

# *Executive Summary*

## **Introduction**

The City of Lakewood's proposed \$110.9 million budget for all funds in 2017 continues to focus on Economic Development, a Safe & Secure City, Sound Governance, and Vibrant Neighborhoods by investment in:

- Improving citizen communication and engagement
- Continuing public safety performance and accountability
- Expanding housing options
- Improving public spaces especially parks
- Addressing and improving aging infrastructure: sidewalks, roads, water mains, and sewers
- Continuing responsible stewardship for our environment with a focus on cleaner air and water, and energy efficiency
- Maintaining a strong commitment to core service delivery

This will be achieved through the City's Vision as:

*"A Unique Destination to Live, Work, Play and Grow for Generations to Come,"*

and its Mission to:

*"Deliver exceptional essential services and promote a high quality of life for residents, visitors and businesses."*

The City's 2017 and beyond Strategic Initiatives can be found on page 8, as well as the Council Budget Priorities on page 9. Discussions of how individual departments will make these investments can be found in each division's budget narrative.

## **2017 and Beyond City of Lakewood Budget Discussion**

### **Lakewood Hospital Transition Financial Forecast**

- Lakewood City Council voted on December 21, 2015 to approve the master agreement between the City, Lakewood Hospital Association ("LHA") and the Cleveland Clinic regarding the City-owned Lakewood Hospital. The negotiated master agreement replaces the lease that existed since 1987 between the City and LHA, and the 1996 definitive agreement between LHA and the Cleveland Clinic to operate the hospital as part of the Cleveland Clinic's health system.
- A referendum with the intent to overturn the master agreement ordinance was defeated by the voters on November 8, 2016.
- The master agreement outlines the closure of the inpatient hospital and the dissolution of LHA. The assets of LHA were used for the wind down of the

hospital by the Cleveland Clinic and control of the hospital-related properties reverted back to the City. The Cleveland Clinic agreed to construct a new outpatient family health center and a full emergency department on parcels purchased from the City across the street from the former hospital property. The parties also agreed to the establishment of a community health foundation using proceeds from LHA assets and supplemental funding from the Cleveland Clinic.

- On December 22, 2015 the city received title from LHA for the medical office building located at 14601 Detroit Ave., the parking garage located at 1422 Belle Ave., the Curtis Block Building, and the Community Health Center located at 1450 Belle Ave. In addition, LHA returned control of seven residential properties on Belle Ave and St. Charles Ave. to the City. Per the master agreement, the medical office building and parking garage was sold to the Cleveland Clinic for a fair market value of \$1,557,084. The City will retain ownership of the Community Health Center.
- On December 31, 2015 the City received \$6,644,731 per the master agreement from the Cleveland Clinic as recognition of early termination of the 1996 lease agreements and loss of future income tax. An additional payment of \$1.4 million will be made by the Cleveland Clinic upon the opening of the Lakewood Family Health Center. The Center will be built by the Cleveland Clinic on the former site of the medical office building and parking garage.
- LHA will continue lease payments to the City until the opening of the Lakewood Family Health Center and vacation by LHA of the Lakewood Hospital property under the existing lease up to a maximum of \$2,877,500.
- The City will retain ownership of the existing Lakewood Hospital site and all other property currently leased to LHA. The Lakewood Hospital site (consisting of approximately 5.7 acres) will be available for redevelopment. The City received \$500,000 for the redevelopment of the former hospital property in February 2016, and will receive an additional \$6.5 million when the Family Health Center opens in 2018.

### Water and Sewer Rates

- In September 2014, the Ohio EPA approved the City of Lakewood's new NPDES permit that required the City to:
  - Characterize / map its entire sewer system
  - Monitor and record all storm water overflows
  - Create an integrated plan that addresses overflows from combined sewers and interconnected pipes
  - Install high rate treatment at the sewage treatment plant to expand treatment of wet weather flows
  - Analyze alternatives that can bring overflows into compliance
  - Bring all overflow discharges into compliance with the Clean Water Act to minimize human and environmental health impacts