

State of the City Address

STATE OF THE CITY ADDRESS

Monday January 8, 2007

Salem City Hall

City Council Chambers

Ladies and Gentlemen of the City Council, Representative Keenan.....I am happy to be here today to report on the state of our city.

I think it is important – as I begin my remarks – to take a quick look back to a time some twelve months ago when I stood before most of you and outlined my vision for the City and my plans for my first year and beyond.

I am mindful of standing before you one year ago speaking of working to create a Mayoral administration that would be:

**Based on professionalism not politics,
That would be hardworking and creative, and
That would be inclusive and open to all,**

I told you that my administration - when confronted with the challenges of governing - would communicate with straight talk and open dialogue.

Then, on that cold winter day, I went on to outline a rather bleak fiscal forecast.

A forecast that included a major deficit - - the depth of which we still did not comprehend. A deficit which turned out to be \$3.5 million and which would ultimately require that we spend all of our rainy day reserves and that - - for the first time in memory - - we borrow money to pay our teachers, police officers, firefighters and other city employees.

As I stood before you I made very few promises beyond that I would communicate regularly, that I would not pit branches of government against each other and that I would not let this crisis deter us from transforming this government and this City into all that it's residents expect and deserve.

After speaking those words we all went to work.

And I really want to stress that we ALL went to work. I have been in these Council chambers so often that I'm sure many of you are a little sick of seeing me.

But, all kidding aside.....I do want to stop here and make a special note of the support and assistance that I received during those busy first few months in office.

For those here in this room, for those of you who may read about my remarks in the newspaper - and - - for those who may be watching this at home, make no mistake - - the City Council, the

School Committee, City Department heads, municipal unions and all city employees met every challenge that we faced.

As the true depth and breadth of the deficit increased, so did the dedication and diligence of all.

We - together – I say again and with emphasis added - - TOGETHER - took the difficult steps needed to put our fiscal house in order.

This cooperation was so vital to the work that was undertaken that I want to make a special note of thanks to

**Councilor Lucy Corchado,
Councilor Mike Sosnowski,
Councilor Jean Pelletier,
Councilor Lenny O'Leary
Councilor Matt Veno
Councilor Paul Prevey
Councilor Joe O'keefe
Councilor Joan Lovely,
Councilor Mark Blair,
Councilor Tom Furey and
Councilor Arthur Sargeant**

I also want to recognize the efforts of Senator Fred Berry and Representative John Keenan, both of whom I work closely with and rely upon.

Though too numerous to mention individually, I want to offer equal thanks and appreciation to Department Heads, city employees and union representatives.

Today - as we continue on our path to fiscal stability I say without reservation that this could not have been done without your help and your wisdom.

Since we've spent so much time on the topic of finances, let's talk about money for a bit.

I am happy to be able to stand here today and tell you that we did – in fact – close the \$3.5 million budget deficit, we submitted and approved a balanced FY07 budget, and ended the year with just over \$500,000 certified in free cash.

It feels truly wonderful to be able to say that.

But that indulgence aside ... while we may be heading in the right direction, balancing last years budget does not mean that we are out of the woods- not with the power plant tax agreement up for negotiation and every labor contract up at the end of the fiscal year.

As you know, balancing the current budget was hard work and in order to do so we had to manage our finances in a smarter, more professional manner...one dollar at a time.

What do I mean by that?...well, for instance actions such as bidding our health and general liability insurance has netted hundreds of thousands of dollars to the city. In some cases, contracts had not been put out to bid for many years. Bidding contracts – even when not required – not only saves money but it also lets all of our vendors know that the way to do

business with the city of Salem is to provide a quality product at an efficient price.

For the first time in the city's history, we negotiated formal Payments in Lieu of Taxes or PILOT agreements with North Shore Medical Center, Northeast Animal Shelter and Children's Friends Society, raising almost \$200,000 per year in dollars and services for the city. These PILOT agreements will pave the way for future discussions with other entities and provide both short and long term revenue boosts to city coffers.

We also looked within our own organization and undertook a significant reorganization of government. We cut, consolidated, privatized, outsourced and re-assigned to achieve increased efficiencies. We will continue to look wherever necessary to deliver services in as cost efficient a manner as possible to Salem taxpayers.

As a result of these and many other efforts, as of today our fiscal future is one of cautious optimism. In fact this year alone, our efforts led to the lowest tax increase in Salem in more than 10 years - a mere 1.6% increase to the average residential tax bill, ranking our community amongst one of the five lowest increases in the Commonwealth!

Notwithstanding this success and progress we shall - as ever – continue to be vigilant in our efforts to find efficiencies in government and we will need to always ... always.... keep a keen eye on spending ... again, one dollar at a time.

While city finances have dominated our deliberations, I do think it's important to spend a few minutes speaking about some significant accomplishments from 2006 and some ideas for 2007 and beyond.

When I took office last year I was very concerned that we would spend so much time on the fiscal issues that we might not make as much progress in other areas.

But an interesting thing happened as we made our way through the first several months in office.

It seems to me that through our cooperative partnership on budget issues we found that if we worked together and if we communicated with each other in a meaningful way we could accomplish many things both big and small.

And while the budget stands as a perfect example of that, perhaps the next best example is the Salem Ferry.

One year ago there was no ferry and no definitive plan for a ferry. During the course of my campaign for Mayor I spoke of re-investing in our waterfront and at the start of 2006 we took a major step in that direction.

Immediately upon taking office we pursued and received a \$2.3 million state grant that allowed us to purchase a ferry vessel, we undertook a public process to purchase the boat, select an operator and established a ferry service which carried 41,000 passengers between Boston and Salem this year.

This idea went from a concept to an operational ferry in less than six months!

This public/private venture- and I'd be remiss if I didn't recognize the Salem Partnership's pivotal role in this project - in addition to being hands down the most comfortable way to travel between Boston and Salem - has helped Salem's robust tourism economy to grow and offers yet

another reason (and manner) in which to visit our wonderful City.

Building on that waterfront success, this past December we were able to garner close to \$1 million in grant funds to be used for the acquisition and design of the Blaney Street Landing which will be the site of the first new public wharf built on Salem Harbor since the turn of the century. Historic Derby Wharf brought the China Trade to our young City, this new wharf will enhance Salem's position as the center of tourism for Essex County by bringing small cruise ships to Salem and the North Shore.

Add to this effort, the \$135,000 in grant funds for a new harbormasters boat, a \$150,000 grant for the repair of the Salem Willows sea wall and \$15,000 from Mass Historic for a study of the Winter Island Barracks building – bringing the total of new grant dollars for waterfront projects in Salem to \$3.6 million dollars – all this in 12 months!

Let's move from the waterfront to our historic downtown.

Though far removed from its former role as the retail center of the North Shore, Downtown Salem continues its transformation into a mixed economy with appreciable retail, residential, cultural, office, service and legal sectors.

As such, we continue to work in strong cooperation with the Salem Partnership to keep the \$106 million dollar expansion of the Federal Street Court Complex on track. Plans are being drawn, buildings are being purchased and the Registry of Deeds is moving to a new Salem location (hopefully a new DOWNTOWN Salem location), all in anticipation of the commencement of this vitally important project. What the world-class expansion of the Peabody Essex Museum was to our tourism economy, the expansion of the Court System will be to our legal economy. It is not an overstatement to say that there is no single project more important to the long term economic well-being of downtown Salem than the court house expansion.

This past year we welcome Cinema Salem, A & J Artisan Bakers, Cornerstone Books, Fresh Taste of Asia, New Civiletea, Fiddlehead, Granola Baby and many other new small businesses to our downtown. These young businesses join stalwarts such as Bernards, The Lyceum, Café Graziani, and more recent popular additions such as A Touch of the Past, Pamplemousse, and Front St. Coffee House in broadening the retail base of our continually improving downtown.

In the last twelve months dozens of new downtown residents – in most cases newcomers to our City - have moved into new homes at Derby Lofts, The Distillery, The Residences at Museum Place and Bluestone Alley.

These and many other residential developments in the center of Salem are helping drive our downtown economy by creating a market for new and existing businesses. I hear from many of these new residents regularly about how much they enjoy living amidst all of our downtown amenities.

We have much more to do to build and strengthen the city's central business district starting with the revival of a downtown Mainstreets Director to be housed within the Chamber of Commerce, the recent hiring of economic development consultant Karl Seideman who'll work on a downtown marketing study and action plan, and lastly the SRA led effort to find a permanent re-use for Old Town Hall, focusing in particular upon the creative economy.

Reinvestment is not limited to the center of the city, for example the 170,000 square foot, former Maynard Plastics Building on Swampscott Road has been sold and re-packaged as commercial condominiums with all but one unit still available for sale. Construction of a new bank and what will be the only gas station on Highland Avenue is underway at the former Moose

Lodge. Meanwhile, just down the road in either direction, you'll soon see St. Jean's Credit Union breaking ground on a new banking facility, and Tri-City Sales is currently in the permitting stage for a new development plaza that will house an expanded appliance center, a Dunking Donuts, and CVS. These examples of new growth not only help to revitalize the areas in which they exist, but also enhance city revenues. It is these "new growth dollars" that help to stabilize residential taxes and provide funding for necessary city services, such as police, fire, and education.

When it comes to public safety, I would be remiss if I didn't take a moment to boast about the efforts of our respective Police and Fire Departments. Despite budget cuts and staffing shortages, neither department has been deterred in their efforts to insure that Salem citizens are safe and secure. They continue to be the North Shore's finest public safety team, providing residents and businesses with first class protection every day of the year, whether responding to a routine inspection or patrolling crowds of up to 60,000 people during Halloween.

As the parent of two children attending public school, I am especially pleased that we have not allowed our budget woes to jeopardize the quality of our schools. We have been able to forge ahead with a \$62 million dollar high school renovation project and we have an earnest, new principal in David Angeramo to head up all that is undertaken in the newly renovated building.

Notwithstanding the fiscal challenges, we have been able to maintain our low teacher-student ratios and have resisted cuts to the classroom, all under the effective leadership of veteran Superintendent Dr. Larry Callahan, who unfortunately has decided to retire at the end of this school year. While a search is underway for his replacement, it will be next to impossible to match his 20+ years of service to the students, parents, teachers, and staff within the Salem School District. I want to personally thank him for making my first year transition so smooth.

While prior administrations have been aggressive with seeking grant dollars for schools, they were not as serious when it came to funding a new senior center. For the better part of the last decade, we have talked about building a new Council on Aging facility, but we have never seriously set about doing anything. I think our seniors deserve a first class facility that can provide state of the art programming, a center that is designed to meet the needs of our current elders, as well as our up and coming baby boomers, and a center that when not occupied by seniors can serve as a community resource. The proposed St. Joseph project provides all that and more and I will continue to support this concept and believe that construction of such a facility can be accomplished if we work together toward that end.

I'd like to close today by talking about one of the things I'm most proud of that we have been able to accomplish, that is the steps that we have made in opening up all aspects of City government to the residents of this City.

I have been Mayor for one year now and one thing that people seem to appreciate the most is our open, welcoming approach to governing.

This begins with something that I spoke of earlier, forming a true partnership with the City Council. Keeping these lines of communication open is of paramount importance. And understand that I am not saying that we need to agree on every issue or that there are not going to be significant differences of opinion on the various issues that we deal with. There are. But, when we disagree, we debate, when we debate we often compromise and at the end of it all, we then move ahead in a manner that is in the best interests of all those that we represent.

Over the course of the past year I did something unusual, I asked residents to become more involved in their city. This was met with an unprecedented response, whether you look to the 50+ new appointments to boards and commissions – some of whom bring tremendous expertise and qualifications that frankly, we could not afford to hire them, but have them as volunteers;

the fact that the entire Salem Garden Club volunteered to re-plant and more importantly, WEED the Essex Street Pedestrian Mall, or the revamped city website that offers residents up to date information and automatic email notices on city happenings.

There is so much talent in the residents of our community and I feel like we are finally beginning to reap the benefits of our citizenry. I thank each and everyone one of our board and commission members for your service both new and continued and say, again, to every resident please get involved, your input is welcomed and appreciated.

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

Last, but by no means least, I want to recognize my husband, Nick, and my young family for their patience and understanding as we together braved through this first year with Mom as Mayor.

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