



# Annual Budget

Fiscal Year 2006

City of Chelsea, Massachusetts



*Adopted by City Council*

*The cover: Community Action Programs Inter-City, Inc. (CAPIC) converted the former furniture warehouse on Crescent Avenue to the new home of the Head Start and Family Network program. The \$2M facility, which received City financial and technical support, houses seven classroom and offices serving 180 pre-school children and their families.*



**CITY OF CHELSEA, MASSACHUSETTS  
FISCAL YEAR 2006  
FINANCIAL PLAN & OPERATING BUDGET**

General and Enterprise Funds  
July 1, 2005 to June 30, 2006

**CITY COUNCIL**

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Dora Santaniello, Vice President  
Roy Avellaneda  
Paula Barton  
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**CITY MANAGER**

Jay Ash

**DEPUTY CITY MANAGER**

Kimberly Lord Driscoll

**FINANCE DIRECTOR**

Thomas Durkin



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Chelsea  
Massachusetts**

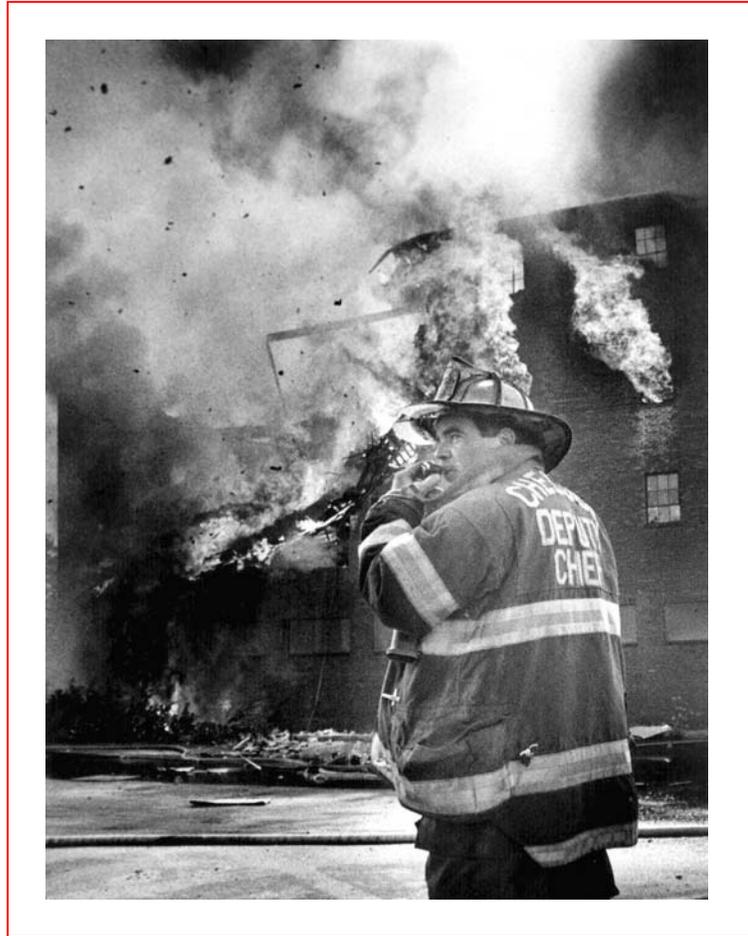
For the Fiscal Year Beginning

**July 1, 2004**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented its Award for Distinguished Budget Preparation to the City of Chelsea for the annual budget for the year beginning July 1, 2004. In order to receive this award, a governmental unit must publish a budget document that meets award criteria as a policy document, as an operational guide, as a financial plan and as a communication medium. The award is valid for one year only.



This Budget is dedicated to Chelsea Fire Department Deputy Chief Joseph E. Von Handorf who suffered a fatal heart attack on January 11, 2005.

Pictured is Deputy Von Handorf directing companies at an eight-alarm fire at the Standard Box Company in 1997. Heavy smoke spread throughout the city forcing the evacuation of many residents, businesses and schools. This rapidly spreading fire trapped two firefighters forcing them to make a dangerous escape by jumping to safety through an unstable conveyor shaft. The fire was eventually contained and suppressed.

Deputy VonHandorf was an outstanding fire officer who was respected throughout the fire service. First appointed to the department in 1974, his leadership earned him promotion to Lieutenant in 1977, Captain in 1982 and Deputy in 1986. Over the years, he served as Acting Chief on many occasions. Joe's dedication to the City of Chelsea for over 30 years was instrumental in elevating the department to where it is today, among state's best.

Joe was also a contributor to this annual document. His understanding of the financial and administrative aspects of the department were critical to the overall operation of the department.

May he rest in peace.

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*Exhibits*

- EXHIBIT I - FIVE YEAR FINANCIAL FORECAST**
- EXHIBIT II - CAPITAL IMPROVEMENT PLAN**
- EXHIBIT III - STATE OF THE CITY REPORT**





**Jay Ash**  
City Manager

## CITY OF CHELSEA

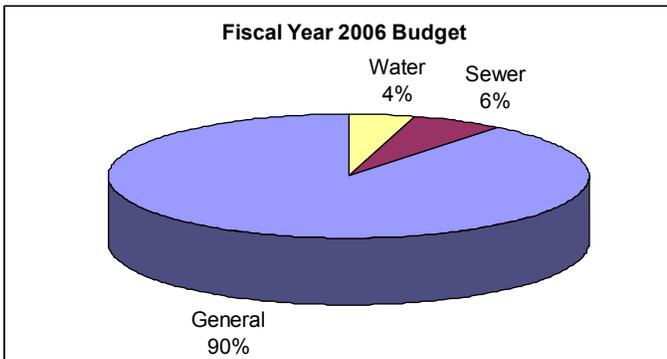
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April 29, 2005

The Honorable Chelsea City Council:

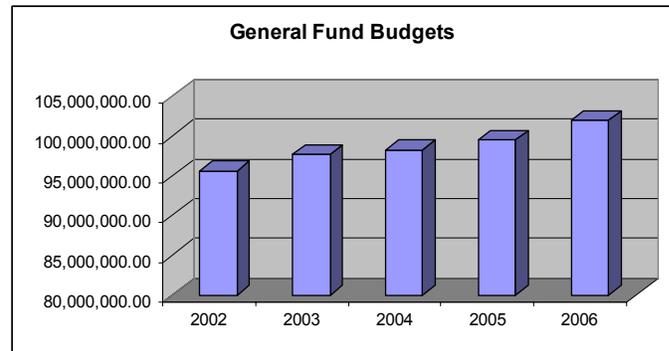
It is a great pleasure and distinct honor to submit to you the Administration's annual proposal for Fiscal Year 2006 spending in three areas, General, Water Enterprise and Sewer Enterprise Funds. The combine proposal of \$113,915,114 includes \$101,982,947 for the FY'06 General Fund Budget (the FY'06 Budget) and \$11,932,167 for the Water and Sewer Enterprise Funds. This communication provides further insight into the FY'06 Budget, up 2.5% over the FY'05 Budget. This spending plan adequately resources the City's



municipal operations, including Police, Fire and Schools, and is supported by sufficient revenues to support yet another balanced budget.

Notwithstanding the numbers, the issues involved in compiling this budget again are reflective of the substantial difficulty many in this state and throughout the country are having in balancing service delivery goals versus the ability to pay for such service. In fact, for most of this decade, reduced or sluggish increases in revenues have

greatly impacted the ability of municipalities to deliver services, especially in light of skyrocketing costs in areas like health insurance. While we here locally have been spared some of the pain, thanks in large part to our effective financial management, the uncertainties of tomorrow and beyond continue to require us to adopt a responsible and conservative approach to budgeting and overall municipal management.



I have no doubt that we can be equal to such a challenge. In fact, the dialogue that has been developed between the City's elected and appointed officials, and the understanding of the issues that has been fostered through such discussion and review, does afford us all the opportunity to continue to place residents and taxpayers ahead of all other interests. While we all anxiously await better days ahead, we can take some comfort in knowing that we have survived the worst municipal budget period any of us have ever seen. There is certainly much devastation to now overcome, though. However, recent signs of increased non-school local aid, although still not eclipsing previous highs, and continuing economic development provide reasons to be encouraged.

Despite those rays of sunshine, storm clouds still are hovering and threaten to do further damage to municipal budgets across the land. In particular, the aforementioned health insurance account is rising so precipitously that, left unchecked, all of a \$5.5 million projected deficit and more in FY'10 could be a result of health insurance increases charged to the City. Other employee overhead costs, most notably retirement assessments, add to the overall burden of maintaining a workforce sufficiently staffed to meet the service expectations of local stakeholders. Most frustrating about the latter is that today's City government bears the burden of funding those contributions that were not made into the retirement system by many mayors under the old form of municipal government.

The above should not suggest that all is lost or that the City is unable to control its own destiny. Certainly, increasing employee overhead costs, as well as employee and service contractual obligations, assessments, infrastructure needs and the continuing cost of technology, place tremendous pressures on this budget and those projected into the future. The City continues to find ways of managing these and other "negatives." On the positive side, the promise of a recovering economy and the continuing rejuvenation of the community give reasons to believe that the City's standard and conservative approach to budget forecasting may lean to worse-case scenarios. In fact and more to the point, the combination of successful economic development activities, steady advancements in neighborhood revitalization, continued achievements in individual and family supports and gains in public safety programming have resulted in the City receiving more tribute than notoriety.

In the pages of this transmittal letter that follow, therefore, it is important to put into context the near-dire circumstances surrounding budget busters with the reality that today's City government continues to outlast lingering budgetary pressures while promoting an agenda that can and will promote "A Rejuvenating Community." As has been noted in similar pages in past budgets, it is truly unfortunate that the weight of fiscal issues is burdening what is otherwise a truly uplifting period in the City's long history.

### **An Overview of the Issues Impacting the City's Finances**

By most accounts, the economy appears to be rebounding from the recent recession and the impacts of 9/11. However, it will take years, if not longer, for the State and its municipalities to fully recover from the financial devastation caused by what has arguably been the worst municipal finance period in at least the last 50-years. Relating to the lingering State budget crisis, direct and indirect impacts on the City's bottom line are and will continue to be negatively felt in FY'06 and, the City believes, for at least the following two years. The most significant of those direct impacts is the status of local aid, which will account for 59% of the City's revenues in FY'06, the lowest level in recent memory. Especially concerning is non-school local aid, which is projected to remain below FY'02 levels until at least FY'07, if not longer.

The City has succeeded in controlling discretionary spending. Yet, increases in areas where the City has very little or almost no discretion, most notably health insurance, continue to create a structural imbalance within the City's budget. Given that cost-cutting and efficiencies began in earnest with Receivership in 1991, efforts to reduce a structural imbalance with further savings continue to be challenging. In every City department, reductions in staff and resources for programming have negatively impacted service delivery. Fortunately, City staff has been equal to the challenges, so gains on the progressive City agenda have still been made possible.

Absent a significant bounce from an improving economy that impacts local aid and/or new growth in property tax receipts, the long-term issue confronting City leaders will be the ability to increase revenues. The modest increase in the FY'06 Budget notwithstanding, the City continues to project that mandated spending increases cannot be adequately offset by spending decreases, as any further spending decreases will compromise the delivery of core municipal services. Fortunately, and to your credit, the City had the foresight to establish strong reserve policies that encouraged saving for "rainy days." With those rainy days upon us, we are continuing to rely upon those reserves to maintain balanced budgets and protect core services.

Of course, no rainy day fund can withstand a prolonged storm, the likes of which some might suggest is currently still upon us. The good news, though, remains that those reserves, if managed properly, can provide the City with the resources necessary to balance several more budgets in the future.

### **Remaining Consistent with a Three-Year Budget Plan**

In light of the then difficulties and the projections for even more difficult days for the City's annual budget plans that would follow, the City initiated a Three-Year Budget Plan in early 2002 for the budget years FY'03 – FY'05. That vehicle for understanding City finances was of such great assistance that a similar forecast has been created for FY'06-FY'08. The philosophy behind the long-term strategy was that financial planning was necessary to ensure the smoothest ride possible through the turbulent times that appeared to be and were, in fact, ahead. An important consideration that was central to budget planning was that the use of reserves should not solely resolve the deficits that were being projected for each of the budget years being reviewed.

The City acted as early as FY'02 to make mid-year budget adjustments, and then began the process of developing a "zero-growth" strategy that would seek to offset mandatory increases in spending and reductions in revenues. Priority actions in that strategy included:

- managing projected reductions in local aid and other sources of revenues so as to limit or avoid an impact on core municipal services and programs of critical concern;
- controlling costs in "non-discretionary" spending areas, including existing employee and other contracts, health and other insurance premiums, debt service and assessments;
- constraining "discretionary" spending by identifying, reviewing and prioritizing areas of need;
- seeking increases in new revenue sources to offset budget shortfalls, being cognizant of revenue raising capabilities and constraints, as well as being sensitive to the impact of revenue raising initiatives on taxpayers, and
- utilizing the City's reserves in such a fashion as to allow for long-term budget stability.

Consistent with the goals above, the FY'03 Budget was trimmed at its drafting through the elimination or reduction of 19 positions and cuts in other expenditures. Discretionary spending was reduced by almost 1%. During the year, after the State took the unprecedented step of reducing local aid levels, mid-year, to balance its own budget, additional cuts were made to keep the budget in balance. Additionally, the City adopted the following deficit reduction plan:

- Institution of a hiring freeze,

- Elimination of out-of-state travel,
- Elimination of tuition reimbursements,
- Reduction in training accounts,
- Additional scrutiny of all expenditures over \$500,
- Reduction in “Pay-As-You-Go” CIP appropriations, and
- Reduction in the issuance of new debt.

With those actions, a new baseline had been set for the City’s first Three-Year Budget Plan.

Having reduced the City’s discretionary budget in FY’03, the City needed to drive down similar expenditures in FY’04. To achieve that reduction, the City added to its deficit reduction plan by:

- Continuing to prioritize economic development and other means to increase revenues outside of the existing property tax base;
- Enacting additional efficiencies in government and potential refinancing opportunities to reduce existing debt-service costs, and
- Managing reserves to reduce the impact of the recession and to allow the City to prosper during the economic recovery.

To reduce the structural imbalance, the City again restricted discretionary spending and slashed another 25 positions from the workforce. Additionally, the cost of most licenses, permits and fees was raised.

Good news, or sorts, finally found its way to City Hall from Beacon Hill in FY’05, as the State first level-funded non-school local aid and then provided cities and towns with a one-time increase in Lottery Aid. However, additional cuts, revenue enhancements and use of rainy day funds were still required to offset a projected deficit initially estimated at \$4.7 million.

To reduce that projected deficit, the deficit reduction plan instituted in FY’03 and expanded in FY’04 was added to yet again, with provisions made to:

- Developing a plan to recover funds owed by the top five tax delinquents;
- Eliminating Pay-As-You-Go CIP appropriations, and
- Increasing the cost for selected licenses, permits and fees.

As a result of the deficit reduction plan and other efforts, especially through additional departmental cuts, the overall shortfall for FY’05 was reduced to \$2.7 million. That deficit, like those in each of the previous four fiscal years, was erased with the use of reserves.

## **FY’06 – Another Year of Challenges**

The issues impacting FY’06 are best characterized by a wishful look at the “ifs”. If Health Insurance was not up the 15% it is projected to rise, if Retirement was not increasing by the 9% it is up, and if non-school local aid equaled FY’02 levels, the City would actually be generating a surplus. Of course, the reality is that Health Insurance and Retirement are not only rising this year, but are projected to rise more in upcoming years, and non-school local aid, primarily Lottery Aid and Additional Assistance, are unlikely to reach their

historic highs soon. The result is a shortfall of \$2,833,490 in the budget, all of which will be raised through the use of Free Cash. The FY'06 Budget that is being submitted, therefore, is in balance.

In order to get to the \$102 million budget for FY'06, more than \$2 million was shaved off of departmental requests. In addition to Health Insurance and Retirement, another significant increase in spending that the City exhibits little control is State Assessments, up \$214,811, or 6.7%.

Regarding more discretionary areas, the Public Safety category is up \$1,014,685, or 7.1%. The Police budget is up \$510,705, or 8.1%, in large part as a result of retroactive wage and overtime cost increases due the Police Patrolmen's Association to settle a nearly three-year long contract negotiation. The Fire budget is up \$335,556, or 5.4%, as a result of three additional firefighters being hired and \$100,000 in more overtime money being provided. The firefighters being hired are expected to help reduce overall overtime costs of \$781,000 incurred in FY'05 to \$525,000 in FY'06. The Traffic and Parking Department within the City Clerk's Office will receive a budget increase of \$92,032, or 16.1%, as the City begins nighttime enforcement of parking violations once again. The Emergency Management budget increases \$40,560, or 6.2%, as the transition of E911 operators from the Police budget to Emergency Management more accurately requires a higher overtime level.

In terms of a percentage increase, the Community Schools budget is up 37%, or \$20,300, to provide an increase to \$50,000 for a summer jobs program for local youth in which the City is a collaborator. The MIS budget is up 35%, or \$109,749, and is reflective of the continuing increase in costs for technology and equipment replacement. The City is certainly focused on the costs of technology and continues an internal dialogue to adopt a workable philosophy to guide future technology management and acquisition actions. The Assessing Department's 15.8%, or \$33,780, increase reflects a management decision to spread over three years what is typically a larger cost every third year for mandated revaluation reviews.

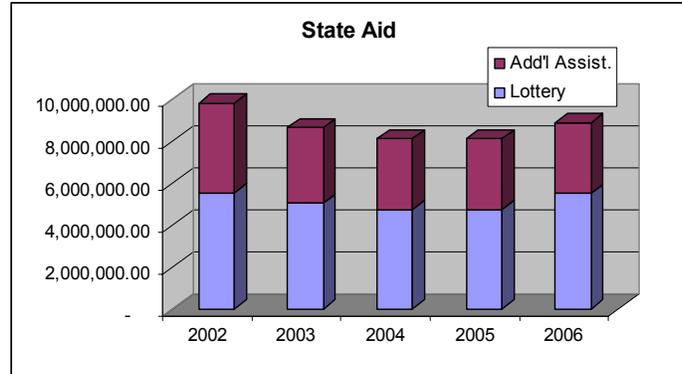
The good news on spending is that two significant accounts Debt Service, down \$803,405, or 8.0%, and Northeast Vocational School Assessment, down \$309,305, or 23.9%, are seeing substantial reductions. The Debt Service decrease reflects the continuing reduction in repayments required on the new schools projects as well as the conscious efforts by City leaders to limit borrowing for future capital needs. The second straight year of enrollment reductions at Northeast Vocational has again resulted in the City's assessment being reduced, this time to the lowest it has been since FY'01.

Not factored into the budget to date is potential contractual increases due members of 7 of 8 municipal union bargaining units (while still organized, there is no membership in the 9<sup>th</sup> municipal union, the Reserve Policemen's Union). As of the date of this communication, only one union, the Police Patrolmen, has an agreement in place for the upcoming fiscal year, while a second, the Steelworkers Union representing middle management, has a tentative agreement in place. Both contracts call for a 2% increase in each of the next three fiscal years, beginning in FY'06, and greater employee contributions towards health insurance in FY'08. (There are another 7 bargaining units representing school employees, 6 of which have contracts that expire on the last day of FY'05.) While some communities maintain a salary reserve to fund upcoming collective bargaining agreements, the City has instead sought an appropriation from Free Cash in the past, in part to not reveal the City's negotiating strategy. Based upon ongoing negotiations, though, the Administration is likely to propose an amendment to this budget prior to its final adoption. For the purpose of this discussion and to identify potential future costs, if all the municipal units agreed to a 2% increase for FY'06, that would add approximately \$225,000 to the budget's bottom line.

On that revenue side, Additional Assistance remains level funded from FY'05, while Lottery Aid has increased 16%, or \$782,146. Certainly such an increase is welcome, however the two combined accounts are still \$1 million less than FY'02 highs. As a result of local aid reductions and the anticipated reduction in debt service transfers as the new schools payment schedule dictates, State contributions towards the City budget will drop from 67% of all revenues in FY'00 to 59% in FY'06.

**FY'06 – How the City Will Address a Shortfall**

The formulation of another Three-Year Budget Plan has again allowed the City to methodically plan out its most central goal: protecting core municipal services during incredibly difficult municipal finance times.



As a component of that plan, the City is sensitive to not overburdening taxpayers. However, lost and constrained revenues are an important issue to discuss when reviewing the structural deficits that the City continues to battle. Of the most significant issues are:

- Revenues lost to non-school local aid cuts equal a cumulative \$4.6 million from FY'02 highs;
- Proposition 2 ½ limits property tax growth to 2 ½% annually, plus new growth;
- New growth in property taxes, generally achieved through new construction activity, has slowed as the recession and subsequent weak recover period have limited new business investment, and
- The recession and subsequent weak recovery period have negatively impacted other revenue areas, including interest income and excise tax.

The City, hampered by local aid cuts, constrained by Proposition 2 ½, experiencing lower levels of new property tax growth and receiving less on interest income and through excise tax, cannot and will not seek to solely rely on another round of fee increases to make up for lost revenues. However, the City cannot cut much further into the budgets supporting core services while attempting to offset budget shortfalls being created by expanding costs in mostly non-discretionary areas. An option that an informal poll of Councillors suggests is not an option is for the City to mirror what many other communities around the commonwealth are attempting to do, that being to secure a Proposition 2 ½ override to increase revenues to close or completely eliminate future shortfalls. In fact, to avoid a need for an override, reserves were built up and the Three-Year Budget Plan was created. So, after nudging revenues up as much as is possible, practical and responsible, and after making another round of budget cuts, the City will turn to its reserves to fund the shortfall projected in FY'06.

**The Fundamentals Guide Long-Term City Policy**

Several years ago, the City embraced the slogan: “plan the work and work the plan.” Plan we do, be they Five-Year Financial Forecasts, Three-Year Budget Plans or Annual State of the City Reports. Those plans cause officials and stakeholders to engage in discussion and produce consensus, as well as provide a

roadmap for the direction of continuing City action. The stability of the processes of planning the work, as well as the accurate visioning that goes into creating such forecasting, has resulted in the City working, and remaining consistent, to plans that have indeed resulted in desired goals.

The most basic tenet directing City leaders in assembling priorities during the annual budget process is the planning that takes place around the “Fundamentals,” a set of policy objectives that form the basis of all municipal government activities. The Fundamentals are meant to direct City policy makers and budget drafters towards common goals that seek to promote a single, pro-Chelsea agenda. The realization of goals provided for through the broad statements about critical program areas are an important achievement advanced annually by the City’s financial plan. The Fundamentals are:

- Financial – steadily improving the City’s financial condition through balancing budgets and advancing responsible reserve policies that strengthen local government’s flexibility to act on pressing needs while protecting against the impacts of economic downturns that could threaten municipal service delivery and the viability of City government;
- Economic Development – further supporting the City through an aggressive agenda that seeks to attract new revenues in a variety of forms, including property tax, auto excise tax, hotel/motel tax and building fees, while simultaneously increasing employment opportunities for local residents and emphasizing the conversion of the City’s older, heavy industrial base into higher and better uses that broaden the sectors of the economy doing business in the city and lead to an overall improvement of the image of the city, both internally and externally;
- Neighborhood Enhancement – continually producing improvements in each and every neighborhood of the city by updating infrastructure through a functioning Capital Improvement Program, cleaning streets, rehabbing the housing stock, enhancing open space, eliminating blight and tackling and resolving long-standing problems, including residential and industrial conflicts, that have persisted throughout the city, in some cases, for decades;
- Community Development – fully encouraging partnerships between City government and its stakeholders in Chelsea’s success, including other governmental entities, the business community, non-profit leaders, neighborhood groups and individual residents, in order to support a broad array of programs and initiatives that may or may not be City-run, but are all supportive of the City’s desire to promote the advancement of its families and individual residents over a broad range of human needs, including, but not limited to, affordable housing, health care, education and job training;
- Public Safety – constantly improving upon the protection of the public and its property by initiating policy and providing the necessary resources, be it training, manning or equipment, to effectively carry-out the missions of the City’s law enforcement, fire and emergency management agencies, and
- Governmental Philosophy – becoming a more open, responsive and responsible municipal government that not only hears the needs of its people, but develops and initiates efforts designed to address those needs in a honest, fair, equitable, accountable and cost-efficient manner, while never sacrificing good government for the benefit of those whose goals run counter to that of a pro-Chelsea agenda.

## Short-Term Work Generated From a Long-Term Plan

Despite the challenges of the day, the City believes that the annual spending plan can advance gains on the overall municipal agenda. The short-term goals relating to the Financial Fundamental remain largely the same: managing the combination of stagnant revenues, increasing costs and declining reserves. More specifically, and to promote continued budget stability and further community growth, the City will manage current budget issues, constrain discretionary spending, seek to influence non-discretionary accounts, search for new revenues, utilize reserves in a judicious manner and engage in regional and statewide discussions and reviews regarding those financial issues that are impacting nearly every community in the commonwealth.

In fact, and in regard to influencing those less discretionary accounts, the City continues to act. On debt service, the City has actually succeeded in reducing debt service and will continue to do so through FY'06. Regarding assessments, the City's continued efforts on education have resulted in more students choosing to enter the local high school instead of attending Northeast Vocational, resulting in a decrease in assessments. Retirement costs are being addressed by encouraging the local Retirement Board to monitor spending and maintaining investment performances in line with better performing systems. Overtime is being addressed both contractually and managerially. The new collective bargaining agreement with the Police Patrolmen's union has the potential of saving the City \$100,000 a year in annual overtime costs. Managerially, a pilot program to budget Fire overtime in two month cycles, which could lead to a reduction in the number of apparatus in service should the cycle budget be exhausted, should help to head off annual overruns in that account.

Most notably for FY'06, the City will continue to focus on employee costs, including wages and benefits. While the municipal workforce is a highly competent and dedicated one deserving of appropriate compensation, difficult fiscal times require the City to hold down employee raises to 2% annually and seek other concessions, such as overtime reductions and the paying of a greater percentage of health insurance costs.

The latter may be the most significant effort on less discretionary spending, as health insurance costs are the bane of budgeting, both in the public and private sectors. Over the next 12 months, the City will examine and seek to implement reforms based upon the following action items:

- Negotiating with municipal unions to increase contributions from 10% to 15% for HMO coverage by FY'08;
- Creating a program to encourage employees to enroll in their spouse's insurance program;
- Exploring the creation of a subgroup within the City of Boston pool that could negotiate further coverage changes in return for lower rates;
- Re-evaluating the benefits of remaining in the City of Boston pool;
- Undertaking an audit of retirees health insurance with the goal of moving retirees into more appropriate coverage options;
- Auditing current employee coverages to determine if family plan members need to remain in the family plan, and

- Advocating for state and federal attention to the growing health insurance crisis.

While maintaining a watchful eye on those critical spending items and others, the City will also begin to look at tomorrow by engaging Council and other interested parties in a discussion about municipal service levels in the “out-years,” those forecasted years beyond FY’06. This intention of engagement merits further explanation.

Although a modest expenditure of just \$10,000, a major initiative contained within the City’s spending plan is to begin an introspection of municipal service levels and other related factors through a process known as “benchmarking.” With the help of a vendor, Municipal Benchmarking, the City will review detailed information about as many as twenty “peer communities.” Peer communities are selected through a review of all the commonwealth’s municipalities to find those that have similar characteristics over a range of predetermined variables. Once the peer group has been established, factors, such as public safety spending per capita, can be compared between the City and the average of the peer communities. The process can identify variances from the average, and then allow local leaders to question why the variances exist. From there, outcomes could range from making immediate service adjustments to undertaking a more in-depth study of the particular item, including examining how those within the peer communities administer the matter. The result of the entire exercise should be to more comprehensively understand and be able to support the municipal service delivery and revenue raising decisions being made by the City’s leaders.

Of course, success through the Economic Development Fundamental can relieve many pressures being felt on the City’s budget. As noted in my State of the City Report earlier this year, the result of both a review of the City’s financial forecasts and current market conditions in a variety of sectors has led the City to propose an aggressive economic development plan to promote the development of 1,200-units of housing over the next three years. Other promising projects include the redevelopment of Parkway Plaza and the development of a 60,000 s.f., corporate headquarters for Gulf Oil and HP Hood. Those projects and others, including talks regarding the future of the Mystic Mall and the Everett Avenue Urban Renewal District’s Emerald Block, provide reason to believe that the City’s long-term prospects for continuing economic development are good.

Infrastructure work should and will continue to improve the public face of the City’s neighborhoods. Through the Neighborhood Enhancement Fundamental, the City will also be focusing on a number of “quality of life” issues that will make local neighborhoods even more livable and attractive to homeowners and investors. A major focus on Gerrish Avenue could once and for all eliminate the question of whether the area should be a residential enclave or an industrial district. As odor elimination equipment gets installed at the Broadway Terminal, trash is the focus of an 8-point plan to make the community cleaner. These and other initiatives are sure to continue the significant gains that have been promoted throughout local neighborhoods.

Attention to the Community Development Fundamental means continuing work on at-risk youth, affordable housing, domestic violence and like issues. In fact, affordable housing projects are abounding, including 24-units of supportive housing for survivors of domestic violence and the potential of scores of affordable units as part of the aforementioned Gerrish Avenue focus. Overall, the City’s goal of 1,200 units of residential development include a goal of creating 15% of those units as affordable housing. In other areas, improvements to the Little League field and Highland Park will make recreation facilities even more user

friendly, while more summer job funding is being proposed to help the partnership led by the Chelsea Human Services Collaborative hire even more youth this upcoming summer season.

The complete implementation of the 14-point plan, “Targeting Crime and Supporting the Community,” should provide for increased public safety as consistent with the Public Safety Fundamental. Police, Fire and Emergency Management leaders continue to lead or be engaged in critical local issues and regional, state and national Homeland Security matters.

The Governmental Philosophy Fundamental dictates that the City continues to engage and encourage every local stakeholder. In addition to the monthly district meetings with neighborhood residents that are being cosponsored by District City Councillors and me, the City hopes to finalize plans and undertake two important civic engagement programs, a Conference on Civic Health and a Youth Conference.

### **FY’05 Adds to the Success of the Past**

Despite the fiscal constraints that dominate so many discussions in so many areas, FY’05 has proven to be a very productive and successful year. Building upon the successes of the City’s recent past, more momentum appears to be directed at the achievement of even more accomplishments in the months and years ahead. Adding to the City’s record of achievement and, ultimately, the City’s overall rejuvenation were many critical victories in FY’05, including:

- Managing a balanced budget with reserves still in place for future needs, earning budget and financial reporting awards, securing an audit report free of material weaknesses and maintaining an “A-” bond rating from Standard & Poor’s;
- Implementing a recovery plan for the top five tax debts in the City, yielding recovery on 4 of the 5 to date, and generating revenues in excess of \$900,000;
- Producing \$745,000 in new growth for FY’05 and a four-year average of \$826,000 for FY’02-FY’05, 82% higher than the previous for year period;
- Coordinating the completion and occupancy of the Spencer Lofts, generating \$200,000 in annual tax revenues, 233% higher than the previous industrial use paid;
- Securing a groundbreaking for Home Depot in Parkway Plaza;
- Agreeing to the proposal to sell urban renewal land to Catamount Management for the corporate headquarters for two of its holdings, Gulf Oil and HP Hood;
- Advancing critical portions of the City’s 14-point plan on increasing public safety, including beginning the process of installing cameras throughout the community and augmenting the Police Department’s gang, criminal investigation and traffic enforcement units;
- Abating problem properties at Spencer Lofts, On-Time Mailing and the CAPIC Head Start building to produce significant improvements to the greater Spencer Avenue neighborhood;
- Crafting an 8-point plan to promote a cleaner community;
- Addressing affordable housing needs by completing several important projects, assisting Chelsea Neighborhood Housing Services in planning and financing additional projects, and adopting regulations for the establishment of an Affordable Housing Trust Fund board;
- Establishing the Senior Tax Work-Off Program to provide eligible elderly homeowners an opportunity to volunteer for City service in return for a \$750 credit on their property tax bills, and

- Securing the Reverse 911 system to allow for emergency communications to be broadcast via the telephone in English and Spanish.

## **A Rejuvenating Community**

Yes, the City continues to survive and thrive during the worst of finance times. That reality is quite an achievement given that during the previous recession, mild in comparison to this last one, the City failed so badly that by 1991 Chelsea was the first community since the Great Depression to be placed into Receivership. 1991 seems like centuries ago, and the combination of responsible leadership from elected officials and professional management from appointed officials have combined to stave-off another bout of Receivership.

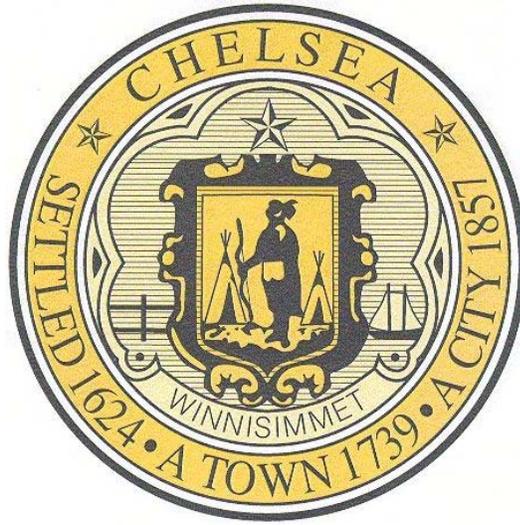
“A Rejuvenating Community” was the title of this year’s State of the City Report. That report and this budget document reveal the city’s short- and long-term goals and provide insight into how those goals will be reached to continue to support a rejuvenating community in reaching even greater heights. City leaders know full well that to achieve the loft goals that have been set for the community, a strong financial foundation must be established and then built upon. The budget proposed within accomplishes those goals and ensures that future budgets may do the same. While modest deficits and lingering concerns about the long term impacts of budget busters require the full attention of City officials, both your Council and the City’s Administration have demonstrated a capacity to accomplish that and much more. I have little doubt that the residents of our community will continue to be well-served by its elected and appointed officials, and truly feel that our municipal government will be equal to the challenges that are ahead on the journey for a rejuvenating community.

Thank you for continuing to exhibit the leadership you do. It is my true pleasure and extreme honor to share the mantle of municipal government with you in our great community.

Very truly yours,



Jay Ash  
City Manager



# Welcome to Chelsea



0 0.25 0.5 1 Miles



Annual Budget

# Chelsea at a Glance

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## General Statistics

Population:	35,080 (2000)
Size:	1.86 square miles
Income per capita:	\$14,628 (1999)
School Enrollment:	5,648 (10/1/2004)
Population per Sq. Mile:	18,860 (2000)
Median Family Income:	\$32,130 (1999)
Registered Voters:	12,376 (2002)
Public Roads Miles:	48.86
EQV Per Capita:	\$39,550 (2002)

## Tax Data (Certified by Massachusetts Department of Revenue for FY 2005)

<b>Classification</b>	<b>Levy percentage</b>	<b>Valuation</b>	<b>Tax rate per \$1,000</b>
Residential	51.4909%	1,650,261,001	\$9.54
Open Space	0.000%	0	\$0.00
Commercial	32.4154%	422,906,554	\$20.60
Industrial	11.9779%	156,270,400	\$20.60
Personal Property	4.1158%	53,696,950	\$20.60

The City of Chelsea, Massachusetts (the "city") is located directly across the Mystic River from Boston. The city covers an area of approximately 1.8 square miles and is bordered by the City of Boston on the south, the City of Everett on the northwest, and the City of Revere on the northeast. The City was first settled in 1624, established as a Town in 1739, and incorporated as a City in 1857. In August 1995, the city government, the "City", implemented a new City Charter that vested legislative power in an eleven member City Council and placed executive authority in a City Manager appointed by the City Council. The implementation of the new City Charter followed four years in which a State-appointed receiver with broad administrative, fiscal, and political authority administered the affairs of the City. Receivership followed years of increasingly aggressive State intervention in the City's finances, and was specifically triggered by a growing cash shortage in the spring of 1991.

Since 1995, stability in government and consistency in approach has led to growing fiscal health, while simultaneously promoting overall community revitalization. In 1998 the city was recognized as a prestigious "All America City" by the National Civic League.

## PHYSICAL AND ECONOMIC CHARACTERISTICS

Chelsea is an inner urban suburb of Boston. Chelsea City Hall is approximately three miles from Boston City Hall and less than three miles from Logan International Airport. The proximity of the city to downtown Boston and Logan Airport is the source of much of the city’s economic potential. Airport-related businesses, including a major hotel, have come to the city in recent years. Chelsea is diverse in a number of respects. Its economic base includes strong trade, manufacturing, and services sectors. The city is home to many individuals of diverse cultural origins, many of whom are first-generation Americans. The city has throughout its history been a first home on these shores for immigrants; this has provided the basis for a vibrant cultural and economic life for the city. With the adoption of a new City Charter in the mid-1994’s, the City has been better able to build on its advantages of diversity and proximity to attract increased business and public investment.

**Principal Employers:** The following are the largest local employers, other than the City itself.

<b>Employer</b>	<b>Current Employees</b>
The Commonwealth of Massachusetts - State Government – Inform Tech(IT)	1,300
Massachusetts Water Resources Authority - State Government	516
General Mills (formerly Pillsbury Company) - Manufacturer, Food	443
Paul Revere Transportation Company - Service	412
Kayem Foods Manufacturer/Distributor - Food	390
Market Basket Grocery Sales - Supermarket, Retail	315
Massachusetts General Hospital/Chelsea - Healthcare	225
H.P. Hood - Office	164
Stop & Shop - Supermarket, Retail	162
Metropolitan Credit Union - Financial Services	146

*Source: Chelsea Department of Planning and Development*

# City Organization

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## Background

Chelsea is located in Suffolk County, directly across the Mystic River from the City of Boston. The city was first settled in 1624, established itself as a town in 1739 and was incorporated as a city in 1857. The city has a population of 35,080 (2000 US Census) and occupies a land area of 1.8 square miles both make it the smallest city.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection and disposal of trash, public education for pre-kindergarten through grade twelve, water and sewer services, parks and recreation, health and social services, libraries and maintenance of streets and highways. The principal services provided by Suffolk County are prosecution, incarceration and registries. The Massachusetts Bay Transportation Authority ("MBTA") provides commuter rail and bus service throughout the city with connections to the metropolitan Boston area. The Department of Conservation and Recreation ("DCR") maintains certain parks and highways. Additional roadways are managed by the Massachusetts Highway Department ("MHD") and the Massachusetts Port Authority ("Massport"). The Massachusetts Water Resource Authority ("MWRA") provides water and sewage disposal services to the City.

In August 1995, the City implemented a new City Charter, which vested policy and legislative authority in an eleven member City Council and placed strong executive and administrative powers in an appointed City Manager. The implementation of the new Charter followed four years in which the affairs of the City were administered by a State-appointed Receiver with broad administrative, fiscal and political authority.

## City Charter

On June 21, 1994, local voters approved a proposed new City Charter. The proposed Charter was approved by a margin of three to two. The vote was advisory and not binding on the Receiver, who was required by the Receivership Act to recommend a future form of government for the City. The proposed Charter was submitted to the Massachusetts Legislature in late June of 1994. After approval of the House and the Senate on August 22, 1994, the new Charter was signed by the Governor on August 26, 1994. The Charter became effective on August 18, 1995 with the appointment of the City's first City Manager.

Local voters continue to elect the policy makers in the form of a City Council. The City Council then, by a super majority (a majority vote plus one), appoints the City Manager. The City Manager is the chief executive of the City and is responsible for the day-to-day administration of City affairs.

The Charter requires the implementation of a coordinated Citywide budget process. The City Council and the School Committee share responsibility and coordinate their activities. In addition, the Charter requires the City to implement and undertake annual processes for capital planning, long-term financial forecasting and an open operating budget development process. All of these financial mandates required by the Charter have been successfully implemented.

The successful administration of the City Charter has been one of the most significant factors contributing to the City's continued success. Beginning in 2000, the City Council oversaw a Charter-mandated charter review process. That process led to minor Charter changes being adopted locally and, in 2002, approved by the State.

## Administrative Organization

The organizational structure of the City is outlined in the City's Administrative Code as promulgated pursuant to Section 6-1 of the City Charter. Section 6-1 authorizes the City Manager to organize or reorganize City departments or agencies. The Administrative Code provides for the internal organization and administration of City government. The intention and purpose of this Code is to establish a legal, practical and efficient plan of organization and administrative procedures, which allows and encourages the effective delivery of municipal services to the residents of the municipality.

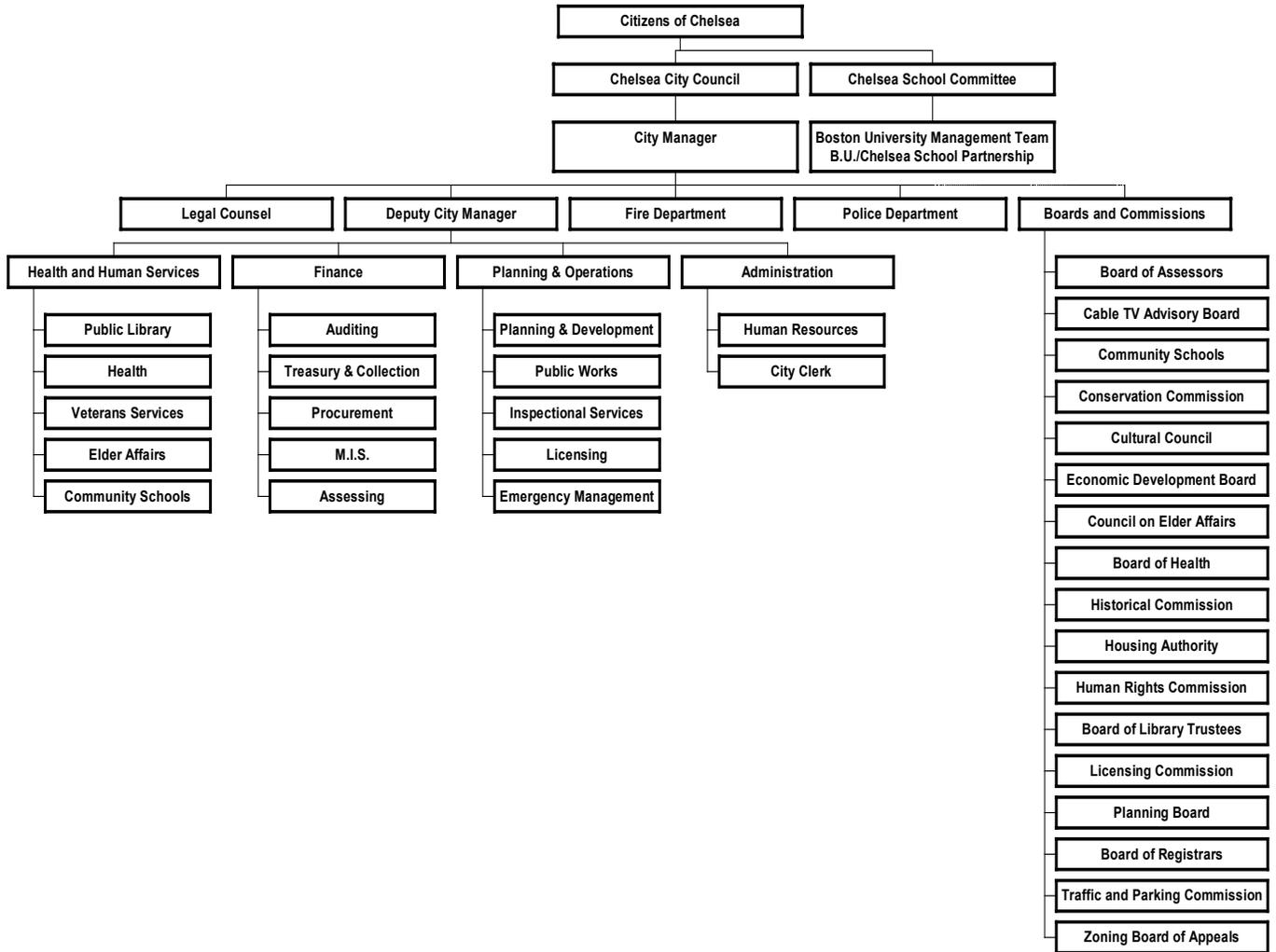
Under the Code, as amended, City departments are aligned under the Executive, Administration, Finance, Health and Human Services and Planning and Operations Divisions. The Executive Department, under the jurisdiction of the City Manager, includes the Law, Police and Fire Departments. The Deputy City Manager reports directly to the City Manager, is a member of the Executive Department, and is responsible for the day-to-day operation of City government. All non-Executive Department staff report to the Deputy City Manager.

City administrations have implemented several organizational changes since the end of Receivership that were designed to improve coordination and communication among departments and to optimize the efficiency of City government. Presently, there is a central Planning and Operations section, which consists of the Departments of Planning and Development, Public Works and Inspectional Services. This functional group centralizes all the functions related to permitting, plan review, overall economic development initiatives and operational and inspection activities required by new construction in the city. The coordination also allows for the institution of "one-stop shopping" to facilitate the required processes for most major and minor local projects.

Other changes implemented have served to improve the coordination and specialization in the Administration, Finance and Health and Human Services functions. As shown on the organizational chart, the segregation of these departments into three separate divisions, headed by members of senior staff, has served to flatten the organizational structure facilitating intradepartmental communication and coordination, therefore improving the quantity and quality of service provided by the City government.

The organization chart and accompanying table on the following pages provide a complete list of City departments and the respective department heads.

# City of Chelsea Organizational Chart



# Organization Summary

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<b>Department</b>	<b>Official(s)</b>	<b>Additional Areas of Authority</b>
Assessors	Philip J. Waterman, Chairman Ken Stein, Director	
Auditing	Thomas Durkin, Finance Director / Auditor	
City Clerk	Robert Bishop, City Clerk	Traffic & Parking
City Council	Stanley Troisi, President Paul Casino, Clerk	
Executive	Jay Ash, City Manager Kimberley Lord-Driscoll, Deputy City Manager	
Emergency Management	Allan Alpert, Director	E911
Fire Chief	Joseph Siewko, Chief	
Health & Human Services	Luis Prado, Director	Elder Affairs, Health, Library, Veterans Services, Community Schools
Human Resources	Karen Budrow, Director	
Inspectional Services	Joseph Cooney, Director	
Legal	Cheryl Watson, Corporate Counsel	
Licensing	Deborah Colombo, Director	
M.I.S.	Mathew Killen, Director	
Planning & Development	Ned Keefe, Executive Director	Planning, Economic Development, Housing
Police	Frank Garvin, Chief	Animal Control, Harbor Master
Public Works	Joseph Foti, Director	
School	Elizabeth McBride, Chairperson Dr. Thomas Kingston, Acting Superintendent	
Treasurer/Collector	Anna Tenaglia, Assistant Finance Director / Treasurer	Central Billing and Research

# City Council

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The City Charter establishes a Legislative branch of government which consists of eleven City Councillors, one councillor elected from each of the City's eight legislative districts and three councillors elected at-large. All members of the City Council serve two-year terms, with a President, Vice President and Delegate to School Committee being elected by a majority vote annually. The Council is responsible for selecting and evaluating the City Manager, as well as adopting financial measures, including the budget, and amending City ordinances. In accordance with the mandate of the City Charter, Councillors may not hold any other City office or City employment while serving and are not eligible to assume a position in the City for one year after leaving office.

The City Council has organized into eight Sub-Committees, which correspond to many of the appointed boards and commissions in the City or relate directly to legislative or policy issues of importance. The Sub-Committees, through open public meetings, enable the Council to address issues of concern in the City and also to communicate in an effective and ongoing manner with the City Manager and various City departments.

The City Council members and their subcommittee assignments for calendar 2005 are outlined below:

At Large	Paul R. Nowicki
At Large	Roy A. Avellaneda
At Large	Leo Robinson
District One	Stanley Troisi
District Two	Roseann T. Bongiovanni
District Three	David Cleveland
District Four	Mike McKonnen
District Five	Paula S. Barton
District Six	Dora E. Santaniello
District Seven	Calvin T. Brown
District Eight	Ron D. Morgese

- **Sub-Committee on Conferences**  
All members of the Chelsea City Council.
- **Sub-Committee on Finance and Accounts**  
Councillor Robinson, Chairman, Councillor Santaniello and Councillor Brown.
- **Sub-Committee on Public Safety**  
Councillor Nowicki, Chairman, Councillor Morgese, Councillor Troisi, Councillor Robinson and Councillor Avellaneda.
- **Sub-Committee on Public Works**  
Councillor McKonnen, Chairman, Councillor Barton, Councillor Robinson, Councillor McKonnen, and Councillor Troisi.
- **Sub-Committee on Rules and Ordinances**  
Councillor Barton, Chairman, Councillor Cleveland, Councillor Troisi, Councillor Nowicki and Councillor Morgese.
- **Sub-Committee on Community Development and Housing**  
Councillor Avellaneda, Chairman, Councillor Bongiovanni, Councillor Brown.

- **Sub-Committee on Public Health, Education, Training and Human Resources**  
Councillor Bongiovanni, Chairman, Councillor Santaniello and Councillor Cleveland.
- **Sub-Committee on Inter-Governmental Affairs**  
Councillor Morgese, Chairman, Councillor Bongiovanni, Councillor Nowicki, Councillor MeKonnen and Councillor Santaniello.
- **Sub-Committee on Labor Relations and Collective Bargaining**  
Councillor Nowicki, Chairman, Councillor Troisi, Councillor Robinson
- **Sub-Committee on Inspectional Services**  
Councillor Santaniello, Chairman, Councillor Brown, Councillor Cleveland, Councillor Morgese, and Councillor Avellaneda.

## School Committee

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The School Committee has general charge and superintendence of the public schools of the City. The School Committee is a nine-member committee. In September 2004 the City of Chelsea held a preliminary election followed by a November 2004 general election to elect one school committee member from each of the eight newly established districts plus one member to be elected at large. These newly elected members were sworn in and took office on January 2005. The City Charter vests in the School Committee the power to select and terminate a superintendent of schools, establish educational goals and policies for the schools consistent with the requirements of the laws of the Commonwealth and standards established by the Commonwealth. The School Committee also has all the powers and duties given to school committees by the laws of the Commonwealth.

In 1989, the School Committee entered into a partnership agreement with Boston University that provides for the management of the local school system by BU. BU has installed a management team to oversee the development and implementation of policies and the overall administration of the schools. Under this agreement, the School Committee retains veto power over policies adopted by the BU Management Team, as well as the right to terminate the agreement by a simple majority vote at anytime. The original ten-year contract has been twice extended, the last time being 2003. The amended term of the BU/Chelsea Partnership ends at the close of the 2007-2008 school year.

The committee members are:

At Large	Elizabeth A. McBride
District One	Rosemarie Carlisle
District Two	Michael J. Caulfield
District Three	Gilda L. Ramirez
District Four	Lucia H. Colon
District Five	Morrie Seigal
District Six	Victor P. Santiniello
District Seven	Deborah A. Washington
District Eight	Edward C. Ells

# Boards and Commissions

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In addition to being shaped and influenced by the City's elected officials and appointed staff, City policy and programs are impacted by the actions of the City's Boards and Commissions. The size, responsibility and source of authority of the City's Boards and Commissions vary. With the exception of those members who derive their appointments as a result of their position in City government and the City Charter mandating their membership, members are appointed by the City Manager and confirmed by the City Council. Boards and Commissions are autonomous in their decision making capabilities and are typically led by a chairperson and staffed by City personnel. Boards and Commissions in the city and the maximum number of members (in parenthesis) include:

- |   |   |
|---|---|
| Board of Assessors (3)                  | Housing Authority Board of Commissioners (5)      |
| Cable Television Advisory Committee (5) | Human Right Commission (7)                        |
| Community Schools Advisory Board (9)    | Board of Library Trustees (7)                     |
| Conservation Commission (5)             | Licensing Commission (5)                          |
| Cultural Council (7)                    | Planning Board (9)                                |
| Economic Development Board (5)          | Board of Registrars (5)                           |
| Council on Elder Affairs (17)           | Traffic and parking Commission (7)                |
| Board of Health (5)                     | Zoning Board of Appeals (3 members, 2 Associates) |
| Historic Commission (7)                 |   |

# Budget Calendar

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<u>Task</u>	<u>Start Date</u>	<u>Finish Date</u>
Executive Committee updates Citywide mission and goals	12/01/04	12/31/04
City Manager issues Citywide objectives and constraints	1/19/05	1/19/05
Operating divisions coordinate Citywide goals with departmental goals	1/20/05	1/31/05
Distribute budget notebook and materials	1/07/05	1/07/05
Departments compile budget information	1/08/05	1/31/05
Departmental budget review with division head	2/01/05	2/05/05
Submit departmental budget to Budget Director	2/07/03	2/07/03
Departmental presentations to City Manager	3/31/05	4/13/05
Submission of City Manager budget to Council	4/29/05	4/29/05
Council Department hearings	5/10/05	5/24/05
Public Hearing	6/15/05	6/15/05
Council vote on City Budget	6/15/05	6/15/05

## Amendment and Adoption Process

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The City Council may by majority vote make appropriations for the purposes recommended and may reduce or reject any amount recommended in the annual budget, but, except on recommendation of the manager, shall not increase any amount in or the total of the annual budget.

If the Council fails to take action with respect to any amount recommended in the annual budget either by approving, reducing or rejecting the same, within forty-five days after the receipt of the budget, such amount shall without any action by the Council become a part of the appropriations for the year, and be available for the purposes specified.

# Reader's Guide

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The budget is a blueprint of City services and facilities for Fiscal Year 2006. It identifies policy decisions by the City Manager and City Council and guides the City's operations.

**Budget Format** - The budget summary contains summary totals from all operating segments. The revenue section details revenue sources with expected trends. Each departmental section contains a department narrative, which includes organization, program functions, goals and financial data relating to the entire department. The enterprise section includes revenue and expenditure trends of the self-sustaining enterprise funds along with departmental goals. The CIP section details all expected capital program outlays in the current fiscal year, as well as a summary of the next following years.

**Developed under the City Manager's Direction** - The City Manager provides leadership for the budget process by developing budgetary policy and working closely with department heads and the City Council to ensure that the process identifies community needs and priorities and develops a farsighted and well crafted plan.

**Crucial Budget Processes** - The City Manager has initiated a budget process that provide the policy context for identification of priorities and development of initiatives. **The budget process goals include:**

**1. Policy Driven Planning:** The budget is developed based upon community values and key City strategic financial and program policies. The City's *Five Year Financial Plan* provides the nexus between the long term financial plan and the annual budgetary development. The Plan includes a comprehensive multi-year projection of the City's financial position and budget projections, including documentation of revenue and cost assumptions and projections.

**2. Program of Services for the Community:** The budget is designed to focus on financial information and missions and goals that have value added outcomes to the community through City services. Using the City Manager's goals as a basis, the FY'06 goals in each department's narrative provide a focus on planned results and other key performance information as a basis for allocation choices and policy discussions by the City Manager and the City Council. It also provides a basis for measuring progress toward goals during the budget period.

**3. Financial Plan of Allocation and Resource Management:** The budget establishes the plan and legal appropriations to allow the City to operate during the fiscal year. The budget provides specific direction for departments and agencies for management of resources. It also provides broad goals related to the City's overall financial position and identifies business decisions required to keep the City financially viable and strong. It is developed using all available financial and planning reviews, including the Five Year Financial Forecast and the five year rolling Capital Improvement Program.

**4. Communication Tool:** The budget is intended to communicate to a broad range of readers, both locally and around the region, as well as the larger governmental and financial community. The budget expresses priorities and goals, assignments and plans, targets and hopes. It is a key statement of City priorities, and is meant to provide confidence in and confirmation of the Charter-mandated, City Manager form of government that has directed City affairs since August of 1995.

**Scope of the Budget.** The budget contains most of the ongoing operations of the City of Chelsea. Certain

programs are not included. The detail of programs funded by potential grants and gifts, while estimated in summary form in the comprehensive financial plan table, are outside the scope of this document.

**Capital Programs.** The budget includes two types of capital expenditures: Cash Capital, the direct outlay for capital purposes, and Debt Service, the repayment of principal and interest on previously authorized borrowing. Not included is the appropriation of the proceeds from note and bond sales that may occur during the year. These will be included in future budgets as Debt Service. A separate Capital Improvements Program (CIP) document details all expected capital program expenditures the current fiscal year, as well as for the subsequent four year period.

**Budget Procedure** - The preparation of the Annual Budget for the City is governed by the provisions of Chapter 103 of the Acts of 1994, establishing a new Charter for the City in 1994. The budget cycle for FY'06 was initiated in December 2004 with the City Manager establishing budgetary guidelines and limitations for the coming year.

The City Manager convened a Citywide annual budget meeting, attended by all department heads and finance personnel, concerning a general overview of the state of the economy, and to outline specific guidelines dictating the preparation of individual department budgets. In consultation with the City's Budget Director, each department then prepared FY'06 operating budgets and a program summary outlining the projected goals for the future. These operating budgets, which include expenditure and revenue estimates, were submitted to the City Manager by February 7, 2005.

From late March to the middle of April, each department made a presentation to the City Manager justifying proposed budgets and program changes for the coming year. Specific requests were negotiated during these sessions and appropriate revisions were made to the submitted budgets.

As the proposed budgets were reviewed by the City Manager, the budgets submitted were adjusted based on the individual needs of each department and the goals held for the Annual Budget in general. During the months of March and April, the Budget Director finalized the Annual Budget document for submission to the City Council. By Charter, the budget must be submitted to the City Council at least 60 days before commencement of the ensuing fiscal year. The City Manager submitted the FY'06 Budget to the City Council on April 29, 2005, meeting that deadline.

In May the City Council will conduct a series of budget review sessions. As soon as May 24<sup>th</sup>, the City Council will hold a public hearings to solicit citizen participation regarding departmental budget requests. As directed by State law, the City Council has the jurisdiction to make reductions, but cannot increase the proposed budget without the consent of the City Manager. Following submission of the budget, the City Council has 45 days in which to act; and the Annual Budget for FY'06 becomes effective on July 1, 2005

The budget preparation process for all cities and town is governed by Massachusetts General Laws. The General Laws require that the budget be supported by revenues earned during the year plus any savings from prior years. The General Laws also requires public involvement in the process, including the requirement for a public hearing on the proposed budget.

The following sections of Chapter 103 and applicable provisions of Chapter 44 of the Massachusetts General Laws govern the budget procedure for the City of Chelsea:

**Chapter 103. Section 5-1 Annual Budget Policy.** The President of the City Council shall call a joint

meeting of the City Council and school committee prior to the commencement of the budget process to review the financial condition of the City, revenue and expenditure forecasts, and other relevant information prepared by the City Manager in order to develop a coordinated budget. The Superintendent of Schools and the City Manager shall be present at any such meeting.

**Section 5-2 Submission Of Operating Budget; Budget Message.** At least sixty days before the commencement of the ensuing fiscal year, the City Manager shall submit to the City Council a proposed operating budget for all City agencies, which shall include the School Department, for the ensuing fiscal year with an accompanying budget message and supporting documents. The budget message submitted by the City Manager shall explain the operating budget in fiscal terms and in terms of work programs for all City agencies. It shall outline the proposed fiscal policies of the City for the ensuing fiscal year, describe important features of the proposed operating budget and indicate any major variations from the current operating budget, fiscal policies, revenues and expenditures together with reasons for such change. The proposed operating budget shall provide a complete fiscal plan of all City funds and activities and shall be in the form the City Manager deems desirable.

The school budget as adopted by the School Committee shall be submitted to the City Manager at least thirty days prior to the submission of the proposed operating budget to the City Council. The City Manager shall notify the School Committee of the date by which the budget of the School Committee shall be submitted to the City Manager. The City Manager and the Superintendent of Schools shall coordinate the dates and times of the School Committee's budget process in accordance with the laws of the commonwealth.

**Section 5-3 Action On The Operating Budget.**

**(a) Public Hearing**

The City Council shall publish in at least one newspaper of general circulation in the city a summary of the proposed operating budget as submitted by the City Manager by a notice stating: (1) the times and places where copies of the entire proposed operating budget are available for inspection by the public, and (2) the date, time and place not less than fourteen days after such publication, when a public hearing on said proposed operating budget will be held by the City Council. For the purpose of this section the summary of the proposed operating budget that is required to be published shall contain proposed appropriations, funding sources and any narrative summary deemed necessary by the City Council.

**(b) Adoption of the Budget**

The City Council shall adopt the operating budget, with or without amendments, within forty-five days following the date the budget is filed with the clerk of the City council. In amending the operating budget, the City Council may delete or decrease any amounts except expenditures required by law, but except on the recommendation of the City Manager, the City Council shall not increase any item in or the total of the proposed operating budget, unless otherwise authorized by the laws of the commonwealth.

If the City Council fails to take action with respect to any item in the operating budget within forty-five days after receipt of the budget, such amount shall, without any action by the City Council, become a part of the appropriations for the year, and be available for the purposes specified.

Additionally, the drafting of the municipal budget is subject to the following provisions of Chapter 44.

**CHAPTER 44, SECTION 31.A. REPORT OF ESTIMATED EXPENSES; PERIOD COVERED: CONTENTS**

Every officer of any City except Boston having charge of, or jurisdiction over, any office, department or undertaking, requesting an appropriation shall, between November first and December first of each year, furnish the mayor and the City Auditor, or officer having similar duties, on forms provided by the City Auditor or officer having similar duties, and approved by the bureau of accounts in the department of corporations and taxation, detailed estimates of the full amounts deemed necessary for the next fiscal year for the ordinary maintenance of the office, department or undertaking under his charge or jurisdiction, and for expenditures other than the ordinary maintenance, with the amounts, if any, expended for similar purposes during the preceding fiscal year and during the first four months of the then current fiscal year, and an estimate of the amounts required to be expended for such purposes during the last eight months of the then current fiscal year, giving explanatory statements of any differences between the amount of any estimate for the next fiscal year and the amount expended or estimated to be required as aforesaid.

The information hereby required to be furnished shall set forth the number of permanent or temporary employees, or both, requested in each classification or rating in the next fiscal year and the number of permanent or temporary employees, or both, employed on October thirty-first of the then fiscal year, or the nearest week-end thereto, except laborers and persons performing the duties of laborers, with the annual, monthly, weekly or hourly compensation of such employees, and shall state whether such compensation is fixed by ordinance or otherwise and whether or not such employees are subject to chapter thirty-one.

The foregoing shall not prevent any City, upon recommendation of the mayor, from so setting forth the number of permanent or temporary laborers and persons performing the duties of laborers, or both such permanent and temporary laborers and persons, with the annual, monthly, weekly or hourly compensation of such employees. The City Auditor, or officer having similar duties, shall forthwith at the close of each calendar year furnish the mayor with a written report of the money received from estimated receipts applicable to the payment of expenditures of the first six months of the then current fiscal year, with an estimate of such receipts for the last six months of such year and for the next fiscal year.

#### **CHAPTER 44, SECTION 33A. SALARY PROVISIONS IN BUDGET: REQUIREMENTS AND LIMITATIONS**

The annual budget shall include sums sufficient to pay the salaries of officers and employees fixed by law or by ordinance. Notwithstanding any contrary provision of any City charter, no ordinance providing for an increase in the salaries of wages of municipal officers and employees shall be enacted except by a two-thirds vote of the City Council, nor unless it is to be operative for more than three months during the calendar year in which it is passed. No new position shall be created or increase in Ate made by ordinance, vote or appointment during the financial year subsequent to the submission of the annual budget unless provision therefor has been made by means of a supplemental appropriation. No ordinance, vote or appointment creating a new position in any year in which a municipal election is held shall be valid and effective unless said ordinance, vote or appointment is operative for more than three months during said municipal election year.

#### **CHAPTER 44. SECTION 32. SUBMISSION TO CITY COUNCIL: PROCEDURE FOR APPROVAL, REJECTION OR ALTERATION**

Within one hundred twenty days after the annual organization of the City government in any City other than Boston, the mayor shall submit to the City Council the annual budget which shall be a statement of the amounts recommended by him for the proposed expenditures of the City for the next fiscal year. The annual budget shall be classified and designated so as to show separately with respect to each officer, department or undertaking for which an appropriation is recommended:

(1) Ordinary maintenance, which shall also include debt and interest charges matured and maturing during the next fiscal year, and shall be subdivided as follows:

(a) Salaries and wages of officers, officials and employees other than laborers or persons performing the duties of laborers; and (b) Ordinary maintenance not included under (a): and

(2) Proposed expenditures other than ordinary maintenance, including additional equipment the estimated cost of which exceeds one thousand dollars.

The foregoing shall not prevent any City, upon recommendation of the Mayor and with the approval of the Council, from adopting additional classifications and designations.

The City Council may by majority vote make appropriations for the purposes recommended and may reduce or reject any amount recommended in the annual budget, but, except on recommendation of the mayor, shall not increase any amount in or the total of the annual budget, nor add thereto any amount for a purpose not included therein, except as provided in section thirty-three. Except as otherwise permitted by law, all amounts appropriated by the City Council, as provided in this section, shall be for the purposes specified. In setting up an appropriation order or orders based on the annual budget, the council shall use, so far as possible, the same classifications required for the annual budget.

If the Council fails to take action with respect to any amount recommended in the annual budget either by approving, reducing or rejecting the same, within forty-five days after the receipt of the budget, such amount shall without any action by the council become a part of the appropriations for the year, and be available for the purposes specified.

If, upon the expiration of 120 days after the annual organization of the City government, the Mayor shall not have submitted to the council the annual budget for said year, the City Council shall within thirty days upon its own initiative prepare the annual budget, and such preparation shall be subject to the same requirements as the Mayor's annual budget, so far as apt. Within fifteen days after such preparation of the annual budget, the City Council shall proceed to act by voting thereon and all amounts so voted shall thereupon be valid appropriations for the purposes stated therein to the same extent as though based upon a mayor's annual budget, but subject, however, to such requirements, if any, as may be imposed by law.

If the Council fails to take action with respect to any amount recommended in the budget, wither by approving, reducing or rejecting the same, within fifteen days after such preparation, such amount shall, without further action by the Council, become a part of the appropriations for the year, and be available for the purposes specified.

Nothing in this section shall prevent the City Council, acting upon the written recommendations of the Mayor, from voting appropriations, not in excess of the amount so recommend, either prior or subsequent to the passage of the annual budget.

The provisions of this sections shall apply, in any City adopting the Plan E Form of government under chapter forty-three, only to the extent provided by section one hundred and four of said chapter.

Neither the annual budget nor appropriation orders based thereon shall be in such detail as to fix specific salaries of employees under the direction of boards elected by the people, other than the City Council.

The City Council may, and upon written request of at least ten registered voters shall, give notice of a public hearing to be held on the annual budget, prior to final action thereon, but not less than seven days after publication of such notice, in a newspaper having general circulation in the City. At the time and place so advertised, or at any time or place to which such public hearing may from time to time be adjourned, the City Council shall hold a public hearing on the annual budget as submitted by the mayor, at which all interested persons shall be given an opportunity to be heard for or against the proposed expenditures or any items thereof.

#### **CHAPTER 44. SECTION 33B. TRANSFER OF APPROPRIATIONS; RESTRICTIONS**

On recommendation of the mayor, the City Council may, by majority vote, transfer any amount appropriated for the use of any department to another appropriation for the same department, but no transfer shall be made of any amount appropriated for the use of any department to the appropriation for any department except by a two thirds vote of the City Council on recommendation of the mayor and with the written approval of the amount of such transfer by the department having control of the appropriation from which the transfer is proposed to be made. A town may, by majority vote of any meeting duly held, transfer any amount previously appropriated to any other use authorized by law. No approval other than that expressly provided herein shall be required for any transfer under the provisions of this section.

#### **CHAPTER 44, SECTION 33. POWER OF COUNCIL TO ADD TO APPROPRIATION; CONDITIONS; LIMITATIONS**

In case of the failure of the Mayor to transport to the City Council a written recommendation for an appropriation for any purpose not included in the annual budget, which is deemed necessary by the Council after having been so requested by vote thereof, said Council, after the expiration of seven days from such vote, upon its own initiative may make such appropriation by a vote of at least two thirds of its members, and shall in all cases clearly specify the amount to be expended for each particular purpose, but no appropriation may be voted hereunder so as to fix specific salaries of employees under the direction of boards elected by the people, other than the City Council. Amended by St. 1941, chapter 473, Sec. 3.

# Glossary of Terms

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**Abatement.** A complete or partial cancellation of a tax levy imposed by a governmental unit. Administered by the local board of assessors.

**Accounting System.** A system of financial record keeping which record, classify and report information on the financial status and operation of an organization.

**Accrual Basis.** The method of accounting that recognizes revenue when earned, rather than when collected. Expenses are recognized when incurred rather than when paid.

**Activity.** A specific line of work carried out by a department, division or cost center which constitute a program.

**Adopted Budget.** The resulting budget that has been approved by the City Council.

**Allocation.** The distribution of available monies, personnel, buildings, and equipment among various City departments, division or cost centers.

**Annual Budget.** An estimate of expenditures for specific purposes during the fiscal year (July 1-June 30) and the proposed means (estimated revenues) for financing those activities.

**Appropriation.** An authorization by the City Council to make obligations and payments from the treasury for a specific purpose.

**Arbitrage.** Investing funds borrowed at a lower interest cost in investments providing a higher rate of return.

**Assessed Valuation.** A valuation set upon real or personal property by the local board of assessors as a basis for levying taxes.

**Audit.** A study of the City's accounting system to ensure that financial records are accurate and in compliance with all legal requirements for handling of public funds, including State law and City Charter.

**Balanced Budget.** A budget in which receipts are greater than (or equal to) expenditures. A requirement for all Massachusetts cities and towns.

**Bond Anticipation Notes.** Notes issued in anticipation of later issuance of bonds, usually payable from the proceeds of the sale of the bonds or renewal notes.

**Budget (Operating).** A plan of financial operation embodying an estimate of proposed expenditures for a given time period and the proposed means of financing.

**Budget Calendar.** The schedule of key dates or milestones which a government follows in the preparation and adoption of the budget.

**Budget Message.** A general discussion of the submitted budget presented in writing by the City Manager as

part of the budget document.

**Capital Budget.** A plan of proposed outlays for acquiring long-term assets and the means of financing those acquisitions during the current fiscal period.

**Capital Program.** A plan for capital expenditure to be incurred each year over a fixed period of years to meet capital needs arising from the long term work program. It sets forth each project and specifies the full resources estimated to be available to finance the projected expenditures.

**Charges for Service.** (Also called User Charges or Fees) The charges levied on the users of particular goods or services provided by local government requiring individuals to pay for the private benefits they receive. Such charges reduce the reliance on property tax funding.

**Cherry Sheet.** A form showing all State and County charges, reimbursements and Local Aid to the City as certified by the State Director of the Bureau of Accounts of the Department of Revenue. Years ago this document was printed on cherry colored paper, hence the name.

**CIP.** The acronym for Capital Improvement Plan

**Cost Center.** The lowest hierarchical level of allocating monies. Often referred to as a program, project or operation.

**Debt Limits.** The general debt limit of a city consists of normal debt limit, which is 2 ½ % of the valuation of taxable property, and a double debt limit which is 5% of that valuation. Cities and towns may authorize debt up to the normal limit without State approval. It should be noted that there are certain categories of debt which are exempt from these limits.

**Debt Service.** Payment of interest and repayment of principal to holders of a government's debt instruments.

**Deficit or Budget Deficit.** The excess of budget expenditures over receipts. The City Charter requires a balanced budget.

**Department.** A principal, functional and administrative entity created by statute and the City Manager to carry out specified public services.

**DPW -** The acronym for Department of Public Works.

**Encumbrance.** Obligations in the form of purchase orders and contracts which are chargeable to an appropriation are reserved. They cease to be encumbrances when paid or when an actual liability is set up.

**Enterprise Fund.** A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the full costs of providing the goods or services be financed primarily through charges and fees, thus removing the expenses from the tax rate.

**Expendable Trusts.** A trust fund or that portion of a trust fund that is not restricted from expending. Typically a trust fund benefactor segregates a certain portion to be un-expendable so as to preserve the principal in perpetuity.

**Expenditures.** The amount of money, cash or checks, actually paid or obligated for payment from the

treasury.

**Financing Plan.** The estimate of revenues and their sources that will pay for the service programs outlined in the annual budget.

**Fiscal Year.** The twelve month financial period used by all Massachusetts municipalities which begins July 1, and ends June 30 of the following calendar year. The year is represented by the date on which it ends. Example: July 1, 2005 to June 30, 2006 would be FY'06.

**Full and Fair Market Valuation.** The requirement, by State law, that all real and personal property be assessed at 100% of market value for taxation purposes. A provision of "Proposition 2 ½" sets the City's tax levy limit at 2½ % of the full market (assessed) value of all taxable property.

**Fund.** A set of interrelated accounts, which record assets and liabilities related to a specific purpose. Also a sum of money available for specified purposes.

**Fund Balance.** The amount remaining when balance sheet stated amount of liabilities including reservations are subtracted from the balance sheet stated amount of assets.

**FY.** An acronym for Fiscal Year

**GAAP.** An acronym for Generally Accepted Accounting Practices

**General Fund.** The major municipality owned fund which is created with City receipts and which is charged with expenditures payable from such revenues.

**Grant.** A contribution of assets by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal government. Grants are usually made for specific purposes.

**Grant Anticipation Notes.** Issuance of short term debt to assist in cash flow needs caused by the delayed receipt of a grant.

**HHS.** The acronym for Health and Human Services Department

**Interfund Transactions.** Payments from one administrative budget fund to another or from one trust fund to another, which result in the recording of a receipt and an expenditure.

**Infrastructure.** The fixed assets of the City created as physical improvements for the economic and cultural benefit of the city. These would include streets and sidewalks, bridges, water & sewer pipes.

**Internal Service Fund.** A proprietary fund established in the accounting system to account for the financing of goods or services provided by one fund, department or agency to other funds, department or agencies of the City or to other governments on a cost-reimbursement basis

**Intrafund Transactions.** Financial transactions between activities within the same fund. An example would be a budget transfer.

**ISD.** The acronym for Inspectional Services Department. This department includes building and other

construction inspectional services as well as housing inspection services.

**License and Permit Fees.** The charges related to regulatory activities and privileges granted by government in connection with regulations.

**Line-item Budget.** A format of budgeting which organizes costs by type of expenditure such as supplies, equipment, maintenance or salaries.

**Modified Accrual Basis.** The method of accounting that recognizes revenue when earned but requires an offsetting liability "Deferred Revenue" which is reduced when revenue is collected. Expenses are recognized when paid rather than when incurred. This is the basis for most fund of the City.

**MWRA.** The acronym for Massachusetts Water Resource Authority - the governmental authority that supplies Chelsea with drinking water and sewerage treatment and disposal.

**Non-Tax Revenue.** All revenue coming from non-tax sources including licenses and permits, intergovernmental revenue, charges for service, fines and forfeits and various other miscellaneous revenue.

**Operating Budget.** See "Budget"

**Overlay.** The amount raised by the assessors in excess of appropriation and other charges for the purpose of creating a fund to cover abatements and exemptions.

**Pay-As-You-Go.** A phrase used to describe the strategy of paying for items through a budget item in the annual budget (usually smaller capital expenditures) that might otherwise be financed by the issuance of bonds. The advantage (when appropriate) is that a community would avoid the interest and issuance costs of borrowing.

**Performance Indicator.** Variables measuring the degree of goal and objective fulfillment achieved by programs.

**Performance Standard.** A statement of the conditions that will exist when a job is well done.

**Planning.** The management function of preparing a set of decisions for action in the future.

**Policy.** A definite course of action adopted after a review of information and directed at the realization of goals.

**Priority.** A value that ranks goals and objectives in order of importance relative to one another.

**Procedure.** A method used in carrying out a policy or plan of action.

**Program.** Collections of work related activities initiated to accomplish a desired end.

**Program Budget.** A budget format which organizes expenditures and revenues around the type of activity or service provided and specifies the extent or scope of service to be provided, stated whenever possible in precise units of measure.

**Proposition 2 ½.** A State law which became effective on December 4, 1980. The two main components of

the tax law relating to property taxes are: 1. the tax levy cannot exceed 2 ½ % of the full and fair cash value, and 2. for cities and towns at or below the above limit, the tax levy cannot exceed the maximum tax levy allowed for the prior by more than 2 ½ % (except in cases of property added to the tax rolls and for valuation increases of at least 50% other than as part of a general revaluation).

**Proprietary Fund.** A general term referring to Enterprise funds and Internal Service funds. They use the economic resources measurement focus and the accrual basis of accounting.

**Purchase Order.** A document issued to authorize a vendor or vendors to deliver specified merchandise or render a specified service for a stated estimated price. Outstanding purchase orders are called encumbrances.

**Rating Agencies.** This term usually refers to Moody's Investors Service and Standard and Poor's Corporation. These entities are the two major agencies that issue credit ratings on municipal bonds.

**Registered Bonds.** Bonds registered on the books of the issuer as to ownership; the transfer of ownership must also be recorded on the books of the issuer. Federal tax laws mandate that all municipal bonds be registered if their tax-exempt status is to be retained.

**Reserves.** An account used to indicate that portion of fund equity which is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

**Reserve for Contingencies.** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Revenue.** Additions to the City's financial assets (such as taxes and grants) which do not in themselves increase the City's liabilities or cancel out a previous expenditure. Revenue may also be created by canceling liabilities, provided there is no corresponding decrease in assets or increase in other liabilities.

**Revenue Anticipation Notes.** Short-term borrowings necessary due to delayed receipt of revenue.

**Revolving Fund.** A fund established to finance a continuing cycle of operations in which receipts are available for expenditure without further action by the City Council.

**Service Level.** The extent or scope of the City's service to be provided in a given budget year. Whenever possible, service levels should be stated in precise units of measure.

**Special Revenue.** A group of funds allowed under Massachusetts General Laws and used to account for resources legally restricted to expenditure for specified purposes. Accounting and financial reporting are identical to the general fund.

**Submitted Budget.** The proposed budget that has been approved by the City Manager and forwarded to the City Council for approval. The Council must act upon the submitted budget within prescribed guidelines and limitations according to State law and the City Charter.

**Supplemental Appropriations.** Appropriations made by the City Council after an initial appropriation to cover expenditures beyond original estimates.

**SDWA.** The acronym for the Safe Drinking Water Act. The City's water utility enterprise pays an annual assesment.

**Tax Anticipation Notes.** Notes issued in anticipation of taxes which are retired usually from taxes collected.

**Tax Rate.** The amount of tax stated in terms of a unit of the tax base. Prior to a 1978 amendment to the Massachusetts Constitution, a single tax rate applied to all of the taxable real and personal property in a City or town. The 1978 amendment allowed for the creation of three classes of taxable property:

1. residential real property, 2. open space land, and 3. all other (commercial, industrial, and personal property). Within limits, cities and towns are given the option of determining the share of the levy to be borne by the different classes of property. The share borne by residential real property must be at least 65% of the full rate. The share of commercial, industrial, and personal property must not exceed 150% of the full rate. Property may not be classified until the State Department of Revenue has certified that all property has been assessed at its full value. A recent law has allowed on a temporary basis to increase the share of commercial, industrial, and personal property up to 200% of the full rate.

**Unit Cost.** The cost required to produce a specific product or unit of service. For example, the cost of providing 100 cubic feet of water or the cost to sweep one mile of street.

**Valuation (100%).** Requirement that the assessed valuation must be the same as the market value for all properties.

**Warrant.** An order drawn by a municipal officer directing the treasurer of the municipality to pay a specified amount to the bearer, either after the current or some future date.

# Budget Development

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The budget development process is structured to integrate long-term plans and issues with the specific choices and decisions made in the annual budget. The City has adopted a number of techniques, including the Government Finance Officers Association (GFOA) budget format, to enhance the comprehensive and farsighted nature of the process:

**Strategic Budget - Based on Long-Term Policies and Plans** - The budget process begins with a review of the City's long-term plans, including the Five Year Financial Plan, the Five Year Capital Improvement Plan, and adopted facilities and services plan for municipal functions, such as the Open Space and Recreation Plan. The linkage to long-term plans provides the strategic context for the budget and reinforces the budget's role of implementing priorities within those plans.

**Financial Context for the Budget** - The budget process begins with a rigorous gathering of information to identify the financial environment for the budget period and for the next four years. The Five Year Financial Plan provides the focus of the process and includes a comprehensive review of financial policies, a scan of the economy, development of the Revenue Manual and projection analysis using the five year projection model. The City Administration and the City Council review this data in order to develop the budget guidelines and policies that guide the then development of the fiscal year budget.

**Toward the Future** - One outcome of the budget process is to identify issues and challenges that the City will address in the upcoming and future fiscal years. Looking beyond the current fiscal year, the City has implemented financial reserve policies that are designed to provide the fiscal stability necessary to insure that the City is able to meet its commitments to local residents and taxpayers well into the future. The financial policies reflect a keen awareness of the City's past experiences, including those that led the City into Receivership, as well as the City's foremost priority to keep its financial house in order through careful planning and professional administration.

# Budget Policy Objectives

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Through the annual budget process, the City has and continues to align short-term actions with long-term policy objectives. In fact, the commitment made annually to the “Fundamentals,” a broad set of policy objectives that seek to promote a single, pro-Chelsea agenda, is once again defining the goals that are established as part of the FY’06 Budget. The primary focus of the Fundamentals are:

- **Financial** – steadily improving the City’s financial condition through balancing budgets and advancing responsible reserve policies that strengthen local government’s flexibility to act on pressing needs while protecting against economic downturns that could threaten municipal service delivery and the viability of City government;
- **Economic Development** – further supporting the City through an aggressive agenda that seeks to attract new revenues in a variety of forms, including property tax, auto excise tax, hotel/motel tax and building fees, while simultaneously increasing employment opportunities for local residents and emphasizing the conversion of the City’s older, heavy industrial base into higher and better uses that broaden the sectors of the economy doing business in the city and lead to an overall improvement of the image of the city, both internally and externally;
- **Neighborhood Enhancement** – continually producing improvements in each and every neighborhood of the city by updating infrastructure through a functioning Capital Improvement Program, cleaning streets, rehabbing the housing stock, enhancing open space, eliminating blight and tackling and resolving long-standing problems, including residential and industrial conflicts, that have persisted throughout the city, in some cases, for decades;
- **Community Development** – fully encouraging partnerships between City government and its stakeholders in Chelsea’s success, including other governmental entities, the business community, non-profit leaders, neighborhood groups and individual residents, in order to support a broad array of programs and initiatives that may or may not be City-run, but are all supportive of the City’s desire to promote the advancement of its families and individual residents over a broad range of human needs, including, but not limited to, affordable housing, health care, education and job training;
- **Public Safety** – constantly improving upon the protection of the public and its property by initiating policy and providing the necessary resources, be it training, manning or equipment, to effectively carry-out the missions of the City’s law enforcement, fire and emergency management agencies, and
- **Governmental Philosophy** – becoming a more open, responsive and responsible municipal government that not only hears the needs of its people, but develops and initiates efforts designed to address those needs in a honest, fair, equitable, accountable and cost-efficient manner, while never sacrificing good government for the benefit of those whose goals run counter to that of a “pro-Chelsea” agenda.

Developing balanced budgets in difficult financial times continues to be challenging. While substantial improvements in the process of administering the financial affairs of the City have resulted from professional management and leadership from elected officials, the City, in fact no city, is exempt from the inescapable realities of rising costs and sluggish revenue growth that confronts local, state and federal governments. How governments chose to proceed in addressing those realities is reflective of foundations set or not and operational philosophies followed or ignored.

This FY'06 Budget continues to be consistent with the foundation established through the Fundamentals. As such, the City has established a basis for providing municipal programs and services that is consistent with both its long- and short-term goals. By establishing policy objectives and then defining budgetary issues that allow for the yearly achievement of those objectives during a three-year window, the City has sought to manage budget issues and avoid radical shifting of City policy and/or programming.

Notwithstanding the planning exercises, challenges did exist in assembling the FY'06 Budget. However, those challenges were anticipated in the earlier financial forecasts and have not inhibited the City's potential success in realizing additional gains on the broad Fundamentals agenda. Those challenges relate specifically to:

**Expenses** – The City continues to control discretionary spending and remains concerned about non-discretionary accounts. Regarding discretionary spending, the City has been effective in limiting the cost of general government by seeking efficiencies in operations, deferring or rejecting purchasing, eliminating out of state travel and, in some cases, cutting programs and services, among many other initiatives. Even in non-discretionary areas, the City is active in seeking to reduce costs. In debt service, for example, the City has reduced capital spending, and therefore debt payments, over the past several years. Regarding assessments, the City has been successful in lobbying for a reduction in its Northeast Regional Vocational School assessment.

Nonetheless, state assessments are up \$214,811 and health insurance is rising by \$1,407,841 for a combined increase of over \$1.6 million in unavoidable spending increases in FY'06. Given that new, non-school revenues are estimated to only increase by \$1.96 million, the impact of non-discretionary spending becomes obvious. The upward pressure of contractual obligations, including employees and service contracts, add to the structural imbalance, this despite the City's efforts to hold the line on wage increases and to renegotiate service contracts, like trash hauling, for savings.

**Revenues** – The City needs greater revenues to protect core municipal services and provide other services deemed of value to local residents. Unfortunately, local aid supporting General Government is level funded for FY'06 and still \$56 thousand less annually than FY'02 highs. Those lost revenues from Lottery Aid and Additional Assistance have combined to eliminate \$5.5 million in revenues over the past four fiscal years. Constricting another important source of revenue is Proposition 2 ½, which limits the amount of local property tax that can be raised. Though we forecast some improvement for FY'06, New Growth, achieved through economic development and outside of Proposition 2 ½ limitations, has been slowed as a result of the same recession that has negatively impacted local aid. Furthermore, recessionary impacts are found in areas like interest income and excise tax receipts.

**Higher Expenses/Constrained Revenues** – The combination of increasing expenses and constrained revenues drives the challenges confronted in this budget, the last two and perhaps several more going forward. It is clear that it will take years for local aid revenues to bounce back and for economic development to possibly provide the revenues necessary to offset increasing costs. In the meantime, the City is able to balance its budgets through, in part, constraining spending and generating higher revenues, as difficult as both of those efforts may be annually. In the end, though, the City has had to also rely upon its rainy day reserves to eliminate operational deficits and allow for services and programs to be delivered without interruption.

**Ensuring the Continuing Availability of Rainy Day Funds** – While rainy day funds are being relied upon to balance the budget, the City has sought to ensure that additional reserve funds remain available to similarly

balance budgets in future years, should that great likelihood occur. The achievement of that goal as part of the overall effort to produce the FY'05 Budget has meant that City leaders need to rely upon and are advancing prudent financial management to eliminate anticipated deficits and control potential soaring spending requests.

## Budget Goals

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In meeting and overcoming the present budgetary challenges, the FY'06 Budget provides for advances in each of the programming areas contained within the Fundamentals. It is important to note that in achieving short-term success, the basic premise of the Fundamentals, that being the providing for long-term accomplishment, has not been compromised.

To further ensure the latter, and as appropriate during times of fiscal uncertainty, the City's focus on the Financial Fundamental may be the most important. To that end, the FY'06 Budget is built upon initiatives to maintain the integrity of the City's finances, including:

- Managing sluggish growth of local aid and other sources of revenues so as to limit or avoid an impact on core municipal services and programs of critical concern;
- Controlling costs in "non-discretionary" spending areas, including existing employee and other contracts, health and other insurance premiums, debt service and assessments, achieved, in part, by restricting the growth of the workforce, rebidding service contracts where savings can be achieved, auditing health and other insurance accounts, reducing capital projects, refinancing existing debt and advocating for reductions in budgets supported by assessments to the City;
- Constraining "discretionary" spending by identifying, reviewing and prioritizing areas of need, eliminating non-grant out of state travel, eliminating tuition reimbursements and reducing training accounts;
- Seeking increases in new revenue sources, especially through increased economic development, to offset budget shortfalls, being cognizant of revenue raising capabilities and constraints, as well as being sensitive to the impact of revenue raising initiatives on taxpayers, and
- Utilizing the City's reserves in such a fashion as to allow for long-term budget stability and to allow the City to prosper during the economic recovery.

After reducing departmental requests and maximizing revenues wherever possible, the City will turn to Free Cash to cover the budget shortfall that is projected for FY'06. In the meantime, the City will adopt several targeted initiatives for FY'06 to seek to improve the financial position for future budgets. Those initiatives include:

- Undertaking a Municipal Benchmarking process to compare City expenditures to a group of similar Massachusetts communities, with the review allowing City officials to raise questions about budget priorities and service expectations;
- Initiating a seven-point health insurance review to determine what additional steps the City can take to control this single largest budget buster;
- Continuing collective bargaining negotiations with a goal of securing wage increases of 2%, savings in overtime and a greater employee contribution to health insurance costs;
- Conducting a study on CIP expenditures that could lead to the institution of a debt ceiling for future infrastructure related borrowing, and

- Prioritizing the Economic Development goal of increasing the local housing stock by 1,200 units by the end of FY'08.

Regarding the latter, City officials see the expansion of the tax base as an absolute priority in trying to offset reduced local aid levels and skyrocketing costs relating to non-discretionary spending. The development of 1,200 new units of housing could increase the tax base by as much as \$3 million or more, and provide one-time revenues of another \$3 million. If realized, the initiative would grow the tax base by more than 11%.

So, Economic Development priorities include:

- Supporting the 1,200-unit initiative;
- Coordinating the opening of the Home Depot and securing a Phase II development in Parkway Plaza;
- Facilitating a groundbreaking for the Gulf and HP Hood headquarters, agreeing on a redevelopment plan for the Emerald Block and expanding into another phase of acquisitions all within the Everett Avenue Urban Renewal District;
- Permitting a new Market Basket and undertaking a joint development study for the future of the Mystic Mall and the Everett Avenue Corridor, and
- Leading the proposed developments at Admirals Hill and Forbes Industrial Park to groundbreakings.

Other priority initiative in the City's Fundamentals include:

- Creating a new residential neighborhood, thereby resolving a longstanding "residential-industrial" conflict zone in the Gerrish Avenue neighborhood;
- Overseeing the installation of odor recovery equipment on the Broadway Terminal oil facility and undertaking the next phase of the City's odor study initiative to address other sources in the community;
- Facilitate the start of the HarborCOV Community Housing Initiative of 24-units of housing for survivors of domestic violence;
- Constructing lights and other improvements to the Little League field at the Mary C. Burke School Complex;
- Completing the 14-point plan on public safety, including the installation and operation of 34 surveillance cameras around the community, and
- Organizing a youth conference for local youth to discuss issues impacting their lives.

The formation of the goals listed above and others that follow in individual departmental listings are reflective of the needs of the city's stakeholders as expressed by those stakeholders. While a budget is traditionally thought of as a financial plan, this FY'05 Budget, as has become the City's practice, is about much more than numbers. Ultimately, the achievement of the City's financial priorities must relate to even greater accomplishment on the City's non-financial goals in order for the City to be considered a success. In the Financial Plan that follows, a balance budget that promotes continuing advancement for a great community can be found.

# Basis of Budgeting and Accounting

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The modified accrual basis of accounting is followed (for both accounting and budgeting) by all funds. Accordingly, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City recognizes funds received 60 days after the close of its fiscal year as revenue of that reporting period. All other amounts not received during that period are deferred and recognized in future accounting periods. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria is met. The accounts of the City are organized into various funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts.

The City's Proprietary Funds which include the Water and Sewer Enterprise Funds and the Internal Service Funds are budgeted accounted for on the same modified accrual basis other than generally accepted accounting principals (GAAP Basis). The actual results of operations are presented on a "budget (cash) basis" to provide a meaningful comparison of actual results with the budget. The major differences are that revenues are recorded when cash is received (budgeted) as opposed to when susceptible to accrual (GAAP). Second, encumbered and continuing appropriations are recorded as the equivalent of expenditures (budgeted), as opposed to a reservation of fund balance (GAAP).

City financial statements are restated in full compliance with GAAP at the end of each year and published in the Comprehensive Annual Financial Report. That annual restatement captures necessary data such as fixed assets depreciation and compensated absences.

Budgets for the General Fund, Water Fund, Sewer Fund and Capital Project Funds are appropriated by the City Council and may not be legally overspent in any of the three categories: (1) Salaries, (2) Operations & Maintenance, and (3) Capital. Budgets are created in other funds merely as a way of planning for revenues expected and expenditures not exceeding those revenues.



# Financial Policies

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## Reserve Policies

Fund balance and reserve policies were initially established to protect the City from unforeseen increases in expenditures, reductions in revenues, a combination of both or any other extraordinary events. Fund balance and reserve policies also serve to provide an additional source of funding for capital construction and replacement projects. Reserves should normally average between 5% and 10% of the City's operating budget.

As a result of a strict adherence to financial reserve policies, the City, as authorized by the City Council, steadily built up reserves in the good years in anticipation of a time when revenue growth would slow or stop. The realities of the most recent and current economic conditions, however, continue to negatively impact the City's revenue prospects in FY'06 and potentially for several additional fiscal years thereafter. Reserves, therefore, have been used and will be further drawn against in FY'06, in thoughtful combination with budget cuts, workforce reductions and other budgeting techniques, to maintain order in the municipal budget and allow for a smooth transition through the turbulent times that still exist.

There are two classes of reserves: 1. restricted reserves which are to be utilized only for purposes designated, and 2. unrestricted reserves which can be utilized for unspecified purposes. Reserve policies cover operating reserves, which provide for unanticipated expenditures or unexpected revenue losses during the year; capital reserves, which provide for the normal replacement of existing capital plan and the financing of capital improvements; cash flow reserves, which provide sufficient cash flow for daily financial needs, and contingency reserves, which provide for unanticipated expenditures or for expenditures while anticipated are non recurring. The policies presented here are categorized in the following sections:

- **Operating**
  - Undesignated Fund Balance
  - Free Cash
  - Contingency Reserve
- **Capital Improvements**
- **Stabilization Fund**

## Operating

The maintenance of adequate operating reserves is essential to the financial strength and flexibility of the City as a whole. Adequate operating reserves are an integral part of the financial structure of the City and help make it possible for the City to issue debt, among many other functions.

### **Undesignated Fund Balance**

Operating fund balance shall be maintained at sufficient levels to absorb unpredictable revenue shortfalls and to insure desired cash flow levels. With regard to the General Fund, cash balances available at year-end shall, in combination with new revenues, be sufficient to preclude any requirement for short-term debt to sustain City operations. Should this fund balance fall below 5% of the "Fund Balance Floor," defined as revenues less Chapter 70 school aid, a plan for expenditure reductions and/or revenue increases shall be submitted to the City Council during the next budget cycle.

What is considered the minimum level necessary to maintain the City's credit worthiness and to adequately address provisions for: a) economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy; b) cash flow requirements; c) In addition to the designations noted in (a) and (b) above, fund balance levels shall be sufficient to meet funding requirements for prior year approved projects which are carried forward into the new year, debt service reserve requirements, reserves for encumbrances, and other reserves as required by contractual obligations or generally accepted accounting principles.

Undesignated Fund Balance as of June 30, 2005 <i>preliminary</i>	\$11,059,790
Projected FY'06 revenues and other Financing Sources	99,149,457
Projected FY'06 expenditures and other Financing Uses	<u>(101,982,947)</u>
Projected Undesignated Fund balance as of June 30, 2006	\$8,226,300

**Free Cash Reserves**

This reserve provides for the temporary financing of unforeseen opportunities or needs of an emergency nature, including increases in service delivery costs. This is the portion of Undesignated Fund Balance certified by the Department of Revenue, Division of Local Services, as “Free Cash.” Monies held in this reserve may be appropriated during the current budget year and may also be used as a source of revenues for the ensuing budget year. Of all general fund reserves, this is the most flexible. The amount of money to be held in this reserve should not be less than 3% or more than 8% of the approved General Fund operating expenditures less debt service.

**Contingency Reserve**

The City will establish and maintain an operating Contingency Reserve, which will provide for emergency expenditures and unanticipated revenue shortfalls. These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate need for short-term borrowing and assist in maintaining an investment-grade bond rating. While below for FY'06 as it has been for the past few years, this reserve is based upon a target 1% of budgeted expenditures in the General Fund. For reserve purposes, budgeting expenses are calculated upon the funds' total operating expense budget, excluding ending fund balances, capital purchases, debt service for capital improvements and the current year's portion of principal and interest paid on outstanding school debt. The actual reserve level is determined as part of the budget adoption process.

**Capital Improvement Reserve Fund**

Capital Reserves are established primarily to set aside funds to provide for additional projects and additions to existing budgeted projects which may be deemed appropriate for funding after the Annual Budget and CIP are adopted. The City has endeavored and succeeded to increase this reserve fund balance to the equivalent to three years of operating budget capital accounts. The Treasurer shall be the custodian of the fund, which may be deposited or invested using the applicable laws of the commonwealth. Interest on this fund shall be added to and becomes a part of the fund.

The City Council must amend the existing CIP, by resolution, to include additional projects or additions to existing projects before reserve funds can be appropriated. City Council appropriation of reserve funds requires a two-thirds affirmative vote. The City can use these reserve funds to pay for the General Obligation bond debt service costs of existing approved projects only if the prior year audited Undesignated Fund Balance falls below the previously identified Fund Balance Floor.

Fund Balance as of June 30, 2005 <i>preliminary</i>	\$753,728
Projected FY'06 revenues and other Financing Sources	27,384
Projected FY'06 expenditures and other Financing Uses	0
	<hr/>
Projected Fund balance as of June 30, 2006	\$787,112

### Stabilization Fund

The purpose of this reserve is to provide long-term financial stability for the City, while also improving the City's credit worthiness and flexibility. The provisions for this fund are dictated by Chapter 40 Section 5B of Massachusetts General Law. This fund may be appropriated for any purpose for which the City would be authorized to borrow money under Sections 7 or 8 of Chapter 44 of MGL, or for any other lawful purpose. City policy is to maintain this reserve at a minimum of 3% of operating expenditures. However, at no time can an appropriation into this fund exceed 10% of the previous years real property tax levy or can the fund exceed 10% of the equalized value of the City. Appropriations from this fund are governed by statute and require a two-thirds affirmative vote of the City Council.

Fund Balance as of June 30, 2005 <i>preliminary</i>	\$3,226,952
Projected FY'06 revenues and other Financing Sources	66,484
Projected FY'06 expenditures and other Financing Uses	0
	<hr/>
Projected Fund balance as of June 30, 2006	3,293,436

### Capitalization Policy

Consistent with GASB 34 and the guidelines and recommendations of the Massachusetts Department of Revenue - Division of Local Service - Bureau of Accounts the City has established the following capitalization thresholds and depreciation:

Asset Type	Estimated Useful Life	Capitalization Threshold
Machinery, Equipment and Vehicles	3-15 yrs. <i>per detailed schedule</i>	\$5,000
Buildings and Facilities	40 yrs.	\$100,000
Building Improvements ( <i>excluding carpet which has \$50,000 for 7yrs</i> )	20 yrs.	\$50,000
Land	N/A	\$25,000
Land Improvements	20 yrs.	\$25,000
Infrastructures	5-50 yrs. <i>per detailed schedule</i>	\$150,000

Construction in Progress will be capitalized only if total cost is anticipated to exceed capitalization threshold.

## Procurement Policy

Chapter 30B of the Massachusetts General Laws establishes different procedures for the purchase of supplies based on the value of the purchase. The “thresholds” are:

- Purchases for less than \$5,000
- Purchases for \$2,500 or more but less than \$25,000 (**Goods**)
- Purchases for \$5,000 or more but less than \$25,000 (**Services**)
- Purchases for \$25,000 or more
- Sole Source procurements

### 1. Purchases < \$5,000

For contracts less than \$5,000, Chapter 30B requires that you use “sound business practices.” This means you should make a reasonable effort to make sure you are getting your money’s worth.

### 2. Purchases \$2,500 or > but < \$25,000

For purchases of (**Goods Only**) \$2,500 or more, but less than \$25,000, you must solicit at least three oral or written quotes and award the **CONTRACT** to the responsible, responsive vendor who gives you the lowest quote that meets your purchase description.

For purchases \$5,000 or more, but less than \$10,000, you must solicit at least three oral or written quotes and a Short Form **CONTRACT** must be executed.

For purchases \$10,000 or more, you must solicit at least three written quotes and a Long Form **CONTRACT** must be executed.

### 3. Contracts \$25,000 or >

For purchases \$25,000 or more, you must solicit formal advertised bids or proposals and award a **CONTRACT** to the responsible, responsive bidder offering the lowest price.

### 4. Sole Source Procurements

The threshold for sole source Procurements is now \$25,000.

For purchases of Sole Source Goods or Services < \$25,000, you must adhere to the above procedures.

For purchases of Sole Source Goods or Services over \$25,000, you must solicit formal advertised bids or proposals and award a **CONTRACT**.

Contracts are signed and approved by the requesting Department as to the need for such goods and services, the Purchasing Manager as to the compliance with the above requirements, the City Solicitor as to form, the City Auditor as to the sufficiency of the appropriation as evidenced by the accompanying purchase order, and finally by the City Manger as to the desirability of the goods and services.

# Investment Policy

## I. Policy Statement

It is the intent of this policy statement for the City of Chelsea to invest funds in a manner which will provide for the maximum investment return while securing principle, mitigating investment risk (credit & interest rate), maintaining liquidity for the daily cash flow demands of the City and conforming to all statutes governing the investment of the City of Chelsea.

## II. Scope

The investment policy applies to all financial assets associated with the General Fund, Special Revenue Funds, Capital Projects Funds and the Enterprise Funds including all proceeds associated with bond issuance's and short term financing

## III. Objective

The primary objectives, in priority order, of the investment activities shall be:

**1. Safety:** Safety of principal is the foremost objective of this investment policy statement. Investments of the City of Chelsea shall be undertaken in a manner that seeks to ensure the preservation of principle in the overall portfolio. To attain this objective, the City of Chelsea will mitigate credit and interest rate risk as well as diversify where prudently possible.

**A. Credit Risk:** Credit Risk is the risk of loss due to the failure of the security issuer or backer. Credit risk may be mitigated by limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which an entity will do business; and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

**B. Interest Rate Risk:** Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities.

**2. Liquidity:** the investment portfolio will remain sufficiently liquid to enable the City of Chelsea to meet all operating requirements which might be reasonably anticipated using cash forecasting techniques.

**3. Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

## IV. Standards of Care

### 1. Prudence:

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written

procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

“Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

## **2. Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City of Chelsea.

## **3. Delegation Authority:**

Authority to manage the investment program is granted to the City's Treasurer. The Treasurer shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City's Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

## **V. Safekeeping and Custody**

### **1. Authorized Financial Institution:**

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the state of Massachusetts. No public deposit shall be made except in a qualified public depository as established by state laws.

### **2. Internal Controls:**

The Treasurer is responsible for establishing controls and procedures in writing to ensure adequate control of the assets of the City of Chelsea. The internal controls should protect the City from loss, theft or misuse. An annual independent audit shall be performed by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following:

- Control of Collusion: The separation of duties performed by staff who account and record the assets of the City.
- Ensure written confirmations of all investment and wire transactions
- Ensure wire transfer agreements are in place with financial institutions.

### **3. Delivery vs. Payment:**

When applicable, all security transactions will be executed by delivery vs. payment and held by a third party custodian for safekeeping purposes.

### **VI. Authorized Investments:**

The authorized investments allowable for the City of Chelsea within statutory limits are those within the legal list of investments pursuant to Massachusetts General Laws Chapter 167 Section 15A.

The City's investments shall be diversified with maturities not to exceed cash flow requirements.

### **VII. Financial Reporting**

On a quarterly basis, the Treasurer shall provide financial reporting to the Director of Finance. The reporting will consist of a holdings report, current rates, valuations and mark to market.

### **VIII. Performance Standards**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The performance should be compared to appropriate benchmarks on a regular basis.

## **Cash Management Policy**

Consistent with Massachusetts General Laws, all money belonging to the City is turned over to the treasurer who receives and takes charge of all money. Departments turn over all money collected to the treasurer daily. Mindful of the principals of security, liquidity and yield described in the City's Investment Policy, the treasurer shall keep safe that amount of cash necessary for routine transactions and deposit all other money in an appropriate financial institution daily. Daily, the treasurer shall account to the Auditor all treasury collections according to departmental direction for the Auditor's review. Collections made by the Collector are deposited daily but are reported to the Auditor for entry to the General Ledger weekly.

## Debt Policy

### General Debt Limit

Under Massachusetts statutes, the General Debt Limit of the City consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit of the City is 2 ½ percent of the valuation of taxable property. The City of Chelsea can authorize debt up to this amount (currently \$53,803,734) without State approval. The City can authorize debt up to twice this amount (Double Debt Limit) with the approval of the State Emergency Finance Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer project bonds and solid waste and solid waste disposal facility bonds (as approved by the Emergency Finance Board), and, subject to special debt limits, bonds for water, housing, urban renewal and economic development (subject to various debt limits) and electric and gas (subject to a separate limit to the General Debt Limit, inducing the same doubling provision). Industrial revenue bonds, electric revenue bonds and water pollution abatement revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

#### **Debt Limit Calculation** (Debt from all sources including Water and Sewer) *as of April 29, 2005*

Equalized Valuation Fiscal 2005	2,283,134,905
Debt Limit	57,078,373
Outstanding Debt outside Limit 6/30/05	65,537,089
Outstanding Debt inside Limit 6/30/05	<u>3,924,233</u>
Total Outstanding Debt 6/30/04 <i>projected</i>	69,461,322
Debt Limit	57,078,373
Debt Subject to Debt Limit	<u>3,924,233</u>
<b>Borrowing Capacity</b>	<b>53,154,140</b>

Communities have four basic ways to finance capital projects: pay-as-you-go financing, debt financing, public private ventures, and intergovernmental financing (such as the MWRA's interest free loan/grant program). Over-reliance on any one of these options can be risky to a local government's fiscal health. It can also restrict the municipality's ability to respond to changes in economic and fiscal conditions. The City's policy makers are careful to choose the right combination of financing techniques. In addition to debt financing, the City uses, when appropriate, the pay-as-you-go technique in its capital programs. For FY'03 and again in FY'04, the City had sought to reduce its debt financing in response, primarily, to the poor general state and national economic climates. As a result of the FY'05 CIP, the total debt to be issued will be \$133,000 of Water Bonds, \$1,053,000 of Sewer Bonds and \$641,000 from the General Fund. These bonds are scheduled for issuance in May 2005. As a result of the FY'06 CIP the total debt to be issued will be \$471,000 of Water Bonds, \$1,708,000 of Sewer Bonds and \$691,000 from the General Fund. These bonds are scheduled for issuance in March 2006. The impact on debt service is discussed later in this document. The CIP itself can be found in the Appendix.

## **Authorization of General Obligation Debt**

Under the General Laws, bonds and notes of a City are generally authorized by vote of two-thirds of all the members of the City Council. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures that would require all the cost to be excluded from the Proposition 2 ½ taxation limits. Borrowing for certain purposes also requires administrative approval from the Commonwealth.

Temporary loans in anticipation of current revenues, grants and other purposes can be made without local legislative approval.

## **Types of Obligations**

Under the statutes of the Commonwealth, the City is authorized to issue general obligation indebtedness of the following types:

**Serial Bonds and Notes** - These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. Level debt service is permitted for bonds or notes issued for certain purposes, and for those projects for which debt service has been exempted from property tax limitations. The maximum terms vary from one year to 40 years, depending on the purpose of the issue. Most of the purposes are capital projects. They may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum terms measured from the date of the original bonds or notes. Serial bonds may be issued as "qualified bonds" with the approval of the State Emergency Finance Board, subject to such conditions and limitations, (including restrictions on future indebtedness) as may be required by the Board. The State Treasurer is required to pay the debt service on "qualified bonds" and thereafter to withhold the amount of the debt service from state aid or other state payments. Administrative costs and any loss of interest income to the Commonwealth are to be assessed upon the City.

**Bond Anticipation Notes** - These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that (except for notes issued for certain school projects that have been approved for state school construction aid) for each year that the notes are refunded beyond the second year, they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes, except for notes issued for such State-aided school construction projects.

**Revenue Anticipation Notes** - Revenue Anticipation Notes are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

**Grant Anticipation Notes** - Grant Anticipation Notes are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

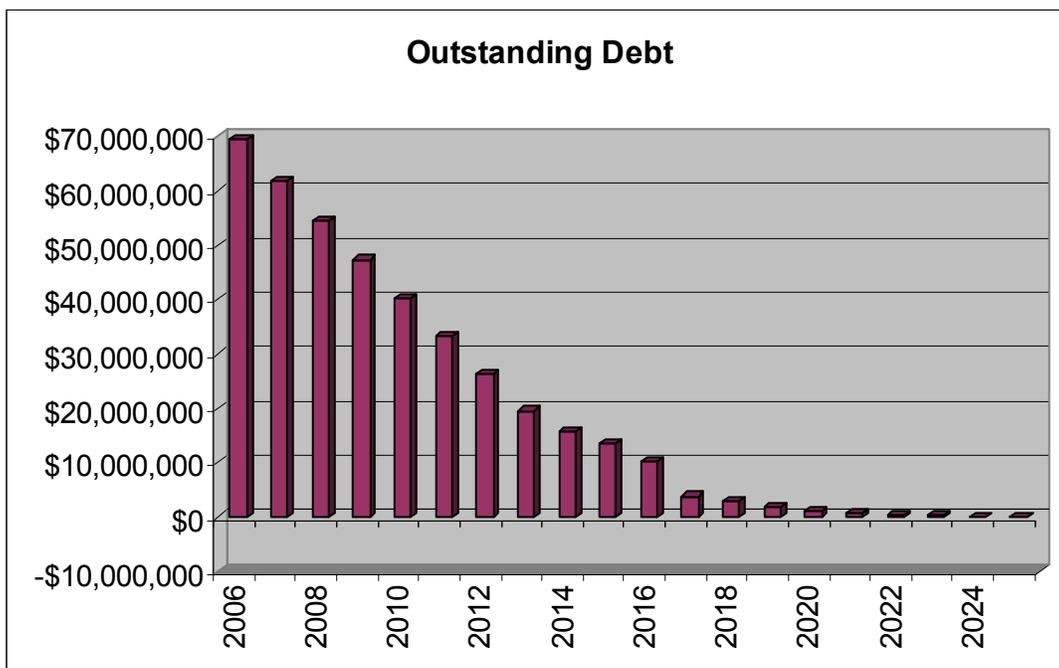
**Revenue Bonds** - Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's water pollution abatement revolving- loan program. In

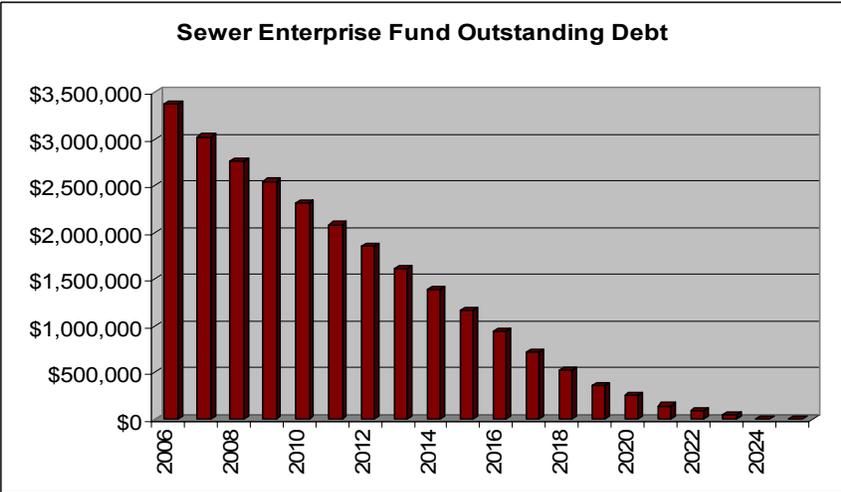
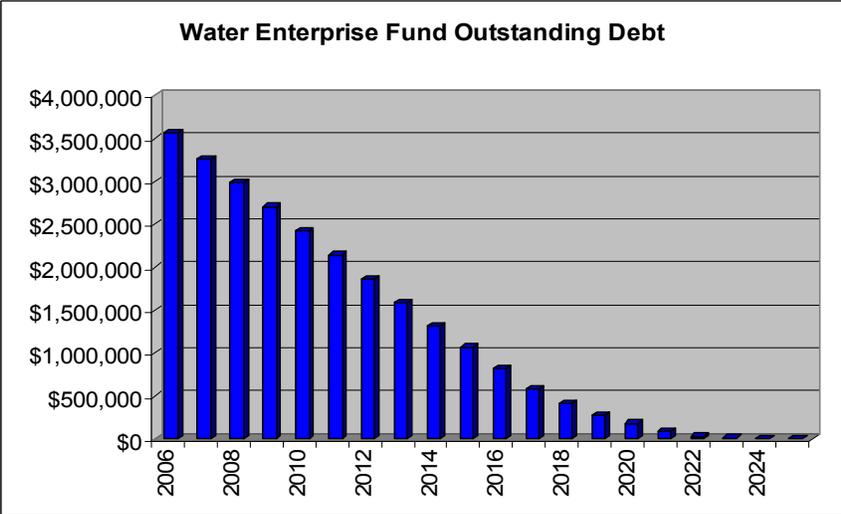
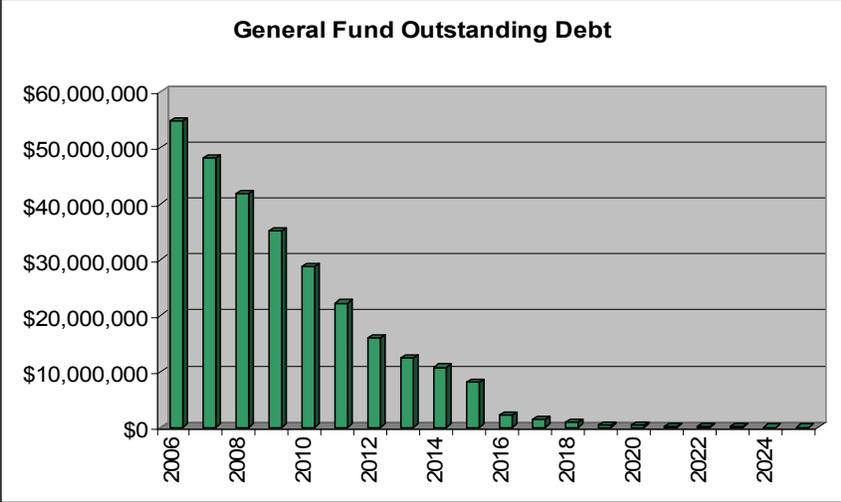
addition, cities and towns having electric departments may issue revenue bonds, and notes in anticipation of such bonds, subject to the approval of the state Department of Public Utilities. The City does not have an electric department, and has not authorized any other City revenue bonds.

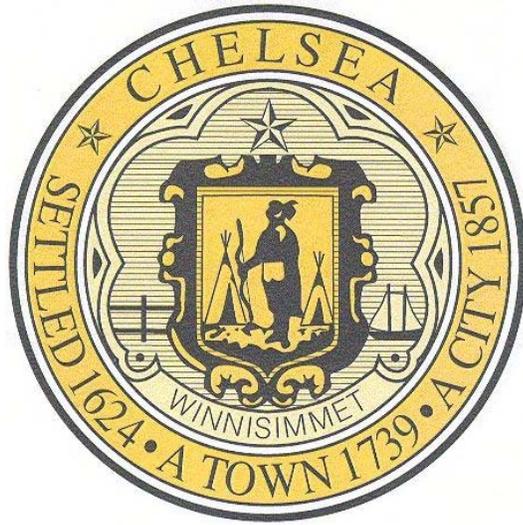
**Bond Ratings**

The City’s bond ratings are as follows: Standard & Poor’s “A-” *March 29, 2005*

Debt Schedule				
Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2006	69,461,322.53	7,651,997.44	3,557,671.26	11,209,668.70
2007	61,809,325.09	7,346,997.44	3,198,971.23	10,545,968.67
2008	54,462,327.65	7,071,575.94	2,851,441.26	9,923,017.20
2009	47,390,751.71	7,029,291.95	2,477,872.49	9,507,164.44
2010	40,361,459.76	6,959,291.94	2,103,813.79	9,063,105.73
2011	33,402,167.82	6,954,291.94	1,732,255.03	8,686,546.97
2012	26,447,875.88	6,864,291.96	1,362,088.75	8,226,380.71
2013	19,583,583.92	4,004,291.95	992,361.26	4,996,653.21
2014	15,579,291.97	2,154,291.95	793,761.25	2,948,053.20
2015	13,425,000.02	3,150,000.01	685,905.00	3,835,905.01
2016	10,275,000.01	6,420,000.01	525,341.25	6,945,341.26
2017	3,855,000.00	1,070,000.00	195,529.99	1,265,529.99
2018	2,785,000.00	910,000.00	139,777.50	1,049,777.50
2019	1,875,000.00	810,000.00	90,819.97	900,819.97
2020	1,065,000.00	295,000.00	46,348.75	341,348.75
2021	770,000.00	295,000.00	32,929.99	327,929.99
2022	475,000.00	195,000.00	21,970.00	216,970.00
2023	280,000.00	140,000.00	13,300.00	153,300.00
2024	140,000.00	140,000.00	6,650.00	146,650.00
2025	(0.00)	-	-	-







# Summary of the FY 2006 City Budget

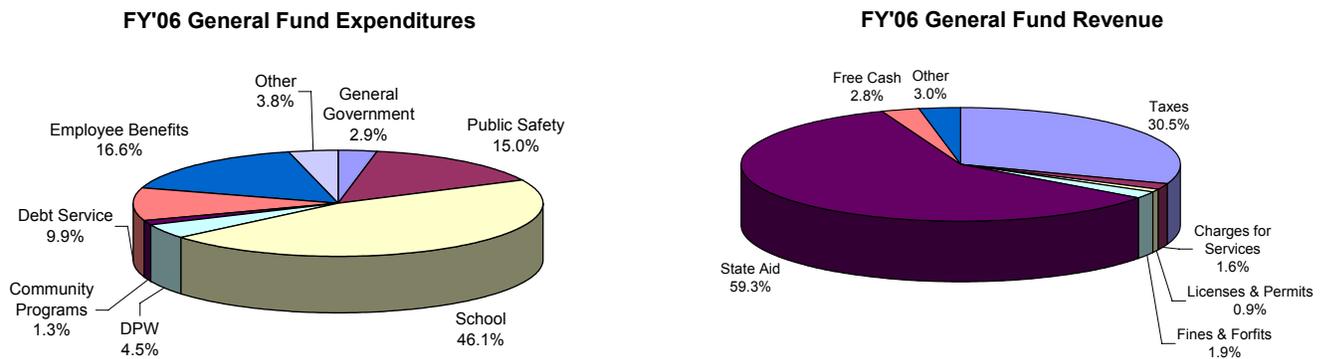
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The FY'06 Budget for all City services and facilities totals \$113.9 million. The total includes \$102.0 million in the General Fund Budget to support traditional municipal services such as police, fire, schools, parks, and libraries; \$11.9 million to support the operating costs of the Water and Sewer Enterprise System. All FY'06 figures are stated as originally adopted. FY'06 Real Estate Tax revenue has been stated to net the "expense" of the Allowance for Abatements and Exemptions (Overlay) to better conform to the Massachusetts standard method of budgeting property tax revenue.

## General Fund

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The General Fund is the basic operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund (i.e. the Water and Sewer Enterprise Funds). The total General Fund appropriation is \$101,982,947, which is the City appropriation of \$113,915,114 less the Water and Sewer Enterprise Funds appropriation of \$11,932,167.



**General Fund Budget** - The General Fund Budget in FY'06 totals \$101.9 million, which is a 2.49% increase over FY'05.

**Capital Budget and Debt Service** - The FY'06 Budget includes \$10.1 million in debt service funding as required under the ongoing Citywide Capital Improvement Program (CIP). As the City continues to make progress in catching up from decades of capital neglect and therefore reduces the number of annual capital projects to be undertaken, and as the current and projected economic climates cause the City to seek to control the cost of debt service as a method of keeping the City's budget in balance, the total committed to this category is expected to decline in the years that follow.

**Salary and Reserve Appropriations** - The Budget also includes a salary reserve appropriation (\$25,00 in reserve for FY'06) to budget for unforeseen salary requirements and additional unanticipated emergencies that may arise. No provision has been made in this operating budget for future negotiated salary agreements. These possible agreements will be funded by supplemental appropriations from Free Cash or other available sources. The salary reserve appropriations may only be "activated" with City Council approval. The salary line item in each departmental budget does not take into consideration the result of ongoing labor agreement negotiations but does include finalized agreement requirements before April 29, 2005.

Both the Stabilization and CIP Reserve funds have reached their desired balances, as defined in the financial reserve policies. Therefore, there is no current requirement for further appropriation to these accounts.

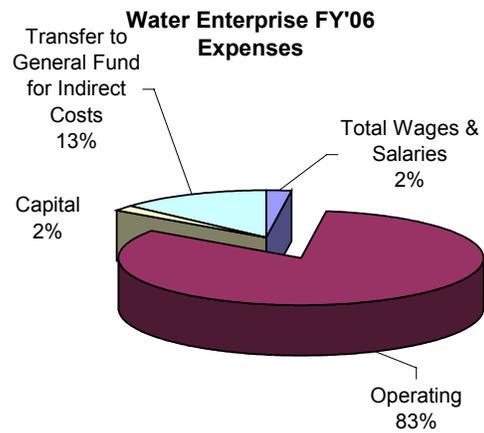
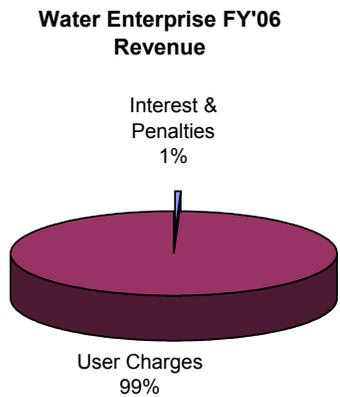
## Enterprise Funds

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The Water and Sewer Enterprise Funds are used to account for the operations and maintenance of the City’s water and sewer systems. Separate funds exist to support water-related and sewer-related needs. Both funds are financed by charges for services and miscellaneous revenue. The total appropriation for FY’06 is \$11,932,167.

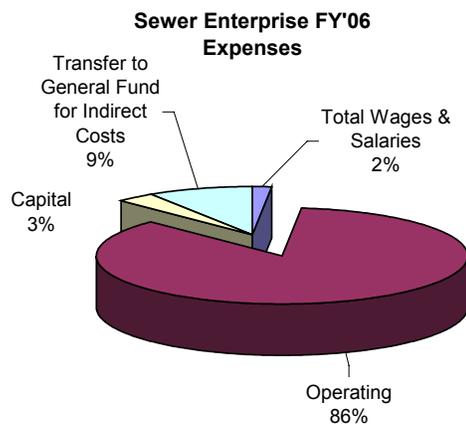
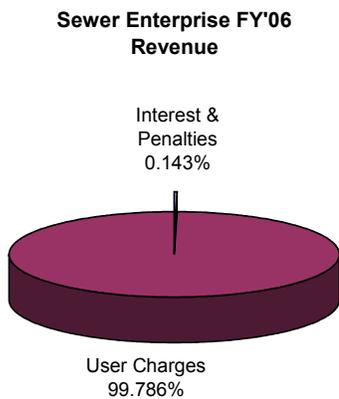
### Water Enterprise Fund

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### Sewer Enterprise Fund

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# City Personnel Analysis

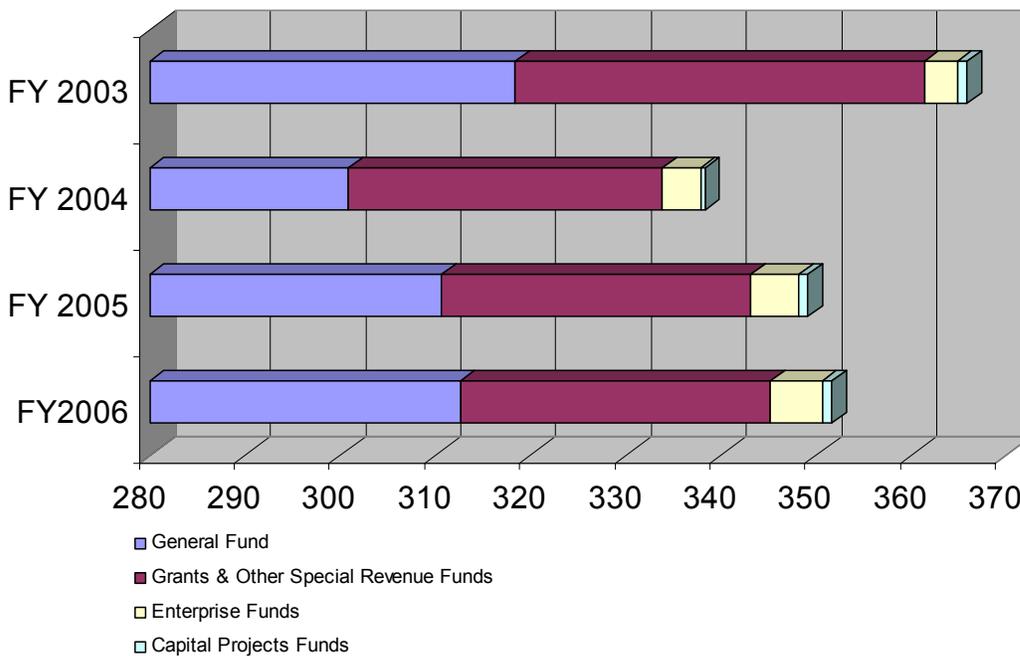
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Because personnel costs are the most significant portion of the annual budget, it is critical for the City to continue to stringently monitor this area. The City Manager continues to review operations and make efficiency improvements, striving to maintain staffing levels and sharing human resources among departments, where possible.

The chart below shows the City's non-school headcount for FY'06 and the previous two years. As a result of reduced revenues from sources like Local Aid, the City had found it necessary to shrink the General Fund workforce at the beginning of FY'04. As revenue has stabilized and property tax has increased, the city has been able to restore some positions for FY'06. Grant funded positions are not considered core positions and will fluctuate with grant awards and will not be retained after the grants terminate. The table on the following page details the full time equivalent headcount for FY'06.

The counts are described in Full Time Equivalent terms. A full Time Equivalent (FTE) is based on 35 hours for General Government, Public Works, Health and Human Services, Culture and Recreation employees. A Full Time Equivalent (FTE) is based on 40 Hours/week for Public Safety employees. Part-time employees are counted as fractions of those weekly hours worked amounts.

### Full Time Equivalent Position Count



# Position List - General Government *(Full Time Equivalents- FTEs)*

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## General Fund

Dept#	Department Name	Fiscal Year 2003 FTEs	Fiscal Year 2004 FTEs	Fiscal Year 2005 FTEs	Fiscal Year 2006 FTEs	Variance
110	Legislative	12.50	12.50	12.50	12.50	-
123	City Manager	4.00	3.50	3.00	3.00	-
135	Auditing	4.50	4.00	4.00	4.00	-
138	Purchasing	2.00	2.00	2.00	2.00	-
141	Assessors	4.50	4.50	4.50	4.50	-
145	Treasurer	10.00	10.00	10.00	10.00	-
151	Law	3.00	2.00	2.50	2.50	-
152	Personnel	2.00	2.00	2.00	2.00	-
155	MIS	2.00	2.00	3.00	3.00	-
159	Central Billing & Research	3.00	3.00	3.00	3.00	-
161	City Clerk	5.00	5.00	5.00	5.00	-
165	Licensing	1.00	1.00	1.00	1.00	-
175	Planning	-	-	-	-	-
210	Police	104.50	97.50	92.50	92.50	-
220	Fire	93.00	87.00	90.00	93.00	3.00
230	Emergency Management	1.00	1.00	14.00	14.00	-
240	Inspectional Services	10.00	11.00	11.00	11.00	-
293	Parking	1.00	1.00	1.00	1.00	-
421	DPW Administration	4.50	4.50	4.00	3.50	(0.50)
422	DPW Streets and Sidewalks	15.50	14.50	14.50	14.50	-
430	Solid Waste Disposal	-	-	-	0.50	0.50
470	Structures and Grounds	7.50	7.50	7.00	6.00	(1.00)
510	Health and Human Services	2.50	2.50	2.50	2.50	-
511	Health Officer	9.60	8.10	8.50	8.50	-
541	Elder Affairs	5.00	5.00	4.50	4.50	-
543	Veteran Services	1.00	1.00	1.00	1.00	-
610	Library	8.73	8.23	7.14	7.14	-
630	Recreation and Cultural Affairs	1.00	0.50	0.50	0.50	-
	<b>Total</b>	<b>318.33</b>	<b>300.83</b>	<b>310.64</b>	<b>312.64</b>	<b>2.00</b>

## Grants & Other Special Revenue Funds

Planning	13.00	10.00	10.00	10.00	-
Health and Human Services	30.00	23.00	22.50	22.50	-
<b>Total</b>	<b>43.00</b>	<b>33.00</b>	<b>32.50</b>	<b>32.50</b>	<b>-</b>

## Enterprise Funds

Sewer	2.00	2.00	2.50	2.75	0.25
Water	1.50	2.00	2.50	2.75	0.25
<b>Total</b>	<b>3.50</b>	<b>4.00</b>	<b>5.00</b>	<b>5.50</b>	<b>0.50</b>

## Capital Projects Funds

Administration & Contingency	1.00	0.50	1.00	1.00	-
<b>City-wide Total</b>	<b>365.83</b>	<b>338.33</b>	<b>349.14</b>	<b>351.64</b>	<b>2.50</b>

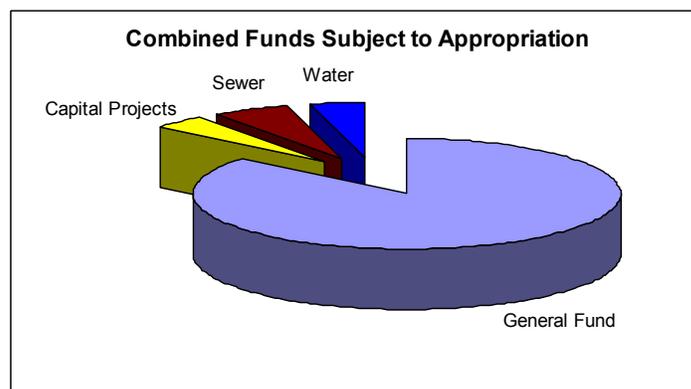
## Position List - School Department

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	Instructional Staff	Specialists	Pupil Support Personnel	Administration	Operations Personnel	<b>Total</b>
Chelsea High School	114.00	22.20	13.00	10.00	8.00	<b>167.20</b>
Eugene Wright School	32.50	12.31	4.50	3.50	6.00	<b>58.81</b>
Joseph A/ Browne School	23.50	12.31	4.50	3.50	-	<b>43.81</b>
Clarke Avenue School	37.00	18.13	5.00	6.00	3.00	<b>69.13</b>
Edgar Hooks School	28.50	14.00	3.25	4.00	-	<b>49.75</b>
William A. Berkowitz School	31.50	14.25	4.25	4.00	2.00	<b>56.00</b>
Frank M. Sokolowski School	35.00	14.00	3.25	4.00	-	<b>56.25</b>
George E. Kelly School	28.00	14.00	3.25	4.00	-	<b>49.25</b>
Shurtleff School - John Silber Learning Center	86.00	12.50	4.00	6.00	2.50	<b>111.00</b>
Tudor Hill School	-	-	-	-	-	-
Sytemwide	11.00	4.00	13.25	36.97	66.25	<b>131.47</b>
<b>District Total</b>	<b>427.00</b>	<b>137.70</b>	<b>58.25</b>	<b>81.97</b>	<b>87.75</b>	<b>792.67</b>

# Consolidated Financial Plan for All Funds Subject to Appropriation

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer</u>	<u>Water</u>	<u>Total (Memo Only)</u>
Beginning Balance <i>estimated</i>	11,249,088.37	2,142,889.00	938,317.84	(428,884.00)	13,901,411.21
<b>Revenue</b>					
Taxes	31,146,837.00				31,146,837.00
Charges for Services	1,651,204.00		6,983,772.00	4,908,395.00	13,543,371.00
Permits	910,710.00				910,710.00
Fines	1,947,690.00				1,947,690.00
Intergovernmental	60,471,183.00				60,471,183.00
Miscellaneous	100.00		15,000.00	25,000.00	40,100.00
Investment Income	1,440,732.00				
Bond Proceeds		4,253,000.00			
Other Financing Sources		514,000.00			514,000.00
Transfers from Other Funds	1,581,001.00				
<b>Total</b>	<u>99,149,457.00</u>	<u>4,767,000.00</u>	<u>6,998,772.00</u>	<u>4,933,395.00</u>	<u>108,573,891.00</u>
<b>Expenses</b>					
General Government	2,981,154.00	368,000.00			3,349,154.00
Public Safety	15,277,116.00	88,000.00			15,365,116.00
Education	47,059,309.00				47,059,309.00
Public Works	4,547,365.00	4,311,000.00	6,286,691.00	4,319,176.00	19,464,232.00
Health and Human Services	991,602.00				991,602.00
Culture and Recreation	337,906.00				337,906.00
State and County Assesments	3,335,648.00				3,335,648.00
Debt Service	10,074,150.00		712,081.00	614,219.00	11,400,450.00
Employee Benefits	17,315,803.00				17,315,803.00
Insurance / Legal Judgements	538,113.00				538,113.00
<b>Total</b>	<u>102,458,166.00</u>	<u>4,767,000.00</u>	<u>6,998,772.00</u>	<u>4,933,395.00</u>	<u>119,157,333.00</u>
Reserve appropriated			67,000.00	67,000.00	
Ending Balance <i>estimated</i>	7,940,379.37	2,142,889.00	1,005,317.84	(361,884.00)	3,317,969.21
<i>Net Change for Year</i>	<i>(3,308,709.00)</i>	<i>-</i>	<i>67,000.00</i>	<i>67,000.00</i>	<i>(3,174,709.00)</i>



Note: This table provides accounting information for only those funds that are subject to appropriation. The City of Chelsea also maintains Special Revenue, Trust, Agency, and Revolving Funds but because these funds are not subject to appropriation they are not included in this presentation.

# Capital Projects Fund Financial Plan

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Capital projects are appropriated by the City Council early in the Calendar year. The funding becomes available at the start of the fiscal on July 1. Very often capital projects will take longer than one fiscal year to complete. The unexpended appropriations continue on to the next fiscal year until complete. For more information about the please refer to Exhibit II. In this exhibit you will find a summary of the program as well as detailed information about each of the 2006 projects.

## Effects of Capital Expenditures on Future Operating Budgets

The impact of each capital project or acquisition is discussed in the Chelsea Capital Improvement Program found in Exhibit II.

## Capital Project Revenue

**Operating Budget:** The City's Capital Improvement Plan (CIP) is funded from various sources. The FY'06 General Fund Operating Budget contains funding for the CIP Manager. Additionally, because of the Massachusetts Education reform Act and the Department of Education's promulgation of the Net School Spending requirements, the City is responsible for funding extraordinary maintenance needs in excess of \$100,000. To meet the Schools Capital requirements, \$150,000 has been added to the General fund operating budget.

**Free Cash:** The City has made supplemental appropriations subsequent to the General Fund Operating Budget for shorted lived capital assets such as trucks, fire alarms systems upgrades and computers. This year the City has chosen to forego any free cash appropriations for capital.

**Grant Funds:** The State supports cities and towns with a roadway resurfacing and improvements through a program know an Chapter 90. The City utilizes our maximum allowance each year. Community Development grants and other grants become available for capital investment and the City will utilize those when available.

**General Fund Bonds:** For capital projects such as major equipment acquisitions, building repairs and infrastructure repairs the City will borrow funds through the issuance of General Obligation municipal bonds.

**Water and Sewer Bonds Proceeds:** The two enterprise funds service their own debt. Projects relating to water delivery are financed with Water Enterprise bonds and the debt service is provided for within the Water Enterprise Fund. Similarly for projects relating to Sewage waste infrastructure and storm water drainage and its inflow and infiltration into the sewage system, are financed with Sewer Enterprise bonds and the debt service is provided for within the Sewer Enterprise Fund. The Massachusetts Water Resources Authority (MWRA) provides the actual water and its treatment. The collection and treatment of the City's wastewater/sewage is also managed by the MWRA. Any debt that the MWRA takes on for its mission is incorporated into the annual assessment to the city from the MWRA.

**MWRA Bonds:** The MWRA offers its member communities no interest loans to undertake certain water and sewer system improvements. As a member community, the City utilizes these loan programs which are in certain cases combined with grants.

# Enterprise Funds Financial Plan

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The Water and Sewer Enterprise Funds are two of the various City funds separated from other City funds and dedicated to tracking and reporting all activities associated with the operation and maintenance of the water distribution and wastewater collection systems in the city. Enterprise funds by State law are required to be self-sustaining, requiring that revenues from operations are sufficient to fund all direct and indirect expenditures of the fund.

## ***Sewer Enterprise Personnel Listing #6000***

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Field Operations Manager	0.50	0.50	0.25	0.25	0.00
Director	0.00	0.00	0.00	0.25	0.25
Assistant Director	0.00	0.00	0.25	0.25	0.00
Business Manager	0.00	0.00	0.25	0.25	0.00
Meter Reader	3.00	1.50	1.50	1.50	0.00
<b>Total Department</b>	<b>3.50</b>	<b>2.00</b>	<b>2.25</b>	<b>2.50</b>	<b>0.25</b>

## ***Water Enterprise Personnel Listing #6010***

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Field Operations Manager	0.50	0.50	0.25	0.25	0.00
Director	0.00	0.00	0.00	0.25	0.25
Assistant Director	0.00	0.00	0.25	0.25	0.00
Business Manager	0.00	0.00	0.25	0.25	0.00
Meter Reader	3.00	1.50	1.50	1.50	0.00
<b>Total Department</b>	<b>3.50</b>	<b>2.00</b>	<b>2.25</b>	<b>2.50</b>	<b>0.25</b>

## Sewer Enterprise

### Sewer Enterprise #6000

Revenue Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Interest & Penalties (417300)	20,424	23,124	10,000	10,000	0
User Charges (421200)	5,657,261	6,755,188	6,147,393	6,983,772	836,379
Sewer Liens (421600)	236,506	356,077	380,000	0	(380,000)
Other	5,998	4,527	5,000	5,000	0
<b>Total Revenue</b>	<b>5,920,189</b>	<b>7,138,916</b>	<b>6,542,393</b>	<b>6,998,772</b>	<b>456,379</b>

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	34,947	77,022	98,000	109,823	11,823
Overtime (5104)	2,543	1,500	1,500	1,500	0
Other Salary & Benefit (5105-5199)	1,150	3,075	3,675	3,615	(60)
<b>Total Wages &amp; Salaries</b>	<b>38,640</b>	<b>81,597</b>	<b>103,175</b>	<b>114,938</b>	<b>11,763</b>
Services (5200-5399)	615,567	726,425	742,425	747,425	5,000
Supplies (5400-5490)	457	500	500	500	0
Other (5491-5799)	5,066,695	5,396,338	5,104,998	5,260,807	155,809
<b>Total Operating</b>	<b>5,682,719</b>	<b>6,123,263</b>	<b>5,847,923</b>	<b>6,008,732</b>	<b>160,809</b>
Capital (5800-5899)	31,211	100,000	100,000	233,468	133,468
Transfer to General Fund for Indirect Costs (591500)	434,233	434,233	491,295	641,634	150,339
<b>Total Department</b>	<b>6,186,803</b>	<b>6,739,093</b>	<b>6,542,393</b>	<b>6,998,772</b>	<b>456,379</b>

## Water Enterprise

### Water Enterprise #6010

Revenue Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Interest & Penalties (417300)	43,715	170,143	53,000	25,000	(28,000)
User Charges (421100)	2,920,039	3,264,031	4,046,841	4,908,395	861,554
Water Liens (421500)	176,491	211,910	245,000	0	(245,000)
Other	5,255	6,983	0	0	0
<b>Total Revenue</b>	<b>3,145,500</b>	<b>3,653,067</b>	<b>4,344,841</b>	<b>4,933,395</b>	<b>588,554</b>

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	53,502	63,419	98,000	109,823	11,823
Overtime (5104)	2,697	6,110	2,000	2,500	500
Other Salary & Benefit (5105-5199)	2,550	4,133	2,675	2,615	(60)
<b>Total Wages &amp; Salaries</b>	<b>58,749</b>	<b>73,661</b>	<b>102,675</b>	<b>114,938</b>	<b>12,263</b>
Services (5200-5399)	578,740	620,494	536,450	552,900	16,450
Supplies (5400-5490)	27,639	77,068	55,500	59,700	4,200
Other (5491-5799)	2,513,158	2,697,824	2,935,721	3,446,490	510,769
<b>Total Operating</b>	<b>3,119,537</b>	<b>3,395,385</b>	<b>3,527,671</b>	<b>4,059,090</b>	<b>531,419</b>
Capital (5800-5899)	16,700	132,971	100,000	100,000	(32,971)
Transfer to General Fund for Indirect Costs (591500)	543,124	543,124	614,495	659,367	44,872
<b>Total Department</b>	<b>3,738,110</b>	<b>4,145,141</b>	<b>4,344,841</b>	<b>4,933,395</b>	<b>555,583</b>

## Enterprise Funds Revenue

**Interest and Penalties:** Some ratepayers pay their water & sewer bills late. In these cases the City charges an interest penalty of 14%

**Liens:** At the end of each fiscal year an analysis of the accounts with outstanding balances on the water and sewer accounts is performed. If an account has an unpaid balance in excess of two hundred dollars, the amount is relieved from the water and sewer bill and placed on the Real Estate account and collected with the property tax bill. This year we have chosen to foregone this revenue estimate and instead budget the full current bill as if will be collected. This is the practice used in Real Estate taxes.

We set the estimate of receipt for Real Estate tax equal to what is being billed. We know that the amount that will not be collected is offset by the amount collect for prior years. We are confident that this same sort of event will happen with respect to water and sewer usage.

This revised way of setting our revenue estimate also helps us better link the amount of water consumed, the s and sewerage service metered to the billing rates and to the actual revenue billed and collected.

**Usage Charges:** Below is the support to the Estimates of Revenue and the Consumption/Usage estimates used to calculate the necessary rates for FY'06.

Consumption Estimates CFs		
	Sewer	Water
Tier 1 0 - 1,000 cu. Ft.	48,181,941	33,996,396
Tier 2 1,001 - 5,000 cu. Ft.	37,791,380	42,028,901
Tier 3 5,001 - above cu. Ft.	47,261,146	60,950,749
Total Billable Consumption	133,234,467	136,976,046

Application of Rates \$/HCFs		
Tier 1 0 - 1,000 cu. Ft.	\$3.17	\$1,077,534.33
Tier 2 1,001 - 5,000 cu. Ft.	\$3.50	\$1,472,002.48
Tier 3 5,001 - above cu. Ft.	\$3.87	\$2,358,858.19
Total Water		<b>\$4,908,395.00</b>
Tier 1 0 - 1,000 cu. Ft.	\$4.73	\$2,279,005.81
Tier 2 1,001 - 5,000 cu. Ft.	\$5.23	\$1,975,223.16
Tier 3 5,001 - above cu. Ft.	\$5.78	\$2,729,543.03
Total Sewer		<b>\$6,983,772.00</b>
Tier 1 0 - 1,000 cu. Ft.	\$7.90	\$3,356,540.13
Tier 2 1,001 - 5,000 cu. Ft.	\$8.73	\$3,447,225.64
Tier 3 5,001 - above cu. Ft.	\$9.65	\$5,088,401.22
Total Combined		<b>\$11,892,167.00</b>

Annual Combined Water and Sewer Costs for User based on Annual Consumption of 120 HCF	
Water Use	\$380.35
Sewer Use	\$567.60
<b>Combined</b>	<b>\$947.95</b>

# General Fund Financial Plan

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## General Fund Revenue

A key component of the budget development process is the identification of revenue assumptions and projections to determine the range of choices that the City Manager and City Council can make in allocating resources. The City's revenue plan attempts to balance the desire to manage the impact of government cost on the taxpayer, to provide for a relatively stable and diversified revenue portfolio that limits the impact of economic fluctuations, and to equate the cost of services to the revenues received. Because of the critical nature of this information, the revenue analysis and the revenue projections are monitored and updated by the Budget Director and presented to senior management on a monthly basis. If significant changes in revenue streams were detected, this process would allow the action(s) to be taken in time to better react to the fiscal reality.

The City does not have the statutory ability to change rates and formulas for many of its revenue sources. The rates and/or formulas for property tax and certain fines, for example, have ceilings set by the State. (User fees, permits and licenses may be set by the City). In 1980, voters approved a statewide property tax initiative, Proposition 2 ½, which established, among several restrictions, a "2 ½ percent cap" on property taxes increases in all local taxing districts in the State.

The City has worked to find new sources of local revenue through economic development activities. As a result of an aggressive economic development agenda, the City has realized success on the strategy of converting vacant, under-utilized and under-performing properties into higher and better uses. The result has been the expansion of the City's tax base. Additionally, strategies to increase other revenues, including Motor Vehicle and Hotel Excise Taxes, have been implemented and been successful.

The City is cautious about including one-time revenue in any operating budget. The sustainability and consistency of every revenue sources is an important consideration when budgeting.

City revenues are divided into six basic categories recommended by the National Committee on Governmental Accounting. The categories are Taxes, Charges for Services, Licenses and Permits, Fines and Forfeits, Intergovernmental Revenue, and Miscellaneous Revenue.

### **TAXES**

#### [Real and Personal Property Tax](#)

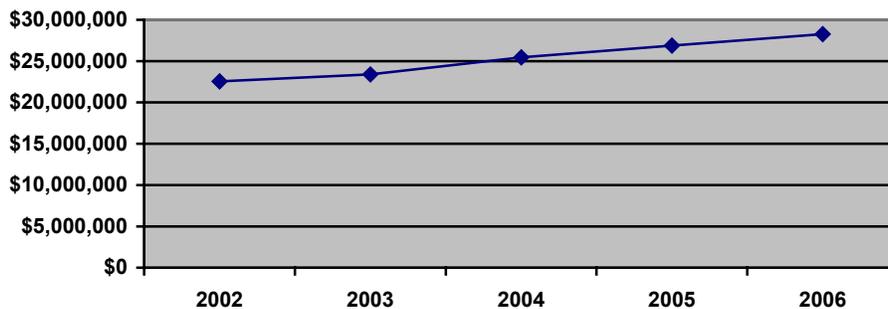
Although the significance as a percentage of all revenues can greatly differ from community to community, a primary source of revenue for municipalities in the commonwealth is real and personal property taxes. For purposes of taxation, real property includes land, buildings and improvements erected or affixed to land and personal property consists of stock, inventory, furniture, fixtures and machinery of certain businesses. The City's Board of Assessors determines the value of all taxable land, which is revalued at fair market value every three years and updated every year. The City revalued all real property in FY'04. FY'07 is the next scheduled revaluation year for the City. The City's Board of Assessors is also responsible for determining the value of personal property through an annual review process.

**Major Changes:**

There are three major factors that influence the amount of revenue generated by real and personal property taxes:

1. Automatic 2.5% Increase – The levy limit is the maximum amount that can be collected through real and personal property taxes by the municipality. Each year, a community’s levy limit automatically increases by 2.5% over the previous year’s levy limit. This increase, which does not require any action on the part of local officials, is estimated to be \$672,040 for FY’06.
  
2. New Growth – A community is able to increase its tax levy limit each year to reflect new growth in the tax base. New Growth is the investment made to Real Property as measured through the issuance of Building Permits. Assessors are required to submit information on growth in the tax base for approval by the MA Department of Revenue as part of the tax rate setting process. In FY’06, based on current trends, new growth is estimated to be \$700,000.
  
3. Overrides/Exclusions – A community can permanently increase its levy limit by successfully voting an override. Debt and Capital Exclusions, on the other hand, are temporary increases in a community’s levy limit for the life of the project or debt service. Only a Debt or Capital Exclusion can cause the tax levy to exceed the levy ceiling. The levy ceiling is 2.5% of the valuation of the community. The ceiling for the City in FY’05 was \$57,078,373. The ceiling for FY’06 will be established in December of 2005. As the following shows, the City is substantially under its levy ceiling.

Year to Year Comparison	FY’03 <i>actual</i>	FY’04 <i>actual</i>	FY’05 <i>Per Recap</i>	FY’06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Tax Levy <i>gross overly</i>	23,403,707	25,479,616	26,881,580	28,253,620	1,372,040	5.10%



(NOTE: Although many communities since the adoption of Proposition 2 ½ have voted to support overrides and/or exclusions, especially those relating to school construction, Chelsea voters have never done so. Since the City emerged from Receivership in 1995, City financial policy has been developed, in part, to avoid the need to request an override or exclusion. The FY’06 Budget has been developed and supported without the need or anticipation of an override or exclusion vote.)

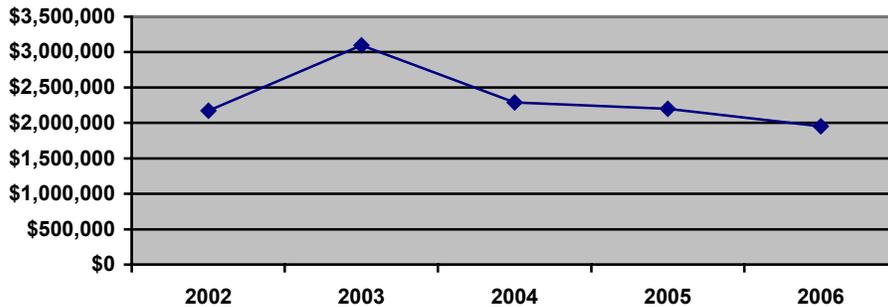
[Motor Vehicle Excise Tax Receipts](#) - State law (Proposition 2 ½) sets the motor vehicle excise rate at \$25 per \$1000 valuation. The City collects these monies based on data provided by the Massachusetts Registry of Motor Vehicles. The Registry, using a statutory formula based on a manufacturer’s list price and year of manufacture, determines valuations. The city or town in which a vehicle is principally garaged at the time of registration collects the motor vehicle excise tax.

Those who do not pay will not be allowed to renew registrations and licenses by the Registry of Motor Vehicles. Cities and towns must notify the Registry of delinquent taxpayers and the City currently prepares an excise collection report on computer tape for the Registry of Motor Vehicles.

**Major Changes:**

This revenue source had expanded in recent years as the City has focused on this category as a source of revenue expansion by attracting companies that register a large number of vehicles. City experience suggests that commercial vehicle fleets (car rental companies etc.) are volatile and subject to market fluctuations. Excise receipts are expected to decline again slightly in FY'06.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Motor Vehicle Excise	3,095,839	2,287,940	2,200,000	1,950,000	(250,00)	-11.36%



[Penalties and Delinquent Interest](#) - This category includes delinquent interest on all taxes and tax title accounts. It also contains demand fees on real and personal property taxes as well as demands and warrants on late motor vehicle excise taxes.

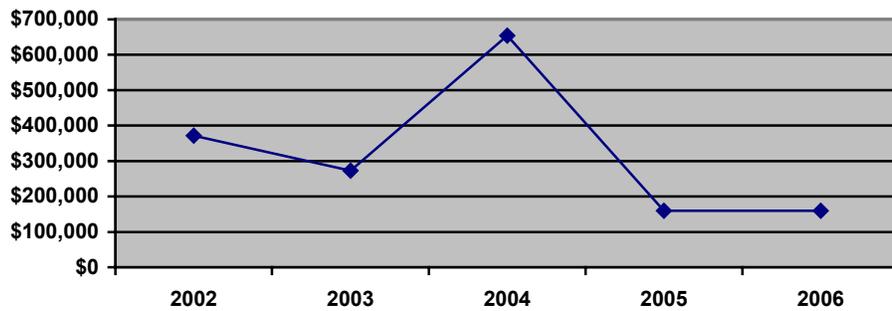
[Delinquent Interest and Penalty Charges](#) - The City receives interest on overdue taxes and water/sewer service charges. Interest rates for overdue real and personal property taxes are 14%, and for tax title accounts, 16%. The interest rate for delinquent excise tax accounts is 12%. The interest rate on delinquent water/sewer services is 14%. State law dictates the interest rate for taxes, while City ordinance sets the rate for water/sewer charges. If real and personal property taxes are not paid by May 1, in the year of the tax, a demand for payment notice (\$5) is sent to all delinquent taxpayers. Delinquent motor vehicle taxpayers are sent a demand (\$5), a warrant (\$5), and two separate notices from a deputy tax collector (\$9 and \$14). The deputy collector's earnings come solely from delinquent penalty charges, and not from any salary or other form of compensation. Demands are (\$5) for delinquent water/sewer service accounts, which are subject to a lien on the real estate tax bill. Once a delinquent real estate account goes into a process of tax title, there

are other fees added to the property tax bills. These charges include the cost of recording the redemption (\$10/20) and demand notices.

**Major Changes:**

Due to some one time payments, the amount collected in Tax Title Interest may exceed the amount budgeted in any given year. Because of the unpredictability of Tax Title collection and the aggressive collection efforts of the Treasurer’s office over the last few years, the Tax Title balance has been reduced substantially and the interest charged was unusually high. As a result, the City reduced its estimate for FY’05 and anticipates no increase in the collection of Tax Title interest and penalties on real estate taxes or any one-time payments in FY’06

Year to Year Comparison	FY’03 <i>actual</i>	FY’04 <i>actual</i>	FY’05 <i>budgeted</i>	FY’06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Interest and Penalties	272,769	654,566	160,000	160,000	0	0.00%



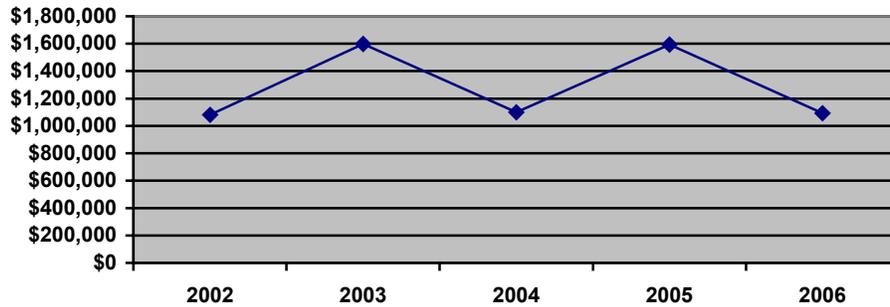
Payments In Lieu Of Tax - Many communities, Chelsea included, are not able to put all the property within its borders to productive, tax generating uses. Federal, state and municipal facilities, hospitals, churches and colleges are examples of uses that are typically exempt from local property tax payments.

The “In Lieu Of Tax” Payment program was instituted by the City to partially offset the loss of tax revenue that may have otherwise been generated on tax-exempt property. The City negotiates with Massport, relative to the Tobin Memorial Bridge, for payments. Additionally, when new construction occurs on property tax exempt facilities, like the development of the Beth Israel Health Care or Massachusetts Information Technology Center, the City seeks to negotiate separate PILOT agreements.

**Major Changes:**

The City is currently negotiating a new agreement with Massachusetts Port Authority that could fund at least \$500,000 in FY’06. While an expectation existed that a new Massport agreement in FY’05 would result in a total of \$1,000,000 in revenues, only \$500,000 of the amount was realized.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
PILOT	\$1,597,415	1,099,111	1,592,945	1,092,945	500,000	45.75%



## CHARGES FOR SERVICES

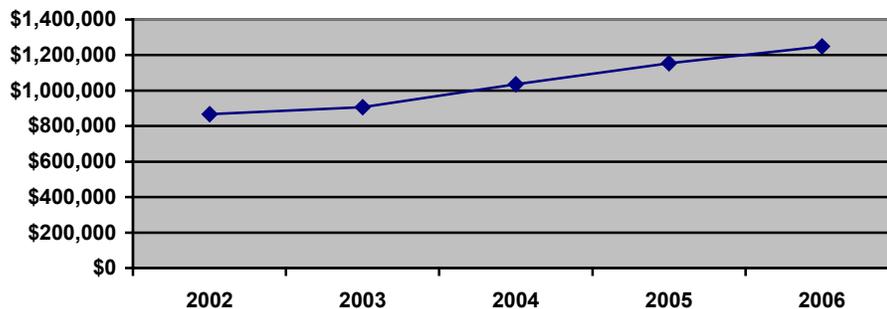
[Services / Charges / User Fees](#) - Charges for services are a revenue source to assist municipalities to offset the cost of certain services provided to the community. With limited tax revenue and small increases in non-school local aid, the City does impose charges for the delivery of some services that were formerly financed through property taxes or other receipts. In FY'06, service charges and user fees will account for only 1.62% of the total General Fund revenues.

[Charges For Services / DPW / Solid Waste Fees](#) - During Receivership, a trash fee was imposed upon all residential and commercial customers utilizing solid waste removal services. As the City's finances improved there was a reduction in those impacted by the fee, as owner-occupied units and then all units within the same dwelling as an owner-occupant were dropped from the categories assessed a fee. The fee charged to investor residential property and commercial customers utilizing the City service will increase by 5%. Other revenue increases expected include charges to third parties such as the Chelsea Housing Authority, for pick-up.

### Major Changes:

The increase from FY'05 to FY'06 reflects the trash fee increase.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Trash Fee	\$907,205	1,034,814	1,153,657	1,249,404	95,747	8.30%



[Trash Liens on Tax Bills](#) - The City established a policy in 1996 to improve collection activities relating to trash bills. Under that policy, which is still in effect, delinquent trash fees and accumulated interest (as well as unpaid water and sewer charges) are placed on the property owner's third quarter tax bill. That lien adds to the principal owed on the property and could result in tax title activity if left unpaid. The policy produces equity in the billing and collection process by ensuring that those who owe trash fees are under an obligation to pay those fees.

[Municipal Lien Certificates](#) - The City Treasurer/Collector issues a certificate indicating any amount owned on a particular parcel of property to an individual requesting the information within five days of the request. The costs range from \$10 to \$100 depending on the property.

## **LICENSES AND PERMITS / SUMMARY**

[Licenses](#) - License revenue arises from the City's regulation of certain activities (e.g., selling alcoholic beverages). A person or organization pays a license fee to engage in the activity for a specified period. The primary licensing agency in the City is the Licensing Commission, which consists of a five-member board, including 4 residents and the Director of the Department of Inspectional All fees are set by one of three methods: State law, City ordinance or Licensing Commission order.

[Permits](#) - Permits are also required when a person or business wants to perform a municipally regulated activity (e.g., building, electrical, or plumbing services). The bulk of the permit revenue is brought in through building permits and collected by the Inspectional Services Department. All construction and development in the city must be issued a building permit based on the cost of construction

The most common licenses and permits are briefly described on the following pages. A complete fee structure is available from the Licensing Department and the Inspectional Services Department.

[Liquor Licenses](#) - Under Chapter 138 of the Massachusetts General Laws, the City is empowered to grant licenses regulating the sale of alcoholic beverages. License fees vary depending upon the type of establishment, closing hours, number of days open, and whether the licenses is for all alcohol or beer and wine. All licenses issued by the Licensing Commission, with the exception of short-term and seasonal liquor licenses, have a maximum fee set by State statute. The Licensing Commission does not charge the maximum fee for liquor licenses or weekend licenses, although it does for all other licenses. The Commission at various times holds discussions on the issue of increasing liquor license fees.

The City may issue liquor licenses within the limits of the State quota system, which is based on population. The City was already under the quota when the population increase revealed in the 2000 US Census increased the licenses available to the City by seven. The City remains under the cap. Short-term and seasonal licenses carry a fee and do not fall under the State cap. Total revenue from short-term licenses will depend on the number and length of events that receive licenses.

[Common Victualer](#) - The common victualer license allows food to be made and sold on the premises.

[Entertainment](#) - Entertainment licenses are issued for live performances, movie theaters, automatic amusement machines, billiard tables, bowling alleys and several other forms of entertainment.

[Building Permits](#) - Building permits are issued to qualified individuals and companies to do repairs, alterations, new construction or demolitions in the city. The cost of permits is based on the estimated cost of the project or by a set fee.

[Electrical Permits](#) - Electrical permits are issued to licensed electricians to perform specific electrical work. The cost of the permit is dependent on the number of switches, lights, alarms and other electrical components included in the job.

[Plumbing Permits](#) - Plumbing permits are issued to licensed plumbers to install and repair piping for a specific job. The fee is based on the amount and type of work being done.

[Weights & Measures](#) - Weights & Measures permits are issued for scales, gas pumps and other measuring devices.

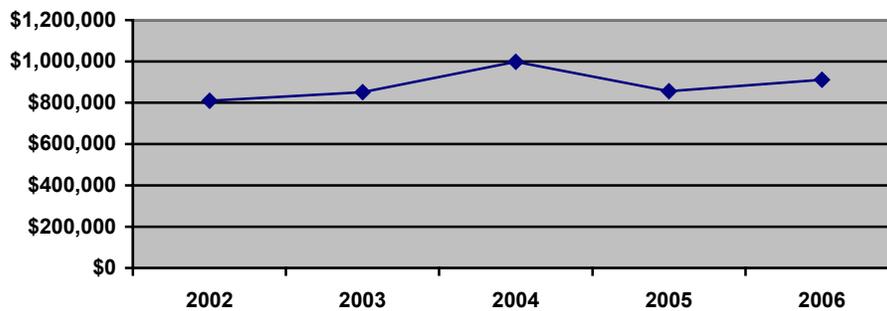
[City Clerk Licenses & Permits](#) - The City Clerk issues licenses and permits primarily relating to marriages, births, deaths and dog registrations.

[Other Departmental Permits](#) - Other departments issue various permits, including smoke detector, LP gas, underground tank installation and removal, firearms, parking and street opening.

**Major Changes:**

The City, like most other communities, was forced to raise license and permit fees in order manage budget difficulties in FY'04. While maintaining some growth relative to prior years, the FY'06 estimate has been adjusted slightly upward from FY'05 to reflect a more accurate level of receipt of those new fees.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Licenses and Permits	\$850,521	999,082	855,360	910,710	55,350	6.47%



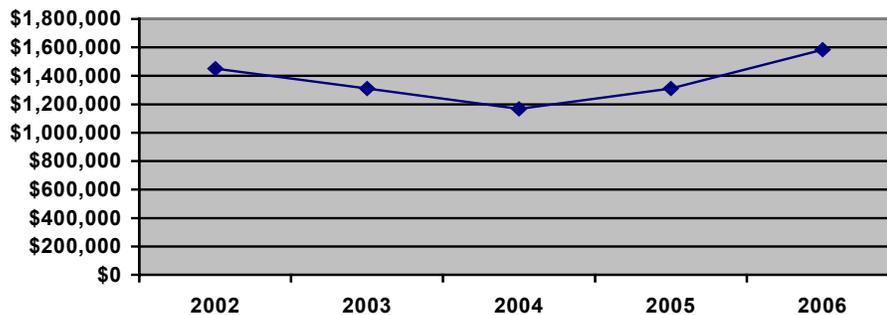
## FINES AND FORFEITS

[Parking Fines](#) - The collection of outstanding parking fines continues to be a significant source of local revenue. The timely collection of fines has been aided by automation, and by State law that violators are prohibited from renewing their drivers licenses and registrations until all outstanding tickets are paid in full.

### Major Changes:

Residential Sticker programs have been adopted in several neighborhoods, which could result in fines increasing although only slightly. Additionally for FY'06, we have added a nighttime parking enforcement will be reinstated to result in safer parking conditions in the nighttime hours. Any additional revenue generated by nighttime enforcement will be offset, in part, by enforcement costs.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Parking Fines	\$1,311,694	1,167,146	131,1000	1,584,090	273,090	20.83%



[Moving Violations](#) - Non-parking offenses result in fines for moving violations. Responding to the community's desires and public safety concerns that mostly focused on speeding violations in local neighborhoods, the City established a Traffic Enforcement Unit within the Police Department in 2001. This effort is being augmented this fiscal year with the expansion of the Traffic Unit into evening hours. Among the violations included in this category are speeding, passing in the wrong lane and failing to stop at the traffic signal. These fines, collected by the District Court, are distributed to the City on a monthly basis

## INTERGOVERNMENTAL REVENUE

[Cherry Sheet](#) - State Cherry Sheet revenue funds are the primary intergovernmental revenue and in the case of many cities, Chelsea included, the single largest source of annual revenue. Cherry Sheet revenue consists of direct school aid (Chapter 70), Lottery Aid and Additional Assistance as well as specific reimbursements and distributions such as aid to public libraries, veteran's benefits, police career incentives, and a number of school related items. For the FY'06 Budget process, the City projected reductions in Cherry Sheet revenues based on conservative assumptions reflecting "worse case scenarios" offered by State budget leaders.

Every year the Commonwealth sends out to each municipality a "Cherry Sheet", named for the pink-colored paper on which it was originally printed. The Cherry Sheet comes in two parts, one listing the State assessments to municipalities for MBTA, MAPC, air pollution control districts and the other State

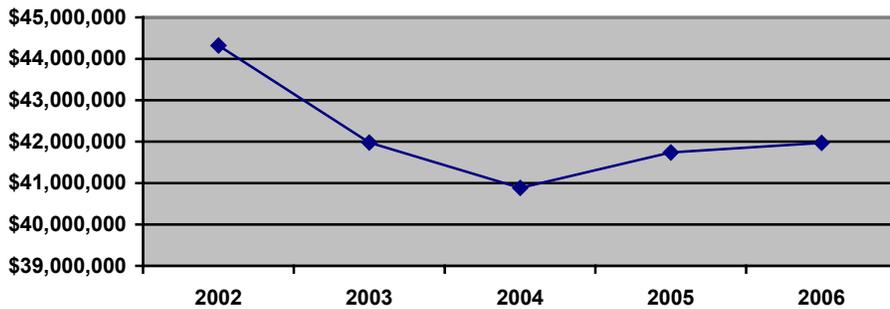
programs; the other section lists the financial aid the City will receive from the State for funding local programs. Cherry Sheet receipts include:

**School Aid** - Chapter 70 school aid is based on a complex formula that takes into account: (1) statewide average cost per pupil; (2) local district pupil counts, with weighing factors to reflect varying costs among programs such as special education or vocational education, and (3) municipal fiscal "ability to pay" for education, as measured by equalized valuation per capita as a percent of statewide averages. Currently, the City has per-pupil costs that are less than statewide averages. Therefore, the City's reimbursements are "cost-driven", rather than "pupil-driven" in terms of year to year changes.

**Major Changes:**

The Chapter 70 School Aid estimate includes an increase of \$231,664 over the actual distribution of aid received for FY'05 of \$40,885,822. The City's estimate is based on the Governor's budget as proposed. As other State Aid amounts change as they go through the legislative process so to could this school aid amount.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Chapter 70 School Aid	\$41,980,395	40,885,820	41,740,214	41,971,878	231,664	0.56%



**Local Aid** - The major non-school state aid items are Lottery Aid and Additional Assistance. These funds are unrestricted and can therefore be used by the municipality for any municipal purpose. The FY'06 Budget is based on the Governor's budget, which includes modest increases in local aid for the City.

**Major Changes:**

While Additional Assistance is remaining level, Lottery Aid is increasing. This increase in Lottery Aid is consistent with the one time additional disbursement of Lottery Aid granted but not budgeted by the City.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Lottery Aid	\$5,063,162	4,747,616	4,747,616	5,529,762	782,146	14.14%
Additional Assistance	\$3,622,655	3,396,864	3,396,84	3,396,864	0	0.00%

**School Transportation** - Under Chapter 71, Section 7A, municipalities are reimbursed for prior year expenses for general pupil transportation. Reimbursement is provided only for pupils transported more than

1.5 miles, one way, and is subject to a \$5 per pupil local share deductible. Chapter 71A, Section 8, and Chapter 71B, Sections 13 and 4, reimburse municipalities for bilingual and special needs transportation, with special needs transportation not being subject to the 1.5 mile requirement. Chapter 71, Section 37D, reimburses for the costs of transporting pupils for the purpose of eliminating racial isolation and imbalance, also without a mileage requirement.

[School Construction](#) - The School Building Assistance Act, as amended, provides for the reimbursement of school construction projects that involve any of the following: The replacement of unsound or unsafe buildings; the prevention or elimination of overcrowding; prevention of the loss of accreditation; energy conservation projects, and the replacement of, or remedying of, obsolete buildings. The law also provides formulas (involving equalized valuation, school population, construction costs, and interest payments) for reimbursement of costs that include fees, site development, construction and original equipping of the school.

[Police Career Incentive](#) - Under Chapter 41 of the General Laws, members of participating police departments receive a salary increase predicated on the amount of college credits earned toward a law enforcement degree. The Commonwealth reimburses municipalities for one-half of this salary increase. Under the revised law, officers are awarded a ten-percent increase in their base pay for an Associate's Degree, a twenty percent increase for a Bachelor's Degree and a twenty-five percent increase for a Master's Degree.

[Veterans' Benefits and Aid to Needy Dependents of Veterans](#) - Under Chapter 115, Section 6, municipalities receive a seventy-five percent State reimbursement on the total expenditures made on veterans' benefits. Regulations governing veteran's benefits are set by the state as well.

[Highway Fund Distribution](#) - Chapter 81, Section 31, of the Mass. General Laws directs funds from the State's highway fund reimbursements municipalities for certain roadway projects.

[Real Estate Abatements](#) - The State reimburses the City for loss of taxes due to real estate abatements to veterans, surviving spouses and the legally blind. The abatement categories are authorized by the State. The City is not empowered to offer abatements in other categories. Under Chapter 59, Section 5, municipalities are reimbursed for amounts abated in excess of \$175 of taxes of \$2,000 in valuation times the rate, whichever is greater. Qualifying veterans or their surviving spouse receive an abatement of \$175 or \$2,000 in valuation times the tax rate, whichever is the greater. Chapter 59, Section 5, Clause 17c as amended by Section 2, Chapter 653 of the Acts of 1982, provides a flat \$175 in tax relief to certain persons over seventy, minors, and widows/widowers. Chapter 59, Section 5, Clause 37a, as amended by Section 258 of the Acts of 1982, provides an abatement of \$500 for the legally blind.

[Elderly Exemption](#) - Under Chapter 59, Section 5, Clause 41b, of the General Laws as amended by Section 5, of Chapter 653 of the Acts of 1982, qualifying persons over seventy years of age are eligible to receive a flat tax exemption of \$500.

[State Owned Land](#) - The State reimburses communities in which certain types of state owned land is located. Payment is for the amount of tax on the land only if the parcel were held privately, not for buildings or any other improvements erected on or affixed to the land.

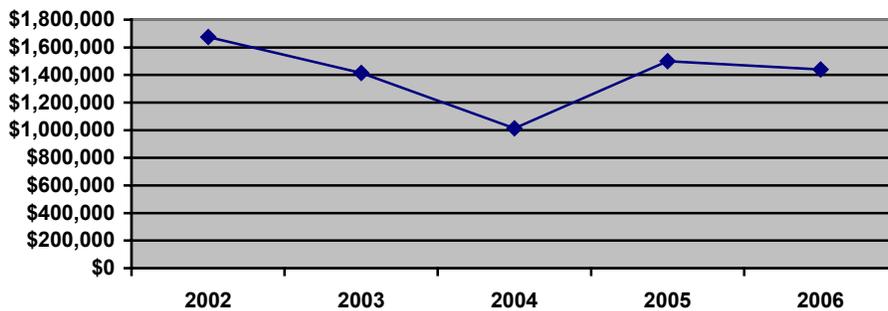
**MISCELLANEOUS REVENUE**

[Interest On Investments](#) - Under Chapter 44 Section 55B, all monies held in the name of the city which are not required to be kept liquid for purposes of distribution shall be invested in such manner as to require the payment of interest on the money at the highest possible rate reasonably available. The investment decision must take into account safety, liquidity and yield.

**Major Changes:**

Through increased cash flow forecasting and improved investment strategies implemented by the City's Treasurer, interest on investments has increased significantly during the past several years. The City expects to earn slight less than budgeted in FY'05. Despite rising interest rates, the City's cash balances will continue to be reduced due to the reliance on fund balance to help balance the budget.

Year to Year Comparison	FY'03 <i>actual</i>	FY'04 <i>actual</i>	FY'05 <i>budgeted</i>	FY'06 <i>estimated</i>	\$ Change <i>FY05-FY06</i>	% Change <i>FY05-FY06</i>
Interest on Investments	\$1,413,501	1,012,029	1,500,000	1,440,732	(59,268)	-3.95%



**INTERGOVERNMENTAL / INTERFUND TRANSFERS**

[Water and Sewer Fund Transfer](#) - The Water and Sewer Enterprise Funds, financed by water and sewer usage charges, provide reimbursements for direct and indirect costs associated with a variety of City services, including those offered by MIS, the Auditor, the City Manager, Treasury, Personnel, Law and the City Clerk. Additionally, enterprise funds provide reimbursements for employee benefits and maintenance of the Water and Sewer accounting and billing systems.

[State Grants](#) - The only State grant appropriated in the General Fund in FY'05 is for Emergency Management. The reimbursement, which is actually a pass through from the Federal government, covers a portion of the City's Emergency Management salary expenditures.

[Chapter 1 Reimbursement](#) - The School Department reimburses the City for expenses related to employee benefits for grant-funded positions in the schools. The City also receives payments for Medicaid reimbursement for services rendered to special education or special needs students in the Chelsea Public Schools.

[Parking Meter Reserves](#) - The Parking Meter Reserve fund consists of revenue from meter permits and meter collections. These revenues are then transferred into the General Fund to support general government services. \$145,000 has been included from this fund as revenue to the General Fund for FY'06.

## General Fund Revenue Summary Table

Revenue Summary	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>Taxes</b>	28,159,625	30,181,192	30,379,363	31,146,837	767,474
<b>Charges for Services</b>	1,495,618	1,518,371	1,631,357	1,651,204	19,847
<b>Licenses &amp; Permits</b>	850,521	999,082	855,360	910,710	55,350
<b>Fines &amp; Forfits</b>	1,578,661	1,417,772	1,693,163	1,947,690	254,527
<b>Intergovernmental</b>	61,868,712	59,352,254	59,507,872	60,471,183	963,311
<b>Miscaelaneous Revenue</b>	1,627,716	1,129,859	1,500,000	1,440,832	(59,168)
<b>Other Financing Sources</b>	2,108,730	2,178,444	3,931,331	4,414,491	483,160
<b>Total</b>	<b>97,689,583</b>	<b>96,776,974</b>	<b>99,498,446</b>	<b>101,982,947</b>	<b>2,484,501</b>

## General Fund Revenue Detail Tables

Revenue Detail	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>TAXES</b>					
Personal Property	1,128,426	1,093,928	1,200,000	1,200,000	0
Real Estate Taxes	21,909,496	24,902,233	25,026,418	26,518,892	1,492,474
Motor Vehicle Excise	3,095,839	2,287,940	2,200,000	1,950,000	(250,000)
Hotel/Motel Tax Ch 145	155,680	143,414	200,000	225,000	25,000
Interest /Penalties on Taxes	81,405	91,120	50,000	50,000	0
Interest /Penalties on Tax Titles	105,848	473,812	60,000	60,000	0
Interest /Penalties Excise & Charges	77,059	89,633	50,000	50,000	0
Interest /Penalties on Solid Waste	8,458	0	0	0	0
Payment in Lieu of Taxes	1,597,415	1,099,111	1,592,945	1,092,945	(500,000)
<b>TOTAL TAXES</b>	<b>28,159,625</b>	<b>30,181,192</b>	<b>30,379,363</b>	<b>31,146,837</b>	<b>767,474</b>

Revenue Detail	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>CHARGES FOR SERVICES</b>					
Fees Lien Certificates	56,860	46,950	90,400	78,200	(12,200)
MV Registry Clears	234,589	220,614	225,000	220,000	(5,000)
Fee Fire Alarm Connects - DPW	3,280	2,860	0	0	0
Interest/Penalties - DPW	0	7,210	0	0	0
Fees Police Details	38,940	42,246	38,000	35,000	(3,000)
Fees Fire Details	4,261	11,340	3,900	10,000	6,100
Fees Licensing Applications	0	0	0	0	0
Fees Zoning Board	12,750	15,300	12,000	10,000	(2,000)
Fees Planning & Dev Application	0	0	0	0	0
Fees Copies of Certificates	30,470	46,467	28,000	30,000	2,000
Fees Copies of Reports - Police	3,934	5,651	4,000	5,000	1,000
Fees Copies of Reports - Fire	88	169	100	100	0
Fees Cable Franchise	3,871	3,888	35,000	3,800	(31,200)
Vehicle Lease Surcharge	1,319	1,979	1,000	1,500	500
Trash Removal Charges	907,205	1,034,814	1,153,657	1,249,404	95,747
Fee Rubbish Decals	(20)	16,820	0	8,000	8,000
Fee Sale of Bags	216	124	300	100	(200)
Fee Compost Bins	104	48	0	100	100
Trash Charges Liated to Taxes	59,371	61,891	40,000	0	(40,000)
Trash Settlement	138,380	0	0	0	0
<b>TOTAL CHARGES FOR SERVICES</b>	<b>1,495,618</b>	<b>1,518,371</b>	<b>1,631,357</b>	<b>1,651,204</b>	<b>19,847</b>

<b>Revenue Detail</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
<b>LICENSES AND PERMITS</b>					
Licenses Alcoholic Beverages	121,710	135,478	130,000	130,000	0
Licenses Common Victualers	4,125	8,575	8,000	8,000	0
Licenses Various Clerk	11,037	15,339	12,000	12,000	0
Licenses Various	43,594	83,807	45,000	50,000	5,000
Licenses Petroleum Storage	61,120	76,320	68,000	60,000	(8,000)
Licenses Business Certificates	3,155	3,210	3,000	3,000	0
Licenses Funeral Director	350	350	0	350	350
Licenses Rooming Houses	1,125	1,125	1,100	1,100	0
Licenses Automobiles	3,365	6,960	4,760	4,760	0
Licenses Hackney	4,705	5,630	3,500	3,500	0
Permit Alterations/Sign	276,518	253,841	264,000	290,000	26,000
Permit Cert. OF Occupancy	8,770	23,050	10,000	10,000	0
Permit New Buildings	31,175	44,755	50,000	50,000	0
Permit Electrical	50,080	63,866	50,000	50,000	0
Visitor Passes	0	2,873	0	2,000	2,000
Permit Cert. of Inspection	5,182	11,240	7,500	7,500	0
Permit Copies/Research Plans	252	159	200	200	0
Permit Gas/Plumbing	18,570	26,145	24,000	24,000	0
Permit Sidewalks/Streets	3,650	3,950	3,000	3,000	0
Permits Firearms	4,815	3,625	4,800	4,800	0
Permit Cert. of Fitness	34,300	63,765	35,000	40,000	5,000
Permit Dumpsters	29,150	53,350	30,000	50,000	20,000
Permit Pools/Baths/Tanning	710	525	200	200	0
Permit Sale of Food	41,500	35,845	35,000	35,000	0
Permit Caterers	700	700	700	700	0
Permit Bars & Clubs	1,350	1,200	1,300	1,300	0
Permit Temporary	650	1,650	1,000	1,500	500
Permit Tobacco	0	0	0	0	0
Permit Burial	2,450	2,190	2,500	2,000	(500)
Permit Summer Camps	100	100	100	100	0
Permit Weights & Measures	17,839	22,031	15,000	20,000	5,000
Permits Smoke Inspections	10,925	15,130	11,000	11,000	0
Permits Quarterly Insp. Fire	0	0	0	0	0
Permits Oil Burner Inspection	675	975	700	700	0
Permits Tank Truck Inspect.	5,275	1,500	2,000	2,000	0
Permits Misc. Fire	1,973	4,850	2,000	2,000	0
Permit Street Openings - DPW	38,236	15,100	20,000	20,000	0
Permit Parking	11,389	9,872	10,000	10,000	0
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>850,521</b>	<b>999,082</b>	<b>855,360</b>	<b>910,710</b>	<b>55,350</b>

Revenue Detail	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>FINES</b>					
Fines - CMVI	179,720	121,476	295,563	250,000	(45,563)
Fines - Non-Criminal 21D	25,530	33,447	24,000	52,000	28,000
Fines - Library	5,020	113	2,100	0	(2,100)
Fines - Parking Tickets	1,311,694	1,167,146	1,311,000	1,584,090	273,090
Fines - Towing	43,030	60,210	48,000	48,000	0
Fines - Alarm Malfunctions Fire		0			0
Fines - Bad Checks	3,440	4,325	3,500	3,600	100
Court Fines	10,227	31,055	9,000	10,000	1,000
<b>TOTAL FINES &amp; FORFEITS</b>	<b>1,578,661</b>	<b>1,417,772</b>	<b>1,693,163</b>	<b>1,947,690</b>	<b>254,527</b>

Revenue Detail	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>INTERGOVERNMENTAL</b>					
Other	0	6,618	0	0	0
Medicaid	1,711,824	735,464	600,000	600,000	0
Quig/Mace	0	232,689	0	0	0
Misc. State	0	0	13,533	13,533	0
Veterans Abatements	0	0	13,398	13,398	0
Surviving Spouse Abatements	22,248	0	22,250	22,250	0
Blind Abatements	38,798	37,628	1,575	1,980	405
Elderly Abatements	54,800	20,636	20,636	20,624	(12)
State Owned Land	41,380	33,128	33,175	62,571	29,396
Charter School Reimbursement	0	83,093	134,309	274,519	140,210
Charter School Capital Reimbursement	0	0	0	64,350	64,350
School Construction	8,955,341	8,586,531	8,385,911	8,093,288	(292,623)
School Transportation	0	170,717	0	0	0
School - Chapter 70	41,980,395	40,885,820	41,740,214	41,971,878	231,664
Urban Redevelopment	0	15,000	0	0	0
Tuition State Wards	0	0	0	0	0
Other State Schools	860	505	0	0	0
Police Career Incentive	225,896	250,893	247,974	250,000	2,026
Veterans Benefits	151,323	149,052	150,417	156,166	5,749
Additional Assistance	3,622,655	3,396,864	3,396,864	3,396,864	0
Transitional Mitigation	0	0	0	0	0
Lottery	5,063,192	4,747,616	4,747,616	5,529,762	782,146
Highway Fund	0	0	0	0	0
Public Libraries	0	0	0	0	0
<b>TOTAL INTERGOVERNMENTAL</b>	<b>61,868,712</b>	<b>59,352,254</b>	<b>59,507,872</b>	<b>60,471,183</b>	<b>963,311</b>

Revenue Detail	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>MISCELLANEOUS REVENUE</b>					
Sale of Assets - DPW	4,949	0	0	0	0
Sale of Fixed Assets	167,588	490	0	0	0
Miscellaneous Revenue	34,076	2,526	0	0	0
Miscellaneous Revenue City	2,543	0	0	0	0
Restitution	0	84,729	0	0	0
GIS Map Sales	0	0	0	100	100
Refunds Prior Years	4,191	0	0	0	0
Closeouts/Stabilization	0	0	0	0	0
Surplus Overlay	0	0	0	0	0
Misc	446	5,341	0	0	0
Bond Proceeds	0	0	0	0	0
Reimbursements	423	24,745	0	0	0
Bond Accrued Interest	0	0	0	0	0
Earnings on Investments	1,413,501	1,012,029	1,500,000	1,440,732	(59,268)
Parking Meter Fund	0	0	0	0	0
Civil Defense	0	0	0	0	0
School Grant Indirect	0	0	0	0	0
<b>TOTAL MISCELANEOUS</b>	<b>1,627,716</b>	<b>1,129,859</b>	<b>1,500,000</b>	<b>1,440,832</b>	<b>(59,168)</b>

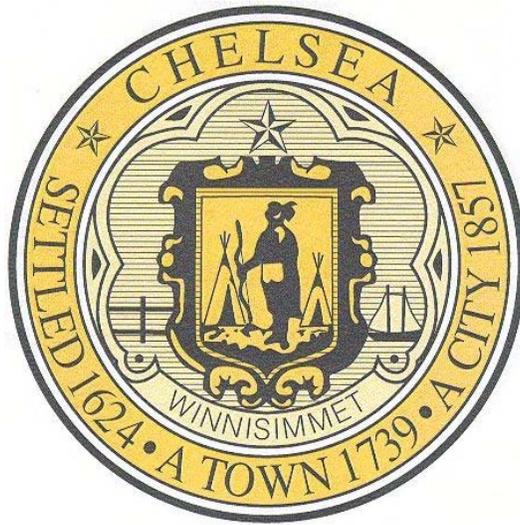
Revenue Detail	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
<b>OTHER FINANCING SOURCES</b>					
Bond Premium	760,544	1,706	0	0	0
Transfers from Special Revenue Funds	370,829	1,199,381	285,000	280,000	(5,000)
Transfer from Sewer Fund	434,233	434,233	491,295	641,634	150,339
Transfer from Water Fund	543,124	543,124	614,495	659,367	44,872
Use of Certified Free Cash	0	0	2,540,541	2,833,490	292,949
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,108,730</b>	<b>2,178,444</b>	<b>3,931,331</b>	<b>4,414,491</b>	<b>483,160</b>

<b>GENERAL FUNDS TOTAL</b>	<b>97,689,583</b>	<b>96,776,974</b>	<b>99,498,446</b>	<b>101,982,947</b>	<b>2,484,501</b>
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**EXPENDITURE SUMMARY**  
**SUMMARY OF EXPENDITURE CHANGES**

	<b>2003</b>		<b>2005</b>	<b>2006</b>	<b>Dollar</b>
	<b>Actual</b>	<b>2004 Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Variance</b>
<b>GENERAL GOVERNMENT</b>					
Legislative	192,359	196,490	200,452	210,656	3,962
Executive Office	276,137	236,375	256,316	253,136	-3,180
Auditor's Office	221,344	220,499	216,045	219,910	3,865
Treasurer/Collector	542,382	549,484	636,823	657,898	21,075
Central Billing and Research	165,326	146,234	165,060	177,439	12,379
Assessing	282,776	232,914	214,422	248,202	33,780
Procurement	98,354	91,988	93,069	94,386	1,317
Law Department	293,306	189,601	206,468	211,827	5,359
Personnel Department	134,873	130,185	136,882	136,445	-437
Municipal Information Systems	193,407	219,868	313,918	423,667	109,749
City Clerk	226,423	240,914	259,088	260,142	1,054
Licensing	76,701	59,032	59,386	61,446	2,060
Planning & Development	66,613	28,908	24,000	24,000	0
<b>Total General Government</b>	<b>2,770,001</b>	<b>2,542,492</b>	<b>2,781,929</b>	<b>2,979,154</b>	<b>190,983</b>
<b>PUBLIC SAFETY</b>					
Police Department	6,412,600	6,237,890	6,327,419	6,838,124	510,705
Fire Department	6,103,047	5,978,911	6,172,489	6,508,045	335,556
Inspectional Services	453,967	481,045	516,386	552,218	35,832
Traffic & Parking	547,494	652,752	573,099	665,131	92,032
Emergency Management	47,653	51,464	643,951	684,511	40,560
<b>Total Public Safety</b>	<b>13,564,761</b>	<b>13,402,061</b>	<b>14,233,344</b>	<b>15,248,029</b>	<b>1,014,685</b>
<b>EDUCATION</b>					
Northeast Vocational School Department	1,445,553	1,748,175	1,604,634	1,295,329	-309,305
	44,660,197	44,568,983	45,492,316	45,713,980	221,664
<b>Total Education</b>	<b>46,105,750</b>	<b>46,317,158</b>	<b>47,096,950</b>	<b>47,009,309</b>	<b>(87,641)</b>
<b>PUBLIC WORKS</b>					
Administration	270,727	249,296	220,016	190,818	-29,198
Street & Sidewalks	1,465,134	1,423,469	1,440,508	1,480,548	40,040
Solid Waste/Recycling	1,918,585	1,730,333	1,805,000	1,813,992	8,992
Structures & Grounds	910,847	814,896	944,061	960,747	16,686
Snow & Ice Removal	139,958	141,732	101,260	101,260	0
<b>Total Public Works</b>	<b>4,705,251</b>	<b>4,359,726</b>	<b>4,510,845</b>	<b>4,547,365</b>	<b>36,520</b>

	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
<b>HEALTH &amp; HUMAN SERVICES</b>					
Administration	137,122	132,704	135,545	135,545	0
Health Division	398,877	370,822	369,932	383,486	13,554
Comm. Schools & Recreation	55,184	57,615	54,661	74,961	20,300
Veterans Service	291,493	295,837	267,479	278,744	11,265
Elder Affairs	203,576	184,064	190,800	193,827	3,027
Public Library	271,506	253,994	256,342	262,945	6,603
<b>Total HHS</b>	<b>1,357,758</b>	<b>1,295,036</b>	<b>1,274,759</b>	<b>1,329,508</b>	<b>54,749</b>
<b>DEBT SERVICE</b>	11,318,402	11,144,060	10,877,555	10,074,150	-803,405
<b>EMPLOYEE BENEFITS</b>	7,402,277	8,875,315	9,373,922	10,697,062	1,323,140
<b>RETIREMENT ASSESMENT</b>	5,811,955	5,371,720	5,714,057	6,224,609	510,552
<b>INSURANCE &amp; JUDGEMENTS</b>	388,069	473,075	514,248	538,113	23,865
<b>STATE ASSESMENTS</b>	2,428,827	2,772,309	3,120,837	3,335,648	214,811
Transfers to Spec. Revenue	472,435	725,054	0	0	0
Transfers to Capital Projects	1,338,000	998,700	0	0	0
<b>General Fund Budget</b>	<b>97,663,486</b>	<b>98,276,706</b>	<b>99,498,446</b>	<b>101,982,947</b>	<b>2,478,259</b>



# *City Department Organization Structure*

## #100 General Government:

- #110 Council
- #123 Manager
- #132 Auditor
- #145 Treasurer/Collector
- #159 Central Billing
- #141 Assessor
- #138 Procurement
- #159 Law
- #152 Personnel
- #155 Information Technology
- #161 City Clerk
- #293 Traffic and Parking
- #165 Licensing
- #175 Planning

## #200 Public Safety

- #210 Police
- #220 Fire
- #230 Emergency Management & Dispatch
- #240 Inspectional Services

## #300 Education

- #300 Local School District
- #301 Regional School District

## #400 Public Works

- #421 DPW Administration
- #422 DPW Streets and Sidewalks
- #423 Snow Removal
- #430 Solid Waste Removal
- #470 Structures and Grounds

## #500 Health and Human Services

- #510 Health Administration
- #541 Elder Services
- #543 Veteran Services

## #600 Culture and Recreation

- #630 Community Schools and Recreation
- #610 Library

## #700 Debt Service

- #710 and Debt Principal
- #711 Debt Interest

## #800 Intergovernmental Charges

- #820 State Assessments
- #810 Special State Assessments

## #900 Undistributed Expenses

- #910 Employee Benefits
- #911 Retirement Benefits
- #941 Judgments and Insurance

## *City Council*

### General Information

In accordance with the City Charter, the City Council is composed of eleven members, three of whom shall be councillors at-large and one district councillor in each of the eight representative districts within the city. The City Council, as a legislative body, sets the policy making agenda for the City through its official votes and resolutions, enactment of ordinances, appropriation orders and loan authorizations. The City Manager, in turn, is responsible for the implementation of said policies. The budget appropriation for the Legislative branch of Chelsea's local government, in addition to providing each elected member with an annual stipend, provides for one and one-half full-time equivalents to perform administrative duties and clerical support to the members of the Council. As mandated by the City Charter, the City Council has general responsibility for selecting the external auditor through open and competitive process and for the general oversight for the audit function.

#### ***City Council Program Budget #110***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	142,512	143,106	145,552	145,556	4
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	700	900	900	900	0
<b>Total Wages &amp; Salaries</b>	<b>143,212</b>	<b>144,006</b>	<b>146,452</b>	<b>146,456</b>	<b>2,446</b>
Services (5200-5399)	49,147	52,484	54,000	64,200	10,200
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	0	0	0	0	0
<b>Total Operating</b>	<b>49,147</b>	<b>52,484</b>	<b>54,000</b>	<b>64,200</b>	<b>1,516</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>192,359</b>	<b>196,490</b>	<b>200,452</b>	<b>210,656</b>	<b>3,962</b>

#### ***City Council Personnel Listing #110***

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
City Councillor	11.0	11.0	11.0	11.0	0.00
City Council Clerk	0.5	0.5	0.5	0.5	0.00
Administrative Assistant	1.0	1.0	1.0	1.0	0.00
<b>Total Department</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>	<b>0.00</b>

## *Executive*

### Mission Statement

The City Manager is responsible for carrying out the mandates of the City Charter including managing the daily administration of municipal business affairs of the City. As the Chief Administrative Officer of the City, the City Manager is the primary officer responsible for the implementation of City Council policy as outlined by the Council's votes and resolutions, enactment of ordinances, appropriation orders and borrowing authorizations. The City Manager sets the strategy of the City in accordance with City Council directives, sets overall operating goals for the City, which determine the departmental goals, and oversees the efficient and effective administration of City government to achieve those goals. The City Manager is responsible for ensuring the continued economic, social and financial viability of the City, and also for ensuring the delivery of quality services to the residents and taxpayers of the city.

### Significant Changes

The planned departure of the Deputy City Manager will result in a reassignment of duties to one or more senior staff members on an interim basis. Savings accrued by not filling the position for the first half of the fiscal year will be utilized to fund other department priorities, including the hiring of a summer intern to work on several initiatives and the undertaking of a municipal benchmarking initiative. Regarding the latter, the department will lead a review of all budgetary revenues and expenditures in the context of the average revenues and expenditures of a comparison group of as many as twenty "like" communities. On or around January 1, 2006, the Deputy City Manager's position will be back-filled to reestablish the permanent management of day-to-day operations within the context of the department's overall operations.

### Previous Year Accomplishments

- Promoted budget stability by producing a balanced budget in FY'05, despite the continuing challenges relating to increased costs in non-discretionary spending and less than robust revenue;
- Maintained the City's bond rating at "A-" from Standard & Poor's;
- Secured Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award (9<sup>th</sup> year consecutive) and Achievement in Financial Reporting (8<sup>th</sup> year consecutive), remaining as one of a select few in the state to receive such recognition;
- Received an audit report that, for the sixth consecutive time, found no material weaknesses in the City's financial management processes;
- Generated \$745,000 in new growth for FY'05;
- Devised and implemented a plan to recover the top five tax debts totaling nearly \$1.1 million in back taxes;
- Coordinated the completion and occupancy of the Spencer Lofts, generating \$200,000 in annual tax revenues, 233% higher than the previous industrial use paid;

- Facilitated the issuance of tentative designation for development rights to Chelsea Gateway within the Everett Avenue Urban Renewal District to Catamount Management for the construction of a 50,000 s.f. corporate headquarters for Gulf Oil and HP Hood and the potential development of a future hotel;
- Secured a redevelopment plan for Parkway Plaza and permitted the development of a Home Depot as the first phase of the overall development;
- Advanced the redevelopment discussions for Mystic Mall and have reviewed and commented on several potential redevelopment scenarios;
- Announced goal of creating 1,200 units of housing by FY'08 and advanced projects consistent with that goal, including at Parkway Plaza and Forbes Industrial Park;
- Implemented 14-point plan for increased public safety;
- Led regional discussions and drafted a "Community Safety Initiative" that is under consideration by the State Legislature;
- Advocated for and secured Board of Health approval of a plan to address oil and other odors in the community;
- Established the Affordable Housing Trust Fund to augment City actions to promote affordability in the community;
- Collaborated on the expansion of the Summer Youth Employment Program that resulted in 250 jobs for local kids;
- Assisted in the development and opening of the CAPIC Head Start facility on Crescent Avenue;
- Secured developer commitments to improve and expand walkways at the Island End River and Mill Creek, as well as improvements, including restrooms, concession stands, lights, bleachers and fences for the Little League fields at the Mary C. Burke School Complex, and
- Established the Senior Tax Work-Off Program to provide eligible elderly homeowners an opportunity to volunteer for City service in return for a \$750 credit on their property tax bills.

## FY'06 Goals

- Undertake Municipal Benchmarking exercise to review City revenue and expenditures against a peer group, and begin a local discussion on variances found in the context of future budgeting and service delivery goals;
- Advance a seven point Health Insurance Initiative in an attempt to partially offset the skyrocketing increases expected in health insurance coverage in future years;
- Conduct a study of CIP borrowing patterns and develop a "debt ceiling" to ensure that debt service does not become overly burdensome in future years;

- Balance the City's financial condition against the variety of issues that exist in obtaining labor agreements with the City's eight active labor unions for FY'06 through FY'08;
- Advance the City's effort to expand the tax base over the next three years by encouraging the development of 1,200 residential units, with a possible increase of \$2.5 million or more in annual property taxes, by FY'09;
- Coordinate the development of the Emerald Block and Chelsea Gateway within the Everett Avenue Urban Renewal District, including the development of Catamount Management's 50,000 s.f. corporate headquarters for Gulf Oil and HP Hood;
- Execute the necessary actions to lead to a request for proposals and a designation of redeveloper for the Chelsea Residential Overlook Project within the Everett Avenue Urban Renewal District;
- Resolve any outstanding issues, secure a final agreement and, ultimately, undertake the groundbreaking for the Home Depot project in the Parkway Plaza, while also facilitating the discussions for a Phase II redevelopment project;
- Resolve any outstanding issues and secure a final redevelopment plan for the Mystic Mall;
- Collaborate with the redeveloper of Forbes Industrial Park on a residential redevelopment of the current industrial property;
- Further the goals of MetroFuture towards promoting a plan to manage the region's future growth;
- Facilitate State level discussions on the Community Safety Initiative and secure passage of component parts of the plan;
- Develop and implement an enforcement plan regarding overnight parking violators;
- Finalize the odor control agreement with Global Oil and secure the installation of odor control equipment to improve the air quality in the Lower Broadway neighborhood;
- Establish a trash enforcement program to promote cleaner neighborhoods;
- Assist HarborCOV in beginning the construction of its 24-unit supportive housing program under its Community Housing Initiative;
- Establish the Affordable Housing Trust Fund Board and begin the work in supporting affordable housing projects throughout the community;
- Collaborate with Chelsea Neighborhood Housing Services on a major affordable housing project;
- Expand support of the Chelsea Summer Youth Employment Program and organize a Youth Conference to encourage youth to discuss youth issues, and

- Undertake a Conference on Civic Health to re-engage and re-energize community leaders around a common agenda.

### ***Executive Office Program Budget #123***

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	252,901	220,200	228,826	211,786	(17,040)
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>252,901</b>	<b>220,200</b>	<b>228,826</b>	<b>211,786</b>	<b>(17,040)</b>
Services (5200-5399)	19,792	11,715	18,680	29,810	11,130
Supplies (5400-5490)	34	4,460	1,250	11,540	10,290
Other (5491-5799)	3,410	0	7,560	0	(7,560)
<b>Total Operating</b>	<b>23,236</b>	<b>16,175</b>	<b>27,490</b>	<b>41,350</b>	<b>13,860</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>276,137</b>	<b>236,375</b>	<b>256,316</b>	<b>253,136</b>	<b>(3,180)</b>

### ***Executive Office Personnel Listing #123***

Title	2003	2004	2005	2006	Variance
Administrative Assistant	1.00	1.00	1.00	1.00	0.00
City Manager	1.00	1.00	1.00	1.00	0.00
Deputy City Manager	1.00	1.00	1.00	1.00	0.00
Executive Assistant	1.00	0.50	0.00	0.00	0.00
<b>Total Department</b>	<b>4.00</b>	<b>3.50</b>	<b>3.00</b>	<b>3.00</b>	<b>0.00</b>

## *Auditor*

### Mission Statement

The Auditor provides the controllership and audit functions for the City and its departments and agencies. The Auditing Department protects the fiduciary interests of the City by ensuring that the financial records are accurately maintained and preserved; supervising and monitoring the expenditure of City funds; utilizing sound accounting practices, and performing all other auditing and accounting functions pursuant to the City Charter, City ordinances and laws of the Commonwealth of Massachusetts.

### Significant Changes

The new structure of the Finance Department has been implemented. The newly hired Auditor is serving as Finance Director/Auditor and is now overseeing the Treasurer/Collector/Central Support, Central Billing, Assessors, Purchasing and Auditing Departments. This consolidation of reporting has improved communication and functions. Additionally this change has improved the monitoring of responsibilities and preservation of the segregation of duties.

### Previous Year Accomplishments

- Secured Department of Revenue certification of Free Cash of \$2,415,878
- Received the GFOA Distinguished Budget Award for FY'05 and the GFOA Certificate for Outstanding Achievement in Financial Reporting for FY'04,
- Implemented a database application to monitor Fixed Assets and better comply with GASB34, and
- Completed annual audit with no material issues.

### FY'06 Goals

- Receive GFOA Distinguished Budget Award for FY'06;
- Receive GFOA Certificate for Outstanding Achievement in Financial Reporting for FY'05;
- Assume additional responsibility for preparing the Comprehensive Annual Financial Report (CAFR), by performing tasks currently provided for by an outside accounting firm, in order to continue to develop a more comprehensive perspective of the City's financial position;
- Improve the accounting and financial monitoring of our Capital Projects, including assuming additional responsibility for CIP reporting, in order to better budget and monitoring expenditures and revenues;
- Implement additional functionality of the MUNIS Personnel module specifically, Payroll Encumbrance, Position Control, and Job Pay, to more efficiently prevent overspending of payroll appropriations and help better monitor and manage the personnel services budgets;

- Improve the clarity, validity and accuracy of the many balance sheets the City maintains, especially addressing those balance sheet accounts that are not necessary or that are in an adverse position, and
- Create an account group for fixed assets to comply with the Massachusetts Department of Revenue's Unified Massachusetts Accounting Standard and assist in the development of the CAFR.

### **City Auditor Program Budget #135**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	213,863	211,261	205,640	208,407	2,767
Overtime (5104)	442	550	750	500	(250)
Other Salary & Benefit (5105-5199)	900	900	1,900	3,900	2,000
<b>Total Wages &amp; Salaries</b>	<b>215,205</b>	<b>212,711</b>	<b>208,290</b>	<b>212,807</b>	<b>4,517</b>
Services (5200-5399)	5,925	7,254	7,650	6,538	(1,112)
Supplies (5400-5490)	0	534	0	565	565
Other (5491-5799)	215	0	105	0	(105)
<b>Total Operating</b>	<b>6,140</b>	<b>7,788</b>	<b>7,755</b>	<b>7,103</b>	<b>(652)</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>221,344</b>	<b>220,499</b>	<b>216,045</b>	<b>219,910</b>	<b>3,865</b>

### **City Auditor Personnel Listing #135**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Finance Director / City Auditor	1.00	1.00	1.00	1.00	0.00
Assistant City Auditor	1.00	1.00	1.00	1.00	0.00
Head Administrative Clerk	1.00	1.00	1.00	1.00	0.00
Head Administrative Clerk	1.00	1.00	1.00	1.00	0.00
Senior Account Clerk	0.50	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>4.50</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>0.00</b>

## *Treasurer/Collector/Central Support/Central Billing*

### Mission Statement

The Treasurer/Collector's Office encompasses the offices of the Treasurer, Collector, Central Support and Central Billing. Together, the groups preserve, protect and manage the financial resources of the City, among other responsibilities. The Treasurer is responsible for receipt, accurate accounting and prudent investment of all City funds to maximize yields while maintaining adequate liquidity and ensuring compliance with Massachusetts General Laws, City ordinances and any other applicable financial mandates. The Collection and Customer Service group is responsible for providing a single point of contact to all taxpayers and ratepayers for financial transactions. The Central Support primary function is to provide for the efficient purchasing and distribution of supplies, as well as the timely delivery of all mail. The Central Billing and Research group provides accurate and timely information on all utilities to complete a thorough and proactive review of all ratepayer accounts.

### Significant Changes

After careful and extensive review, the Department has implemented a web-based payment option, including automated debit, from bank accounts, for customers wishing to make electronic payments on their real estate and personal property taxes, water, sewer and trash fees and parking charges. Soon, customers will also be able to pay excise taxes and other municipal charges. Continuing process improvements include the ability to now file necessary paperwork electronically with various state agencies, to complete electronic water reads with little manual intervention, and undertake accounts receivable reconciliations more timely and accurately.

### Previous Year Accomplishments

- Implemented electronic filing of W-2 forms with Department of Revenue and the Social Security Administration;
- Completed vendor account reconciliation with Planning & Development Department;
- Implemented fee program with City Constables in accordance with revised Massachusetts General Law;
- Completed financing for CIP and High School extension, permanently financing the City's portion of the High School extension;
- Implemented Senior Work Off Abatement program with committee, and;
- Completed analysis for Municipal Lien Certificate fee increase.

### FY'06 Goals

- Implement electronic filing of child support payments with Department of Revenue;

- Initiate request for proposal for payroll banking services, and
- Complete payroll account reconciliation with Planning & Development.

## Customer Service & Collections

### Previous Year Accomplishments

- Completed new tax takings and certifications of delinquent taxes to tax title for FY'03;
- Completed review of cashiering system and determined that the system was too costly to implement;
- Undertook a review of e-government initiatives that led to the selection and implementation of Unibank's Unipay product for payment processing via the Internet at no cost to the City, and
- Collaborated with the Department of Public Works to convert the City to a new trash hauler.

### FY'06 Goals

- Expand e-government initiatives via the Internet, and
- Implement, with Unibank, an auto debit initiative to provide customers with the option of having their bank accounts automatically charged for water/sewer/trash fees.

## Central Billing & Research

### Previous Year Accomplishments

- Tested and implemented new meter reading equipment;
- Implemented water/sewer rate and operational changes for tiered rate processes for calculations and analysis performed on water/sewer accounts, and
- Completed water/sewer/trash lien process, liening \$729,000 to real estate accounts.

### FY'06 Goals

- Complete the reconciliation of non-billable accounts with the field crew and update the system to ensure all active water/sewer meters are billed.

## Central Support & Mail Distribution

### Previous Year Accomplishments

- Continued providing daily operational support to Customer Service & Collections.

### FY'06 Goals

- Update departmental procedures, and
- To identify possible cost savings in postage.

### ***Treasurer/Collector's/Central Support Program Budget #145***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	358,872	366,940	404,513	405,748	1,235
Overtime (5104)	0	0	750	750	0
Other Salary & Benefit (5105-5199)	3,300	4,871	3,700	6,100	2,400
<b>Total Wages &amp; Salaries</b>	<b>362,172</b>	<b>371,811</b>	<b>408,963</b>	<b>412,598</b>	<b>3,635</b>
Services (5200-5399)	118,528	130,669	180,000	194,100	14,100
Supplies (5400-5490)	36,776	29,912	32,000	35,700	3,700
Other (5491-5799)	24,906	17,092	15,860	15,500	(360)
<b>Total Operating</b>	<b>180,210</b>	<b>177,673</b>	<b>227,860</b>	<b>245,300</b>	<b>17,440</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>542,382</b>	<b>549,484</b>	<b>636,823</b>	<b>657,898</b>	<b>21,075</b>

### ***Treasurer/Collector's/Central Support Personnel Listing #145***

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Assistant Treasurer	1.00	1.00	1.00	1.00	0.00
Head Clerk	2.00	2.00	2.00	2.00	0.00
Senior Fiscal Analyst	1.00	1.00	1.00	1.00	0.00
Assitant Finance Director / Treasurer	1.00	1.00	1.00	1.00	0.00
Assistant Collector	1.00	1.00	1.00	1.00	0.00
Account Clerks	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	3.00	3.00	3.00	3.00	0.00
<b>Total Department</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>

### **Central Billing and Research #159**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	89,724	93,765	90,860	101,427	10,567
Overtime (5104)	510	318	500	500	0
Other Salary & Benefit (5105-5199)	0	0	0	1,500	1,500
<b>Total Wages &amp; Salaries</b>	<b>90,234</b>	<b>94,083</b>	<b>91,360</b>	<b>103,427</b>	<b>12,067</b>
Services (5200-5399)	74,492	49,864	58,200	59,012	812
Supplies (5400-5490)	600	2,287	500	15,000	14,500
Other (5491-5799)	0	0	15,000	0	(15,000)
<b>Total Operating</b>	<b>75,092</b>	<b>52,151</b>	<b>73,700</b>	<b>74,012</b>	<b>312</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>165,326</b>	<b>146,234</b>	<b>165,060</b>	<b>177,439</b>	<b>12,379</b>

### **Central Billing and Research Personnel Listing #159**

Title	2003	2004	2005	2006	Variance
Supervisor	1.00	1.00	1.00	1.00	0.00
Head Clerk	1.00	1.00	1.00	1.00	0.00
Sr. Head Clerk	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>0.00</b>

## *Assessing*

### Mission Statement

The Assessing Department provides the City with fiscal stability by ensuring that the City's personal and real property tax base is promptly, fairly and equitably evaluated, classified and taxed. The Assessing Department determines fair market value of all property for purposes of taxation and assesses property taxes and administers motor vehicle excise taxes.

### Significant Changes

The training of a "floater" to provide backup and additional coverage for the Assessing Department was completed and the position was fully integrated into the department's operation. In FY'05, all municipalities were required to perform "interim year" valuation adjustment programs, meeting the same market valuation requirements as in certification years. In past years, interim year adjustments were voluntary. Also in FY'05, processing of occupancy permits issued after the January 1 of the fiscal year were included as supplemental assessments in that fiscal year, in accordance with new state regulations. Prior to that change, new construction completed after January 1 was assessed for the following fiscal year.

### Previous Year Accomplishments

- Performed interim year valuation adjustment as required by the Massachusetts Department of Revenue, and
- Processed occupancy permits issued after January 1 for a supplemental assessment as required by the Massachusetts Department of Revenue.

### FY'06 Goals

- Continue the cyclical property inspection program for completion by FY'07 tax year;
- Complete an extensive residential market study for use in designing mandatory value update for FY'06, and
- Analyze commercial and industrial sales and income and expense returns to design FY'06 update of commercial and industrial values.

### **Assessing Program Budget #141**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	166,958	156,473	159,422	162,227	2,805
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	1,600	1,400	1,400	1,400	0
<b>Total Wages &amp; Salaries</b>	<b>168,558</b>	<b>157,873</b>	<b>160,822</b>	<b>163,627</b>	<b>2,805</b>
Services (5200-5399)	113,191	74,107	52,300	83,275	30,975
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	1,027	934	1,300	1,300	0
<b>Total Operating</b>	<b>114,218</b>	<b>75,041</b>	<b>53,600</b>	<b>84,575</b>	<b>30,975</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>282,776</b>	<b>232,914</b>	<b>214,422</b>	<b>248,202</b>	<b>33,780</b>

### **Assessing Personnel Listing #141**

Title	2003	2004	2005	2006	Variance
Director of Assessing	1.00	1.00	1.00	1.00	0.00
Assoc. Assessor	1.00	1.00	1.00	1.00	0.00
Chair of Assessors	0.50	0.50	0.50	0.50	0.00
Appraiser	1.00	1.00	1.00	1.00	0.00
Head Administrative Clerk	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>4.50</b>	<b>4.50</b>	<b>4.50</b>	<b>4.50</b>	<b>0.00</b>

## *Procurement*

### Mission Statement

The Procurement Department is responsible for preserving and protecting the fiscal resources of the City by ensuring that the process for procuring goods and services is conducted in a fair and competitive manner, using objective standards for the selection of contractors and vendors, which allows for fair, impartial and uniform bidding, contract development and awarding procedures.

### Significant Changes

Bidding thresholds were increased last year and now the threshold that requires the City to go out to bid for goods and services went from \$10,000 to \$25,000. The process now allows for three quotes to be obtained for anything under that \$25,00 threshold. The threshold that dictates the City to follow a formal bid process for disposition of surplus property was also increased from \$500 to \$5,000. Beginning July 1, 2005, the Purchasing Director began tracking the City's fixed assets on a Microsoft Access database. Prior to this date, the City contracted with an outside vendor to handle this need. The tracking is necessary in order to comply with GASB Statement 34 mandated by the Massachusetts Department of Revenue. Staff work in the Purchasing Department has been augmented through Senior Tax Work Off Program and, on an overtime basis, by Planning & Development staff.

### Previous Year Accomplishments

- Conducted bid and award processes with no formal bid protests;
- Realized significant savings on copier paper and other office supplies by participating in cooperative bids with the Metropolitan Mayors Coalition and the North Shore Consortium, and
- Utilized the City's website to post bid notices.

### FY'06 Goals

- Develop and implement practices and procedures to insure the efficient capture of the necessary data following GASB 34, the "Practical Guide for Implementation of Government Accounting Standards Board Statement 34 for Massachusetts Local Governments" prepared by the Massachusetts Department of Revenue.

**Procurement Program Budget #138**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	94,017	87,382	88,411	90,036	1,625
Overtime (5104)	500	0	0	0	0
Other Salary & Benefit (5105-5199)	0	1,000	1,000	1,000	0
<b>Total Wages &amp; Salaries</b>	<b>94,517</b>	<b>88,382</b>	<b>89,411</b>	<b>91,036</b>	<b>1,625</b>
Services (5200-5399)	428	747	600	750	150
Supplies (5400-5490)	809	0	0	0	0
Other (5491-5799)	26	251	450	300	(150)
<b>Total Operating</b>	<b>1,263</b>	<b>998</b>	<b>1,050</b>	<b>1,050</b>	<b>0</b>
Capital (5800-5899)	2,574	2,608	2,608	2,300	(308)
<b>Total Department</b>	<b>98,354</b>	<b>91,988</b>	<b>93,069</b>	<b>94,386</b>	<b>1,317</b>

**Procurement Personnel Listing #138**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Chief Procurement Officer	1.00	1.00	1.00	1.00	0.00
Head Clerk	1.00	1.00	1.00	1.00	0.00
Senior Clerk Typist	0.00	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>

## *Law*

### Mission Statement

The Law Department represents and protects the interests of the City by providing accurate and timely legal advice to all elected and appointed officials, multiple-member bodies and agencies of the City, thereby ensuring that municipal decisions are made in conformance with appropriate legal authority. The Law Department strives to decrease the potential liabilities and related risks of the City by concentrating on preventative action, including early program intervention and the constant review and examination of the legal claims filed against the City. In addition, the Law Department provides representation for the City in legislative, judicial and administrative proceedings involving the City, its officers and agencies.

### Significant Changes

A part-time counsel was hired in FY'05 to help reduce costs incurred by hiring outside counsel and to address City legal needs more expeditiously. That position has been fully incorporated into the Department's operation.

### Previous Year Accomplishments

- Drafted Livery Ordinance and Rules and Regulations for Licensing Board;
- Produced several legal documents to obtain easements and right of ways from several property owners for the Eastern Avenue Reconstruction Project;
- Authored the Council's Internet and Email Acceptable use policy;
- Secured the Criminal History Board grant to the City the ability to perform CORIs on candidates for elected office;
- Streamlined the Public Records Request process;
- Updated the Handbook for Boards and Commissions;
- Settled the Community Health Care federal court case;
- Streamlined a process for collection of unpaid details;
- Drafted the order establishing the Affordable Housing Trust Fund Board;
- Represented the City and School Department in litigation matters, including the several pending lawsuits filed by Mass Sober Housing Corporation;
- Facilitated the selling of vacant buildings by the Dirinian Estate;
- Worked with the City Council by research and drafting ordinances addressing scooters, anti-gang activities in school zones, the impoundment of vehicles and the expansion of home occupations; the

adoption of actions regarding takings on Griffin Way and the redistricting of School Committee and City Council district lines, and developed home rule petitions on illegal dumping and gang recruitment, and

- Collaborated with the Cable Television Commission on establishing the process for the future renewal of the local cable television contract.

## FY'06 Goals

- Collaborate with the Board of Health and the City Council to establish a comprehensive Noise Ordinance;
- Research and propose a protocols for use of surveillance cameras;
- Engage the Planning & Development Department in discussions that could led to the establishment of a condominium conversion process and ordinance;
- Aid the Cable Television Commission in making a recommendation to the City Manager on the negotiation to renew the cable television license;
- Participate on the City's collective bargaining team with the goal of securing labor agreements in FY'06 for the City's eight active unions;
- Facilitate discussions between the City and Gilford Railroad on the acquisition of a vacant parcel on Spruce Street, and
- Provide legal support to the City Manager on establishing the Affordable Housing Trust Fund, undertaking a major affordable housing project, negotiating an acceptable Mystic Mall redevelopment plan and implementing additional actions with the Everett Urban Renewal District.

**Law Department Program Budget #151**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	119,283	104,519	149,068	149,227	159
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	500	500	700	5,900	5,200
<b>Total Wages &amp; Salaries</b>	<b>119,783</b>	<b>105,019</b>	<b>149,768</b>	<b>155,127</b>	<b>5,359</b>
Services (5200-5399)	172,183	79,174	48,700	48,700	0
Supplies (5400-5490)	0	1,037	1,000	1,000	0
Other (5491-5799)	1,340	4,370	7,000	7,000	0
<b>Total Operating</b>	<b>173,523</b>	<b>84,582</b>	<b>56,700</b>	<b>56,700</b>	<b>0</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>293,306</b>	<b>189,601</b>	<b>206,468</b>	<b>211,827</b>	<b>5,359</b>

**Law Department Personnel Listing #151**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Secretary	1.00	1.00	1.00	1.00	0.00
Assistant Corporate Counsel	1.00	0.00	0.50	0.50	0.00
Chief Legal Counsel	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>3.00</b>	<b>2.00</b>	<b>2.50</b>	<b>2.50</b>	<b>0.00</b>

## *Personnel*

### Mission Statement

The Personnel Department establishes and maintains an equitable personnel system that promotes the efficiency and economy of government and the morale and well being of all City employees. The Personnel Department establishes and monitors personnel policies and procedures, ensures fair and consistent hiring activities, assists in the coordination of collective bargaining sessions, manages employee benefits and provides staff training and development opportunities. The Personnel Department is responsible for recruiting, selecting and developing employees on the basis of their abilities, knowledge, and skills and ensuring that the work environment and the procedural guidelines of the Department are free from any instances of discrimination of any kind.

### Significant Changes

The new Medicare prescription drug benefit will require a great deal of communication between the Department and eligible participants. Work underway to transfer all sick, vacation and leave records to a database will be completed and provides the potential for individual employees to check their balances via the web. Efforts to improve the recognition and reward for employee performance has resulted an employee barbecue and other matters for discussion, as well as an adjustment from monthly to quarterly for employee performance awards.

### Previous Year Accomplishments

- Concluded and effectuated bargaining agreements with five Unions;
- Updated City employee policies;
- Increased activity and involvement of the Employee Recognition Committee;
- Provided leave calculations and standards for input and use to the integrated payroll/personnel module of the Munis program;
- Effectuated practices in oversight of leave usage that has improved sick leave use and adherence to leave policies, and
- Reduced expenditure required for pre-employment physicals through evaluation of job functions and physical needs.

### FY'06 Goals

- Begin work on transferring the recordation of each employee's vacation, sick, and other leave actions into the City wide integrated payroll and personnel systems program;
- Establish a computer module with payroll unit that will provide employees on-line access to their own pay, deduction and leave information;

- Conclude bargaining with three Unions;
- Examine benefit of establishing eligible retirees in the new Medicare prescription drug program and effectuate changes required, in order to improve Federal contribution to our Senior health insurance programs, and
- Within the computer file system, update changes to provisions of labor agreements and centralize Labor contracts in a shared computer module.

### ***Personnel Program Budget #152***

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	109,982	109,982	111,982	112,295	313
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	7,000	500	1,600	1,600	0
<b>Total Wages &amp; Salaries</b>	<b>116,982</b>	<b>110,482</b>	<b>113,582</b>	<b>113,895</b>	<b>313</b>
Services (5200-5399)	17,691	19,504	23,000	22,250	(750)
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	200	200	300	300	0
<b>Total Operating</b>	<b>17,891</b>	<b>19,704</b>	<b>23,300</b>	<b>22,550</b>	<b>(750)</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>134,873</b>	<b>130,185</b>	<b>136,882</b>	<b>136,445</b>	<b>(437)</b>

### ***Personnel Personnel Listing #152***

Title	2003	2004	2005	2006	Variance
Personnel Director	1.00	1.00	1.00	1.00	0.00
Personnel Assistant	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>

# *Information Technology*

## Mission Statement

The Information Technology Department (IT) seeks to provide information processing support by maintaining and expanding hardware system capability and software applications, monitoring system efficiency and providing personal computer support needs, instructing staff in system operations and assisting in the acquisition and integration of new hardware and software. IT is also responsible for developing the long-range information system strategy, which will guide the City's operation, and providing coordination with third party software applications.

## Significant Changes

The hiring of a GIS (Geographic Information System) Coordinator in FY'05 has substantially increased the City's ability to utilize the increasingly popular program. GIS provides access to layers of municipal data atop a base map. The availability of GIS allows departments to manipulate the data and therefore better plan for and implement City services, planning and construction activities. As hardware, software and relating cost continue to mount, the Department will undertake a review and attempt to propose an information technology plan for the upcoming years. That plan could help the City balance the rush to technology versus the ability to pay and provide support services for such technology. In the meantime, additional funding for training is being provided to the Department so that Department staff can provide for more in-house support. The City continues to direct more capital funding to the Department for routine equipment replacement, thereby reducing the need to borrow through the annual CIP for equipment with a short life cycle.

## Previous Year Accomplishments

- Completed deployment and training on the GIS applications;
- Completed re-design of systems to accommodate move of E911 dispatch operations from the Police Station to the Emergency Operations Center;
- Constructed and re-located to a new data center;
- Completed transition of financial application server, Munis1, to ASP (Application Service Provider) system;
- Expanded GIS services with implementation of a large-format, networked plotter;
- Researched and implemented a GIS data sale policy and release process;
- Completed extension of the wide area network, and core electronics replacement consistent with the systems re-engineering project;
- Extended network services to both the Refugee Center and Engine Two, and
- Completed the upgrade and replacement of numerous workstations and peripherals as consistent with the strategic inventory.

## FY'06 Goals

- Implement a load-balanced, secondary Internet circuit;
- Obtain and implement a field GPS unit for use with the GIS system;
- Implement an ip-based telephony system, and
- Obtain and implement updated aerial imagery for use in the GIS system

### ***Information Technology Program Budget #155***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	82,166	103,141	162,639	162,867	228
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>82,166</b>	<b>103,141</b>	<b>162,639</b>	<b>162,867</b>	<b>228</b>
Services (5200-5399)	84,533	87,224	126,779	216,300	89,521
Supplies (5400-5490)	1,708	3,281	4,000	4,000	0
Other (5491-5799)	0	500	500	500	0
<b>Total Operating</b>	<b>86,241</b>	<b>91,005</b>	<b>131,279</b>	<b>220,800</b>	<b>89,521</b>
Capital (5800-5899)	25,000	25,722	20,000	40,000	20,000
<b>Total Department</b>	<b>193,407</b>	<b>219,868</b>	<b>313,918</b>	<b>423,667</b>	<b>109,749</b>

### ***Municipal Information Systems Personnel Listing #155***

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Director	1.00	1.00	1.00	1.00	0.00
Systems Operator	1.00	1.00	1.00	1.00	0.00
GIS Administrator	0.00	0.00	1.00	1.00	0.00
<b>Total Department</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>0.00</b>

## *City Clerk*

### Mission Statement

The City Clerk is the primary agent responsible for serving the public through the provision of public records, vital statistics and general information. The Clerk is also the official filing agent for the City and as such, accepts, files, records and maintains all municipal records, as well as makes those records readily accessible for inspection and retrieval. The Clerk is responsible for all aspects of elections in accordance with Federal, State and City laws. Additionally, the Clerk oversees the City's Traffic and Parking Program, coordinating the parking contractor activities, administering the residential parking program and hearing appeals of ticket violations.

### Significant Changes

The retirement of the long-time parking clerk required the hire of a new parking clerk, who was hired from within the Department. As a result, training is expected to be minimal and the continuation of parking activities is expected to be maintained without interruption. The change of district lines for municipal elections continues to create information processing issues, as those lines differ from State lines. The Department will continue push for adoption of a home rule petition to bring the lines into conformance and will work with the Secretary of State's office to coordinate voter information based upon those changes.

### Previous Year Accomplishments

- Conducted a special election for School Committee new seats created as a result of redistricting, and
- Provided support for the redrawing of City Council lines to conform to newly created School Committee district seats to reduce voter confusion.

### FY'06 Goals

- Advocate for home rule petition to the State Legislature to conform state district lines to newly adopted municipal election lines to reduce voter confusion;
- Review polling places and propose any changes necessary to provide for voter convenience in newly adopted districts, and
- Work with City Manager on crafting a workable plan for nighttime enforcement of parking infractions.

### **City Clerk Program Budget #161**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	165,031	180,006	190,770	194,222	3,452
Overtime (5104)	2,734	3,167	2,500	2,500	0
Other Salary & Benefit (5105-5199)	24,439	26,847	27,670	24,670	(3,000)
<b>Total Wages &amp; Salaries</b>	<b>192,204</b>	<b>210,020</b>	<b>220,940</b>	<b>221,392</b>	<b>452</b>
Services (5200-5399)	23,246	23,928	29,900	34,200	4,300
Supplies (5400-5490)	7,812	3,581	4,700	4,200	(500)
Other (5491-5799)	191	341	350	350	0
<b>Total Operating</b>	<b>31,249</b>	<b>27,850</b>	<b>34,950</b>	<b>38,750</b>	<b>3,800</b>
Capital (5800-5899)	2,970	3,045	3,198	0	(3,198)
<b>Total Department</b>	<b>226,423</b>	<b>240,914</b>	<b>259,088</b>	<b>260,142</b>	<b>1,054</b>

### **City Clerk Personnel Listing #161**

Title	2003	2004	2005	2006	Variance
City Clerk	1.00	1.00	1.00	1.00	0.00
Senior Clerk/Typist	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	0.00
Principal Clerk	1.00	1.00	1.00	1.00	0.00
Assistant Parking Clerk	0.00	0.00	0.00	0.00	0.00
Head Parking Clerk	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>

**Traffic & Parking Program Budget #293**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	47,719	41,304	41,899	36,161	(5,738)
Overtime (5104)	79	0	0	0	0
Other Salary & Benefit (5105-5199)	0	500	500		(500)
<b>Total Wages &amp; Salaries</b>	<b>47,798</b>	<b>41,804</b>	<b>42,399</b>	<b>36,161</b>	<b>(6,238)</b>
Services (5200-5399)	495,660	591,338	526,000	624,270	98,270
Supplies (5400-5490)	4,036	5,133	4,700	4,700	0
Other (5491-5799)	0	0	0	0	0
<b>Total Operating</b>	<b>499,696</b>	<b>596,471</b>	<b>530,700</b>	<b>628,970</b>	<b>98,270</b>
Capital (5800-5899)	0	14,478	0	0	0
<b>Total Department</b>	<b>547,494</b>	<b>652,752</b>	<b>573,099</b>	<b>665,131</b>	<b>92,032</b>

**Traffic & Parking Personnel Listing #293**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Assistant Parking Clerk	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>

# *Licensing*

## Mission Statement

The Department of Licensing, Permitting and Consumer Affairs provides administrative support to the Licensing Commission, and is responsible for the issuance of all licenses and permits granted by the Licensing Commission, as well as licenses and permits granted by the Director. The department offers professional and efficient service to the general public by providing a streamlined process for establishment and regulation of businesses, as well as prompt and accurate information on permitting and licensing. Licensing coordinates inspections and enforcement activities for licensed establishments, and renders administrative support in the processing of non-criminal citations, issued by City agencies, with the exception of motor vehicle infractions.

## Significant Changes

Supervision of the Department is being transferred from the Personnel Director to the Director of Inspectional Services. The reassignment of supervision does not impact the day to day operations of the Department, but will help to align the Department's activities with those of the more compatible ISD.

## Previous Year Accomplishments

- Drafted hawker/peddler and transient vendor ordinances for review by the Licensing Commission, and
- Drafted limousine/livery ordinance and limousine/livery regulations for review by the Licensing Commission.

## FY'06 Goals

- Research and implement mandatory alcoholic beverage sales training for all liquor licensed establishments;
- Review and revise vending ordinances, e.g., hawkers/peddlers, open air vendors, transient vendors, door to door solicitors, etc, in conjunction with the Law Department and ISD;
- Collaborate with the Law Department and Licensing Commission in researching regulations relating to beauty/barber and nail salons in order to implement local licensing regulations and enforcement, and
- Assist ISD and the Fire Department in developing policies and procedures for the implementation of new sprinkler enforcement regulations.

### ***Licensing Program Budget #165***

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	67,587	56,761	56,761	56,761	0
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	700	900	900	900	0
<b>Total Wages &amp; Salaries</b>	<b>68,287</b>	<b>57,661</b>	<b>57,661</b>	<b>57,661</b>	<b>0</b>
Services (5200-5399)	743	883	975	3,035	2,060
Supplies (5400-5490)	511	489	750	750	0
Other (5491-5799)	7,160	0	0	0	0
<b>Total Operating</b>	<b>8,414</b>	<b>1,372</b>	<b>1,725</b>	<b>3,785</b>	<b>2,060</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>76,701</b>	<b>59,032</b>	<b>59,386</b>	<b>61,446</b>	<b>2,060</b>

### ***Licensing Personnel Listing #165***

Title	2003	2004	2005	2006	Variance
Director	1.00	1.00	1.00	1.00	0.00
Clerk	0.00	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>

# *Planning and Development*

## Mission Statement

The Planning and Development Department provides professional planning, project and program management services to residents and businesses of the city, to multiple-member bodies, the City Manager, City Council and all City departments as it relates to the physical, economic, social and environmental needs of the City. The Department also develops the vision, policies and goals for the physical, environmental, economic and social growth and development of the community and incorporates these components into a comprehensive plan that guides the future of the City.

The main areas of focus for planning and Development Include:

[Housing](#)

[Transportation](#)

[Open Space](#)

[Public Improvements](#)

[Economic Development](#)

[Administration](#)

## Significant Changes

A Department-wide initiative that explored ways to use to a greater effectiveness the City website and computer based mapping system (GIS – Geographic Information System) yielded several operational and information sharing improvements. The Department website page was revamped and expanded to include “Publications,” where users will find, among other documents, the Department’s Census 2000 Summary Report and Open Space Planning Study 2006, and “News” columns where ongoing project information can be posted in real-time. With the record number of applications to the City’s land use boards, the Department now provides petition and application forms for the Zoning Board of Appeals and Planning Board (in Microsoft Word and pdf formats) on the website with links to the zoning ordinance and zoning map. Also, the Department has developed a map library related to several ongoing planning efforts. These maps will be shared on-line over the coming year as these initiatives make progress and develop further information. This initiative will continue through this year to encompass various new projects planned with IT. The Department relies upon the annual Massachusetts Small Cities Program, administered by the Massachusetts Department of Housing and Community Development, to underwrite the Department staffing and support for a host of community development projects. The FY’06 award of \$500,000 to the Department represents funding higher than the previous year but below the traditional funding level of prior years.

## Previous Year Accomplishments

### [Housing](#)

- Utilized the Housing Receivership Program in collaboration with Chelsea Restoration Corporation (CRC) to secure control, renovate and resell two properties and to encourage others to acquire and repair six other properties in the community, providing for the renovation of problem properties in local neighborhoods and the expansion of affordable housing throughout the community;

- Facilitated the sale of four Rent-to-Own properties at affordable prices to owner occupants, which helped to maintain six units of affordable housing;
- Continued to work with HarborCOV on its Community Housing Initiative for twenty-four units of supportive housing for survivors of domestic violence and secured a State commitment to provide project-based rental subsidies to the project;
- Executed a Land Disposition Agreement for the redevelopment of the Burke School into twenty-four lofts, including eleven to be sold as affordable, and began the design review process;
- Assisted Chelsea Neighborhood Housing Services (CNHS) in refinancing its rental housing portfolio with tax-exempt bond financing and tax credits, ultimately providing the community based non-profit with two million dollars for capital improvements and reserves;
- Completed permitting for eighteen units of affordable housing at the former Janus property on Gerrish Avenue;
- Secured State EO 418 certification for FY'05, documenting the City's commitment to maintaining affordable housing levels above the statewide average;
- Engaged the services of a design consultant to do a preliminary feasibility study on close church properties;
- Facilitated the preservation of one hundred and eight units of affordable housing at Carter Heights;
- Submitted an application to the Housing Development Support Program (HDSP) to develop 583 Broadway into five units of affordable housing;
- Provided financing to HarborCOV and CNHS in a partnership to develop the former Cottage Manor into housing and offices for HarborCOV;
- Supported the application for tax credits and the redevelopment of the TILL Building into twenty-three units of affordable, family housing;
- Facilitated the sale of two of sixteen new condominium units at 960 Broadway as permanently affordable to first time homebuyers, and
- Financed first time homebuyer classes through Chelsea Restoration Corporation that had over 400 participants.

## Transportation

- Coordinated the location analysis and legal agreement for the installation of bus shelters throughout the community with the goal of being one of the first communities outside Boston to participate in the MBTA sponsored program;

- Secured a \$1 million state grant through the Community Development Action Grant Program (CDAG) for Spruce Street drainage and roadway work to support development in the Everett Avenue Urban Renewal Area;
- Collaborated with the Massachusetts Highway Department on the commencement of the construction on the Eastern Avenue Roadway Project, a \$7 million project funded through the State Transportation Improvement Program;
- Renewed a program initiative to secure funding for the Williams/Beacham Street Corridor from Spruce Street to the Everett boundary;
- Continued to work toward an agreement with CSX, in cooperation with Boston, Everett, the Massachusetts Bay Transportation Authority and the Executive Office of Transportation & Construction, for the potential acquisition of its entire abandoned rail line, a portion of which lies in the city;
- Advanced the Gateway Signage Project through final design for FY'06 fabrication and installation;
- Providing leadership and technical support to the Traffic and Parking Commission on the establishment of a uniform resident parking program to be implemented in various neighborhoods, as approved by the Traffic and Parking Commission and the City Council;
- Coordinated development and construction activities with neighboring communities, including the planning for the Chelsea Street Bridge reconstruction and the development of the East Boston Haul Road;
- Worked with Massport to commence its plan for infrastructure and streetscape improvements at the Beacon and Fourth Street off ramps from the Tobin Bridge, and
- Continued to promote the Urban Ring as an appointed member of the citizen advisory board for the environmental review of the potential MBTA project.

## Open Space

- Developed concept plans, through a public process and undertook refurbishment of Voke Park (Phase II) using State's Urban Self-Help grant funds and City matching funds, with the completed projected includes the reconstruction of the tennis and basketball courts, and installation of a playground structure;
- Prepared a grant application to the State's Urban Self Help Program for the installation of rubber surface play areas around playground structures at three parks: O'Neill Park, Polonia Park and Bellingham Hill Park, and
- Negotiated public access easements at two redevelopment sites, Parkway Plaza and Forbes Industrial Park, and related improvements that will be installed as part of the overall development plan to allow for general public access and use to significant natural features of the properties, principally the areas along the Mill Creek and Chelsea Creek.

## Public Improvements and Planning

- Secured Tree City USA designation and committed to planting more than 50 trees throughout the community;
- Conducted neighborhood process that led to the adoption of new zoning in the greater Spencer Avenue neighborhood;
- Began a study of transitional areas which could lead to new zoning recommendations;
- Secured funding for a joint planning initiative with the City of Revere to focus upon the future land uses of parcels along the Chelsea River;
- Completed an analysis of demographic changes based on Census 2000,
- Prepared guides describing the development review and permitting processes.

## Economic Development

- Completed the permitting process for the Phase I redevelopment of Parkway Plaza, leading to a groundbreaking for Home Depot;
- Completed the permitting process for the Phase I redevelopment of Forbes Industrial Park and the conversion of industrial buildings into two hundred and twenty-five “green” lofts;
- Engaged Mystic Mall representatives in fruitful and ongoing discussion about a master plan for the entire retail property;
- Collaborated with the Economic Development Board on the issuance of a tentative designation for Catamount Management to construct a corporate headquarters for Gulf Oil and HP Hood on Chelsea Gateway in the Everett Avenue Urban Renewal District (EAURD);
- Secured a one million dollar grant to undertake necessary infrastructure work in the EAURD to support the Catamount project and other potential projects in the area;
- Supported the completion of the On-Time Mailing facility on Crescent Avenue;
- Completed City actions to provide for the occupancy of the new home of Atlas Bedding on Second Street and facilitated discussions for the sale of the former Atlas Bedding building on Gerrish Avenue, and
- Secured State smart growth funds for a local review of zoning in the Shopping Center District and an eleven-community review of development issues being coordinated by Northeastern University.

## Administration

- Successfully secured grant funding through the Massachusetts Small Cities Program (MSCP) to support housing, neighborhood planning and infrastructure activities in Chelsea;
- Managed grant contracts awarded to the City and its partnership communities that included the CDAG Program, Urban Self Help Program, Smart Growth Grant, SeaPort Advisory Grant Program and various housing grants, and
- Conceived and partially implemented a financial analysis initiative with the Auditing Department to improve streamline practices related to the General Ledger and Grant and Loan Management.

## FY'06 Goals

### Housing

- Provide technical assistance to complete construction of HarborCov's Community Housing Initiative project to provide twenty-four units of supportive housing for families who are survivors of domestic violence;
- Assist the developer of the Mary C. Burke School to place the twenty-three-unit project into construction in the fall;
- Monitor the construction activities at three sites, the former Janus site, the Till Building and 583 Broadway, providing for a combined forty-six units of affordable housing;
- Provide technical assistance, including acquisition and permitting coordination, for the conversion of the industrial areas of Gerrish Avenue into a major affordable housing project of CNHS;
- Assist in securing funding for a planning study on 40R and other zoning overlay districts to determine the suitability of creating affordable housing goals in those districts;
- Complete a Comprehensive Housing Plan to meet the requirements set forth by the State in its 40R program, and
- Coordinate with the City Manager actions necessary to establish the Affordable Housing Trust Fund Board.

### Transportation

- Prepare construction design documents and a related implementation schedule for improvements at the intersection of Spruce and Williams Streets;
- Develop strategy to undertake road and pedestrian improvements in the Everett Avenue Urban Renewal Area to address existing and future development impacts;

- Research and advance acquisition of the dormant CSX railway;
- Undertake critical path actions that support the potential Massachusetts Highway Department project to reconstruct Beacham Street;
- Coordinate City issues relating to the ongoing Massachusetts Highway Department reconstruction of Eastern Avenue;
- Review Gateway Signage Project Phase I results and determine the need for expansion of the project for Phase II;
- Review and devise action plan with Department of Public Works and the School Department to review crosswalks and address crosswalk visibility;
- Collaborate with Department of Public Works to create a standardized curb cut policy;
- Continue to monitor on-street parking needs in the City and examine the potential expansion of residential parking programs to the Sixth Street train stop area;
- Coordinate development and construction activities with neighboring communities, including, but not limited to, the on-going reconstruction of the Meridian Street Bridge, the Chelsea Street Bridge and the East Boston Haul Road;
- Promote the Urban Ring by on-going participation on the Citizen Advisory Committee for the Draft Environmental Impact Statement, providing information to the MBTA and serving as the coordinating agency between the City and the MBTA, and
- Explore alternative funding for infrastructure improvements, including, but not limited to, TIP, Seaport Bond Bill and Coastal Pollution Remediation Funds.

## Open Space

- Complete design, bid and place into construction planned improvements (provided state funding is secured) to playground surfaces at O'Neil Park, Bellingham Hill Park and Polonia Park.;
- Apply for and receive Urban Self-Help funds to upgrade parks in the City for FY07;
- Advance the construction of public improvements at Parkway Plaza as part of the Phase I Home Depot related to the creek-side path project and initiate a planning exercise to support the potential development of additional open space as part of future phases of the redevelopment;
- Develop conceptual plans, review easement documents and establish a schedule of phased implementation for areas identified for public use at the Forbes Park Residential Project;
- Implement various aspects of the Open Space Plan related to FY'06-07, with particular focus on those 'Transition Study Areas' where land use planning initiatives are planned or underway (Gerrish District, Crescent Ave/Upper Broadway, Heard / Sixth Street District and Mystic/Parkway Plaza), to provide for an integrated park/open space plan for these new development districts, and

- Develop and promote a street tree maintenance plan in cooperation and collaboration with the DPW, including encouraging residents to be Citizen Foresters and to participate in the stewardship of the City's tree inventory, organizing an Arbor Day observance and advocating for a Tree Care Ordinance.

## Public Improvements and Planning

- Explore options for additional funding from the Seaport Bond Council and other sources to advance the recommendations that came out of the planning study of the upper Chelsea Creek/Mill Creek waterfront future marine related public and commercial uses, including marine compatible uses;
- Undertake a planning study of the Gerrish Avenue area, the Mystic Mall and environs area and other areas in transition, exploring assets; reviewing density and potential uses; listing infrastructure, open space, and other physical improvement needs, and identifying potential funding sources for future actions;
- Secure funding for the planting of street trees at various locations in the City;
- Review the zoning ordinance and prepare updates and clarifications to address lot coverage, floor area ratio and density issues, and
- Work with members of the Planning Board to establish a process to implement the action items developed through the Community Planning process.

## Economic Development

- Provide supports necessary to complete the Phase I redevelopment of Parkway Plaza and the continuing redevelopment of Forbes Industrial Park;
- Secure development plans for the remainder of Parkway Plaza;
- Agree upon a final development plan for Mystic Mall, and
- Coordinate the Everett Avenue Urban Renewal Development District plans for the redevelopment of Chelsea Gateway, Emerald Block and Chelsea Gateway Overlook Project.

## Administration

- Develop a Financial Procedures Manual to more fully document financial procedures in the Department, and
- Implement a Grant Management Program in coordination with the IT Department and Auditing to improve administrative and financial procedures thereby reducing staffing time and making funds more quickly available to the City.

**Office of Planning & Development Program Budget #175**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	0	0	0	0	0
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)		0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Services (5200-5399)	59,463	22,193	18,000	18,000	0
Supplies (5400-5490)	2,306	0	3,000	3,000	0
Other (5491-5799)	4,844	6,715	3,000	3,000	0
<b>Total Operating</b>	<b>66,613</b>	<b>28,908</b>	<b>24,000</b>	<b>24,000</b>	<b>0</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>66,613</b>	<b>28,908</b>	<b>24,000</b>	<b>24,000</b>	<b>0</b>

**Office of Planning & Development Personnel Listing #175**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
None	0.00	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Office of Planning & Development Personnel Listing Grant Funded**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Director of Planning & Operations	1.00	1.00	1.00	1.00	0.00
Planning Director	1.00	1.00	1.00	1.00	0.00
Finance Director	1.00	1.00	1.00	1.00	0.00
Housing Director	1.00	1.00	1.00	1.00	0.00
Construction Manager	1.00	1.00	1.00	1.00	0.00
Project Manager	3.00	1.00	1.00	1.00	0.00
Housing Rehab. Specialist	1.00	1.00	1.00	1.00	0.00
Intake Specialist	1.00	0.00	0.00	0.00	0.00
Housing Development Project Manager	1.00	1.00	1.00	1.00	0.00
Financial Analyst	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>13.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>

## *Education*

The assessment for the Education Departments is set in large part by the Education Reform Act of 1993 and subsequent laws related to Education Reform.

The total FY 05 Proposed School Budget of \$45,713,980 represents an increase of \$221,664 or a 0.48% from FY'05. This budgetary increase is directly attributable to an increase in state aid, in the form of the Education Reform Act of 1993. Details of the School Department budget can be found in the separate budget document developed by the School Department.

### Mission Statement

The mission of the Chelsea Public Schools is to ensure conditions of opportunity so that children arrive at school ready to learn; teachers enter classrooms ready to teach; and a serious, substantive curriculum exists for all schools.

### FY'06 Goals

The 1989 enabling legislation identified 17 long-term goals for the Partnership. These goals correspond to the major problems that the Boston University study identified in Chelsea and constitute standards against which progress can be measured over the course of the Partnership. The 17 goals have been and remain:

1. Revitalize the curriculum of the city's school system.
2. Establish programs for the development of school personnel and for the expansion of learning opportunities for parents.
3. Improve test scores of students in the school system.
4. Decrease the drop out rate for students in the school system.
5. Increase the average daily attendance rate for the school system.
6. Increase the number of high school graduates from the school system.
7. Increase the number of high school graduates from the school system that go on to attend four year colleges.
8. Increase the number of job placements for graduates of the school system.
9. Develop a community school program through which before-school, after-school, and summer programs are offered to students in the school system and through which adult education classes for the inhabitants of the city are offered.
10. Identify and encourage the utilization of community resources.

11. Establish programs that link the home to the school system.
12. Decrease teacher absenteeism in the school system.
13. Improve the financial management of the school system and expand the range of operating funds available to the school system.
14. Increase salaries and benefits for all staff, including raising teacher salary average to make it competitive with the statewide average.
15. Construct effective recruiting, hiring, and retention procedures for all staff members.
16. Establish student assessment designs and procedures that are of assistance in monitoring programs and that act as incentives for staff members in each school.
17. Seek to expand and modernize physical facilities in the school system.

***School Department Program Budget***

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Net School Apporpiation	44,660,197	44,568,983	45,492,316	45,713,980	221,664
Total Direct Expenses	<b>44,660,197</b>	<b>44,568,983</b>	<b>45,492,316</b>	<b>45,713,980</b>	<b>221,664</b>

## *Northeast Regional Vocational High School Assessment*

The Northeast Regional Vocational High School Assessment is based on enrollment from the 12 member communities in the regional school district. The City will experience a decrease in enrollment of 26 students from 258 students in FY'05 to 232 students for FY'06 offsetting an overall increase of 4.97% in the school's operating expenses. The net result of these changes is a decrease to our final assessment of \$309,305.

### ***Northeast Regional Voc. High School Assessment Program Budget #301***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Regional Assessment (5662)	1,445,553	1,748,175	1,604,634	1,295,329	(309,305)
Total Direct Expenses	<b>1,445,553</b>	<b>1,748,175</b>	<b>1,604,634</b>	<b>1,295,329</b>	<b>(309,305)</b>

## *Police*

### Mission Statement

The Police Department promotes a safe and secure community by taking pride in and being dedicated to providing quality police service. Through traditional and innovative policing techniques, the department recognizes and accepts the responsibility to maintain order while affording dignity and respect to every individual. In support of that goal, the department prioritizes partnerships with other law enforcement departments, other City departments and the community as a whole.

### Significant Changes

The full implementation of the 14-point plan for increased public safety has provided the Police Department with a focused mandate and added significant resources, including six additional officers and \$250,000 for surveillance cameras. Those additional officers include three for an expanded traffic unit and .5 FTEs (Full Time Equivalents) to upgrade both the half-time gang unit and the criminal investigations division officers to full-time status. The six officers will all complete academy training by the end of FY'05, allowing for the full implementation in FY'06 of the 14-point plan as it relates to manpower. By early, FY'06, 27 “public safety” surveillance cameras, paid for with City funds, and 7 “homeland security” surveillance cameras, paid for through Federal Homeland Security funding, will be operational. Several special operations are planned for early FY'06 to ensure the peace and protect the public, especially during the warm summer months. The transfer of E911 oversight to the Office of Emergency Management and the transfer of the Weed & Seed Program from Health & Human Services should allow the Department to strengthen its focus on preventing crime and enforcing laws for those who commit crime.

### Previous Year Accomplishments

- Developed the plan, completed the bid activities and secured the Council appropriation for the installation of 27 fixed and mobile video cameras in the community to be connected to Police headquarters as part of the 14-point plan;
- Hired and sent to academy training four new police officers to support the 14-point plan initiatives to expand the Traffic Unit, Gang Unit and Criminal Investigation Division within the Police Department;
- Began the analysis of crime statistics to combat gang activity as called for by the 14-point plan;
- Developed and implemented the Special Tactical Operations Program to utilize special operations to target specific crimes as recommended by the 14-point plan;
- Initiated the planning on programs devised to reduce motor vehicle theft and fraud as consistent with the 14-point plan;
- Transferred the oversight of the Weed & Seed Program to the Police Department, hired a Weed & Seed Director and began efforts to re-energized the Weed & Seed Program as called for in the 14-point plan;
- Transferred the oversight of E911 to the Office of Emergency Management and relocated the E911 call center to the Emergency Operations Center as recommended in the 14-point plan;

- Collaborated with the City Council on the adoption of new ordinances to combat gang and illegal dumping activities;
- Participated in regional discussions and drafted a Community Safety Initiative to address additional State and local resources targeted to prevention, enforcement, prosecution and incarceration activities in the commonwealth;
- Participated in regional homeland security committees, securing equipment, including funding for seven additional surveillance cameras, and training, as well as facilitating further discussions for the future needs of the region;
- Advanced State Accreditation of the Department;
- Instituted a “zero tolerance zone” for gang activity around Chelsea High School and the Williams Middle School;
- Expanded community partnerships, including those with Roca and the Juvenile Probation Department, to develop positive diversion strategies to combat gang recruiting, and
- Join members of ISD to undertake a joint walk-through program of local neighborhoods to identify and address code and civil violations

## FY’06 Goals

- Place surveillance cameras in operation in early FY’06, only after protocols to dictate the use of cameras has been developed, adopted by the City and communicated to all members of the Department;
- Further refine implementation of the 14-point plan to more effectively provide for public safety;
- Advance with the City Manager State level discussions regarding the adoption of a Community Safety Initiative to bring additional resources to communities combating crime,
- Facilitate additional local and regional efforts to promote homeland security needs of the city, state and country.

### ***Police Department Program Budget #210***

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	5,058,283	4,923,937	4,954,605	5,301,981	347,376
Overtime (5104)	453,168	494,517	400,000	500,000	100,000
Other Salary & Benefit (5105-5199)	462,615	415,324	460,064	500,464	40,400
<b>Total Wages &amp; Salaries</b>	<b>5,974,066</b>	<b>5,833,778</b>	<b>5,814,669</b>	<b>6,302,445</b>	<b>487,776</b>
Services (5200-5399)	262,575	312,764	304,950	299,950	(5,000)
Supplies (5400-5490)	79,816	85,626	82,100	96,600	14,500
Other (5491-5799)	6,143	5,721	5,700	5,700	0
<b>Total Operating</b>	<b>348,534</b>	<b>404,112</b>	<b>392,750</b>	<b>402,250</b>	<b>9,500</b>
Capital (5800-5899)	90,000	0	120,000	133,429	13,429
<b>Total Department</b>	<b>6,412,600</b>	<b>6,237,890</b>	<b>6,327,419</b>	<b>6,838,124</b>	<b>510,705</b>

### ***Police Department Personnel Listing #210***

Title	2003	2004	2005	2006	Variance
Police Chief	1.00	1.00	1.00	1.00	0.00
Captains	4.00	4.00	4.00	4.00	0.00
Lieutenants	7.00	7.00	7.00	7.00	0.00
Sergeants	14.00	13.00	13.00	13.00	0.00
Police Officers	61.00	55.00	61.00	61.00	0.00
Business & Grants Manager	1.00	1.00	1.00	1.00	0.00
Office Manager	1.00	1.00	1.00	1.00	0.00
Head Administrative Assistant	2.00	2.00	2.00	2.00	0.00
Administrative Assistant	0.00	0.00	0.00	0.00	0.00
Head Clerk	1.00	1.00	1.00	1.00	0.00
E-911 Director	0.00	0.00	0.00	0.00	0.00
Dispatchers	11.00	11.00	0.00	0.00	0.00
Matron	0.50	0.50	0.50	0.50	0.00
Conflict Mediator	0.00	0.00	0.00	0.00	0.00
Animal Control Officer	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>104.50</b>	<b>97.50</b>	<b>92.50</b>	<b>92.50</b>	<b>0.00</b>

## *Fire*

### Mission Statement

The Fire Department seeks to provide optimum protection to life and property for the citizens of Chelsea and others, as called upon, against the ravages of fires, medical emergencies, hazardous incidents and other dangerous conditions. The traditional goals of the department are: to prevent fires from starting, to prevent loss of life and property when fires start, to confine fire to the place where it started, and to extinguish fires. The Fire Department is comprised of the following four divisions: Fire Suppression (including mutual aid to adjacent communities), Emergency Medical Response, Fire Prevention, and Hazardous Material Control

### Significant Changes

As the Central Fire Station undergoes more than \$1 million in renovations, Department office and line personnel have relocated to a former tooling facility now owned by the City in the urban renewal district. That building was retrofitted through the skilled work of the DPW, and has served as a adequate temporary home for many of the Department's staff. The renovated Central Fire Station is expected to be ready for occupancy by the end of FY'05, and should provide occupants with greater comfort and personal protection for years to come. As was the case in FY'05, another three firefighters will be added to the Department in FY'06, again to combat overtime needs. The City and the Department are working on a plan to ensure that the overtime appropriation for FY'06 is sufficient to cover "normal" needs.

### Previous Year Accomplishments

- Issued new Self-Contained Breathing Apparatus (SCBA) to firefighters with funding through the Federal Urban Area Security Initiative (UASI);
- Received twenty new portable radios through Federal funding secured by the Metropolitan Fire Chiefs and meant to support communications with other departments during mutual aid operations;
- Purchased water rescue equipment through Federal funding and developed a policy which outlines various roles of supporting agencies;
- Received twenty-five dosimeters and four radiation meters through the Massachusetts Emergency Management Agency (MEMA) to enhance the Department's ability to detect the presence of radiation in the event of a terrorist act;
- Issued a Personal Alert Safety System (PASS) device purchased with City funding to help locate firefighters caught in burning buildings or other trouble;
- Upgraded the radio communication line from E911 to the Department's base station at the Soldier's Home, drastically improving the clarity of communications, and
- Assisted in four arson arrests, including one individual who was responsible for seven fires in the business district over a one-year period.

## FY'06 Goals

- Complete the Central Fire Station renovation project, including addressing any punchlist items;
- Advocate for additional “interoperability” advances through regional initiatives to continue to promote better emergency communications between departments during times of crisis, and
- Enhance departmental computer operations.

### ***Fire Department Program Budget #220***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	4,800,364	4,751,749	5,057,774	5,203,030	145,256
Overtime (5104)	670,174	605,986	400,000	525,000	125,000
Other Salary & Benefit (5105-5199)	378,151	330,443	399,300	479,400	80,100
<b>Total Wages &amp; Salaries</b>	<b>5,848,689</b>	<b>5,688,178</b>	<b>5,857,074</b>	<b>6,207,430</b>	<b>350,356</b>
Services (5200-5399)	164,320	175,760	193,115	200,615	7,500
Supplies (5400-5490)	87,363	109,113	100,800	96,500	(4,300)
Other (5491-5799)	2,675	5,860	3,500	3,500	0
<b>Total Operating</b>	<b>254,358</b>	<b>290,733</b>	<b>297,415</b>	<b>300,615</b>	<b>3,200</b>
Capital (5800-5899)	0	0	18,000	0	(18,000)
<b>Total Department</b>	<b>6,103,047</b>	<b>5,978,911</b>	<b>6,172,489</b>	<b>6,508,045</b>	<b>335,556</b>

### ***Fire Department Personnel Listing #220***

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Fire Chief	1.00	1.00	1.00	1.00	0.00
Deputy Chiefs	6.00	6.00	6.00	6.00	0.00
Captains	12.00	12.00	12.00	12.00	0.00
Lieutenants	12.00	12.00	12.00	12.00	0.00
Firefighters	60.00	54.00	57.00	60.00	3.00
Mechanic	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>93.00</b>	<b>87.00</b>	<b>90.00</b>	<b>93.00</b>	<b>3.00</b>

# *Inspectional Services*

## Mission Statement

The Inspectional Services Department (ISD) enforces laws and building codes, promulgates and enforces reasonable rules and regulations relating to building construction, zoning enforcement, health and sanitation, and weights and measures for the purpose of protecting public health and safety. ISD is also responsible for making inspections, issuing permits, licenses and certificates, and provides for appeals and variances as mandated by the State sanitary code, the State environmental code and various other State codes and City ordinances.

## Significant Changes

Supervision of the Licensing Department is being transferred from the Personnel Director to the Director of Inspectional Services. ISD and Licensing Department activities are compatible, and the offices of both departments are adjoining, facilitating even further communication and coordination. The rehiring of a Building Inspector in FY'05 has been very beneficial as in one year the department has made large strides in "catching up" on the back log of state required mandatory Certificate of Inspection inspections in restaurants, clubs, daycare centers, schools, and multi-family structures. A new department initiative of yearly inspections will be required of all businesses and places of assembly that serve alcoholic beverages. An inspection will be conducted of these establishments by a building inspector prior to the renewal of their January 1st Alcoholic Beverage License, and will include ensuring that all establishments are in compliance with the requirements of the new Sprinkler/Fire Suppression Regulations. An increased collaboration with the Police Department continues to be very productive in attacking unsafe housing conditions. The Department has also created a new Use Affidavit, required to be signed by the property owner, that will ensure that basement and attic renovations are not illegally altered and changed into an illegal, unsafe apartment and/or habitable space.

## Previous Year Accomplishments

- Substantially reduced backlog of required inspections;
- Completed plan review and permitting on major City initiatives, including the Home Depot project at Parkway Plaza;
- Issued over 1,500 21D violations for violations of local ordinances and state codes, the highest amount ever issues.

## FY'06 Goals

- Implement, in cooperation with the Fire Department, MGL (Massachusetts General Laws) Chapter 304 of the Acts of 2004, requiring a licensed establishment with an occupancy load in excess of 100 to install a sprinkler/fire suppression system;
- Utilize the newly created "Use Affidavit" which is required to be signed by the property owner following the issuance of a Building Permit to ensure that attic and basement renovations are not illegally altered to create an illegal, unsafe dwelling unit, and

- Inform property owners, via the water billing mailing, about the illegality and dangers of creating illegal apartments and rooming houses.

**Inspectional Services Program Budget #240**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	397,516	424,170	452,746	464,828	12,082
Overtime (5104)	21,076	20,489	23,000	23,000	0
Other Salary & Benefit (5105-5199)	15,490	19,332	19,790	23,090	3,300
		0	0	0	
<b>Total Wages &amp; Salaries</b>	<b>434,082</b>	<b>463,990</b>	<b>495,536</b>	<b>510,918</b>	<b>15,382</b>
Services (5200-5399)	14,139	12,494	15,250	16,700	1,450
Supplies (5400-5490)	3,404	2,366	2,900	2,900	0
Other (5491-5799)	2,342	2,195	2,700	3,700	1,000
<b>Total Operating</b>	<b>19,885</b>	<b>17,054</b>	<b>20,850</b>	<b>23,300</b>	<b>2,450</b>
Capital (5800-5899)	0	0	0	18,000	18,000
<b>Total Department</b>	<b>453,967</b>	<b>481,045</b>	<b>516,386</b>	<b>552,218</b>	<b>35,832</b>

**Inspectional Services Personnel Listing #240**

Title	2003	2004	2005	2006	Variance
Director of ISD	1.00	1.00	1.00	1.00	0.00
Office Manager	1.00	1.00	1.00	1.00	0.00
Weights & Measures/Food	1.00	1.00	1.00	1.00	0.00
Zoning Officer	0.50	0.50	0.50	0.50	0.00
Building Inspectors	2.00	2.00	3.00	3.00	0.00
Plumbing Inspector	0.50	0.50	0.50	0.50	0.00
Wiring Inspector	1.00	1.00	1.00	1.00	0.00
Code Enforcement	2.00	3.00	2.00	2.00	0.00
Senior Clerk/Typist	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>10.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>0.00</b>

# *Emergency Management*

## Mission Statement

The Emergency Management Department seeks to maximize survival of persons and preservation of property in the city in the event of a natural or manmade disaster by effective planning and coordinated use of all manpower, equipment, available shelter and any other resources during an actual emergency. The Department is also responsible for mitigation and financial recovery from such incidents and also for formulating and exercising emergency plans for natural disasters and hazardous materials accidents, which may occur at facilities and transportation routes within the city.

## Significant Changes

E911 operations have been transferred from Police Headquarters to the Emergency Operations Center. Additional work is necessary and is being performed to fully support the relocation.

## Previous Year Accomplishments

- Coordinated the physical relocation of the E911 from Police Headquarters to the Emergency Operations Center;
- Served as Point of Contact for the City as a member of the Metropolitan Boston Homeland Security Partnership.

## FY'06 Goals

- Apply for State and Federal funding to increase the homeland security needs of the city;
- Upgrade two rooms in lower level of the Emergency Operating Center [EOC] to accommodate local and regional emergency and security needs with funding from a grant from the Metro-Boston Homeland Security Region, and
- Expand the communications capability to allow for increased interoperability with city departments as well as other City, State and Federal agencies.

**Emergency Management Program Budget #230**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	40,000	47,529	543,331	549,461	6,130
Overtime (5104)	0	0	50,000	90,000	40,000
Other Salary & Benefit (5105-5199)	0	0	17,610	17,900	290
<b>Total Wages &amp; Salaries</b>	<b>40,000</b>	<b>47,529</b>	<b>610,941</b>	<b>657,361</b>	<b>46,420</b>
Services (5200-5399)	2,621	2,136	8,660	22,900	14,240
Supplies (5400-5490)	5,032	1,799	4,350	4,250	(100)
Other (5491-5799)	0	0	0	0	0
<b>Total Operating</b>	<b>7,653</b>	<b>3,935</b>	<b>13,010</b>	<b>27,150</b>	<b>14,140</b>
Capital (5800-5899)	0	0	20,000		(20,000)
<b>Total Department</b>	<b>47,653</b>	<b>51,464</b>	<b>643,951</b>	<b>684,511</b>	<b>40,560</b>

**Emergency Management Personnel Listing #230**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Director of Emergency Management	1.00	1.00	1.00	1.00	0.00
Dispatcher	0.00	0.00	12.00	12.00	0.00
Dispatcher Part Time	0.00	0.00	1.00	1.00	0.00
<b>Total Department</b>	<b>1.00</b>	<b>1.00</b>	<b>14.00</b>	<b>14.00</b>	<b>0.00</b>

## *Public Works*

### Mission Statement

The Department of Public Works (DPW) provides professional quality maintenance, repair and construction services while maintaining 44 miles of streets, 88 miles of sidewalks, 10 parks and playgrounds, public squares and the Garden Cemetery. The DPW is also responsible for the ongoing maintenance of 11 municipal buildings, 61 miles of water mains, 40.5 miles of sewer mains, the Carter Street drain pumping station, nearly 90 vehicles and pieces of equipment and the municipal fire alarm system. Additionally, the DPW oversees the City's trash collection and disposal services, including curbside recycling, and is responsible for rapid response to all snow, ice and other inclement weather emergencies and conditions. Furthermore, the DPW enforces water, sewer and snow ordinances, grants petitions of location for utilities, and maintains engineering records and City maps. Lastly, the DPW plays a significant role in the daily operation of other City departments in responding to requests for service. In particular, DPW works extensively with the Departments of Inspectional Services and Planning and Development.

The department of Public Work includes the divisions:

[Street and Sidewalks](#)

[Solid Waste /Recycling](#)

[Structures and Grounds](#)

### Significant Changes

For a three-year period beginning in FY'05, the Department awarded the Solid Waste and Recycling Services contract to a new vendor, Capitol Waste Services, Inc. This award resulted in a substantial cost savings to the City, while expanding existing services. The Department is currently working with Capitol in a joint effort to increase the City's recycling numbers. The Department hired a consultant in FY'05 to audit the existing street light system, and to make recommendations. This audit resulted in a rebate on past payments, and additional future savings. This past winter brought record snowfall to the region, however Department employees, utilizing some newly acquired equipment, were successful in clearing roads in a timely manner. Under the supervision of Department staff, renovation of the Central Fire Station was completed, and occupancy took place in May. This summer the City held a Household Hazardous Waste Day allowing residents to properly dispose of hazardous waste, thereby reducing the threat of illegal dumping. A new Operations Manager was brought on board and while no immediate changes have been instituted, there are plans to review existing procedures and to make modifications where needed.

### Streets & Sidewalks

#### Previous Year Accomplishments

- Contracted a consultant to perform an audit of the City's street lights finding one hundred and two lights that no longer exist, resulting in a savings of approximately \$14,000/year;
- Entered into a new street light maintenance contract that now includes the downtown decorative lights, with those decorative lights to be rehabbed to include new access doors and retrofitted with new fixtures;

- Oversaw the contracted reconstruction of the following streets: Chestnut Street, including new water and sewer mains, full depth roadway and sidewalks to make ADA compliant; Dudley Street, including new drainage and full depth roadway and sidewalks to make ADA compliant; Villa Street, including new drainage and full depth roadway and sidewalks to make ADA compliant; Spencer Avenue (Villa to Webster), including new water main and drainage, and full depth roadway and sidewalks to make ADA compliant; Webster Avenue (Dudley to Eastern), including new water main, overlay of roadway and new concrete sidewalks to make ADA compliant, and Williams Street, including full depth roadway and sidewalks to make ADA compliant;
- Reconstructed the crosswalks in Cary Square utilizing DPW personnel;
- Installed new concrete sidewalks on Pearl and Cabot Streets to meet ADA regulations;
- Planted fifty-one new trees on Pearl and Fifth Streets using monies from State's Re-Leaf Program;
- Granted "Tree City USA" designation from the National Arbour Day Foundation, and
- Installed decorative trash receptacles to replace the old trash barrels at thirty-five locations throughout the city.

## FY'06 Goals

- Reconstruct Crescent Avenue to include replacement of the 16" water main, separation of combined sewer, and full depth roadway & sidewalk reconstruction from Cary Avenue to Eastern Avenue;
- Undertake surface enhancements on Stockton Street, Clarke Avenue and Vale Street;
- Convert the existing mercury vapor street lights to new lower watt high pressure sodium lights resulting in an estimated savings of \$74,000/year and a doubling of lighting levels;
- Review the current street opening permit process and implement changes to allow for improved tracking of street excavations;
- Replace and upgrade approximately 5,000 water meters with new radio frequency water meters;
- Plant 50 trees in the spring using State Re-Leaf funding on Upper Broadway (including parts of Cabot and Clark), Cary Square, Chestnut Street, Spencer Avenue and Dudley Street, and
- Provide training to DPW personnel to conduct spot concrete sidewalk repairs.

## Solid Waste/Recycling

## Previous Year Accomplishments

- Entered into a new three-year trash contract for a savings of \$120,000, while adding daily white goods collections (as opposed to weekly) and an additional week of yard waste collection, and managed the transition to the new hauler with few complaints, and
- Held a full-scale Household Hazardous Waste Day.

## FY'06 Goals

- Conduct a full-scale Household Hazardous Waste Day with at least one neighboring community;
- Complete a review of pay-as-you-throw programs and make a recommendation for the possible implementation of a local program, and
- Review with the City Manager and possible establishment a trash enforcement officer to promote the proper placement of curbside trash and the cleanliness of neighborhoods.

## Structures & Grounds

### Previous Year Accomplishments

- Completed Phase II of the High School field project with the installation of a new rubber running track;
- Restored the soccer field at Highland Park, including the restoration of the irrigation system, top dressing, laser grading, and nutrient & seed application;
- Completed the final phase of the multi-phase/multi-year roof replacement project with the replacement of the roofs on the east and west wings of City Hall, and the roof of the Emergency Operations Center;
- Replaced the heating system at the Public Safety Building (Engine #1) on Sagamore Avenue, and
- Performed improvements to fit out a former tooling building into a temporary fire station, and then coordinated the restoration of Central Fire Station.

### FY'06 Goals

- Perform an audit to verify accuracy of all previously incurred telecommunication expenses, and retrieve any and all refunds;
- Convert the existing heating system at the DPW City Yard to a waste oil heating system in an effort to reduce energy costs;
- Replace vinyl tiles in all the hallways and landings in City Hall to eliminate any potential safety hazards and enhance the aesthetics of those public areas;
- Establish a turf management program for all playing fields, parks and open spaces;

- Undertake another phase of a multi-year restoration project for City Hall to include repair and replacement of the roof line terra-cotta, and
- Develop engineering drawings for the next phase of restoration at City Hall.

**Public Works / Administration Division Program Budget #421**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	250,320	240,216	207,216	176,078	(31,138)
Overtime (5104)	58	0	0	0	0
Other Salary & Benefit (5105-5199)	11,357	2,500	2,450	2,770	320
<b>Total Wages &amp; Salaries</b>	<b>261,735</b>	<b>242,716</b>	<b>209,666</b>	<b>178,848</b>	<b>(30,818)</b>
Services (5200-5399)	8,992	6,580	10,350	11,970	1,620
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	0	0	0	0	0
<b>Total Operating</b>	<b>8,992</b>	<b>6,580</b>	<b>10,350</b>	<b>11,970</b>	<b>1,620</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>270,727</b>	<b>249,296</b>	<b>220,016</b>	<b>190,818</b>	<b>(29,198)</b>

**Public Works / Administration Division Personnel Listing #421**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Director	1.00	1.00	1.00	0.50	(0.50)
Junior Engineering Aid	0.00	0.00	0.00	0.00	0.00
Business Manager	1.00	1.00	0.50	0.50	0.00
Head Administrative Asst	1.00	1.00	1.00	1.00	0.00
Assistant Director	0.50	0.50	0.50	0.50	0.00
Head Clerk	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>4.50</b>	<b>4.50</b>	<b>4.00</b>	<b>3.50</b>	<b>(0.50)</b>

**Public Works/ Streets & Sidewalks Division Program Budget #422**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	458,352	470,097	508,728	516,618	7,890
Overtime (5104)	49,501	42,539	42,500	42,500	0
Other Salary & Benefit (5105-5199)	65,882	31,494	23,700	29,550	5,850
<b>Total Wages &amp; Salaries</b>	<b>573,735</b>	<b>544,130</b>	<b>574,928</b>	<b>588,668</b>	<b>13,740</b>
Services (5200-5399)	775,877	808,717	777,880	795,880	18,000
Supplies (5400-5490)	108,208	69,179	80,200	88,500	8,300
Other (5491-5799)	7,314	1,443	7,500	7,500	0
<b>Total Operating</b>	<b>891,399</b>	<b>879,339</b>	<b>865,580</b>	<b>891,880</b>	<b>26,300</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>1,465,134</b>	<b>1,423,469</b>	<b>1,440,508</b>	<b>1,480,548</b>	<b>40,040</b>

**Public Works/ Streets & Sidewalks Division Personnel Listing #422**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Foreman	1.00	1.00	1.00	1.00	0.00
Principal Clerk	1.00	1.00	1.00	1.00	0.00
PWM Craftsmen	1.00	1.00	1.00	1.00	0.00
PWMM's	4.00	3.00	3.00	3.00	0.00
PWMMHMEO's	3.00	3.00	3.00	3.00	0.00
PWMSMEO's	2.00	2.00	2.00	2.00	0.00
Signal Maintenance	1.00	1.00	1.00	1.00	0.00
Watchman	1.00	1.00	1.00	1.00	0.00
Working Foreman	1.00	1.00	1.00	1.00	0.00
Field Operations Manager	0.50	0.50	0.50	0.50	0.00
<b>Total Department</b>	<b>15.50</b>	<b>14.50</b>	<b>14.50</b>	<b>14.50</b>	<b>0.00</b>

**Public Works / Solid Waste Division Program Budget #430**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	5,983	0	0	16,992	16,992
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>5,983</b>	<b>0</b>	<b>0</b>	<b>16,992</b>	<b>16,992</b>
Services (5200-5399)	1,910,394	1,727,071	1,802,000	1,794,000	(8,000)
Supplies (5400-5490)	0	500	500	500	0
Other (5491-5799)	2,208	2,762	2,500	2,500	0
<b>Total Operating</b>	<b>1,912,602</b>	<b>1,730,333</b>	<b>1,805,000</b>	<b>1,797,000</b>	<b>(8,000)</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>1,918,585</b>	<b>1,730,333</b>	<b>1,805,000</b>	<b>1,813,992</b>	<b>8,992</b>

**Public Works / Solid Waste Division Personnel Listing #430**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Solid Waste Coordinator	0.00	0.00	0.00	0.50	0.50
<b>Total Department</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.50</b>	<b>0.50</b>

**Public Works / Structures & Grounds Division Program Budget #470**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	243,239	199,613	265,036	248,172	(16,864)
Overtime (5104)	8,764	7,068	5,000	5,000	0
Other Salary & Benefit (5105-5199)	11,954	7,500	8,200	9,100	900
<b>Total Wages &amp; Salaries</b>	<b>263,957</b>	<b>214,181</b>	<b>278,236</b>	<b>262,272</b>	<b>(15,964)</b>
Services (5200-5399)	553,273	507,446	591,075	623,225	32,150
Supplies (5400-5490)	93,532	93,208	74,600	75,100	500
Other (5491-5799)	85	60	150	150	0
<b>Total Operating</b>	<b>646,890</b>	<b>600,715</b>	<b>665,825</b>	<b>698,475</b>	<b>32,650</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>910,847</b>	<b>814,896</b>	<b>944,061</b>	<b>960,747</b>	<b>16,686</b>

**Public Works / Structures & Grounds Division Personnel Listing #470**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Building Craftsmen	2.00	2.00	2.00	2.00	0.00
Building Custodian	2.00	2.00	2.00	1.50	(0.50)
Building Superintendent	1.00	1.00	1.00	1.00	0.00
PWM Craftsmen	1.00	1.00	1.00	1.00	0.00
Carpenter	0.50	0.50	0.00	0.00	0.00
Plumber	1.00	1.00	1.00	0.50	(0.50)
<b>Total Department</b>	<b>7.50</b>	<b>7.50</b>	<b>7.00</b>	<b>6.00</b>	<b>(1.00)</b>

**Public Works / Snow Removal Division Program Budget #423**

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	0	0	0	0	0
Overtime (5104)	35,047	31,738	25,000	25,000	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>35,047</b>	<b>31,738</b>	<b>25,000</b>	<b>25,000</b>	<b>0</b>
Services (5200-5399)	28,858	51,352	35,260	35,260	0
Supplies (5400-5490)	66,095	49,606	31,000	31,000	0
Other (5491-5799)	0	0	0	0	0
<b>Total Operating</b>	<b>94,953</b>	<b>100,957</b>	<b>66,260</b>	<b>66,260</b>	<b>0</b>
Capital (5800-5899)	9,958	9,037	10,000	10,000	0
<b>Total Department</b>	<b>139,958</b>	<b>141,732</b>	<b>101,260</b>	<b>101,260</b>	<b>0</b>

**Public Works / Snow Removal Division Personnel Listing #423**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
None	0.00	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

# *Health and Human Services*

The Department of Health and Human Services (HHS) and the divisions included therein ensure that local residents, independently of their background or condition, gain access to quality programs and services that encourage self-sufficiency, offer opportunities to develop their full potential, and celebrate the proud history of diversity, racial tolerance and cultural harmony in the city. The HHS Department confronts potential threats to the overall health of the community and promotes the economic, physical and emotional well-being of the city. To achieve these ends the Department collaborates with residents, other City departments, State and Federal agencies in developing appropriate programs, activities and services.

The department of Health and Human Services includes the divisions:

[Administration](#)

[Public Library](#)

[Community School and Recreation](#)

[Elder Affairs](#)

[Veteran Services](#)

[Health](#)

## [Administration Division](#)

### Mission Statement

The administrative component of HHS provides administrative, program and operation support to its divisions, boards, committees and commissions. HHS activities include on-going reporting to other city departments, research and data gathering on health and human service issues affecting the city and building networks with private and public agencies and institutions providing services to local area residents HHS provides analysis and assistance on all budgetary matters, including the planning and preparation of annual HHS operating and capital budgets, daily administrative staff supervision, weekly meetings with individual managers, monthly problem solving staff meetings, coordination of efforts among the divisions, scheduled meetings with division heads, and assistance with personnel and other operational issues. HHS continues its oversight of grants from the Massachusetts Office of Refugees and Immigrants and provides individual emergency case management and referral to non-governmental providers. In addition, HHS manages the Weed and Seed Initiative, the youth employment placement and Youth Jobs programs.

### Significant Changes

Oversight of the Weed & Seed Program has been transferred from the Department to the Police Department to allow the program to focus on more law enforcement related activities. The Department is still represented on the Weed & Seed Steering Committee and continues to advocate for crime prevention and community building programming. The Department has been particularly active in local, regional and national discussions on responses to current health and public safety issues that could impact local residents, from bio-terrorism to youth violence.

## Previous Year Accomplishments

- Supervised the completion of the federally funded report on local youth violence;
- Completed and submitted Weed & Seed grant reports;
- Coordinated City participation in the collaborative Summer Youth Employment Program;
- Produced the annual Chelsea Summer Activities brochure;
- Renewed Federal and State grants for the Chelsea Refugees and Immigrant Services Program and maintained job placement, pre-employment training, ESL instruction and post employment counseling programs for program participants;
- Assisted in the adaptation and implementation of the FAST (Families and Students Together) Program, seeking to improve the involvement of parents in the education of their children, and
- Supported two new youth programs aimed at preventing substance abuse and youth truancy and violence that were conducted by local community based organizations.

## FY'06 Goals

- Assist in the organization of a Youth Summit for participants in the Chelsea Summer Youth Employment Program, and
- Implement recommendations made in the Chelsea Youth Violence Collaborative Report.

## Public Library Division

### Mission Statement

The Public Library seeks to be an integral part of its community, offering residents access to a wide variety of popular and reference materials, resources and services to enrich their lives and to expand their personal, cultural and intellectual development. The trustees and staff work to maintain an inviting library environment that satisfies the needs of users of different ages, backgrounds and abilities.

### Significant Changes

New computers have been installed and new wiring completed with the help of private grant funds. A new partnership with Bunker Hill Community College has begun, providing additional equipment and operational support to the Library in return for classroom and study utilization for BHCC students.

## Previous Year Accomplishments

- Installed new computers for public use;

- Completed an agreement to serve Bunker Hill Community College students;
- Upgraded automated book reservation system which is accessible twenty-four hours a day, seven days a week, and
- Improved collection of books in Spanish and other languages.

## FY'06 Goals

- Integrate Bunker Hill Community College use of the Public Library into daily operations without impacting services offered to patrons.

## Elder Affairs Division

### Mission Statement

The Elder Affairs Division identifies the needs of the City's over sixty years of age population and designs, implements, promotes and coordinates new and existing elderly services. The Division insures extensive outreach is made to linguistic minority communities within the city, as well as other difficult to reach elders, to provide equal access to services and programs. The Division of Elder Affairs operates the Senior Center for those seniors who are ambulatory, offering services and resources that will enable participating seniors to develop their strengths and function productively and independently in their homes and in the community.

### Significant Changes

Recreation and cultural activities were expanded. The accreditation process is continuing.

### Previous Year Accomplishments

- Addressed the nutritional needs of local seniors and provided information, lunch and monthly food support to more than 300 participants;
- Increased the number of educational/recreational activities at the Senior Center;
- Invited several physicians to lecture on health and quality of life issues;
- Increased cultural, arts, crafts and exercise activities;
- Increased number of activities to share life experiences and cultural background of participants, and
- Furthered Senior Center accreditation process.

## FY'06 Goals

- Complete the Senior Center accreditation process and make a recommendation to the City Manager on any items requiring improvements.

## Health Division

### Mission Statement

The Public Health Division promotes and protects the health and wellness of the community and performs the core functions of public health assessment, assurance and surveillance under the guidance of the Chelsea Board of Health. The Division provides administrative support to the Board of Health and works with HHS in addressing related quality of life issues affecting the city

### Significant Changes

The capacity for data collection and record keeping was greatly improved with a new computer server obtained through grants. A major focus has been placed on Homeland Security cooperation within the region.

### Previous Year Accomplishments

- Provided staff assistance to the Board of Health on the adoption of an odor control agreement with Broadway Terminal and on the undertaking of a general odor study involving multiple sources;
- Furthered West Nile virus surveillance, mosquito control and disease prevention programs;
- Conducted an annual Flu vaccine clinic, distributing vaccines among local health centers, and participated in a Region 4b emergency vaccination clinic;
- Assisted local businesses in the transition to tobacco-free establishments and continued the enforcement of State and City regulations prohibiting the sale of tobacco to minors, and
- Sustained the School Based Nurses Program and supported the nurses efforts to contain contagious diseases in the school system.

## FY'06 Goals

- Oversee installation of odor recovery equipment at Broadway Terminal;
- Implement recommendations of the odor study, and
- Review possible changes to the noise ordinance and make a recommendation to the City Manager for adoption.

## Veterans Services Division

### Mission Statement

The Veterans Services Division provides federal, state and local financial and medical assistance to veterans and their dependents residing in the city (those eligible under MGL C115 and CMR 108). Under prescribed regulations, the division assists all veterans in obtaining benefits for which they are entitled. On the average, the division has an active caseload of about fifty-two recipients and services are evenly divided between medical and general support. The Veteran's Agent works closely with the Soldier's Home to provide housing for veterans in need of shelter and to carry out commemorative activities.

### Significant Changes

Adopted changes in drug and medical insurance policies.

### Previous Year Accomplishments

- Enrolled new veterans and dependents in Mass Health Program;
- Enrolled veterans in prescription drug program, and
- Distributed and placed 1440 flags to decorate veteran's graves.

### FY'06 Goals

- Replace the Veterans Memorial Stadium plaque, and
- Review the Memorial Day Exercises for possible changes in the annual format to attract more local residents.

## Community Schools and Recreation Division

### Mission Statement

The Community Schools and Recreation Division creates, coordinates and implements a comprehensive recreational program for all local residents to enhance leisure time opportunities and enjoyment. The Division is responsible for the establishment, coordination and/or implementation of community sports programs for all boys and girls, as well as adults. The supervision and coordination of the Community Schools program at the Williams Schools is the major current operational program.

## Significant Changes

Staffing was assessed followed by a reorganization of staff duties. Scheduling and operation of indoor sports activities have been greatly improved. Funding issues exist going forward as Weed & Seed and Small Cities grants are uncertain.

## Previous Year Accomplishments

- Increased programming for youth by coordinating with community organizations the provisions of programs in the area of recreation, health and arts;
- Increased safety during indoor sports events by hiring security personnel with grant funds;
- Provided sports and enrichment activities to an average of 1,700 participants a week, and
- Increased variety of programs for adults.

## FY'06 Goals

- Seek additional, non-City resources to maintain and expand services and programming.

### ***Health & Human Services Administration Program Budget #510***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Wages & Salaries (5100-5103)	129,261	125,935	128,270	128,270	0
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>129,261</b>	<b>125,935</b>	<b>128,270</b>	<b>128,270</b>	<b>0</b>
Services (5200-5399)	3,273	3,014	3,150	3,150	0
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	4,588	3,755	4,125	4,125	0
<b>Total Operating</b>	<b>7,861</b>	<b>6,769</b>	<b>7,275</b>	<b>7,275</b>	<b>0</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>137,122</b>	<b>132,704</b>	<b>135,545</b>	<b>135,545</b>	<b>0</b>

**Health & Human Services Administration Personnel Listing #510**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Dir Health & Human Services	1.00	1.00	1.00	1.00	0.00
Financial / Technical Analyst	1.00	1.00	1.00	1.00	0.00
Admin. Assistant	0.50	0.50	0.50	0.50	0.00
<b>Total Department</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>0.00</b>

**Health & Human Services Administration Grant Funded**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Emergency Case Manager	1.00	1.00	0.00	0.00	0.00
<b>Total Department</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Health & Human Services Work Force Development Grant Funded**

<b>Title</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Variance</b>
Refugee Placement Specialist	6.00	4.00	3.00	3.00	0.00
ESL Services Manager	1.00	1.00	1.00	1.00	0.00
Jobs Advocate	2.50	2.50	1.00	1.00	0.00
MIS/Secretary	1.00	1.00	1.00	1.00	0.00
ESL Instructor	1.00	1.00	1.00	1.00	0.00
ESL Coordinator/Instructor	1.00	1.00	1.00	1.00	0.00
Employ. Services Manager	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>13.50</b>	<b>11.50</b>	<b>9.00</b>	<b>9.00</b>	<b>0.00</b>

### **HHS - Chelsea Public Library Program Budget #610**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	239,791	225,483	227,917	229,997	2,080
Overtime (5104)	563	538	600	600	0
Other Salary & Benefit (5105-5199)	10,622	9,382	4,725	5,358	633
<b>Total Wages &amp; Salaries</b>	<b>250,976</b>	<b>235,403</b>	<b>233,242</b>	<b>235,955</b>	<b>2,713</b>
Services (5200-5399)	13,561	13,822	18,206	19,096	890
Supplies (5400-5490)	6,552	4,557	4,544	4,544	0
Other (5491-5799)	417	212	350	350	0
<b>Total Operating</b>	<b>20,530</b>	<b>18,591</b>	<b>23,100</b>	<b>23,990</b>	<b>890</b>
Capital (5800-5899)	0	0	0	3,000	3,000
<b>Total Department</b>	<b>271,506</b>	<b>253,994</b>	<b>256,342</b>	<b>262,945</b>	<b>6,603</b>

### **HHS - Chelsea Public Library Personnel Listing #610**

Title	2003	2004	2005	2006	Variance
Library Director	1.00	1.00	1.00	1.00	0.00
Custodian	0.43	0.43	0.31	0.31	0.00
Senior Library Assistants	2.00	1.50	2.00	2.00	0.00
Library Assistants	3.00	3.00	3.00	3.00	0.00
Reference Librarian	0.40	0.40	0.52	0.52	0.00
Desk Attendant	1.00	1.00	0.31	0.31	0.00
Internship	0.90	0.90	0.00	0.00	0.00
<b>Total Department</b>	<b>8.73</b>	<b>8.23</b>	<b>7.14</b>	<b>7.14</b>	<b>0.00</b>

### **HHS - Elder Affairs Division Program Budget #541**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	170,207	165,191	169,952	170,419	467
Overtime (5104)	4,832	500	1,000	1,000	0
Other Salary & Benefit (5105-5199)	1,900	1,900	2,400	3,600	1,200
<b>Total Wages &amp; Salaries</b>	<b>176,939</b>	<b>167,591</b>	<b>173,352</b>	<b>175,019</b>	<b>1,667</b>
Services (5200-5399)	22,693	12,837	13,350	12,850	(500)
Supplies (5400-5490)	2,112	2,065	2,348	2,498	150
Other (5491-5799)	1,832	1,571	1,750	3,460	1,710
<b>Total Operating</b>	<b>26,637</b>	<b>16,473</b>	<b>17,448</b>	<b>18,808</b>	<b>1,360</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>203,576</b>	<b>184,064</b>	<b>190,800</b>	<b>193,827</b>	<b>3,027</b>

### **HHS - Elder Affairs Division Personnel Listing #541**

Title	2003	2004	2005	2006	Variance
Director of Council on Aging	1.00	1.00	1.00	1.00	0.00
Elder Advocate	1.00	1.00	1.00	1.00	0.00
Fiscal Manager	0.50	0.50	0.00	0.00	0.00
Clerk/Publicist	0.50	0.50	0.50	0.50	0.00
Building Custodians	2.00	2.00	2.00	2.00	0.00
<b>Total Department</b>	<b>5.00</b>	<b>5.00</b>	<b>4.50</b>	<b>4.50</b>	<b>0.00</b>

### **HHS - Elder Affairs Division Personnel Listing Grant Funded**

Title	2003	2004	2005	2006	Variance
Outreach Worker	1.00	1.00	1.00	1.00	0.00
Fiscal Manager	0.50	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>1.50</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>

### **HHS - Health Division Program Budget #511**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	397,877	370,822	369,932	383,486	13,554
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	1,000	0	0	0	0
<b>Total Wages &amp; Salaries</b>	<b>398,877</b>	<b>370,822</b>	<b>369,932</b>	<b>383,486</b>	<b>13,554</b>
Services (5200-5399)	0	0	0	0	0
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	0	0	0	0	0
<b>Total Operating</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>398,877</b>	<b>370,822</b>	<b>369,932</b>	<b>383,486</b>	<b>13,554</b>

### **HHS - Health Division Personnel Listing #511**

Title	2003	2004	2005	2006	Variance
Health Aid	1.00	1.00	1.00	1.00	0.00
Director of Nursing	1.00	1.00	1.00	1.00	0.00
School Nurses	5.00	5.00	4.50	4.50	0.00
Public Health Nurses	0.60	0.60	1.00	1.00	0.00
Director of Public Health	1.00	0.00	0.00	0.00	0.00
Admin. Assistant	0.50	0.50	0.50	0.50	0.00
Board Secretary	0.00	0.00	0.50	0.50	0.00
Vision Tester	0.50	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>9.60</b>	<b>8.10</b>	<b>8.50</b>	<b>8.50</b>	<b>0.00</b>

### **HHS - Health Division Personnel Listing Grant Funded**

Title	2003	2004	2005	2006	Variance
Health Aids	3.00	3.00	4.00	4.00	0.00
School Nurses	3.00	0.00	1.00	1.00	0.00
Vision Tester	0.50	0.00	0.00	0.00	0.00
Non Public Nurse	0.50	0.00	0.00	0.00	0.00
<b>Total Department</b>	<b>7.00</b>	<b>3.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>

### **HHS - Veterans Services Program Budget #543**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	75,294	69,441	69,441	69,441	0
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	1,400	1,400	1,400	1,400	0
<b>Total Wages &amp; Salaries</b>	<b>76,694</b>	<b>70,841</b>	<b>70,841</b>	<b>70,841</b>	<b>0</b>
Services (5200-5399)	70,405	76,639	70,388	76,366	5,978
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	144,394	148,356	126,250	131,537	5,287
<b>Total Operating</b>	<b>214,799</b>	<b>224,996</b>	<b>196,638</b>	<b>207,903</b>	<b>11,265</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>291,493</b>	<b>295,837</b>	<b>267,479</b>	<b>278,744</b>	<b>11,265</b>

### **HHS - Veterans Services Personnel Listing #543**

Title	2003	2004	2005	2006	Variance
Veterans Agent	1.00	1.00	1.00	1.00	0.00
<b>Total Department</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>

### **HHS - Community Schools & Recreation Div. Program Budget #630**

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Wages & Salaries (5100-5103)	49,220	49,811	24,661	24,661	0
Overtime (5104)	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	300	300
<b>Total Wages &amp; Salaries</b>	<b>49,220</b>	<b>49,811</b>	<b>24,661</b>	<b>24,961</b>	<b>300</b>
Services (5200-5399)	0	0	0	0	0
Supplies (5400-5490)	0	0	0	0	0
Other (5491-5799)	5,964	7,804	30,000	50,000	20,000
<b>Total Operating</b>	<b>5,964</b>	<b>7,804</b>	<b>30,000</b>	<b>50,000</b>	<b>20,000</b>
Capital (5800-5899)	0	0	0	0	0
<b>Total Department</b>	<b>55,184</b>	<b>57,615</b>	<b>54,661</b>	<b>74,961</b>	<b>20,300</b>

### **HHS - Community Schools & Recreation Div. Personnel Listing #630**

Title	2003	2004	2005	2006	Variance
Dir. of Community Schools	1.00	0.50	0.50	0.50	0.00
<b>Total Department</b>	<b>1.00</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.00</b>

### **HHS - Community Schools & Recreation Div. Personnel Listing Grant Funded**

Title	2003	2004	2005	2006	Variance
Weed & Seed Manager	1.00	0.50	1.00	1.00	0.00
On-site Manager	1.00	1.00	1.00	1.00	0.00
Receptionist	0.00	0.00	0.50	0.50	0.00
Recreation Leader	0.00	0.00	0.50	0.50	0.00
Piano Teacher	0.00	0.00	0.50	0.50	0.00
ESL/Spanish Teacher	0.00	0.00	0.50	0.50	0.00
Karate Instructor	0.00	0.00	0.50	0.50	0.00
Computer Instructors	0.00	0.00	1.00	1.00	0.00
Art Instructor	0.00	0.00	0.50	0.50	0.00
Weekend Supervisor	0.00	0.00	0.50	0.50	0.00
Custodian	0.00	0.00	0.50	0.50	0.00
Assistant Coordinator	0.00	0.00	0.50	0.50	0.00
Assistant On-site Manager	1.50	1.50	0.00	0.00	0.00
Childcare Monitor	2.00	2.00	0.00	0.00	0.00
ESL Instructor	0.50	0.50	0.00	0.00	0.00
ESL Language Instructor	0.50	0.50	0.00	0.00	0.00
Sports Coach	0.50	0.50	0.00	0.00	0.00
<b>Total Department</b>	<b>7.00</b>	<b>6.50</b>	<b>7.50</b>	<b>7.50</b>	<b>0.00</b>

## *Debt Service*

### Bonded Debt

This expenditure covers the cost of the principal and interest payments of the City's General Fund bonded debt and short-term notes. The Water and Sewer Enterprise Funds debt service appears in their respective budgets.

#### ***Debt Service Program Budget #710 & #711***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Principal - Long Term (710-5760)	6,651,583	6,531,584	6,623,387	6,752,164	128,777
Interest - Long Term (711-5761)	4,666,819	3,940,476	3,614,168	3,276,726	(337,442)
Interest - Short Term (711-5763)	0	672,000	640,000	45,260	(594,740)
Total Direct Expenses	11,318,402	11,144,060	10,877,555	10,074,150	(803,405)

## *Health Benefits and Insurance*

Pursuant to MGL Chapter 32B, as a benefit of employment, any active, permanent employee of the City who works in excess of twenty (20) hours per week is eligible for group health insurance coverage.

The City pays 90% of the monthly premium for Harvard Pilgrim HMO Plan and 75% of the monthly premium for the HMO/indemnity plan, with the employee paying the remaining premium through weekly payroll deductions. As a benefit of retirement, former City employees, and their surviving spouses, are also eligible for group health insurance coverage.

The City offers Medicare eligible retired employees the choice of three supplemental health insurance plans: two senior HMO's (Bay State [Managed Blue] for Seniors and Harvard First Seniority) and one senior indemnity plan (Medex). The City pays 90% of the premium for the HMO plans, and is self-insured in the indemnity plan.

## *Life Insurance*

Also as a benefit of employment, all permanent active and retired employees of the City who work in excess of twenty (20) hours per week are eligible for basic group life and accidental death insurance.

For the basic policy of \$5,000 for active employees, the City contributes 50% of the monthly premium.

Employees enrolled in the basic life insurance policy also have the option of purchasing additional life insurance coverage, in increments of \$5,000, up to their annual salary. The total cost of the optional insurance is paid for by the employee.

## *Unemployment*

The City is designated as a "reimbursable employer" under the Department of Employment and Training regulations. DET pays all claims directly to the employees and is reimbursed by the City of Chelsea on a quarterly basis.

## *Workers Compensation*

The City is self-insured for Workers Compensation. The City has contracted with a third party administrative service to assure the legalities and process are met in all claims filed, and to assure timely and accurate payment. This service includes claims management specialist, medical billing and legal representation. The cost of Police and Fire medical bills associated with an injury are included. Pay for injured Police and Fire personnel are not included in this line item. DPW reimburses this line item for Workers' Compensation payroll obligations for their employees. School Department reimburses the City budget for all costs associated with their employees' claims. This budget item provides the pay and settlement cost requirements for all other City employees, as well as medical payments for all (Police, Fire, and DPW).

Along with payroll and settlements, and medical costs in all on-the-job injury events, this account pays for independent medical examinations, Division of Industrial Accident charges, legal costs, investigations and safety site evaluations. The City also purchases re-insurance for protection in event of catastrophic work event and resultant excessive liabilities.

Costs in this item are directly impacted by changes in salaries as worker compensation pay is based on the employee's pay. Cost of living increases are also provided under State law. Increases in the cost of medical care have a substantial impact on the City's costs.

### ***Employee Benefits Program Budget #910***

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	Dollar Variance
Unemployment Compensation (5177)	83,082	75,388	75,000	52,000	(23,000)
Health Insurance (5171)	6,426,900	7,864,219	8,343,922	9,751,763	1,407,841
Payroll Taxes (51760)	502,066	500,023	470,000	505,199	35,199
Workers Compensation (5178)	345,000	313,000	313,000	313,000	0
Life Insurance (51750)	45,229	48,626	47,000	45,000	(2,000)
Accidental Death & Dismemberment		0	0	5,100	5,100
Salary Reserve (5980)	0	74,058	125,000	25,000	(100,000)
<b>Total Direct Expenses</b>	<b>7,402,277</b>	<b>8,875,315</b>	<b>9,373,922</b>	<b>10,697,062</b>	<b>1,323,140</b>

## *Retirement*

The City Retirement System provides pension and annuity payments to 401 retirees, and collects pension contributions from 672 active employees as of January 1, 2003. The Public Employee Retirement Administration Commission (P.E.R.A.C.) performed an actuarial valuation as of January 1, 2003. The City adopted this actuarial schedule and began the process of fully funding the outstanding liability of the City's Retirement System by the Year 2028, as well as continuing to fund the current cost of benefits. The original schedule is reviewed and updated every three years.

### ***Retirement Program Budget #911***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Retirement Fund (5180)	5,686,370	5,270,131	5,597,912	6,121,184	523,272
Non-Contributory Pensions (5179)	125,585	101,589	116,145	103,425	(12,720)
Total Direct Expenses	5,811,955	5,371,720	5,714,057	6,224,609	510,552

# *Undistributed Expenses - Cherry Sheet Assessments, Insurance and Judgements*

## CHERRY SHEET ASSESSMENTS

For the purpose of budgeting, estimates based on historical data were developed.

### RETIREMENT SYSTEM AUDIT

In compliance with Chapter 32 of the General Laws, the Public Employee Retirement Administration Commission conducts an examination of each municipal retirement system tri-annually. The City's Retirement System is monitored by PERAC on an annual basis.

### MOTOR VEHICLE EXCISE

This assessment reimburses the State for a portion of the costs incurred by the Registry of Motor Vehicles in the preparation of annual Motor Vehicle Excise tax bills.

### ELDERLY GOVERNMENTAL RETIREES

The Elderly Governmental Retirees plan is a contributory group health and life insurance plan established for City employees who retired prior to the adoption of the City's group policy. This allotment covers the administrative premium costs as determined by the State and is carried on the Cherry Sheet.

### MOSQUITO CONTROL PROJECTS

Municipalities are assessed by the State for the costs of mosquito control services. There are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. All mosquito control projects are to be assessed their proportional expenses for the administration of the State Reclamation Board.

### AIR POLLUTION CONTROL

The Air Pollution Commission supervises six districts statewide. The Commission is empowered through the Office of the Governor and has a mandate to control air pollution through the enforcement of Air Pollution Control Acts and Safety Standards.

### METROPOLITAN AREA PLANNING COUNCIL

The Metropolitan Area Planning Council (MAPC) serves 101 communities as a clearinghouse for the Federal A-95 review process. MAPC also provides a series of other services and may charge a separate assessment for those services.

### PUBLIC TRANSPORTATION

The Massachusetts Bay Transportation Authority (MBTA) provides bus/minibus and commuter rail transportation across the city and to surrounding communities. The total annual MBTA assessment cannot increase by more than 2 ½ percent of the prior year's actual assessment unless new or expanded service has been documented.

### SPECIAL EDUCATION ASSESSMENT

The State receives this reimbursement for providing special needs education to children enrolled in (1) state hospital schools or (2) private institutions, whose placements were made before 1975.

**REGISTRY OF MOTOR VEHICLES-HOLD PROGRAM**

Since 1995, the Parking Clerk has implemented a provision of Chapter 90 which enables the City to request the Registry of Motor Vehicles not to renew the license and registration of an operator/owner of a motor vehicle that has two or more outstanding parking tickets. This provision, enacted after the motorist has failed to pay the parking tickets and had an opportunity for a hearing, has resulted in a significant decrease in the number of delinquent payments.

***State Assessments - Cherry Sheet Budget #820 & #821***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Ret. Employees Health Ins (5633)	999	1,181	6,458	4,509	(1,949)
Mosquito Control (5635)	8,034	7,385	7,404	7,946	542
Air Pollution Districts (5637)	6,082	6,254	6,332	6,840	508
Metropolitan Area Planning (5638)	8,902	9,125	9,238	9,290	52
RMV Non-Renewal Surc. (5640)	254,680	267,100	267,100	265,680	(1,420)
MBTA Chs.161A, 825 (5641)	1,681,503	1,775,408	1,855,800	1,911,239	55,439
Boston Met. Trans. District (5642)	245	235	235	309	74
Multi - Year Repayment (5645)	220,121	220,121	220,121	220,121	0
Special Education (5646)	27,343	22,054	24,298	23,203	(1,095)
State Qualified Bonds Interest (5647)	4,716	4,067	0	0	0
Charter School Assessment (5661)	206,456	449,786	710,371	886,511	176,140
School Choice (5663)	9,746	9,593	13,480	0	(13,480)
					0
Total Direct Expenses	2,428,827	2,772,309	3,120,837	3,335,648	214,811

***Insurance #945 and Legal Judgements #941***

<b>Expense Line Item</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Budget</b>	<b>2006 Budget</b>	<b>Dollar Variance</b>
Insurance	369,692	457,240	489,248	513,113	23,865
Judgements (571200)	18,377	15,835	25,000	25,000	0
Total Direct Expenses	<b>388,069</b>	<b>473,075</b>	<b>514,248</b>	<b>538,113</b>	<b>23,865</b>

# **City of Chelsea**

## **Financial Forecast Fiscal Years 2006-2010 and FY'06 Budget Overview**

Presented to the City Council and School Department

**Jay Ash - City Manager**

**March 7, 2004**

**Kimberly Lord-Driscoll - Deputy City Manager**

**Thomas Durkin - Finance Director**

# Charter Requirements

- Annual "Financial Procedures" are mandated by the City Charter.
  - Review of the financial condition of the City prior to the commencement of the budget process.
  - Submission and adoption of an Operation Budget.
  - Submission and Adoption of a Capital Improvements Program (CIP).
  - Creation of an Annual Audit.
  - Preparation of a Long-Term Financial Forecast.
- Adherence to Financial Procedures ensures the status of the City's finances for the present and future and identifies areas of need or concern going forward.
- The budget process will begin with the submission of the Operating Budget for FY'06 to the City Council by May 1st; the CIP has been submitted, and the Annual Audit for FY'04 has been completed.
- This Five Year Financial Forecast meets the requirements of a pre-budget financial review and a Long-Term Financial Forecast.
- As was the case for FY'05, the City anticipates holding multiple Financial Forecast meetings relative to the FY'06 Operating Budget.

# Five Year Financial Forecast

## Revenue and Expenditure Summary

GENERAL FUND	Projected FY2006	Projected FY2007	Projected FY2008	Projected FY2009	Projected FY2010
<b>REVENUES:</b>					
Taxes	30,896,837	32,322,334	33,783,444	35,281,081	36,816,159
Charges for Services	1,687,104	1,745,924	1,807,336	1,871,876	1,939,030
Licenses & Permits	855,360	855,360	855,360	855,360	855,360
Fines & Forfeits	1,693,163	1,693,163	1,693,163	1,693,163	1,693,163
Intergovernmental - State Cherry Sheet	59,862,650	60,785,043	61,733,476	62,708,753	63,714,342
Intergovernmental - State Other	13,533	13,533	13,533	13,533	13,533
Intergovernmental - Federal	600,000	600,000	600,000	600,000	600,000
Interfund Operating Transfers	1,413,435	1,441,771	1,470,815	1,500,585	1,441,771
Miscellaneous	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total Revenues</b>	<b>98,522,082</b>	<b>100,957,127</b>	<b>103,457,127</b>	<b>106,024,351</b>	<b>108,573,357</b>
	Projected FY2006	Projected FY2007	Projected FY2008	Projected FY2009	Projected FY2010
<b>EXPENDITURES:</b>					
General Government	2,844,226	2,907,983	2,973,238	3,040,026	3,108,385
Public Safety	14,527,398	14,827,710	15,134,415	15,447,654	15,767,569
Education	47,185,707	48,267,738	49,376,657	50,513,131	51,677,848
Public Works	4,634,992	4,762,646	4,893,908	5,028,881	5,167,672
Health & Human Services	1,302,999	1,331,886	1,361,435	1,391,663	1,422,585
Debt Service	10,176,060	9,553,088	9,382,706	9,116,087	8,754,241
Employee Benefits	16,855,541	18,628,962	20,471,106	22,280,224	23,971,209
General Liability Insurance	503,925	519,043	534,614	550,653	567,173
Judgements	25,000	25,000	25,000	25,000	25,000
State Assessments Non-School	2,376,392	2,447,684	2,521,114	2,596,748	2,674,650
State Assessments School	920,032	947,633	976,062	1,005,344	1,035,504
<b>Total Expenditures</b>	<b>101,352,272</b>	<b>104,219,373</b>	<b>107,650,255</b>	<b>110,995,411</b>	<b>114,171,836</b>
<b>Surplus (Deficit)</b>	<b>(2,830,190)</b>	<b>(3,262,246)</b>	<b>(4,193,129)</b>	<b>(4,971,059)</b>	<b>(5,598,479)</b>

# Understanding the Numbers

## REVENUES

- House 1, Governor Romney's State Budget recommendation for FY'05, increases Lottery Aid by \$782,146 and level funds Additional Assistance at \$3.4 M.
- Chapter 70 School Aid increases by \$243,326 under House 1.
- The future of Local Aid for FY'07-'10 is unclear at best. For planning purposes the City is assuming for those years: no increase in Additional Assistance, 3% annual increase in Lottery Aid and 2.5% annual increase in Chapter 70 School Aid.
- Tax Levy and Levy Limit are projected to grow by 2.5% plus New Growth. New Growth is projected at \$600,000 for FY'06 and \$750,000 thereafter. The Overlay provision is 2% of the prior year levy.
- Fines & Forfeits and License/Permits are expected to remain level. Charges are projected to increase by 3.42% in FY'06 and just under 3.6% from FY'06-'09 as a result of increases in trash fees.
- Interest on Investment is projected to remain at current budgeted levels.

# Understanding the Numbers

## EXPENSES

- Funding for Salary Costs assumes a 2% increase to meet all currently agreed upon contractual obligations and likely future contracts.
- Health Insurance is assumed to increase by 15% for FY'06 and 13% for all years after.
- Retirement assessment is forecasted per the PERAC schedule which represents an average 6% over the 5 years.
- Operating Expenses will remain roughly level increasing by 1.86% for FY'06, as discretionary funding will continue to be restrained to allow for the absorption of salary related and other contractual increases.
- School Spending reflects projected 2.5% increases in Chapter 70 School Aid and the associated spending requirement. Increases in the City's portion of educational spending can be found in State Assessments for Charter Schools and School Department Indirects, including Health Insurance and Retirement.
- Debt Service is based upon current and future infrastructure related costs.

# Budget Pressures

## SUMMARY

- Although the economy appears to be rebounding from the post 9/11 recession, it will take years, if not longer, for the State and its municipalities to fully recover from the financial devastation caused by what was arguably the worst municipal finance impact in at least the last 50-years.
- Regarding the lingering State budget crisis, direct and indirect impacts on the City's budget are and will continue to be negatively felt for at least the next three years.
- The most significant of those direct impacts is the status of Local Aid, which accounted for 61% of the City's revenues in FY'04, and especially non-school Local Aid, which is projected to remain below FY'99 levels until at least FY'06, if not longer.
- Despite the City's ability to control discretionary spending, Employee Wages and Benefits, most notably Health Insurance, as well as other Contractual Obligations, Liability and other Insurance and Assessments continue to create a structural imbalance within the City's budget.
- Given that cost-cutting and efficiencies began in earnest with Receivership in 1991, efforts to reduce a structural imbalance with further savings continues to be challenging.
- Absent a significant bounce from an improving economy that impacts Local Aid and/or New Growth, the long-term issue confronting City leaders will be the need to increase revenues from local receipts through a Proposition 2 ½ Override or other revenue-generating vehicle(s).

# Budget Pressures

## BUDGET BUSTERS FY'05 - EXPENDITURES

In addition to the general expansion of the City's budget caused by wage increases, contracts for service, supplies, energy and the like, "Budget Busters" having the most significant impact on the projected spending plan include:

- Health Insurance which is projected to rise 10.5%, or \$826,000. The City, like most other entities, public or private, continues to grapple with double-digit increases and searches, with varying success, for substantive relief.
- Retirement costs are scheduled to rise by 5.9%, or \$317,000, over actual costs incurred in FY'04.
- Debt Service is up 3.2% as a result of the CHS addition, including bonding the City's portion (\$annually) and carrying the interest on the State's portion (\$ until State reimbursement takes place).
- School Choice & Charter School Assessments is up over 200%, or \$496,000, as a result of increased out-of-district enrollments, although there are minimal offsets as a result of additional State reimbursements and savings within the School Department budget.
- Other State Assessments, most notably for MBTA service, is up 4.9%, or \$104,000, as costs for services continues to escalate.

# Budget Pressures

## Expenditures:

- By contract, the City covers 90% HMO and 75% of Indemnity and Medex costs for employees. The same coverages are provided for eligible retirees.
- For more than a decade, the City has been part of the City of Boston health insurance pool, the results of which have been the savings of hundreds of thousands of dollars annually.
- In addition, the City has attempted to control costs by agreeing to higher co-pays and deductibles, as well as reducing the overall number of plans offered.
- Despite those efforts, Health Insurance has averaged a 13.36% increase from FY'01-FY'06 (projected).
- For FY'06, Health Insurance is projected to increase 15%, or \$1,251,588.
- In the out years, the City is budgeting increases of 13% annually.

## Health Insurance Costs

amounts in millions



# Budget Pressures

## Expenditures:

- In addition to wages, health insurance and other minor benefits, the City makes annual payments into its Retirement System.
- Payments are calculated by PERAC based upon an actuarial schedule which seeks to have the City's under-funded pension system fully funded by 2028.
- Retirement costs have increased by 4.71% from FY'01 to FY'06 (projected).
- For FY'06, Retirement is projected to increase by 8%, or \$470724, over the actual cost incurred in FY'05.
- Increases in the out years include: FY'07, 7.74%; FY'08, 5.74%; FY'09, 2.33%, and FY'10, -2.27%.
- For the period FY'05-'09, Retirement will require an annual average increase of nearly 4.4%.

## Retirement Costs

amounts in millions



# Budget Pressures

## BUDGET BUSTERS FY'05 - REVENUES

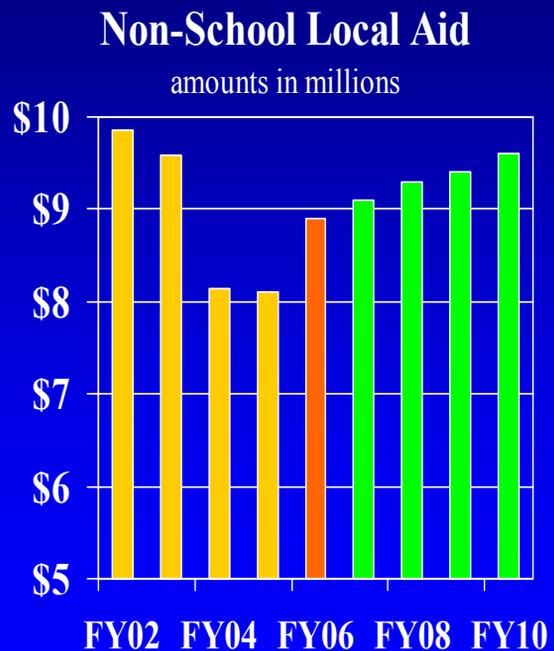
Contributing as Budget Busters are certain revenue related issues, including:

- Lottery Aid and Additional Assistance are projected to be level-funded. While it is welcoming news that these accounts have not been further reduced, growth in these major revenue sources is vital yet absent.
- Revenues derived from Motor Vehicle Excise are falling an estimated 19%, or \$500,000, as a result of smaller rental car fleets being required to service Logan Airport and hosted in Chelsea.

# Budget Pressures

## Revenues:

- Non-School Local Aid provides funding for general municipal services.
- The two greatest sources of Non-School Local Aid are Lottery Aid and Additional Assistance.
- For FY'06, House 1 recommends a modest increase to Non School Local Aid.
- For FY06, the total aid of \$8.9 M is \$933K less than FY'02, the high point for the two Non-School Local Aid accounts.
- The cumulative loss in revenues from the loss of Non-School Local aid from the FY'02 high and through FY'06 is \$4.6 M.
- It is unclear as to any future increases in the two Non-School Local Aid accounts. For planning purposes, the City assumes a 3% increase in Lottery Aid and a 0% increase in Additional Assistance.



# Budget Pressures

## BUDGET TRENDS FY'05 & BEYOND

### On the positive:

- The City's fiscal discipline continues to provide for budget stability.
- The recession has dissipated and the economy is growing.
- Local Aid appears to have stabilized.
- Major economic development initiatives are promising, thereby providing the potential for increasing New Growth and building permit fees.
- Debt Service, except for the short-term impacts from delayed reimbursement for the CHS addition, is declining.

### On the negative:

- Health Insurance, while increasing by 10.5% for FY'05, has increased an average of 12.5% for the years FY'01 -FY'05.
- Retirement costs continue to expand on average by 6% annually in the out years.
- Labor wage increases, if granted, will expand projected structural deficits.
- Locally raised revenues may be unable to grow at rates necessary to offset static Local Aid levels and increasing spending requirements, especially non-discretionary spending.
- Free Cash continues to dwindle, reducing budget flexibility and potentially impacting core municipal services.

# Budget Pressures

## FIVE YEAR DEFICITS:

- Should no action be taken, substantial deficits do exist in each of the next five years:
  - FY'06 \$ 2.830 M
  - FY'07 \$ 3.262 M
  - FY'08 \$ 4.193 M
  - FY'09 \$ 4.971 M
  - FY'10 \$ 5.509 M
- The deficits are primarily a result of reduced Local Aid, and skyrocketing Employee Benefit cost.
- The City is not alone in projecting deficits. Many other municipalities are experiencing similar budgetary pressures and operating deficits.
- Local planning and management has resulted in the building of fund balance to offset deficits.

**Projected Deficits**  
amounts in millions



# Deficit Reduction Plan

FY'03 & FY'04 policies to be continued into FY'05 include:

- Hiring freeze with only essential positions to be back-filled.
- Elimination of out-of-state travel, except travel covered by grants.
- Elimination of tuition reimbursement.
- Further reduction in training accounts.
- Additional scrutiny of all expenditures over \$500.
- Elimination in "pay as you go" CIP appropriations.
- Reduction in the issuance of new debt.
- Continued prioritization of economic development and other efforts to seek additional, non-tax revenue source.
- Enactment of additional efficiencies in government and potential refinancing opportunities to reduce existing debt service costs.
- Management of Reserves to reduce the impact of the recession and allow the City to prosper during the economic recovery.

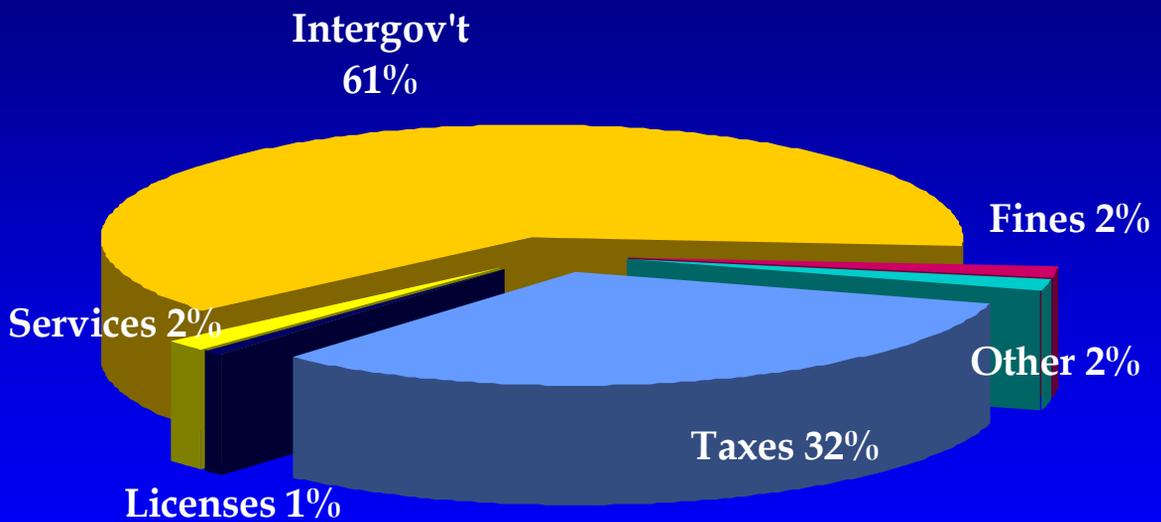
Additionally, the City will also propose the following actions for FY'05:

- Implement a plan to address top five tax delinquents.
- Increase in selected Charges, Fees and Permits.

# Projected Use of Reserves

	<u>FY'05</u>	<u>FY'06</u>	<u>FY'07</u>	<u>FY'08</u>
<b>General Fund</b>				
Free Cash Certified at Start of Year	2,415,878	4,263,673	4,860,283	2,148,037
Free Cash Used for Budget Gap	0	(2,830,190)	(3,262,246)	(4,193,129)
Supplemental Appropriations from Free Cash	(490,700)	(250,000)	(250,000)	(250,000)
Accounting and Managerial Activities	1,538,495	2,876,800	0	0
Year's Net Activities Affecting Free Cash	800,000	800,000	800,000	800,000
Free Cash Estimated at Year End	4,263,673	4,860,283	2,148,037	(1,495,092)
<b>Stabilization Balance at start of year</b>				
General 7020	3,205,236	3,269,341	3,334,728	3,401,422
Capital 7022 & 5550	745,721	760,635	775,848	791,365
Planning & Development 7021	124,281	126,767	129,302	131,888
<b>Capital Project Balances at start of year</b>				
Fire Station Capital Project #55041013	2,876,800	0	0	0

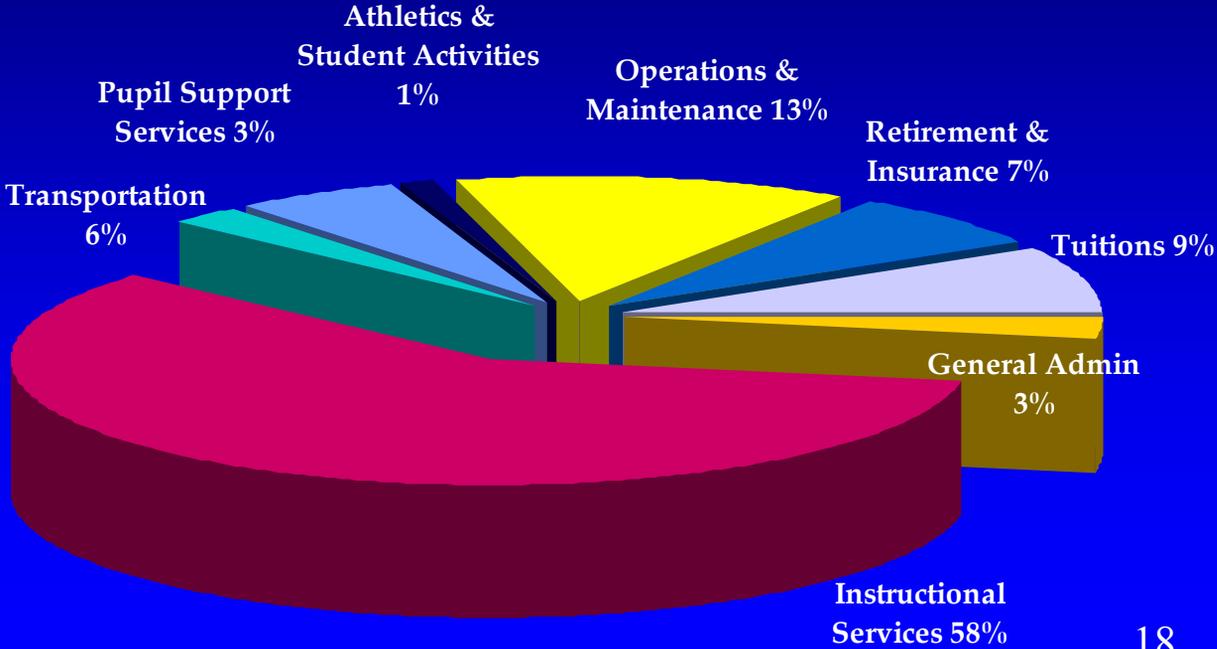
# FY'06 Budget General Fund Revenue Sources



# FY'06 Budget General Fund Expenses

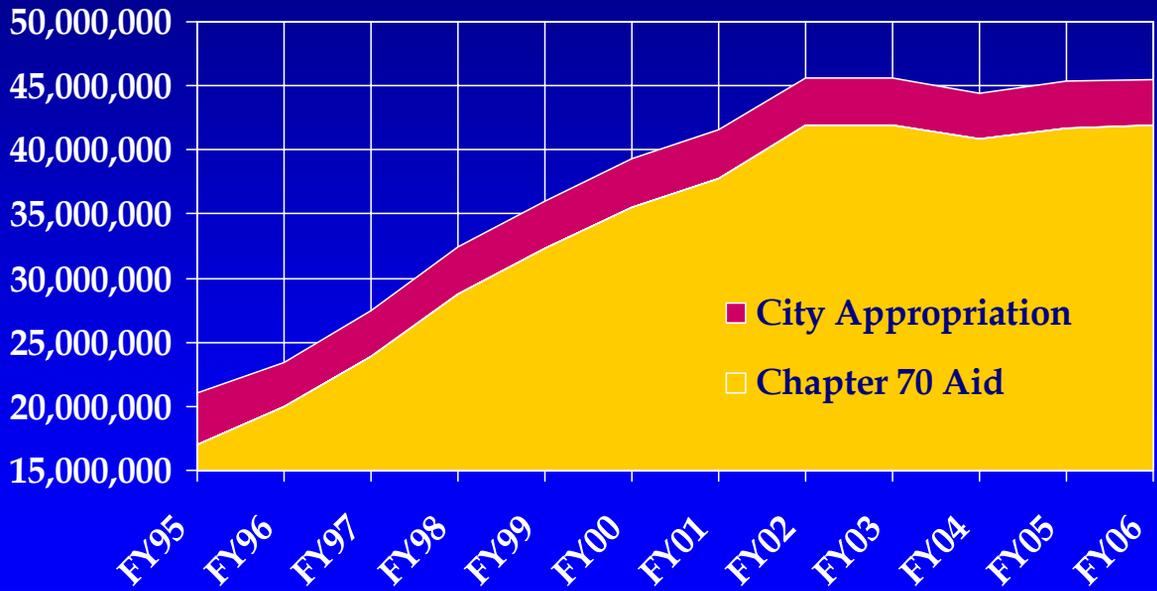


# Cumulative School Department Spending Increases FY'94-FY'03



# School Department Funding

Exclusive of Indirect Costs



# Conclusion

- The current municipal finance environment, one that many consider to be the most severe in more than a half century, threatens the viability of municipalities throughout the commonwealth and country.
- Out year issues continue to be impacted by growth in non-discretionary spending areas, most notably, Health Insurance and Retirement, and restricted revenue growth.
- With approximately 60% of the City's revenue coming from Local Aid, the prolonged State budget crisis is continuing to negatively impacting the City's budget.
- The City saved in "good times" to have Reserves to help fund municipal operations in the "bad times." Those Reserves will be tapped, but only after other financial techniques have been exhausted and only in a manner that allows the City to utilize Reserves in multiple years.
- Through cuts, revenue increases and use of Reserves, the City will seek to outlast the budget pressures while preserving core municipal services.
- By outlasting the troubling fiscal times, the City will seek to take advantage of a future change in the municipal finance environment, potential new revenue sources and other "upside" opportunities to again strengthen the City's financial base.

# Water and Sewer Enterprise Funds

- As Enterprise Funds, all costs associated with Water and Sewer services shall be recouped through Water and Sewer revenues.
- The largest revenue source for the Funds are user fees, which account for 94% of the \$11,545,051 that will be raised in FY'06.
- The largest expense for the Funds in the annual MWRA Assessment, a formula driven charge. Preliminary Assessments indicate a 2.50% combined increase. The MWRA Assessments comprise 62% of expenses for the funds, for a total of \$7,122,660.
- Other charges to the funds include Direct expenses to pay RH White maintenance contract and other charges, Indirect Expenses to pay for other employee allocation costs of the General Fund, and debt services to pay for the continuing update of water and sewer infrastructure.
- The FY'06 combined rate increase is 2.5%.
- The city projects that future rate increases should be approximately the same as MWRA Assessment increases for FY'07-FY'10. These increases are projected to average 2.49% for Sewer and 2.49% for water for a combined average increase of 2-3%.

# Water and Sewer Enterprise Funds

## Five Year Forecast and Rate Projection

<b>Revenues:</b>	Projected 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010
Water & Sewer Fees	10,852,551	11,161,784	11,475,282	11,789,911	12,094,316
Interest	62,500	62,500	62,500	62,500	62,500
Liens/Miscellaneous	630,000	630,000	630,000	630,000	630,000
<b>Total Revenues</b>	<b>11,545,051</b>	<b>11,854,284</b>	<b>12,167,782</b>	<b>12,482,411</b>	<b>12,786,816</b>
 <b>Expenditures:</b>					
Direct Expenses	1,585,790	1,631,264	1,678,060	1,726,217	1,726,217
MWRA Assessments	7,122,660	7,336,340	7,556,430	7,783,123	7,783,123
Capital	263,096	278,703	368,100	363,100	579,842
Debt Service	1,300,124	1,237,645	1,171,247	1,192,556	1,192,556
Reserve	145,476	219,869	220,472	220,472	0
Indirect Expenses	1,127,906	1,150,464	1,173,473	1,196,943	1,505,079
<b>Total Expenditures</b>	<b>11,545,051</b>	<b>11,854,284</b>	<b>12,167,782</b>	<b>12,482,411</b>	<b>12,786,816</b>
Combined Rate T1	\$7.65	\$7.84	\$8.03	\$8.23	\$8.44
% Change	2.50%	2.48%	2.42%	2.49%	2.55%

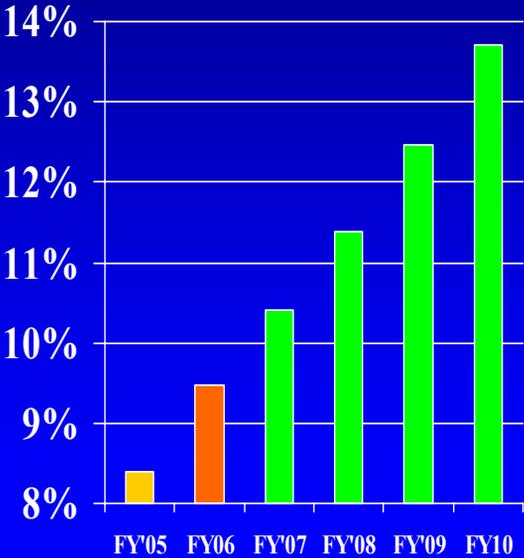
# Health Insurance

### Health Insurance Costs

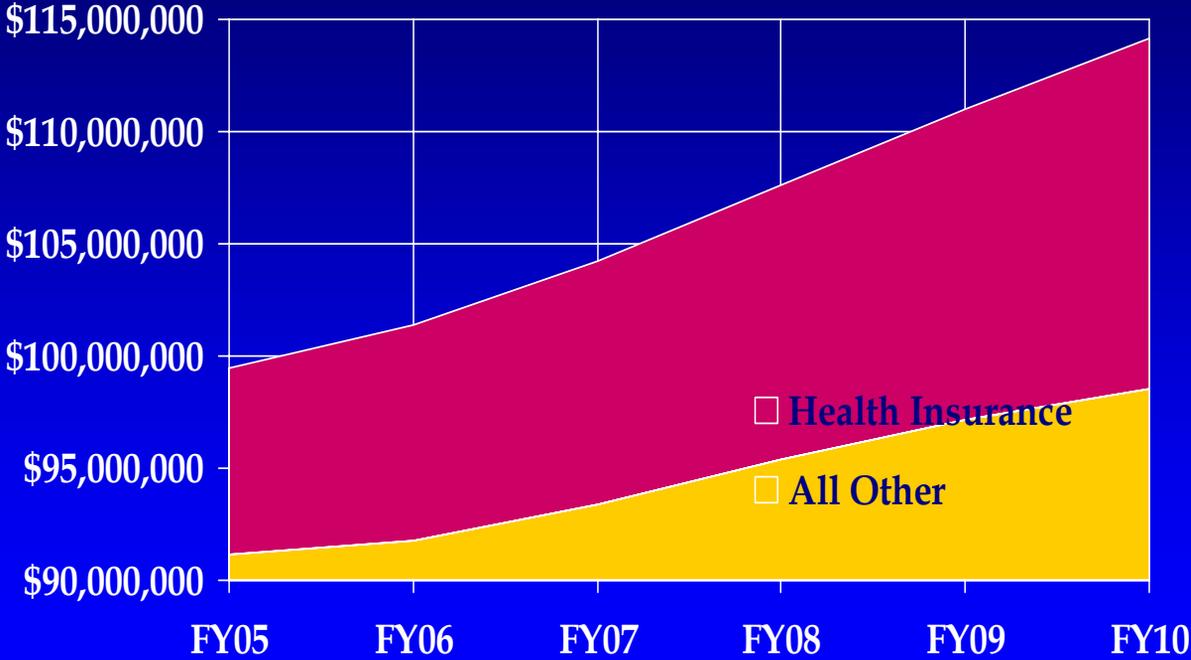
amounts in millions



### Health Insurance as Percent of Total Budget



# Health Insurance



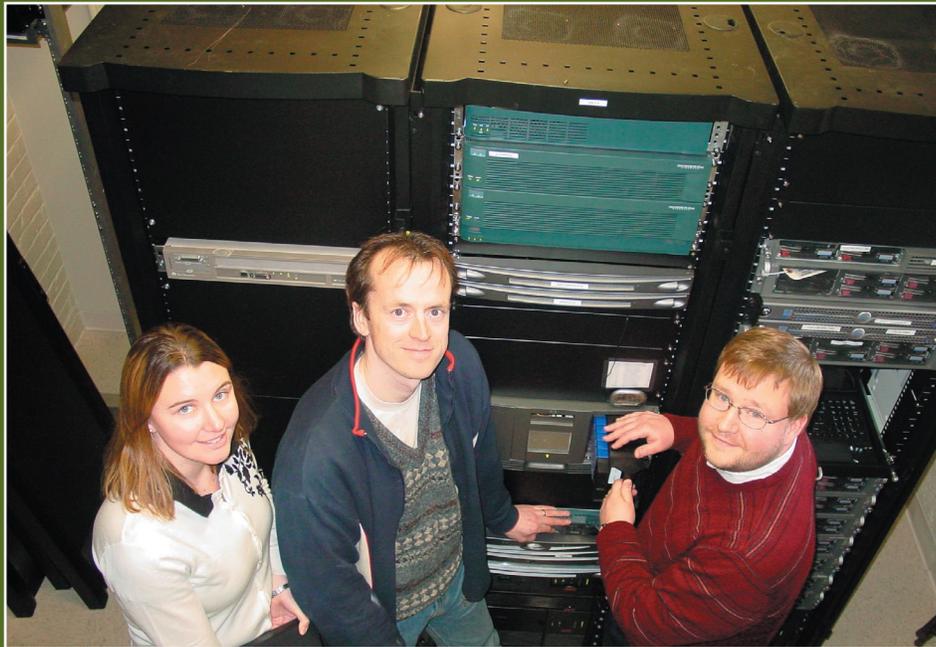


CITY OF CHELSEA

CAPITAL IMPROVEMENT PROGRAM

FY 2006-2010

*“A Rejuvenating Community”*



JAY ASH  
CITY MANAGER

PRESENTED TO THE CHELSEA CITY COUNCIL

STANLEY TROISI, PRESIDENT | DORA SANTANIELLO, VICE PRESIDENT  
ROY AVELLANEDA | PAULA BARTON | DAVID CLEVELAND  
MIKE MCKONNEN | RON MORGESE | PAUL NOWICKI  
LEO ROBINSON

Pictured on the cover is the City's Information Technology staff: Katie Jacques, John Hyland, and Matthew Killen, Director. The City recognizes the importance of a secure and stable technology infrastructure that meets the increasing demands of an information-based society. Significant investment has been made in the City's IT capabilities through the CIP (FY'04: \$310,000, FY'05: \$452,900, FY'06: \$215,000) and the operating budget, including the addition of a full-time GIS administrator to manage the City's growing, parcel-based GIS data system. As a result, the City is able to deliver services quickly and efficiently, and within a secure framework that allows for new services and strategic growth. An additional benefit is the access members of the general public now have to public records through the Internet.



**City Of Chelsea**  
**Executive Office**  
**City Hall, 500 Broadway**  
**Chelsea, Massachusetts 02150**



**Jay Ash**  
**City Manager**

Telephone (617)889-8301  
Fax (617)889-8360

January 25, 2005

Honorable Chelsea City Council  
Chelsea City Hall  
Chelsea, MA 02150

Dear Members of the City Council:

Pursuant to the requirements of the City Charter and consistent with our collective goal to ensure that municipal equipment and infrastructure is maintained and upgraded, I am pleased to forward for your review and consideration the City's FY '06-'10 Capital Improvement Program (CIP). This document, like the previous nine CIP's that preceded it, culminates the work of elected and appointed officials to plan investments in the City's public properties, roadways, parks, and equipment. The total projected expenditures related to the CIP exceed \$14.8 million, with \$4.767 million slated for FY'06.

As you may recall, last year's CIP was undertaken in the midst of a severe municipal financial crisis, with reduced state aid and rising fixed costs contributing to local budget hardships. Despite the budget difficulties, the City was able to provide funds for capital projects, albeit in a scaled back fashion. This year, the City's commitment to capital projects remains firm, as we are steadfast in our desire to plan for necessary infrastructure maintenance and upgrades, while exercising prudent fiscal policies consistent with a rejuvenating community. In fact, our ability to plan for and fund capital improvements year in and year out, is due in large measure to our collective commitment to examine and re-examine our capital needs and budget realities, and make adjustments accordingly. Our willingness to engage in this process as a community, and the perseverance of the Council on this issue in particular, speaks volumes about our collective desire to ensure that our infrastructure never again falls into the state of disrepair it once was prior to the preparation of annual CIPs.

As part of our planning this year, the City has engaged in a multi-year review of projected needs and associated debt service costs. While we have increased annual CIP spending in FY'06, we have done so in the context of maintaining a consistent annual debt service cost. As you know, in prior years the City has opted to support our capital needs under a "pay as you go" philosophy that avoided bond financing, in favor of free cash appropriations. Last year, the City changed this financing model and opted to utilize modest bond financing, as a means to ensure the availability of free cash to support pressing operational needs in light of local aid cutbacks. For

FY'06, the City plans to continue with that philosophy by advancing 15% of our projected costs with general obligation bonds. This is a modest amount of bond financing and is well within the City's financing capabilities. Additionally, while the City scaled back the number of utility projects last year, we have increased funding in these areas in FY'06. Ever mindful of the cost such projects have on our water and sewer rates, we have attempted to balance the needs of our aging utility infrastructure with the ability of ratepayers to absorb such costs. Moreover, in a major boost to the efficiency of the overall system, the City is proposing a substantial upgrade in our water meter reading system. The meter replacement program will significantly enhance the collection of information pertaining to the quantity of water usage in the city. The program will promote fairness amongst ratepayers and will utilize available technology to make billing more proficient and less staff intensive for municipal personnel. This project, coupled with major utility upgrades to Crescent Avenue and Eastern Avenue, will help to address some longstanding system deficiencies.

As for public facilities, last year the City expended substantial sums to upgrade information technology at City Hall. This year, our purpose is two fold. We will be focusing on the "bricks and mortar" needs of this almost century old building, as evidenced by the roof and tile floor replacement projects. We also remain strident to our commitment to technology, as demonstrated by the proposed Voice over IP technology project. The latter project, like the water meter replacement project, is another example of an investment that will upgrade an outdated system and replace it with greater efficiencies and savings. IP Telephony, also called "Internet telephony," is the technology that makes it possible to have a telephone conversation over the Internet or a dedicated Internet Protocol (IP) network instead of dedicated voice transmission lines. The results are lower costs per call, reduced infrastructure costs and added features and functionality. We anticipate that the resulting savings from this investment will pay for the cost of project over the course of the next three years. On the "bricks and mortar" front, we have recognized that the "new" schools built in Chelsea in 1996 are now in need of capital maintenance. This year the City is proposing to spend \$150,000 on school related capital projects in the hope that investing smaller sums in preventative maintenance now will curtail a larger outlay later. This expenditure is yet another example of our commitment to capital planning and our desire not to slip back into the bad habits of the past with regard to school facility funding.

Although not the most glamorous work undertaken by the Council, your efforts to advance a thoughtful review and discussion of the infrastructure needs of our community are fundamental to the process of ensuring that we remain a rejuvenating community. We are ever mindful of the past in our planning for the future and once again your leadership on these issues is critical. Thank you for your continuing commitment to the CIP planning process and the accompanying financial support to undertake such work.

Very truly yours,



Jay Ash  
City Manager



**CITY OF CHELSEA**  
500 BROADWAY  
CHELSEA, MASSACHUSETTS 02150

**JAY ASH**  
CITY MANAGER

**KIMBERLEY DRISCOLL**  
DEPUTY CITY MANAGER

FINANCE DEPARTMENT  
**Tom Durkin**, Finance Director/Auditor  
**Anna Tenaglia**, Treasurer Collector

INSPECTIONAL SERVICES DEPARTMENT  
**Joseph Cooney**, Director

DEPARTMENT OF PLANNING AND DEVELOPMENT  
**Ned Keefe**, Director

PUBLIC SAFETY DEPARTMENT  
**Chief Joseph Siewko**, Fire Department  
**Chief Frank Garvin**, Police Department

DEPARTMENT OF PUBLIC WORKS  
**Joseph Foti**, Director  
**Andrew DeSantis**, Assistant Director  
**Joan Lanzillo**, Superintendent of Buildings and Grounds  
**Bert Taverna**, Capital Projects Manager

SCHOOL DEPARTMENT  
**Tom Kingston**, Superintendent  
**Gerald McCue**, Assistant Superintendent

CITY OF CHELSEA  
CAPITAL IMPROVEMENT PROGRAM  
FY 2006 - 2010

*"A REJUVENATING COMMUNITY"*

JAY ASH  
CITY MANAGER

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FEBRUARY 2005

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# OVERVIEW

## EXECUTIVE SUMMARY

Chelsea's five-year Capital Improvement Program (CIP), "*A Rejuvenating Community*", is the City's tenth consecutive capital planning document. Keeping with the City Charter, this FY 2006-2010 CIP adheres to the same planning framework as was employed in past documents. While the basic planning framework remains steadfast, the spirit of CIP planning will typically involve refinements from year to year in response to the economic climate. The benefits of the establishment of the CIP database developed in FY'02 continue to be realized; again, this year's Plan was developed with significantly greater efficiency than those in the past. In addition, a quarterly capital improvement project monitoring plan, utilizing new contract tracking capabilities, continues to be utilized. Management's increased attention to balancing project planning with fiscal planning will render deliverables of a higher quality within a fiscal plan that is uncompromising to future CIP fiscal planning initiatives. The CIP is not a static process. The creation of this CIP is based on the best available information at the time of development. However, circumstances during the budget year and out years do change, which may then require a change in the plan.

"*A Rejuvenating Community*" continues the focus on basic infrastructure activities, where the City's needs, while reduced through nine years of focused investment, are still significant. Where possible, it prioritizes investments that combine City initiatives to improve quality of life and economic development. In fact, the CIP is closely linked to land use and development plans.

The CIP is a multi-year, fiscal planning document that identifies long-term improvements to the City's infrastructure and facilities, and provides a program for prioritizing, scheduling and funding. It is comprised of two parts: a capital budget, which is the upcoming fiscal year's plan; and a capital program, which is the plan for capital expenditures for the four years beyond the capital budget. The CIP is prepared in conformance with the City's Charter and Administrative Code, under the City Manager/City Council form of government. It is divided into seven "Program Areas".

**Utility Enhancement** projects will total approximately \$3,562,000 in FY'06. Utility Enhancements planned for this fiscal year include the reconstruction of Crescent Avenue and the replacement of the meter reading equipment throughout the city.

**Surface Enhancement** projects will total approximately \$336,000 for FY'06. Sidewalk repairs throughout the city will be conducted. The current sidewalks will be replaced with cement concrete providing safe passageway and a reduction in maintenance costs. In addition, sidewalk replacement and roadway resurfacing is planned for portions of Vale Street, Stockton Street, and Clark Avenue.

# OVERVIEW

## EXECUTIVE SUMMARY

**Public Buildings and Facilities** will total approximately \$413,000 for FY'06 and \$2,068,000 over the five years of the CIP. Efforts continue in upgrading public buildings. In FY'06, the City will undertake maintenance projects at the Williams Middle School, improvements to the Mary C. Burke field as well as improvements to City Hall. The City has begun a 1.3 million dollar rehabilitation of the Central Fire Station, addressing health and safety code items.

**Public Safety** will total approximately \$88,000 for FY'06 and \$1,198,000 over the five years of the CIP. In FY'06, the Police Department will replace the prisoner transport van and the Fire Department will replace the command car.

**Parks and Open Space** This program area is a critical component in sustaining quality of life in the City. The goal is to perform major improvements to one park per year, as well as minor improvements to other parks on an as-need basis. Improvements through this CIP will upgrade the Mary C. Burke Field.

**Equipment Acquisition** will total approximately \$290,000 for FY'06 and \$690,000 over the five years of the CIP. Due to the current economic environment and the success of the CIP process to update the City's rolling stock, this CIP extends the rolling stock replacement cycle from 10-years to a 13-year schedule. In FY'06, Equipment Acquisition includes the purchase of a MadVac litter collector and medium duty truck with snow fighting capabilities, significant equipment upgrades to City Hall's telecommunication system and the addition of a Global Positioning System (GPS) unit for aerial updates to the Geographic Information System (GIS).

**Administration and Contingency** will total approximately \$78,000 for FY'06 and \$390,000 over the five years of the CIP. This program area continues to be responsible for the creation, management and oversight of the CIP. It also provides contingency funding for modest cost overruns associated with the execution of the capital projects presented.

# OVERVIEW

## INTRODUCTION

In a similar process as undertaken for the last nine years and as now required by the City Charter and Administrative Code, the City of Chelsea will compile a five-year Capital Improvement Program, the FY 2006-2010 (July 1, 2005 - June 30, 2010) CIP which includes the FY'06 Capital Budget (July 1, 2005 - June 30, 2006). A CIP is a fiscal planning tool that documents the City's capital asset needs, ranks the needs in order of project priority, and schedules projects for funding and implementation. The CIP is a dynamic process and one that is likely to change from year to year. The process provides the opportunity to plan for major expenditures in the future and to evaluate new proposals based on more current data.

The CIP lists each proposed project to be undertaken in the next two years, the project justification, the year it will begin, the amount expected to be expended each year, and the proposed method of financing. In addition, the CIP provides a tentative project listing by category and financing source for years three through five as a strategic planning and budgeting tool. Based on this information, summaries of planned capital activity, and their funding requirements, for each of the five years are prepared and presented. The CIP is a composite of the City's infrastructure needs, tempered by current and future financial planning and capacity.

### **What is a capital improvement?**

A capital improvement is a major, non-routine expenditure for new construction, major equipment purchase, or improvement to existing buildings, facilities, land or infrastructure, with an estimated useful life of eight (8) years or more, and a cost of \$10,000 or more.

Among the items properly classified as capital improvements are:

- ◆ New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;
- ◆ Major alterations, renovations, or improvements to existing buildings which extend the useful life of the existing buildings by ten (10) years;
- ◆ Land acquisition and/or improvement, unrelated to a public building, but necessary for conservation or parks and recreation purposes;
- ◆ Major equipment acquisition, replacement or refurbishment, with a cost of at least \$10,000, and a useful life of at least thirteen (13) years, including data processing equipment;
- ◆ New construction or major improvements to the City's physical infrastructure, including streets, sidewalks, storm water drains, the water distribution system, and the sanitary sewer system, which extend the useful life of the infrastructure by at least ten (10) years, and
- ◆ A feasibility study or engineering design services which are related to a future capital improvement.

# OVERVIEW

## INTRODUCTION

### What are the benefits of a capital improvement program?

- ◆ Facilitates coordination between capital needs and the operating budgets;
- ◆ Enhances the community's credit rating through improved fiscal planning and avoids sudden changes in its debt service requirements;
- ◆ Identifies the most economical means of financing capital projects;
- ◆ Increases opportunities for obtaining federal and state aid;
- ◆ Relates public facilities to the City's strategic plan or public and private development and redevelopment policies and plans;
- ◆ Focuses attention on community objectives and fiscal capacity;
- ◆ Keeps the public informed about future needs and projects, and
- ◆ Coordinates the activities of neighboring and overlapping units of local government to reduce duplication, and encourages careful project planning and design to avoid costly mistakes and to reach goals.

# OVERVIEW

## CREATING THE CAPITAL IMPROVEMENT PROGRAM

The City developed an administrative process that established policies and procedures for submitting and evaluating projects. This includes:

- ◆ Instructions for submitting projects;
- ◆ A schedule for the submission of projects, and
- ◆ A method of evaluating and ranking projects.

### Process Overview

The following process guides the capital plan process:

- ◆ The capital program Steering Committee is appointed by the City Manager and adopts formal policies for preparation and prioritization. The CIP Steering Committee is comprised of:

Jay Ash, City Manager  
Kim Driscoll, Deputy City Manager  
Tom Durkin, Finance Director  
Anna M. Tenaglia, Treasurer/Collector  
Joseph Foti, Public Works Director

- ◆ A schedule is adopted for completing the CIP;
- ◆ City project staff conducts an assessment by program category. City project staffs assemble as the CIP Working Group to conduct the assessment including an inventory of existing facilities and assets. This assessment documents the need for renewal, replacement, expansion or retirement by reviewing what year the facility was built or asset was acquired, date of last improvement, condition, extent of use, and the scheduled date of rebuilding or expansion;
- ◆ The status of previously approved projects are determined;
- ◆ The City's ability to afford major expenditures, including review of recent and anticipated trends in revenue, expenditures, debt, and unfunded liabilities;
- ◆ Project requests are solicited, compiled and evaluated;
- ◆ Members of the Steering Committee meet with department representatives to individually discuss each request;
- ◆ A recommended method of financing is proposed for each project;
- ◆ The CIP Steering Committee evaluates the submitted projects and ranks them in priority order as objectively as possible and with reference to other projects;
- ◆ The Steering Committee informs departments as to the approved priority of projects;
- ◆ The City Manager submits the proposed CIP to the City Council and Planning Board;
- ◆ The City Council holds public hearing on the City Manager's recommendations;
- ◆ The Planning Board reviews and comments on CIP;
- ◆ The City Council adopts CIP by resolution, and
- ◆ City staff monitors CIP projects for implementation.

# OVERVIEW

## CREATING THE CAPITAL IMPROVEMENT PROGRAM

### Capital Program Categories

The capital budget and program are prepared according to the following seven program areas:

1. **UTILITY ENHANCEMENTS** includes repair, replacement and installation of water, sewer and drainage lines; roadways, sidewalks and street furniture; hydrants, manholes and other related equipment;
2. **SURFACE ENHANCEMENTS** includes improvements to local streets, sidewalks, curb cuts, crosswalks and Americans with Disabilities Act (ADA) improvements, other than those included in Utility Enhancements;
3. **PUBLIC BUILDINGS AND FACILITIES** includes repair replacement and improvement of all of the physical structures, and their contents, owned by the City including municipal, service, public safety and maintenance facilities;
4. **PARKS AND OPEN SPACE** includes improvements to parks and open space generally in accordance with the Parks and Open Space Plan;
5. **PUBLIC SAFETY** covers the police, fire and emergency management vehicles and equipment;
6. **EQUIPMENT ACQUISITION** includes vehicles and equipment acquisition to maintain the operations of the Public Works and MIS Departments, and
7. **CAPITAL PLAN ADMINISTRATION AND PROJECT CONTINGENCY** encompasses administrative support for the plan and a contingency for all capital projects listed in the plan.

### Capital Program Priorities

The City of Chelsea gives priority to capital investments that meet at least one of the following criteria:

- ◆ Addresses an urgent health or safety concern, legal mandate or code compliance;
- ◆ Supports neighborhood revitalization;
- ◆ Improves access to and the quality of municipal services for all citizens;
- ◆ Advances existing economic development and the attraction of new economic activity to the City;
- ◆ Compliments other projects, public or private, to gain economies of scale, and
- ◆ Enhances the continuing economic health of the downtown area.

## CAPITAL PROGRAM IMPACTS

One of the most difficult challenges facing the City today is to continue the investment in its capital assets, which began in earnest with the FY'97 CIP, while successfully managing the financial impact on both the General and Enterprise Fund budgets. In light of the importance of continuing this planned program of infrastructure repair and replacement, the City is committed to maintaining an annual Capital Budget, which continues to reverse the effects of years of deferred maintenance.

Based on the inventory of capital assets, which is updated annually, the City has included projects in this CIP that are necessary and consistent with the priorities and goals set forth by the City. Through prudent fiscal management and conservative financial forecasting, the City has determined the appropriate levels of capital expenditures that can be incorporated into the General and Enterprise Fund budgets.

While these levels are subject to change given the nature of the CIP process, the FY 2006-2010 CIP includes General Obligation borrowings supported by the General Fund totals \$691,000 in FY'06 and \$3.5 million over the five years of the plan. General Obligation borrowing supported by the Enterprise Funds totals approximately \$2,179,000 in FY'06 and \$6.3 million over five years. The financial impact of the CIP on the General and Enterprise Funds is discussed below.

### Debt Service Impact on the General Fund

Presently, the City has a moderate level of direct debt outstanding. The table below outlines the total approximate principal and interest costs that will be incurred over a six-year period, including the cost of the Schools Project net of State reimbursement and the cost of the debt incurred to finance the Urban Renewal Project. The incremental increase in the debt service is attributable to the borrowing required to finance projects in this and previous CIPs.

PROJECTED DEBT SERVICE – GENERAL FUND BUDGET					
Fiscal Year	Existing Debt Service (000)	Projected CIP Debt Service, Cumulative (000)	Other Projected Debt Service, Cumulative (000)	Projected Total Debt Service (000)	Debt Service as a % of General Fund
2005	\$ 2,172	\$ 0	\$ 640	\$ 2,812	3.1%
2006	\$ 2,012	\$ 170	\$ 166	\$ 2,348	2.5%
2007	\$ 1,794	\$ 501	\$ 0	\$ 2,295	2.3%
2008	\$ 1,621	\$ 546	\$ 0	\$ 2,168	2.1%
2009	\$ 1,580	\$ 647	\$ 0	\$ 2,227	2.1%
2010	\$ 1,504	\$ 790	\$ 0	\$ 2,294	2.1%

## CAPITAL PROGRAM IMPACTS

It is the City's desire to effectively manage the financial impact that the debt financing of capital projects has on the General Fund. To that end, the City has committed to an aggressive debt retirement strategy to effectively manage the level of outstanding debt. The dollar value of Capital Improvement Program projects has been reduced to allow the City to more efficiently manage the program.

### Debt Service Impact on the Enterprise Funds

A significant portion of the projects identified in the FY 2006-2010 CIP is Utility Enhancement (Water, Sewer, and Drainage) Program area improvements. The table below outlines the projected costs of Enterprise Fund Debt Service resulting from this CIP.

PROJECTED DEBT SERVICE – ENTERPRISE FUND				
Fiscal Year	Existing Debt Service (000)	Projected CIP Debt Service, Cumulative (000)	Projected Total Debt Service (000)	Debt Service as a % of Enterprise Fund
2005	\$ 1,162	\$ 0	\$ 1,162	10.7%
2006	\$ 1,107	\$ 271	\$ 1,378	11.9%
2007	\$ 959	\$ 762	\$ 1,721	14.5%
2008	\$ 808	\$ 859	\$ 1,667	13.7%
2009	\$ 744	\$ 979	\$ 1,723	13.8%
2010	\$ 688	\$ 1,182	\$ 1,870	14.4%

Based on the Enterprise Fund accounting methodology, all costs associated with the operation and maintenance of the water distribution and sewer collection systems, including debt service, must be supported by user charges. The Enterprise Fund budgets must also support projected future increases in wholesale water and sewer costs imposed by the MWRA. Responding to this imperative, the City is committed to controlling and/or reducing whenever possible Enterprise Fund expense levels so as to mitigate the increases that must be passed onto ratepayers. Keeping the debt-side of the rate formula process in check, therefore, helps to keep water and sewer bills lower.

## **CAPITAL PROGRAM IMPACTS**

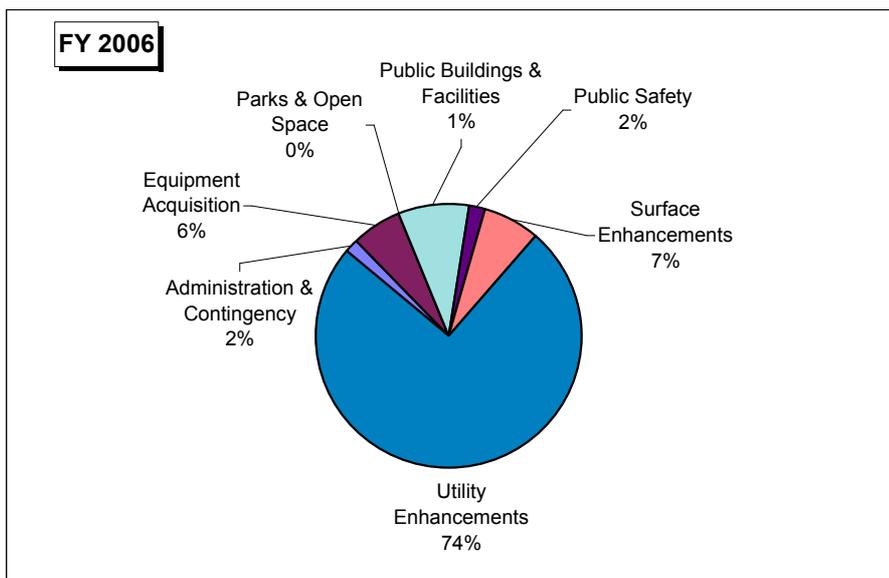
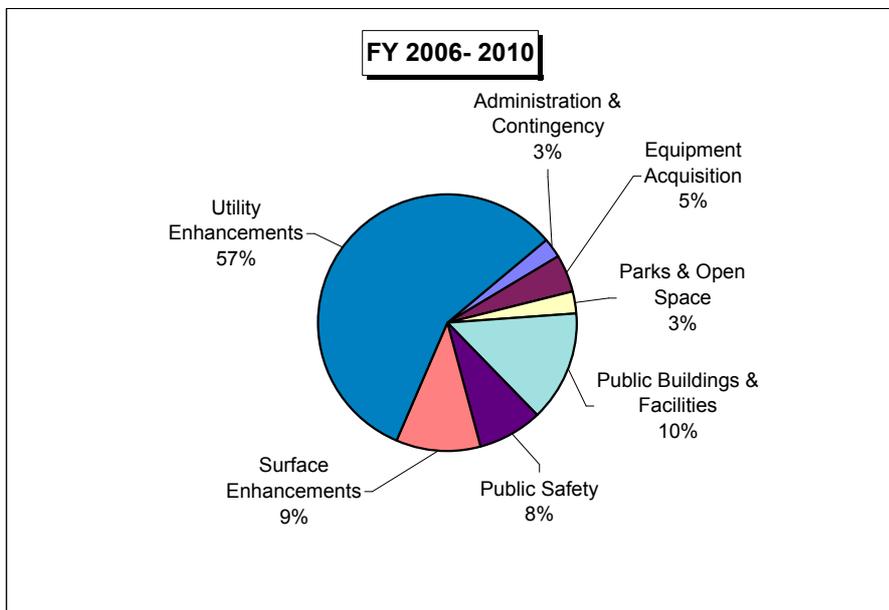
The effectiveness of this strategy was realized during the years between FY'99-FY'02 when the combined water/sewer rate remained level even in the face of wholesale rate increases by the MWRA, and increased debt service obligations. In order to continue to control debt-related impacts on water and sewer rates, the City began in FY'01 to limit cumulative projected debt service. It is important to note that the cumulative impact of the multi-years of updates also positions the City to reduce the overall commitment needed to upgrade and maintain a satisfactory and functional water and sewer system.

As the City moves forward with this CIP, it is committed to a strategy that will continue to invest in infrastructure improvements that enhance the delivery of service and increase the marketability of Chelsea as it relates to economic development and neighborhood revitalization. In addition, through proper financial planning and debt management, the goal of the City is to balance capital needs while effectively managing the financial impact resulting from the increased borrowing required to implement the projects outlined in this CIP.

**FIGURE 1: CAPITAL PLAN EXPENDITURES BY PROGRAM AREA**  
**FY 2006 - 2010**

	<b>TOTAL</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Administration & Contingency	<b>390,000</b>	78,000	78,000	78,000	78,000	78,000
Equipment Acquisition	<b>690,000</b>	290,000	100,000	100,000	100,000	100,000
Parks & Open Space	<b>400,000</b>	-	100,000	100,000	100,000	100,000
Public Buildings & Facilities <sup>1</sup>	<b>2,068,000</b>	413,000	455,000	400,000	400,000	400,000
Public Safety	<b>1,198,000</b>	88,000	168,000	314,000	314,000	314,000
Surface Enhancements	<b>1,554,000</b>	336,000	342,000	292,000	292,000	292,000
Utility Enhancements	<b>8,529,000</b>	3,562,000	850,000	1,039,000	1,659,000	1,419,000
<b>TOTAL</b>	<b>14,829,000</b>	<b>4,767,000</b>	<b>2,093,000</b>	<b>2,323,000</b>	<b>2,943,000</b>	<b>2,703,000</b>

<sup>1</sup>For the purposes of this illustration, Budget dollars for Schools are included in Public Buildings and Facilities



## **CAPITAL PROGRAM SOURCES**

Capital investment for the FY 2006-2010 CIP is derived from several sources: Water and Sewer Enterprise Funds, General Obligation Bonds, General Funds, and various state and federal grant programs. This section will describe the various sources listed above.

### **General Obligation Bonds**

General Obligation (GO) bonds are general obligations of the City. The source of repayment is not limited to any particular fund or revenue stream. GO bond proceeds may be used for a wide range of capital activities, however, the term of the bond must be tied to the life of improvement. For example, a roadway may be financed with a twenty-year bond, and most vehicle purchases are financed with a five- to ten-year bond.

In recent years, the City has not issued large amounts of GO bonds. Prior to FY'97, the City had only \$2.2 million in GO bonds outstanding with an annual debt service payment equal to \$350,000. The City has conservatively estimated its General Fund supported bonding capacity at 2.75% in new debt per year, to finance projects included in the CIP. The actual amount of debt issued will depend on the ability of the operating budget to sustain annual principal and interest payments.

### **Water and Sewer Enterprise Bonds**

The Water and Sewer Enterprise Fund is dedicated to tracking and reporting all activities associated with the operation and maintenance of the water and sewer systems. The principle of enterprise fund accounting is that all costs of providing services to the public, including depreciation, be financed or recovered through user charges. The City's cost recovery and financing system for the operations and maintenance of the water and sewer systems is based upon this principle. Water and sewer revenue may only pay for water and sewer expenses. Like the overall general fund budget of the City, the Water and Sewer Enterprise Fund may finance planned capital improvements from current "rate revenue" or from long-term bonds, which must be repaid over time using future rate revenue.

This CIP describes Water and Sewer Enterprise Fund expenses of \$2,179,000 or 49% of the total capital expenses for FY'06 and \$6,296,000 or 43% of the total over the five years of the CIP. The great majority of these expenses will be paid by proceeds from new bonds issued under the rules of the Enterprise Fund. The actual amount of debt issued will depend on the ability of the rate system to sustain annual principal and interest payments related to the bond debt as well as ongoing wholesale costs. The single largest expense of the Water and Sewer Enterprise Fund is the wholesale costs of water and sewer services provided by the MWRA. The ability of the City to issue Water and Sewer bonds to finance capital improvements is directly tied to the projected rate increases from the MWRA and the corresponding budget impact.

## **CAPITAL PROGRAM SOURCES**

### **General Funds/Operating Budget/Free Cash**

In an attempt to minimize the amount of GO bonds that need to be issued on an annual basis, the City has made a policy decision to use a "Pay-As-You-Go" funding concept. In positive economic times and when funds are available, the City can implement the pay-as-you-go funding policy with the use of undesignated fund balance, "Free Cash". Although this should not be an annual practice or policy, use of such funds, which are usually generated from one-time revenues, will positively impact on out-year budgets when the economic cycle may have turned.

In addition to Free Cash, this funding policy is also supplemented by the use of operating budget funds from the General Fund. The City anticipates using operating budget funds and/or Free Cash to finance relatively smaller capital expenses that have a shorter useful life expectancy.

To insure that this commitment continues during difficult economic times, the City Manager recommended and the City Council approved a Capital Contingency Reserve Fund. With the appropriation of \$200,000 made by the City Council in October 1999, the goal of \$600,000 was achieved in this account; this is the equivalent of three years worth of Pay-As-You-Go reserves. This fund was the first of its kind in the State.

It is also important to note that several City departments will also carry a "capital" line item in their operating budget each fiscal year. In general, these will be for expenditures of a shorter useful life or lower cost than those that would qualify as capital items by the policies of the CIP. For example, replacement of police cars, with a useful life of less than five-years, is carried in the Police Department's operating budget.

### **State and Federal Sources**

The State and Federal governments continue to play a major role in funding infrastructure improvements, open space, and economic development, although this role has diminished considerably in the last two decades. Generally, the State or Federal government borrows money and then makes it available through application to municipalities.

Federal Highway Administration (FHWA) funds and Massachusetts Roadway funds, coordinated by the Boston Metropolitan Planning Organization (MPO), are critical for major roadway construction projects and related transportation projects in Chelsea. During 2003, the City secured a \$7M federal funds priority for the rehabilitation of Eastern Avenue from Broadway to Central Avenue. The Eastern Avenue rehabilitation project has been approved and is expected to commence in 2005, with a completion date of fall 2006. Chelsea has also been the recipient of funds from the Transportation Efficiency Act (TEA-21) program – one of many special programs in this family of FHWA funds - which provided \$1.2M for the 2003 rehabilitation of Fifth Street from Broadway to Arlington Street.

The City's conservative approach defers inclusion of a grant-based project until the confirmation of funding award. Due to increased competition in Massachusetts for federal roadway funds and new policies adopted with regard to the allocation of State funds, the City is constantly reevaluating its strategy with respect to securing funds from these programs in order to improve its competitive advantage.

## CAPITAL PROGRAM SOURCES

The City is eligible to receive funds each year from the Massachusetts Small Cities Program (MSCP), a program administered by the Division of Housing and Community Development. MSCP derives its funding from the Federal Community Development Block Grant Program to support a wide range of community development activities that include infrastructure, park improvements and housing and human service activities, although not all projects within these categories may be eligible for funding through the process which stresses a benefit for low and moderate income residents. Chelsea is one of twelve “mini-entitlement communities” and is eligible for up to \$600,000 in MSCP funds. An application is pending that, if approved, will provide investment at Gerrish and Marlboro Street areas and \$125,000 to community school programs in FY’06.

Through a variety of programs, the City will compete for State funds to support parks and open space development. Again, the conservative approach used in the CIP includes only funds awarded from grant sources and not pending applications. During 2003, the City received \$368,000 in parks and open space funds administered by the Massachusetts Executive Office of Environmental Affairs for the reconstruction of Quigley Park and the development of the Mace Tot Lot. The Quigley Park renovation and the Mace Tot Lot renovation are complete. Chelsea has also received funding in the amount of \$305,900 to renovate Voke Park.

The City receives funding assistance for roadway improvements through several State funds administered by the Massachusetts Highway Department (MHD). This includes funding from the Chapter 90 Program that is distributed annually on a formula basis to all the cities and towns in Massachusetts. These funds have been used generally by the City to pave local streets, although they may also be used to pay for major roadway projects and for roadway maintenance equipment.

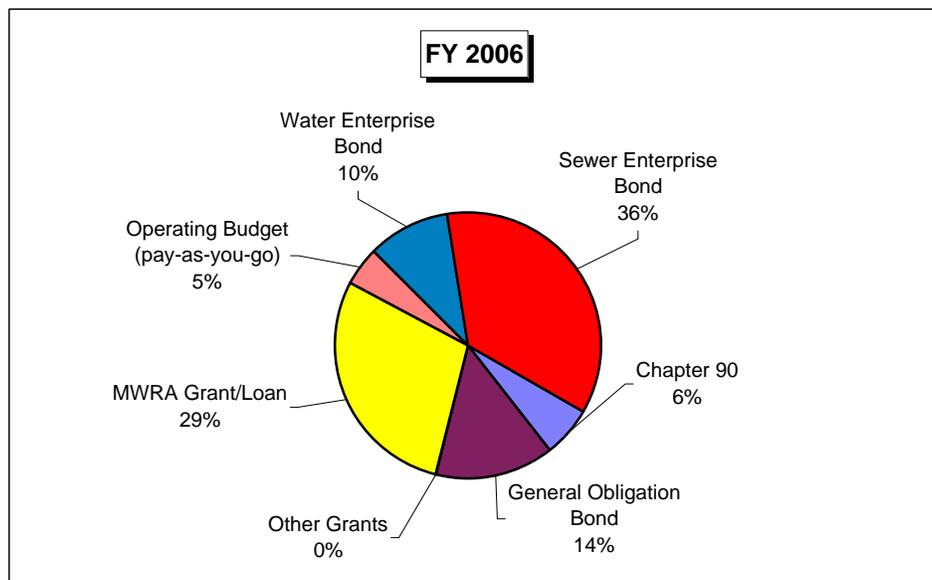
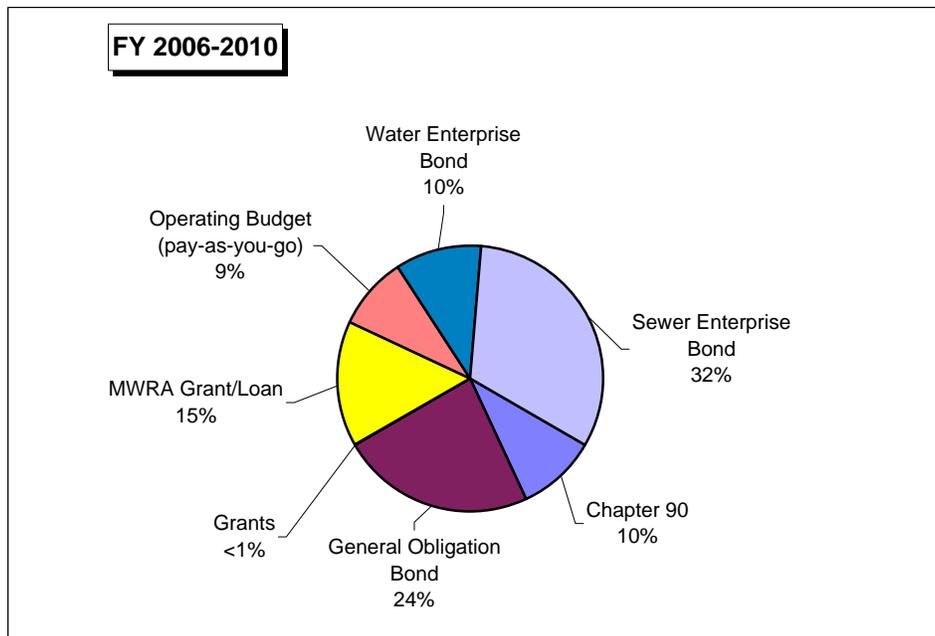
Sewer and Drainage improvement funds are available from the Massachusetts Water Resources Authority (MWRA) on a 45% grant, 55% interest-free loan basis for eligible project activities. The Local Pipeline Assistance Program and the Inflow and Infiltration Program provide supplemental capital funds to the City’s improvement program on a project-by-project basis. In FY’06, approximately \$879,836 in MWRA grant funding from the Inflow and Infiltration Program has been allocated for projects in this CIP. The City will continue to pursue MWRA Grants and others like it as funding supplements to future Utility Enhancement projects.

Water pipeline rehabilitation funds are available from the MWRA on a ten-year repayment, interest free loan basis. The Local Pipeline Assistance Program will make available to the City with more than \$500,000 annually for the next ten years for pipeline relining and replacement projects. This amount will significantly reduce the need for Water and Sewer bonds in future CIP’s.

Over the past few years, the School Building Assistance Program has been the most significant external source for funding City debt. This program supports funding for school construction and renovation and is funding 95% of the principal and interest costs of the new school facilities opened in 1996 and 1997 for Chelsea school children, including a new high school campus, new middle and elementary school campuses, and the renovated Shurtleff School for pre-kindergarten, kindergarten and first grade. Improvements to the old high school, now the Clark Avenue School, have been funded from City resources. In total, the City will receive a 90% reimbursement for the recently completed High School addition. It is expected that the City will receive 75% of that initial reimbursement in FY’05 and the remaining upon completion of the school audit.

**FIGURE 2: CAPITAL PLAN REVENUE SOURCE DETAIL BY YEAR  
FY 2006 - 2010**

	<b>TOTAL</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Chapter 90	<b>1,454,000</b>	286,000	292,000	292,000	292,000	292,000
General Obligation Bond	<b>3,506,000</b>	691,000	673,000	714,000	714,000	714,000
Free Cash	-	-	-	-	-	-
Other Grants	-	-	-	-	-	-
MWRA Grant/Loan	<b>2,233,000</b>	1,383,000	850,000	-	-	-
Operating Budget (pay-as-you-go)	<b>1,340,000</b>	228,000	278,000	278,000	278,000	278,000
Water Enterprise Bond	<b>1,544,000</b>	471,000	-	204,000	500,000	369,000
Sewer Enterprise Bond	<b>4,752,000</b>	1,708,000	-	835,000	1,159,000	1,050,000
<b>TOTAL</b>	<b>14,829,000</b>	<b>4,767,000</b>	<b>2,093,000</b>	<b>2,323,000</b>	<b>2,943,000</b>	<b>2,703,000</b>



# UTILITY ENHANCEMENTS

## Overview FY 2006-2010

Ten years of investing in the City of Chelsea's water, sewer and drain infrastructure has resolved many longstanding system deficiencies. However, much more remains to be done. Like most, if not all older cities, the City of Chelsea faces continuing challenges because of its aging, and previously poorly maintained infrastructure. The cost of repair, particularly for water, sewer and drain facilities, is usually substantial and the results unseen. Improvements to Chelsea's water distribution and sewer collection system continue to be made every year through the capital plan. In recent years, the City of Chelsea has made substantial progress in addressing a long list of known capital improvement needs and priorities. While funds for these efforts are limited, the City of Chelsea has been able to address its needs strategically and positioned to quickly move forward with projects as funding becomes available.

Water distribution system and sewer collection system improvements are driven primarily by extraordinary maintenance and repair costs for a given section, new State and Federal environmental rules, and accommodating growth in the City. Water system improvements are further driven by the mandate to provide the highest quality drinking water for the citizenry and the need to increase fire flows to certain sections. Sewer system improvements are also needed to enhance system flow performance.

## Challenges FY 2006-2010

The primary obstacle to upgrading sewer and water infrastructure is funding. The level of direct, dedicated sewer funding support previously available from federal coffers through the Clean Water Act has been reduced to a trickle. Unfunded mandates from Federal and State programs have added to the burden. Some success has been achieved in getting the State and the MWRA to provide infrastructure improvement program funding. New programs have been created to support drinking water quality improvements.

The privatization of the operations of the water distribution and sewer collection system, and the programmed cleaning performed under that contract, has significantly decreased the frequency of sewer blockages.

Several sewer mains known to be in poor condition and in danger of completely collapsing have been reconstructed. A continuing program of access point installation, pipe cleaning and internal inspection in the sanitary combined and drain sewer systems improves current performance. It also alerts City personnel to potential trouble areas prior to a pipe collapse and provides a database for cost effective system improvements.

The City continues to reduce the number of storm sewers that are directly connected to the sanitary sewer system. These "clean water" flows contribute to the MWRA wholesale charges and add to sewer back-up problems.

Within these realities, the City must strategically plan improvements in conjunction with other roadway and drainage infrastructure improvements; use varied sources of funds, including grants; actively lobby for legislation funding Federal and State mandates, and structure water and sewer rates to reflect both usage and capital charges.

# UTILITY ENHANCEMENTS

## Goals FY 2006-2010

In addition to providing clean, safe, and reliable drinking water to residences, institutions and businesses within the City, water and sewer infrastructure work must be designed to reduce the amount of non-sanitary flows entering the wastewater collection system.

Specific goals for water and sewer projects include:

- ◆ Increasing hydrant flows to improve fire protection;
- ◆ Separating, where possible, combined sewers, and decreasing stormwater flows to sanitary interceptors, thereby reducing the overall level of flow transported for treatment, and, thus, reducing costs to the City for disposal;
- ◆ Decreasing drinking water quality complaints;
- ◆ Achieving compliance with USEPA lead maximum contaminant levels, and
- ◆ Reducing the amount of non-revenue-producing water and cutting infiltration and inflow into the sanitary system, thereby decreasing the long-term cost of the entire systems.

## Programs FY 2006-2010

Guiding the programs for implementation in the area of water and sewer are plans to:

- ◆ Systematically address the long overdue rehabilitation and repair of the water distribution and sewer collection systems;
- ◆ Combine individual infrastructure projects in bundles, performing water, sewer, drain and roadway improvements as integrated projects;
- ◆ Plan infrastructure improvements to enhance projects undertaken by Massachusetts Highway Department and MWRA. For example: drainage and water improvements in conjunction with the reconstruction of Eastern Avenue and the Chelsea Branch Sewer Project;
- ◆ Complement MWRA Chelsea Trunk Relief Sewer and Chelsea Branch Sewer Projects, and
- ◆ Utilize as much grant funding as possible to reduce the cost burden on ratepayers.

## Projects FY 2006-2010

The five-year investment plan in this program area will target the following areas:

- ◆ Water main replacements, cleaning and cement linings, as well as abandonment and transfer of water service at various locations throughout the City;
- ◆ Sewer line inspections, reconstruction and replacements, and repair and installation of manholes and catch basins at various locations throughout the City, and
- ◆ Drainage studies of the combined sewer tributary area to the combined sewer outfalls to reduce frequency of flooding.

# UTILITY ENHANCEMENTS

## FY'06 Projects

The Public Works Department and the City's engineering consultants collect information about the underground infrastructure from multiple sources including:

- ◆ CIP programmed sewer and water studies;
- ◆ Sewer and water main replacement contracts, and
- ◆ Reports and maps generated by the water and sewer operations management personnel employed by the private contractor providing water and sewer maintenance and operation.

This information is constantly being analyzed for a better understanding of how these systems function and what improvements are necessary to provide reliable uninterrupted service, water fire flows and collection of waste and stormwaters. With each successive piece of new information, managers and technical personnel responsible for planning and implementing improvements are able to build their institutional knowledge. The ongoing review of this information establishes the projects submitted for the capital planning process.

Many critical needs have been addressed by projects completed, under construction or in design. Stand-alone water main and sewer main projects have corrected most of the worst known deficiencies. Several projects originally thought to be limited in scope have been expanded. This is due to new information about how subsystems of the water distribution and sewer collection systems work - alone and in conjunction with each other. The originally scheduled projects become more cost effective to implement when they are chronologically planned within the scheme of larger subsystem-wide improvement projects.

This approach when utilized for sewer and drain projects not only enables the City to correct ongoing problems such as flooding but also provides the added benefit of sanitary and storms sewer separation. Additional economies of scale are also realized when water main replacements occur simultaneously with the sewer and drain projects. The below-ground infrastructure projects are then followed by full roadway and sidewalk replacement.

FY'06 projects are based upon several sources of information. The 1996 Water Distribution Evaluation Study is the most comprehensive. It set out a two-phased program of water improvements, with the goal that the deficiencies in the system should be addressed within 20 years in order to provide the desired quantity and quality of water service. Phase A identified projects to eliminate or reduce deficiencies including: fire flow, transmission mains, unlined parallel mains, water quality fluctuations and dead-end mains. Phase B recommendations call for the replacement of all remaining unlined cast-iron pipe with cement lined ductile iron water mains primarily in the neighborhoods. The City of Chelsea will be utilizing interest free loans from the Massachusetts Water Resources Authority's Local Pipeline Assistance Program to fund water improvements in FY'06.

In FY'06, the City will continue with its multi-year program to replace existing lead water services with copper. This work is performed in conjunction with water, sewer drain and roadway work.

The City's information collection on the sewer system will proceed in a multi-year phased program of investigation, funded in part by the MWRA Inflow and Infiltration 45% grant, 55% loan program. This program focuses on the portion of the sewer system that is wholly or partially separated from the stormwater drainage system and seeks to minimize non-sanitary flows into the dedicated sanitary sewer lines (Sewer Inflow and Infiltration Project).

## UTILITY ENHANCEMENTS

The City has made a multi-year commitment to removing the sources of inflow and infiltration into the City sanitary collection system in the tributary area of Chelsea Combined Sewer Overflow CHE-008 on Chelsea Creek. The City's goal is to minimize storm water flows through the sanitary sewer to reduce overflows into the Creek and Harbor and sewerage costs to residents.

The City has compiled preliminary data on the construction of the stormwater and sanitary sewer system (separated and combined). This assessment has formed the City's actions in correcting known failures in the sewer pipe system and predicting where new failures are more likely to occur. Failures most commonly occur in the parts of the sewer system line constructed from brick or un-reinforced cement concrete.

Improvements to the drainage system will result in two distinct benefits. First, the separation of stormwater drainage from the sanitary sewer system will reduce flows in the sanitation sewer system, and also reduce or eliminate associated backflow and flooding during high water run-off periods. Second, the improvements to the drainage system will reduce the frequency and depth of flooding in low-lying areas.

Several stormwater drainage management projects are ongoing and will eventually mitigate against flooding and washout during high run-off periods.

The Utility Enhancement Capital Project Listings for FY'06 are contained on the following pages.

## **Capital Project Listing**

**Program Area:** Utility Enhancements

**Project:** Crescent Avenue Infrastructure Reconstruction

**Contact:** DeSantis

**Description:** The request is for additional monies to fund the reconstruction of Crescent Avenue including replacement of the 16" water main, separation of combined sewer into separate storm and sanitary sewer conduits and full depth roadway and sidewalk reconstruction from Gary Avenue to Eastern Avenue.

**Justification:** Funded at a \$700K level in FY'05 as a start on a multi-stage project 75% complete design has yielded a definitive estimate for the construction of these improvements. The replacement of the 16" water main from Parker Street to Eastern Avenue has now been included in this project due to recent pressure breaks in this line. This work continues work previously performed on Crescent Avenue in anticipation of roadway reconstruction including installation of new 12" water main from Parker Street to Cary Avenue and new sanitary sewer main from Eleanor Street to Eastern Avenue. This work will support continued economic development in this area.

**Impact:** Reconstruction project will directly reduce operating expenses for roadway and water main repair and is a major component of separating the combined sewer area tributary to CSO-CHE-008 which will ultimately result in lowered sewer transportation and treatment costs to all water and sewer ratepayers in the City of Chelsea.

**Start Date:** 7/1/05

**End Date:** 6/30/06

**Project Cost:**

FY2006

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 979,000	\$ 0	\$ 1,383,000	\$ 0	\$ 2,362,000

**Grant Source (if applicable) :**

MWRA Inflow & Infiltration

## **Capital Project Listing**

**Program Area:** Utility Enhancements

**Project:** Water Meter Replacement/Upgrade

**Contact:** DeSantis

**Description:** Replacement of approximately 5,000 water revenue meters at homes and businesses throughout Chelsea with new radio frequency (RF) accessed water meters.

**Justification:** The current water meters were installed in 1993; the project useful life of a water meter before it starts to under register water consumption is 15 years. Accessing water meters for reading purposes through RF will give the ability to remotely read and monitor water meters without going to the Customer's premises.

**Impact:** Completion of this initiative will allow the Department to decrease the number of water meter readers from three to one meter reader/repairman and increase the number of City Yard operating personnel working full time on other activities without additional hiring of full-time employees. The RF system of reading will allow for quicker response to Customer inquiries regarding high bills and provide a mechanism for increased frequency of on-premises leak detection with less labor involvement.

**Start Date:** 7/1/05

**End Date:** 6/30/06

### **Project Cost:**

FY2006

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 1,200,000	\$ 0	\$ 0	\$ 0	\$ 1,200,000

**Grant Source (if applicable) :**

# SURFACE ENHANCEMENTS

## Overview FY 2006 - 2010

The City of Chelsea's roadways are subject to high levels of vehicular traffic due to its close proximity to the City of Boston and regional transportation facilities for the movement of people and materials. A significant portion of the vehicular traffic which the City of Chelsea experiences is due to traffic originating outside of the City. Yet, except for a small amount of funding provided by the state, the City of Chelsea assumes the burden for maintaining these streets, which experience more vehicle trips per day than many streets do in less populated areas.

## Challenges FY 2006 - 2010

It is desirable to rebuild all the streets in the City through full depth reconstruction. However, funds of the magnitude that would be needed to accomplish this in the short-term clearly are not available. In the face of the substantially deteriorated conditions and high costs, two kinds of roadway improvements must be relied upon. The first is to continue commonly accepted methods of roadway rehabilitation to as many roadways as possible with priorities based upon the ranking of individual street conditions as measured by field surveys conducted by the staff of DPW. The second is to undertake full-depth reconstruction in conjunction with water, sewer, drainage and other public projects.

Among the most difficult aspects of roadway improvements is scheduling and prioritizing work. In determining targets for work, the City considers existing roadway conditions as well as plans for other

Adding to the maintenance burden is the area's climate. Multiple freeze-thaw cycles in the winter adversely impact the longevity of paved surfaces in the city. The measure of the need for citywide roadway resurfacing and reconstruction is the poor ride quality of the deteriorated roadway pavements on many streets. While much has been accomplished in the last few years, much more needs to be done.

infrastructure projects. The intent is to target surface improvements for roadways that have ride quality ratings of "deficient" or "intolerable" (provided no infrastructure work is planned over the next five years), and to minimize disturbance of the pavement after resurfacing by coordinating with water, sewer, drain and other public works improvements.

The City of Chelsea has recently begun implementation of a pavement management system. The pavement management system combines condition assessments, asset valuation, analysis of maintenance strategies, multi-year budgeting, queries and reporting in one application.

Additionally, the City must expeditiously meet full compliance with Americans with Disabilities Act (ADA).

# SURFACE ENHANCEMENTS

## Goals FY 2006 - 2010

Continuing the reversal of decades of neglect of the City's roadway and sidewalk network by:

- ◆ Resurfacing or reconstructing all streets with pavement ride quality conditions of "deficient" or "intolerable" as soon as practically possible;
- ◆ Improving the image of the City and the services it renders to citizens and visitors alike by providing roadway surfaces without potholes, dips, ripples or other defects;
- ◆ Reducing costs associated with roadway maintenance in the operating budget, thereby providing more funding to address other service needs;
- ◆ Replacing, repairing or installing sidewalks where needed;
- ◆ Significantly reducing the financial impact of property damage losses from claims against the City resulting from deficient roads and sidewalks;
- ◆ Increasing property values and the desirability of the City's neighborhoods and business districts, and
- ◆ Fulfilling compliance with ADA.

## Programs FY 2006 - 2010

Identifying and coordinating work with the water, sewer, and drainage categories as well as with other City and public agencies will allow for the:

- ◆ Combining of individual infrastructure projects in whole street and area bundles, so that water, sewer, drain and roadway improvements can be performed as one project in combination with work on adjacent streets, and
- ◆ Continued push towards ADA compliance.

## Projects FY 2006 - 2010

In various locations, targeted work will include:

- ◆ Hot-in-place recycling and micropaving of roadway wearing surface;
- ◆ Surface milling and overlaying paving of roadway wearing surface;
- ◆ Pulverization of existing roadway bituminous pavement cross-section into base material and laying of new binder and wearing courses;
- ◆ Full depth reconstruction and repaving of roadway and sidewalk pavements;
- ◆ Removal of deteriorated brick sidewalks and repaving with bituminous concrete, and,
- ◆ Installation of sidewalk handicapped access ramps.

# **SURFACE ENHANCEMENTS**

## **FY'06 Projects**

Capital improvements to the City's roadway, sidewalk and streetscape system are primarily related to an integrated approach to all surface and subsurface infrastructure improvements. Roadway improvements programmed into this CIP are, in part, tied to the underlying water and sewer construction improvements. Similarly, street and sidewalk improvements are tied, in part, to support related development and to undertake general neighborhood improvements.

FY'06 funding will focus on surface enhancements after completion of water, sewer and/or drain work on Crescent Avenue, complementing work previously performed on adjacent streets and work to be undertaken by the Commonwealth of Massachusetts this coming year reconstructing Eastern Avenue. Typically, work will include ADA compliant wheelchair ramps, new sidewalks and roadway resurfacing:

Details for each of the FY'06 funded projects mentioned above appear on the following pages.

**Capital Project Listing**

**Program Area:** Surface Enhancements

**Project:** Spot Sidewalk Repair

**Contact:** Taverna

**Description:** Replacement of Cement Concrete sidewalks citywide and various streets requested by residents and City Councilors.

**Justification:** Provide a safe and code complaint product for heavily traveled pedestrian routes.

**Impact:** Direct reduction in operation and maintenance costs as well decrease liability for litigation.

**Start Date:** 7/1/05

**End Date:** 6/30/06

**Project Cost:**

FY2006

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000

**Grant Source (if applicable) :**

**Capital Project Listing**

**Program Area:** Surface Enhancements

**Project:** Stockton Street

**Contact:** Taverna

**Description:** Replacement of cement concrete sidewalks and of roadway wearing surface from Broadway to Spencer Avenue.

**Justification:** Project planned in conjunction with planned development in the area.

**Impact:** Direct reduction in operation and maintenance costs.

**Start Date:** 9/1/05

**End Date:** 9/30/06

**Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 0	\$ 0	\$ 0	\$ 57,000	\$ 0	\$ 57,000

**Grant Source (if applicable) :**  
Chapter 90

**Capital Project Listing**

**Program Area:** Surface Enhancements

**Project:** Clark Avenue

**Contact:** Taverna

**Description:** Replacement of cement concrete sidewalks where needed and resurface roadway from Webster Street to Cabot Street.

**Justification:** Project planned in conjunction with planned development in the area.

**Impact:** Direct reduction in operation and maintenance costs.

**Start Date:** 8/1/05

**End Date:** 10/31/06

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**Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 0	\$ 0	\$ 0	\$ 80,000	\$ 0	\$ 80,000

**Grant Source (if applicable) :**  
Chapter 90

## ***Capital Project Listing***

**Program Area:** Surface Enhancements

**Project:** Vale Street

**Contact:** Taverna

**Description:** Replacement of cement concrete sidewalks and roadway wearing surface replacement from Everett Avenue to short of the Carter Street intersection.

**Justification:** Project planned in conjunction with utility enhancement project from previous CIP.

**Impact:** Direct reduction in operation and maintenance costs.

**Start Date:** 8/1/05

**End Date:** 11/30/05

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### **Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 0	\$ 0	\$ 0	\$ 149,000	\$ 0	\$ 149,000

**Grant Source (if applicable) :**

Chapter 90

# PUBLIC BUILDINGS AND FACILITIES

## Overview FY 2006-2010

The City's public buildings and facilities not only aid in the advancement of municipal service delivery but also act as physical symbols of the Community at large. After years of neglect prompted by unfunded federal mandates to meet health and safety requirements in public buildings, the City has performed some critical improvements over the past several years.

The CIP process has begun to address deferred maintenance on many of the oldest municipal buildings. In fact, the City's municipal service buildings, public safety buildings, and maintenance facilities are in a state of transition, with continued capital improvements to improve and facilitate future service delivery and, perhaps as important, bring a new sense of pride to the city. A substantial investment was made to improve the physical plant of our schools ten years ago. Adequately funding ongoing maintenance projects in our schools will protect this investment for future generations.

## Challenges FY 2006 - 2010

Establishing a planned schedule of maintenance and repair is critical so that the existing and new and/or renovated buildings coming on-line receive the required investments. In those buildings that will not be replaced, critical renovations and regular updating must take place

without disrupting the services being provided in the facilities. Whether new or renovated, the City's buildings must add to the integrity of the areas in which they are located, and must be equipped to provide the most advanced services and access.

# PUBLIC BUILDINGS AND FACILITIES

## Goals FY 2006-2010

Restore and preserve the value and reliability of City buildings while enhancing each facility's contribution to municipal service delivery by:

- ◆ Investing in capital improvements;
- ◆ Promoting efficiencies in operation;
- ◆ Increasing building longevity;
- ◆ Eliminating building barriers;
- ◆ Updating facilities with new technology;
- ◆ Improving the quality of service areas, and
- ◆ Creating safe working environments.

## Programs FY 2006-2010

The following programs will guide the capital initiatives:

- ◆ Assess municipal service demand to prioritize restoration of existing facilities and expansion to new facilities, where necessary;
- ◆ Conduct ongoing investigations into the City's computer, telecommunication and building management support systems to enhance operations and interactivity;
- ◆ Manage a program of major improvements to promote energy conservation, and
- ◆ Complete removals of access barriers from municipal buildings.

## Projects FY 2006-2010

The five-year investment plan will target the following areas:

- ◆ Updating existing municipal service and administrative buildings based on the facility improvement plan;
- ◆ Repairing and renovating public safety buildings;
- ◆ Improving maintenance facilities, and
- ◆ Continuing ADA renovations to ensure compliance and access to public buildings.

# PUBLIC BUILDINGS AND FACILITIES

## FY'06 Projects

On-going Public Buildings and Facilities improvements will continue during FY'06. The City's experience over the past five years has contributed to a reevaluation of the planning approach for building improvements, particularly in light of complex and expensive repairs required for City Hall, the Library, Fire Buildings and the Police Station. These repairs and renovations encompass the full spectrum of design and technology, from historic preservation to sophisticated building systems.

1. Renovations at Central Fire Station have begun. Scheduled for March completion, the building will be a first class energy efficient facility with all health, safety and quality of life issues satisfied. Building renovation plans for Engine #3 will be re-addressed this fiscal year encompassing future relocation plans for Engine #2.
2. The City continues its commitment to improve and restore City Hall, architecturally and aesthetically. Several floors and landings will be replaced this fiscal year. Significant masonry and terra cotta replacement will commence in FY'06 as outlined in a detailed multi-phase project developed by an historic preservation and renovation architectural firm.
3. Maintenance Projects at the Williams School: a) replace roof top chiller. The chiller is necessary to cool the building. A fully functioning HVAC system serves to maximize the availability of the building for use by the Community Schools program during the summer months; b.) clean and reseal exterior brick. This will protect and extend the life of the exterior brickwork and facilitate graffiti removal, and c.) inspect and repair roof. Inspections will ensure proper operation of the roof. Any repairs, which are necessary, will extend the life of the roof.
4. Mary C. Burke Improvements: Improvements will be undertaken to maximize the use of the field and make it more accessible for families to attend games. Improvements include lighting for night games, bleachers, concession stands and bathroom facilities.

**Capital Project Listing**

**Program Area: Public Buildings & Facilities**

**Project: Burke School Field Improvements**

**Contact:** McCue

**Description:** Funding for field improvements including upgrading the field, adding lights, improving fencing, adding a concession stand/restroom facility, improving surveillance equipment, adding a spectator stand and other amenities that may include a scoreboard, batting cages, etc.

**Justification:** In order to expand use of the field and improve the safety and comfort of the players and spectators. \$150,000 has already been provided from other sources. \$50,000 is needed to complete funding for this project.

**Impact:**

**Start Date:** 7/1/05

**End Date:** 6/30/06

**Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000

**Grant Source (if applicable) :**

## ***Capital Project Listing***

**Program Area:** Public Buildings & Facilities

**Project:** City Hall Roof Line Terra Cotta - Phase I

**Contact:** Lanzillo

**Description:** Restoration of roof line dentil band at the roof line of the main building.

**Justification:** Much of the dentil work is deteriorated with sections missing. This allows moisture to infiltrate behind the masonry band causing further damage when freezing occurs and causing the masonry and terra cotta to pop off. This is the second phase of a multi-phase restoration project for City Hall.

**Impact:** Eliminates the need to respond to costly emergency repairs and prevents potential danger of masonry units falling onto the pathways and walkways around City Hall.

**Start Date:** 7/1/05

**End Date:** 8/31/05

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### **Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 195,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 195,000

**Grant Source (if applicable) :**

**Capital Project Listing**

**Program Area: Public Buildings & Facilities**

**Project: Extraordinary Maintenance Projects - Williams Middle School**

**Contact:** McCue

**Description:** Projects include the replacement of the rooftop HVAC equipment, cleaning and resealing exterior brick, and inspection and repair of the roof.

**Justification:** The School Department's Life Cycle Facility Maintenance and Repair Forecast recommends this work as part of a planned operations, maintenance and replacement schedule for the entire physical plant of the school system.

**Impact:** Completion of the project will ensure continuous operation of the facilities and will avoid more costly emergency repairs if deferred.

**Start Date:** 7/1/05

**End Date:** 6/30/06

**Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 150,000

**Grant Source (if applicable) :**

***Capital Project Listing***

**Program Area: Public Buildings & Facilities**

**Project: City Hall Tile Floor Replacement**

**Contact:** Lanzillo

**Description:** Remove existing vinyl tiles from several hallways and landings in City Hall and install new flooring.

**Justification:** Many of the coasting tiles are broken causing tripping hazards in with the potential result of injury to employees and/or the public. We have been notified by the City's insurance company that we need to replace the tiles. Due to their composition, the tiles must be removed in an abatement scenario under strict DEP guidelines and controls.

**Impact:** Eliminate costly spot repairs, eliminate hazard and prevent potential injuries, and will allow far simplified routine cleaning and overall maintenance, thus cutting down on labor costs to perform these duties.

**Start Date:** 7/1/05

**End Date:** 10/31/05

**Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,000

**Grant Source (if applicable) :**

# PARKS AND OPEN SPACE

## Overview FY 2006-2010

The City continues its partnership with non-profits, open space advocates, and private recreation leagues to serve the City's residents by expanding and enhancing recreation and education opportunities. The on-going program of restoration and expansion of its parks and open spaces continues to provide local residents with improved and modern facilities designed to accommodate a mix of age groups, uses, and levels of ability.

The City has four citywide parks with recreational facilities, two of which were completely reconstructed as part of the school building projects. The school building project also greatly expanded the number of recreational opportunities now existing locally. Eleven neighborhood parks, playgrounds, and play lots of various sizes, including a historic cemetery and several historic public squares add to the City's inventory of parks and open space. An envisioned Chelsea waterfront open space system, parts of which already exist, is planned for future implementation through incremental design and development. Some of these parks and facilities need improvements to be brought to current safety and accessibility standards.

Historically, park funding has been derived almost exclusively from grants, which limited the City's ability to make planned improvements. In the recent past, an annual fund commitment in the CIP, supplemented by state funds, provided a guaranteed minimum funding base and greatly accelerated improvements to the overall park system. Initiatives by the

## Challenges FY 2006-2010

FY2006 Parks and Open Space initiatives will build upon the priorities set forth in the 2003 Open Space Plan Update. The project will focus on maintenance and rehabilitation of existing open space facilities and the management of these facilities to maximize recreation opportunities. The projects will also improve the appearance of neighborhood open spaces and provide connections between neighborhoods. The chief priority is to integrate open space into the fabric of the City so that all new planning and development initiatives acknowledge its inclusion as a component of the activity.

Massachusetts Historic Commission and the Department of Environmental Management for the preservation of historic landscapes also offered opportunities to accomplish improvements to our historic spaces.

Recognizing the constraints in the existing park system, the City advanced initiatives that resulted in the construction of an artificial turf field at the Chelsea Memorial Stadium, the construction of a new tot lot on a former brownfield, and the renovation of two Chelsea Housing Authority tot lots. In addition to providing better quality "play" at the CHA tot lots and new play opportunities at the new tot lot, the new artificial field expanded the stadium's use by 17-times, from an estimated 250 hours per year to 4,400 hours per year.

To support additional planning and programming support, the City is updated its five-year Open Space Plan. The new plan identifies and prioritizes action items for implementation, and makes the City eligible to apply for grants through the year 2008.

In addition to parks, the importance of open space and pleasant streetscapes to enhance the livability of local neighborhoods continues to be seen as a way of improving a neighborhood's appearance and connecting parks and open spaces to each other. The city's look and feel can be enlivened dramatically by attention to streetscapes and street trees. As indicated in the City's Open Space Plan Update, providing sidewalk and street tree amenities to roadway projects will continue to be a priority, as will a stand-alone program for street trees.

Given the constraints on the City's open space/recreational resources and the limitations that the City faces in developing new parkland, the City must continue to work to manage existing facilities in order to optimize their use. To further this goal, the City includes opportunities for various age groups in all its

# PARKS AND OPEN SPACE

## Challenges FY 2006-2010 (continued)

park design. In addition, the City has hired a full-time community schools director. The director has developed programs to make the community school programs more accessible to a greater number of City residents.

The Chelsea Boys and Girls Club continue to provide quality recreation and guidance to Chelsea's youth.

The update to the City's Open Space Plan provides a framework for promoting use of the City's recreation facilities and a plan for management of the city's parks. Implementation of the plan, which has already begun, is a priority.

The City's efforts at building lines of communication to anticipate the recreational needs of our residents through more interactive planning processes has resulted in the establishment of constituencies to care for our parks and has improved the City's ability to

compete for grants. The City must continue to foster this communication and to build upon it in order to involve more Chelsea residents and businesses in the process. Building bridges between recreational programs in our public park system, and those offered through local non-profits and the Chelsea after-school program will continue to bring age appropriate activities to everyone in the community.

The City's Park and Open Space system must continue to be an essential part of a vibrant and healthy community, and the City will continue to refine open space priorities, and set new goals to realize the vision for a quality open space system in Chelsea.

# PARKS AND OPEN SPACE

## Goals FY 2006-2010

Chelsea's open space must be maximized to:

- ◆ Provide active and passive recreational opportunities suited to Chelsea's urban population;
- ◆ Resolve conflicts among those competing to use open space that is available;
- ◆ Take advantage of Chelsea's environmental, historic, and scenic resources, and
- ◆ Integrate the open space system into the City fabric to help link neighborhoods, provide buffers against incompatible uses, and add value to surrounding properties.

The City's recreation facilities need to be assessed and updated:

- To monitor the condition of existing facilities;
- To meet code requirements, and
- To address changes in recreation demand.

## Programs FY 2006-2010

The programs included in the Open Space Program area allow the City to better maintain its existing open space while also providing the resources to increase recreational opportunity to other parcels in the City. The programs also provide for the enhancement of the City's streetscape features through landscaping. Specific programs include:

- ◆ Continue to implement the Five Year Action Plan contained in the City's Open Space and Recreation Plan (FY 2003 – 2008) to guide development of the park system;
- ◆ Initiate a Comprehensive Maintenance Program for all City open space and recreation facilities, coordinated with the school playground and playfield facilities;
- ◆ Renovation of community parks and open space to improve recreation opportunities and enhance the quality of life for the City's residents, and
- ◆ Installation of street trees and other features to enhance the City's streetscape and to provide amenities for pedestrians.

## Projects FY 2006-2010

The Open Space Program area will focus on making the following types of enhancements over the next five years:

- ◆ Renovations to playing fields, basketball and tennis courts, and playground areas at existing parks to address the most pressing safety concerns and community needs in the park system;
- ◆ Assessment of ongoing open space needs as they pertain to recreation and resource (passive) opportunities;
- ◆ Purchase and installation of street trees to improve neighborhood streets and City parks;
- ◆ Enhancement of existing open spaces to improve recreational opportunities, and
- ◆ Update the Open Space and Recreation Plan, as needed, to maintain the City's eligibility for open space and recreation funding.

# PARKS AND OPEN SPACE

## FY'06 Projects

Facilitated by the CIP with guidance from the City's Open Space Plan, the Chelsea's Park system has undergone an expansive development program. This program has resulted in the:

- ◆ Renovation of Quigley Park, Polonia Park, Highland Park, Bossom Park, and portions of Voke Park;
- ◆ Expansion of the park system with new parks at Bellingham Hill Park, Eden Park, and the Mace Tot Lot;
- ◆ Renovation of Winnisimmet Square and the historic fountain;
- ◆ Completion of the first phase of the Garden Cemetery Preservation Plan detailing the placement and names of the burial markers;
- ◆ Establishment of two Adopt-An-Island sites with three season plantings at Bellingham Square and Everett Avenue/Chestnut Street Traffic Island;
- ◆ Completion of the Open Space Plan 2003 Update;
- ◆ Pedestrian improvements to the Highland Street slope;
- ◆ Reconstruction of the tot lots at the Chelsea Housing Authority's Innes and Fitzpatrick Developments;
- ◆ Construction of an artificial turf field at Chelsea Stadium, in cooperation and through funding support of Metro Lacrosse and the National Football League;
- ◆ Completion of an historic building and site inventory, which includes residential and industrial/commercial structures;
- ◆ New streetscape improvements and new street trees, and
- ◆ This upcoming year, the City's major parks project is the improvement of the Mary C. Burke Field, which is included in the Public Buildings and Facilities program area.

Projects to be funded through previous CIP appropriations will include reconstruction of a portion of Voke Park. Work outside of the CIP will include the development of brochures and alternative means of disseminating information about the City's recreation and open space resources.

# PUBLIC SAFETY

## Overview FY 2006-2010

Perceptions about safety are as important as actual crime statistics. Local residents and visitors often judge their sense of personal safety by factors that have little to do with victimization rates or arrest statistics. The City must confront the challenges of perceptions and realities of public safety and deal with the myriad of factors that can affect personal safety and quality of life.

Over the past few years, infrastructure supporting the Police and Fire Departments has helped led to even better local service to the public. The addition of new officers, commitment to neighborhood-based problem-solving partnerships, the rehabilitation of the Park Street Police Station and the acquisition of new technologies have dramatically changed the Chelsea Police Department. The Fire Department has seen a

substantial upgrade of its infrastructure, both of buildings and equipment. The implementation of Emergency 911 is another visible sign of positive change.

The introduction of a full-time Emergency Management Director and the establishment of an Emergency Operations Center and Mobile Command Unit have similarly led to substantial gains in that service area.

Continued public safety improvements are an essential element of the local revitalization strategy. In order to retain current and attract new homeowners, business owners, and others, the City must continue to enhance Police, Fire and Emergency Management services.

## Challenges FY 2006-2010

Public safety serves the City 24 hours a day, seven days a week. Police, fire and emergency management personnel provide the most essential services of the City; protecting the lives and property of the City's residential and business communities.

While protection is the primary goal, public safety agencies are also being asked to act as agents of change to improve the quality of life in each of the City's

neighborhoods. As such, public safety officials must have the resources to develop and implement new procedures while maintaining their traditional roles. To accomplish all that is asked, the City must provide public safety officials with access and training to the newest of technologies in the most up-to-date facilities in order to maximize their resources strengthen their capabilities and enhance their effectiveness.

# PUBLIC SAFETY

## Goals FY 2006-2010

The maintenance of a safe and secure climate within the City is vital to Chelsea's revitalization. Capital improvements will help to ensure the safety and well being of Chelsea residents, visitors and workers through efforts designed to reduce fear, increase safety levels and respond to any public safety emergency. To accomplish this, the City must:

- ◆ Invest in the acquisition of technological improvements that increase the City's ability to provide reliable and capable police and fire services;
- ◆ Enhance public safety communications facilities to assure accurate and dependable information transmission;
- ◆ Upgrade the physical plants of all public safety agencies, and
- ◆ Provide thorough training so that personnel are equipped to meet ever-increasing challenges.

## Programs FY 2006-2010

The City seeks to provide local public safety officials with the necessary resources to successfully carry out their duties. These projects will in part be guided by the following:

- ◆ Complete and implement a master plan for the replacement of fire fighting rolling stock;
- ◆ Conduct a fire buildings study to assess their suitability for continued service to meet the changing needs of the fire and public safety, and
- ◆ Conduct a technology assessment to maximize efficient computer and telecommunications operations and ensure that complementary equipment and systems exist between the Police, Fire, Emergency Departments and City Hall.

## Projects FY 2006-2010

Investment in the Public Safety Program area will focus on the following areas over the next five-year period:

- ◆ Upgrade the Fire Stations and Public Safety building systems to modernize the facilities and improve operations, and
- ◆ Undertake technological improvements to link the City's public safety and administrative functions.

# **PUBLIC SAFETY**

## **FY'06 Projects**

The Public Safety Program area is designed to expand the responsiveness and effectiveness of the City's Public Safety Departments.

In FY'06, Public Safety will:

- ◆ Acquire a new command car vehicle,
- ◆ Acquire a new prisoner transport van.

**Capital Project Listing**

**Program Area:** Public Safety

**Project:** Command Car

**Contact:** Siewko

**Description:** Replacement of existing 1999 vehicle.

**Justification:** The Department CIP plan calls for replacement of emergency vehicles other than fire apparatus every five (5) years such as the Chief's Car, Command Car, three (3) Fire Prevention vehicles, Mechanics Truck, K-2 and H-1 cars. The Command Car is on duty 24 hours a day - 365 days a year. The Command Car must be available to respond to emergency incidents with dependability in any kind of weather. The Command Car will be six years old in Fiscal Year 2005. The 1999 Command Car will become the reserve Command Car which is used by covering incident commander during multiple emergency incidents. The reserve Command Car is also used when the front line Command Car is out of service for regular maintenance and repairs.

**Impact:** The vehicles are currently maintained on a regular scheduled maintenance program. However, the cost of maintenance due to age, use and emergency service response have a history of escalating increased maintenance and repair cost after five (5) years. New vehicles are delivered with warranties which is cost effective.

**Start Date:** 7/1/05

**End Date:** 12/31/05

**Project Cost:**

FY2006

<b>General</b>	<b>Water/Sewer</b>	<b>Operating</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
<b>Obligation Bond</b>	<b>Enterprise Bond</b>	<b>Budget</b>			
\$ 55,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,000

**Grant Source (if applicable) :**

## ***Capital Project Listing***

**Program Area:** Public Safety

**Project:** Prisoner Transport Van

**Contact:** Monzione

**Description:**

**Justification:** Priority #1 - The current van is a 1995 model.

**Impact:**

**Start Date:** 7/1/05

**End Date:** 9/1/05

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### **Project Cost:**

FY2006

<b>General</b>	<b>Water/Sewer</b>	<b>Operating</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
<b>Obligation Bond</b>	<b>Enterprise Bond</b>	<b>Budget</b>			
\$ 33,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,000

**Grant Source (if applicable) :**

# EQUIPMENT ACQUISITION

## Overview FY 2006-2010

The Public Works Department has in its inventory of rolling stock and equipment, thirty-six in-service pieces consisting primarily of light and medium duty trucks that have an average age of six years. The current value of this inventory is over \$1,300,000, with approximately 65% of this value reflecting purchases over the last five years. The new replacement value of the vehicles and over-the-road equipment is more than \$1,500,000. In 1992, approximately 78% of our fleet was over 10 years in age, with many in poor operational condition creating a negative effect on our operating budget. Now over 60% of the DPW fleet is five years old or newer.

To more effectively present the purchase of all City equipment, this program area now also contains

upgrades and improvements to the City's computerized information systems. These purchases were previously found in the Public Buildings and Facilities program area.

During the past five years the Capital Plans annual investment in technology has enabled the City to provide an increasing level of service to the residents of Chelsea. In FY'06 this trend will continue with the focus on upgrading the City's computer network and associated hardware and software.

## Challenges FY 2006-2010

The continuing challenge is to keep the existing rolling stock and equipment in good running condition without extraordinary repair of major components prior to vehicle or equipment replacement. Annually, we review our fleet to predict which vehicles or equipment would be ready for replacement in the immediately following fiscal year or budget cycle.

We use age and mileage as rating factors and also as the initial trigger points. But just because a vehicle reaches a prescribed age that does not necessarily mean the unit will be replaced the following year. Other factors include condition of the vehicle or equipment.

Both the physical condition and the appearance are examined as well as the operating condition. If it is a borderline vehicle, we also see what it would take in terms of time and dollars to bring the vehicle to an acceptable operational condition. Safe and serviceable is the key, along with the economics.

To accomplish this there must be a continuing effort to fund an acceptable level of programmed vehicle replacement and technology upgrades on an annual basis.

# EQUIPMENT ACQUISITION

## Goals FY 2006-2010

The goal of the Equipment Acquisition area is to:

- ◆ Maintain a regular, scheduled program of equipment replacement to minimize “surprises”;
- ◆ Provide a consistently high level of equipment reliability;
- ◆ Ensure that equipment used by City employees incorporate the highest standards of safety available on the market;
- ◆ Lower the current average age of the City's fleet, and
- ◆ Promote the use of technology in order to improve workforce efficiencies.

## Programs FY 2006-2010

Several major new program initiatives have been implemented to manage the City’s equipment and rolling stock.

- ◆ The operational improvement program manages fuel distribution and maintenance expense tracking. This has been achieved, in part, through outsourcing of fuel purchases and updating of vendor supplies and repair billing software;
- ◆ The Department’s vehicle assessment program determines total cost of ownership, which is a big factor in projecting replacement cycles. It includes purchase or replacement cost, maintenance costs life-to-date, current and depreciated value or residual value at the time of replacement. Obviously, older models cost more to maintain than newer vehicles. Records are maintained to show the unit cost, depreciation, miles driven, and maintenance cost life-to-date. This snapshot of total cost of ownership and vehicle condition goes a long way in determining if the vehicle is a good candidate for replacement. FY05 was the start of this process for the DPW replacing the first two trucks acquired under the capital improvement program, and
- ◆ To upgrade IT Services and associated equipment.

## Projects FY 2006-2010

Projects over the next five-year period will focus on:

- ◆ GIS, acquire: updated aerial imagery, providing service delivery and planning units with detailed, recent City land-use data; GPS unit to accurately plot resources (trees, traffic lights, etc.) and parcel data for use in strategic planning;
- ◆ Identify vehicles and over-the-road equipment pieces that are beginning to require extraordinary maintenance, in order to schedule cost-effective replacement. Replacement should be targeted to occur just before unit becomes high-maintenance or gets "too old", and
- ◆ Implement a telephony (Voice over IP) system. Changes in service delivery models and communication needs necessitate an update to our telecommunications system and infrastructure, and reduction in costs. Savings will result from elimination of Centrex lines, consolidation of services, and leveraging of the data network.

# EQUIPMENT ACQUISITION

## FY'06 Projects

FY'06 projects will include:

- ◆ Implementation of a new telephone system,
- ◆ Replacement of the one 1-Ton dump with sander and plow purchased in 1994,
- ◆ Updating aerial imagery and acquisition of a GPS unit, and
- ◆ Replacement of one Mad-VAC purchased four years ago.

**Capital Project Listing**

**Program Area:** Equipment Acquisition

**Project:** Rolling Stock

**Contact:** Sacca

**Description:** Purchase of one (1) medium-duty F-450 truck with snow fighting equipment, and one (1) MADVAC litter collector.

**Justification:** The DPW has in its inventory of rolling stock, 36 in-service pieces consisting primarily of light and medium duty trucks with an average age of slightly less than ten years. The current value of this inventory is over one million dollars, with approximately 75% of this value reflecting purchases over the last four years, down slightly from 77% in 2003. The new replacement value is approximately \$1,400,000. In FY04, funding limitations and the need to upgrade the City's computer network and associated hardware and software precluded the purchase of new DPW equipment.

**Impact:** The Department's vehicle assessment program has established a historical database and comprehensive evaluation of the condition of each piece of equipment, its useful life, replacement value, and service demand projections. This helps us to ensure that the existing rolling stock is kept in good and safe running condition without extraordinary repair costs associated with age and wear. The first MADVACS we purchased in FY02 are both due to be replaced soon. We would like to purchase one new MADVAC in FY06 and one in FY07. The medium-duty truck is daily use equipment year-round, and would replace a 1994 F-350. Eight years is a reasonable useful life expectancy for this vehicle class. Repairs on this and another aging vehicle have totaled over \$29,000 in the past two years.

**Start Date:** 7/1/05

**End Date:** 7/31/05

**Project Cost:**

FY2006

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,000

**Grant Source (if applicable) :**

**Capital Project Listing**

**Program Area:** Equipment Acquisition

**Project:** GIS: Update Aerials; GPS Unit

**Contact:** Killen

**Description:** Update aerial imagery in the GPS system (current data acquired in 2000) and obtain GPS unit for resource plotting and DPW service delivery.

**Justification:** It is essential to update land-use changes in the GIS data to effect informed executive decisions.

**Impact:** Updated imagery will provide correct, detailed geographic information to all planning and service delivery units; GPS plotting will correctly identify and allow mapping of resources such as trees, traffic lights and signs as well as dimensions of parking lots and other parcel data.

**Start Date:** 7/1/05

**End Date:** 12/31/05

**Project Cost:**

FY2006

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000

**Grant Source (if applicable) :**

**Capital Project Listing**

**Program Area:** Equipment Acquisition

**Project:** VoIP (Voice over IP)

**Contact:** Killen

**Description:** Implementation of Voice Over IP Technology and Systems throughout the City.

**Justification:** Changes in service delivery models and communications needs necessitate an update to our telecommunications system and infrastructure.

**Impact:** Elimination of Centrex-based leased circuits and leveraging of the existing data network to both improve and extend services will result in substantial cost savings.

**Start Date:** 7/1/05

**End Date:** 12/31/05

**Project Cost:**

FY2006

<b>General Obligation Bond</b>	<b>Water/Sewer Enterprise Bond</b>	<b>Operating Budget</b>	<b>Grant</b>	<b>Free Cash</b>	<b>Total</b>
\$ 190,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,000

**Grant Source (if applicable) :**

# CIP ADMINISTRATION AND CONTINGENCY

## Overview FY 2006-2010

Since the inception of a formal capital planning process in FY'97, CIP planners recognized the necessity of incorporating a modest allocation for administrative support and an allocation for project contingency to cover any project budget overruns or unexpected project expenses. This allocation is generally funded from the Operating Budget.

Typically, the City has committed from \$75,000 to \$170,000 of the Operating Fund to administration and project contingency activities. In FY 2004 that trend was reduced to funding between \$50,000 and \$75,000 per year allocated for this program area. This is reflective of a smaller total amount being spent and believed to be the minimal effort necessary to ensure the advancement of the CIP program.

## Challenges FY 2006-2010

Over the past few years, the City has gained a greater understanding of the management of the CIP. In particular, the City and its project managers have come to recognize the value of advance study and investigation in helping to scope the extent of a project. Assessment is directly related to the ability to manage a project and control the cost of the project. Overall, this has translated into an emphasis on generating a

programmatic approach to identify and prioritize projects.

This approach will help to improve project delivery and control budget costs, thereby reducing administrative efforts for project delivery and diminishing the amount of project contingency funds.

# CIP ADMINISTRATION AND CONTINGENCY

## Goals FY 2006-2010

The goal of the CIP Administration and Contingency program area is to:

- ◆ Provide adequate staffing to plan for projects in the CIP and ensure their timely implementation, and
- ◆ Establish a sufficient reserve fund to accommodate project budget overruns and unanticipated cost developments.

## Programs FY 2006-2010

Several major new program initiatives have been developed to improve efficiencies in the program area, including:

- ◆ Development of a system-wide assessment program to ensure that adequate resources have been committed for long-term planning in all eight of the program areas, and
- ◆ The project tracking system to ensure a more detailed performance reporting system, so that any delays in implementation may be addressed early and possibly averted.

## Projects FY 2006-2010

Projects over the next five-year period will focus on:

- ◆ Review the management of the CIP program to identify improved programmatic and operational efficiencies;
- ◆ Continue the integration of the CIP project financing with the City financial system to improve expenditure reporting and tracking. This will also help to reduce administrative efforts and streamline project scheduling, and
- ◆ Bring in house the database tracking system along with established reporting.

# CIP ADMINISTRATION AND CONTINGENCY

## FY'06 Projects

FY'06 projects in this program area will result in the following allocation of funds:

- ◆ The full amount of \$78,000 is dedicated to CIP administrative costs, including the salary of the CIP Project Manager, who is responsible primarily for managing CIP funded construction activities in the Public Works Department. No contingency funding is provided in this year's CIP. To the extent that such may be required, City officials will seek savings in other program areas for FY'06 or from other projects funded in previous years.

**Capital Project Listing**

**Program Area:** Administration & Contingency

**Project:** CIP Management and Contingency

**Contact:** Tenaglia

**Description:** Provides for CIP management and reserve funding.

**Justification:** In addition to being required by the City Charter, the Capital Improvement Plan and its implementation is a valuable tool for the planning and oversight of projects.

**Impact:** A well managed CIP assists in coordinating the City's capital project goals across City Departments in a consistent format and process. This provides more efficient project oversight and financial management.

**Start Date:** 7/1/05

**End Date:** 6/30/06

**Project Cost:**

FY2006

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 78,000	\$ 0	\$ 0	\$ 78,000

Grant Source (if applicable) :

## COMPLETED CAPITAL PROJECTS

The CIP's primary purpose is to provide a framework for looking ahead to new projects; over the past several years the City has developed and implemented a capital projects tracking and status reporting system for projects that are pending or underway. This system is designed to follow the capital projects where the CIP leaves off; from funding through project completion. Each project's status is tracked on a quarterly basis, providing valuable, up to date information in a consistent format.

The projects that have been reported as "Completed" since the system's inception in FY'02 are presented in this CIP. It is important to note that capital projects often require several years from the funding date to final completion. For example, a construction project funded in FY'02 may require a year of permitting, a year for design, and several years to construct, resulting in a reported completion date potentially four years after its approval. These on-going projects remain active in the City's tracking system but are not reported as "Completed" and are not presented herein.

The Completed Capital Projects Listings are contained on the following pages.



# City of Chelsea

## Completed Projects for Budget Balance Reports: Detail by Project - FY2002 As of 1/17/2005

### *Program Area: Equipment Acquisition*

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
4WD Crewcab Rack Truck w/ Plow & Sander	\$ 75,000.00	\$ 65,492.00	\$ 0.00
MADVAC	\$ 28,000.00	\$ 27,012.55	\$ 0.00
MIS Equipment Upgrade	\$ 50,000.00	\$ 15,061.32	\$ 34,938.68
Replacement of Mail Processor	\$ 25,000.00	\$ 0.00	\$ 10,847.00
<b>Program Area Total:</b>	<b>\$ 178,000.00</b>	<b>\$ 107,565.87</b>	<b>\$ 45,785.68</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2002  
As of 1/17/2005**

**Program Area: Public Buildings & Facilities**

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
City Hall Renovations - Phase I	\$ 250,000.00	\$ 273,000.00	\$ 171,343.86
<b>Program Area Total:</b>	<b>\$ 250,000.00</b>	<b>\$ 273,000.00</b>	<b>\$ 171,343.86</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2002  
As of 1/17/2005**

**Program Area: Public Safety**

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Bunker Gear	\$ 35,000.00	\$ 34,950.00	\$ 50.00
New Emergency Management Vehicle	\$ 25,000.00	\$ 25,000.00	\$ 0.00
New Hazmat (H-1) Vehicle	\$ 20,000.00	\$ 21,741.90	\$ 0.00
Refurbish 1984 Reserve Ladder	\$ 55,000.00	\$ 55,000.00	\$ 0.00
Refurbish 1988 Reserve Engine	\$ 40,000.00	\$ 40,000.00	\$ 0.00
Self Contained Breathing Apparatus	\$ 80,000.00	\$ 79,960.20	\$ 39.80
<b>Program Area Total:</b>	<b>\$ 255,000.00</b>	<b>\$ 256,652.10</b>	<b>\$ 89.80</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2002  
As of 1/17/2005**

**Program Area: Surface Enhancements**

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Flashing School Zone Signs	\$ 83,000.00	\$ 43,296.00	\$ 0.00
Repairs - Spruce Street Steps	\$ 70,000.00	\$ 56,850.00	\$ 13,150.00
Roadway/Sidewalk Enhancements - Various Streets	\$ 395,000.00	\$ 295,658.93	\$ 99,341.07
<b>Program Area Total:</b>	<b>\$ 548,000.00</b>	<b>\$ 395,804.93</b>	<b>\$ 112,491.07</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2002  
As of 1/17/2005**

**Program Area: Utility Enhancements**

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Carter Street Drain Pump Station Rehabilitation 2	\$ 150,000.00	\$ 137,283.00	\$ 12,717.00
Crescent Avenue Sewer Installation	\$ 300,000.00	\$ 740,055.25	\$ 111,504.75
Lafayette Avenue & Parker Street Sewer/Drain/Water/Roadway	\$ 500,000.00	\$ 500,000.00	\$ 384,400.00
Lash Street Sewer Rehabilitation	\$ 15,000.00	\$ 15,000.00	\$ 0.00
<b>Program Area Total:</b>	<b>\$ 965,000.00</b>	<b>\$ 1,392,338.25</b>	<b>\$ 508,621.75</b>

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**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2002  
As of 1/17/2005**

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**CIP Grand Total:**

<b>Budget Total: \$ 2,196,000.00</b>	<b>Committed Total: \$ 2,425,361.15</b>	<b>Balance Total: \$ 837,990.26</b>
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# City of Chelsea

## Completed Projects for Budget Balance Reports: Detail by Project - FY2003 As of 1/17/2005

### *Program Area: Equipment Acquisition*

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Asphalt Patching Truck	\$ 130,000.00	\$ 115,254.00	\$ 0.00
GIS	\$ 25,000.00	\$ 100,000.00	(\$75,000.00)
MIS Equipment Upgrade	\$ 25,000.00	\$ 25,000.00	\$ 0.00
Voting Machines: Optech Scanner Purchase	\$ 21,000.00	\$ 21,000.00	\$ 0.00
<b>Program Area Total:</b>	<b>\$ 201,000.00</b>	<b>\$ 261,254.00</b>	<b>(\$75,000.00)</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2003  
As of 1/17/2005**

***Program Area: Public Buildings & Facilities***

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
World War II Memorial Restoration	\$ 10,000.00	\$ 6,550.00	\$ 3,450.00
<b>Program Area Total:</b>	<b>\$ 10,000.00</b>	<b>\$ 6,550.00</b>	<b>\$ 3,450.00</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2003  
As of 1/17/2005**

**Program Area: *Public Safety***

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Engine # 3	\$ 360,000.00	\$ 358,937.30	\$ 1,062.70
<b>Program Area Total:</b>	<b>\$ 360,000.00</b>	<b>\$ 358,937.30</b>	<b>\$ 1,062.70</b>

**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2003  
As of 1/17/2005**

***Program Area: Surface Enhancements***

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Continuation of Lafayette Ave & Parker Street	\$ 266,000.00	\$ 266,000.00	\$ 0.00
<b>Program Area Total:</b>	<b>\$ 266,000.00</b>	<b>\$ 266,000.00</b>	<b>\$ 0.00</b>

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**Completed Projects for  
Budget Balance Reports: Detail by Project - FY2003  
As of 1/17/2005**

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**CIP Grand Total:**

Budget Total: \$ 837,000.00	Committed Total: \$ 892,741.30	Balance Total: (\$70,487.30)
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# City of Chelsea

## Completed Projects for

### Budget Balance Reports: Detail by Project - FY2004 As of 1/17/2005

#### *Program Area: Equipment Acquisition*

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Replacement Multi-Use Truck	\$ 78,000.00	\$ 76,996.00	\$ 0.00
Systems Re-engineering	\$ 310,000.00	\$ 310,000.00	\$ 0.00
<b>Program Area Total:</b>	<b>\$ 388,000.00</b>	<b>\$ 386,996.00</b>	<b>\$ 0.00</b>

#### *Program Area: Public Buildings & Facilities*

	<b>Budgeted Cost</b>	<b>Committed</b>	<b>Balance</b>
Police Station Elevator Repairs	\$ 0.00	\$ 0.00	\$ 8,956.45
<b>Program Area Total:</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 8,956.45</b>

#### **CIP Grand Total:**

<b>Budget Total:</b>	<b>\$ 388,000.00</b>	<b>Committed Total:</b>	<b>\$ 386,996.00</b>	<b>Balance Total:</b>	<b>\$ 8,956.45</b>
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## TENTATIVE FUTURE CAPITAL PROJECTS

The CIP is a multi-year fiscal planning document that identifies long-term improvements and provides a program for the prioritization, scheduling and funding of Capital Projects. The development of a Capital Improvement Program is a continual process and, as a result, should result in a plan to be viewed as a “working document.”

In recognition of the dynamic nature of the Program, the format for the Capital Project Listing for the out years (FY 2008-2010 and beyond) has been modified to facilitate project analysis and selection. Unlike FY’06 and FY’07, no defined link between funding sources and specific projects has been established for the out years.

Tentative future capital projects and their associated estimated costs have been divided into the respective Program Areas. Figures 1 and 2 in the CIP Overview provide an estimate of projected Capital Improvement funding sources and Program Area expenditures for the current fiscal year as well as the out-years. The intention of these listings to provide an overview of the City’s proposed needs and funding sources. The flexibility of this format allows for modifications to the Program in response to changes in projected funding sources and Program Area needs.

The Tentative Future Capital Projects Listing provides a guideline for the next year’s CIP planning process and the continued development of the City’s CIPs well into the future.

The Tentative Capital Projects Listings are contained on the following pages.

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## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

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Program Area: Equipment Acquisition

<b>Project Name</b>	<b>Estimated Cost</b>
Scanner/Plotter/Printer	\$ 35,000

Program Area: Parks & Open Space

<b>Project Name</b>	<b>Estimated Cost</b>
Annual City Park Renovations	\$ 100,000

Program Area: Public Buildings & Facilities

<b>Project Name</b>	<b>Estimated Cost</b>
Senior Center Automated Entrance Systems	\$ 42,000
City Hall Exterior Door Replacement	\$ 27,000
City Yard Roof Replacement	\$ 210,000

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## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

City Hall Landscaping **\$ 45,000**

Highland and Maverick Parking Street **\$ 150,000**

**Program Area: Public Safety**

<b>Project Name</b>	<b>Estimated Cost</b>
Firearms Trailer	<b>\$ 100,000</b>
Air Refilling Compressor for SCBA	<b>\$ 45,000</b>
Engine #2	<b>\$ 425,000</b>
Computerization of Department & Vehicles	<b>\$ 45,000</b>
Communications	<b>\$ 35,000</b>
Chief's Car	<b>\$ 40,000</b>

## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

Firearms Simulator	\$ 15,000
Communications - Portable & Mobile Radios	\$ 45,000
New Tower Ladder	\$ 900,000
Refurbish Engine Two	\$ 25,000
Replace (2) Fire Prevention Ford Taurus	\$ 60,000
Special Operations Unit	\$ 260,000
Computerization of Stations & Fleet Apparatus/Vehicles	\$ 45,000
Hurst Tool & Generator (Ladder #2)	\$ 25,000

**Program Area: Schools**

<b>Project Name</b>	<b>Estimated Cost</b>

## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

Clean and Reseal Exterior Brick - Mary C. Burke Complex	\$ 144,000
School Stabilization Fund	\$ 200,000
Roof Inspection and Maintenance - Mary C. Burke Complex	\$ 336,000
Replace Pneumatic Thermostat - Mary C. Burke Complex	\$ 53,000
Replace Acoustic Ceiling Tiles - Williams Middle Schools	\$ 42,000
Interior Refinishing - Mary C. Burke Complex	\$ 54,000
Replace Acoustic Ceiling Tiles - Silber Early Learning Center	\$ 29,000
Roof Inspection and Maintenance	\$ 34,000
Replace Multi-Zone Air Handler - Chelsea High School	\$ 33,000
Inspect and Replace Finned Radiators - Clark Avenue School	\$ 50,000

## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

Replace Pipe & Fittings - Clark Avenue School	\$ 143,000
Replace 1,000 Mbh Gas Boiler - Clark Avenue School	\$ 22,000
Boiler Repairs - Mary C. Burke Complex	\$ 150,000
Classroom Locks Project - Clark Avenue School	\$ 50,000
Interior Refinishing- Chelsea High School	\$ 183,000

### Program Area: Surface Enhancements

Project Name	Estimated Cost
Washburn Street	\$ 167,000
Everett Ave Improvements	\$ 2,200,000
Gerrish/Highland Reconstruction - Phase 2	\$ 250,000

## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

Carter Street	\$ 75,000
Heard Street	\$ 240,000
Marlborough Street Streetscape	\$ 150,000
Spruce Street Widening	\$ 605,000
Library Street - Griffin Way Pedestrian Crossing	\$ 42,000
Blossom Street	\$ 375,000

### Program Area: Utility Enhancements

Project Name	Estimated Cost
Shurtleff Street Infrastructure Project	\$ 2,500,000
Washburn Street Water Main Replacement	\$ 110,000

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## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

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<b>Blossom Street Infrastructure Project</b>	<b>\$ 2,250,000</b>
<b>Heard Street Infrastructure Project</b>	<b>\$ 2,750,000</b>
<b>Locke Street Sewer</b>	<b>\$ 40,000</b>
<b>Inflow and Infiltration Removal Permitting Requirements</b>	<b>\$ 100,000</b>
<b>Storm Water Management Plan</b>	<b>\$ 305,000</b>
<b>Data Collection by Internal Television Inspection</b>	<b>\$ 100,000</b>
<b>Shawmut Street Drainage Outfall Feasibility Study, Design and Construction</b>	<b>\$ 290,000</b>
<b>Sewer &amp; Drain GIS</b>	<b>\$ 125,000</b>
<b>Sewer Manhole Installations</b>	<b>\$ 75,000</b>
<b>Carter Street Pump Station Phase III</b>	<b>\$ 20,000</b>

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## **Capital Plan Source by Project - Tentative Future Projects [FY'08-FY'10]**

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<b>Sewer Line Rehabilitation @ MWRA NMF Site</b>	<b>\$ 170,000</b>
<b>Broadway Sewer Repairs</b>	<b>\$ 300,000</b>
<b>Fourth Street Water Main Replacement</b>	<b>\$ 40,000</b>
<b>Spruce Street Drain</b>	<b>\$ 350,000</b>
<b>Sewer &amp; Drain Improvements in Urban Renewal Area</b>	<b>\$ 1,200,000</b>
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<b>Total Tentative Future:</b>	<b>\$ 19,025,000</b>

## Capital Plan Source by Program Area - FY'06

	Free Cash	GO Bond	Water/Sewer Bond	Operating Budget	Grant	Total
Administration & Contingency	\$ 0	\$ 0	\$ 0	\$ 78,000	\$ 0	\$ 78,000
Equipment Acquisition	\$ 0	\$ 290,000	\$ 0	\$ 0	\$ 0	\$ 290,000
Public Buildings & Facilities	\$ 0	\$ 263,000	\$ 0	\$ 150,000	\$ 0	\$ 413,000
Public Safety	\$ 0	\$ 88,000	\$ 0	\$ 0	\$ 0	\$ 88,000
Surface Enhancements	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 286,000	\$ 336,000
Utility Enhancements	\$ 0	\$ 0	\$ 2,179,000	\$ 0	\$ 1,383,000	\$ 3,562,000
<b>Grand Total:</b>	<b>\$ 0</b>	<b>\$ 691,000</b>	<b>\$ 2,179,000</b>	<b>\$ 228,000</b>	<b>\$ 1,669,000</b>	<b>\$ 4,767,000</b>

# Capital Plan Source by Project - FY'06

**Program Area:** Administration & Contingency

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
CIP Management and Contingency	\$ 0	\$ 0	\$ 0	\$ 78,000	\$ 0	\$ 78,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 78,000</b>	<b>\$ 0</b>	<b>\$ 78,000</b>

## Capital Plan Source by Project - FY'06

**Program Area:** Equipment Acquisition

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
GIS: Update Aerials; GPS Unit	\$ 0	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 25,000
Rolling Stock	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 75,000
VoIP (Voice over IP)	\$ 0	\$ 190,000	\$ 0	\$ 0	\$ 0	\$ 190,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 290,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 290,000</b>

# Capital Plan Source by Project - FY'06

**Program Area:** Public Buildings & Facilities

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Extraordinary Maintenance Projects - Williams Middle School	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000
Burke School Field Improvements	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 50,000
City Hall Tile Floor Replacement	\$ 0	\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 18,000
City Hall Roof Line Terra Cotta - Phase I	\$ 0	\$ 195,000	\$ 0	\$ 0	\$ 0	\$ 195,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 263,000</b>	<b>\$ 0</b>	<b>\$ 150,000</b>	<b>\$ 0</b>	<b>\$ 413,000</b>

## Capital Plan Source by Project - FY'06

**Program Area:** Public Safety

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Prisoner Transport Van	\$ 0	\$ 33,000	\$ 0	\$ 0	\$ 0	\$ 33,000
Command Car	\$ 0	\$ 55,000	\$ 0	\$ 0	\$ 0	\$ 55,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 88,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 88,000</b>

# Capital Plan Source by Project - FY'06

**Program Area:** Surface Enhancements

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Vale Street	\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,000	\$ 149,000
Spot Sidewalk Repair	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 50,000
Clark Avenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,000	\$ 80,000
Stockton Street	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,000	\$ 57,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 286,000</b>	<b>\$ 336,000</b>

# Capital Plan Source by Project - FY'06

**Program Area:** Utility Enhancements

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Water Meter Replacement/Upgrade	\$ 0	\$ 0	\$ 1,200,000	\$ 0	\$ 0	\$ 1,200,000
Crescent Avenue Infrastructure Reconstruction	\$ 0	\$ 0	\$ 979,000	\$ 0	\$ 1,383,000	\$ 2,362,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,179,000</b>	<b>\$ 0</b>	<b>\$ 1,383,000</b>	<b>\$ 3,562,000</b>

## **Capital Plan Source by Project - FY'06**

	<u>Free Cash</u>	<u>GO Bond</u>	<u>Water/Sewer Bond</u>	<u>Operating</u>	<u>Grant</u>	<u>Total</u>
<b>FY'06 CIP Total:</b>	\$ 0	\$ 691,000	\$ 2,179,000	\$ 228,000	\$ 1,669,000	\$ 4,767,000

## Capital Plan Source by Program Area - FY'07

	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Administration & Contingency	\$ 0	\$ 0	\$ 0	\$ 78,000	\$ 0	\$ 78,000
Equipment Acquisition	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
Parks & Open Space	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
Public Buildings & Facilities	\$ 0	\$ 305,000	\$ 0	\$ 150,000	\$ 0	\$ 455,000
Public Safety	\$ 0	\$ 118,000	\$ 0	\$ 50,000	\$ 0	\$ 168,000
Surface Enhancements	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 292,000	\$ 342,000
Utility Enhancements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 850,000	\$ 850,000
<b>Grand Total:</b>	\$ 0	\$ 673,000	\$ 0	\$ 278,000	\$ 1,142,000	\$ 2,093,000

# Capital Plan Source by Project - FY'07

**Program Area:** Administration & Contingency

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
CIP Management and Contingency	\$ 0	\$ 0	\$ 0	\$ 78,000	\$ 0	\$ 78,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 78,000</b>	<b>\$ 0</b>	<b>\$ 78,000</b>

# Capital Plan Source by Project - FY'07

**Program Area:** Equipment Acquisition

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Various Equipment Acquisitions	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 100,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 100,000</b>

# Capital Plan Source by Project - FY'07

**Program Area:** Parks & Open Space

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Annual City Park Renovations	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 100,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 100,000</b>

# Capital Plan Source by Project - FY'07

**Program Area:** Public Buildings & Facilities

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Extraordinary Maintenance Projects	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000
City Hall Roof Line Terra Cotta - Phase II	\$ 0	\$ 195,000	\$ 0	\$ 0	\$ 0	\$ 195,000
City Hall Skylight Replacement	\$ 0	\$ 110,000	\$ 0	\$ 0	\$ 0	\$ 110,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 305,000</b>	<b>\$ 0</b>	<b>\$ 150,000</b>	<b>\$ 0</b>	<b>\$ 455,000</b>

# Capital Plan Source by Project - FY'07

**Program Area:** Public Safety

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sawor Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Cruiser Modem & Base Station & Radios	\$ 0	\$ 102,000	\$ 0	\$ 0	\$ 0	\$ 102,000
ACO Van	\$ 0	\$ 16,000	\$ 0	\$ 0	\$ 0	\$ 16,000
Municipal Fire Alarm System	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 50,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 118,000</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 168,000</b>

# Capital Plan Source by Project - FY'07

**Program Area:** Surface Enhancements

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Various Surface Enhancements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,000	\$ 292,000
Spot Sidewalk Repair	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 50,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 292,000</b>	<b>\$ 342,000</b>

# Capital Plan Source by Project - FY'07

**Program Area:** Utility Enhancements

<b>Project Name</b>	<b>Free Cash</b>	<b>GO Bond</b>	<b>Water/Sewer Bond</b>	<b>Operating</b>	<b>Grant</b>	<b>Total</b>
Various Utility Enhancements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 850,000	\$ 850,000
<b>Program Area Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 850,000</b>	<b>\$ 850,000</b>

## **Capital Plan Source by Project - FY'07**

	<u>Free Cash</u>	<u>GO Bond</u>	<u>Water/Sewer Bond</u>	<u>Operating</u>	<u>Grant</u>	<u>Total</u>
<b>FY'07 CIP Total:</b>	\$ 0	\$ 673,000	\$ 0	\$ 278,000	\$ 1,142,000	\$ 2,093,000



## CITY OF CHELSEA

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**Jay Ash**  
**City Manager**

February 1, 2005

Dear Honorable City Council:

I am again pleased to share with you and our community the City's annual State of the City Report, entitled "*A Rejuvenating Community*." In doing so, I thank you for your substantial contributions to the accomplishments and goals contained within. I also offer to you my deepest appreciation for the opportunity to share with you the mantle of City government while we jointly pursue greater achievements on behalf of local residents and businesses.

You know full well that managing government in today's municipal environment is a complex undertaking. Yet, together we have institutionalized a process that allows for the complex to not be overwhelming. Yes, issues still do exist that require our every attention. However, we have established that the basis for solving any matter before the City starts with a commitment to a philosophy that recognizes that the operation of government is done so solely for those who are suppose to be the beneficiaries, namely the stakeholders of our great community.

As we approach our 10<sup>th</sup> anniversary of emerging from Receivership, arguably our greatest victory is that we have not regressed from that starting point in August of 1995. There have been many challenges; there is no doubt about that. We have together persevered, though, and, in doing so, we have become a stronger community. That we have withstood the most recent period of economic downturn is all the evidence one needs to examine in order to validate that point. Fortunately, though, there is much other evidence abounding.

We have both emphasized the long-term, while promoting short-term gains that move our City closer to achieving our mutual visions. This upcoming year, we will embark upon an initiative to permit and construct 1,200 units of housing over the next three years, in part to address our budgetary needs to grow our local property tax base by \$2.5 million. The effort is incredibly significant in that it again demonstrates that our City government cannot only see the challenges ahead, but can also meet and, hopefully, overcome those challenges as well. Being in control of our own fate is a satisfying realization, considering that at this time ten years ago we were still without local control.

In recognizing our achievement and welcoming the future challenges, we should also acknowledge the legion of stakeholders who share our vision and propel our drive. Residents, community-based organizations and businesses have been our supporters and, at times, our leaders. Our ultimate agenda, making the lives of Chelsea's residents more rewarding, has certainly been bolstered by those collaborations that have produced success after success.

Now, there are critics among us. Like you, I welcome those challenges, as the transparency of government and record of the community should be and is truly strong enough to withstand any critical review. We need and do respect the views and opinions of all, but also know at the end of the day that our leadership has provided for one of the most significant periods of rejuvenation this community and many others have ever seen. To the extent that we continue to pursue one agenda, our "pro-Chelsea" agenda, I am sure even better days are ahead.

Responsible electoral leadership, professional management, contributing stakeholders and dedication to the community are powerful contributors to something special. You and I and many more know that Chelsea is truly special, and I thank you for your efforts. For my part, the work goes on, and the dream never fades for *A Rejuvenating Community!*

Very truly yours,

Jay Ash  
City Manager



### *A Rejuvenating Community*

Several years ago, then State Receiver Harry Spence created a slogan for Chelsea as he sought to “re-brand” the city. “The *new* Chelsea” appeared on letterhead and other printed material, and was meant to change the way generations of people viewed the community that, despite its proud history, had more than its share of blemishes. In fact, the 20<sup>th</sup> Century was less than kind to the city. There were major floods and fires, including one of the country’s largest conflagrations in 1908, devastating more than 450 acres and displacing tens of thousands. Hundreds of homes were lost in the early 1950’s as the “iron monster” known as the Mystic River Bridge was built and forever cut the city into two. The lingering, negative impacts of the city’s older commercial base from a more vibrant, Industrial Revolution era degraded the local landscape. The flight of the middle class and the increasing influence of political corruption were a seemingly coterminous happening. Eventually, by 1991, the complete breakdown of municipal government and the community it managed led the City to be the first municipality since the Depression to be placed into State-ordered Receivership. No wonder the Receiver and others who sought to champion a better city were seeking to change the community’s image.

Today, many that visit the city after a long absence or have otherwise had a negative impression of the city frequently leave surprised. The city has become a role model instead of a laughingstock. Municipal experts recognize City government for its

*“A Rejuvenating Community”  
City Manager Jay Ash’s 2005 “State of the City” Report to the Chelsea City Council*

financial, managerial and programmatic successes, as well as its vision for a better tomorrow. Leaders from neighboring communities speak of addressing needs “the Chelsea way” and regularly seek the advice of local officials on a host of issues. Investment, both commercial and residential, is transforming the city’s look and feel. The City and its stakeholders have a presence and command influence in regional, state, national and, in some case, international circles. Like many a product on the shelves of supermarkets, the City’s label could boast a “*new and improved*” testament.

New and improved, though, doesn’t mean perfect, and city leaders realize this. In fact, intense introspection is at the very foundation of the process by which municipal and community issues are managed. The City Charter is the genesis for some of that introspection, especially in areas like long-term capital planning and financial forecasting requirements. More often, though, it is a result of the open and honest process City leaders have promoted and the resulting requirements to be more transparent in the conduct of addressing municipal and community affairs. Such is more than rhetoric, and has been confirmed, among many measures, by Chelsea’s designation as an “All-America City” by the highly respected National Civic League back in 1998.

Specifically, in regard to municipal introspection, the City’s financial condition continues to be at the center of that which concerns City leaders and dominates the agenda at City Hall. The less-than-robust rebound from what has been a devastating period of economic turmoil for municipalities and others continues to place incredible pressures on local finances. Budget reserves, created during the good days through solid financial planning to balance spending requirements in more difficult times, have been a crucial element to keeping the City in good financial position. So, too, has been key financial and managerial policy adopted and implemented during the period. The results have allowed the City to combat record cuts in local aid and plan for survival, despite prospects for sluggish growth and exploding spending increases in certain non-discretionary areas, like health insurance, at least for the next several years. Realistically and unfortunately, though, no reserve is deep enough or management crafty enough to outlast the effects that a further extended period of devastation could and would have on municipal budgets here and around the country. Many do argue and history does suggest that the nature of economic cycles means that better days are ahead. City leaders, however, especially those involved in financial management, continue to plan otherwise, just in case this cycle, the worst for municipalities in generations, does linger.

Of course, when State revenues are restricted, it is the local revenue generation capacity that is often the most important source of funding to support programs and services. The City has been fortunate to enjoy a decade’s-worth of historic economic development, resulting in strong gains in the all important “new growth” component of local property taxes. However, to paraphrase an old saying, “you are only as good as your last project.” More projects that convert the old, tired, blighted and less revenue-productive to new, invigorating, magnetic and property tax base-expanding must take place. The irony, though, is that the excitement about the city that has been generated by the development and investment communities is tempered, somewhat, by the city’s small size and, therefore, the potential scarcity of future projects. Also challenging is the increasing

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complexity of those potential conversion projects that do remain. Environmental conditions, restrictive State waterfront zoning and unrealistic valuation expectations of many current property owners all contribute to that complexity. Perhaps the biggest challenge to overcome, though, is the economy in general. The last several years and the prognosis for the short-term future cannot compare to the opportunities the booming economy of the 1990's presented.

Public safety in urban America is another area of intensive focus. The City is increasingly central to regional discussions on homeland security, yet the range of potential maladies requires seemingly endless initiative. On the homefront, despite a relatively safer year locally, the threats plaguing nearly every city across the country are real and require focused action. Next to a potential financial collapse, the City's effectiveness on public safety matters, especially regarding youth offenders and related, albeit minor, gang issues, may be the most critical for the City's continued rejuvenation to be further extended.

Public safety is also a contributor to neighborhood revitalization, as are infrastructure improvements, from new streets and sidewalks to open space updates. Another key to improving the city's neighborhoods is the abatement of "problem properties" that degrade the quality of life in neighborhoods and serve as a disincentive for further investment. Negative impacts of problem properties can be physical, but more often than not the problems are associated with uses. For example, odors and noise generated in an urban environment can create industrial/residential conflicts that place a stranglehold on neighborhoods. Despite the many successes that have already been enjoyed and the resulting record investment many neighborhoods are seeing, a continuing focus on the livability of local neighborhoods has and must continue to be a priority.

A rejuvenating community must have a place for members of that community to experience individual growth and achievement. Many are pressing the City to do more with less, with the less of course relating to lower local aid levels and concurrent budget issues. Those advocates are not wrong in seeking advances in areas ranging from the societal: affordable housing, education and the environment, to the more local: parking, odors and trash. In fact, the City is considered to be an activist itself. The pace of gain, though, as well as the overall ability for anyone to have the resources to address every issue to its fullest, is something of which a responsible and reflective organization needs to constantly weigh. The City continues to attempt to achieve gains in such areas, while being mindful that collaboration and partnership are the ingredients by which the most complete solutions may be produced.

The nature of the beast, though, is that problems will always be abounding, albeit at differing degrees, no matter the community. Planning and hard work can help overcome those problems. However, the process of managing government can do even more. The City's approach has been to welcome to the table those who have something to contribute, including, in some cases, those whose contributions are critical or downright negative. Openness, honesty and introspection, together with commitment, collaboration and innovation, describe the emerging "Chelsea-way" of conducting municipal

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governance in the 21<sup>st</sup> Century. That Chelsea-way is at the root of the City's optimism and the reason why so many lofty goals are achievable.

Having acknowledged the shortcomings, reflections on the accomplishments of the past and goals for tomorrow provide some basis for judging the effectiveness of the not-as new, but nonetheless improving City government. Understanding the "means" through which those "ends" can be achieved can be most insightful in that reflection, as success, is best secured through a process that can be institutionalized and routinely repeated.

In examining the means, the most important policy statement made and continually subscribed to by City government is the adherence to the "Fundamentals." A broad set of objects in important programmatic areas, the Fundamentals are indeed reflective of the City's greatest desire to promote a better community for all. The Fundamentals help define the City and continue to serve as guideposts for the City's development of more specific goals. The Fundamentals include:

- Financial – steadily improving the City's financial condition through balancing budgets and advancing responsible reserve policies that strengthen local government's flexibility to act on pressing needs while protecting against economic downturns that could threaten municipal service delivery and the viability of City government;
- Economic Development – further supporting the City through an aggressive agenda that seeks to attract new revenues in a variety of forms, including property tax, auto excise tax, hotel/motel tax and building fees, while simultaneously increasing employment opportunities for local residents and emphasizing the conversion of the City's older, heavy industrial base into higher and better uses that broaden the sectors of the economy doing business in the city and lead to an overall improvement of the image of the city, both internally and externally;
- Public Safety – constantly improving upon the protection of the public and its property by initiating policy and providing the necessary resources, be it training, manning or equipment, to effectively carry-out the missions of the City's public safety agencies;
- Neighborhood Enhancement – continually producing improvements in each and every neighborhood of the city by updating infrastructure through a functioning Capital Improvement Program, cleaning streets, rehabbing housing stock, enhancing open space, eliminating blight and tackling and resolving long-standing problems, including residential and industrial conflicts, that have persisted, in some cases, for decades;
- Community Development – fully encouraging partnerships between City government and its stakeholders in the community's success, including other governmental entities, the business community, non-profit leaders, neighborhood groups and individual residents, in order to support a broad array of programs and initiatives that may or may not be municipally-run, but are all supportive of the City's desire to promote the advancement of its families and individual residents over a broad range of human needs, including, but not limited to, affordable housing, health care, education and job training, and

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- Governmental Philosophy – becoming a more open, responsive and responsible municipal government that not only hears the needs of its people, but develops and initiates efforts designed to address those needs in an honest, fair, equitable, accountable and cost-efficient manner, while never sacrificing good government for the benefit of those whose goals run counter to that of a “pro-Chelsea” agenda.

The Fundamentals have been embraced by the City Council and City Administration alike, and have allowed the combined energy and attention of the City’s elected and appointed leaders to achieve an undeniably positive record of accomplishment. It is also understood that for accomplishment to continue, consistency in applying a winning philosophy is required. The City, therefore, regularly checks its actions against the Fundamentals, and takes the time to consider both the short- and long-term impacts of almost every action.

Of course, the adherence to a Fundamentals-type philosophy is not the most visible sign of success for a community trying to navigate its way through challenging economic and social circumstances. Fortunately, though, the means provided for by the Fundamentals does end with many successes. Budgeting awards, Parkway Plaza development plans, the elimination of problem properties, the opening of the CAPIC Head Start facility, the implementation of a 14-point plan for public safety and the availability of City Hall greeters through the Senior Tax Work-Off Program are all examples of the ends achieved this past year. They and others continue to serve local residents and distinguish the community amongst its peers.

The report that follows explores both the means and ends of City efforts to address local issues and impact individual lives. Placing the listed accomplishments and goals in the context of the City’s overall philosophy serves multiple purposes, most notably to communicate to residents and taxpayers and allow them to hold their City government accountable. The City remains confident that, even in these cloudy times, the reflection of local success and vision for a better tomorrow will further illuminate the challenging but navigable path ahead for a rejuvenating community.

## **FUNDAMENTALS – FINANCIAL**

### **2004 Highlights**

- Earned a seventh consecutive Distinguished Budget Award and a sixth consecutive Comprehensive Annual Financial Reporting Achievement Award;
- Maintained a bond rating of “A-” from Standard & Poor’s;
- Received an audit report that, for the sixth time in a row, found no material weaknesses in the City’s financial management processes;
- Completed all Charter-mandated budgetary and financial matters in a comprehensive and timely fashion;
- Balanced the FY’04 Budget, the ninth straight balanced budget, and ended FY’04 with \$2.5 million in Free Cash;

- Eliminated a projected \$4.7 million deficit and adopted a FY'05 Budget without the need for a Proposition 2 ½ override to raise additional taxes;
- Maintained a focus on the three-year, FY'03-FY'05, budget strategy to identify necessary spending reductions, revenue increases and management of reserve funds to promote continued balanced budgets through FY'05, and began the process to establish a three-year budget plan for FY'06 – FY'08;
- Generated a savings of \$120,000 over the three-year life of the new contract for trash disposal services by bidding the contract and selecting a new contractor;
- Secured a total of \$186,000 in reductions on the City's assessment by the Northeast Regional Vocational School District;
- Generated \$745,000 in new growth for FY'05, despite slumping economic conditions;
- Took advantage of favorable interest rates to permanently finance the City's portion of the High School addition costs;
- Devised and implemented a plan to recover the top five tax debts, receiving payments on four of the five for a total of \$900,000, including \$725,000 in back taxes and interest owed by the previous owner of the current Pillsbury property, while also securing the expansion of the Pillsbury operation and a concurrent increase in employment at the Williams Street facility;
- Saved local homeowners an average of \$1,177 on their FY'05 property tax bills as a result of Council action to adopt the maximum commercial shift and residential exemption, and
- Held down water and sewer rate increases to 1.1%, helping to maintain local bills to the approximate average of all MWRA communities.

### *Discussion*

There is thought among optimists that the cyclical nature of municipal finance means that an upswing can be counted upon soon. Whether wishful thinking or enlightened reasoning, the hopes for better days ahead do little to ease the concerns of City leaders, who continue to absorb the tremendous pressures of the now three-plus years of municipal budgetary turmoil caused by recessionary times and post-9/11 realities. While the bounce-back of local aid, for example, is heavily dependent upon a better general economy and the collection of more state tax revenues that then trickles to municipalities, most evidence indicates that economic recovery in Massachusetts is trailing the rest of the country. Pessimists, including several local City leaders, wonder if the financial challenges are not as much cyclical as endemic, especially given that even optimists have seemingly little or no answers for recurring budget busters.

The impacts of a national recession on the State budget has caused the many who rely upon local aid to fund municipal operations to find little solace in the prognostications that the recovery has finally begun. Communities around the commonwealth, large, small and in-between, are finding it difficult, if not impossible, to navigate through what may be the worst municipal finance environment since the Great Depression. It should come as no surprise to the causal observer, and the municipal expert easily recognizes, that gloom and doom abound in varying degrees in local communities and around the

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country. Among the only remedies providing some with relief are the preventive medicines, or precautions, some took while times were good; in order to be healthier when times got bad. The City is one such community.

No one should equate the pessimism driving the City's financial philosophy with that of a defeatist attitude. Some would even argue that budget analysts should be pessimists even in good times. Certainly, the City is in better financial shape today because yesterday's leaders knew that the good times in the mid- to late-1990's could not last forever. More so, the City has risen to meet past challenges and is as driven as ever to do the same.

However, what does need to be recognized is that the City, like many others, is heavily dependent upon state aid, and that there are no "quick-fixes" to offset the increased costs of non-discretionary spending requirements, like employee health insurance benefits. A large degree of realism, therefore, must be injected into fiscal planning, especially when those matters most directly impacting the bottom line are largely out of local control.

Concurrent with that realism is prudence. Managing reserves, for example, is a prudent way to ensure that resources remain available to offset anticipated structural deficits in the next several fiscal years. The City is fortunate, thanks to the great leadership offered in the past by the City Council and City Administration, to be among those who coveted surpluses instead of spending beyond the City's means. Thus, barring any further downturn, the City can expect to weather the storm for the next three years. Certainly, by then, help will be on the way. But what if it is not? The latter question is one of introspection that greatly influences the City's short- and long-term financial direction.

Realism and prudence mean that City officials need to fully understand the budget issues that are present, as there is little margin for mistakes. Tools used, like the Annual Budget and CAFR (Comprehensive Annual Financial Report), have won their seventh consecutive Distinguished Budget Award and sixth consecutive Financial Reporting Achievement Award, respectively, from the Government Finance Officers Association. The CAFR for the sixth straight year reports that independent auditors have found no material weaknesses in the City's managerial and financial administration. The City has maintained a bond rating of "A-" from Standard & Poor's, an expert in assessing the managerial and financial capabilities, and therefore the creditworthiness, of municipalities. Those awards and reviews confirm that the basis for City fiscal planning, as found in documents like the Charter-mandated Five Year Financial Forecast and the Administration-implemented Three Year Budget Plan, meet and, in some case, exceed industry standards. All Charter requirements have been met in a timely fashion.

In short, the City understands the root of the problems on the horizon and has both the policies and the tools to meet many challenges for the foreseeable future.

### ***BUDGETS, PRESENT, PAST AND FUTURE***

The City closed the books on FY'04 and generated a Free Cash balance of \$2.5 million. For FY'05, the operating budget of \$99.7 million represented an increased of 1.9% over

the FY'04 Budget. The modest increase was a reflection and extension of the City's conservative approach to limit spending in the face of uncertainties. Those uncertainties relate to future revenue growth and the forces of state, national and international affairs over which the City has absolutely no direct control, but continues to be active in public policy debates.

Entering FY'05, the City had projected an operating deficit of \$4.7 million. Unfortunately, projecting operational deficits is nothing new to the City in the face of the recent recession and the weak recovery that has seemingly followed. Since FY'01, the City has been addressing budget gaps through a three-pronged approach of reducing spending, increasing revenues and utilizing Free Cash. The expenditure portion of the deficit reduction plans has included a combination of reductions in force through attrition and layoffs, elimination of out of state travel and tuition reimbursements, limiting "Pay-As-You-Go" appropriations, decreasing the amount of capital projects to reduce debt levels, rebidding contracts and constraining program expansions. Locally generated revenues have been inched up, in areas like permits and fees. In the end, reserves have been critical in bringing budgets into balance.

In FY'05, \$2.1 million was shaved in expenditures or raised in local receipts before a \$2.6 million appropriation from Free Cash was approved to create a balanced budget. Despite the structural imbalance that existed prior to the Free Cash appropriation, City leaders chose to add 10 positions, including four police and three firefighters, to the FY'05 Budget, and provide funding support for a host of programmatic initiatives.

As the City begins to prepare for FY'06, a \$2.7 million budget gap is looming. While some might take the gap as a positive, as it is down substantially from gaps that existed in previous years, the ability of the City to close that gap through spending reductions and non-Proposition 2 ½ override increases is becoming all the more difficult. Some good news came in the form of the Governor's pledge to increase non-school local aid in his upcoming budget message. That pledge, though, will not appear to bring aid back up to historic highs, therefore continuing to place the burden of balancing the budget back on local receipts. Also tempering the good news is that the forecast of a 12.5% increase in health insurance rates, which mirrors a historical average, could be off by almost 50%. If such is true, and as has been the case for far too many years now, the City's bill for its biggest budget buster could totally eclipse new revenues being generated, in this case through new local aid transfers. Reserves do exist to cover a shortfall, but management of those reserves for future needs continue to require deft City planning.

### ***AN INVALUABLE TOOL: THE THREE-YEAR BUDGET PLAN***

The City's Three-Year Budget Plan provided the direction necessary for City officials to decide the right level of Free Cash to add to the FY'05 Budget. Adopted in 2002 for FY'03-FY'05, the Three-Year Budget Plan has been an invaluable tool in affording budget officials the opportunity to take a longer view at the budget problems at hand. By following the Three-Year Budget Plan while making decisions about individual annual budgets, the City was successful in balancing cuts with service needs, and ultimately

preserving reserves in sufficient enough amounts to allow the City to wait out the financial storm that has had a detrimental impact to others.

Based upon the value and success of the exercise, City officials are now compiling a Three-Year Budget Plan for FY'06-FY'08. While all associated with municipal government hope that good times are ahead, the Three-Year Budget Plan will help ensure that future budget problems are identified and addressed as early and as comprehensively as possible. Almost complete with the process, and while the prognosis is not great, balanced budgets do appear to be attainable, with projected deficits in the \$2.5 million range annually over the next three fiscal years. That assumes, of course, that the assumptions that have been made, and the fiscal constraint that has been preached, does, in fact, hold to form. It also only assumes modest growth in all the City's revenue sources, including local aid. Unfortunately, no matter the local planning, the realities of budgeting these days are that certain "budget busters" remain as threats to the health of the City. While the Three-Year Budget Plan tries to take into account the impact of budget busters, fluctuations can and should be expected in the individual account items.

### ***ATTACKING THE BUDGET BUSTERS***

Balancing the City's budget, or any budget for that matter, requires a consideration of expenditures and revenues to support those expenditures. During good times, equally increasing revenues can mask spiraling costs in problematic areas. Thus defines the period of the mid- to late-90's, when a historic economic boom was producing revenues that were sufficient to both offset budget busters and build fund balances. Of course, the latter statement presupposes fiscal discipline to not spend all that was garnered. Fortunately City leaders created a savings account of sorts to protect services in down times.

The budget busters have largely remained the same over many years. They include:

- Rising employee costs relating to salaries, pensions and, especially, health insurance;
- Public safety overtime;
- Assessments for State services;
- Service contracts, and
- Debt service.

By their nature, budget busters are most difficult to control on the local level. For example, the City exercises no control over many assessments by the State and other authorized governmental entities. So, too, is the City frustrated by a lack of control over health insurance premiums, which, unfortunately, is the bane of balanced budgets in both the public and private sectors. Yet, as daunting as is the challenge, the City has sought to take prudent action to stem the impacts budget busters have on the bottom line.

For instance, overtime is an area where the City has had some success. Critics consider overtime to be a waste; some form of mismanagement where the City has not exercised planning or control to prevent the need to spend extra. While unbridled overtime

spending could fit such a definition, local overtime costs have come under control in recent years. In fact, the City has seen modest reductions from FY'01-FY'05, this despite yearly increases in union negotiated, hourly overtime rates and, moreover, priorities in homeland security and local public safety that dictate that more police and fire personnel be utilized.

Another budget buster that the City has painstakingly addressed is debt service. Debt service pays the costs of borrowing funds to support infrastructure improvements. Borrowing today with little regard for payments tomorrow is one of the most frequent ways to bankruptcy. The City has, therefore, steadily reduced borrowing, with the result being an actual decline in debt service costs beginning in FY'06. Currently, as the CIP for FY'06-FY'10 is being crafted, City budget officials are studying the impacts that past and future borrowing could have over the next ten years. Once completed, a "debt ceiling" is likely to be established, thereby ensuring that excessive debt does not threaten future budgets.

Another example of prudence relates to labor costs. The City continues to operate at employment levels below FY'01. That the City has been able to maintain most and in some cases actually expand service levels despite a reduced headcount is a tribute to the workforce. As valued as the workforce is, though, the City has been cautious with regard to future employee wages. Pay raises for most non-union employees, for example, were suspended in FY'05, in favor of smaller, one-time bonuses that did not add to the City's structural deficit. Some union members are currently without contracts, namely police officers and middle managers at City Hall, yet they continue to perform at high levels. All other contracts expire in July, so, in effect, all the City's unionized employees are or will be impacted by decisions being made based upon the current and projected state of the City's finances. City leaders are trying to strike a balance among a variety of competing issues: meritorious requests for pay increases versus the impacts such increases have on the projected deficit; exploding health insurance costs versus the reluctance of unions to have their members pay a greater share of those costs; declining Free Cash balances versus the legal requirement to maintain a balance budget, and, of course, the continuing desire to provide and expand local services versus the potential for further program reductions or layoffs in order to afford pay raises. An introspective entity that operates in a world of reality and with a commitment to prudence in order to maintain services and balance budgets must engage in these difficult discussions, even with such valued employees.

Outsourcing or privatization of services has already taken place, with few if any additional opportunities to achieve further savings. However, within those contracts for services, the City continues to seek savings. In 2004, in fact, the City was successful in controlling service contract costs through careful management of those contracts. For example, the City actually saved \$120,000 by doing that which it is not legally required to do: seeking bids for trash collection. Although State procurement law would have allowed the City to negotiate with the then trash hauler exclusively, the City requested bids and secured the savings by selecting a new company to provide the service. The savings were achieved without an impact on service levels, thanks to the responsible

actions of the new provider and the outstanding work of the City officials managing the process. A similar initiative is anticipated in 2005 relating to the City's ambulance service.

Even on assessments, the City has had some success. City officials led a multi-community effort this past year to review and make recommendations regarding the assessments made to participating members of the Northeast Regional Vocational School District. \$60,000 of the overall reduction of \$186,000 in FY'05 is attributable to that initiative.

Despite the success, City budget officials have grave concerns regarding the budget busters for the upcoming budget cycle and beyond. At the root of the problem is the seemingly unabated and escalating costs of significant component items, like a projected 18% increase in health insurance premiums, and the unpredictability of other items, like the aforementioned Northeast Voke charges that are influenced by wide swings in pupil enrollment. The City's retirement system has been historically underfunded, so the cost of playing "catch-up" continues to be disproportionately borne by current budgets. At anytime, and as evidenced by previous experience, overtime could spike up, as could the cost of third-party services when contracts expire.

### ***REVENUE REALITIES***

If one agrees that City officials have reduced spending as far as possible without compromising current municipal service levels, then the solution to eliminating deficits relates to revenues. Now, prior to engaging in a discussion about revenues, it should be noted and is regularly considered whether current municipal service levels need to be maintained. Cuts have been made and made early enough in the process to moderate the pain often associated with more radical spending reductions. Program expansions have been deferred in many cases, with only the most needy or merited moving forward. While City leaders remain somewhat concerned that cuts and deferrals can have negative impacts to the quality of City services on the long-term, on the short-term services are at least adequate in all program areas. Other communities have closed fire stations, laid off police officers and reduced library hours. City officials have chosen not to do so, at least at this point. Putting aside that debate, depressed revenue generation would seemingly go hand and hand with budget busters as the root causes of the City's current budget dilemmas.

In FY'05, just as has been the case since the reductions from the local aid highs of FY'02, the City has had to do more with less. \$1.7 million less, to be precise, in the largest two non-school local aid accounts, Lottery Aid and Additional Assistance. The City is also off \$900,000 in excise tax from its high in FY'03. In both cases, the reductions are the result of a poor economy. On top of that, and also attributable to the economy, the slumping office and hotel markets have all but halted what was promising redevelopment opportunities in those sectors. While the City still enjoyed tremendous new growth in local property taxes of \$745,000, that amount is almost 50% less than generated by projects in the pipeline before the recession hit in 2001. Combined, the lost

opportunity in the three accounts total \$3 million, far in excess of the \$2.7 million deficit the City eliminated with Free Cash in the FY'05 Budget.

Some have suggested the worst days are behind municipal budget officials. In fact, the good news is that local aid was not cut for FY'05, and, to the credit of the City's legislative delegation and their peers at the State House, a one-time local aid transfer of \$750,000 was granted to the City in FY'05. Notwithstanding the optimism, though, City leaders have decided to adopt a conservative approach regarding returns to pre-recession levels. Instead of waiting for the numbers to get better, the City is prepared to embark upon an aggressive economic development plan that could lead to the generation of \$2.5 million more in new growth over the next three years. That plan is detailed further in the section that follows on economic development. In summary though, the City is calling for the development of 1,200 new units of housing over the next three years, and is committing to work with private developers to make such happen.

### ***RESERVES ARE FRONT AND CENTER***

Having a plan is one thing. The plan actually working is another. While market conditions seem right for new housing start-ups, red ink is projected for the next three City budgets, based upon the early numbers suggested by the City's initial compilation of the Three-Year Budget Plan for FY'06-FY'08. As noted, that review suggests annual structural deficits of \$2.5 million over the next three years. Covering those deficits while providing the necessary time for the City's economic development strategy to generate the new growth necessary to eliminate the structural deficit is the challenge. The main resource to bridge the gap is reserves.

The City believes it has reserves sufficient enough to piece together the \$7.5 million necessary to get through FY'08, but not much longer after that. Of course, this presupposes no additional local aid cuts or other budgetary maladies that have not been anticipated as part of the three-year budget strategy. It also presupposes that City officials continue to act prudently regarding additional or new spending requests, and that the City and its labor union leaders can reach accords that grant employees reasonable raises while preserving fund balances to close the structural deficits until higher property tax generating levels take place.

Recognizing the role that reserves have played in allowing the City to remain fairly stable during great tumult does lead City officials to also eye the need to begin to rebuild reserve balances for future times of need. Although a bit too early to formally begin the process, the concept of building reserves is now before the City as part of the long-term strategizing that is taking place.

### ***SECURING ADDITIONAL GAINS THROUGH MANAGEMENT AND POLICY***

In the meantime, efforts designed to squeeze additional savings, improve the efficiency and expand the capacity of the City's financial functions continue to have demonstrable results.

A major focus, for example, has been the City's Capital Improvement Program. The annual CIP provides for capital needs in areas like street and sidewalk improvements, equipment acquisition and park updates. Although City budget officials have targeted the reduction of debt service as a priority to address budget busters, additional borrowing to fund a modest increase in FY'06 CIP spending will not compromise that overall goal. Projects provided for will have many benefits, not the least of which is an impact on the municipal budget, ranging from reducing the costs for maintenance to savings generated by a switch from traditional phone lines to the internet for phone service.

Again regarding debt, the efforts of the financial management team to shop for rates and bond when market conditions are favorable have also netted savings. The City took advantage of favorable interest markets in 2004 and heeded warnings that interest rates were on the rise by permanently financing the City's portion of the High School addition project. Now that team is attempting to line-up State reimbursement payments to the debt service payments to provide a cash flow savings in FY'06 and beyond. If successful, the City hopes to divert some savings to a special account to begin to address two looming debt service payments totaling \$5 million in FY'14 and FY'15. The problem was uncovered while City financial officials began a process to establish regularly borrowing limits relating to CIPs. In looking at the impact of debt that would be issued today, it was discovered that debt service for the final portion of the payments owed on the new schools project has no offsetting reimbursement. It appears that a financial management decision during Receivership to utilize cash flow then to balance budgets at the expense of not covering future debt is the reason for the financing coverage gap. Although still nine years away, the need to satisfy the debt without the benefit of any offsetting credits could have a catastrophic impact on the City budgets then. City officials, therefore, as is typical of a proactive and professionally managed entity, are beginning to plan for a "spreading of the pain" over a longer and financially more realistic duration. Modest amounts of funding will be directed to a special account to cover a portion of those debt service payments that will be owed once the permanent financing for the High School addition and the State reimbursement schedule have been coordinated.

Clearing up the largest tax debts was also prioritized in 2004. While the City had similarly done so in previous years, a renewed effort was devised and implemented to again collect outstanding debt. The strategy was to focus on the top five delinquencies, which, combined, owed almost \$1.1 million in back taxes and fines. The largest two, debts totaling \$725,000 that Pillsbury inherited from a previous owner, have since been satisfied. So, too, were top debts four and five, on 20 Fifth Street and 33 Franklin Avenue. Top debt three, \$120,000 owed on 164-166 Chester Avenue, is close to being recovered. Regarding Pillsbury, a further capital commitment to the plant and an increase in employment were also negotiated as a result of the agreement and loan arrangement between Pillsbury and the City.

If fully successful, no six-digit debt will exist, a far distance from just five years ago, when the largest debt owed to the City was well in excess of seven-figures. In fact, the

tax title balance has been reduced from \$5.6 million to just \$1.1 million over the past four years. Stronger financial and management controls are in place to ensure that back debt never again reaches such elevated levels. Collecting back taxes has strengthened City reserves and allowed those reserves to be designated to cover structural deficits or emergency needs.

### ***MAKING HOMEOWNERSHIP AFFORDABLE***

A top priority of the City Council has been to avoid the need for a Proposition 2 ½ override in order to spare homeowners a greater property tax burden. While that has been accomplished to date, the City does recognize that property tax increases that have risen within the confines of Proposition 2 ½ are never welcome and can place a burden on many, including the elderly and others living on fixed incomes. Likewise, water and sewer bills are seemingly always increasing, driven in large part by wholesale charges increased as part of the Massachusetts Water Resources Authority rate setting system.

The City reviewed the benefits of the new State law that authorizes an increase in the commercial/industrial shift from 175% to 200% and found the short-term gains for homeowners to be insignificant in the local experience. Nonetheless, Council did adopt the 175% shift, as well as the 20% residential exemption provided for by State law. The two combined actions saved the average homeowner \$1,177 on the FY'05 property tax bill. Similarly valued properties in neighboring communities would cost taxpayers between \$350 and \$1,643 more in property taxes.

Providing, in part, for the Council's ability to keep the costs to homeowners as low as possible is the work of the City's financial departments in managing the assessing process. Assessors carefully review all available assessing data, and especially concentrate on capturing commercial value on an otherwise moderately increasing base to offset more rapid growth in residential values. That work, along with Council action, has helped to make the City's tax rate affordable compared to peers in the area.

As Council continues to hold down property taxes, water and sewer rate increases have been similarly contained. Combined rates increased by 1.1% this past year, 80% below the average MWRA system-wide increase. A rate study of combined rates for MWRA communities indicates that the local rates are slightly above average. Twenty-eight of the fifty-six communities in the MWRA district have higher combined rates.

Together, the burden of property taxes and water and sewer charges remains lower than almost every community in the area.

### **2005 Goals**

- Eliminate a projected deficit of \$2.7 million in the FY'06 Budget, while protecting core municipal services and not becoming too overly reliant on reserves to balance the annual spending plan;

- Conduct a study of CIP borrowing patterns and develop a “debt ceiling” to ensure that debt service does not become overly burdensome in future years;
- Balance the City’s financial condition against the variety of issues that exist in obtaining labor agreements in order to negotiate new contracts with City labor unions in 2005;
- Seek additional savings or reduce increases for service contracts by rebidding expiring agreements, including, in 2005, the ambulance service contract;
- Provide data and financing assistance to advance the City’s effort to expand the tax base over the next three years by encouraging the development of 1,200 residential units, and
- Establish a plan and begin to fund a special account to help offset \$5 million in debt service requirements associated with the new schools project and due in FY’14 and FY’15, thereby lessening the impact of the looming payments and providing greater long-term stability to the City’s budget condition.

## **FUNDAMENTALS – ECONOMIC DEVELOPMENT**

### **2004 Highlights**

- Produced \$745,000 in new growth for FY’05 and a four-year average of \$826,000 for FY’02-FY’05, 82% higher than the previous four year period;
- Conducted an analysis of economic development markets, concluding that the most likely and valuable market to pursue is residential development;
- Coordinated the completion and occupancy of the Spencer Lofts, generating \$200,000 in annual tax revenues, 233% higher than the previous industrial use paid;
- Issued a tentative designation for development rights to Chelsea Gateway within the Everett Avenue Urban Renewal District to Catamount Management for the construction of a 50,000 s.f. corporate headquarters for Gulf Oil and HP Hood and the potential development of a future hotel;
- Secured a redevelopment plan for Parkway Plaza and permitted the development of a Home Depot as the first phase of the overall redevelopment, also securing community benefits including a walkway along the Mill Creek, provisions for affordable housing and offsite improvements to the Little League field at the Mary C. Burke School Complex;
- Advanced the redevelopment discussions for Mystic Mall and have reviewed and commented on several potential redevelopment scenarios;
- Provided the initial permitting and additional assistance for the potential redevelopment of Forbes Industrial Park into a green living environment;
- Facilitated the plant expansion plans for Food sector focus companies, Pillsbury and State Garden Produce;
- Completed the City actions to provide for the occupancy of Corrithian College in 70 Everett Avenue as part of the City’s focus on the Back Office sector;
- Engaged biotechnology representatives in discussions about potential development opportunities in the city as part of the City’s focus on the Health Care sector;

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- Coordinated the completion and occupancy of the new 30,000 s.f. facility for On-Time Mailing on Crescent Avenue as part of the City's focus on the Downtown Boston Supports sector;
- Secured State support of three additional Certified Projects through the Economic Development Incentive Program, bringing to a total twenty five projects that have been established as a result of the City's Tax Incentive for the Retention and Expansion of Business (TIRE) Program;
- Completed City actions to provide for the occupancy of the new home of Atlas Bedding on Second Street, and
- Secured State smart growth grants for a local review of zoning in the Shopping Center District and an eleven-community review of development issues being coordinated by Northeastern University.

### *Discussion*

If the future of the City's finances needed to be pinned on anything other than solid financial management, economic development is the right candidate. In fact, it has arguably been economic development, hand in hand with solid financial management, that has allowed the City to continue to balance budgets and maintain hope for the future. Aside from the obvious impact on the City's finances, economic development has also served to promote a level of revitalization in the City that has caught the eye of many who would wish the same for their own communities.

Through the City's three-pronged development plan, the combination of the Anchor Projects Program, Sector Strategy and Tax Incentive for the Retention and Expansion of Business (TIRE) Program, economic development has been strong and successful. One testament to that success can be seen in the annual increases of new growth. The past four years, FY'02-FY'05, new growth has averaged an annual increase of \$826,000, including a \$745,000 increase in FY'05. That average annual increase is 82% higher than the \$454,000 average for the four year period of FY'98-FY'01. The new projects that have abounded in the Everett Avenue Urban Renewal District and elsewhere throughout the city have also resulted in increases in other revenues, most notably automobile and hotel/motel excise tax growth. Each project, additionally, has served as the foundation for the next project to be envisioned and undertaken.

Unfortunately, though, as a mutual fund disclaimer would note, past performance does not guarantee future results. Growth over the last four years has added \$3.3 million to the base, but none of that ensures that future projects will bring further growth. Additional economic development is therefore necessary to balance future budgets. However, today's market conditions are not as conducive to get projects into the pipeline for FY'08 and beyond as they were when the work during the boom years of the late 1990's produced the projects of the early 2000's.

Given today's less than favorable market conditions, City leaders have carefully studied the local, regional and national economies. It is believed that economic development can still be successful locally, and that success can provide the tax revenue necessary for the

City to substantially close or completely eliminate structural deficits that are projected for FY'08 and the years beyond. This, of course, while reserves address the short-term budget gaps in the intervening years.

That means that City officials must again embark on an aggressive economic development agenda, the likes of which may have never been seen locally. In doing so, talk of the very last option that the City Council would ever want to entertain, that being an attempt at a Proposition 2 ½ override, can again be put on the shelf for a day if and when all else has failed. Also, for a renewed and expanded economic development agenda to be successful, the results must be more than financial. Projects contemplated and constructed must fit the emerging character of the community, and provide the link to additional projects that further complete the city's overall revitalization.

### ***A MARKET ANALYSIS PROVIDES DIRECTION***

But if economic conditions are less than ideal, how can economic development champion the day? After careful analysis over the past twelve months, City development officials have determined that, despite poor market conditions, rays of sunshine do exist in what otherwise is a cloudy horizon.

Not from the office market, though. The great promise of expanding office development, once the hope of development officials in the late 1990's, no longer holds much of any promise. Incredible amounts of vacant space exist in competing office markets, although the city's office market has shown tremendous resiliency. The last can be attributed to the combined efforts of City officials and the city's major office space owner, ACS Development, whose teamwork has helped to keep the local vacancy rate to near boom lows. That said, millions of square feet are available in Medford, Charlestown, Burlington and other competing markets, along with millions of more square feet existing in a market that, unbelievably, is now almost as affordable as local space, that being Downtown Boston. Added to that are millions of more square feet in the development pipeline to break once the market returns. All that means that with the exception of the rare project, like the pending Gulf Oil and HP Hood corporate headquarters project, City officials do not believe that major office development will again take place in the city for at least another five years.

A more promising yet still unattainable goal would be the development of another one or two hotels. Unfortunately, even with a strong interest in the city from hotel executives, market conditions again are not favorable. City officials believe that it will be at least another two years, at the earliest, before another hotel would be brought on line and contributing tax dollars.

Although the demand is great for industrial space, there is limited opportunity and limited desire on the part of City officials to host such development. Limited opportunity because land is scarce and what land is available is reserved for other development. Limited desire because the City wishes to see that scarce land developed to its very maximum, while almost all in the community desire the City to do all that can be done to

keep heavy trucking and noisy industrial businesses from having a further impact on the City's promising rejuvenation.

A retail market does exist. Generally speaking, though, only Parkway Plaza and Mystic Mall can handle the big box retail giants of today. While one or both may end up with redevelopment that features big boxes, City development officials not only hope that redevelopment will not be exclusively big box, and have been using every resource at the City's disposal to encourage mixed-use development. Reasons for de-emphasizing retail include the huge amount of land required to support big boxes and the limited amount of tax revenues big boxes generate.

Left, therefore, is residential development. It is just that type of development that is the most likely to be successful in the city over the next several years, and that now provides the promise of property tax revenues City officials are seeking in order to eliminate structural deficits.

### ***RESIDENTIAL DEVELOPMENT TO THE RESCUE***

Yes, City development officials now believe that the residential market is the most favorable for the City to concentrate. Considering that just a little more than a decade ago, the city was one of the last places residential investment was seeking, the question begot has to be "what has changed?" over the years. The answer might be "everything."

The short of it is that the combination of a rejuvenating community now well into realizing a complete revitalization and the continued cost of more sought after locations has resulted in many looking at the city as a price alternative to Boston, Cambridge and Somerville, and liking what they see. And why not? Stakeholders, from City officials to non-profit representatives to business leaders to individual residents, have led a decade's-long renaissance that has taken a firm grip on each and every local neighborhood. Stabilized government, update infrastructure, problem property abatement, community programming expansion, improving public safety, and the list could go on and on, together with history, culture, acceptance, affordability and, the all important, location, location, location, has made the city an attractive destination for first-time homebuyers and the more affluent.

That being said, another dynamic makes residential development the economic development tool of choice. The red-hot local housing market of the last five or so years, combined with a more modestly growing commercial market, has pushed residential development ahead of office buildings as the greatest potential source of property tax growth. For example, a parcel that once may have been home to a 250,000 s.f. office building can now be redeveloped with 300 residential units to generate even more tax revenue. Based upon today's economics, that office building might generate between \$300,000-\$500,000 in annual property taxes. The housing development though could generate \$650,000 or more. Given that demand is high for residential and low for office, the rational becomes even more compelling.

An example of the economics of choosing residential over commercial development can be seen in the 2004 opening of the Spencer Lofts. Located in the former Emerson Textile building on Webster Avenue, the 100-unit Spencer Lofts was a conversion project City development officials had envisioned several years ago. Aside from achieving another laudable goal of stabilizing and enhancing the neighborhood, the economic benefits to the City are significant. In fact, for the current tax year, Spencer Lofts is generating just over \$200,000 in property taxes, or 233% above that which was being garnered from the building as an industrial operation. Approximately \$20,000 more will be generated in automobile excise tax as well. It is very unlikely that a renovated industrial space would have matched the revenue growth provided by the Spencer Lofts, not to mention the negative impact heavy trucking to the property could have had on the Webster Avenue neighborhood.

Of course, the City needs to ensure that all developments are responsible and contributing. During a boom in the 1970's, apartment buildings began to spring up in residential neighborhoods besides three-families, two-families and even single-family homes. The City has zoning now in place that will prevent a recurrence of that undesirable situation. But, mixed-use developments in burgeoning commercial districts are not only acceptable practices in today's land use circles, but actually encouraged. Office, hotel, retail and residential uses are finding a co-existence and mutual benefit in places like shopping malls, office parks and even downtowns. City officials first took notice of the emerging phenomenon several years ago on a trip to a credit rating agency on Wall Street. Now that housing values have more than tripled locally since that first observation, the City believes it is time to make a formal and substantial commitment to residential development. That commitment will be part of a smart growth plan that will accomplish many local goals, from blight eradication to tax base expansion, all while promoting a rejuvenating community.

The City's top priority for the upcoming year and the next two will be to promote a minimum of 1,200 units of new housing. Of that number, the goal will be to create affordability in a minimum of 15% of those units, and maybe more. If successful, the City believes the property tax generation of an estimated \$2.5 million will equal the structural deficit projected for FY'08.

1,200 units would add approximately 10% more units to the local housing market. Certainly, that, is a substantial increase that should have some questioning the ability of the local market to absorb so many units. City officials have considered the question and do believe the market to be there. Additionally, City officials have considered the question from many other angles, including the impact on city services. The most major concern the City has about achieving the goal is the level of initiative that will be necessary to promote the redevelopment. By initiative, the question gets to the use of economic development tools, from tax breaks and infrastructure funding commitments to the use of zoning bonuses and eminent domain, to achieve the goal.

In a community of 1.8 sq. mi. that is already among the densest in the state, where will 1,200 units go? Well, density is a relative issue. The greatest density currently exists in

older local neighborhoods. Conversely, vast tracks of land, like at Parkway Plaza and Forbes Industrial Park, 35 and 19 acres, respectively, present tremendous opportunities for well-designed projects. Of course, the committing to a residential agenda means that marginal properties, like Forbes Industrial Park, could and would be taken out of the inventory for heavy industrialization. That is a nice side benefit, especially for long-time residents who have suffered through decades of heavy trucking through their neighborhood.

The City will focus housing redevelopment efforts in the following areas, although others may become available as circumstances dictate: Parkway Plaza, Mystic Mall, the Everett Avenue Urban Renewal District, Forbes Industrial Park, Admirals Hill, and several smaller scattered sites, including the Mill Creek Condominiums, Mary C. Burke Schoolhouse, National Guard Armory, Gerrish Avenue and Broadway. Presently, more than 100 units are under construction, including at Mill Creek, the Tudor Garage and the former AFCO Building on Broadway. None of those units is being counted toward the City's goal of 1,200 new units.

Achieving the goal will put the City's development tools to the test. A combination of zoning credits, from variances to density bonuses, may be required to provide incentives for current property owners to redevelop or sell to others who may be the eventual redevelopers. Necessary infrastructure improvements may require City contributions. Streamlined permitting may be necessary to get the projects to construction while market conditions are still favorable. Eminent domain, in the urban renewal district and elsewhere, may be necessary in those places where the private market cannot make a viable project happen. Securing grants and other sources of financial support for the construction of affordable housing may be required. Certainly, all of these and, perhaps, more will be on the table.

The current evolution of State public policy should also help to advance City efforts. State leaders, including the City's legislative delegation, have championed "smart growth" principles for the future of the commonwealth. Simply put, smart growth means where and how development should take place. Smart growth goals, including the related transit-oriented development that emphasizes development near train stations, have resulted in several new development tools being adopted by the State, including District Improvement Financing, Urban Center Housing Tax Increment Financing and Smart Growth Zoning Districts. In some cases, the existing Economic Development Incentive Program may also be of use. Those tools will be among the resources City leaders examine in 2005 to help develop the plan towards reaching the 1,200-unit goal.

### ***GAINS IN THE EVERETT AVENUE URBAN RENEWAL DISTRICT***

The Everett Avenue Urban Renewal District was announced in August of 1997. The goal of the EAURD was to jump start a lagging local economy by promoting the conversion of the city's aging, heavy industrial and scrap base into higher and better uses, while also improving the city's commercial position in the region and substantially increasing jobs and local tax revenues. To date, the EAURD has been a rousing success.

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The premise of the local effort was that a strategic public action in a clearance area of 10-acres would provide the impetus for private development to take place in the entire 65-acre district. The district was broken up into three primary zoning areas: business (office and hotels), light industrial and residential. The 10-acres acquired by the City is entirely in the business district. Through a three-phase process, the City has successfully promoted the redevelopment of what were blighted and underperforming properties.

In January of 2001, Phase I of the EAURD, a 180-room, Wyndham Hotel, the city's first hotel, opened. That single project provided more jobs, 75 versus 60, and tax revenues, \$300,000 vs. \$150,000, than the entire 10-acres did prior to the EAURD. The tax comparison even reflects revenues generated after property tax relief is credited to the property. Best yet, the City still has 8-acres left for redevelopment, and hopes to be able to generate another \$500,000 or more when all the property is fully built-out.

Adjacent to the Wyndham, the "Emerald Block" encompasses 5- of those remaining 8-acres. The City sold ACS Development the Emerald Block, Phase II of the EAURD, for \$3 million in November, 2003, for what was originally planned to be a major office building project. However, given current market conditions, a mixed-use project potentially including office, hospitality, retail, biotech and/or residential is being considered for a revised development plan. City officials have begun meeting in earnest with ACS Development to define the development parameters and agree upon a new redevelopment strategy. Both parties hope to achieve consensus in the first quarter of 2005.

Phases I and II of the EAURD replaced an auto salvage/car parts business, a motor storage warehouse, a heavy truck repair/scrap yard, a janitorial supply house, a metal forming business and a mail fulfillment warehouse.

Phase III encompasses the remaining 3-acres and has been dubbed "Chelsea Gateway." In 2003, the City issued tentative development rights to a group that included Choice Hotels. A market study performed in early 2004 indicated that the site was indeed a good site for a hotel, but that the Greater Boston hotel market was still depressed. Because the study indicated that a market bounce-back was at least 18 months away, the City withdrew the tentative rights and reissued a new request for proposals. That process resulted in the City issuing tentative development rights this past October to Catamount Development for a 50,000 s.f. corporate headquarters for Catamount's holdings, Gulf Oil and HP Hood. A groundbreaking is expected in April of 2005 for that project. Concurrently, the parties are exploring the opportunity for a second phase of development at Chelsea Gateway, which could be a hotel or another office building. The developments replace a former tooling building and contaminated sheet metal property. Currently pending is a Land Disposition Agreement that officially awards the development rights to Catamount and sets forth the economics of the deal between the parties.

When that designation is officially made sometime in the next four to six weeks, all of the land acquired by the City will have been parceled out for redevelopment.

In the Light Industrial portion of the EAURD, the City's goal of attracting private investment has been meeting success. Alkermes, Inc., a biopharmaceutical company, opened a manufacturing center at Brickyard Square in late 2003. That building, at 100,000 s.f., was the largest building vacant in the area prior to the EAURD being announced. Additionally, Stop & Shop has built a new supermarket on the sites of a former lumberyard and building materials recovery center. While the area prior to the EAURD had 10-acres of auto salvage operations, only 2-acres currently exist, with that land rumored to be under agreement for redevelopment. The City is working with the potential owner of that land on a MOU to plan a future development consistent with the EAURD plan.

Unfortunately, the pace of change in the Residential portion of the EAURD has substantially lagged the other two areas. This is especially problematic in that the Residential portion is much more visible, directly abutting Route 1, than is the Industrial, which is almost secluded. Thus, tens of thousands of motorists, and potential subscribers to the "Chelsea success story," are left to see the blighted, substandard and decadent buildings and other unappealing property conditions that have littered that side of the highway and abutted the Addison/Orange neighborhood for decades.

In 2004, the City, through the Economic Development Board, began consideration of what is likely to be a major area of focus in 2005. At the Board's meeting this month, the City will be proposing a major redevelopment plan for the 7.2-acres of the Residential portion of EAURD. That plan will call for the acquisition and assemblage of the parcels into a single property upon which a master planned, residential redevelopment could take place. The City would prefer to acquire the properties through negotiated purchase, but may need to rely upon eminent domain as consistent with State law, in order to prepare the parcels for redevelopment. Once the action is formally announced, public hearings to amend the current EAURD to provide for a second clearance area will take place. Concurrently, a "request for proposals" will be issued to secure developer interest in what is sure to be a highly regarding development possibility. Although too early to predict, it is likely that several hundred residential units could be proposed for the entire site. Such a development would be consistent with the City's 1,200-unit development plan.

### ***PARKWAY PLAZA PREPARING FOR A TRANSFORMATION***

Parkway Plaza has been a City focus for almost a decade. In 2004, the culmination of that work led to the City permitting a Home Depot, which will lead to the re-energizing of the lagging retail center. The Home Depot represents the first phase of what will likely be a multi-phase development in the 35-acre, underforming plaza. The City is facilitating Phase II discussions that could lead to additional retail at the site and the development of several hundred residential units, again consistent with the City's 1,200-unit development plan.

The obstacle to move from the proposed and permitted to the constructed and operating lies in the ground. Challenging subsurface conditions, combining environmental and structural deficiencies, are threatening the Home Depot project, and therefore the entire redevelopment prospect of Parkway Plaza. Should a setback knock the Home Depot project off-track, the resulting blow could be catastrophic. The Home Depot is a good fit during an era when few opportunities exist for the plaza to achieve even greater potential.

In early 2005, City leaders hope to conclude discussions with the property owners and Home Depot, thereby closing the gap on the high development costs that stalled the project late in 2004. For the City's part, it is possible that tax relief and other incentives may be offered to cover a portion of the construction budget deficit. The alternative, another decade of fallow land where the only activity is the chasing of illegal dumpers, is something the City does very much wish to avoid.

Also negotiated in 2004 and thereby threatened in 2005 are substantial community benefits, in addition to the direct benefits that a vibrant center would bring in terms of tax dollars, job creation and general economic activity. A walkway along the creek, provisions for infrastructure updates, affordable housing and improvements to the Little League field at the Mary C. Burke School Complex are all supported by a successful Parkway Plaza development. The City is therefore very motivated to act.

#### ***MOVEMENT ON A MYSTIC MALL MASTER PLAN***

Similarly, light was shined on the potential redevelopment of Mystic Mall in 2004. Representatives of Market Basket, the operators of a most successful supermarket at the site and owners of the property, and City officials convened fruitful development discussions after years of stalled efforts. Although a final development plan has not been agreed upon, the City points to early 2005 for such to happen.

At question is the scope of the redevelopment plan. The City admires and is proud of the success that Market Basket has enjoyed at Mystic Mall. Certainly, a renovated and, perhaps, expanded Market Basket would serve the customers and company well. Yet, with the hundreds of millions of dollars of investment that has almost quite literally touched every abutting parcel in all directions, the City cannot help but think that so much more can and should be incorporated into the site.

To further aid in the discussion about the Mall's fullest potential, the City filed for an Interim Planning Overlay District for the Shopping Center zoning district in late 2004. The IPOD, currently being considered by the City Council, could lead to a zoning change that supports and promotes the type of growth and prosperity many see for the Mystic Mall, Parkway Plaza and city. A decision on the IPOD is likely in early 2005.

#### ***FORBES INDUSTRIAL PARK PREPARING TO BE A SHOWPIECE***

An incredible vision promoted by Davis Design and consistent with the City view of the property promises a most spectacular development at Forbes Industrial Park. The 19-acre

parcel just off of Crescent Avenue and framed by the Chelsea River and the commuter rail tracks is again another property reminiscent of yesteryear and in need of substantial reinvigoration. Forbes Lithograph once operated at the site, and, in its day, was one of the largest printing companies in the region. Decades since its shutdown at the site, marginal industrial uses, including hundreds of thousands of feet of warehousing, are all that is left at the once vibrant property. Trucks, though, still rumble by the Mary C. Burke School Complex and adjoining residential neighborhood.

The property has been a City target through the Anchor Projects Program. City officials, while seeking a mixed-use redevelopment that focuses predominately on residential, have had to fend off several redevelopers who wished to overbuild on the site. To the City's great fortune, Davis Design, an accomplished architectural and development company based in Somerville, has decided to take on the myriad of development issues that exist at Forbes, while promoting a low-density, green development. Instead of as many as 600-units that the City heard from others, Davis is proposing just 225. The living experience for those fortunate to reside there, along with the enhanced public access the community will have to what has been a secluded area of the city, has many excited for the future of Forbes. Of course, the City is also seeking to offset the opposite: the potential reuse of the industrial character of Forbes that could continue to bring trucks rumbling into the site for decades more to come.

This past year, despite the incredible hurdles, the more incredible development team has pushed forward like none other was likely to achieve. Permitting activities have begun, including the City permitting the first phase of development. With City assistance, Davis has secured the approval of the MBTA to replace the one rickety bridge that provides the only access to Forbes with two new bridges. Recently, Davis purchased the property, and is moving forward for what could be a project start in late 2005.

The completed project is likely to feature its own co-generation plant, retention ponds that provide functionality and an amenity, solar-heated units and smart cars for resident use. In the grandest scheme, the adjacent commuter rail line would include a stop and a marina would provide access from the water. However, because of the great costs, low density to recover those costs and tremendous complications involved with the development, the City and Davis must continue to work together and embrace a development relationship that is far different than the traditional. Complications include environmental, structural, drainage, seawall, State zoning and Federal waterways issues, among many others. Both the City and Davis, though, are optimistic that those complications can be overcome and excited about the results that such an effort is likely to produce.

### ***THE TOOLS OF THE TRADE CONTINUE TO DO THE WORK***

The use of the City's economic development tools is well documented and very successful. The combination of the Anchor Projects Program, Sector Strategy and TIRE Program have focused City development efforts and provided insight to investors and others as to the City's priorities and likely future direction. Ample evidence is available

to suggest that the City's economic development focus as spearheaded by these tools has been an unqualified success. With that success as the foundation, the City continues to direct economic development activities with these three time-tested programs leading the way.

### ***ANCHOR PROJECTS ARE MAJOR SUCCESSES***

The Anchor Projects Program has focused intensive redevelopment efforts on three major areas, the Everett Avenue Urban Renewal District, Parkway Plaza and the Chelsea Waterfront. Each has been detailed on the previous pages. Combined, the projects have provided a level of success over the short-term that has already produced a transformation in the way the city is perceived throughout the region. Over the long-haul, each provides the potential for producing even greater results on a variety of agendas.

It is likely that the Anchor Projects areas will play a large role, for example, in the City achieving the 1,200-unit goal, as each of the three main areas of focus has the potential to host a major residential redevelopment. Even more than providing for the elimination of structural deficits, though, the projects that are currently being contemplated have the potential of pushing a rejuvenating community to the levels many before thought could never be attained.

### ***THE FOCUS ON SECTORS PROVES TO BE A GOOD STRATEGY***

The Sector Strategy focuses City business support activities on five sectors of the economy for which City officials believe the city has natural and/or well-developed advantages to attract and host additional business activity. Those sectors include: Food, Back Office, Health Care, Airport Related and Downtown Business Supports.

In 2004, the City worked with several Food companies on their needs and facility expansions, including Pillsbury Foods and State Garden Produce. Regarding Back Office, the City worked with local office owners and enjoyed some success in securing new tenancy, most notably the occupancy of more than 30,000 s.f. by Corrithian College in the city's newest office building at 70 Everett Avenue. The Health Care sector was certainly strengthened with the late-2003 opening of the Alkermes biopharmaceutical facility in the EAURD. Since that time, much effort has been directed towards additional biotech opportunities, including several meetings with property owners and representatives from the Massachusetts Biotech Council and the Massachusetts Development Finance Agency. Although not immediately fruitful, the City believes it has laid a solid foundation for future opportunities. In fact, a main figure in the facility siting process for the State referred to the city as a top spot for facility relocation. Airport Related industry has suffered from the setbacks caused by reduced passenger traffic at Logan Airport following 9/11. However, the City has facilitated several modest projects, which, although providing for only temporary occupancies, do in fact open lines of communications for future projects. Regarding Downtown Business Supports, the major project in the discipline, On-Time Mailing, opened a new, 30,000 s.f. facility on Crescent

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Avenue this past August. Not only did that project augment the sector, it resolved a long-standing problem property that impacted area residents for almost a decade.

Having now built a reputation for success in each of the sectors, the City has been positioned to attract even more companies in those sectors. Regularly, for example, the City receives interest from Food companies wishing to relocate into the community. The previous expansion of the Food Sector has created a massing, of sorts, which serves as a magnet for which more wish to become attached. Thus, the City believes that the Sector Strategy is as relevant today as it was when it was first adopted in 1996.

### ***THE TIRE PROGRAM DRIVES BUSINESS EXPANSION***

The TIRE Program saw three business project expansions receive approval in 2004: Atlas Bedding, Cataldo Ambulance and New England Sculpture Services. While the latter two were projects undertaken in previous years and just confirmed in 2004, the Atlas Bedding Manufacturing Project was completed and opened this past August. That project resulted in Atlas moving from its previous facility on Library Street to an expanded facility on Second Street. That move, along with increasing demand for their line of mattresses, resulted in company officials this past summer enjoying their best month in Atlas' 25-year history. The completion of the project has also allowed company officials and the City to discuss the potential residential reuse of the Library Street facility, a top City priority.

TIRE is a derivative of the State's Economic Development Incentive Program. EDIP allows participating communities to offer a combination of State income and City property tax relief to spur investment and job growth. The City has adopted 25 "Certified Projects" since 1996, with 20 remaining active. Among TIRE recipients are the City's largest employers, including Kayem Foods and Pillsbury, as well as those providing significant tax revenues, like the Wyndham Hotel.

In 2005, the City anticipates filing several more Certified Project applications. Current candidates include the aforementioned Catamount and Home Depot projects. Both are carrying excessive site cost burdens relating to poor environmental and subsurface conditions. Yet, both provide great promise for the city's future. TIRE is a natural to keep the city's revitalization rolling, and add two more important projects to the already impressive list of business expansions that have grown the local tax base and changed and enhanced the impression of the city.

### ***GROWING SMARTLY AND CONTRIBUTING TO A BETTER STATE***

As discussions of smart growth principles continue to dominate land use debate, the City has secured State funds to consider the impacts of growth, both locally and around the state. Locally, the City has received a \$30,000 grant to review the implications of growth in the City's Shopping Center Zoning Districts, which encompass both Parkway Plaza and Mystic Mall. City planning officials, aided by consultants, will examine development in adjoining development districts and potential projects being discussed in

the Shopping Center Zoning Districts. The results of the study could be new zoning recommendations to encourage or limit certain types of growth.

The City is also the lead municipality on a joint project with Northeastern University to examine smart growth principles in the context of 11 Massachusetts communities. A \$40,000 State grant is paying for that effort, which will assess the tools and barriers of development in those communities. The project is an outgrowth of several other projects the City and NU have undertaken jointly regarding economic development. The results will have implications on the way officials in those 11 communities manage growth, and will likely have applicability to many other communities across the state.

Also relating to smart growth, the City is participating in a regional discussion regarding the future of Metropolitan Boston. Last month, City officials were among 500 stakeholders at the third Boston College Citizens Seminar focused on MetroFuture. MetroFuture is an initiative to unite residents and advocates from across the region to better manage growth for a more desirable future. The project will produce a comprehensive regional plan and a related action plan on five critical areas: People and Communities; Buildings and Landscapes; Air, Water and Wildlife; Getting Around, and Prosperity. To advance those efforts, City officials will be making additional contributions to MetroFuture in 2005 and beyond.

## **2005 Goals**

- Promote the development of 1,200 new units of housing over the next three years to provide tax base growth of an estimated \$2.5 million in order to eliminate future structural deficits and as consistent with the City's overall Economic Development and Neighborhood Stabilization plans;
- Undertake a study of new smart growth laws adopted by the State to determine the applicability of the new laws and potential assistance new funding sources could have for future City development projects;
- Secure and begin to implement the steps necessary to realize a development plan for the Emerald Block within the Everett Avenue Urban Renewal District;
- Complete the necessary work to provide for a groundbreaking of Catamount Management's 50,000 s.f. development of a corporate headquarters for Gulf Oil and HP Hood on Chelsea Gateway within the Everett Avenue Urban Renewal District;
- Execute the necessary actions to lead to a request for proposals and a designation of redeveloper for the Chelsea Residential Overlook Project within the Everett Avenue Urban Renewal District;
- Resolve any outstanding issues, secure a final agreement and, ultimately, undertake the groundbreaking for the Home Depot project in the Parkway Plaza, while also facilitating the discussions for a Phase II redevelopment project;
- Resolve any outstanding issues and secure a final redevelopment plan for the Mystic Mall;
- Collaborate with the redeveloper of Forbes Industrial Park to secure all necessary City, State and Federal permits to lead to a residential redevelopment of the current industrial property;

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- Secure the passage of at least two more Certified Projects through the City's Tax Incentive for the Retention and Expansion of Business Program, potentially relating to the Catamount and Home Depot developments, and
- Complete the necessary work regarding smart growth grants and further the goals of MetroFuture towards promoting a regional plan to manage the region's future growth smartly.

## **FUNDAMENTALS – PUBLIC SAFETY**

### **2004 Highlights**

- Developed and advanced the work proposed in “Targeting Crime and Supporting the Community,” a 14-point plan for increasing public safety;
- Developed the plan, completed the bid activities and secured the Council appropriation for the installation of 27 fixed and mobile video cameras in the community to be connected to Police headquarters as part of the 14-point plan;
- Hired and sent to academy training four new police officers to support the 14-point plan initiatives to expand the Traffic Unit, Gang Unit and Criminal Investigation Division within the Police Department;
- Opened the Gang Task Force Substation in the Innes Family Housing Development through the cooperation of the Chelsea Housing Authority and the North Suffolk Gang Task Force and as consistent with the 14-point plan;
- Began the analysis of crime statistics to combat gang activity as called for by the 14-point plan;
- Developed and implemented the Special Tactical Operations Program to utilize special operations to target specific crimes as recommended by the 14-point plan;
- Initiated the planning on programs devised to reduce motor vehicle theft and fraud as consistent with the 14-point plan;
- Transferred the oversight of the Weed & Seed Program to the Police Department, hired a Weed & Seed Director and began efforts to re-energized the Weed & Seed Program as called for in the 14-point plan;
- Transferred the oversight of E-911 to the Office of Emergency Management and relocated the E-911 call center to the Emergency Operations Center as recommended in the 14-point plan;
- Supported the Suffolk County District Attorney's Family Justice Center and the Suffolk County Sheriff's Training Center on Crescent Avenue as part of the 14-point plan;
- Collaborated with the City Council on the adoption of new ordinances to combat gang and illegal dumping activities;
- Led regional discussions and drafted a Community Safety Initiative to address additional State and local resources targeted to prevention, enforcement, prosecution and incarceration activities in the commonwealth;
- Coordinated the City's participation in regional homeland security efforts, securing equipment, including funding for seven additional surveillance cameras, and training, as well as facilitating further discussions for the future needs of the region;

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- Acquired equipment to support local fire suppression and regional homeland security efforts;
- Undertook joint public safety agency initiatives to address illegal rooming houses, apartments and vehicles in local neighborhoods;
- Surpassed the issuance of 1,000 building permits for the first time ever, and
- Utilized in-house DPW staff to undertake street and sidewalk safety improvements.

### *Discussion*

Where public safety officers once had to *only* worry about matters within a community's borders, today's public safety focus is quite different and continually expanding. Our country's focus on homeland security has resulted in our local public safety officers being not only first responders, but also first "preventers." That is, our local forces are more involved in intelligence gathering, target hardening and initial investigation than ever before. The City and its public safety officials have embraced and, in some cases, have been leading efforts to address the region's homeland security needs.

Traditional public safety issues also have local public safety officials looking outside city limits on community safety needs. As several communities have experienced budget issues that have resulted in firefighter layoffs and fire station closings, local Fire officials have been active in ensuring the integrity of the mutual aid system that is so important to fighting fires. On the Police side, the concern of many, gangs, is more so a regional than local issue. Cooperation between jurisdictions and among levels of law enforcement have been promoted to address anti-gang efforts, again with City officials being at the forefront of the movement.

Crossover between homeland security and community safety is abounding. From improving communications and other interoperability issues, to joint planning and training, the region is better able to handle responses because of the cooperation, initiative and commitment public safety agencies throughout the region, state and country have demonstrated. More can and needs to be done, and perhaps that work can never be accomplished to its fullest, but optimism remains high, despite the homeland security and community safety challenges that are present.

No matter the scope of challenge, the City's public safety forces continue to perform professionally and admirably. That in and of itself is a tremendous accomplishment, as pressures to protect the public may have never been higher and resources to do so, in terms of manpower, continue to be jeopardized by the budget realities of the day.

Together with finances, public safety is the City's top priority. Like finances, the management and administration of local public safety functions continue to win regional and national acclaim. On issues ranging from gangs to cutting-edge video surveillance, Police officials are constantly being asked to speak to others in the region and at the FBI Academy to share local insight. The City's Fire and Emergency Management officials are organizing training exercises and providing advice on facilities and operations that are valued by their counterparts. In the public safety realm of Inspectional Services, the

word is out that the City is serious about code compliance and enforcement. While not every malady can be anticipated and prevented, the City's public safety forces are among the most prepared, knowledgeable, consulted, emulated and respected in the region. Local residents are surely the beneficiaries of their daily actions and unwavering dedication.

### ***POLICE ACTIONS ARE PROVIDING FOR A SAFER COMMUNITY***

"Plan the work and work the plan" has been a mantra by which all of City government has operated. The Police Department has not been an exception. In fact, this past year, department officials and City leaders, as encouraged and counseled by the City Council, examined the various issues impacting public safety locally. After also looking at the resources and capabilities the Police Department has to address those issues, a plan for action was crafted and advanced. "Targeting Crime and Supporting the Community," represents the City's efforts to increase public safety. The 14-point plan, reflecting a combination of Police initiatives and supports for the efforts of others, has been the basis for directed Police actions for the second half of 2004 and now into 2005.

### **Points I and II – Surveillance Cameras**

Although the grant was not secured to provide additional surveillance equipment for Chelsea Housing Authority properties, the City has moved forward on the first and, perhaps, most ambitious of the 14-point safety initiatives. Council approved \$250,000 in 2004 for the purchase and installation of 27 cameras. Those cameras would be fixed in certain locations, most notably Bellingham Square, or mobile to provide for even greater enforcement flexibility elsewhere.

Police utilize the emerging technologies to augment traditional law enforcement activities. The City will be one of the first communities in Massachusetts to utilize cameras so extensively. The cameras will allow for instant viewing of targeted areas and the recording of activities to be reviewed up to a month or more later. Instant viewing would be of value when immediate observations are necessary or helpful, for example when a call comes in regarding a disturbance in Bellingham Square. Recorded viewing could be especially valuable in reconstructing crime-scenes and identifying suspects days following the report of a crime.

Yesterday's technology typically provides for only a day or two of recorded history of a scene. By feeding into a dedicated computer server, today's new technology greatly expands the memory available. Features of the technology provide for enhanced clarity and joystick control of the cameras at their locations. The view-ability will provide for improved evidence and, therefore, better prosecution. A further benefit allows for authorized users to access the surveillance feed from computers offsite. The technology may also allow for Police to pick-up live feed from private security cameras, should a cooperation agreement exist to allow for such access.

In addition to providing instant viewing and a better record, the cameras should serve as a deterrent to crime in areas where the cameras are advertised to be operating. Among the criminal activity to be the focus of the initiative, Police hope to direct special attention to drugs, graffiti, vandalism, gangs, assault, prostitution, illegal dumping and homeland security.

The City will also be installing a series of cameras relating to homeland security, funded separately by a Federal Homeland Security grant. Currently, seven cameras will be at various locations along the port, allowing local officials and others to better observe and protect the port of Boston. The City is currently advocating for additional funding support to provide for similar protections for other critical infrastructure.

Bidding work has been completed and a variety of legal agreements are changing hands. Camera installation is a priority for the late winter/early spring of 2005.

### **Point III – An Expanded Traffic Unit**

The City established a Traffic Unit in 2001. That four-member specialized unit has had a dramatic impact on motor vehicle enforcement. However, the City believes that an expanded Traffic Unit will lead to even further gains, especially during evening and early morning hours. Presently, the existing unit works four day and one nighttime shifts. The expanded Traffic Unit, which will include the assignment of three additional officers, will allow for regular coverage during evening and early morning hours.

The expanded Traffic Unit will result in the hiring of three new police officers to backfill the new unit positions filled by existing members of the force. As has been the practice of the Police Chief, the new Traffic Unit officers will be selected from interested candidates based upon performance criteria. Each of the officers selected will be a patrolman, meaning that one superior officer and six patrolmen will comprise the fully staffed new unit.

In addition to traditional motor vehicle violations, like speeding and failure to stop at a stop sign, the expanded Traffic Unit will allow the City to continue to emphasize the control of illegal truck traffic through the city's neighborhoods. Additional activities could include regular sweeps in neighborhoods for unregistered vehicles and enforcement of commercial parking bans. The specialized unit will also augment police visibility, allow for late night public park closures, provide an additional resource for zero-tolerance efforts and enhance homeland security and crisis management needs.

In 2004, the City performed expanded Traffic Unit activities on an overtime basis. The desire was to undertake the nighttime enforcement during the summer months, when extended daylight, no school and dry roadway conditions could combine to increase the likelihood of pedestrian injury or death as a result of speeding or other motor vehicle violations. The overtime operation was necessary while new hires undergo academy and field training to permanently backfill the vacancies created by the expansion of the unit.

It is anticipated that the new hires will soon be available in March, at which time the expanded unit will be up and permanently operational.

#### **Points IV, V and VI – Expanding Anti-Gang Efforts**

The City is at the forefront of managing gang activity. That leadership has helped to quell local issues and provide support for other municipal jurisdictions and law enforcement agencies in both the State and Federal governments. Local police acknowledge that the local success could not be achieved without the substantial and regular contributions of other law enforcement entities, including the State Police, Boston Police Department, Suffolk County Sheriff's Office and the US Attorney's Office. Also contributing locally has been community-based organizations, most notably Roca.

The City is seeking to be even further proactive and increasingly more aggressive on addressing local gang activities. While ultimately Police officials wish to eliminate all gang activity, continued and better suppression is an important goal, both for the city and throughout the region. Certainly, the installation of video surveillance equipment around the city as provided for in Point I should help Police immeasurably.

A more direct focus has been placed on expanding the Gang Unit. The Gang Unit is a specialized unit presently staffed by one, half-time gang officer. Additional unit staffing fluctuates, depending upon needs and resources. Currently, there are six additional officers who, in addition to their regular duties, perform Gang Unit functions, typically on an overtime basis.

The half-time gang officer also fills a role as a half-time member of the Criminal Investigation Division. As part of Point IV and Point VII, the City has provided for the upgrading of both of those half-time positions to full-time positions. That action will be completed in early 2005 when a new hire finishes academy and local training and backfills the vacated spot in the regular rotation.

The dedication of a full-time gang officer will allow the Police to more promote local anti-gang initiatives and extend Police participation in regional efforts. The latter is important to note, as anti-gang programming increasingly requires a multi-jurisdictional approach.

Part of those goals are already being achieved through the Point V opening of a Gang Task Force Substation in the Innes Housing Development, a Chelsea Housing Authority property. The gang unit utilizes the base of operations to coordinate enforcement activities and hold regular meetings with residents. The establishment of the office away from Police headquarters in 2004 was meant to increase the gang unit's presence in the community and encourage youth and others to feel more comfortable in communicating with law enforcement professionals. The office was made possible through a collaboration with CHA and the North Suffolk Gang Task Force, including the State Police and the Boston Police Department. In addition to its local use, the State Police has been coordinating its regional gang response from the location, providing for additional

coordination between the two departments and heightened police visibility in the Central Avenue neighborhood.

Another anti-gang initiative is more technical and emerging. Through Point VI, Police criminologists are undertaking a gang activity crime analysis. Through the analysis, the department is seeking to identify geographic areas and specific persons involved with gang activity and other crimes within the city. Based upon an analysis of existing crime data, the Police hope to develop a list of repeat offenders and locations, and prioritize the same for intensive law enforcement activities. A preliminary analysis of crime data and a test of the model used to support the theories behind the targeting of individuals and locations have proven to be successful. Twelve months of data have been almost completely reviewed. In 2005, the results of the review will be used to engage a variety of law enforcement agencies in additional enforcement activities, as well as community-based organizations in support programming.

### **Point VII – Expanding Criminal Investigations**

Like the half-time gang officer, a half-time detective exists in the Criminal Investigations Division. With an emphasis by the Police and the Suffolk County District Attorney on matters involving domestic violence and sexual assault, the City has agreed to upgrade the position to the a full-time post.

### **Point VIII – A STOP to Crime**

The Special Tactical Operations Program (STOP) is being utilized by the Police to target local and regional resources on crime. Special operations often require lead-time for investigations and the coordination of several law enforcement departments. Once the lead work is completed, STOP moves from planning to operations. The Police, often aided by other jurisdictions, conduct a one-day or multi-day action, typically to address drug, alcohol or prostitution activities, as well as general warrant sweeps and zero tolerance initiatives.

Since establishing STOP, the department has undertaken several initiatives. Especially effective and noticed by local residents and neighboring communities has been the Police's effectiveness in curtailing prostitution.

### **Point IX – Motor Vehicle Theft and Fraud**

Many factors contribute to the high cost of auto insurance in urban communities. While local efforts to reduce accidents through enforcement of speeding, stop sign and other motor vehicle laws are effective, two other major factors need to and are now being addressed more directly by the Police.

To reduce motor vehicle theft, the department has re-energized its program to distribute "The Club" to owners of high theft models. Adding to the outreach that has already occurred, departmental representatives are striving to contact every local owner of a high

theft model to inform them of the free program. Police officials are also focusing on auto theft through a cooperative initiative with Attorney General Tom Reilly.

Again with the assistance of Attorney General Reilly, the department is attacking fraud, both in alleged damage to vehicles and alleged injuries to individuals. While statistics are difficult to compile, an initial analysis performed locally suggests that more vehicle damage and injuries are reported locally than might otherwise be expected. Such elevated reports might relate to fraud. Fraud has a negative impact on the experience rating in the community, thereby driving up local insurance. The department seeks to eliminate fraud, and hopes by doing so, insurance rates will also be reduced.

### **Point X – Hiring a Weed & Seed Director**

Weed & Seed is a Federal program of the US Department of Justice and co-coordinated on the local level by the US Attorney's Office. The program seeks to address areas of concern and advance "weeding" initiatives in law enforcement and "seeding" initiatives in community development. The local Weed & Seed initiative brings together law enforcement and community-based organization leaders, and provides for programs ranging from anti-gang enforcement activities to Community Schools programming.

The City has reorganized the Weed & Seed structure, placing ultimate responsibility for the programming under the direction of the Police. That move has been made to place additional emphasis on weeding activities, and provide for seeding through a community policing approach.

Weed & Seed is managed locally by an internal steering committee comprised of representatives from the Police, the Health & Human Services Department and the City Manager. Externally, the Weed & Seed Committee will be re-energized in 2005 and inclusive of a number of community stakeholders and regional law enforcement professionals.

In order to lead the program, a new Weed & Seed Director was hired at the end of 2004. Extensive planning activities have been underway over the last eight weeks. In February, a Weed & Seed agenda for the remainder of 2005 will be set and announced.

### **Point XI – Complete Accreditation**

A change in oversight on the State level regarding the accreditation process slowed the process of accreditation in early 2004. The oversight issue appears to be resolved, with the Massachusetts Chiefs of Police stepping up to take charge of the program. That leadership decision made, local accreditation appears to be on track and nearing a successful end. Department leaders hope to finalize the effort and secure an award of accreditation in June of 2005.

The accreditation program is a voluntary process, which is based upon national standards adopted by the Commission on Accreditation and Law Enforcement Agencies. The

program requires the institution of mandatory standards in the areas of police management, administration, operations and support services. Evaluated are local operations, polices & procedures and rules & regulations.

The Police achieved “certification” in 2003, meeting each of 151 standards in critical practice areas. Accreditation is the next and final level to be reached.

### **Point XII – Relocating and Expanding E-911**

The administration of the City’s emergency communications operations has been transferred from the Police Department to the Office of Emergency Management. The change in responsibility allows the Police to focus on more core policing issues and provides E-911 with the benefit of communication and emergency management experience held by OEM. The physical relocation of E-911 back to the Emergency Operations Center provides for an independent identity for the operation, while also eliminating the impact of a variety of potential distractions that can be found in a bustling Police headquarters. Technology remains at the Police headquarters to provide an important backup to the City’s E-911 capabilities.

On the personnel side, the City has expanded the number of dispatchers in the unit to insure proper staffing levels in order to maintain the critical delivery of emergency communications services. One full-time and three part-time positions have been added to accomplish this goal.

In early 2005, the relocation will be completed.

### **Point XIII – Supporting Family Justice**

An initiative of Suffolk County District Attorney Dan Conley, the City has fully supported the establishment of the Family Justice Center in Suffolk County. DA Conley’s FJC will provide “one-stop” access to law enforcement and support agencies for crime victims. Currently, a victim must travel to multiple, often-inconvenient locations and retell an incident story over and over again, no matter how difficult that story may be. Victim/witness advocates are not always available to provide direction and counsel at each location. In addition to the inconveniences of travel and coordinating appointments, basic needs, such as childcare, can complicate the process and sometimes lead to crime going unreported or recurring.

The City has pledged to support the initiative through advocacy, education and staffing. Regarding the latter, Police officials will be available on an as needed basis to travel to the Family Justice Center (on Commonwealth Avenue in Boston) to reduce the inconvenience and facilitate the process of addressing victim/witness issues.

Funding issues are still being addressed by the DA’s office in advance of the FJC’s opening.

## **Point XIV – Supporting the Suffolk County Sheriff’s Training Center**

Suffolk County Sheriff Andrea Cabral, in cooperation with the Executive Office of Public Safety, the Department of Capital Asset Management and the City, led an effort in 2004 to create a law enforcement training center at the former temporary police station once used by the Police on Crescent Avenue. The facility is being operated and utilized primarily by personnel of the Suffolk County Sheriff’s Office. However, the facility is also a resource for local training needs. Hosting the facility has also produced a side benefit, that being the re-establishment of a law enforcement presence in the area of Crescent and Spencer Avenues.

### ***COUNCIL ACTIONS ADD TOOLS***

In addition to the 14-point plan, the City Council took initiatives to strengthen and expand the reach of local ordinances to address pressing public safety issues. Council action on gang recruitment, loitering and illegal dumping serve to give the Police more tools to be used at the discretion of officers out on the street.

### ***A STATE CALL FOR A COMMUNITY SAFETY INITIATIVE***

On the local level, the City’s 14-point plan for increased public safety and Council work on ordinances are producing many desirable outcomes. However, City efforts and intensive focus have extended beyond municipal lines in the quest to achieve even greater levels of safety. In fact, the City has been a driving force behind a collaborative effort waged through the Metropolitan Mayors Coalition to secure state support for a broad initiative to address additional community safety goals. The ten municipalities in the coalition, Boston, Cambridge, Everett, Malden, Medford, Melrose, Revere, Somerville, Quincy and Chelsea, have committed to coordinate prevention and enforcement strategies to address criminal threats that impact individual communities and are now frequently crossing geographic borders.

As a result of the Metro Mayors effort, a multi-pronged proposal has been developed to advance programming in the areas of prevention and intervention, coordinated enforcement, focused prosecution and incarceration and re-entry. Meetings on the proposal have reached all the way up to Lt. Governor Kerry Healey, and appear to be gaining a great deal of momentum. A package of initiatives could be adopted in 2005 that seek to prevent and respond to issues of crime, violence and drug abuse, especially among youth.

The Community Safety Initiative provides great hope for additional local gains and represents the best efforts of City officials to lead regional and statewide debate on critical public policy needs. The City’s contributions to CSI include the expansion of local programs that have proven to be successful and the filling in of gaps that City officials have identified in local program offerings.

In the area of prevention, CSI hopes to support in-school anti-gang education, after-school programming and summer jobs. To augment current enforcement activities, CSI seeks to increase community policing, expand the number of officers focused on gang activities and provide additional resources for communities and the State Police to share intelligence and undertake joint operations. Of course, enforcement is only the first step in the process of dispensing justice. So, CSI could result in improving prosecution through the establishment of a regional task force on gang activity, dedication of special district attorneys to prosecute gang related cases and promotion of joint police/probation officer operations out in the community. Lastly, CSI hopes to advance the dialogue that has begun in earnest in the commonwealth and around the nation in the areas of alternative sentencing and re-entry programs, while also expanding the availability of drug treatment placements.

### ***PROTECTING THE HOMELAND***

City officials, sworn officers and otherwise, have been contributing to local, regional, state and national efforts to enhance homeland security. Most significantly, the City is part of the Metropolitan Boston Homeland Security Partnership. Through that initiative, the City partners with its peers from eight other communities, Boston, Brookline, Cambridge, Everett, Quincy, Revere, Somerville and Winthrop, to address homeland security issues as supported by Federal funding. In addition to planning, training and exercising, that initiative has produced tangible benefits in terms of equipment acquisition and training for local public safety officials. Most notably, the security cameras being placed along the city's waterfront and the Reverse 911 system that will be soon installed are being paid for through the Federal Urban Area Safety Initiative. Another major initiative that is likely to result from the effort addresses interoperability issues, from shared communications abilities to the similar use of equipment across municipal boundaries.

Elsewhere, the City continues to interact with public safety officials on a variety of committees and undertakings related to homeland security. Work through the Metropolitan Mayors Coalition has resulted in grant funding for additional equipment and training purchases. The Metro Fire Chiefs Association and Massachusetts Police Chiefs Association have become excellent sources of interaction and initiative. More traditional collaborations, including the Local Emergency Planning Committee and North East Municipal Law Enforcement Council, continue to grow in significance and receive local support.

The demands of extending gains being made on protection and enhancing the ability to respond in times of emergency have City officials continually engaged and, in some instances, leading area initiatives. From the City's perspective, the focus has resulted in many direct and indirect benefits for the public safety departments and the residents they serve. However, there is much more work to be done, and, to that end, the City plans to remain active in those efforts to better defend against and respond to any homeland security crisis that may arise.

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## ***FIRE DEPARTMENT EQUIPPING TO HANDLE ANY NEED***

The City's Fire Department continues to perform its traditional responsibilities admirably. In 2004, there were no fire-related deaths in the community, a tribute to the department and reflective of the department's professionalism. As fire prevention and suppression activities continue, a major priority for and by the department over the past year has been in the area of capital issues, ranging from equipment acquisition to the beginning of renovations to the Central Fire Station.

Equipment acquisition in the post-9/11 era takes on the combine responsibilities of addressing traditional departmental needs and better preparing firefighters to address homeland security needs that may arise. For example, the acquisition of new Self-Contained Breathing Apparatus, provide important masks to protect firefighters while battling smoke-filled structures. The SCBA masks also serve as protection for first responders from hazardous, chemical, biological, radiation and nuclear dangers.

Similar equipment acquisitions have the dual purpose of addressing fire suppression needs and being available in the worst of situations. Water rescue equipment, radiation testing meters and portable radios that allow firefighters to communicate between departments during mutual aid runs all enhance the local department's capabilities. Local communications have been improved with an upgrade of the radio communications line. Each firefighter was issued a Personal Alert Safety System device that allows for firefighters to be located in burning buildings or other conditions when visibility is reduced.

Certainly, the biggest dollar item on the department's capital agenda this past year has been the complete renovation to Central Fire Station. During almost all of 2004, the Fire Station Building Improvement Committee has been busy planning for the \$1.3 million project. Included in the work are health, safety and accessibility updates, bringing the building in compliance with all applicable building codes. In total, the improvements represent the most substantial renovation of the fire station and departmental headquarters ever made. The renovations are expected to be completed by April, 2005.

Work has just begun on Central, but much work was done in 2004 to prepare the temporary headquarters and fire station to allow for a relocation of all personnel out of Central. Fire officials helped to make that transition as smooth as possible. As much credit, though, goes to the DPW staff that transformed a former machine shop into acceptable quarters. That worked saved the City hundreds of thousands of dollars and allowed for the Fire Department to exercise more control over the process. The temporary fire station at the former Prattville Machine building on Beech Street is a testament to the team work that is regularly performed and embraced by and between City departments.

Aside from the capital aspects of the department, and in addition to helping to produce another year without a fire-related death, the department was most busy on Fire prevention issues. With the figurative explosion of building permits locally, department

officials were busy on plan reviews and inspections. Perhaps the highest profile efforts, though, centered around actions leading to four arrests on arson cases, including one individual who terrorized the business district with seven fires set during a twelve-month period.

The leadership of the department is also helping to promote the safety of the region. As mutual aid is threatened by the budget cuts of communities in the network, department leaders have had to work with their peers to develop new protocols for future mutual aid responses. Especially important in 2005 are issues of interoperability, especially for mutual aid and homeland security needs. Local leaders are helping to manage those issues.

### ***E-911 REOCCUPIES THE EOC***

As noted in the 14-point plan for increased public safety, the administration of E-911 operations has been relocated to the Office of Emergency Management. OEM has handled the transition nearly flawlessly, not only taking over responsibility for personnel matters and administration, but also working on the details to relocate the E-911 call center to its former home at the Emergency Operations Center. A host of issues still remain to be resolved in 2005, but OEM personnel are clearing item after item to ensure that a professional atmosphere and concurrent performance become part of the new E-911 operation.

### ***ISD AND DPW DO THEIR SHARE OF PROTECTING THE PUBLIC***

Civilians who are providing critical links to a safer and rejuvenating community are also making important contributions on the Public Safety agenda. Inspectional Services and Public Works professionals continue to serve the community with just such a goal in mind.

ISD continues to act on its own and collaborate with the Police and Fire Departments on critical public safety issues. Inspectors not only focus on the routine process of conducting annual inspections, but also remain committed to addressing a host of building code and occupancy issues that threaten individuals and neighborhoods. A continuing crackdown on illegal apartments and rooming houses is best reflective of the initiative of ISD and the cooperation ISD has fostered with the City's other public safety departments. That cooperation has led to coordination which has in turn led to an increasing reputation for the City being among the most aggressive on illegal occupancies. Joint weekly inspections by ISD and the Police Department and communication between the Fire Department and ISD on the suspicion of illegal occupancies are examples of the combined efforts of the City's public safety officers.

ISD and the Police Department have also focused on illegal vehicles, leading to the removal of more than 100 such vehicles in 2004. That effort ensures that unsafe cars are not on the road, reduces the incidence of vandalism, and opens up parking in congested neighborhoods for law-abiding residents.

Inspectors continue to work diligently on weekends attacking safety and quality of life issues. In 2004, that effort generated close to \$90,000 in fines, although the dollar figure is not as significant as the benefits accrued in the neighborhoods through the compliance activities.

For the first time ever, more than 1,000 building permits were issued in 2004. More than \$32 million in construction activity was process by ISD during the same period. Several of those projects were the renovation of unsafe and dilapidated structures into new housing units.

Plowing of streets is typically considered a routine occurrence. However, this current winter has put local resolve to the test. The cadre of snowplow operators, led by the local DPW contingent, has made substantial sacrifices to keep the City's streets passable and safe, especially during last month's record snowfall. In addition to plowing of streets, the regular maintenance of the City's infrastructure cannot be taken for granted either. Once seemingly not performed, DPW workers have become especially adept at taking on in-house projects to improve walking and driving surfaces. As an example, the failing brick sidewalks in Cary Square that were trip hazards and dangerous for vehicles to cross were replaced by DPW initiative. In support of public safety, DPW craftsmen were able to retrofit a former industrial facility to serve as a temporary headquarters for the Fire Department while the major renovation of Central Fire takes place.

### **2005 Goals**

- Complete the remaining 14-point plan initiatives, including the installation of cameras; training of officers to allow for the expansion of the Traffic Unit, Gang Unit and Criminal Investigations Division; analysis of crime data relating to gang activity; development of programs to combat motor vehicle theft and fraud, and completion of Police accreditation;
- Facilitate the State level discussions on the Community Safety Initiative and secure passage of component parts of the plan;
- Participate in regional initiatives relating to homeland security;
- Continue the dialogue with neighboring communities on issues of mutual aid and departmental interoperability, especially among Fire departments, and
- Complete the relocation of the E-911 functions to the EOC.

## **FUNDAMENTALS – NEIGHBORHOOD ENHANCEMENT**

### **2004 Highlights**

- Overseen the greatest percentage increase in residential property values in Eastern Massachusetts over the past five years;
- Addressed vacant and blighted residential properties through the threat or actual use of receivership;

- Promoted the plans to remove industrial/residential conflicts from various neighborhoods, including the conversion of the Emerson Textile Building into the Spencer Lofts;
- Abated targeted problem properties on Crescent Avenue by encouraging the development of the On-Time Mailing and CAPIC Head Start facilities;
- Advanced the plan to address oil odors in the Lower Broadway neighborhood;
- Created the “Cleaner Chelsea Initiative,” an 8-point plan to abate blight and litter throughout the community;
- Secured pledges from businesses and advanced City efforts to control and eliminate graffiti as provided for in the 8-point plan;
- Installed more barrels in the Downtown and other business districts as part of the Business District Litter Initiative created in the 8-point plan;
- Expanded community cleanups to a second day as called for in the 8-point plan;
- Established a pilot Business Improvement District in Cary Square and worked with stakeholders to identify and address the needs of the area;
- Completed infrastructure projects that improved parks, streets, sidewalks and utilities in a variety of neighborhoods;
- Planted more than 50 trees on Pearl and Fifth Streets and elsewhere throughout the community;
- Protected unwarranted development in neighborhoods through zoning actions, and
- Began the study of the Spencer Avenue neighborhood to review and potential add development guidelines to manage residential growth there.

### *Discussion*

Evidence abounds as to the impact of the City’s attention to neighborhood enhancement, including: improving infrastructure, the elimination of problem properties and the abatement of blight. Perhaps most quantifiable is the record level of investment that has driven residential property values to their highest points ever. The latter provides a concern in regard to the preservation of affordability within the community, but it otherwise signals the reversal of the flight from the city that took place in the 1970’s through the mid 1990’s. Here in the 2000’s, people with the resources to live almost anywhere are now choosing the city to make their investment and, more importantly, their home.

While the Financial and Public Safety Fundamentals necessitate the City’s most dominant focus, that focus is arguably to allow the City to promote Neighborhood Enhancement. The connectivity of the Fundamentals means that City attention in any one area is likely, in fact even expected, to have an impact on other areas as well. Solidifying local finances so that the City can make infrastructure investments in neighborhoods and addressing crime in increasingly more effective manners do have an impact on Neighborhood Enhancement. Continuing investment, therefore, is a credible measuring tool to determine the value of the City’s focus on the Fundamentals.

Of course, part of the City's overall philosophy is to continue to search for problems and work long and hard to find answers. So, while, there are still problems that need to be resolved, the City has solutions or remains at work to address the needs. Of course and unfortunately, some, and only a very few, may be fundamentally unsolvable, like parking in crowded neighborhoods. But even then, City policy can and does attempt to make the best out of a bad situation.

Overall, all the City's agents understand that Neighborhood Enhancement and its companion, Community Development, are the ultimate goals that City policy and administration strive to achieve. Like the half a dozen or so years preceding it, 2004 built upon the improvements made in past years to produce even stronger and more long-lasting gains in the name of Neighborhood Enhancement. While the achievement is rewarding to recognize for City officials, it is downright necessary for the residents living in the city's neighborhoods. Thus, City officials continue to ask, plan and act to address those issues still remaining.

### ***CONTINUING THE ABATEMENT OF PROBLEM PROPERTIES***

Problem properties are those that have a negative impact on their host neighborhood. They can be residential, from vacant or troublesome residences; commercial, including those whose operations produce noise, odor or other noxious impacts, or land that may be strewn with trash, weeds or junk. Problem properties can be the most visible in the community, and can be the cause of general disinvestment in other properties that are neighboring. Locally, though, through intensive focus, deft planning, sheer determination and consistent approach, abating problem properties has proven to be one of the most visible signs of the City's success in encouraging neighborhood enhancement.

In 2004, the City achieved even greater success in abating problem properties and laid the foundation for even more achievement in 2005. In almost every circumstance, the obstacles to success were many, but the commitment by the City's elected and appointed officials to overcome those hurdles helped to carry the day.

### **PROBLEM PROPERTIES - HOUSING**

There is a "chicken or egg" question that can be debated about the red-hot housing market that has engulfed the City. Average property values have increased by 171% over the five-year period from 1998-2003. That is by far the highest percentage increase of the 147 communities in Eastern Massachusetts. Media accounts of the attractiveness of the city for investors are regular, including the most recent in the January 10<sup>th</sup> edition of *Banker & Tradesman* that suggested that Chelsea is the hottest residential location in Metropolitan Boston. The development of a budget balancing strategy that counts on 1,200 units of housing production over the next three years is a result of the city's newest and elevated place in the regional housing market. No less than six major housing investments are under discussion currently.

Are neighborhoods improving because investment is pouring in, or is investment pouring in because neighborhoods are improving? After all, gone are the major scourges of neighborhoods in the past, including the Skeleton Building, fire-ravaged YMHA, Marlboro Street drug-house and dozens of other problem properties in residential neighborhoods. Those complicated abatement efforts were years in the making and undertaken in times when market conditions were not so favorable. Arguably, then, it could be said that the revitalization of many of the local neighborhoods could not have taken place without the active and persistent effort of City agents and their counterparts in community-based organization. There is no denying, though, that today's investment environment has made it easier to attract private interest to address the few vacant and dilapidated buildings that still exist.

In fact, private parties undertook many gains on targeted properties for City action in 2004. A total of 43 units have either been redeveloped or are in the process of obtaining building permits on Broadway, Cary Avenue, Chestnut Street, Gerrish Avenue, Grove Street and Washington Avenue. That occurrence suggests that a shift in the City's role may be in order, allowing for more of a focus on compelling uncooperative property owners to dispose of property rather than spending as much time coordinating the actual rehabilitations.

Nonetheless, even with private individuals finding the right incentive to update underforming properties, there are times when the City's role has had to be more extensive. Two properties put through receivership have been successfully redeveloped and occupied this past year. A three-family on Chester Avenue is providing affordability for three families. The second, at 33 Franklin Avenue, has been a focus of the City's for almost a decade and is a good example of the efforts necessary to secure improvements and occupancy.

A building that was unoccupied and in a serious state of disrepair, the two-family on Franklin Avenue was a blight in what is otherwise a very desirable neighborhood. Through City action with its housing partner, Chelsea Restoration Corporation, the latter was appointed receiver of the property. After much work to bring the dwelling up to livable standards, the property was auctioned off with an owner-occupancy covenant attached. The property is now a contributing asset to the neighborhood. Of additional benefit, after all the costs were paid on the renovations and management of the property, the City was also able to recover approximately \$88,000 in back taxes and fees.

The Franklin Avenue example is one of persistency and focus. It demonstrates that a real strength of the City has been the ability and resolve to get vacant properties occupied, to get substandard buildings brought up to code and to get troublesome neighbors into conformance with community norms. The leadership demonstrated by the Planning & Development Department, and supported by the efforts of the Inspectional Services, Police, Fire, Law and Treasury Departments and a host of community partners, has resulted in more than 100 vacant and substandard units now contributing to the rejuvenation of the community.

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## **PROBLEM PROPERTIES – NOXIOUS BUSINESS**

The face of business in the community continues to change, and many, including the City, like what they are seeing.

Perhaps the most aggressive action the City has undertaken is the establishment of the Everett Avenue Urban Renewal District. Through that action, many blighting and substandard business structures have been replaced by new development, thereby leading the rebirth of the city's commercial base and overall community revitalization. The City will seek to extend that rejuvenation in 2005 by concentrating on the Sixth and Heard Street areas. The "Chelsea Residential Overlook Project" will aim to completely eliminate the industrial presence in that area, replacing the blighting and substandard buildings abutting Route 1 with a gleaming residential development. A successful project will be a powerful demonstration to the tens of thousands of motorists who drive Route 1 daily and other observers that the city's revitalization continues unabated.

Not all of the City's success on addressing problem properties relating to business is so visible. At least one, the conversion of the Emerson Textile Building on Spencer and Webster Avenues, is nonetheless a terrific story. The project, as envisioned by the City several years ago, was meant to address an industrial/residential conflict in what the City wanted to preserve as a residential neighborhood. By doing so, not only was the negative use removed, but also a fight over what could have been a more detrimental industrial use that could have reoccupied the building was avoided. The City's philosophy of heading off more problem properties before they can take root was clearly successful in the EMTEX case. In its place, 100 lofts have been sold in the renovated manufacturing facility. That development and the promise of a similar redevelopment of the former Mary C. Burke School and potential residential plans for the former National Guard Armory could result in over \$40 million of residential investment in what will surely be a more attractive residential enclave as a result.

Two other successes were front in center in 2004, both on Crescent Avenue. The opening of the On-Time Mailing facility cut by two-thirds the ability of the sweeping company that owned the land to continue operating in a manner that neighbors found unappealing and the City found illegal. While court fights had been active for years, with even more years of legal squabbles likely to follow, the City was able to provide a tax incentive for On-Time to acquire and clear the problem property. Neighborhood residents and City Councillors hailed the On-Time opening this past August as a creative solution to abate a problem property.

Just down the street, the CAPIC opening of its new Head Start facility took an old warehouse that could have been reactivated in a neighborhood and converted it into a new home for the nationally recognized early education program. Neighbors could not be more pleased. Regarding both the CAPIC and On-Time properties, one can only imagine the frustration, legal wrangling, great expense and negative neighborhood impacts industrial projects could have had in their place.

The basis for today's industrial/residential conflicts lies in yesterday's zoning, or seemingly lack thereof. In older urban communities, especially those defined by the Industrial Revolution, it was not only unusual, but also actually encouraged, to have housing built near industrial buildings. Industry needed workers and workers needed to be able to walk to their work sites. Today, though, at least this City has been trying to remove industrial uses that are no longer warranted in what should otherwise be very livable neighborhoods.

In 2005, in addition to the aforementioned residential project in the EAURD, the City is working with its long-valued community-based residential partner, Chelsea Neighborhood Housing Services, on the conversion of Gerrish Avenue from a mixed, industrial/residential area, into a new residential neighborhood. On the City's end, the City is prepared to commit a million dollars or more in infrastructure improvements to upgrade the area. Other financial and zoning support may also be offered to encourage a new residential development that will feature mixed income housing.

The City is especially buoyed in its efforts on Gerrish Avenue by the work of its State Legislative delegation and other State officials to help encourage such conversions through the enactment of a District Improvement Financing Program. Through DIF, the City can finance acquisitions and infrastructure improvements through bond anticipation notes. DIF also provides the City with eminent domain powers should such be necessary.

In 2004, City officials and the Board of Health dedicated a great deal of energy and strategy towards resolving a problem that has plagued the Lower Broadway neighborhood for generations. The City and BOH are close to announcing an agreement with Global Oil, operators of the Broadway oil facility, that will provide for the installation of state-of-the-art vapor recovery systems to augment the work that has already been performed at the site. Removing the oil odor that impacts the most sensitive noses in the neighborhood has been the City and BOH's top priority. The effort will likely result in equipment installation this summer. Additionally, the City and BOH, financed in part by Global, are undertaking a study of other odor sources for additional remediation actions. The City is appreciative of the outstanding work of its citizens board, as well as the commitment being made by Global Oil as a responsible neighbor. Similar, City Council action has been tremendous and contributory.

Efforts to "think outside the box" are not new to the City. Projects like Cataldo Ambulance and New England Sculpture Services, both of which received final tax relief approvals by the State in 2004, have removed problem properties and prevented others from springing up. The City and City Council have been aggressive in addressing problem properties and will continue to do so to promote the further transformation of neighborhoods and revitalization of the community.

### ***KEEPING CHELSEA BEAUTIFUL***

The City's affiliation with the nationally acclaimed Keep America Beautiful (KAB) organization continues to help local stakeholders Keep Chelsea Beautiful (KCB).

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Through KCB, the City has continued community efforts to attack the blighting influences of vacant lots, graffiti and litter. KCB is supported by a number of City agencies and community organizations, as well as scores of individual businesses and residents.

Much progress has been made on beautification efforts, but all that are involved recognize that the job is not done and more needs to be accomplished in the areas of remediation, advocacy and education. To focus City action and continuing stakeholder support on the issues of eradicating blight in all its forms, the City has developed and begun to implement an 8-point plan: "The Cleaner Chelsea Initiative."

### **POINT I - FORMING A TRASH DISPOSAL ALTERNATIVES COMMITTEE**

The Trash Disposal Alternatives Committee will be organized in early 2005. Comprised of City Councillors, City staff and local residents, the committee will be convened to understand, discuss, compare and, if merited, recommend a better way to manage the residential trash disposal process.

The need for the review is a result of the frustration City officials and residents in their neighborhoods experience over the improper manner in which trash is placed out on sidewalks for pickup. Those who utilize barrels are less likely to be contributing to the problem. However, those utilizing bags, especially flimsy bags or those not designed to be used for the disposal of trash, are major sources of consternation. Trash often is falling out of the bags, or tear when they are being picked up. Collectors make an effort to clean what has fallen out of bags, but often it is not possible for them to clean the mess entirely. The result is on trash days and just after, the trash-strewn sidewalks and streets create blight in neighborhoods. This is especially problematic when the City suspends street sweeping during the winter months.

Some have suggested that the City needs to clean more. That rationale ignores the source of the problem and is more reactive than proactive. The City has long operated a street sweeping program and has added a fleet of MadVacs to perform more efficient cleanup operations. With dozens of open or torn bags in neighborhoods spilling out their contents, it is the City's feeling that a more uniform and enforceable process of putting out trash could have a more proactive and sustainable impact on the blighting issues.

One alternative that the City favors is to require that all trash be placed out in barrels, and that barrels cannot be overflowing. Another alternative that has been gaining in popularity in Massachusetts is a "Pay-as-You-Throw" program. Under PAYT, only special bags purchased through the municipality or its vendors would be picked up on trash day. Thus, the quality of bag is ensured. Additionally, PAYT provides an incentive to reduce the amount of solid waste being discarded through recycling.

Representatives from the Massachusetts Department of Environmental Protection will be called in and public outreach will be performed to help the committee generate informed

and educated decisions regarding the range of alternatives. A report will be produced and brought to the full City Council for review before any new policies are adopted.

## **POINT II – ATTACKING GRAFFITI**

The City has maintained a Zero Tolerance on Graffiti on all municipal buildings and public properties. In 2003, the City, through Keep Chelsea Beautiful, introduced a Zero Tolerance Pledge asking businesses to commit to the local fight against graffiti. More than 50 pledges were offered to remove graffiti from buildings and to increase vigilance on properties that have been victimized. The effort to secure business cooperation was renewed this past summer. Additionally, the City has taken to communicating with other business owners and individual dwelling owners, typically investors who do not reside at the property, to give them a “friendly reminder” about the need to abate graffiti before enforcement actions take place. The combined approach has continued to reduce the amount of graffiti in the community.

## **POINT III – ESTABLISHING A BUSINESS DISTRICT LITTER INITIATIVE**

Beautification of core commercial areas and those less traveled begin with controlling litter. Through the Business District Litter Initiative, the City has added more trash receptacles, especially in the downtown, for proper litter disposal, and will seek the participation of store operators and property owners in cleaning and maintaining their properties. Through the trash receptacle initiative, the City purchased and installed attractive, yet durable trash receptacles in the downtown, providing more opportunities for patrons to properly dispose of trash. The early review of the program suggests the effort has been successful. Regarding encouraging responsible parties to clean in front of their properties, the City, through Keep Chelsea Beautiful, and a community partner that will be sought will contact all parties in targeted areas, and especially target major generators of litter, to secure pledges to keep their properties clean. Both actions will be part of discussions the City has in establishing Business District Improvement Plans throughout the community. The initiatives should reduce litter, reduce the time litter remains on streets and sidewalks and improve the image of each business district, thereby promoting further patronage and investment.

## **POINT IV – ZOOMING IN ON ILLEGAL DUMPING**

Like many, if not all communities, illegal dumping is a source of blight and frustration locally. Taking advantage of a benefit of the 14-point plan for increased public safety recently offered by the City, Police and Inspectional Services Department, officials will identify designated hotspots for illegal dumping and utilize mobile surveillance equipment to catch the dumping scofflaws.

## **POINT V – ADVANCING A RECYCLING ENHANCEMENT PLAN**

The local recycling rate is a woeful 5%. Should action be taken on Pay-as-You-Throw or a like system, a positive by-product is likely to be an increased participation in recycling.

To promote better education, the City will seek to engage interested community advocates in raising the level of awareness to recycling. As part of that effort, the City will unveil a recycling participation lottery that will serve to reward those who currently recycle and motivate others to want to recycle in the future. The City seeks to increase the recycling rate to 8% by the end of 2007.

#### **POINT VI – PROMOTING COMMUNITY CLEANUP DAYS**

The City currently participates in the Great American Cleanup held every spring in conjunction with the national effort led by Keep America Beautiful. This past May, 250 volunteers logged approximately 1,000 volunteer hours and collected an estimated 9,000 pounds of litter and debris at 10 sites around the city. So successful has been the annual effort that the City, through Keep Chelsea Beautiful, conducted the first annual Fall Community Cleanup in conjunction with the national “Civic Participation Week.” The two cleanups have had a substantial impact on abating graffiti and cleaning up vacant lots. In 2005, cleanup activities will also include beautifying sites with plantings.

#### **POINT VII – ESTABLISHING THE CHELSEA BEAUTIFICATION AWARDS**

The City seeks to encourage more stakeholders to undertake their own beautification efforts. Many, however, are already doing their part. In order to recognize those who are motivated as well as those who motivate others to take part in the beautification of the community, the City, through Keep Chelsea Beautiful, will sponsor the Chelsea Beautification Awards. CBA’s will be given to residents or others who display admirable effort, success in or commitment to maintaining properties, recycling waste, and volunteering their time to beautify the city. Those awards will be presented as part of the Fall Community Cleanup program.

#### **POINT VIII – ADVOCATING FOR STATEWIDE POLICY**

In addition to advocating for programs and regulations to attack litter and blight on the local level, the City will commit to advocating for statewide initiatives that address litter and blight throughout the commonwealth. The first such effort comes as a result of examining the litter on local streets and those in other communities. The City has advocated for a scratch-ticket return policy and will advocate in 2005 for an extension of the bottle bill to water, juice and other bottled drinks. The City believes the success of the present bottle bill on eliminating cans and bottles from street litter can provide similar success on addressing the street litter caused by non-refundable drink containers and scratch tickets. Legislation has been offered in the past and will likely be refiled at the State House to extend the bottle bill to other bottled drinks. KCB hopes to be active in the debate when the issue is heard again.

#### ***ENACTING THE YARD PROGRAM***

Consistent with the City’s efforts to address blight in neighborhoods, the Yard Program has been developed. Yard seeks to promote the sale of smaller, unbuildable City-owned

lots that are scattered in several neighborhoods. Candidly, the City is not equipped to properly maintain the handful of such lots that currently exist. Often, the parcels have been used for illegal dumping. Through Yard, though, the City hopes to sell those properties to abutters, thereby helping to put the parcels into the hands of property owners who can better care and certainly have better uses for the now fallow properties. The regulations were finalized in 2004, with dispositions to take place in 2005.

### ***REMEMBERING SMALLER BUSINESS DISTRICTS***

The Anchor Projects Program provides intensive economic development focus on major development areas of the city. However, smaller business districts existing in many neighborhoods could benefit from City attention. To examine how City policy and local neighborhood participation could help improve the look and success of a neighborhood business district, the City embarked upon a pilot Business District Improvement Program in Cary Square in 2004. Several meetings initially led by the City have resulted in a program of action for improvements to Cary Square, and have spun off a group that continues to meet on other initiatives that could take place. As a result, the failing brick sidewalks in Cary Square have been removed, a tree grant has been applied for to replace missing trees and an intensive focus on vacant properties has resulted in multiple strategies to promote occupancy. Neighborhood advocates and business owners in the district are talking about celebration days and other public happenings that could breathe additional life into the commercial Cary Square while also leading to the greater rejuvenation of the residential areas it serves.

In 2005, the City will undertake another Business District Improvement Program initiative in a small business district outside of the downtown.

### ***IMPROVING INFRASTRUCTURE A TOP PRIORITY***

An important source of neighborhood enhancement is infrastructure improvements. For almost a decade, the City has adopted an annual Capital Improvement Program and, through the CIP, invested tens of millions of dollars into utilities, streets and sidewalks and parks, among several program areas. The results are that neighborhood infrastructure continues to be upgraded, and, in some cases, public properties that were once contributing to blight are now contributing to rejuvenation.

An example of the latter is the Highland Slope. Largely completed in 2003, landscaping was added in 2004. Additionally landscaping will take place in 2005. The slope was not only a problem property as identified by the City, it was the City's. An unused and unpaved portion of Highland Street, the slope has a severe grade. Pedestrians used the slope, although the dirt hill was difficult to traverse. Now, the Highland Slope has stairs and handrails, as well as a manicured landscape.

Infrastructure projects through the CIP and grant sources have provided for the upgrading of a number of smaller green spaces. This April, the City will formerly open the Mace Tot Lot on Crescent Avenue as another improvement of park facilities in local

neighborhoods. Additionally, work funded through City sources for Chelsea Housing Authority tot lots should also be completed in 2005. Improvements to Voke Park will begin this year as well.

A major focus of infrastructure work this past year was around the new Spencer Lofts. City policy is to add public investment in the form of infrastructure work around private investment being made in neighborhoods. Spencer Avenue, Webster Avenue and Dudley Street were upgraded around the Spencer Lofts this past year. City officials and Spencer Loft residents are talking about the possibility of a street fair in 2005 on the newly surfaced Dudley Street.

Additional work on the multi-year, multi-phase Powderhorn Hill Drainage Project also occurred in 2004. Villa Street drainage work was completed, while the long anticipated Crescent Avenue drainage project got underway. That project is a major undertaking, and is the last phase of work to resolve the flooding along Crescent Avenue that has often engulfed cars in the worst of storms.

More than fifty trees were planted on Pearl and Fifth Streets, thanks to a State grant. In 2005, if the City is again successful in securing a State grant, 51 more will be planted along Upper Broadway, in Cary Square, on Chestnut Street and around the Spencer Lofts. Private parties and the Chelsea Green Space and Recreation Committee are also stepping up to raise money for additional plantings in the community, including in the Waterfront and Cary Square neighborhoods. The City is most appreciative for their efforts.

The FY'06 CIP will continue to make improvements to streets, sidewalks and utilities. The major focus will be on Crescent Avenue, where a \$700,000 commitment in FY'05 will be supplemented with another \$2,400,000 in FY'06. The combined work will improve drainage that impacts neighborhood residents, replace one of the worst driving surfaces in the city and promote additional economic development activities in the future.

### ***ZONING ENHANCES AND PROTECTS***

Advancing, as well as preserving, the neighborhood gains being made has been the task of the City's Zoning and Planning Boards. Those boards, along with staff assistance from the Planning & Development Department, have held the line against dozens of requests from dwelling owners to convert two- and three-family homes into a larger number of units. Other proposals, like establishing convenience stores in neighborhoods, have been turned down as well. All proposals have been judged against the goal of making the City's neighborhoods more attractive and livable.

That, however, is not to say that growth is not taking place in neighborhoods. The Spencer Avenue neighborhood, for example, is seeing a tremendous amount of investment and the addition of as many as two hundred units of housing. While the projects at the Spencer Lofts, National Guard Armory and Burke School appear to be solid efforts at removing the presence of industrial and institutional uses from the residential area, City officials are taking the extra precaution and studying the impacts

these projects could and will have. Zoning recommendations could be forthcoming from that review.

So, too, could new zoning be produced as a result of a smart growth review that is about to be undertaken in the City's Shopping Center Districts. Funded through a State smart growth planning grant, the City will be examining if zoning changes should be made to ensure that future development in the districts is consistent with and help promote development in adjoining districts and throughout the community.

### **2005 Goals**

- Address the industrial/residential conflicts in the Sixth Street and Gerrish Avenue neighborhoods by encouraging the residential conversion of the industrial properties in those neighborhoods;
- Finalize the odor control agreement with Global Oil and secure the installation of odor control equipment to improve the air quality in the Lower Broadway neighborhood;
- Complete the remaining items on the 8-point plan on a cleaner community, including organizing the Trash Disposal Alternatives Committee; controlling litter through the Business District Litter Initiative; utilizing cameras to address illegal dumping; increasing the rate of recycling; developing a community award program, and advocating for State policy to increase recycling of nonrefundable drink containers and scratch tickets;
- Finalize the Yard Program and dispose of surplus City-owned parcels in neighborhoods;
- Undertake another Business District Improvement Program in a small business district outside of the downtown;
- Continue infrastructure improvements in neighborhoods by advancing a CIP for FY'06, and
- Review zoning studies to determine if amendments to the zoning ordinance would maintain or provide for greater rejuvenation in the community.

## **FUNDAMENTALS – COMMUNITY DEVELOPMENT**

### **2004 Highlights**

- Facilitated improvements to Carter Heights and ensured continued affordability in the 108-unit development;
- Assisted Chelsea Neighborhood Housing Services on refinancing its housing portfolio to free up \$2 million for capital improvements to its existing portfolio and to provide additional resources for future affordable housing activity;
- Created nearly two dozen new affordable rental and ownership units in scattered sites around the community;
- Aided in securing the final approval of Federal project based subsidies to allow for HarborCOV's 24-unit supportive housing development to move into construction at the former Wells Fargo Building on Washington Avenue;

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- Secured the final agreement providing for affordability in 16-units of the 23-unit redevelopment of the former Mary C. Burke Schoolhouse and moved the project into the permitting process;
- Permitted a 23-unit affordable housing development at the Till Building on Broadway and supported an application for State tax credits;
- Received the first contribution to support the City's Affordable Housing Trust Fund;
- Facilitated HarborCOV's acquisition of the former CNHS and Cottage Manor Nursing Home property and coordinated permitting to convert the building into program space and shelter for survivors of domestic violence;
- Supported the Summer Youth Employment Program that resulted in 250 jobs for local kids, and advocated for the expansion of the program statewide;
- Coordinated the offering of a pilot program to combat youth violence;
- Compiled statistics to aid local organizations in applying for grants to support youth services;
- Collaborated on the construction and opening of the CAPIC Head Start facility on Crescent Avenue;
- Secured commitments from Home Depot developers to provide infrastructure improvements, including restrooms, concession stands, lights, bleachers and fences for the Little League fields at the Mary C. Burke School Complex, to construct a walkway along Mill Creek and to aid in the establishment of affordable housing as part of the Parkway Plaza redevelopment;
- Reconfirmed the commitment of the Admirals Hill developer to make improvements and expand the walkway at Island End River;
- Replanted the playing surface and improved the irrigation system at Highland Park to improve conditions for soccer play on the field;
- Expanded the Community Schools offerings, including assisting in the establishment of the Chelsea Young Marines Program as led by a member of the City's Fire Department;
- Achieved the targets established under the No Child Left Behind Act, one of only three urban school districts in the state to fully comply with the provisions of the act;
- Received a Commonwealth Compass School designation for the Hooks School, reflective of that school's achievements on MCAS improvements;
- Collaborated with community partners to undertake the Chelsea Earned Income Tax Credit Program, aiding 250 tax filers and securing \$200,000 in tax returns;
- Advanced Senior Center efforts to secure accreditation as a means to ensure quality programming for local seniors, and
- Encouraged the expansion of community sponsored arts events.

### ***Discussion***

As previously noted, the balancing of budgets is meant to then allow City government to improve the quality of life in local neighborhoods and to afford the residents of those neighborhoods an opportunity to experience self growth, individually and as a community. Community development is indeed challenging these days. The needs seem to be constantly expanding, while resources to meet those needs seem ever-shrinking.

Despite the modest financial resources in the community, there are tremendous “people resources” that are at work producing success after success in the city.

Among the good fortunes of the City, there exists in the community an extensive and accomplished set of non-profit organizations that strive to promote individual and family development. Those community-based organizations are stakeholders in a better life for those they services and all the city’s residents.

While the City continues to prioritize efforts that improve the opportunities for local residents to enjoy better and more fulfilling lives, achievements could not be advanced without the cooperation and, in many cases, the leadership of its partners in those community-based organizations. City efforts in areas like affordable housing, domestic violence, youth services, recreation and more have been and continue the promise of being more effective because of the holistic approach of all the city’s stakeholders to embrace and further strengthen the already strong collaborations that have provided so much success.

The basis of the community development work that is being produced by the City and its partners is a common commitment to the beneficiaries of the collaboration: local residents. Although many of the issues confronting City and community leaders are societal matters that are difficult to completely address in a tiny, 1.8 s.m. community, the efforts being waged locally are models that others around the region, state and country are taking notice of and, in some cases, emulating.

### ***AFFORDABLE HOUSING REMAINS A PRIORITY***

The city hosts the fourth greatest percentage of affordable housing in the state, behind only Holyoke, Springfield and Boston, and almost 100% more than the statewide average for affordable housing, 17.8% vs. 9.1%. Despite that record of achievement, affordable housing remains an issue for which advocates press, the City and its affordable housing partners pursue and many local residents need addressed.

Maintaining, let alone expanding, affordable housing in a burgeoning marketplace is an incredibly difficult feat. The city is among the tops in the region in terms of property value growth over the past five years. That is understandable in a rejuvenating community. Each successful effort, be it in housing or across the community revitalizing agenda, seemingly brings more attention to the still relative bargains that exist in local home values compared to those in other places that are also desirable. Yet, while new people with the means to buy or rent in many locations chose the city, others with more limited means are finding it increasingly more difficult to afford the city. Thus, the newspaper stories of the city being a price alternative to Boston, Cambridge and Somerville, at the same time that other newspapers suggest that those priced out locally are now looking towards Lynn.

The City is not an affordable housing developer, per se. Instead, the City provides leadership, financial support and technical assistance to aid its community housing

partners in preserving existing and creating new affordable units. City actions are led by the Planning & Development Department, as ably assisted by the Law Department, Treasury and Inspectional Services Department, depending on the various challenges that an affordable housing strategy requires. Regarding the City's affordable housing partners, Chelsea Neighborhood Housing Services and Chelsea Restoration Corporation are the main collaborators on preservation and expansion projects, while others, like HarborCOV, are growing in importance. The City and those partners are supported by others outside of the community, most notably and ably the Massachusetts Department of Housing and Community Development, North Suburban Home Consortium, Community Economic Development Assistance Corporation and the Hyams Foundation. Of course, the role of the Chelsea Housing Authority in providing quality affordable housing cannot be understated. The City and CHA over the last several years have been working together on infrastructure improvements, including updating parks and providing more security, in order to further enhance the living environment for CHA residents.

In a marketplace with housing values exploding exponentially, the pressures on affordability have been great. The City and its affordable housing partners have nonetheless dedicated considerable time to maintaining affordability. At Carter Heights, renovations are almost complete on the 108-unit development that was acquired in 2003 by a new ownership group that pledged to the City to keep the building affordable. That building could have easily be converted into market rate housing, like many other "expiring use" developments around that state. Yet, City officials encouraged the ownership to maintain the affordability, and were able to work with that ownership group to achieve that goal.

Similarly, the City assisted CNHS in refinancing the latter's rental housing portfolio, extending the affordability of 86-units, about one-third of which would have had affordability covenants expire in five years, with the remaining two-thirds ranging from ten to twenty-eight years. All of those 86-units now will remain affordable for thirty more years. Additionally, 16 of the units are now reserved for the very low income, adding to the inventory for those in the most needy category. Altogether, more than \$2 million was raised for capital improvements and reserves, allowing CHNS to revitalize what was an aging portfolio, while also putting the agency in the financial position to undertake other affordable housing initiatives.

In scattered sites around the city, nearly two dozen new affordable rental and ownership units were created in 2004. Work through the City's housing receivership program created three-units on Chester Avenue, while private developers stepped up to reverse the vacancies and substandard conditions in twelve additional units. On Grove, Chestnut and Essex Streets, four rent-to-own properties containing a total of six-units were sold to first-time homebuyers. Two affordable units were sold in the 16-unit conversion of the former AFCO building on Broadway. City financed first-time homebuyer classes conducted by Chelsea Restoration Corporation had over 400 participants.

Perhaps even more significant in 2004 were the important advances made on several major projects that hold even greater promises on the City's affordable housing agenda

for the upcoming year. A delay in Federal approvals for project based subsidies was cleared, paving the way for construction to begin on HarborCOV's 24-units of supportive and affordable housing for survivors of domestic violence and their families. Finally agreement was secured on the much-anticipated adaptive reuse of the Mary C. Burke School, creating 16-units of affordability in the 23-unit project. The Till Building received City approval for 23-units of affordable family housing on the upper floors of the important downtown building on the corner of Broadway and Congress Avenue. In addition to a funding application to support that development, another application requesting funding for 5-units of affordability was submitted for a project at 583 Broadway.

The City's proposal to promote the development of 1,200 units of new housing is consistent with both the City's economic development and neighborhood revitalization goals, and is being advanced primarily to alleviate a structural budget deficit that threatens the City's overall health. Additionally, as part of that goal, the City will strive to see that at least 15% of those new units will be affordable. That affordability could take place on site, or provide the resources to promote another project offsite. Given that the 1,200 units are not even planned, yet alone approved, financed and constructed, there is much work to be done to see if the 15% goal is achievable. However, the City will make every effort to reach and, perhaps, even exceed the 15% goal.

To the latter point, the City has already gained the commitment from several market rate developers to contribute towards an affordable housing trust fund. Those commitments include: \$140,000 that has been received from the Spencer Lofts developer, and pledges of \$85,000 from the Mill Creek and \$150,000 from the Admirals Hill developers. The Admirals Hill commitment, though, is in jeopardy as several dissatisfied residents have waged a legal action to halt that development. Nonetheless, with State legislation just approved authorizing the creation of such funds, the City believes a trust fund board will be established by the end of the spring to begin the administration of the funding.

A recipient of that funding could be CNHS, as it continues to work with the City on a major affordable housing development. The success of that project could rely upon additional funding to be secured over and above the typical funding provided by traditional players. Two reasons exist for need of such additional funding support and both have held back the occurrence of the CNHS/City goal. First, the conversion of commercial/industrial properties into affordable housing is so expensive that the acquisition values often exceed allowable limits for third party funding support. Second, affordable housing parties are competing with market rate housing developers for many of the same parcels, with that competition driving up acquisitions costs.

Also of potential value in the City's efforts to promote affordable housing may be new programs established by State law and supported by the City's State legislative delegation. Those programs, including Smart Growth Zoning Districts, District Improvement Financing and Urban Center Tax Increment Financing, provide new techniques and funding sources for the acquisition and construction of affordable housing projects. For the first half of 2005, the City will spend considerable time understanding

the new programs and devising a strategy to access those that may be helpful. One key to accessing those programs is that the City has received approval of its State EO 418 application, a necessary step towards securing State grants to support affordable housing projects locally.

### ***THE FIGHT CONTINUES AGAINST DOMESTIC VIOLENCE***

For the last five years, combating domestic violence has been at the top of the City's community development agenda. The City's resolve to join with its primary community partner, HarborCOV, and a growing army of supporters, most notably the Chelsea Domestic Violence Task Force, has had a positive impact on the effort to end the cycle of physical, sexual and psychological abuse that threatens individuals, destroys families and jeopardizes the entire community. In 2004, several important program goals were advanced.

HarborCOV's ambitious Community Housing Initiative seeks to develop 50-units of community-based housing to protect the abused and support their families' safe transition to better lives. Three-units have already opened at "Casa Maribel." Unfortunately, a substantial hurdle prevented the anticipated start of construction of the next 24-units from happening at the former Wells Fargo building. However, symbolic of the struggle many women face in overcoming the obstacles that prevent them and their families from having success, HarborCOV and the City persevered. Late in 2004, a logjam was broken, and the necessary project-based rental subsidies became available to support the families who will find a safe haven at the new home. With the project-based subsidies and other financing instruments in place, the City hopes to issue a building permit soon for construction to begin. A late 2005 completion is expected on the \$5 million project.

HarborCOV, again with City and community support, has also moved to stabilized its office situation and provide even greater services and shelter for those who are in need. The partnership between HarborCOV, CNHS and the City to engineer HarborCOV's conversion of the former CNHS and Cottage Manor Nursing Home property on Shawmut Street into offices and temporary housing has secured financing and should also be under construction in 2005.

Growing support against domestic violence was also quite evident at two important HarborCOV events this past year. The annual community breakfast had overflowing attendance, while the first annual "Taste of Chelsea," supported by the Chamber of Commerce and a roster of other community-minded organizations, was one of the most successful community events of the year.

### ***CHAMPIONING YOUTH PROGRAMMING***

Not a day goes by that a discussion about youth, especially youth at-risk, does not take place at City Hall. The City, through its CHAMPION Youth coalition, is reaching new levels of youth programming, and remains appreciative of the dozen local agencies which have partnered with the City to advance CHAMPION Youth programming. Most

notably, the work of Roca, the Boys & Girls Club, Choice Thru Education, the Lewis Latimer Society, the Chelsea Human Services Collaborative and Chelsea ASAP has again been outstanding in 2004. Additionally, City efforts through the Community Schools program and the School Department, now under the direction of a new superintendent, have been invaluable.

CHAMPION Youth focuses energy and directs partnerships between and among community-based agencies and the City. CHAMPION Youth operates under the umbrella of the Weed & Seed Program and focuses programming on five key areas: mentoring, safe havens and structured activities, healthy lifestyles, education and employment and civic participation. Quarterly meetings help to ensure that communication continues to flow, while seemingly daily contact among the City's youth advocates makes sure that the much needed focus remains clear and strong.

### **SUMMER JOBS PROVIDE REWARDING EXPERIENCES**

Among CHAMPION Youth's greatest successes is supporting the collaboration led by the Chelsea Human Services Collaborative to promote a local summer employment program for youth. For the second year, the Summer Youth Employment Program raised funds to help local youth secure a meaningful summer work experience and enjoy the benefits of a "fifth day" of programming that emphasizes education and leadership development. The effort, sponsored by the City, the Chamber of Commerce, the Hyams Foundation and Massport, among many others, grew in subscription, from 145 youth in 2003 to 250 youth in 2004. So successful has the program been at keeping kids off the street, providing youth and their families with financial support, instilling a sense of work ethic in participants, developing marketable skills and helping kids to begin to define career goals that the program has been reference for possible expansion elsewhere throughout the state.

### **ADDRESSING ADDICTIONS**

A coalition led by Chelsea ASAP and supported by CHAMPION Youth is active in the community addressing drinking and drugs. In 2004, 16 teens partnered with the Police, parents and community members to reduce underage drinking. Those youth were trained as peer leaders and community organizers by staff from Mother's Against Drunk Driving and the Regional Center for Health Communities. The teens held one-on-one discussions with over 200 youth and adults in the community about underage drinking, participated in discussions about strategies to combat underage drinking and conducted compliance checks.

Another set of teens has been trained through a State grant aimed at reducing access to opiate prescription drugs and heroin. Those teens have worked with other teens, pharmacists, medical staff and community members to educate the dangers of drugs. Additionally work has been undertaken with the Police, Schools, the Latimer Society and other stakeholders around similar issues. Given that studies indicate that drug users are

first exposed to drugs by friends, the work of teens as peer leaders is especially valuable and appreciated.

### **YOUTH VIOLENCE COLLABORATIVE ENJOYS FAST SUCCESS**

The Chelsea Youth Violence Collaborative was launch in 2002 to assess and plan responses to youth violence. Ten community-based organizations comprise the CYVC and have been integral in engaging community members in the conducting of an assessment and then a selection and implementation of a model for action. The initiative was funded by the Substance Abuse and Mental Health Services Administration, a Federal agency.

Interviews, focus groups and retreats were among the multi-stage project conducted by the CYVC. As a result of the work, the CYVC adopted the Families and Schools Together (FAST) Program for a pilot project, and worked with six families on the program. At the completion of the pilot, those families reported significant gains, including family cohesion and expressiveness, with concurrent decreases in negative family interactions.

Based upon those results, the CYVC will now focused on developing and funding initiatives around seven goals: increasing awareness among families about the impact of family violence on children who are exposed to it; improving the image of the city among residents and outsiders; increasing supports for parents and strengthen families; increasing local safety; increasing economic opportunities; increasing recreational opportunities, and increasing community building relationships across ethnicity, age and status boundaries.

To that end, the CYVC will engaging residents, service providers and community leaders in planning initiatives to accomplish the seven objectives. Among the resources available to the CYVC is extensive data collected over the two-year long project. That data is also available to other youth development agencies for support of program creation and grant requests.

### **A CONFERENCE WILL GIVE YOUTH A VOICE**

In addition to the data collected by the CYVC, CHAMPION Youth members undertook a separate effort to supply local providers with data to direct programming initiatives and support grant requests. More than 1,000 surveys were completed and the results tabulated. The task held up plans for a youth conference in 2004, however the data now provides the basis for that youth conference to be held this upcoming year. The goal of the conference will be to get young people more involved in addressing the myriad of issues raised in both the CYVC and CHAMPION Youth study reports. The City will ask its CHAMPION Youth partners to help organize and host what should become an annual event.

## ***COMMUNITY INFRASTRUCTURE KEEPS GETTING BETTER***

Arguably, the City's infrastructure in support of youth programming is second to none. While well established facilities like the Jordan Boys & Girls Club and the Roca Youth Center continue to provide for outstanding programming, a new facility came on line in 2004 and is expected to have a similarly tremendous impact on program participants for decades more to come. CAPIC's Head Start facility on Crescent Avenue provides an unparalleled space for the early education programs that have made Head Start a national treasure. The local, \$3 million facility was among one of the more complicated projects upon which the City has collaborated. However, through the leadership of CAPIC, the project was completed and has won rave reviews from staff, parents, attendees and neighbors. Yes, as is often the case with City sponsored projects, the CAPIC Head Start project had also met another goal, preventing an industrial presence from encroaching upon the Crescent Avenue neighborhood.

The artificial turf field at the High School enjoyed a successful first full year of play, with a wide range of programming that included several high school super bowls and state championship soccer games. MetroLacrosse, the community-based non-profit that helped raise funds to construct the field, also hosted several successful events and met and exceeded its programming goals for local youth, including a successful summer program.

Based upon that success, the City has turned its attention to upgrading another field for youth sports, in this case, the Little League field at the Mary C. Burke Complex. No, an artificial surface is not being installed there; the field is in good shape. However, for years, Little League and its supporters have sought, in vain, to install other supports for the long-time youth program. An effort was waged several years ago to raise money for restrooms and, possibly, a concession stand, but that effort fell short. Spectators have no bleachers. Temporary construction fencing separates two playing fields.

In looking at the state of recreational play on local fields, City officials had an initial interest in finding enough open space in the tiny community to construct another Little League field. However, as was the realization that led to the artificial turf being installed at the Stadium, no space exists, at least presently and affordably, to establish another playing surface. Regarding the Stadium project, it was actually cost effective to pay a million dollars for an artificial field that could increase play there by seventeen times, than to pay millions more to buy and construct a new space. In terms of Little League, league officials said the field was good. When they thought of expansion, they wondered if lights, along with restrooms, a concession stand, bleachers and better fencing, would allow them to have a quality home for their program, where extended evening hours would be like adding a new field. City officials agreed, and through a cooperative arrangement with the Home Depot being constructed at Parkway Plaza and the School Department who owns the field, the City and Little League have endorsed a plan to bring all the improvements to the Little League field. The improvements are currently in the design phase. All parties are aiming for opening day this April to have the improvements installed and functional.

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Passive recreation will also benefit from the Home Depot project, as the City and community have negotiated with the redevelopers of Parkway Plaza to add more than a half-mile of walkway along Mill Creek, thereby realizing a decade-long goal of connecting a waterfront walkway from Parkway Plaza to Broadway. In addition to the walkway, benches and a viewing area are being added. Additional improvements at the Broadway side of the walkway have been secured as a result of the second AFCO reuse project. Should a Phase II development occur at Parkway Plaza, the City may entertain the idea of moving Dever Park closer to the walkway, expanding it and providing ample parking. So much more could also become possible, including an interpretive display and infrastructure to support canoeing along the creek.

A similar walkway and observation area has been approved for the Island End River at Admirals Hill. Like the Affordable Housing Trust Fund donation, these improvements have been held hostage by a legal wrangling initiated by a handful of Admirals Hill residents over the proposed development at the site. City officials continue to work with the proposed developer, though, to attempt to hold onto the public benefits the project could produce. If undertaken, the widened walkway and its newly constructed extension will connect Mary O'Malley Park all the way around Island End River to Everett. Public parking, restrooms and provisions for a boat launch could also be created as part of the project.

At Highland Park, the City shut down the playing surface this past summer to install new turf and repair and install new irrigation. Again, relating to the benefits of the artificial field, much of the play was shifted there to allow the City to breathe new life into the tired playing surface. Now that the artificial field exists, the City hopes to manage play more conservatively on the new Highland Park field, thereby strengthening and extending the life of the turf, avoiding its overuse and implementing a better and more routine maintenance plan.

The Tot Lot at Mace Park will officially open this April, and improvements are in the works for Voke Park. Overall, the combination of the City's CIP and other sources of support, including the Executive Office of Environmental Affairs' Urban Self Help Program, has made a huge difference in promoting usable open space and recreation options for local residents.

### ***COMMUNITY SCHOOLS ARE A REAL GEM***

Speaking of recreation options, the Community Schools program has exploded under the direction of a very capable director and staff. Community Schools is a cooperative program funded in large part through the City's Federal Weed & Seed Grant. City staff manage the space at the Williams School and, in 2004, expanded programming to the Senior Center and Library. Course offerings per session also double in 2004, from 18 classes per registration period to 36. Community organizations and part-time City instructors provide outstanding programming, from educational to recreational, including ESL classes, portrait drawing, babysitting training and Latin freestyle dance.

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A new Community Schools brochure has helped spread program news beyond word of mouth. Additionally, a PowerPoint presentation was created to give an overview of programming during the Chelsea Public Schools teacher orientation program. Enrollment has swelled to over 1,500 participants a week, with City staff and their community collaborators seeking more ways to get others involved.

One of the more intriguing and exciting programs being offered in the Community Schools is the Chelsea Young Marines Program. More than 20-youth, ranging in age from 8-15, have gone through a basic training and recently graduated from the local boot camp. Military strategy, history and outdoor adventures are the topics when the young marines are not drilling and working on their discipline. The program is run locally by a dedicated firefighter who is an ex-Marine. Parents have raved about the program, and the City is proud to be a co-sponsor.

### ***THE SCHOOL SYSTEM IS EARNING GOOD GRADES***

Educational gains in the local school system continue to be achieved. In fact, this past year, out of the 22 urban school districts measured by the State Department of Education, the local school district was one of 3 that fully met achievement targets under the No Child Left Behind Act. Also, this past year, the Hooks School became a Commonwealth Compass School, one of only five elementary schools statewide to receive the honor. As such, it has joined the ranks of previous winners, including the system's Sokolowski School, for achieving academic success on MCAS testing over the previous three years. Regarding MCAS, scores continue to soar, although educators continue to maintain higher expectations and work to that end.

The aforementioned achievements are noteworthy accomplishments that reflect positively on the local system that is managed under a cooperative partnership between Boston University and the Chelsea School Committee. The BU/Chelsea Partnership, now in its seventeenth year, continues to win rave reviews. In fact, the national education newspaper, *Education Week*, recently featured the Partnership on its front page in a story about how reform has worked, how the partnership between the City and BU has matured and about how high expectations for students have taken hold and are being met.

Concerns still exist, but not ignored. During the seamless transition to a new Superintendent, Dr. Thomas Kingston, the system has continued to focus on improving student achievement. Although past targets have been met on the path to improvement, each year more demanding targets are set. The system, therefore, continues to do away with old habits that are not productive, instead emphasizing those habits that are known to work, including: attention to daily work, attention to consistent improvement, attention to homework and attention to daily attendance.

As the efforts to promote systemwide change to reach more students further, the system continues to reinvent itself. This past year, for example, three comprehensive grade 5 through grade 8 middle schools were opened, two at the Williams Middle School and one

at the Clark Avenue School. By creating the three distinct schools, teachers and principals will know students better, will know them for longer periods of time and will provide them a more stable and safe learning environment. Similarly, this past year, in response to many parents' wishes, one elementary school, the Kelly School, and one of the middle schools, the Clark Avenue School, were opened as schools where students wear simple but attractive uniforms. The initiative has been widely embraced by parents and students and creates an atmosphere where social pressures to be the latest model of fashion are substantially decreased and opportunities to focus on learning are enhanced.

Efforts have also increased to invite parents into the schools, to extend the work of the school site councils and to address parents' concerns about school safety, children's health and the body of learning that takes place in each and every classroom. The results have been more parental involvement in the daily activities of students, and greater participation at school events. The recent MCAS recognition awards ceremony, for example, was moved from what was always considered to be a large high school auditorium to the high school gymnasium to accommodate the growing number of award winners and proud families and friends.

Proud could also describe the City's feelings with the visit this past June of First Lady Laura Bush. The local Reading First and Writers' Workshop program has so caught the attention of Federal officials at the National Institutes of Health and the Department of Education that Mrs. Bush came to visit and endorse the progress local students are realizing. The program has been expanded in the early grades to provide more students with the opportunity to improve reading and writing skills.

Three basic principles exist for the Partnership: students should be ready to learn, teachers should be prepared and equipped to teach and important subject matter must be taught and learned through a coherent plan of instruction. Those principles being met, improvements in the quality of education being offered in the local school system and the achievement being enjoyed by local students continue to position the City's schools as among the state's best urban districts.

### ***HELPING RESIDENTS SECURE EARNED INCOME TAX CREDITS***

Seventy-five volunteers from the City and other community agencies, including Centro Latino and Chelsea Restoration Corporation, held a successful Earned Income Tax Credit project in 2004. The Chelsea/EITC coalition provided free tax preparation services for 250 filers last year, resulting in \$200,000 in tax returns, including an average of \$1,600 in earned income tax credits. A similar effort will be waged in 2005. The goal is to allow many more local income tax filers to gain larger tax returns, in turn, to better support themselves and their families.

### ***STRIVING FOR THE BEST FOR OUR SENIORS***

City leaders, together with the Board of Directors on Elder Affairs, Friends of the Council on Aging and members of the community, have been meeting over the past year

to compile information needed for the process of securing accreditation for the local Senior Center. To be accredited, a Senior Center must be in compliance with state standards that include policies and procedures for staff and volunteers, community resources, fiscal management and a mission statement. Being accredited would mean that the Senior Center is reaching the goals the City has in fact set to provide the very best experience possible for seniors who attend the facility on Riley Way.

Staff, board members and seniors are playing key rolls in pressing forward with accreditation. In addition to providing documentation on achieving standards, the working group is challenged to develop standards in areas where the Senior Center may be deficient.

Over 35 individuals involved in 9 subcommittees met more than 25 times to gather information and implement compliance requirements this past year. In 2005, the local team expects to be contacted by the National Council on Aging for a Peer Review. That review is the final step in the process of becoming accredited.

### ***ADVANCING THE ARTS***

Two new loft developments are providing local artists with outlets to display their works. The Pearl Street and Spencer Lofts are exciting new residential developments that have new and energized residents looking to contribute to and advance the local art scene. As that takes place, Chelsea Theatre Works continues to offer critically acclaimed programming. Helping to advance the work of those patrons of community arts and others is a Cultural Council which has become one of the most active arts panels the City has ever sponsored.

This upcoming year, the City, through the Cultural Council and others, hopes to promote an even greater appreciation and recognition of the arts in the community. The Cary Square Neighbors Association House Tour, the street fair in the Lower Broadway neighborhood and the occasional displays in the Chelsea City Café have certainly piqued local interest, as has the long running Latin American Cultural Festival. Adding to those offerings could be a springtime celebration at the Spencer Lofts and additional events sponsored by the Cary Square Business District Initiative.

### **2005 Goals**

- Assist HarborCOV in beginning the construction on its 24-unit supportive housing program under its Community Housing Initiative;
- Provide permitting assistance to lead to the start of construction on the 23-unit Mary C. Burke Schoolhouse project, which includes 16-units of affordability;
- Aid in the securing of tax credits to promote the 23-unit affordable housing project at the Till Building on Broadway;
- Establish the Affordable Housing Trust Fund Board and begin the work in supporting affordable housing projects throughout the community;

- Collaborate with Chelsea Neighborhood Housing Services on a major affordable housing project;
- Review and determine the value and applicability of the various new affordable housing supports adopted by the State in 2004;
- Facilitate the development of the former CNHS and Cottage Manor Nursing Home building into programming and shelter space for HarborCOV;
- Organize a Youth Conference with the support of a lead community partner;
- Oversee the planning and construction of infrastructure improvements to support Little League play at the Mary C. Burke School Complex;
- Ensure that the planned walkway improvements along the Mill Creek and Island End River move into construction;
- Plan improvements to Dever Park as part of the Phase II redevelopment of Parkway Plaza;
- Open Highland Park for soccer play on a new field and initiate a maintenance plan to extend the life of the new turf;
- Complete the tot lot at Mace Park and assist the Chelsea Housing Authority in completing its City-funded renovations of its tot lots, and
- Secure accreditation for the Senior Center.

## **FUNDAMENTALS – GOVERNMENTAL PHILOSOPHY**

### **2004 Highlights**

- Conducted a special election to seat School Committee members under a new, eight district plus one at-large composition;
- Engaged community residents by hosting a second Chelsea Participates! program;
- Started the Senior Tax Work-Off Program to provide eligible elderly homeowners an opportunity to volunteer for City service in return for a \$750 credit on their property tax bills;
- Investigated and selected a vendor to offer e-government services, including web-based and automatic payments, and
- Participated in the Reverse 911 planning group to ensure the City's participation in the system that, once installed, will allow the City to provide emergency calls in multiple languages out to residents.

### ***Discussion***

City government strives to be open and honest. While some can and will always debate the former, there is no evidence to question the latter. The City takes so serious the need to promote integrity that even items not required to be bid, like trash and ambulance contracts, are put out for proposals. There is no room in today or tomorrow's City for a return to yesteryear, when political influence and worse led decision-makers to the wrong decisions for the wrong reasons at the expense of the public good. City Hall has established a reputation of being beyond reproach. That reputation has been hard earned and closely guarded.

But a city government needs to be more than honest to be considered a success. Openness is a trait City leaders therefore value and strive to promote. Open to new ideas, as well as old ones. Open to people with differing perspectives, even when those perspectives call into question the decisions being made by City leaders. Open to inspection on even the smallest of details. Open to share power, when such sharing means the very best for the residents of the community.

Added to and complementary of openness and honesty, the City seeks to be professional and visionary. Professional in the manner in which decisions are made and actions carried out. Visionary, in that the City must search for new ways to address old issues, and anticipate future needs and opportunities before they happen.

The City has also sought to be an activist. On issues like domestic violence and youth at risk, the City is an indisputable leader, often sought after for advice and explanation throughout the commonwealth and beyond. The City is also engaged in public policy debates, in areas like community safety, regional growth and municipal finance. As much as the City values good citizenship amongst local residents, the City also strives to be a good citizen in the state and country.

With those as underpinnings, it is the willingness to engage in and actively promote collaboration that sets the foundation upon which the City seeks to build a rejuvenating community. Through partnerships with stakeholders in a better city, including business leaders, community-based organization officials, neighborhood groups and individual residents, the City strives for a unified, pro-Chelsea agenda to serve one and all.

Saying one wants a unified, pro-Chelsea agenda and actually and actively working towards its achievement are two separate matters. The City has sought to institutionalize the concepts referenced above, thereby increasing the likelihood and working towards the day that all the City's stakeholders will embrace and display such attitudes and cooperation amongst one and other. Although that goal has not yet been fully realized, as there is still work that can and should be done, the drive towards accomplishing the goal also helps to explain the significant achievements that have been secured during the journey. There is no denying that the City is a better and more responsive municipal entity, and that the entire community has reaped the benefits of such. That problems still exist in the community relates more to time and resource than ignorance and indifference.

City government seeks to engage and be responsive to those it serves and others with whom it collaborates. Although six years removed from an "All-America City" award, the City continues to operate under the philosophy that garnered the community that recognition, remarkably just four years after emerging from Receivership.

### ***DISTRICTS MATTER TO SCHOOL COMMITTEE***

A new process of electing School Committee members was adopted and implemented in 2004. With the November, 2004 election and January, 2005 seating of the new nine-

member panel, the eight district plus one at-large composition of the new School Committee replaced the former seven elected at-large configuration. The impetus for that change was the discussion between Federal and City officials regarding equal access to voting. The changed system was proposed and adopted by City officials to ensure that the City was in compliance with the Federal Voting Rights Act.

The new election was held without a hitch, although the event itself was anything but usual. Being the first time and held as a special election during the much more publicized Presidential election, candidate participation was not as high as many had hoped. In fact, several sticker candidates found themselves campaigning for seats in districts that had one or no candidates submitting nomination papers. In the end, the new panel, which includes four new members and five of the seven incumbents, has been seated. A new election will be held as part of the regular municipal election cycle this upcoming fall.

Regarding municipal elections, the City Council is expected to entertain a motion to conform its district lines to those of the new School Committee. The move would head off any voter confusion and provide for more clarity and integrity for the municipal electoral process. Debate on such a move is ongoing.

### ***CONFERENCE ON CIVIC HEALTH IS OVERDUE***

If acknowledging failure is a tenet of a progressing community, then the City must acknowledge that the plan to conduct a Conference on Civic Health was not realized in 2004. Through that conference, the City had hoped to re-engage and re-energize community leaders in an attempt to refocus one and all on the pressing matters facing the community. The desire to hold the largest community discussion since the City was awarded the All-America City status by the National Civic League in 1998 was not the result of a failure of collaboration and action to take place. No, the forum was more to make sure that the bumps and bruises that sometimes come along with the fight for community improvements would not leave a long-term scar on the face of the city.

Organizational start-up difficulties and scheduling conflicts in trying to bring together such a large group caused the hold-up last year. Undeterred, the City will again prioritize the conference in 2005.

### ***RESIDENTS JOIN CHELSEA PARTICIPATES!***

The City again partook in “Civic Participation Week” this past year, with the major initiatives being the addition of a second community clean-up day through Keep Chelsea Beautiful and the offering of the second annual “Chelsea Participates!” program. Through Chelsea Participates!, more than a dozen new and several long-term residents participated in three community education classes on municipal government, community-based organizations and boards & commissions. The fourth and last session for program participants takes place at the State of the City Address.

The Chelsea Participates! initiative is meant to engage newer residents in their community and develop a broader base of activists upon which the City and community-based organizations can draw. The interaction between city leaders and new residents is also a way for those leaders to become familiar with the observations and aspirations of newer residents as they move to the community. The program has been very successful, having led to many of the previous participants being appointed to municipal boards and volunteering with community organizations. Another session is planned for 2005.

### ***SENIORS CONTRIBUTING AND SAVING ON TAXES***

A rewarding initiative of 2004 was the Senior Tax Work-Off Program. Through the State authorized program, eligible senior homeowners can volunteer their time to the City in return for a maximum credit of \$750 on their property tax bills. Eleven seniors have been making contributions to a variety of City departments, including the Library, Senior Center and Planning & Development Department. The greatest focus of the program has been to provide "City Hall greeters" to welcome patrons to City Hall and to help direct those less familiar with departmental locations to find their way. So successful has been the program and so rewarding has it been for the participants that the City will attempt to expand the number of seniors enrolled to 18 in 2005.

### ***E-GOVERNMENT PAYS***

The City has investigated and selected Unibank this past year to provide e-government payment options for residents paying taxes, utility bills and other fees. The systems are now being tested, with a roll out of the e-government initiatives to occur early in 2005.

One service to be offered will be online bill payment. The process will provide web access for customers to pay bills via the internet and at their convenience. Customers will have the choice of paying by credit card, at a nominal fee collected by the card issuer, or by a deduction from their checking account. The latter option will be available at no charge to customers.

Another service the City hopes to install in 2005 is an automatic payment option that is targeted to customers paying utility bills on a monthly basis. Invoices will continue to be sent, but payments will be automatically deducted from the customer's bank account.

Convenience for customers is the primary reason to expand into those e-government initiatives. A secondary benefit does come in the form of more complete and accurate transition records and a reduction in data entry and paperwork. Through e-government, the City also hopes to reduce the lines in City Hall and increase the overall efficiency of the departments participating in the emerging technology.

### ***REVERSE 911 BRINGS THE CITY HOME***

Communicating with residents is critical, especially in times of crisis. A Federal Homeland Security Grant has provided funding for area communities in the Metropolitan

Boston Homeland Security Coalition to establish Reverse 911 communications. In 2004, the details, including technical requirements, have been identified and almost entirely resolved. The system should be up and operational in early 2005.

Hopefully, the message that the system is primarily set up to deliver, in response to a terrorist attack or other national crisis, will never be sent. However, the Federal program providing for the emergency communication system allows for and even encourages non-homeland security use of the equipment and technology that is being provided to communities. A significant reason for such a strategy is to ensure that the systems being provided are recognized by local residents and easily administered through regular familiarity by local public safety professionals.

Once operational, Reverse 911 will provide calls to resident homes for snow emergencies, school cancellations, infrastructure repair issues and much more. The system is flexible and interactive enough to allow for multiple languages to be heard and a response back to the call center to be made by individuals at home. For example, during an Amber Alert, a broadcast of a description of a missing person could be issued, with the ability of anyone with information to immediately respond back to the Police.

***EMPLOYEES OF THE MONTH REPRESENT THE VERY BEST***

Budget issues have led to reduced staffing at City Hall. Despite the challenges the exist as a result of the reductions, City Hall employees continue to meet and exceed the expectations of the City, especially in service to the public. As the City continues to stress customer service, those employees who best exemplify customer service in action are being recognized by an “Employee of the Month” Program established at the tail end of 2003. While the rewards are modest: a small desk clock and a reserved parking space at City Hall, the tribute paid to employees is most noteworthy. For 2004, employees that have been recognized include:

**George Strassberger**, Library  
**Carol Martinez**, Planning & Development  
**Minna Marino**, Assessing  
**Georgie Marks**, Health & Human Services  
**James Caron**, DPW  
**Patrice Montefusco**, Treasury  
**Henry Higgins**, DPW  
**Jean Finochetti Clark**, Planning & Development  
**Susan Marotta**, DPW  
**John DePriest**, Planning & Development  
**Bob Bishop**, City Clerk’s Office  
**Richie Zullo**, ISD

The City congratulates all the award winners and appreciates their outstanding efforts in representing the very best ideals of public and customer service.

## 2005 Goals

- Facilitate City Council discussion on the potential to alter Council district lines to conform to newly adopted School Committee lines in order to promote uniformity and limit potential voter confusion;
- Undertake a Conference on Civic Health to re-engage and re-energize community leaders around a common agenda;
- Expand the Senior Tax Work-Off Program to 18 participants;
- Implement e-government services providing for web-based and automatic payments, and
- Coordinate necessary infrastructure and technical requirements to establish a Reverse 911 that will allow the City to send emergency messages via telephone lines out to residents.

## ADDENDUM

Ten years ago, the City was just thinking of the possibilities of a post-Receiver'ship era. That August, when the City did finally emerge from Receiver'ship, a commitment was made by City officials to do everything humanly possible to keep the City from again experiencing the level of financial, political and civic decline that led the City into Receiver'ship in the first place. *A Rejuvenating Community* is another in a series of success stories reporting that City officials have again made good on that initial pledge.

Make no mistake, though. Despite the balanced budgets, All-America City Awards, incredible Boys & Girls Club facilities and much more, several City leaders remember Receiver'ship all too vividly to be comfortable. The fear of slipping back to the past remains a powerful motivator for the City to strive for even greater heights, despite the ample challenges that lie ahead.

Finances are a struggle, but they are a struggle everywhere. That the City has survived the worst fiscal environment in decades, while it fell victim to a minor downturn in the early 1990's, is a huge victory. That victory aside, though, management and planning are attempting to keep the ship of city afloat until the State economy produces better local aid results or the City's own effort to build its way out of deficit is realized.

The streets could and should be safer. The Police are on top of the situation, aided by many outstanding organizations, including a nationally renowned leader in at-risk youth programming, Roca. The City Council has provided greater tools in the form of new ordinances and, more importantly, have contributed to and embraced a 14-point plan to improve community safety. Speaking of community safety, the City remains at the forefront of such a movement and has been influential in addressing issues which, just like the financial, are a struggle, unfortunately, for so very many.

Kids remain a concern. The pressures on kids and community are great, so issues involving youth are most critical to the City and others. In addition to Roca, organizations like the Chelsea Human Services Collaborative are figuring out ways to get

kids summer jobs, while Chelsea ASAP and its partners are addressing addiction issues. Perhaps, most importantly, solid gains continue to be made in the schools, and a terrific Community Schools program is reaching out to so many.

Community action around what is an important public safety issue, domestic violence, has reached tremendous levels. When HarborCOV, the Chelsea Domestic Violence Task Force and the Chamber of Commerce came together to host the “Taste of Chelsea,” the City could not have been more pleased to see the success of its efforts to move the issue of domestic violence out of the shadows and into the spotlight. Yet, as early as January 1<sup>st</sup> of this new year, the first major incident of domestic violence almost cost the lives of a local mother and her daughter.

Investment is pouring into the community, but every positive can have a negative. The City has been ahead of land use regulations, and has been able to defeat proposals that would have been a setback for greater community revitalization. There is no denying the upward spiral of property values is having an impact on affordability in the community. The Collaborative and Centro Latino continue to remind the City of that and the City, in turn, looks forward to the benefits of the new leadership at Chelsea Neighborhood Housing Services for a partnership to produce more quality affordable housing in the months and years ahead. In the meantime, Chelsea Restoration Corporation continues to partner with the City on more modest affordable housing projects.

The environment we grew up with is the same environment that many now point to as unsafe and a priority for change. Chelsea Green Space is a leader in that movement, and has the City and many others at its side on so many battles. Perhaps unlike yesteryear, businesses are being more responsive to community concerns. Global Oil’s willingness to work with the City on odor issues, for example, is an admirable one. It was not too many years ago that the two were at odds, waging a costly legal battle, the likes of which no one ever seems to win. Instead, today, more responsible and, perhaps, more mature leaders are instead trying to help each other to victory, with local residents being the beneficiaries.

*A Rejuvenating Community* owes its many successes to no one individual, but instead to one common underpinning. Yes, the City provides a great deal of leadership, but is not the only leader in this great city. In fact, scores of stakeholders representing government, community-based organizations, the business community, neighborhood groups and individuals regularly work together for a common cause; what the City likes to call a “pro-Chelsea” agenda. The City and its stakeholders have learned that through collaboration anything is possible.

Obviously, things are not perfect. The problems of urban America appear in varying degrees in the community. But a philosophy exists and a buy-in to that philosophy has occurred that allows the community to rally around so many issues and produce so many more positive outcomes. Kids can’t find jobs because summer employment is no longer funded through State programming; no problem, we’ll just devise one locally, and we’ll even add a leadership component to it. A vacant property is a detriment in a

neighborhood; let's come together to gain control of it, fix it up and then sell it for owner occupancy or affordable housing. Lower level gang activity is becoming more concerning; why not direct our Police to show more force while we develop more programming to respond to the underlying issues. On and on the story could go, with many more endings being one of hope and success. The City has its community partners to thank.

Regarding community partners, champions among us continue to wage remarkable efforts. In particular, the City wishes to extend a huge debt of gratitude to a former All-Chelsea Award recipient, Bob Repucci of CAPIC. His organization's tremendous accomplishment in securing a spectacular home for the local Head Start Program is most noteworthy. So, too, is his own selfless commitment to seeing the project through to completion. Thousands and thousands of local children will receive the life enhancing instruction that Head Start can provide. Only a select few in the community, though, will ever know to what extent CAPIC leadership was willing to go in order to give those kids a chance to break the cycle of poverty and despair that we all would wish for every kid.

At the third annual All-Chelsea Awards, another distinguish roster of recipients was recognized for their community efforts, including:

Public Servant of the Year – **Joan Lanzillo**, Department of Public Works  
Businessman of the Year – **Barbara Martin**, Boston Federal Savings Bank  
Community Organization Person of the Year – **Molly Baldwin**, Roca  
Youth Resident of the Year – **Samir Keco**  
Adult Resident of the Year – **Cary Shuman**  
Senior of the Year – **Anita McCandless**  
Project of the Year – **Chelsea Summer Youth Employment Program**  
Contributing Stakeholder of the Year – **The Hyams Foundation**

The Honorable **Tom Birmingham**, School Committeewoman **Elizabeth McBride** and multiply Grammy Award artist **Chick Corea** were selected to receive the lifetime achievement awards. Their names are added to those who have similarly been recognized in the past, including Lenny Florence, Andrew Quigley, Guy Santagate, Morrie Seigal, Richie Voke and Helen Zucco. Combined, this "hall of fame" of sorts is reflective of the terrific accomplishments the sons and daughters of the city have achieved and continue to enjoy.

Other distinguished individuals honor the community with their daily service. From Congressman Michael Capuano to Suffolk County officers, Sheriff Andrea Cabral and District Attorney Dan Conley, the City is well served by such stewards of the public trust. The city's legislative delegation of Senator Jarrett Barrios and Representatives Eugene O'Flaherty and Kathi Reinstein are seemingly everywhere and on top of every local issue. On behalf of all the city's residents, those officials and other public servants on the State and Federal level are thanked for their advocacy and counsel.

Locally, the School Committee and Boston University Management Team continue to press forward on a successful educational agenda. Students and parents are appreciative of those efforts.

*A Rejuvenating Community* could not be possible without the unparalleled leadership of the City Council and tremendous daily work of the City's staff. Together, the two form a powerful partnership that is producing success after success for all the city's residents and stakeholders. Equally as important, the City team is making sure that the City does not regress on its all-important mission on behalf of those who have entrusted the City to achieve.

The City Administration remains committed to advancing an agenda that places the community above all others. There are sure to be pitfalls along with way, but the drive to overcome the challenges and continue to reach new heights is what *A Rejuvenating Community* is truly all about.