



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

December 5, 2019

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

As you may recall, earlier this year we began the process of studying a relocation of Pioneer Village to the Camp Naumkeag site and, correspondingly, a relocation of the camp's functions to the improved Forest River Park.

Locating Pioneer Village where Camp Naumkeag is could help increase visitation to this important living history museum. At the same time, relocating the camp functions of Naumkeag to Forest River Park, where Pioneer Village currently is, would place it closer to the forthcoming new pool, the new bathrooms, and all of the other amenities that characterize the park.

The initial feasibility study has been very promising and we are therefore seeking an additional appropriation, requested herein, to continue to the next phase of this project. That phase includes surveying of the site, architectural review, and, ultimately, the initial conceptual design.

Very truly yours,

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM

In City Council,
December 5, 2019

Ordered:

That the sum of One Hundred Thousand Dollars (\$100,000.00) is hereby transferred from the Witch House Reserved Receipts Fund 2437 to the "Capital Outlay Fund 2000" in accordance with the recommendation of Her Honor the Mayor and,

That the sum of One Hundred Thousand Dollars (\$100,000.00) is hereby appropriated within the "Capital Outlay Fund 2000" to be expended by the Park & Recreation department for the Pioneer and Naumkaeg Project Study in accordance with the recommendation of Her Honor the Mayor and,



CITY OF SALEM, MASSACHUSETTS

PARK, RECREATION & COMMUNITY SERVICE

401 Bridge Street, Salem MA 01970

Tel. (978) 744-0180/(978) 744-0924

Kimberley Driscoll
MAYOR

Trish O'Brien
Superintendent

To: The Honorable Mayor Driscoll
From: Tricia O'Brien, Superintendent Jean A. Levesque Community Life Center
Date: December 1, 2019
Re: Pioneer Village/Camp Naumkaeg Feasibility Study

Dear Mayor Driscoll,

I am writing to request \$100,000 be transferred from the Witch House Receipts/Reserve Account 24371 to a short-term Capital Outlay Fund. This Fund is for continued work regarding the surveying, architectural investigation and conceptual design of the land at Camp Naumkaeg, as well as OPM costs incurred for PINK + Company/Anser Advisory group.

Thank You for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Trish O'Brien". The signature is written in a cursive style with a long horizontal line extending to the left.

Trish O'Brien
Superintendent, City of Sale
Jean A. Levesque Community Life Center
Park, Recreation and Community Services



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

December 5, 2019

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

Enclosed is an Order to accept the provisions of Section 4, Chapter 73, of the Acts of 1986 for Fiscal Year 2020.

The section of state law allows for additional tax exemptions to be granted to widows, elderly, veterans, and blind property owners. In accordance with this section of the special acts, acceptance by the local appropriation authority is required each year in order to maintain these exemptions for the qualifying eligible groups.

Salem has accepted these exemptions every year since FY2009 and in that time period we have enabled about 3,500 exemptions to be claimed by veterans, widows, and certain elderly and disabled residents. Those exemptions have resulted in these most needy of our population saving around \$3 million on their tax bills.

I strongly recommend adoption of the attached Order so that we may continue to provide the maximum benefit allowable under state law for our residents who are most in need.

Very truly yours,

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM

In City Council December 5, 2019

Ordered:

That the Mayor and City Council accept the provisions of Section 4, Chapter 73 of the Acts of 1986 for Fiscal Year 2020, and that such additional exemptions granted be 100% of the statutory exemption amounts, provided all other qualification specified in said Section 4, Chapter 73 of the Acts of 1986 are met.



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

December 5, 2019

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

As you are aware, at the beginning of the fiscal year we approve a budget for the Witch House, Golf Course, and Harbormaster operations that ensures these facilities are fully funded. Each of these departments collect revenues, which we then utilize when setting the tax rate. We typically “sweep” our receipts reserved accounts and apply those revenues to help keep the tax increase as low as possible.

Enclosed herewith are requests to transfer the sum of \$1,238,516 from receipts reserved to be applied to reduce the gross amount to be raised by taxation for Fiscal Year 2020. \$298,516 is derived from Witch House revenues, \$710,000 from the golf course, and \$230,000 from Harbormaster receipts.

These appropriations will help reduce the amount raised by taxation, pending adoption of the recommended tax rate by the City Council. I recommend passage of the accompanying Order so we can continue to work to keep taxes as manageable as feasible for our residents.

Very truly yours,

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM

In City Council,

Ordered:

December 5, 2019

That the sum of One Million, Two Hundred Thirty Eight Thousand, Five Hundred Sixteen Dollars (\$1,238,516.00) is hereby appropriated from the following "Receipts Reserved for Appropriation" accounts to reduce the gross amount to be raised by taxation when the Fiscal Year 2020 tax rate is set in accordance with the recommendation of Her Honor the Mayor.

Description	Amount
Receipts Reserved - Witch House	298,516.00
Receipts Reserved - Golf Course	710,000.00
Receipts Reserved - Harbormaster	230,000.00
Total	1,238,516.00



City of Salem, Massachusetts

Finance Department
93 Washington Street
Salem, MA 01970
www.salem.com

Kimberley L. Driscoll, Mayor

Laurie A. Giardella, Finance Director

December 5, 2019

Honorable Salem Mayor Kimberley Driscoll
Salem City Hall
Salem, Massachusetts

Dear Honorable Mayor Driscoll:

Enclosed herewith is a request to transfer one million, two hundred thirty-eight thousand, five hundred and sixteen Dollars (\$1,238,516.00) from Receipts Reserved for Appropriation accounts to reduce the amount to be raised by taxation when setting the Fiscal Year 2020 tax rate.

Please let me know if you'd like to discuss further.

Regards,

Laurie A. Giardella
Finance Director

Enclosures



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

December 5, 2019

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

Each year the City Council must vote to set the residential tax factor and thereby set the tax rate for the fiscal year. In Massachusetts, Proposition 2 ½ caps new property taxes at no more than 2.5% of the previous year's levy. This year, the tax rate – \$14.45 for residential and \$28.42 for commercial – is once again under the City's allowable levy limit, with excess levy capacity of about \$3.9 million dollars, validating our City's responsible approach to budgeting and managing public finances. We continue to maintain a generally low tax bill increase over time, as well, with the average increase over the last 10 years for the average single-family taxpayer in Salem coming in at a reasonable 3.1% per year.

Based on the rates above, the change in the average single-family tax bill will be \$87.26 (1.49%), the average condominium unit change will be \$160.77 (3.71%), the average two-family change will be \$96.96 (1.48%) per property or \$48.48 per unit, the average three-family change will be \$123.30 (1.71%) per property or \$41.10 per unit. Given the range of commercial properties in Salem, from small shops to hotels to large office complexes, it's hard to identify a truly 'average commercial property', however we expect the average commercial property increase is estimated at 6.36% or just over \$1,100. An appropriation order submitted separately applies receipts reserved to help hold down the increase in property taxes, reducing the total amount raised by taxation and saving Salem property owners from an additional \$1.2 million in taxes to be collected.

For homeowners, FY2020 represents the lowest tax bill increase, not only in my administration, in decades. Despite an active housing market increasing values and despite increases in fixed costs for delivering local services by around \$2.7 million this fiscal year, we have managed to keep tax increases quite low. The reason for this is simple: growth matters. As we grow our tax base, we have been able to successfully distribute the burden of funding critical local services to more taxpayers, alleviating the burden on existing property owners. This is why – in addition to the

housing need and the desire to great good, local jobs – it is so very important we consider new growth opportunities with an open mind and strategic approach. We cannot cut our way to stabilized taxes or better services; we can, however, broaden the size of the base that funds our local government, thereby stabilizing taxes and improving services. FY2020 demonstrates that exact strategy at work.

We always strive to manage the overall tax burden on our City's homeowners and I am proud that we have never needed or sought a Proposition 2 ½ override. We seek efficiencies and opportunities for regionalization or streamlining. We look to technology and performance improvement strategies to reduce the cost of doing business. We shift the cost of government off property taxpayers by pursuing a substantial number of grant opportunities and by looking to tax options that shift those costs to visitors when possible by supporting the development of new hotels and the extension of lodging taxes to short-term rentals. Even the new 3% adult-use cannabis local excise tax is, to a large extent, split between residents and visitors to our community. For the three quarters of cannabis excise receipts we have thus far, the City has received just under \$300,000.

The most powerful tool at our disposal, however, is responsible, sensible private development that adds to our tax base. This is why we have advocated for the appropriate redevelopment of sites such as the former courthouses, the vacant power plant property, and the under-utilized and vacant former industrial parcels that comprise the North River Canal Corridor. I am extremely pleased that certified new growth this fiscal year is \$5.9 million. While much of this is due to the power plant, removing that single entity still results in a new growth figure of \$1.9 million. Even excluding the effect of the power plant, this level of new growths exceeds the growth we saw in any other year in the last 17 years, with the exception of FY2018, and is 76% more than the average new growth we have seen each year in that same time period.

We have been extremely pro-active in pursuing grant opportunities whenever they become available. Since the start of my administration in 2006 we have successfully received over \$150 million in state and federal grants. Just about one-fifth of our revenues is aid from the state, and we still rely on and require a strong state partnership to make much needed infrastructure investments.

We also work to have meaningful partnerships with our anchor institutions and non-profits, including our tax agreement and CBA with Footprint, investments in our schools and neighborhoods from SSU, and discussions about expanded community support from NSMC, and our ongoing push for a nearly two decades' over-due adjustment in our SEDS PILOT. Salem is a better place for our anchor institutions, which certainly have a collective positive economic impact on our community; however, because they are tax-exempt, we must also balance the impact of around 14% of our property values being off the tax rolls.

One of the biggest challenges we continue to face is pressure from reductions in revenues and increases in fixed costs. Our general City budget grew by only 4.3% this fiscal year, however 40% of that growth was due to increases in fixed costs such as state charges, health insurance costs, Medicare, worker's compensation, debt payments, and municipal insurance.

As we set our tax rate for the current fiscal year, the recommendation is to return our CIP split to 1.68, making the residential factor 0.854197 or 85.4197%. As you may recall, a number of years ago we adjusted the CIP and, at that time, indicated it would not be a permanent change. This adjustment back to 1.68 is keeping our promise to remain open to adjusting the split back to where it had been in the interest of fairness to our small businesses.

The vision for our City laid out in our annual budget, and continued with this tax proposal, reflects our collective desire to keep Salem a vibrant, thriving community that delivers quality public services in as efficient and affordable a manner as possible. When I took office, we faced a \$3.5 million deficit. We spent all our savings just to keep the lights on and were forced to borrow money to pay normal operating expenses. We have worked collaboratively over the years to eliminate prior deficits, improve city finances, and balance our books with an eye on both the needs of today and our aspirations for the future. It has not always been easy. Just as we emerged from those local fiscal trials in 2007 our national economy spiraled into a recession.

But whatever the cause of our challenges, we weathered them and are today stronger and better positioned than ever, with record growth, a vibrant local economy, record bond ratings, and award-winning balanced budgets. Our City's bond rating from Standard & Poor's was upgraded six years ago to AA, the highest in the City's history. In their most recent ratings report the agency cited our financial stability and conservative budgeting practices in affirming that strong rating. This is validation that Salem's fiscal policies are of the highest standard and that the path we have set for ourselves is the correct one for our community.

I am grateful for our partnership in securing a healthy municipal fiscal environment and recommend adoption of the proposed residential factor which will enable us to finalize property tax rates for this fiscal year.

Very truly yours,



Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM

In City Council,

Ordered:

December 5, 2019

That the City of Salem adopt a Residential Factor of 85.4197% for fiscal year 2020.