

**CLEVELAND MAYOR RALPH J. PERK:
STRONG LEADERSHIP
DURING TROUBLED TIMES**

CHAPTER 7: A NEW REGIONAL AGENCY COMES OF AGE

Richard Klein, Ph. D

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CHAPTER SEVEN

A NEW REGIONAL AGENCY COMES OF AGE

Mayor Perk took great pride in the Greater Cleveland Regional Transit Authority (RTA). A strong advocate of regional government he looked forward to the day when an elected county board would operate all municipal services within Greater Cleveland. (1)

The idea of regional government first surfaced in the City of Cleveland at the turn of the 20th century. It was part and parcel of a national political crusade called the Progressive Movement. Progressive reformers wanted the United States to remain steadfast to its original democratic principles. At the same time, they believed in government reform using the latest scientific principles and best new management techniques. In their minds, regional government represented an effective way to achieve these desired ends.

Enlightened leaders in Cleveland such as Hiram Addison, Newton D. Baker, Harris Cooley and Tom L. Johnson led the fight. This was no small matter given the fact that most Clevelanders were not prepared to support any kind of regional government. The voters needed to be won over. After much discussion, these leaders decided to introduce periodic reforms that would have regional rather than local ramifications. Once the public recognized the many advantages of regionalism as reflected through discernible reforms then they would begin to demand even greater bureaucratic changes.

Elected officials such as Tom L. Johnson and Newton D. Baker spent a great deal of time attacking municipal graft and corruption at city hall while civic leaders

focused their attention on the voting public. The Citizens League of Greater Cleveland reflected this civic commitment. Established in 1896 by President James A. Garfield's son Harry, the Citizens League is a civic organization dedicated to achieving "integrity, efficiency, and transparency in local and county government by promoting citizen education and involvement." (2)

Civic leaders also strongly supported advocacy groups with more limited agendas. Cleveland's Home Rule Coalition represented just such an organization. Founded in 1910, this alliance consisted of academic, civic, business and political leaders. It backed legislative efforts in Columbus at that time to amend the state constitution to give greater home rule to cities throughout Ohio. Unable to muster widespread public support, it had very little impact on the home rule issue.

The passage of the home rule amendment by the Ohio State Assembly in 1912 enabled Cleveland Mayor Newton D. Baker to establish his-own civic commission. The mission of this commission was twofold: secure vested powers from the state legislature and establish a new municipal government. Unfortunately, its commissioners soon became embroiled in a major controversy over which form of government best suited the City of Cleveland.

Eager to break this deadlock, the Cleveland Board of Realty held a series of informal sessions on various home rule options. City officials did not approve. They believed that a publicly-run organization representing all the people of the City of Cleveland should be the one to determine the best kind of government and not outside special interest groups. This dispute continued until 1916 when Cleveland's newly elected mayor Harry L. Davis empowered the Committee of

Fifteen to resolve it. (3) Its members unanimous supported the city manager form of government. However, they disagreed over its implementation and the procedures to be followed. The majority of the committee favored Plan One. It called for a city charter referendum and proportional representation in Cleveland City Council. This plan further stipulated that council would elect a president who, in turn, would choose the city manager. A minority of this group supported Plan Two. It called for the election of a mayor who would then select the city manager. Cleveland voters overwhelmingly endorsed Plan One in the 1924 elections. (4)

Political reformers in the mid-1920s relished their recent triumph at the polls. (5) They believed that their political victory represented an important first step leading towards regional government. Unfortunately, traditional partisan politics did not die. Voters missed their ward bosses and the pageantry surrounding them. Following the Stock Market Crash of 1929, many voters began to attack both the city manager and city council. Their attacks appeared unwarranted given the many accomplishments made by political reformers in the previous five years. (6) They had successfully reduced property taxes, built new parks and recreational areas and increased the number of firemen and police officers. They also lowered utility rates, provided good public service jobs for qualified African Americans and secured a \$31m public improvement bond. These successes should have guaranteed public support for many years to come. They did not.

On November 11, 1931 Cleveland voters abolished the city manager form of government and proportional representation in council. In its wake, they reinstated the traditional mayor-council form of government headed by the city's

43rd mayor Ray T. Miller. Although the Great Depression of the 1930s destroyed any hopes of regional government, at least for the foreseeable future, it did not rule out the possibility of regionalizing selected utilities. In fact, politicians on both sides of the aisle favored it. They believed that it would improve customer service and lower costs.

The growth of Cuyahoga County suburbs in the late 1930s lent further credibility to this idea. The City of Cleveland led this reform effort in 1938 when it imposed a modest charge on all Cuyahoga County communities connected to the city's sewer system. These additional funds covered the mounting costs of operating both interceptors and wastewater treatment plants. Placed under the Division of Water Pollution, Cleveland Department of Utilities, this sewer system provided quality service for over twenty-five years.

The phenomenal growth of Cuyahoga County suburbs in the late 1950s and early 1960s put an additional strain on an already overburdened system. Growing concerns by public officials concerning water quality, leaking storm sewers and outdated treatment facilities led the Division of Water Pollution to initiate an extensive modernization program beginning in 1965. The Division of Water financed it through periodic across-the-board rate increases determined by usage. Unfortunately, city officials rarely prosecuted those who were delinquent in paying their bills. This meant that suburbanites paid the brunt of these rate increases. With no financial relief in sight, angry Cuyahoga County mayors challenged the right of city officials to authorize rate increases and prioritize projects without first obtaining their approval. Numerous court cases ensued.

Finally, Common Pleas Judge George J. McMonagle called a halt to it. In June 1972, he ordered Mayor Perk to transfer the city's water system to Cuyahoga County. The City of Cleveland received a compensation package worth \$29.8m and the newly created Cleveland Regional Sewer District (CRSD) took control. Established under the Ohio Revised Code Chapter 6119, this new county agency assumed all legal and operational responsibilities. (7) CRSD became the Northeast Ohio Regional Sewer District in 1979. (8)

The successful transfer of the city's sewer system to the county led Mayor Perk to review the operations of other ailing public agencies. The Cleveland Transit System (CTS) received much of his attention. Established in 1942 as a special city department with its own three-member board, CTS saw its annual ridership plunge from 446m in 1946 to 78m by 1974. Much of its problem originated with its antiquated way of handling operational expenses. It still relied heavily on revenues from its fare-boxes. The proliferation of affordable post-war suburbs conveniently reached by modern highways coupled with major transit fare increases and decreased service brought this once proud system to the brink of bankruptcy. A 17-day strike in July 1970 made matters even worse. City officials discussed the possibility of shutting down the entire carrier. However, they knew that was next to impossible since 30% of all families in the City of Cleveland and 50% of the city's elderly had no access to any other mode of transportation. (9)

The Cleveland Planning Commission addressed this most important issue in 1971 when it released a special study that recommended a number of effective and practical ways to improve this aging transit system. Entitled Transportation and

Poverty, Guidelines for the City of Cleveland Planning Commission this detailed report projected future priorities based on present needs. It argued that public officials should give top priority to those residents who depended exclusively on this carrier to take them to work, school, hospitals, cultural activities and recreational events. It determined that the problems facing CTS today should take precedent over other more tempting transportation projects such as expanding the Interstate Highway System into the city. (10)

Mayor Perk agreed with the planning commission's findings. However, before the city could begin to improve CTS two questions must be resolved. First, what was the best way to revitalize this aging carrier? Second, what might the City of Cleveland expect to receive in terms of financial reimbursement and increased service should the voters approve a new system?

The idea of modernizing Cleveland's transit system was not something new. Numerous studies over the years had recommended major changes for this carrier. However, few were as candid as the Regional Planning Commission study released in 1957. This report called for a complete overhaul of the system. That included updating its entire fleet of buses and rapid cars and building a new downtown subway system that would connect to inner-ring Cleveland suburbs. This study predicted that CTS ridership would continue to drop into the 1960s and beyond as more commuters drove their cars to work. It further projected major federal cutbacks in transit funds as more tax dollars went towards completing the 42,000 mile Interstate Highway System. This report concluded that this catastrophe might

be averted if city officials were willingly to modernize the system now before construction and operating costs increased significantly.

A proposal by the Cleveland-Seven County Transportation Land Use Study (SCOTS) in 1967 recommended several cost-effective ways to rejuvenate this aging system. It called for expanding current bus service into outlying districts and integrating light rail service into the new regional freeway system. (11) The Northeast Ohio Area-wide Coordinating Agency (NOACA), successor to SCOTS, incorporated many of these ideas into its first regional plan. Regrettably, public officials paid little attention to these dire predictions and CTS continued to operate in debt. By the early 1970s, the system verged on bankruptcy. The City of Cleveland responded to this financial crisis in August 1973 by purchasing CTS bonds through a special lending arrangement. City officials also lent the ailing carrier \$8,875,000 in order to release its frozen assets. CTS ended 1974 with a \$7,307,732 deficit. (12)

Local officials knew that the federal government was legally bound to keep the system in operation until a new carrier was established. Upon its liquidation, the new service would assume all incurred debts including those owed to the City of Cleveland. However, before any of these changes could occur voters must first approve the establishment of a new transit system. Mayor Perk did not anticipate much opposition since local voters already supported other countywide projects such as the Metro Park System, regional airports and CRSD.

On January 3, 1972, Mayor Perk met with the U.S. Assistant Secretary of Transportation John Hirten. Their discussions focused on CTS. They concluded

that the solution to this dilemma was not to revitalize CTS, but rather, establish a brand new carrier. Following that meeting, the mayor developed his-own special transportation plan. This \$400m program called for the creation of a new regional transit agency funded primarily through regional and federal taxes. Initially known as the Cleveland Department of Transportation, this new agency would handle all the region's public transportation needs for many years to come.

The Federal Aid Highway Act of 1973 assisted Mayor Perk by increasing the availability of capital funds. The National Mass Transportation Assistance Act of 1974 also helped by taking over the new agency's operating costs and capital expenditures. (13) At the same time, the mayor endorsed a \$750,000 five-county study that recommended over \$1b in infrastructure improvements and managerial changes. A pre-requisite for securing any-and-all future federal funds, this study's priorities included lowering commuter fares and expanding the community response transit. The future of this new would depend upon voters approving a charter revision. If approved, it would enable the mayor to seek out additional funds from a wide variety of sources but most especially state officials. Voters overwhelmingly approved this revision.

In February 1974, Special Counsel to the City of Cleveland Richard R. Hollington Jr. introduced enabling legislation in the state assembly that called for the establishment of a new regional transit company. Both the Ohio House and Senate approved legislation that gave communities in Ohio the legal right to create their-own regional transportation authorities with the power to levy voter-approved taxes. At the same time, Mayor Perk worked diligently to resolve other

administrative hindrances. Holdups ranged from determining fair-market value for CTS and arranging ways to pay-off its debt to selecting appropriate managerial procedures for the new system and weighing the new carrier's best funding options. Mayor Perk's extensive political experience played a major part in resolving these thorny issues. In this case, he reduced CTS's market value, developed a sensible debt repayment schedule, formulated suitable managerial procedures and inaugurated new funding opportunities.

Mayor Perk through the National Mass Transportation Assistance Act of 1974 secured an operating grant totaling \$24m. On December 29, 1974, Cleveland City Council under Ordinance No. 2380-B-74 along with the Cuyahoga County Board of Commissions under Resolution No. 2865 approved the establishment of the Greater Cleveland Regional Transit Authority (RTA). (14) Both provisions called for the appointment of a ten-member Board of Trustees and compensation to the City of Cleveland for CTS assets. They also detailed procedures to be followed for the dissolution of RTA should that become necessary.

ORC Section 306.22 stated that the ordinance and resolution could be amended through the adoption of a special amendment which must be approved by both Cleveland City Council and the Cuyahoga County Commission. (15) The ordinance and resolution also required the passage of a Memorandum of Understanding (MOU) and a Transfer Agreement.

Under the ordinance and resolution, the territory of the new carrier included all of Cuyahoga County. Its Board of Trustees consisted of four Cleveland residents designated by the mayor with the advice and consent of Cleveland City Council;

three others selected by the Cuyahoga County Commissioners one of whom must be a Cleveland resident and three handpicked by the chief executive officers from the other cities, villages and townships in Cuyahoga County.

The first six months of 1975 represented a very busy time for RTA. The first order of business involved hiring a general manager. The board appointed Leonard Ronis. Ronis had held a similar post in CTS. In February, RTA became a corporate political subdivision of the State of Ohio. Its authority originated from Ohio statutes pursuant to Ohio Revised Code Sections 306.30 through 306.73. (16) This meant that the legal duties of this carrier to maintain the safety of persons within its jurisdiction were essentially undistinguishable to municipalities throughout Ohio.

Pursuant to city Ordinance No. 342-75 which was passed on May 12, 1975; Mayor Perk entered into a Memorandum of Understanding (MOU) with the CTS Board of Trustees and designated representatives from both Cuyahoga County and the Cuyahoga County Mayors and City Managers Association. (17) MOU also included Cleveland's consent to the Transfer Agreement. It set forth the guaranteed minimum level of service, proscribed infrastructure improvements; fare structure and cash considerations to be awarded to the City of Cleveland upon the transfer of all CTS assets to the new RTA. This special agreement also contained the condition that Cleveland's obligations were only effective upon passage of a countywide sales tax of not less than 1% to be used exclusively for local mass transit purposes. (18) Under this very special arrangement, the City of Cleveland would receive 50% to 60% of all service improvements over the first five years. Also,

fifteen percent of that funding would be used to upgrade Community Responsive Transit.

The Ohio Revised Code Section 5739.023 ORC Section 306.70 provides that any tax levied by a regional transit authority will only become effective upon approval of a majority of the electors within that designated district. Pursuant to RC 306.49(A) once such a tax levy receives voter approval then the transit board must levy set tax on all property within its territorial boundaries with the exception of those properties that have withdrawn from the regional transit authority prior to the date on which the tax is levied.

The newly established transit board complied with the law and approved a special election just for that expressed purpose. Endorsed by prominent civic and political groups from various organizations including the 21st District Caucus, the League of Women Voters and the Cleveland Chapter of the NAACP, the voters by a 70% margin approved the 1% countywide sales tax on July 22, 1975. (19) Perk also negotiated a realistic debt schedule. This enabled RTA to recoup some of its losses. A federal grant of \$1.8m also served to reduce debt. The Cleveland Foundation and the George Gund Foundation assisted by providing operating grants.

The Transfer Agreement was entered into on September 5, 1975. (20) It provided the mechanism by which all CTS assets and property were transferred to RTA. Mayor Perk, the CTS Chairman and the RTA Board President executed it. Later that same month, the new carrier assumed control of the Shaker Rapid lines. RTA also opened its new downtown headquarters at 1404 East 9th Street and began operating its first buses and transit cars.

Other system-wide improvements included a new 24-hour customer phone hot line, cleaner buses and transit cars and additional safety measures. City officials also operated Community Response Transit. Consolidation between Cuyahoga County's handicapped services and the city's Neighborhood Elderly Transportation Network led to the development of the new Dial-A-Bus Program. (21)

Over the next several months, RTA signed service agreements with other independent bus lines in Euclid, Maple Heights and North Olmsted. Brecksville and Garfield Heights lines joined the system later. The new carrier also announced its new fare rates: \$.25 local; \$.35 express; \$.13 seniors and handicapped during rush hours, free otherwise; \$.13 for students and transfers and children under the age of six ride free.

During its first year in operation, RTA averaged 356,000 riders per week. That figure represented a 65% increase from previous CTS levels. Its combined income was \$16,685,565 with \$16,425,487 in expenses. The \$260,078 difference went towards debt service and capital expenses. In terms of revenue sources: 57% of it was derived from sales taxes, 24% from daily fares, 15% from Washington and 4% from other miscellaneous sources. In terms of revenue distribution: transportation services received 43% while administration and maintenance services got 26% and 14% respectively. Contracted transportation services, capital improvements and debt retirement accounted for the remaining 17%.

In the fall of 1975, RTA received an operational grant of \$11.6m from Capitol Hill and a special \$532,000 grant from the State of Ohio. Special contracts with more than 20 regional school boards netted the system a bonus of \$758,000. A

\$5.1m capital grant from the Ohio State Assembly enabled RTA to match an earlier federal grant. This transit system also secured \$8m from the Ohio Department of Transportation (ODOT).

The phenomenal success of its Community Response Transit led RTA to add six more service areas in 1976. This carrier also offered special communication devices for the deaf and hired 25 police officers. Its board also introduced a new incentive program geared for minority businesses. Known as the Minority Business Enterprise Program this \$1m initiative enabled small and medium-sized minority firms to remain competitive in the bidding war. Minority businesses began providing RTA with a multiple of goods and services. RTA also received a \$55m federal grant to update its entire system in 1977. The first phase resulted in 165 new buses and 60 new rapid cars while the second stage led to the reconstruction of the blue, green, and red rapid lines. The third phase refurbished Tower City station.

An early promoter of RTA, Mayor Perk saw its potential. The mayor knew that other large cities such as Boston, Chicago and New York prided themselves on their modern transportation systems. Perk also understood that these high volume carriers brought thousands of people into their communities daily. He believed that Cleveland's mass transit system had the potential of being one of the best in the nation. The public's resounding support of RTA from its first day of operation supported his contention. Apparently, the American Public Transit Association agreed and named it "North America's Best Public Transportation System" in 2007.

Ralph Perk considered the development of RTA as a crucial first step towards establishing an effective regional government. He believed that creating an

efficient regional government was essential if Cleveland intended to remain a viable community in the future. The economic resurgence of other metropolitan areas such as Indianapolis, Miami, Jacksonville and Nashville, based in large measure on their wholehearted support of regional government, convinced Mayor Perk that the future belonged to those communities that followed their lead.

Regional government made sense in other ways. If done properly, it lowers municipal services costs by eliminating duplication and streamlining procedures. Regional government also abolishes cut-throat competition among neighboring communities by insuring future business growth for all municipalities involved. Recent consolidation efforts in Cuyahoga County reflect this thinking to a certain extent.

Many of the economic and social reversals affecting Cleveland in the late 1970s and 1980s might have been avoided had local leaders paid closer attention to Perk's actions. RTA has stood the test of time. It is a good example of an efficiently-run regional agency. If only city leaders had paid more attention to it. Perhaps it might have been a model emulated by others. Unfortunately, they did not do that. The city bottomed out before Clevelanders began to clamor for major government reforms. Their reluctance to heed Mayor Perk's warnings years earlier proved a very costly mistake. It continues to haunt Cleveland to the present day.

ENDNOTES

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3. Report of Committee of Fifteen of Cleveland Civic Organizations, As to a City Manager Plan for Cleveland, Committee Plans 1 and 2.
4. The proceedings of the Committee of fifteen are presented in As to A City Manager Plan for Cleveland, Conclusions of the Chamber of Commerce Board of Directors, Report of Chamber's Representatives to meeting of Cleveland Civic Organizations, Report of Committee of Fifteen of Cleveland Civic Organizations Committee Plans 1 and 2(1919). Albert Sidney Gregg, "The City Manager Plan in Cleveland Results of a Year's Operations," American Review of Reviews (1925): 517-524.
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9. For a more in-depth analysis of negotiations between the Cleveland Transit System (CTS) and the Regional Transit Authority (RTA) see Norman Krumholz, "A Retrospective View of Equity Planning, Cleveland 1969-1979," Journal of the American Planning Association 52, no. 2 (1982): 166-168.
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13. National Mass Transportation Assistance Act of 1974, Pub L. 93-503, 88 Stat. 1565.
14. Cleveland City Council – Ordinance No. 2380-B-74 (December 1974) and Cuyahoga County Board of Commissioners Resolution No. 2865 (December 1974).
15. Ohio Revised Code Annotated, Section 306.22.
16. Ohio Revised Code Sections 306-30 through 306.73.
17. Cleveland Ordinance No. 342-75 (May, 12, 1975)
18. Ohio Revised Code Section 5739.023 and 306.70
19. City of Cleveland, City of Cleveland Annual Report, 1974-1975, p. 48.
20. Mass Transit System Transfer Agreement, City of Cleveland, Transit Board of the City of Cleveland, The Greater Cleveland Regional Transit Authority, September 5, 1975. "Audited Financial Statements, December 31, 1975," Annual Report RTA Greater Cleveland Regional Transit Authority 1975.

21. **James A. Toman and Blaine S. Hays, Horse Trails to Regional Rails, The Story of Public Transportation in Greater Cleveland (Kent, OH: The Kent State University Press, 1996), 299.**