



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Salem Mayor Kim Driscoll's 2017 State of the City Address

Thank you Councillor Milo and congratulations on your election as Council President. I'm looking forward to spending more time with you over the course of this year in your new role, as we work on setting the agenda and coordinating upcoming projects and proposals. Thank you to the Council and the many distinguished guests in the room for giving me an opportunity to offer remarks on the State of our City.

On Jan 2, 2006, 11 years ago - almost to the day, I was fortunate enough to address an over capacity crowd in Old Town Hall as part of my first Inaugural Address. City crews had worked tirelessly to prepare Old Town Hall for the festivities. I was a new Mayor in an old building that had great historic bones, but was in need of attention. I touched upon that fact during my remarks and made an analogy between the building, a historic landmark, and our city. Both were historic and beautiful, but struggled to meet their full promise and potential.

On that day, I vowed to provide an administration that would be based on professionalism not politics; that would be hardworking and creative, and one that would be inclusive and open to all.

By that time, we knew there would be challenges and pledged to face them by communicating with straight talk and open dialogue. Those of you who were with me either on the stage that day or in the audience, will remember we faced a bruising fiscal crisis. Weeks before being sworn in to office, the city had depleted virtually all of our reserve accounts to pay past due bills and for the first time in memory, we had to borrow money to be sure that we could pay teachers, police officers, firefighters and other city employees. In short, we were broke and I'm not just referring to the balance in our financial accounts. We had poor budget practices, for sure. But, more than that was broken. At that point in time, governing at the local level too often consisted of settling scores and "gotch-ya" games, with regular sparring between branches of government. It felt like we would take two steps forward as a city and then one step back.

With my background in city management, on that day, we talked of working collaboratively, in particular with the City Council to address the fiscal crisis – closing a \$3.5m deficit involved many hard choices in a short period of time, from layoffs to reorganizations and lots of saying 'no'. We talked about working hard to realize our potential of a thriving downtown; of our need for an upgraded MBTA Train Station and our desire to retain the legal community here with a new judicial court complex.

I was overjoyed to be serving as Mayor in a city that I love and was brimming with optimism and a strong commitment to helping Salem realize our full potential.

Fast forward 11 years, I'm still brimming with optimism and commitment. I'm still madly in love with the City of Salem – still focused on doing this work the way we set out to 11 years ago, by providing services based on professionalism, not politics. By bringing both hard work and creativity to the job every day and working to instill values of inclusiveness and openness in all that we do – now, more important than ever.

And by the end of that first fiscal year, we had closed our deficit, began the revival of our waterfront, including the start of a new ferry service, strengthened partnerships with our non-profit institutions and had tapped hundreds of residents to participate in a new, open form of governing. While that first year was trying, it set the stage for much of the success we have seen over the past decade.

From having virtually nothing in our rainy-day stabilization fund upon taking office, today we have almost \$6 million in that account thanks to our work instilling prudent fiscal practices and policies. From having an absolutely dismal bond rating, today we've had the highest bond rating in our City's history, for three years running.

Over the last eleven years we have secured over \$100 million in state and federal funding, and this figure excludes large scale formula grants – meaning these are the funding applications we competitively sought and received. This work is very intentional and we were and are pro-active and aggressive in seeking grants, because we know that we can't expect homeowners to foot the bill for some of our large-scale projects and we know that every dollar we earn in outside funding is one fewer dollar that we have to ask Salem residents for.

From having unbalanced budgets that lacked transparency, today I'm extremely proud that for the last nine year we have received the Government Finance Officers Association's highest accolades for fiscal transparency – one of only a handful of communities in Massachusetts to claim both a Certificate of Excellence for Financial Reporting and a Distinguished Budget Award. Why is that important? Because we never want to find ourselves in the financial circumstances we faced just 11 years ago, and following GFOA standards will ensure that never, ever happens again. Notwithstanding those early fiscal challenges, we made successful strides in reinvesting in our operational, public infrastructure and public safety needs – clearly a benefit of having our fiscal house in order.

In a city that's nearly 400 years old and still growing, we've worked hard to keep pace with needed investments in public infrastructure and public safety. We've increased our investment in public works, growing our DPW team by 20% and funding a laundry list of neglected maintenance needs and repairs.

When you dial 911, you expect a rapid response by well trained and well equipped personnel. 11 years ago, we were understaffed in both these areas. Today, we've seen our Police force grow by 15% and our Fire Department ranks by 20%, bringing our combined public safety personnel complement from 170 men and women to nearly 200 today.

We've also invested in public safety technology and equipment, spending over \$4 million to replace and upgrade police, fire, and harbor master apparatus. Our public safety personnel need to have modern, functioning equipment and we remain committed to that goal.

Lest anyone think our employees have not contributed to our efforts to rein in costs and improve efficiencies, we've successfully negotiated new contracts with all of our nine employee unions that reduced skyrocketing health insurance premiums, curbed costly sick leave buy back provisions, and have worked collaboratively – even when we haven't agreed with each other – on addressing employee and retiree cost factors.

In the past eleven years, we invested over \$14 million in our roads, repaving 277 streets across our City, over 44 miles in all. And that does not include major corridor projects on North, Bridge and Canal Streets, and upcoming projects on Essex, Derby, and Boston Streets. By leveraging private development in Salem, we were able to receive over \$8 million in MassWorks funding to improve corridors in Blubber Hollow and Riley Plaza.

We've leveraged \$3.4 million in eight, separate state PARC Improvement grants to overhaul much of our green space – funding that is in addition to regular City capital and operational funds, CPA grants, and other sources.

After more than 20 years of jockeying, work on a long overdue new senior center has finally begun. The Mayor Jean Levesque Community Life Center is expected to open in the Summer of 2018 at the corner of Boston and Bridge Street. This comes on the cusp of our recently completed age friendly action plan, Salem for All Ages, designed to help our city with meeting the needs of our aging baby boomer population.

I hope you can see that over the last 11 years, we have tried to put our public funds into the things that matter, the services we rely on and the places that contribute to our quality of life.

And that brings me to our public schools, by any and every measure, our investment in education is our City's largest and most important expenditure. We can't be a great city without great public schools and we are committed to ensuring that all our students, and I do mean ALL – students who come from great wealth or those who have great need, those that were read to each night before bed since birth to those who have not had as loving and supportive of an environment – ALL our students must have a chance to thrive. Our school district and in deed, our city, is focused on ensuring that our comprehensive education system is one that enables all children to succeed. It is not easy. In fact, it's the hardest work we must undertake as a community and as a society. It's also the work that will reap the highest returns and that's just one of the reasons we are so committed to it.

In Salem, education is truly a community mission and we're fortunate to be led by an outstanding team under the direction of Superintendent Margarita Ruiz. Since my last update to you, we've seen continued progress in all of our public schools. Our district has shed our Level 4 status and I am especially pleased that schools that once were the last choice for many families, are now often the first pick. Both Bentley and Carlton have achieved Level 1 designations from the state Department of Education and they both have waiting lists for access. In addition to our work in those schools, we have added expanded learning time in several of our buildings, increased the use

of tutors for students and coaches for staff, set more rigorous curricula and higher expectations, and broadened our use of technology.

We are in the midst of a strategic planning effort that will seek to leverage the accomplishments to date to achieve even greater gains in the years ahead. We are grateful to have outstanding partners in this work. I want to recognize in particular Salem State President Patricia Meservey – who just earlier today announced that she would be retiring from SSU later this year. I can't thank Pat enough for your commitment of University resources to our public schools. We have strengthened our relationship with Salem State's School of Education. We are closer than ever before to finally moving the Horace Mann School to Salem State's South Campus – into a building that is better suited for educating elementary school children and a move that will dramatically lessen traffic congestion on busy Loring Avenue. We are working in close partnership on so many fronts with SSU – our students, our educators, our administrators all benefit mightily from the University's dogged commitment to aiding our schools. None of that would happen without President Meservey's support and leadership.

We are also grateful for a close collaboration with the Salem Teachers Union and feel fortunate to have such a committed group of educators working in our buildings every day, focused on not only improving the educational success, but the care and wellbeing of all our students.

Salem is invested in our children's future and public education remains the most important work we do. There are still challenges ahead, but, if anything, I feel more confident than ever that the Salem Public Schools are on the right track. Our commitment to our district is paying off in the educational successes we are seeing among Salem's kids and we have no intention of slowing down in this effort.

Other evidence of success in Salem can be found in our strong local economy. While our city has made investments in education, public safety and public infrastructure, we're not the only ones investing in Salem as a litany of private developments are under way or starting soon, clear evidence of the bullish nature of our local economy and the confidence investors have in our city's future

Eleven years ago there was only a fraction of the restaurants and small businesses that make our downtown so vibrant today. No multimodal MBTA station or new garage, no ferry or cruiseport. A state college, instead of a state university. No J. Michael Ruane court complex. No Footprint power. No activity on the brownfields along the North River. No Blaney Street wharf and marina. No comprehensive marketing of our City and little to no management, guidance or coordination of October's Haunted Happenings events.

Over the course of the last decade, we've become the hub of the North Shore. Our economy is strong and vibrant, with new restaurants and entrepreneurs opening up exciting new ventures in our downtown, on our waterfront, and along our entrance corridors. Initiatives like InnoNorth are sparking the collaborative fire of our local tech community. A collection of new annual events and festivals, from Salem Jazz and Soul to Salem Film Fest to the North Shore Pride Parade and the Mass Poetry Festival, have all been initiated over the last decade. They along with a better managed, better marketed and safer Haunted Happenings make Salem a destination, not just in October but all year long. And steadfast allies like the Chamber of Commerce, the Salem

Partnership, Mainstreets, and Destination Salem – to name just some of the many organizations in town - all aid in this effort.

Consider this measure of how robust our local economy is: Our unemployment rate is the lowest it's been since 2002. In the last eleven years Salem saw nearly 700 new jobs created, an increase of 3%; over the same time period, the state saw a 2% decline. In the last eleven years, we've added \$18.5 million in new growth - critical funding that helps us sustain our most important city services

Let me also a few words on the major projects we are witnessing around our City. As you know, National Grid has just completed a two-year \$40 million major cable replacement project – for which the City negotiated and received a historic agreement to mitigate the project's impacts – and the Peabody Essex Museum's \$49 million expansion project is now underway.

North Shore Medical Center's \$200 million campus consolidation project is going through final permitting and the \$12 million upgrade to Canal Street is under construction. The next phase of the Canal Street flood control project will be commencing later this year. And, as the \$55 million Probate Court project comes to a conclusion, our legislative delegation just secured a bill transferring the former Superior Court and County Commissioners buildings to the Salem Redevelopment Authority, securing the preservation and re-use of these visible downtown structures.

Meanwhile, just up Bridge Street, the \$30 million Gateway Center condominium project is about to begin, along with the long-awaited Mayor Jean Levesque Community Life Center. At the other end of town, Footprint power, the \$1 billion natural gas plant being constructed on Salem Harbor, expects to be on-line this Summer. As a side benefit of this project, nearly 40 acres of prime waterfront open space will become available for additional development and for the first time in generations there will be public access and walking paths on this property. Moving from coal ships to cruise ships, the City and our new Port Authority will be able to welcome tall ships and other vessels at the former power plant commercial pier.

With so much to see and do in Salem, we are seeing a boom in hotels: the Hampton Inn on Riley Plaza, Hotel Salem on the pedestrian mall, the Merchant, and new rooms being opened by existing operators like the Hawthorne Hotel and the Salem Inn equates to a 75% increase in the number of hotel rooms in our city. Not only does this increase our hotel tax receipts, it means more people who visit Salem can stay in our community, keeping even more of their spending local.

This growth in hospitality is matched by a growth in incredible local dining and craft beverage operations: Bit Bar, Orsini, Far from the Tree Cider, Notch Brewing, Kokeshi, Flatbread, Deacon Giles, and so many more.

Finally, in the North River Canal Corridor, a series of private mixed-use developments are either completed, underway or soon to start construction. All of these developments will essentially help craft a new neighborhood on these former industrial sites. They also stand to grow our tax base and clean up long vacant industrial brownfield sites into much-needed housing – both market rate and affordable. Clearly, there is no shortage of exciting capital projects taking place in Salem right now – both public and private.

With all that's going on in our 8 square miles, I know that growth can be challenging. After all, we're an old city with roads that were built for horse and buggy and I'm fairly certain that they didn't do a lot of master planning back in 1600's. But it's not lost on me that much of what is happening today is the redevelopment of something that used to be in place in our city. I'm pretty sure there was a lot going on along the waterfront during Salem's Great Age of Sail, when clipper ships lined Derby and Central Wharves, bound for far off continents and returned to off load their riches. I'd hazard to guess that the rebuilding after the Great Fire of 1914 saw a huge building boom in our community as large parts of Salem were under both demolition and construction. I'd say we were pretty busy in the 50s and 60s when downtown Salem was the regional hub – with numerous movie theaters, bowling alleys and shopping options. Essex Street was flooded with stores, including the first Filene's and favorites like Almy's and Daniel Lowes. While the start of suburban shopping malls initiated a hiatus of our retail success, our city's bold decision to 'stop the bulldozers' during the 80's urban renewal project, preserved our downtown's historic fabric and that decision, to this day, along with the growth of the PEM in the 90's has contributed mightily to our success as a tourism and cultural destination.

As much as many of us may long for Almy's and Daniel Lowes – I know I do at times - we have to accept that those places are not coming back and focus on what will be the next iconic economic driver in our City. You see, standing still isn't a good or realistic option for Salem and likely for any city where people want to be and people want to be in Salem.

As a community, it hasn't been our habit to sit back and wait for something positive to happen. We're action oriented. We focus on what we need and go after it. Or as I'm fond of saying, "Plan the work, work the plan."

Many of Salem's founding fathers embraced this notion of being aware of the future and our role in it. Maybe it hails from Nathaniel Bowditch and his 'practical navigator' guide or from the sea captains using that guide who established the Peabody Marine Society, or could it be the work ethic and ingenuity of Caroline Emmerton, who established the House of Seven Gables Museum to help fund charitable deeds or the tenacity of the Remond family whose persevered over several years to ensure a quality and integrated public school system in our city...quite simply, in Salem, we punch out of our weight class and our best success has come from our enduring ability to be thinking about and working on what comes next.

I've talked about the last 11 years; in that timeframe, we've checked some of our top priorities off the list – and I do mean 'we'. None of the work underway happens if we don't come together as a community and develop consensus on key projects and initiatives aimed at moving our city forward. None of the big-ticket items checked off the list happen unless we work in concert with each other – citizens and local elected officials, state and federal partners. Yes, it takes focused leadership and attention and a willingness to embrace some of the risk that comes with acting boldly. But it's a lot easier to do that work together.

The question I find myself asking the most now is what's next? How do we make sure our City is best positioned to continue our prosperity? Of course, we'll keep working on the important matters underway from schools to seniors. Our first job will always be delivering high quality services to our citizens. But, what are the bigger, long term priorities that we should be thinking about adding to the list and what's the best way to do that?

In nine years, Salem will celebrate a special occasion: our quadracentennial. In 2026, Salem turns 400 years old. Of course, as the third oldest city in Massachusetts, we'll plan for an incredible year-long celebration of our history, our community, and our future. But, frankly, that's the easy part.

More important, however, is how we use our 400th anniversary as a catalyst for answering the question of what kind of city do we want to be in 10 years? From schools to housing and transportation to employment, let's set some expectations for ourselves – put some new things on the list and then work to get them done.

Through funding provided by a state grant, we have launched an effort entitled 'Imagine Salem' a community visioning process that will bring together people, organizations, and businesses from across our community to have a conversation together about what we want our community to look like in 2026.

What kind of City do we want Salem to be by then? What legacy will we pass on to the next generation of Salem workers, entrepreneurs, parents, and leaders? In what state will we hand off our schools, not just to our children, but to their children? Can we make it easier to access services or get around Salem? How will we preserve our character while being open to new industry? How do we make sure that prosperity has a wide impact? We will answer these questions, together, through the Imagine Salem Visioning Process.

Of course, even in Salem we don't have a crystal ball. By this, I mean we don't know exactly what the future holds and many matters may be outside our control, but 'Imagine Salem' will help us shape the important aspects of our community that are within our control and help us set a collective course forward...with a deadline to achieve what we value.

What makes a city great? You can ask urban planners, researchers, you can study greats like Jane Jacobs or other acclaimed experts. You'll find lots of answers and that's because cities need to be a lot of things. When you think about the services you rely on from government – the things that matter most to you tend to be delivered at the local level: it's your local school that helps ensure your child receives a first-class education, your local police and fire officials help keep your neighborhood safe, and roads, parks, sidewalks, and water and sewer services are all maintained by city public works crews. What makes a city great are the people who live here and the influence they bring to bear on the things you use and rely on every day, how they make a meaningful and positive difference in your daily life.

I feel fortunate and humbled to be in a position to help with answers to the question of what makes OUR city great. I'm as excited and optimistic as I was 11 years ago, about our future and pledge to continue providing services based on professionalism, not politics, by bringing both hard work and creativity to the job every day, and working to instill values of inclusiveness and openness in all that we do.

As we chart our course for the future, I'm looking forward to working with members of the Council, our state and federal legislative delegation, as well as our active and engaged citizenry on a plan that addresses our challenges, builds on our strengths and seeks to enable every member of our community to share in our success.

I like to say that Salem is hip and historic. That means we embrace both who we were and who we aspire to be.

And I wouldn't want to be Mayor in a City that believed or behaved any differently.

Thank you for your shared interest, your best efforts, and your faith in our collective abilities.

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