with aggressive cost actions and difficult reductions in service hours at both library branches, Main and Bertram Woods. Because of these actions by the Shaker Library, and despite the reductions in the Ohio Public Library Fund coupled with inflationary cost pressures and changing customer requests, the Shaker Library has shown a small operating surplus in 6 of the last 9 years.

However, the financial outlook for the Shaker Library is filled with additional operating and infrastructure pressures. Operating and service stress will continue without additional funding. In a presentation the Shaker Library made to this Task Force the Library showed building repair and maintenance needs of \$5 million in capital improvements. This is to maintain existing buildings and service, and provides for no future improvements to either. An alternative scenario to modernize service and reduce operating costs is building a new modern single facility at either the Main or Bertram Woods location with a capital cost of up to \$20 million. Funding for these projects would come from a 0.8 mill property tax increase initially (2017), followed by a 0.9 mill property tax increase 6 years later (2023), and followed by further property tax actions in 2036. Even with excluding new building construction and paying for building maintenance on a “pay-as-you-go” basis, the Shaker Library will experience large operating deficits without new sources of revenue from increased property taxes or further and deeper customer service reductions, or both.

This Task Force applauds the Shaker Library for their responsible cost reduction actions in a most difficult operating environment and for their facilities planning. However, the current Shaker Library situation outlined above suggests that it is prudent and the appropriate time to evaluate other good and potentially lower cost options for library services in Shaker Heights.

The most feasible cost and service alternative to maintaining and funding an independent public library in Shaker Heights is to join the Cuyahoga County Public Library system. The County Library system serves 47 communities in Cuyahoga

County and over 620,000 residents, with general fund revenues of \$65.4 million in 2015. It has an international reputation for library excellence and exceptional customer service. The current County Library property tax millage is 2.5 mills compared to 4.0 in Shaker Heights. More importantly than the current tax millage differential is the absence of the future infrastructure and building maintenance costs that the Shaker Library is facing. In the County Library model, all costs, operating and capital, are spread throughout the Cuyahoga County library service area and not exclusively within Shaker Heights. From a financial perspective, removing the burden of facilities and building improvements makes this a very attractive option, together with a reduction in current property tax millage.

### **Cuyahoga County Public Library Services**

The next question then is “How does the Cuyahoga County Public Library compare to the Shaker Library in terms of services, collections, educational programs and local control?”

The Cuyahoga County Public Library system currently has over 994,000 registered cardholders. CCPL circulated over 19.5 million items, including 1.5 million digital books, and had over 7.3 million branch visitors in 2015, making it one of the top 5 high-volume libraries in the nation. The materials budget was over \$9 million or 14.7% of total expenditures in 2015. County residents logged more than 1.1 million hours on CCPL public computer stations. In addition to the County’s extensive physical and digital materials collection, its participation in SearchOhio and OhioLINK provides CCPL with access to more than 50 million items, including books, periodicals, maps, music scores, academic research and audiovisual materials from 121 academic libraries and 21 public library systems across the State of Ohio. Several of the 27 CCPL branches (Beachwood, Brooklyn, Fairview Park, Independence and Solon) have circulation higher or near the Shaker Library average of 31 per capita. CCPL serves several communities with economic demographics similar to Shaker Heights that have highly educated and high income residents (Strongsville, Orange, Solon, Bay Village and Beachwood). Other key library measurements such as program offerings and program attendance, teen programs, research assistance, computer access and usage, copies/items ordered

per hold request, average wait times for items not in the local branch, and maintaining historical archive collections, all compare favorably to the Shaker Library. County-wide programs offered reached 15,000 during 2015 and included book discussions, technology training, author events, early literacy assistance, homework centers, new parent engagement, job/career services, an Encore Entrepreneur education series, civic engagement, and City Club of Cleveland on-line screening, all enhance learning opportunities for residents.

In addition, the County Library hours of operation are greater than those in Shaker, with the County system open on Sundays year round and also on most holidays. The County has several “Friends of the Library” organizations and is proactively interfacing with local community and library stakeholders. In 2015, operating and capital gifts/grants to the County Library and the CCPL Foundation totaled more than \$2.3 million. The Foundation, currently with \$3.1 million in assets, exists to support the CCPL mission to be at the center of community life by providing an environment where reading, lifelong learning and civic engagement can thrive. Capital improvements and new building construction is funded through a Facilities Master Plan, financed through notes, savings and fund raising, and currently has a capital reserve of \$20 million. In Cuyahoga County 96% of residents rate CCPL quality as “excellent” or “good” in a January 2016 community attitude survey.

Despite the diverse breadth of Cuyahoga County communities that CCPL serves, it embraces a community-face focus with library services embedded in the quality of life for a local community. Branch measurements are based on how the branch connects to the unique needs of a community, rather than how it meets CCPL common measurements. CCPL has a track record of success in several local communities by addressing client needs through partner collaboration, such as the 123 READ Program with Warrensville Heights, Brooklyn, Garfield Heights and Maple Heights that has improved reading scores in these school districts.

### **Current Shaker Public Library Evaluation**

We are aware that the Shaker Heights Public Library is currently undertaking an evaluation of seven options for providing library services. These are:

1. Maintain – Operate existing buildings with current service, while completing required repairs.
2. Replace – Replace two existing buildings with a single, new building.
3. Upgrade – Operate existing buildings with service and capital improvements, completing required repairs.
4. Limit – Operate existing buildings but move Main operations to first floor, make other renovations to reduce cost, complete required repairs.
5. Partner – Replace Woods with a public library embedded in a (new) Middle School, also with likely repairs to Main.
6. Contract – Never go on the ballot again; operate Main and Woods, with minimal repairs, eventually closing Woods.
7. Combine – Combine with CCPL.

The SHPL Trustees have several criteria questions for each of these seven options and estimate that this evaluation will be completed in September. In the opinion of this Task Force, six of the seven options require either a tax increase or a service reduction and in some cases both. Only one – inclusion – provides the same or better services with no additional taxes. The Mayor’s Financial Task Force believes that the Shaker Library trustees, rather than waiting until the completion of their internal evaluation, should have the benefit of this independent Task Force thinking on this important subject at this time.

### **Task Force Recommendation for the Shaker Public Library**

Subject to review of the final Shaker Library Board report and based on all information available to it at this time, *this Task Force strongly recommends that the Shaker Heights Public Library move forward with joining the Cuyahoga County Public Library system.* The Mayor’s Financial Task Force believes that, lacking another previously undisclosed solution by the Shaker Library, the only viable long-term option is to merge into the Cuyahoga County Public Library system. This recommendation protects and improves library services in Shaker Heights without further burdening Shaker taxpayers. While this Task Force did not undertake a complete inclusion study, all signs show that the County Library system is very comparable to the Shaker Library from a customer service and quality perspective.

Add to this that the County alternative is less costly, both in terms of current operating millage taxes and in removing the burden of future building improvement costs for Shaker taxpayers. Shaker will receive excellent library services, better financial stability, a reduction in property taxes, and relief from future building maintenance and repair costs. We conclude that the County Library is a most attractive choice for library services in Shaker Heights. The County Library resources offer good services for a highly-educated community like Shaker Heights.

We recognize that there will be many details to work-out in the inclusion process including the transfer of personnel, building assets and collections, together with defining program and service parameters. While some of these items will be complicated, none of these are insurmountable hurdles, and we urge the Shaker Library trustees to initiate this process immediately.

In making this recommendation, we have carefully considered the impact of recent increases in City income taxes and School District property taxes in Shaker as well as the anticipated need for additional School property taxes for capital and operating needs in the near future. The latter will add to what is already a substantial tax burden for residents. The reduction in current taxes and the avoidance of future taxes for library services are admittedly relatively modest. However, given the present and anticipated future tax burden on Shaker citizens, we do not believe that the additional cost of the present differential between Shaker and County library taxes or the future taxes to maintain the quality of the local system can be justified. The County alternative is an excellent one and we can see no reason at this time for failing to pursue it.

### **Community Outlook – Next Steps**

There are two critical community mandates in Shaker Heights:

1. Maintain the highest level of public school educational programming. This charge has cost implications in the future.
2. Maintain quality of all city services and the attractiveness of this community, without unnecessarily further burdening residents financially.

We believe the recommendations in this report address community needs, municipal services, public education, library operations and quality of life while reducing reliance on tax increases. After several meetings in 2015 and in early 2016 to examine the topics in this report, these recommendations were developed and approved by the 13 members of this Task Force on July 2, July 16 and August 18, 2016, by a vote of 12 FOR and 1 AGAINST. (There is a dissenting opinion which is attached to this Task Force report.)

While we understand that this recommended action for the Shaker Library trustees involves a new direction for Shaker, the fiscal pressure in our community, together with the already very high tax burden on our homeowners, requires smart actions and adherence to a city-wide financial and tax plan and, where possible, a look at alternative service plans. Critical also to Shaker Heights is to properly fund and safeguard essential community services like safety, public schools and the library, even if these services are shared with other communities, as well as to provide more financial flexibility and control by making cost trade-offs with comparable service where appropriate.

Shaker has done a remarkable job of providing high quality City, School and Library services in the face of significant challenges. This is a testament to our citizens and to the quality of people who have served in public office in Shaker over a period of many years. Our community continues to have unique assets and development plans which make us optimistic about the future – high quality housing stock, the physical beauty of our parks and walking trails, attractive neighborhoods, a highly educated and diverse population, exciting new commercial development in The Van Aken Center, and the business advancement efforts of the Shaker Heights Development Corporation. These assets make us attractive and give promise to a bright future for Shaker. However, Shaker's position within Northeast Ohio is always vulnerable to economic, employment and population shifts and pressure. The best way to address this stress is by adjusting to our changing economic circumstances and by following a sound and disciplined financial approach that recognizes the heavy burden already placed on Shaker taxpayers and limits further requests. Good fiscal management is the bedrock of a sound and sustainable community.

## Summary of Recommendations

### Library

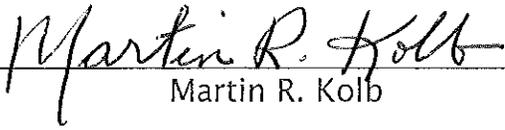
1. Initiate an inclusion process with the Cuyahoga County Public Library to become part the County system. This effort is a process to merge into the CCPL system.
2. Do not seek any additional funding from Shaker Heights taxpayers.

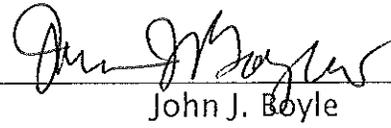
### Schools

1. Carefully manage taxpayer funding for operations, focusing on providing a world-class education opportunity for all Shaker students, both for the gifted student and the challenged student.
2. As the facilities master plan is refined, focus on sound fiscal reasoning and discipline when seeking additional taxpayer funding, being very cognizant of the large tax burden already in place for Shaker Heights taxpayers. Capital projects should be essential must-do's to maintain quality education, protect community assets, and improve operational efficiency.

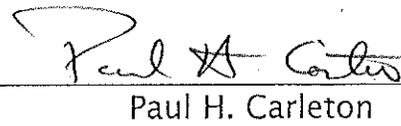
### City

1. Drive economic sustainability and development, together with further regional collaboration with projects to increase the revenue base and share/reduce operating costs.
2. Pursue creative approaches to finance infrastructure needs without compromising quality.
3. Do not seek any additional funding from Shaker Heights taxpayers.

  
Martin R. Kolb

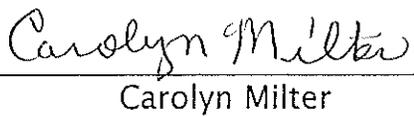
  
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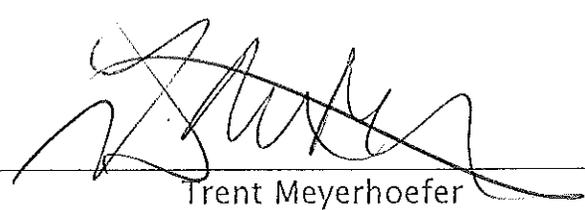
  
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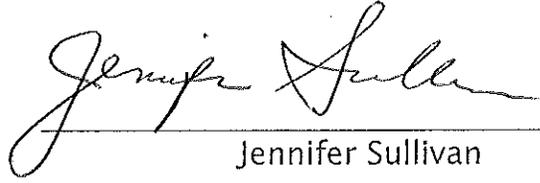
  
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Jennifer Sullivan



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Kathleen Brancato

## STATEMENT OF CHAD ANDERSON TO THE MAYOR'S FINANCIAL TASK FORCE

August 18, 2016

Mayor Leiken, Mr. Chairman, and Members of the Task Force:

I would like to start by saying that the other members of the Shaker Heights Public Library Board of Trustees and I understand the importance of the charge Mayor Leiken has given to this Task Force. We share with the Task Force a commitment to preserving Shaker's quality of life while minimizing the tax burden on residents.

And we applaud the time and effort Task Force members have committed to this challenge. As members of the Board that has statutory responsibility for Shaker Library, we understand what this kind of volunteer service entails.

The report the Task Force is considering tonight raises the question of the most cost effective way to provide library services to Shaker residents and recommends that the Board of Trustees of the Shaker Heights Public Library begin the process of merging in to the Cuyahoga County Public Library system. This process is called "inclusion" and when a Library Board votes for inclusion in a county system, they are saying, "Here, please take this off our hands." It amounts to giving away your independent library and its assets.

As members of the Task Force already know, inclusion is also a question Shaker Library has chosen to explore. We are facing \$5 million in much-needed repairs to our facilities - \$4 million for the Main Library in the old Moreland School building and \$1 million for the Bertram Woods branch – and we have an obligation to Shaker residents to examine all viable options for solving this problem.

We have been developing an analysis of our options and have identified seven possible solutions. One of these options is seeking inclusion within the County system. As we previously informed the Task Force, we are carefully doing our diligence on each option and we anticipate reporting on our findings in September.

Despite our shared interest in this topic, however, I will be voting NO tonight on the question of accepting this report and its recommendations.

My NO vote tonight should not be seen as negative commentary on the Cuyahoga County Library system. Like Shaker Library, the Cuyahoga County Public Library is considered one of the best library systems of its type in the country.

My NO vote also should not be interpreted as a statement against merger with the Cuyahoga County system. The Shaker Library Board has not taken a position for or against inclusion. Until our analysis of our policy options is completed and our Board has acted on it, we consider inclusion to be an open question.

Presenting a recommendation on inclusion as this report does, however, communicates both to the Library Board and to Shaker residents that the Task Force now considers inclusion a closed

question, a question for which it has an answer. The reason I will vote NO on accepting this report is that it does not, in fact, close the question. It takes a position on the disposition of Shaker Library, while leaving many critical concerns unanswered or only partially addressed.

I have expressed to the Task Force on multiple occasions my belief that due diligence on the possibility of inclusion requires a rigorous examination of a host of issues. As a part of Shaker Library's analysis of its policy options, we developed a ten-page memo outlining questions about the impact on inclusion that we felt were necessary to reach an informed conclusion. I provided this memo to the Task Force in the hope that it would consider them.

The Task Force report, however, looks at very little beyond the effect that merging Shaker Library into the county system would have on property taxes.

This report provides limited data about Shaker Library and omits important information about its operations. It was developed with minimal requests for information from Shaker Library's staff and board and it was discussed at meetings that were scheduled at times when Shaker Library's representatives had informed the Task Force that they were unable to attend.

The report speaks only in the broadest terms about the impact that inclusion would have on services and on the partnerships with local organizations that Shaker Library has built over the years. It is silent on the differences between having our library governed by local residents and having governed by a county system, and the effects that changing our library's governance will have on decisions that affect Shaker residents. And it doesn't examine how the county system determines the locations from which it will provide services and the impact that may or may not have on our two current library branches.

I understand that some may think that answering these questions is beyond the Task Force's purview, but our charge isn't just minimizing the tax burden alone. It's doing so while preserving Shaker's quality of life, which, in my view, makes them relevant to the Task Force.

But even if you believe this Task Force should look at fiscal issues with minimal context, this report leaves important questions about the fiscal issues it raises unanswered.

Using effective millage numbers – the percentages that determine what homeowners actually pay - inclusion in the county library system would result in a reduction of millage of 1.3 mills, which around 1% of Shaker's total property tax millage. This difference amounts to a reduction in annual property taxes of a little more than a dime per day - \$40.97 per year - for every \$100,000 in home value.

Shaker Library has operated independently as a Shaker civic institution for almost 80 years. Unlike many of Shaker's other institutions, it was not part of the Van Sweringen's master plan – it was conceived and built through the effort of generations of Shaker residents. Its assets and operations have been paid for by taxpayer dollars, state funding and contributions from the community.

The MFTF's report recommends that in return for savings of a little more than a dime a day, Shaker should give all of this away.

And it does so without a complete picture of the costs and benefits involved.

The looming question about cost is that there is no guarantee that the County system will continue to operate the Main Library in the old Moreland School. There are strong reasons for them not to. The City owns Moreland School and the Library is its tenant. The building needs \$4 million of repairs. Instead of paying for these repairs, the simplest solution for the County Library would be to move out of Moreland School and serve Shaker residents through the Woods branch and their other nearby County Library branches. It would immediately reduce their capital needs by \$4 million. And the City of Shaker Heights would be left with the responsibility for another empty school building – one that needs \$4 million of repairs.

The pressing question about the benefits of inclusion is how long the County library millage will remain at its current level. There is no guarantee that Cuyahoga County Public Library will not seek a property tax increase. Right now, Shaker voters alone control the Library's tax millage; after inclusion, Shaker voters will have only a limited impact on the decision. If the County system pursues a tax increase, Shaker residents could find in the near future that they gave away their library, saddled the city with an empty school building that needs \$4 million in repairs and no longer have any property tax reduction to show for it.

Because of these unanswered questions, I view inclusion in the County library system as an open question and see the recommendation in this report as being premature. It lacks the evidence necessary to provide much guidance to the Shaker Library Board about how to proceed. We can and will, however, take it under advisement as a matter of opinion.

Mr. Chairman, I will provide these comments to you in writing and would respectfully ask that they be included as a dissenting opinion with this report, should it be adopted by the Task Force. It is my hope that you will agree to do so. Our meetings are conducted in private, without minutes, and Shaker residents should have access to the full scope of our discussion on this issue.

Thank you for allowing me to comment.

## Mayor's Financial Task Force

### **Martin R. Kolb, Chair:**

- Chair, Mayor's Financial Task Force
- Retired General Manager, General Electric Company
- Past member, Shaker Heights Board of Education and Board President
- Member, City Council Finance Committee
- Member, Finance & Audit Committee Shaker Heights City School District
- Three adult sons, all Shaker City School graduates

### **Chadrick Anderson:**

- Executive Director Corporate Strategy, American Greetings Corp.
- President, Shaker Heights Library Board
- Two children in Shaker City Schools

### **David Bergholz:**

- Twenty seven year resident of Shaker Heights
- Former Executive Director of the George Gund Foundation
- Former citizen member of the Shaker Heights Planning Commission and Zoning Board of Adjustment
- Former member and Chairman Of the Shaker Heights Public Library
- Library representative on several School Levy campaigns

### **Jack Boyle:**

- Senior Fellow & Special Assistant to the President, Capital Planning, Maxine
- Goodman Levin College of Urban Affairs, Cleveland State University
- Retired VP Business Affairs & Finance, Cleveland State University
- Retired Chief Financial Officer, United Agencies, Inc.
- Former Mayor, City of Cleveland Heights
- Member, Shaker Planning & Zoning Appeals Board
- Master's degree, Urban Planning, Design & Development; BS Finance
- 4 adult children and 6 grandchildren: 3 in Shaker City Schools and 3 graduates

### **Kathleen Brancato:**

- Director, Presidential Communications, Case Western Reserve University
- Member, Shaker City Schools Communications Advisory Council
- Former Co-President, Fernway Elementary School PTO
- Two children in Shaker City Schools

**Todd Campbell:**

- Credit Review, PNC Bank
- Portfolio Administration Segment Manager, KeyBank
- Past Board member, Fund for the Future of Shaker Heights
- Past Member, Shaker City Council Finance Committee
- Two children in Shaker City Schools

**Paul Carleton:**

- Managing Partner, Carleton McKenna & Co., LLC, merger and acquisition advisory firm
- Former Chair, Board of Trustees – Baldwin-Wallace University
- Board of Trustees, University Hospitals
- Board of Trustees, Playhouse Square Foundation
- Board of Trustees, Bluecoats, Inc.
- Board of Trustees, FBI Citizens Academy
- Member, Finance & Audit Committee Shaker Heights City School District
- Four adult children attended and/or graduated from Shaker City Schools

**William L. Clawson:**

- Business Leader, Progressive Insurance
- Bachelor of Science, Economics, Wharton School of Business, University of Pennsylvania
- Master's Degree, Business Administration, Harvard Business School
- President, Board of Education, Shaker Heights City Schools
- Former Treasurer and Vice President of Financial Management, Shaker Heights PTO
- Two children in Shaker City Schools

**Christopher Hunter:**

- Associate General Counsel – Intellectual Property, Parker-Hannifin Corporation
- Past member, Family Connections (previously Shaker Family Center), and Board President
- Past member, City Council Finance Committee and Neighborhood Revitalization Committee
- Two children in Shaker City Schools, one graduate

**Matthew Lehman:**

- Mobile Business Leader, Progressive Insurance
- Past Member, City Council Finance Committee
- Member, Board of Trustees, Shaker Schools Foundation
- Member, Board of Trustees, Shaker Youth Center
- Member, Board of Trustees, Shaker Youth Hockey Association
- Shaker City Schools graduate
- Two children in Shaker City Schools

**Trent M. Meyerhoefer:**

- Senior Vice President & Treasurer, Eaton
- Member, Shaker Heights Board of Education Finance & Audit Committee
- Past member, Shaker Heights City Council Finance Committee
- Member & Chair Elect, Board of Directors, The First Tee of Cleveland
- Past member & President, Family Connections of Northeast Ohio (f/k/a Shaker Family Center)
- 16-year Shaker Heights resident
- One child a 2016 graduate and one child in the Shaker City Schools

**Carolyn Milter:**

- Retired Manager, Communications & Public Affairs, Cuyahoga County
- Department of Health and Nutrition
- Past member, Shaker Heights Board of Education and Board Vice President
- District Administrator for Cong. Dennis Eckart when he represented the Heights area
- 30-year Ludlow resident, former Ludlow PTA President, Board member Ludlow Community Association
- Three adult children, all Shaker City School graduates
- Now resides in Cleveland portion of Shaker School District

**Jennifer Sullivan:**

- Nonprofit development and marketing
- Past Member, City Council Finance Committee
- Vice-President, Board of Trustees, Shaker Historical Society
- Past Board Member, League of Women Voters-Shaker Heights
- Three adult children, all Shaker City School graduates