

## Midterm Address

### STATE OF THE CITY MID-TERM ADDRESS

**“Plan the Work and Work the Plan”**

*Monday January 7, 2008*

Ladies and Gentlemen of the City Council, School Committee members, Representative Keenan.....

It is my honor and privilege to be here today to not only participate in the swearing in of a new Council and School Committee, but also to report on the state of our fine city.

But prior to jumping in to my remarks I must mention that this is the first such address in the last 24 years that has been given without Councilor Lenny O’Leary in attendance. His presence is already missed and I offer my gratitude to his family and friends for all that he gave to the City of Salem. 2007 also brought a tragic loss at the Salem Power Plant. This awful accident hit close to home for all of us and I offer my sincere condolences to the families of the three men who lost their lives this past November.

In my tenure as Mayor, I have had two prior occasions to stand before you and discuss the state of the city. As it is the midway point of my term, it is a propitious time to gauge the progress we have made in meeting the goals we set during our first two years and also an opportunity to speak about what lies ahead.

I’d like to start where we began - early on I spoke of three simple things that would guide the way we operated our collective municipal government:

- 1) We would build an administration that would be based on professionalism not politics;
- 2) We would lead an administration that would be hardworking and creative, and
- 3) We would create a local government that would be inclusive and open to all.

It was my belief at the time - and it is my belief today - that if those simple promises are met, we can make great progress toward connecting the needs and desires of the residents of Salem with their government and their City.

Even though it's a timeworn Dickens cliché, it is fair to say of Salem right now, that these are the best of times and these are the worst of times. The best of times because we have made great progress on the goals that we have set and a great vision for this City is now being implemented, and the worst of times because we are facing yet another unexpected and extraordinary budgetary challenge. This was nothing short of a financial ambush and knowing that the person chiefly responsible for this dilemma will not be let off the hook, does not make solving the problems any easier. It will require every ounce of energy, ingenuity, and knowledge that we can collectively muster over the next several months to see us through the end of this fiscal year and beyond.

Over the past few days, I have really struggled with whether it made sense to offer remarks that talk about the progress we've made and hope to continue - all the good things that are happening, in light of this latest fiscal challenge. Upon reflection I decided that it was important to do both.

**Tonight the Salem School Committee will meet to discuss the school deficit.**

Unfortunately, we will not be able to avoid cutting jobs or services. While I have always thought it best to approach the problems we've faced with straight talk, please don't confuse this straight forward style as cavalier or lacking compassion.

There are a number of hard-working and innocent employees who are going to lose their jobs and try as we will to avoid it, there will be impacts on our 4600 public school students as well. Neither I, nor any of them will ever likely fully understand why the former finance director chose not to communicate openly and honestly with the School Committee about financial matters.

However, none of us can change the past and while I have dwelled on that over the past several weeks, beginning with tonight's School Committee meeting it will be time to act, to implement a course of action as fairly and wisely as we can given the circumstances.

I will speak more of the schools later, but for now, - before we all paint the windows black and jump out - let's spend a few minutes on some of the more positive aspects of both the last two, and the next two years.

Each of the past two years we have set as a goal, increasing professionalism in our municipal operations and opening up our government to Salem residents.

This has been accomplished in many ways.

We started in year one by bidding health and liability insurance contracts that have historically been awarded without a public bidding process.

We then bid the contracts ambulance services in the City, and

**In this coming year, for the first time in decades we will publicly bid our \$3.2 million trash and recycling contract.**

**By opening up these procurements to the public we save significant tax dollars while also sending an important message to all vendors that the way to do business with the city of Salem is to provide a quality product at an efficient price.**

**We have also opened up the Board appointment process to all residents by soliciting for volunteers. As a result, we have encouraged over 150 residents, with myriad professional skills, to become involved in the planning , development and administration of our City.**

**This month, we are beginning two new customer service initiatives.**

**First, we have embarked on a secret shopper program that will provide valuable feedback directly to local officials from residents, a.k.a secret shoppers, about their experience approaching city offices for services. Second, we have created a Customer Service Survey that will allow residents to rate their experiences with City Hall. These initiatives, combined with the highly successful Connect CTY Automatic Message Delivery System and the upgraded city website and email notification system, enable us to communicate directly with Salem residents about things happening in our city and matters important to them. All of these steps are important to help us evaluate how we are interacting with residents and delivering important services.**

**Our pursuit of professional management has also returned some very definable results.**

**Such as, receiving this year, an upgrade in our Fiscal Management Practices to the highest grade offered by Standard and Poor's. We were upgraded based on a series of financial management tools that were new to City Hall. Items such as a multi-year Financial Forecast and Capital Improvement Plan, a new Stabilization Fund Policy that has been followed each of our year's in office, and a commitment to end funding operating costs with sole source revenues. And, after overcoming the initial \$3.5 million deficit – earlier this fiscal year we were able to achieve a certified Free Cash amount of nearly \$700,000. While not an extraordinary amount of money considering our \$100 million dollar + annual operating budget, it is substantial, when placed against where we started two short years ago.**

**Our pursuit of improving our government goes beyond the walls of this building. Early in my term, I negotiated PILOT agreements with North Shore Medical Center, Northeast Animal Shelter, and Children's Friend Society. Last year, we added a \$350,000 SILOT agreement with Salem State College, bringing the total of cash and services from these agreements to \$650,000.**

We also negotiated a one year agreement with Dominion that provides an additional \$250,000 in revenues to the City this year. While our preference would have been for more than a one year pact, we are hopeful of reaching accord on an agreement that will provide long term stability to Salem taxpayers. I must also offer my gratitude to Senator Fred Berry for gaining senate approval for a financial relief package that will be in place should the new environmental regulations cause a reduction in tax revenues from the Salem Harbor Station. Rep. John Keenan has assured us that he will now work diligently to gain House approval of this critically important legislation.

These accomplishments were not easy and they were not made without your help. I want to offer a special note of thanks for the support and assistance of the City Council over the last two years. To our veteran Councilors I say thank you for your service and your willingness to be involved in helping restore our fiscal health. To our recently inaugurated Councilors, whom I affectionately refer to as the rookies, I offer my congratulations and extend to you an invitation to work together over the next two years to continue to make this great city better.

There are many things that we have done well together. For instance, the City Council deserves tremendous credit for its role in creating a newly invigorated Destination Salem, funded partly with a portion of the City's Hotel/Motel Tax dollars. After a series of meetings with tourism stakeholders, it became abundantly clear that the City needed to invest both time and resources in improving the way we market and manage tourism – a key part of our economy. This lead to a commitment that 25% of hotel/motel tax dollars, which are essentially visitor generated, would go back to the marketing and promotion of Salem.

After creating this plan we approached the City Council, gained their approval in this year's budget for the funding, and already a newly invigorated board of directors –including both a city councillor and a representative from the administration- has been installed.

We have also worked very hard to have a more hands-on approach on the planning and management of Haunted Happenings. While October brings special challenges and we recognize there are impacts associated with so many people visiting Salem every Fall, there were some interesting results to the post-event survey completed after last year's celebration.

For instance, over 85% of respondents believed that the public safety measures undertaken by the Police Department were either good or very good, over 89% believed that the clean-up effort undertaken by Public Works personnel was good or very good, and over 74% of respondents believed that the city's communication efforts were either good or very good. These results demonstrate that we are on our way to taking a more professional approach to October event planning and management.

**In addition to the survey, we are also paying stricter attention to tracking expenditures and revenues associated with Haunted Happenings. I am happy to state, for the last two years we not only covered additional municipal expenses tied to HH, but turned a \$120,000 profit in year 1 and a \$205,000 profit in year 2. One year of profit is good, a second year is a trend!**

This year alone we have seen visitor stays up and hotel/motel tax revenues are on track to increase by 22% over the prior year, proving that our investment of time and funding in DS's efforts to boost tourism and enhance citywide marketing will result in higher financial returns to the City. None of these efforts would have been possible without the Council and the Administration working together.

I hope you recognize a theme that has characterized much of what we have done over the last two years and the manner in which we hope to keep moving forward. This theme has become a mantra of mine. It can be summed up as:

**"PLAN THE WORK ...AND WORK THE PLAN**

This saying is one that my colleagues in City Hall have heard from me since our first day in office.

For example, we spoke last year of our early planning efforts to establish a ferry between Boston and Salem.

As you recall, that plan included applying for and receiving over \$2.3 million in State grants to purchase a ferry, it included undertaking a public process to select an operator and, it resulted in the establishment of a ferry service which to date has carried over 120,000 passengers - an 89% increase in ridership from 2006 to 2007.

This stands as a great example of what can be achieved when a plan is thoughtfully created, professionally implemented and then, and this is important, given the proper attention and resources for it to grow and succeed.

Some other examples of 'planning the work' and 'working the plan' for us to look forward to in 2008 and beyond include:

In 2006, the City hosted a downtown visioning session to identify key areas of focus for our central business district. In 2007 with the assistance of the SRA, we completed a Downtown Marketing Study – essentially an action plan to bring that 2006 "vision" to fruition.

This study has provided the City and all the downtown stakeholders with a strategy that will continue the vibrancy that we have seen in our downtown business district over the past two years.

**And let's spend a minute or two talking about that success.**

**Perhaps you saw the articles in both the Salem News and the Boston Globe about Front Street, Salem's most successful new retail area.**

**Be it J. Mode women's apparel or Beadworks, which each opened on Front Street last summer, or Fiddlehead, Seed Stitch and Marketplace Quilts...which have all opened over the past few years, make no mistake this is now an active and vibrant retail area.**

**I am sure that these business owners are excited to see the redevelopment of the former Salem News Building is moving ahead. And, moving ahead with a plan that many of them helped create as part of the Market Place Design Task Force – a committee we formed which also included the Council, Administration and others that worked with the developer to create a compatible and build-able plan for the Market Place Block.**

**This site, a longtime eyesore and predominantly vacant since the Salem News moved out several years ago- will be redeveloped leaving two great restaurants, Edgewater Café and Passage to India and adding exciting new first floor retail on Washington and New Derby Streets, along with 31 new residential units, WITH ON-SITE PARKING!**

**It is a very exciting time indeed for this wonderfully vibrant downtown neighborhood.**

**A few short steps from Front Street notice Rouge, Aveda Salon, Cornerstone Books, New Civilitea, A&J King Bakery and ChulaMama which have opened in the hip Derby Lofts complex.**

**These and more are each representative of the fact that Salem is in the midst of a downtown resurgence – fueled in large part by the growing and active residential neighborhood that the downtown has become.**

**New and exciting shops and restaurants, interesting retail, not just for tourists by the way, are slowly but surely replacing first floor non-retail uses, creating an exciting downtown that I dare say is a mix that many communities envy.**

**For the coming year, from our Downtown Retail Study, we will focus on new signage, promoting use of the How to do Business in Salem Guide and, work with our newly revived Mainstreets program to retain, recruit and promote additional quality, year round retail.**

**See what I mean?**

**"Plan the Work and Work the Plan..."**

Let's also remember that the City, the Salem Partnership, the Chamber of Commerce, the legal community along with our state legislators, continue to work diligently on making sure that construction of the new \$106 million dollar Salem Court Complex stays on track. It is my belief that the court expansion will be to our legal economy what the expansion of the PEM was for our tourism economy. There is no single project more important to the long term economic well-being of downtown Salem than this new courthouse.

**Moving from the downtown ... But in keeping with Planning the Work and Working the Plan,**

**Under the able leadership of new City Councilor Bob McCarthy, who chaired the Open Space and Recreation Committee, the City completed a new Open Space and Rec Plan.**

**This is particularly appealing because for the last six years we have been ineligible to compete for State Park grants due to the fact that we had an outdated plan.**

**Councilor McCarthy, and a number of diligent and hard-working residents who served with him on the Committee, worked with the Salem Planning Department to complete this key document in 2007. After which we became eligible to apply for grants and immediately did so, receiving \$674,000 this past Fall to transform 15 Peabody Street, a vacant lot on the banks of the South River, into a beautiful canal-side park that will abut our soon to be constructed South River Walkway.**

**Which, - of course – leads us now, to the Salem Harbor Plan.**

**The Salem Harbor Plan has been at the top of a very busy “to do” list the past two years.**

**We have prioritized three projects included in the Harbor Plan**

**The Salem Ferry,**

**The South River Harborwalk, and**

**Design and construction of Salem Wharf**

**Just three weeks ago we received two new grants totaling close to \$300,000. The first of which totaling \$125,000 will enable us to begin the permitting process for Salem Wharf, which will be the first new public wharf built on Salem Harbor since the turn of the century. As historic Derby Wharf brought the China Trade to our young City, this new wharf will bring cruise ships to Salem and the North Shore.**

**We also were awarded \$155,000 for dredging tied to the South River area, which will enable us to begin planning for a more active waterway there. When coupled with the \$800,000 received last**

**year for construction of the South River Harbor Walk, we are well on our way to the long awaited rejuvenation of the South River Canal.**

**I also want to take a moment to commend the Salem Bike Path Committee for striving to make Salem a more bike friendly community. AND, they have also been responsible for the real mystery of 2007. That is, what are the attractively designed black posts that have been installed across the downtown? Of course, they are bike racks. 54 bicycle racks, to be exact, awarded as part of a state grant and installed throughout the entire downtown.**

**Let me move for a bit to Public Safety.**

**This year, under the wise and able leadership of the best Chief of Police in the Commonwealth Robert St. Pierre, the Salem Police Department have continued their uncanny ability to do more with less with the creation of a new Community Impact Unit.**

**The CIU works directly with the City's neighborhood groups to identify and address incidents that adversely affect the quality of life. This new initiative is a wonderful outgrowth of our commitment to community policing and is at the very heart of our neighborhood improvement efforts.**

**Chief Cody has also done a wonderful job of leading the Salem Fire Department. The true test of the spirit and skill of this group was plainly evident in their efforts following the Salem Harbor Station explosion. Only weeks earlier, the Department had participated in necessary confined space training designed to assist in an emergency at the plant. Clearly, progress in education, technology and fire-fighting techniques are the watch words of the Salem Fire Department.**

**Chief Cody and Chief St. Pierre, and all of your staff at the stations, thank you for all that you do to keep Salem safe.**

**I'm going to end today exactly where I began, with the Salem School Department deficit, or shall I say, our collective deficit.**

**We will, as ever, endeavor to meet the challenges of this fiscal calamity directly, because it is our charge,**

**We will solve the problem, because it is our charge, and**

**We will continue to make great progress in the School system, because each of us in this room understands that for Salem to be a truly first class community- it needs to have a first class school system.**

**So while we address the immediate crisis we must also realize that a consolidation of City and School functions is of vital importance. The ‘us vs. them” culture that has for so long existed between the city and the schools needs to be retired and there is no better time to start than right now.**

**But make no mistake, each of us on the School Committee will regret that we will be talking about layoffs when we should be celebrating how Salem High School students exceeded the State pass rate in last year’s MCAS Biology scores.**

**We will be troubled that we must cut educational services when we would prefer to herald that Salem High School students achieved an 84% pass rate on the MCAS Chemistry exams, exceeding the State average by some 23 points, and, finally,**

**We will be saddened to once again have to face significant budget challenges instead of highlighting the tremendous progress that is being made on the \$67 million dollar Salem High School renovation project that is on target to meet its scheduled opening this Fall.**

**With that said, I remain optimistic. In the past few weeks, I have gained enormous respect for the level of professionalism, intellect and roll-up your sleeves attitude exhibited by our new Superintendent Bill Cameron. His direct and strong minded approach to this daunting task makes it even more apparent that the Salem Schools are in capable hands and will be well suited to meet all of the challenges ahead.**

**St Francis of Assisi inspired the Italian Renaissance, one of the greatest cultural revolutions the world has ever seen. In so doing, he said one should “start by doing what is necessary, then do what is possible and suddenly you are doing the impossible”.**

**Somehow that seems fitting for the times we face.**

**Because at tonight’s School Committee we will find ourselves doing what is necessary. But this will not deter us from moving quickly to the possible, and on to achieving success that in the days ahead may seem impossible.**

**As always, I pray that we are blessed with good fortune and I give you my unwavering promise that I will work hard this coming year in the best interests of our wonderful City.**

**I thank you all for your continued confidence in me. It is humbling and it is appreciated greatly.**