



Annual Budget

Fiscal Year 2008

City of Chelsea, Massachusetts



**CITY OF CHELSEA, MASSACHUSETTS
FISCAL YEAR 2008
FINANCIAL PLAN & OPERATING BUDGET
CITY COUNCIL**

General and Enterprise Funds
July 1, 2007 to June 30, 2008

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July 1, 2006

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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 our annual budget for the year beginning July 1, 2006. 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. While we believe our current budget continues to conform to the award requirements, we will now be submitting budgets every other year with the next submission being fiscal year 2009 and every other year thereafter.

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May 1, 2007

The Honorable City Council:

I am pleased to present you with the City's Fiscal Year 2008 Annual Budget as proposed by the City Administration, entitled "Success, One Step at a Time." This submission, which is consistent with the City Charter and State law, contains spending and revenue provisions for three areas, General, Water Enterprise Fund and Sewer Enterprise Fund. The combine proposal of \$127,173,303 includes \$114,095,593 for the FY'08 General Fund Budget (the FY'08 Budget) and a combined \$13,077,710 for the Water and Sewer Enterprise Funds. This communication will specifically address the provisions of the FY'08 Budget. In short, this budget adequately resources the City's municipal operations, including Police, Fire and Schools, and is supported by sufficient revenues to support yet another balanced budget. Importantly, this budget supports the City continuing growth, and further positions the City to build off the critical successes that have been produced here locally over the last dozen years.

For reference, the FY'08 Budget is up 6.0%, or \$6,457,512, over last year's spending plan. Excluding the School spending increase supported by an increase in Chapter 70 of \$4,308,723, the FY'08 Budget is up 2.0%.

As we have discussed and have well documented in the past, most recently as part of the City's Five Year Financial Forecast offered this past March, certain "budget busters" continue to "drive" the City's spending. Most notably, health insurance continues to dominate locally budget attention. Although up 4.73%, the full effect of a premium increase of 9.7% has been offset by a contractually negotiated increase in employee contributions towards their coverage, up from 10% to now 15% of HMO premiums. As has been the case in previous years, retirement costs continue to escalate, this upcoming budget year up 5.96%. After accounting for the employee health insurance premium offset, the two accounts are still up \$539,978, or 5.30% for FY'08.

On the revenue side, overall local aid continues to grow, up \$5,285,454, or 8.27%. However, tempering that good news is that 70.00% of that aid must be direct to education. Local receipts on the two most significant non-school aid accounts, Lottery Aid and Additional Assistance, is up \$111,943, or 1.11%, and still remain below FY'01 highs.

To balance the budget, even after cuts in spending and revenue enhancements elsewhere, the City will rely on \$1,048,956 from reserves, a 54.87% reduction from the reserves appropriation of last year. The reducing reliance on reserves to fund budget gaps continues to signal good news about the City's overall fiscal condition. In the City's Five Year Financial Forecast, budget gaps are expected to be totally eliminated by FY'12. Prudent spending with no drastic cuts in services and revenue growth generated by an aggressive economic development agenda should allow the City to achieve such a prediction.

The above reflects a promising picture for the City; not one shared by all Massachusetts municipalities. Sluggish revenue growth, combined with spiraling costs in areas of little or no discretion, continue to place incredible pressure on budgets everywhere. Some communities have had to rely upon deep service reductions or Proposition 2 ½ overrides, or both, to balance their budgets. In addition to paring back spending, the City is fortunate to have built reserves in good times to rely on “rainy day” funds during the troubling municipal financing times that have been present for most of this decade. Still, the reduced levels of local aid since FY’01 have cost the City, and the City’s rainy day funds, an accumulated \$9.3 million. After the first goal of having a structurally balanced budget is achieved, City officials will need to prioritize replenishing reserves to similarly be prepared for the next downturn that may impact the City’s budget.

The City is arguably enjoying a period of renaissance, including a certainly level of budget stability. A significant factor in such is the dozen years of focus on a single, pro-Chelsea agenda; a collaborative agenda of the City Administration and City Council that has produced more than accomplished financial management and an economic development agenda that is the envy of many others. Steady advancements in neighborhood revitalization, continued achievements on individual and family supports, gains in public safety and a further opening up of the process of government continues to earn the City and entire community many plaudits.

Yes, there is still much more to accomplish in our community. To continue to be in a position to meet and overcome any and all challenges, our budget must continue to not only be balanced, but to also support our greater goals, both fiscal and otherwise. This is certainly easier said than done, as increasing employee overhead costs, employee and service contracts, assessments and infrastructure needs, as well as energy and technology costs, place great pressure on the local budget and others around the state and country.

The City, however, has seemingly institutionalized a process under which fiscal management on the short-term and deft planning and advocacy on longer-term “fixes,” such as economic development and statewide municipal finance reforms, have a chance to “kick-in” and make a difference in the future here and on other municipal budgets. The ability to manage short-term issues, no matter how dire, while promoting long-term solutions, no matter how complex, reflects the success the City is enjoying, one step at a time.

An Overview of the Issues Impacting the City’s Finances

A national recession creating a State budget crisis led to local budgeting difficulties. With that recession having ended, the State budget crisis has lessened but has arguably still lingered. The combination of an expanding economy and a healthier State budget is certainly contributing to the abatement of the local budget strain. However, the lag in receiving the tangible benefits of better economic news, uncertainty regarding future economic downturns, the persistence of the budget busters in both the State and local budgets, reduced reserve levels, and, candidly, the ability of the City to manage the strain that local government has felt in navigating through what is generally considered the worst municipal finance period in at-least the last 50-years has the City remaining cautious about the fiscal future, even as budget deficits disappear and building construction booms.

Generally speaking, the City has been able to control discretionary spending. Evidence of that includes employee levels and wages, where employment levels have remained basically flat and employee wages have been negotiated at 2% increases for the contract years FY’06-FY’08. Even on more difficult items to

manage, like debt service, the City has been able to hold in-check accounts that have thrown other municipal budgets into chaos. Health insurance and retirement costs, though, are continuing to present great challenges.

At the beginning of this decade, health insurance accounted for just over 4% of the City's budget. After seven years of a yearly average increase in the double digits, health insurance will account for just over 10% of the City's budget in FY'08. Of course, the City is not alone in bemoaning the cost of health insurance, as nearly every entity, be they government, business or non-profits, have not escaped the pinch that health insurance costs are placing on the bottom-line. However, Massachusetts communities have less flexibility than most in addressing health insurance, as employer contributions are subject to collective bargaining.

To bring some level of control to health insurance costs, the City has been negotiating with its municipal unions to reduce City contributions from 90% of coverage to 85% in FY'08. The City has shifted retirees onto Medicare A & B where eligible. Despite the two, the overall cost of health insurance is expected to exceed 11% of the FY'09 Budget. Thus, the City continues to work on other initiatives to reduce health insurance costs, including negotiating and now advocating for a change in State law which will allow municipalities to join what may be a less costly State system, the Group Insurance Commission.. In part, hiring levels continue to be restrained because health insurance costs alone can add up to another 40% to the cost of hiring a clerical worker or up to 80% to the cost of hiring a part-time employee.

A review of retirement costs provide a look at a structural inequity that also has the City's focus. An underfunding of the City's retirement system and those around the state into the 1980's led to a State law requiring all retirement systems to be fully funded by 2028. In addition to the annual retirement cost to the City for providing for present employees, the State law requires a "catch-up" payment to get the local system fully funded by 2028. For FY'08, that payment is \$4,918,730. By comparison, the gap in the FY'08 Budget to be closed by a withdrawal from reserves is \$1,048,956. That catch-up payment will grow by more than \$2 million by the end of the decade, and will eventually equal more than \$9.9 million in FY'28. Not all communities are so dramatically impacted by retirement costs. Thus, not as much focus has been placed on retirement cost issues as has been placed on health insurance. The City has been raising retirement costs as a municipal finance issue, and hopes that ensuing education will lead to a plan for relief sometime in the near future.

Fortunately, other "traditional" budget busters have been held in check or not required substantial new local dollars. The City has made a conscious decision to hold down debt service by paring back spending on capital projects. This action requires regular review, though, as it would be imprudent to not fully address the City's infrastructure needs today, at the expense of having more costly projects tomorrow. Currently, the City believes that capital spending is adequate, but may require greater levels in the future. Another budget buster, State assessments, was up 542,312 for FY'08. The School Choice/Charter School assessment is up 53.48%, or \$828,287, but that increase is offset by 790,818. Overtime has been held generally in check. In fact, a plan to apportion Fire Department overtime on two-month allotments has proven to be successful in since implemented, although not without much oversight.

Traditional budget busters aside, high energy costs are eating away at City revenues, as is the demanding for increase spending on technology. The City has established an in-house task force to seek and implement energy conservation initiatives. Regarding technology, acquisition, maintenance and licensing costs are putting an additional strain on the budget. More and more advanced technology is out there and tempting to

acquire. However, the cost of technology is significant, even for technology acquired through grants for little or no costs. Staffing; equipment acquisition, maintenance and replacement, and licensing fees have driven the IT budget up \$94,399, or 17.51% since FY'02. As that occurs, the City is regularly saying no to many technology requests, although a new VoIP system was installed to replace all City and School telephones. The City projects a net savings of \$40,000 a year by converting to the Internet-based telephone system.

On the revenue side, the aforementioned increase in local aid, up 70.00%, is welcomed news, but more so for education than for general municipal operations. In fact, the combined total of Lottery Aid and Additional Assistance is still \$400,000 below the level it was in FY'01, and a recent report indicated that statewide these accounts are below FY'84 highs when adjusted for inflation. The two accounts are the City's most significant non-school aid accounts, and thus the reduced levels of aid continue to hamper the City's budget-balancing and service delivery issues. Given that the City has pared the budget to a level providing little room for future cuts, and given the projected spending increases in traditional and new budget buster areas, more revenues are needed to offset increased spending and eventually eliminate the structural deficit the City has been managing over the last six years.

Fortunately, though, existing local revenues are beginning to grow at levels significant enough to fund the FY'08 Budget and beyond. That realization is not the result of a Proposition 2 ½ override, but is instead a direct result of the City's aggressive economic development agenda. With some 1,500 residential units under- or near-construction, one time building permit fees and recurring property taxes are growing at record numbers. The good news must be tempered, however, as not every project has broken ground yet, nor has structural change occurred within the major budget busters, again, most notably health insurance and retirement costs. In some past years, the growth in the latter two have eclipsed the new growth generated by economic development. For City budget writers, as well as City economic development officials, there is a real need to do all that is possible to "hold back" the budget busters while "pushing" revenue-growing economic development.

The City has proven to be equal to the challenges that have been present, in large part by anticipating problems ahead of time, devising plans to address those problems and then implementing those plans to perfection. Good planning in the 1990's has allowed for the City to manage through the budget crisis that began in FY'02 without dramatically impacting services or requiring an override vote. As it was becoming apparent that local aid would not bounce back anytime soon and health insurance and retirement costs would continue to skyrocket, the City set out to find local solutions, while also advocating for statewide relief. The local solution was revealed in 2005 with the announcement that an aggressive economic development agenda would be implemented to help the City to "grow" out of budget imbalances by encouraging the development of 1,200 units of housing. Concurrently, the City was among a handful to lead public policy debate around municipal finance issues and became directly and influentially involved in a statewide effort to allow municipalities to join the State's Group Insurance Commission. With Governor Deval Patrick's recent signing of legislation to authorize such an initiative, and with more than 700 residential units currently under construction, with as many more in the final stages of planning or permitting, it would appear that the identification of budget problems, plans for solving those problems and implementation of those plans are likely to meet with success and allow the City to remain in stable and, very likely, improving financial position.

A lesson from this latest period of budget unrest is that reserves are not bottomless and are generally not regenerating. The City has managed reserves and continues to believe that ample reserves exist to allow the City to get to the point where the planned economic development kicks-in and health insurance relief can be secured. However, as the budget stabilizes and improves, attention must be directed to rebuilding those reserves to position the City to outlast the next period of budget stress. To date, there is no concrete plan to so build those reserves.

An Historical Perspective

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, of 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 saw an additional increase in Lottery Aid of 24%, or \$1,055,146, but that increase was insufficient to cover health insurance increases of over \$1,000,000, let alone any other costs. Even after a continuation of the deficit reduction plans and cuts and other modest revenue enhancements, \$3.3 million was necessary to be appropriated from reserves to eliminate the shortfall. Lottery Aid increased in FY'07 as well, up 21%, or \$1,183,133, but, again, not up sufficient enough to raise the Lottery Aid and Additional Assistance accounts up to the FY'01 high. The reduced gap, though, was down to \$500,000, and the total City withdrawals on reserves relating to the cumulative gap hit \$8.9 million. After again constraining new spending, and absorbing a 10.5% increase in health insurance and a 7.6% increase in retirement costs, the City withdrew \$2,324,534 from Free Cash to balance the budget.

FY'08 – The Light is Visible

The FY'08 Budget presents another in a line of constrained spending plans. However, promising news on health insurance relief and the sound of cranes being heard around the community as residential projects begin to take shape have provided optimism about the City's budget future. Yes, the FY'08 Budget does require a Free Cash appropriation of \$1,048,956 to balance the budget, but that Free Cash withdrawal is the smallest since the onset of the budget difficulties the City began to incur in FY'02. Overall, the FY'08 Budget is up 6%, with nearly half of that to be accounted for by School spending being elevated by additional Chapter 70 State school aid.

Like FY'07, three new positions are funded in the FY'08 Budget. Two positions are for supervisors/dispatchers to be hired at the Emergency Operations Center to help provide additional leadership to that department and to reduce overtime costs. The third position is being added in the Planning & Development Department to help staff there address the needs of the record number of projects being undertaken or contemplated as a result of the City's successful economic development activities.

The largest single dollar increase in any budget, \$233,091, is in the Police Department. That increase represents only a 3.2% funding increase, 40% of which relates to increased overtime spending to support additional enforcement operations. From a percentage perspective, the Emergency Management budget is up 27.6%, or \$190,623, reflecting the addition of two new staffers and additional overtime above that approved in the FY'07 Budget, but below the total that is likely to be approved through supplemental appropriations. IT is up 17.51%, or \$94,399, primarily resulting from costs associated with software licenses and an increase in computer equipment to be acquired. Departments, in general, have been able to hold the line on spending, even in the face of heating, electricity and gasoline costs increasing substantially.

The FY'08 Budget calls for an 8.5% increase, or \$4,695,153, for the School Department. Again, the increase in spending is solely the result of additional state aid coming in to support education. While Charter School Assessments have increased to \$2,350,098, for a net increase after additional Charter School Aid of 79%, the Northeast Regional Vocational School Assessment continues to plunge, down 26%, to \$684,109.

The Salary Reserve account is carrying \$588,895 to offset future collective bargaining agreements with the last labor unit still negotiating with the City, that being Fire. As of FY'08, employee contributions towards HMO coverage have risen 50%, from 10% to 15% (Blue Cross remains at a 25% employee contribution). Despite that increase, health insurance is still expected to rise by 3.7%, or \$199,264. Retirement is up 6.4%, or \$302,417. The "catch up" provision of the retirement payment to cover the unfunded liability and to move the system towards full funding by 2028 will cost the City \$4,918,730.

On the revenue side, Lottery Aid is up \$111,943, or 1.7%. Real estate taxes are up \$1,461,919, including 2.5% above existing collections plus estimated new growth of \$825,000. Although it is too early for the City's 1,200-unit goal to have more than a nominal increase in property tax growth, building permit fees are expected to grow by 250%, for a gain of \$621,234. A reduction in motor vehicle violation revenues is expected to be offset by an increase in parking violation fines. No other major increases have been made to fees, fines or other charges.

A somewhat significant but obscure note on the City's budget for FY'08 is that the City has made the final of 20 annual payments to the State to retire the \$5 million, interest-free loan the State extended to the City

prior to Receivership. The retirement of that debt is yet another reminder of how different the City's fiscal management now is.

FY'08 – How the City Will Address a Shortfall

As noted, the FY'08 Budget has a shortfall of \$1,048,956 that will be addressed through the use of reserves. That shortfall is net of departmental budget cuts and revenue enhancements, and more than 54% below the \$2.3 million the City relied upon to balance the FY'07 Budget.

The formulation of the Three-Year Budget Plan for FY'06-FY'08 has again allowed the City to methodically plan out its most central goal: protecting core municipal services during incredibly difficult municipal finance times. This goal has not changed from year to year. As a component of that plan, the City is sensitive to not overburdening taxpayers. That, too, is a familiar refrain.

Similarly, lost and constrained revenues must be discussed yet again 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 \$9.3 million from FY'01 highs;
- Proposition 2 ½ limits property tax growth to 2 ½% annually, plus new growth;
- Budget busters, most notably health insurance and retirement, continue to increase in cost substantial above all other expenditures, and
- The recession and subsequent weak recovery period have negatively impacted other revenue areas, including interest income and excise tax.

The City, primarily hampered on the revenue side by still depressed local aid levels and the constraints held in place by Proposition 2 ½, 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 yet another 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'08.

An optimist would say the FY'08 deficit to be filled by reserves is trending down, not only for FY'08, but throughout the City's Five Year Financial Forecast, with FY'12 showing a slight positive balance. A pessimist would say that the City is still short \$1.05 million, and that filling the hole with reserves ignores the structural deficit that exists. Like many arguments, there is truth in both statements.

The deficit is reducing, in large part because new revenues, including Lottery Aid, building fees and new taxes relating to the 1,200-unit plan, are filling the gaps. Deficits are also reducing because spending has been constrained, so that the gap between expenditures and revenues was not allowed to widen. Good fiscal management and focused economic development, along with help from external forces, like more local aid, present the City with real hope for the future.

That a shortfall, before reserves are tapped, still exists indicates that more is being spent to provide services and programs than is being taken in through revenues. City budgeters have been especially focused on this realization because if economic development was not occur as envisioned, or if excess spending is allowed to take place, then future deficits may become more, not less, severe.

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, through such vehicles as Five-Year Financial Forecasts, Three-Year Budget Plans and 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 though 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.

FY’08 – Fundamentals in Action

Financial matters are a top priority in the context of providing the City with the resources to maintain core municipal services and expand City programming where necessary and warranted. Thus, the successful implementation of the Financial Fundamental is the basis for all else the City wishes to do. In FY’08, like previous years, the City will strive to constrain spending and seek new revenues. The City continues to believe that spending can be restrained while not devastating local service delivery. Thus, critical services and programs continue to receive the financial support they require. Regarding new revenues, those new revenues the City seeks will be in the form of an expanding tax base, not piling more of a tax burden on existing residents.

The last point is an important one, as the Financial Fundamental needs to be humanized in respect to tax burden. The City is not seeking to maximize revenues at the expense of making the community unaffordable. A recent survey of neighboring communities was undertaken, as a matter of fact, to take a look at the City’s affordability relative to its neighbors. What was learned was the city was the most affordable community in which to reside. You, City Council, are largely responsible for that, as your combination of fiscal restraint and prioritization of owner-occupant tax relief means the average local tax bill and water and sewer charge is some \$511 less expensive than the closest community’s burden. In fact, communities range from 7% to 43% more costly than the local experience.

As new revenue growth takes place, constraint needs to be practiced again in FY’08. The City hopes to resolve all outstanding collective bargaining issues on the remaining contract to be negotiated, doing so in the 2% pay increase range that has been offered to those who have already reached an accord. Further work on health insurance on both the local and statewide level is aimed at reducing the costs for employee coverage. The City will seek to advance State discussion about reducing the burden of retirement costs on those municipalities feeling a pinch.

In order to ensure continued affordability, the City must achieve the 1,200-unit residential development goal, plus some, over the next three to five years. That goal is well within reach as the City’s Economic Development Fundamental is promising to attract the new revenues from an expanding property tax base, and doing so while attracting national and international attention from companies that have the ability to invest anywhere, and are now choosing the city. Those new revenues not only include recurring property tax receipts, but also increased annual excise tax revenues and one-time building fees. More than 700 units are presently under construction, with more than 700 more currently being planned and permitted.

Additional economic development activities will focus on the Parkway Plaza, Mystic Mall and the Everett Avenue Urban Renewal District. The second phase of retail activities is underway at Parkway Plaza, with several restaurants under construction. Meanwhile, construction of a new Market Basket is underway and

will be ready by early FY'09, providing the catalyst for even greater, perhaps mixed-use, investment at the Everett Avenue shopping center thereafter. In addition to the residential development planned in the EAURD, the City is optimistic that a second hotel will begin development at Chelsea Gateway, and that Alkermes will expand its biopharmaceutical manufacturing site on Everett Avenue. In the Downtown, the City is working on a Main Streets Program that could be advanced with the anticipated opening of the new CVS and other retail and residential projects along Broadway.

The FY'08 Budget provides for important public safety advances, including the maintenance and expansion of the "Chelsea View" surveillance cameras system, additional "zero tolerance" operations addressing quality of life and street level activity and training with ROCA utilizing the circle restorative justice model, all within the Police Department. Two supervisors who will also perform dispatch functions will aid the Emergency Management Department in providing more cost effective and efficient dispatching. Technology improvements in the Fire Department will provide for similar cost effective and efficient firefighting.

The Community Development Fundamental will be advanced in FY'08 through the Shannon Community Safety Initiative prevention activities targeted to address at-risk youth issues. The State is expected to open the new DCR (Department of Conservation and Recreation) Pool on Carter Street late in FY'08. The City will be seeking to expand the traditional pool hours for the benefit of local youth and families, a major target of the Shannon Community Safety Initiative expansion. More summer jobs are expected to be offered this upcoming summer with the assistance of State grant funding and support by Massport. A new afterschool program is likely to be unveiled in the 2007-08 school year, with its major funders, the Hyams Foundation and the MGH Community Benefits Program helping to shape the offering targeted to 7-10 graders. That same school year will be the last under the BU/Chelsea Partnership. The School Department and School Committee will continue the transition planning to attempt to secure a seamless transition from the successful, two-decade-long management of the local school system by Boston University. New affordable housing options will open as the City's 1,200-unit residential goal, which includes provisions for 15% affordability, come on line. The State is expected to open the new DCR (Department of Conservation and Recreation) Pool on Carter Street late in FY'08. The City will be seeking to expand the traditional pool hours for the benefit of local residents.

An affordable housing project that doubles as a prime example of the City's Neighborhood Enhancement Fundamental is the work being done to create a new residential neighborhood on Gerrish Avenue. This budget provides for the debt service necessary for the City to address pressing infrastructure needs in the area to support 121 new units of housing at former industrial properties in the district, the first of which will be ready for occupancy in FY'08. Sixty-five (65) of those units will be affordable. Likewise, the transformation of the residential portion of the Everett Avenue Urban Renewal District, from tired, blighted, marginal industrial to 400-600 units of housing is likewise supported by short- and long-term borrowing financed through this budget. Phase I, known as Crescent Court, is likely to break ground in FY'08. Both housing projects are classic "smart growth" projects that promote "transit orient development." As such, both have received State grants.

The openness and transparency of municipal government will be extended in FY'08, including through a public process to hire a new police chief, necessitated by the announcement that the current chief will retire in November. City leaders will also begin scoping out a community-wide visioning process that could be implemented in late FY'08 or early the next fiscal year. The City hopes that the Affordable Housing Trust

Fund Board will be organized and hold its first meeting in FY'08. Additional work to promote the City's website should build-off the award winning website offerings recently recognized by Common Cause.

The above initiatives and others will combine with the more routine City efforts to provide quality municipal service over a broad spectrum.

FY'07 – More Success, One Step at a Time

The validity of the last statement is supported by the accomplishments the City has produced in the past, including those enjoyed on the FY'07 municipal agenda, including:

- Balancing the FY'06 Budget, the eleventh straight balanced budget, consistent with the City's Five-Year Financial Plan;
- Securing a bond rating increase from Standard & Poor's to "A," the City's highest rating perhaps ever;
- Receiving GFOA budget and audit awards, and securing an outside audit that, for the eighth time in a row, reported no material weaknesses in the City's operations;
- Participating on a statewide task force negotiating pending legislation that was ultimately filed by Governor Deval Patrick to allow municipalities to join the State's Group Insurance Commission to secure health insurance for municipal employees, which, if adopted, could save municipalities who chose to enter GIC as much as 10% or more on local health insurance costs;
- Aiding Council in its adoption of the maximum commercial shift and residential exemption permitted by State law, saving the average single family owner-occupant approximately \$1,259 in property taxes for the current tax year;
- Securing present and future budget stability by advancing the City's 1,200-unit residential development goal by facilitating pre-development action for more than 1,500 units having already or expecting to break ground by the end of FY'08, including projects at Parkway Plaza, the Everett Avenue Urban Renewal District (EAURD);
- Advancing the goal of securing 15% affordability within the residential units being constructed as part of the 1,200-unit goal, including successfully negotiating a \$1.8 million payment to the City's Affordable Housing Trust Fund from JPI, the developer of the first of two phases of residential development in the EAURD's "Chelsea Residential Overlook Project;"
- Securing the commitment of Alkermes to select Chelsea over several United States and Europe alternatives for the expansion of the biopharmaceutical company's manufacturing operations, and submitted a grant request through the State's newly established "MORE" program to fund \$5 million worth of public infrastructure improvements to support the project, which is expect to begin development in FY'08;
- Leading a process that successfully replaced the abandoned HP Hood headquarters project in the EAURD's "Chelsea Gateway" parcels with a tentative designation to a development group that includes Choice Hotels;
- Continuing development activity at Parkway Plaza and secured the groundbreaking of the Corcoran residential development and approvals for the construction of the Phase II retail there;
- Advocating for as part of a statewide coalition and was successful in securing a second round of funding through the Shannon Community Safety Initiative to support local enforcement and prevention efforts around an anti-youth violence agenda, which included hiring a second gang officer, adding 50 afterschool slots at the Boys & Girls Club, enhancing programming targeting youth and substance abuse

at the Chelsea Housing Authority and transitional employment for court and/or state services involved youth;

- Advancing goals established in the Chelsea Police Department's Supplemental Enforcement Efforts, including a successful partnership with State Attorney General's Office, Suffolk County District Attorney's Office and the Insurance Fraud Bureau to combat local auto insurance fraud, which has contributed to a more than 16% reduction in local auto insurance rates, and
- Advocating for and participated on a panel developing a comprehensive afterschool program for students in grades 7-10 for implementation for the upcoming school year.

Securing Progress by Succeeding One Step at a Time – FY'08 and Beyond

Success can be measured in many ways. That the City can survive, and thrive, during the most difficult of financial times, while a decade earlier a relatively mild recession thrust the City into unparalleled financial straits, is a great success story. The City's "A" credit rating may be the highest ever enjoyed here is reflective of that success. So, too, can success be pronounced when Chelsea is selected over national and international competition for the expansion of a biopharmaceutical operation. That compared to twenty-five years ago when one of the nation's largest abandoned an expansion project in the city. Success can be seen in the City's public forces, where the City's public safety officers are on the cutting-edge of enforcement and protection activities. The City has been successful at becoming a champion in many movements, including managerial, like advancing legislation to allow municipalities to join the State's health insurance offerings; operational, like leading the effort to secure a second round of funding for municipalities to support programs targeted at at-risk youth, and out in the community, where, for example, ROCA and the City are collaborating on a statewide initiative to address employment for court or state-serve involved youth. Where Chelsea was once known for failure, it is today recognized for leadership. That's success that has been earned one step at a time. Industrial/residential conflicts, remnants of the Industrial Revolution, are being resolved systematically, as are other noxious impacts from the City's industrial past. That success has made the city one of the area's most attractive for investment by national and international concerns. At City Hall, leaders are being sought after for advice and counsel, not for questioning about nefarious activities. The City can be proud of such success.

FY'08 promises to be another year of progress. The stabilization of the budget, realization of the economic development agenda, establishment of remarkable youth development programs, building of a new neighborhood on Gerrish Avenue, extension of successful public safety technology initiatives and the evolving of a community visioning plan are among many achievements that can be expected in the year ahead. Those successes will build off of a dozen years as earlier success, and will be the foundation for even greater success in the years to come.

Success does not mean that all is fixed or that problems do not exist. No entity could ever claim such accomplishment. Success, as evidenced by this budget, simply means that the City is in control of its destiny and not shying away from difficult choices that could paralyze others. Instead of presiding over the decay of a city due to serious budget issues and poor community planning, the City is, in fact, looking forward with great anticipation to what has become expected of City government, the achievement of additional successes that continue to move the City towards even greater gains. Time not spent on managing crises is time much better spent on promoting a terrific community that is now becoming accustomed to realizing its potential.

Together, we serve the people of this community, first, last and always. Your leadership in making all that is contained within this budget document possible is a tribute to you individually and collectively. It is my pleasure to work with you to make our every successful step possible today and for many more years to come.

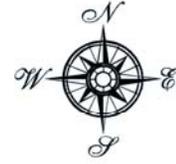
Very truly yours,

A handwritten signature in cursive script that reads "Jay Ash". The signature is written in black ink and is positioned above the printed name.

Jay Ash
City Manager

P.S. It should be noted that this budget will not be submitted for review by GFOA. Having received budgetary recognition each of the last __ years and feeling very comfortable that the process established during those __ years would make this budget award-worthy again, the City believes the time spent on preparing the budget annually for GFOA review is better spent addressing other needs. In order to assure that the City does not lose the perspective offered by GFOA, the City will instead file the budget for review, and possible recognition, biannually.

Welcome to Chelsea



Annual Budget

Chelsea at a Glance

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 2007)

Classification	Levy percentage	Valuation	Tax rate per \$1,000
Residential	54.4291%	1,982,890,205	\$9.33
Open Space	0.0000%	0	\$0.00
Commercial	30.5272%	467,796,304	\$19.54
Industrial	11.2481%	172,366,000	\$19.54
Personal Property	3.7956%	58,162,900	\$19.54

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.

PHYSICAL AND ECONOMIC CHARACTERISTICS

Chelsea is an inner urban suburb of Boston. Chelsea City Hall is approximately three miles from Boston City Hall; it is 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 employers, other than the City itself, located in the City:

Company Business	Current Employees
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	412
Kayem Foods Manufacturer/Distributor - Food	390
Market Basket Grocery Sales	315
Massachusetts General Hospital Medical Center	225
H.P. Hood Manufacturer/Distributor - Food	164
Stop & Shop Grocery Sales	162
Metropolitan Credit Union Financial Services	146

Source: Chelsea Department of Planning and Development

Census Profile 2000



The U.S. Bureau of the Census completes a decennial census count for the direct purpose of creating new legislative districts based on population changes. The Census figures also indirectly affect billions of dollars of federal and state grants for local communities such as Chelsea. These Census numbers allow grantors to compare communities across the nation by accessing their demographic, economic, housing, and social statistics. Beyond the realm of grant funders, there is also a need among local residents to have some measurement of the ways in which their community is changing. This analysis of recent community trends allows government, community, resident, and business spending to reflect these calculated changes and better direct future dollars.

Chelsea Is Growing Rapidly

Between 1990 and 2000, Chelsea's population grew at a very high rate from 28,710 to 35,080. This 22.2% growth rate between 1990 and 2000 represents the highest growth rate of all municipalities over 30,000 in the Metropolitan Area Planning Commission (MAPC) region¹. This growth is continuation of growth seen since 1980 when Chelsea's population was at 25,431 it's lowest recorded Census population. This rapid growth can stress transportation infrastructure, schools, housing, and social service networks if these systems do not keep up with the expanding population. Effects of this population growth are especially visible in municipal service budgets such as roads, schools, and public safety that struggle to provide all residents with uninterrupted high levels of service.

Chelsea Is Diverse

Chelsea continues to be a community of diverse racial backgrounds, with Hispanic or Latino being the largest segment of the population at 48.4%. Much of the population increase was an influx of Hispanic or Latino residents (+7,966). The remaining Non-Hispanic groups compose 51.6% of the population, with White Alone comprising 38.3% of Chelsea's population. The Chelsea population largely identifies with one race (93.4%) while 6.6% of residents identify with two or more races.

Chelsea Incomes Increase, But Remain Low

The 2000 median household income rose 20% to \$30,161 from the 1990 median of \$25,144. The per capita income also reflects an increase from 1990 to 2000 as incomes changed 26.6% from \$11,559 to \$14,628, respectively. These median income levels continue to lag behind national median income levels of \$41,994 for households and \$21,587 per capita. The largest household income bracket in 1999 still remains the lowest reported income bracket, households earning less than \$10,000, which numbered 2,255 (18%) households. The number of individuals living in poverty increased by 1,206 (18%) from 6,715 in 1990 to 2,665 (28.8%) in 2000. The poverty levels for related children under 18 dropped from 2,792 (38.9%) in 1990 to 2,665 (28.8%) in 2000.

¹ The MAPC region includes 101 communities in the metropolitan Boston region.

Chelsea Offers Many Business Options

Occupations primarily include, but are not limited to service (25.2%), sales and office (25.3%), production/transportation (23.4%), and management/professional (17.9%). Industry in 2000 includes, but is not limited to educational/health/social services (16.6%), manufacturing (15.1%), professional/scientific/management/administrative (12.2%), arts/entertainment/recreation (10.7%), retail trade (9.7%), and finance/insurance/real estate (7.2%). The wide variety of occupations and industries represents a diverse field of business options that are not dominated by one or two sectors, but offer many options.

Chelsea's Labor Force is Increasing

Unemployment in Chelsea declined from 12.1% in 1990 to 7.3% in 2000. At the same time, the labor force participation increased from 13,626 persons in 1990 to 14,212 persons in 2000.

Chelsea Uses Alternative Transportation Options

Commuters going to work primarily drive alone (47.8%), carpool (17.6%), use public transportation (24.9%), or walk (6.6%). When compared to the rest of the MAPC region, these figures demonstrate high usage of public transportation and carpooling to get to work. Walking to work remains average while Chelsea's rate of single drivers is low when compared to the MAPC region average. Seventy-nine point six percent of households own one or no cars in 2000 and only 20.3% own two or more.

Chelsea Has A Housing Shortage

The total number of housing units increased from 11,574 in 1990 to 12,337 in 2000, an increase of 6.6%. At the same time, population grew by 22.2% and the housing supply did not keep pace with the demand.

Indicators of this housing shortage include:

- Increases in population exceeding increases in total housing units
- Increase in number of residents per unit
- Decrease in vacant housing units for both renters and owners
- Extremely low number of seasonal or vacation homes
- Increase in average household sizes of both renters and owners
- Increase in value of units
- Low percentage of owner-occupied units
- Increase in mortgage costs for owners
- Increase in gross rents
- Aging housing stock
- Increase in the number of housing units without plumbing facilities
- Increase in the number of housing units without kitchen facilities.

Chelsea Residents Spend More for Housing

The Boston region has extremely high housing costs² and Chelsea is no exception to this trend. However, most Chelsea residents spend a disproportionate amount of their income on housing, and home ownership is still not economically feasible for most residents. Monthly costs for owner-occupied units, with and without mortgages, rose by 35.9% and 32.7% respectively since 1990. In 1999, 50% of all owners had monthly housing costs of less than 20% of their household income. Nineteen point five percent (19.5%) of all owners had monthly housing costs of greater than 30% of their household income. Median gross rent for renter-occupied units increased from \$594 in 1990 to \$695 in 2000 a change of +17%. In 1999, 26.4% of all renters had monthly rents of less than 20% of their household income. Forty-two point four percent (42.4%) of all renters had monthly rents greater than 30% of their household income.

Chelsea Has Many Family Households

The total number of households in Chelsea has increased by 1,335 (12.7%) to 11,888 in 2000 from 10,553 in 1990. Family households comprise 7,614 (64%) of households and nonfamily households equal 4,274 (36%) in 2000. Between 1990 and 2000, there was a 16.7% increase in the number of family households and a 6% increase in the number of nonfamily households. The average household size is 2.87 persons and the average family size is 3.5 persons. Of the relationships in the total population, 97.3% of the population is in a household while 2.7% is in group quarters

School Enrollments Are On The Rise; Educational Attainment is Declining

School enrollment increased on all levels between 1990 and 2000: preschool and kindergarten enrollment increased by 884 students (219.9%), elementary school and high school enrollment increased by 1,878 (38.9%), and college enrollment increased by 199 students (12.9%). The educational attainment of the population over 25 years old in 2000 indicates that 40.5% of residents do not have a high school diploma, 49.5% of residents have a high school diploma, some college, or Associate's degree, and 10% of residents have a Bachelor's degree or higher. Numbers of residents with higher education decreased between 1990 and 2000.

Chelsea Has Special Needs

Of the 1,013 households with grandparents living with young grandchildren, grandparents are responsible for the children in 411 households (40.6%). Civilian veterans number 2,263 (8.9%) in Chelsea. Nine hundred and fifty-nine (11.6%) of 5 to 20 year olds have a disability, 6,670 (33.7%) of 21 to 64 year olds have a disability, and 1,917 (56.9%) of those over 65 years old have a disability.

² Greenberger, Scott S. "Dollar Gets Less Mileage Within Boston." *Boston Globe*. December 21, 2003.

Chelsea is an Immigrant Community

The majority of Chelsea residents, 22,406, (63.9%) are native born while 12,674 (36.1%) are foreign born. Of those foreign born residents, 2,548 (20.1%) are naturalized citizens while 10,126 (79.9%) are not US citizens. Most foreign born residents are from Latin America, 9,180, (72.4%) with smaller segments from Europe, 1,330, (10.5%) and Asia, 1,292, (10.2%). Most households in Chelsea speak a language other than English at home. Thirteen thousand four hundred and fifty-three (41.6%) residents speak English only at home while 18,861 (58.4%) speak a language other than English. Non-English speaking households include 14,144 (43.8%) Spanish speakers, 2,953 (9.1%) Indo-European language speakers, and 1,222 (3.8%) Asian language speakers.



This aerial photograph was taken above Chelsea looking south to neighboring Boston. Route 1 winds through Chelsea and crosses the Mystic River via the Tobin Bridge. In the foreground is Chelsea's modern Williams Elementary School Complex. Across the river is the Leonard Zakim Bridge's unique "cable-stay" engineering. This bridge begins the Interstate 93 tunnel under Boston.

City Organization

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.

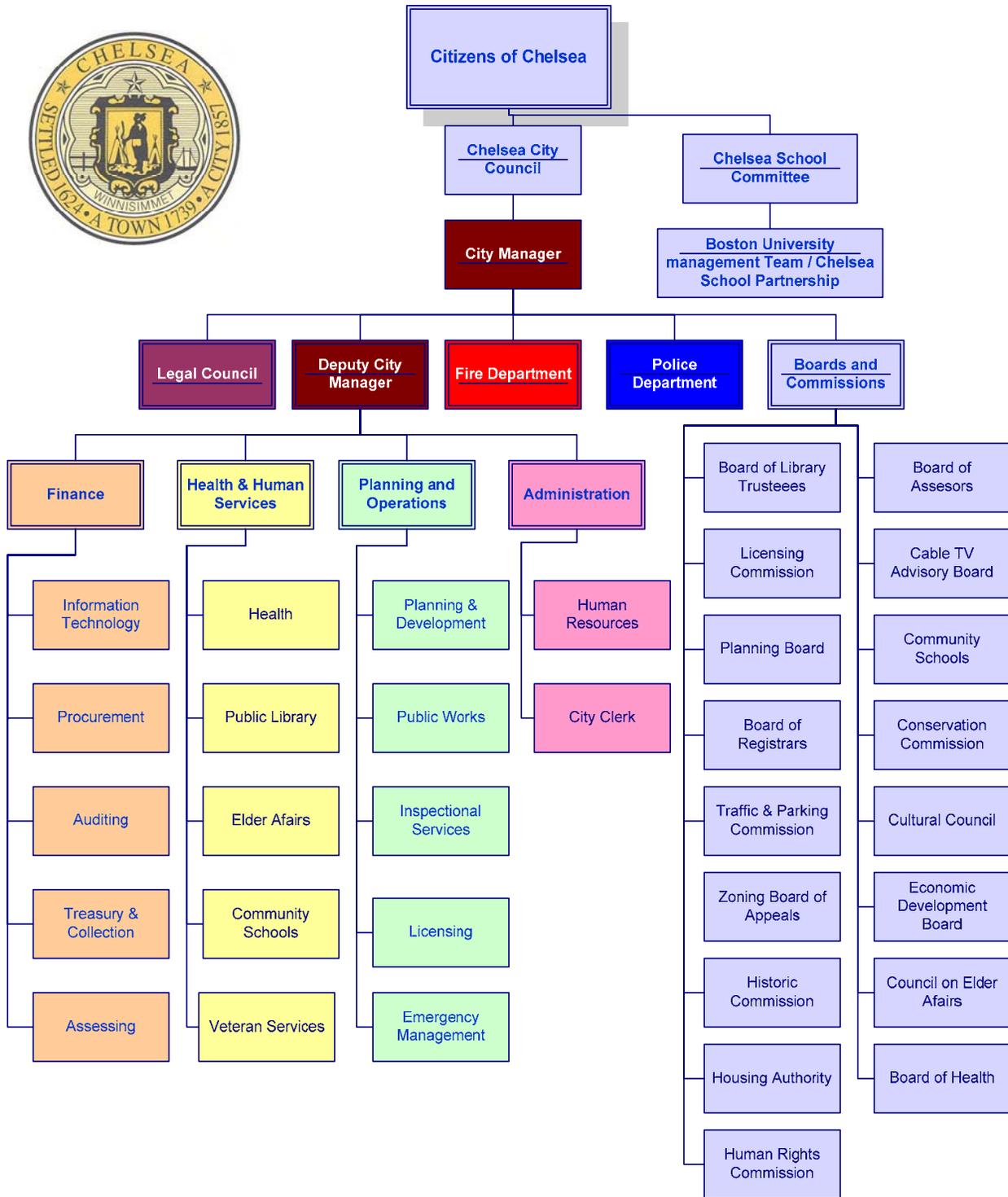
Under the Code, as amended, City departments are aligned under the Executive, Administration, Finance, Health and Human Services and Planning and Operations Divisions. The Executive Department, under the jurisdiction of the City Manager, includes the Law, Police and Fire Departments. The Deputy City 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 Organization



Organization Summary

Department	Official(s)	Additional Areas of Authority
Assessors	Philip J. Waterman, Chairman Ken Stein, Director	
Auditing	Edward Dunn, Auditor	
City Clerk	Robert Bishop, City Clerk	Traffic & Parking
City Council	Roseann Bongiovani, President Paul Casino, Administrator	
Executive	Jay Ash, City Manager Thomas Durkin, Deputy City Manager	
Emergency Management	Allan Alpert, Director	E911
Fire Chief	Herbert Fothergill, 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.	John Hyland, Acting Director	
Planning & Development	Ned Keefe, Executive Director	Planning, Economic Development, Housing
Police	Frank Garvin, Chief	Animal Control, Harbor Master
Public Works	Joseph Foti, Director	
Retirement Board	Joseph Siewko, Chairman	
School	Deborah Washington, Chairperson Dr. Thomas Kingston, Superintendent	
Treasurer/Collector Veteran Services	Patrice Montefusco, Acting Treasurer/Collector Theodore Sobolewski, (Retired) Interim Director	Central Billing and Research

City Council

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 Sub-Committee assignments for calendar 2006 are outlined below:

At Large	Paul R. Nowicki
At Large	Roy A. Avellaneda
At Large	Leo Robinson
District One	Stanley Troisi
District Two	Mike McKonnen Tsegaye
District Three	Roseann T. Bongiovanni
District Four	Paula S. Barton
District Five	Brian B. Hatleberg
District Six	Marilyn Vega-Torres
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 Troisi, Chairman, Councillor Hatleberg and Councillor Bongiovanni.
- **Sub-Committee on Public Safety**
Councillor Nowicki, Chairman, Councillor Hatleberg,, Councillor McKonnen, Councillor Avellaneda, and Councillor Robinson
- **Sub-Committee on Public Works**
Councillor Hatleberg, Chairman, Councillor McKonnen , Councillor Morgese , Councillor Brown, and Councillor Robinson .
- **Sub-Committee on Rules and Ordinances**
Councillor Barton, Chair, Councillor Troisi, Councillor Nowicki, Councillor Morgese and Councillor Avellaneda.
- **Sub-Committee on Community Development and Housing**
Councillor Avellaneda, Chairman, Councillor Bongiovanni and Councillor Vega-Torres.
- **Sub-Committee on Public Health, Education, Training and Human Resources**

Councillor Vega-Torres, Chair, Councillor Barton and Councillor Bongiovanni..

- **Sub-Committee on Inter-Governmental Affairs**

Councillor Morgese, Chairman, Councillor Vega-Torres, Councillor Avellaneda, Councillor Troisi and Councillor Brown

- **Sub-Committee on Labor Relations and Collective Bargaining**

Councillor Brown, Chairman, Councillor Hatleberg and Councillor Nowicki.

- **Sub-Committee on Inspectional Services**

Councillor MeKonnen, Chairman, Councillor Morgese Councillor Vega-Torres, Councillor Robinson and Councillor Barton.

School Committee

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 2005 the City of Chelsea held a preliminary election followed by a November 2005 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 2006. 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. McBide
District One	Rosemarie Carlisle, Vice Chairman
District Two	Michael J. Caulfield
District Three	Annemarie Boudreau
District Four	Lucia H. Colon
District Five	Morrie Seigal
District Six	James Dwyer, Chairman
District Seven	Deborah A. Washington
DistrictEight	Edward C. Ells

Boards and Commissions

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 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)	Board of Library Trustees (7)
Community Schools Advisory Board (9)	Licensing Commission (5)
Conservation Commission (5)	Planning Board (9)
Cultural Council (7)	Board of Registrars (5)
Economic Development Board (5)	Traffic and parking Commission (7)
Council on Elder Affairs (17)	Zoning Board of Appeals (3 members, 2 Associates)
Board of Health (5)	
Historic Commission (7)	

Budget Calendar

<u>Task</u>	<u>Start Date</u>	<u>Finish Date</u>
Executive Committee updates Citywide mission and goals	12/1/06	12/31/06
City Manager issues Citywide objectives and constraints	1/18/07	1/18/07
Operating divisions coordinate Citywide goals with departmental goals	1/15/07	1/31/07
Distribute budget notebook and materials	2/1/07	2/1/07
Departments compile budget information	2/2/07	2/16/07
Departmental budget review with division head	2/19/07	2/28/07
Submit departmental budget to Budget Director	3/1/07	3/1/07
Departmental presentations to City Manager	4/1/07	4/14/07
Submission of City Manager budget to Council	5/2/07	5/2/07
Council Department hearings	5/21/07	5/31/07
Public Hearing	6/4/07	6/4/07
Council vote on City Budget	6/4/07	6/4/07

Amendment and Adoption Process

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

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 Format - Departmental Sections. Each departmental section contains a department narrative, which includes organization, program functions, authority, goals and financial data relating to the total department.

Budget Procedure. The preparation of the Annual Budget for the City of Chelsea is governed by the provisions of Chapter 103 of the Acts of 1994 establishing a new charter for the City of Chelsea in 1994. The budget cycle for FY'08 was initiated in December 2006, and at that time, the City Manager established general budgetary guidelines and limitations for the coming year.

The City Manager convened a City-wide annual budget meeting attended by all department heads and finance personnel concerning a general overview of the state of the economy, and outlined specific guidelines dictating the preparation of individual department budgets. In consultation with the City's Budget Director, each department then prepared FY'08 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 Finance Director and City Manager by March 1, 2007.

From the late April 1, 2007 to mid 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. During the months of April and May, 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'08 budget to the City Council on May 2nd.

From then to the last meeting in May, the City Council will hold a series of public hearings to solicit citizen participation regarding departmental budget requests. 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'08 becomes effective on July 1, 2007.

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.

AS OTHERWISE MODIFIED BY THE PROVISIONS OF CHAPTER 44 OF THE MASSACHUSETTS GENERAL LAWS, INCLUDING; 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 or 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.

Budget Development

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 5 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

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’08 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'07 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'08 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.

Budget Goals

The FY'08 Budget allows the City to meet the present budgetary challenges, some which have been lingering for several years, and provides a glimpse at how the City believes budgets in the future will be better financed. In addition to offering another balanced budget, the FY'08 Budget provides the City with the opportunity to seek advances in each of the programming areas contained within the Fundamentals. The combination of acting on short-term needs and opportunities while continually being focused on sustainable long-term achievement is the most basic premise of the Fundamentals. Thus, the City remains loyal to the philosophies which have directed the budget process for more than a decade.

Unfortunately, fiscal uncertainty seems to be an annual concern. Perhaps municipal budgets for most will necessarily be influenced by such continuing fiscal uncertainty. Locally, the City seeks to meet such uncertainty by first understanding the nature of the uncertainty, then by assessing its potential impacts. From there, the City charts a course that mitigates those impacts and allows for the further stability of the local budget and a growth of the local community. In short, the City's belief is that all good things come from a proper financial foundation. So, to no surprise, the City's focus on the Financial Fundamental may continue to be the most important of its Fundamental views.

This FY'08 Budget is constructed to maintain the integrity of the City's finances. With the Financial Fundamental providing perspective, the following budgetary goals are most critical:

- Managing still reduced non-school local aid levels while waiting for economic development activities to “kick-in” locally generated revenue expansion, all while limiting or avoiding 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, restraining capital expenditures, 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;
- 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 and responsible, the City will turn to Free Cash to cover the budget shortfall that is projected for FY'08. During FY'08, the City will continue existing efforts and adopt several new initiatives to seek further enhancements in the City's financial position, including:

- Finalizing collective bargaining negotiations that secure wage increases of 2%, savings in overtime and a greater employee contribution to health insurance costs, and preparing for the next round of labor negotiations;
- Concluding a study on CIP expenditures that could lead to the institution of a debt ceiling for future infrastructure related borrowing

- Championing a statewide initiative that allows municipalities and their employees to achieve health insurance savings by entering the State's Group Insurance Commission pool,
- Encouraging a statewide discussion on the impact that fully funding retirement costs by 2028 has on many municipalities, and
- Prioritizing the Economic Development goal of increasing the local housing stock by 1,200 units or more by the end of FY'10.

Regarding the latter, City officials have seen 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. While local aid is increased in FY'08 over FY'07 levels, non-school aid is still below FY'01 highs. When inflation is factored in, as well as the realization that more than \$9.3 million in local reserves have been tapped to fill the budget gaps left by reduced levels of non-school local aid over the past 6 years, the continuing impact of lower local aid levels becomes even more acute. Thus, the need to prioritize the development of 1,200 new units of housing, which 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, which includes more than 1,500 units in the construction or permitting phases;
- Coordinating additional phases in the Parkway Plaza redevelopment and the start-up of reconstruction activities at the Mystic Mall, and
- Facilitating groundbreakings in the Everett Avenue Urban Renewal District, including the Phase I residential development of Crescent Court, the Choice Hotels construction at Chelsea Gateway, and the expansion of Alkermes.

Other priority initiatives in the City's Fundamentals include:

- Conclude the work of the panel drafting the new afterschool initiative for students in the 7-10 grades, and work with funding partners, The Hyams Foundation and Partners Health Care, and the School Department to implement the program;
- Prepare the newly established neighborhood on Gerrish Avenue and Library Street, known as the Box District, for its first residents;
- Secure a second round of funding through the State's Shannon Community Safety Initiative, an program the City helped establish to aid communities across the state address prevention and enforcement issues around youth violence;
- Advocate for statewide policy to increase State funding and technical assistance to city's seeking to address development, public safety, education and quality of life issues, and
- Organize a community visioning process to increase the public's awareness of and contributions to the City's public policy agenda.

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, the City's annual budget 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

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 our 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 actual (GAAP). Second, encumbered and continuing appropriations are recorded as the equivalent of expenditures (budgeted), as opposed to a reservation of fund balance (GAAP).

Our Financial statements are restated in full compliance with GAAP at the end of each year and published in our Comprehensive Annual Financial report. It is for that annual restatement that we capture 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

The City is committed to preparing, submitting and operating with a "balanced budget." A balanced budget is defined as a budget in which receipts are greater than (or equal to) expenditures.

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.

Fund Balance as of June 30,2007 <i>preliminary</i>	\$5,878,660
Projected FY'08 revenues and other Financing Sources	113,046,637
Projected FY'08 expenditures and other Financing Uses	<u>114,095,593</u>
Projected Fund balance as of June 30, 2008	\$4,829,704

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.

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'07 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 30,2007 <i>preliminary</i>	\$840,881
Projected FY'08 revenues and other Financing Sources	33,635
Projected FY'08 expenditures and other Financing Uses	<u>0</u>
Projected Fund balance as of June 30, 2008	\$874,516

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 30,2007 <i>preliminary</i>	\$3,618,353
Projected FY'08 revenues and other Financing Sources	144,734
Projected FY'08 expenditures and other Financing Uses	<u>0</u>
Projected Fund balance as of June 30, 2008	\$3,763,087

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:

- A) Control of Collusion: The separation of duties performed by staff who account and record the assets of the City.
- B) Ensure written confirmations of all investment and wire transactions.
- C) 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

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 June 30, 2006*

Equalized Valuation Fiscal 2007	2,681,215,409
Debt Limit	67,030,385
Outstanding Debt outside Limit 6/30/06	56,641,405
Outstanding Debt inside Limit 6/30/06	<u>10,925,593</u>
Total Outstanding Debt 6/30/06	67,566,998
Debt Limit	67030,385
Debt Subject to Debt Limit	<u>10,925,593</u>
Borrowing Capacity approximate	56,104,792

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. Since FY'03, the City had sought to reduce its debt financing in response, primarily, to the poor general state and national economic climates.

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.

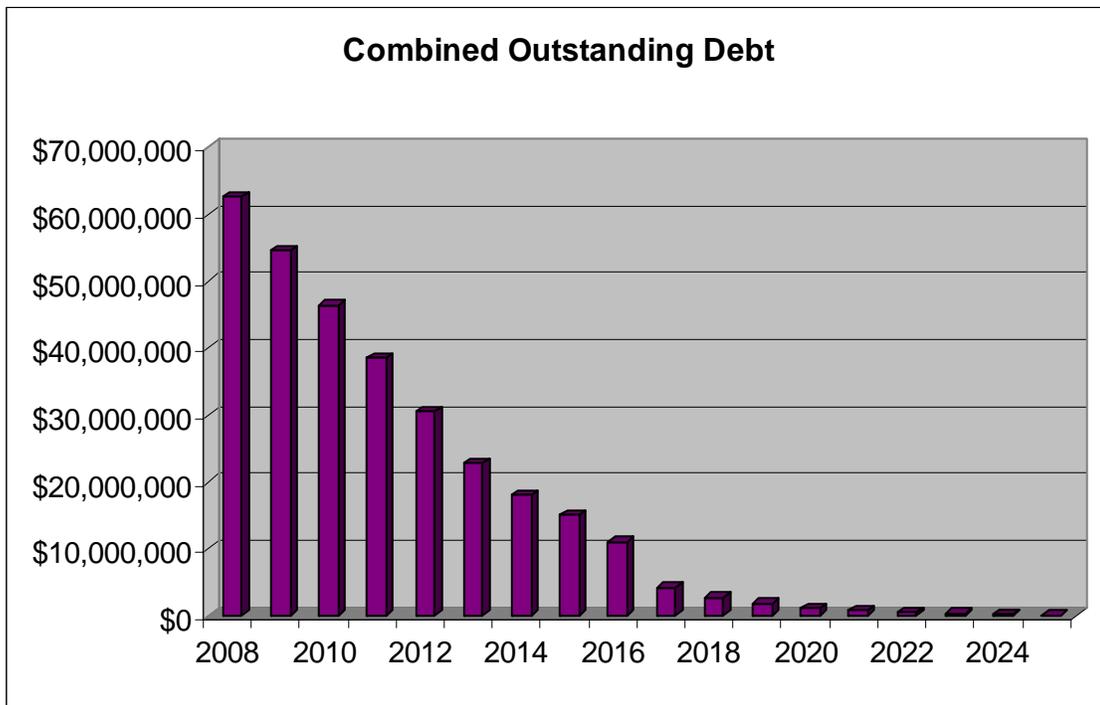
Revenue Bonds - Cities and towns may (though the City has none) issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's water pollution abatement revolving- loan program. In addition, cities and towns having electric departments may issue revenue bonds, 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

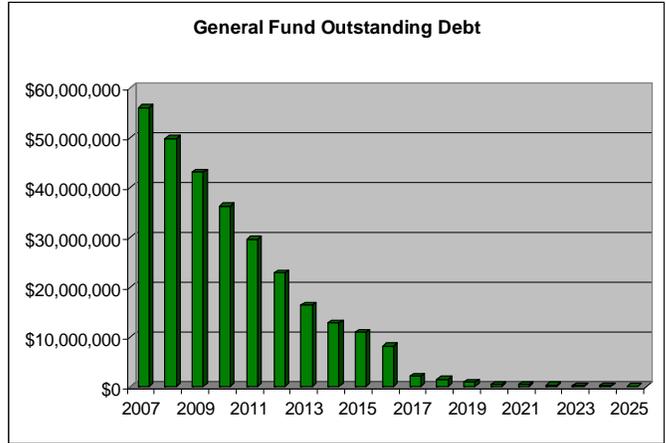
The City's bond rating is as follows: Standard & Poor's "A-" *December 15, 2005*

Debt Schedules

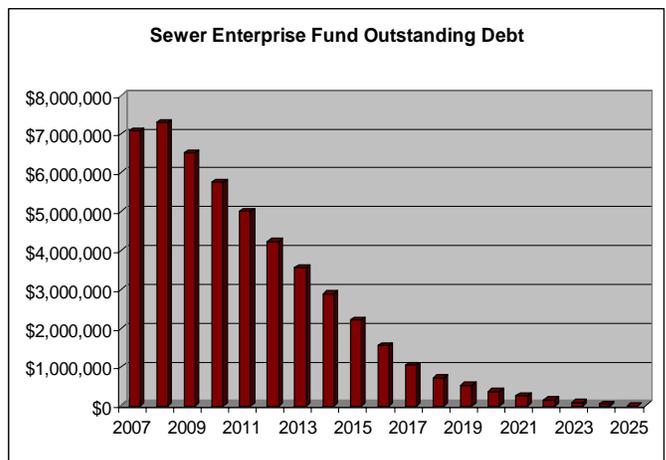
Combined Debt Schedule				
Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2008	62,680,438.85	8,101,133.74	3,170,139.55	11,271,273.29
2009	54,579,305.11	8,058,849.75	2,730,216.25	10,789,066.00
2010	46,520,455.36	7,988,849.74	2,321,270.04	10,310,119.78
2011	38,531,605.62	7,978,849.74	1,914,823.78	9,893,673.52
2012	30,552,755.88	7,719,267.96	1,511,038.75	9,230,306.71
2013	22,833,487.92	4,809,267.95	1,108,511.26	5,917,779.21
2014	18,024,219.97	2,959,267.95	878,836.25	3,838,104.20
2015	15,064,952.02	3,954,976.01	739,905.03	4,694,881.04
2016	11,109,976.01	6,964,976.01	547,641.27	7,512,617.28
2017	4,145,000.00	1,360,000.00	201,329.99	1,561,329.99
2018	2,785,000.00	910,000.00	139,777.51	1,049,777.51
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)			



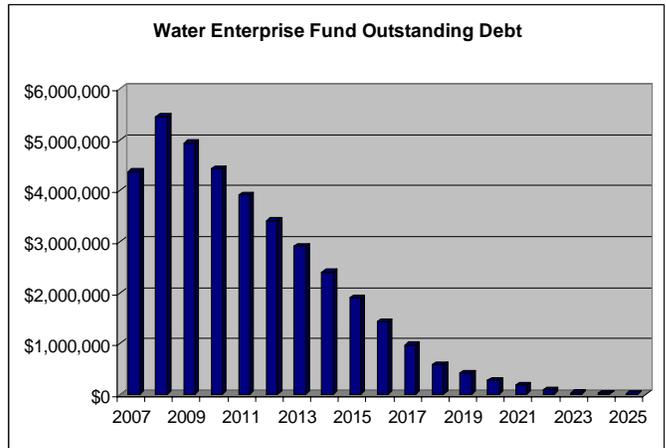
General Fund Debt Schedule				
Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2008	49,921,892.84	6,797,357.60	2,662,561.12	9,459,918.72
2009	43,124,535.24	6,800,669.72	2,290,220.42	9,090,890.14
2010	36,323,865.52	6,711,491.84	1,924,121.98	8,635,613.82
2011	29,612,373.68	6,703,491.84	1,561,613.55	8,265,105.39
2012	22,908,881.84	6,534,709.09	1,202,469.40	7,737,178.49
2013	16,374,172.75	3,634,421.21	847,080.54	4,481,501.75
2014	12,739,751.54	1,787,733.34	663,727.43	2,451,460.77
2015	10,952,018.20	2,806,045.46	571,260.60	3,377,306.06
2016	8,145,972.74	6,013,445.46	426,155.04	6,439,600.50
2017	2,132,527.28	643,769.70	116,028.72	759,798.42
2018	1,488,757.58	551,257.58	80,869.10	632,126.68
2019	937,500.00	517,500.00	48,710.00	566,210.00
2020	420,000.00	90,000.00	18,070.00	108,070.00
2021	330,000.00	90,000.00	14,370.00	104,370.00
2022	240,000.00	80,000.00	10,920.00	90,920.00
2023	160,000.00	80,000.00	7,600.00	87,600.00
2024	80,000.00	80,000.00	3,800.00	83,800.00
2025	(0.00)			



Sewer Fund Debt Schedule				
Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2008	7,306,098.37	793,999.87	279,876.66	1,073,876.53
2009	6,512,098.50	753,022.94	245,555.19	998,578.13
2010	5,759,075.56	761,834.00	221,246.51	983,080.51
2011	4,997,241.56	766,834.00	196,358.90	963,192.90
2012	4,230,407.56	674,646.33	170,748.57	845,394.90
2013	3,555,761.23	672,841.39	143,484.24	816,325.63
2014	2,882,919.84	671,651.45	116,403.69	788,055.14
2015	2,211,268.39	670,460.52	89,194.61	759,655.13
2016	1,540,807.87	497,459.52	61,683.65	559,143.17
2017	1,043,348.35	327,495.64	43,893.76	371,389.40
2018	715,852.71	185,616.71	31,656.38	217,273.09
2019	530,236.00	161,816.00	23,085.29	184,901.29
2020	368,420.00	111,309.00	15,582.58	126,891.58
2021	257,111.00	111,309.00	10,453.60	121,762.60
2022	145,802.00	55,802.00	6,704.20	62,506.20
2023	90,000.00	45,000.00	4,275.00	49,275.00
2024	45,000.00	45,000.00	2,137.50	47,137.50
2025	0.00			



Water Fund Debt Schedule				
Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2008	5,452,447.64	509,776.27	227,701.77	737,478.04
2009	4,942,671.37	505,157.09	194,440.64	699,597.73
2010	4,437,514.28	515,523.90	175,901.55	691,425.45
2011	3,921,990.38	508,523.90	156,851.33	665,375.23
2012	3,413,466.48	509,912.54	137,820.78	647,733.32
2013	2,903,553.94	502,005.35	117,946.48	619,951.83
2014	2,401,548.59	499,883.16	98,705.13	598,588.29
2015	1,901,665.43	478,470.03	79,449.82	557,919.85
2016	1,423,195.40	454,071.03	59,802.58	513,873.61
2017	969,124.37	388,734.66	41,407.51	430,142.17
2018	580,389.71	173,125.71	27,252.03	200,377.74
2019	407,264.00	130,684.00	19,024.68	149,708.68
2020	276,580.00	93,691.00	12,696.17	106,387.17
2021	182,889.00	93,691.00	8,106.39	101,797.39
2022	89,198.00	59,198.00	4,345.80	63,543.80
2023	30,000.00	15,000.00	1,425.00	16,425.00
2024	15,000.00	15,000.00	712.50	15,712.50
2025	(0.00)			



Summary Schedule of Outstanding Debt by Issue

General Fund

Tracking #	Date of Issue	Amount		Outstanding Balance on July 1, 2007
CDL21	8/15/1994	10,815,000.00	Balance on Orig 1994	-
CDL03	7/15/1995	995,000.00	General Fund - NSQ - GO	-
CDL02	10/15/1997	2,617,900.00	Various Purposes	-
CDL06	1/1/1998	26,710,000.00	General Fund - Refunding	-
CDL05	3/1/1998	42,090,000.00	General Fund - Refunding	40,030,000.00
CDL09	1/15/1999	9,816,600.00	Various Purposes	5,314,980.00
CDL01	6/1/2001	1,454,000.00	Various Purposes	479,228.00
CDL17	4/15/2003	16,660,000.00	Refunding of Sch.Bonds 8/15/94	-
CDL18	4/1/2004	1,600,000.00	Various Purposes	1,360,000.00
CDL20	4/1/2005	1,007,663.62	Various Purposes	990,784.84
CDL22	5/1/2005	641,000.00	Various Purposes	509,800.00
CDL23	12/15/2005	691,000.00	Various Purposes	584,100.00
CDL26	12/15/2006	653,000.00	Various Purposes	653,000.00
Total				49,921,892.84

Water Fund

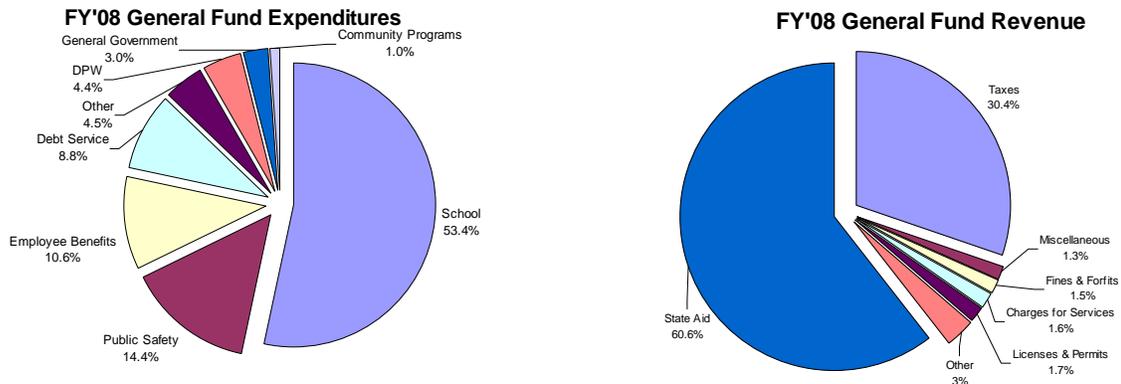
CDL09	1/15/999	705,267.00	Various Purposes	433,943.00
CDL01	6/1/2001	643,627.00	Various Purposes	460,318.00
CDL07	4/15/2002	1,002,250.00	Various Purposes	728,036.00
CDL18	4/1/2004	310,000.00	Various Purposes	257,500.00
CDL20	4/1/2005	1,266,944.85	Various Purposes	1,245,722.99
CDL22	5/1/2005	254,000.00	Various Purposes	201,200.00
CDL23	12/15/2005	471,000.00	Various Purposes	423,900.00
CDL26	12/15/2006	1,477,000.00	Various Purposes	1,477,000.00
CDL14	8/15/1999	317,145.00	MWRA Water Bond	-
CDL19	5/27/2004	192,919.50	MWRA Water Bond	135,043.65
CDL25	5/15/2006	99,760.00	MWRA Water Bond	89,784.00
Total				5,452,447.64

Sewer Fund

CDL02	10/15/1997	1,845,590.00	Various Purposes	-
CDL09	1/15/1999	910,133.00	Various Purposes	571,077.00
CDL01	6/1/2001	1,209,373.00	Various Purposes	760,454.00
CDL07	4/15/2002	322,750.00	Various Purposes	166,964.00
CDL18	4/1/2004	930,000.00	Various Purposes	787,500.00
CDL13	5/15/1997	143,195.00	MWRA Sewer Bond	-
CDL10	8/15/1997	56,071.00	MWRA Sewer Bond	-
CDL11	2/15/1999	56,288.00	MWRA Sewer Bond	-
CDL16	5/15/1999	251,497.45	MWRA Sewer Bond	-
CDL12	11/15/2000	93,225.00	MWRA Sewer Bond	-
CDL15	2/1/2003	211,420.00	MWRA Sewer Bond	42,284.00
CDL24	5/15/2006	472,909.00	MWRA Sewer Bond	378,327.20
CDL20	4/1/2005	710,391.53	Various Purposes	698,492.17
CDL22	5/1/2005	1,682,000.00	Various Purposes	1,344,000.00
CDL23	12/15/2005	1,708,000.00	Various Purposes	1,537,000.00
CDL26	12/15/2006	1,020,000.00	Various Purposes	1,020,000.00
Total				7,306,098.37

Summary of the FY 2008 City Budget

The FY'08 Budget for all City services and facilities totals \$127.2 million. The total includes \$114.1 million in the General Fund Budget to support traditional municipal services such as police, fire, schools, parks, and libraries; \$13.1 million to support the operating costs of the Water and Sewer Enterprise System. All FY'07 figures are stated as originally adopted.



General Fund

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 \$114,095,593 which is the City appropriation of \$127,173,303 less the Water and Sewer Enterprise Funds appropriation of \$13,077,710.

General Fund Budget - The General Fund Budget in FY'08 totals \$114.1million, which is a 6.0% increase over FY'07.

Capital Budget and Debt Service - The FY'08 budget includes \$10.0 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 of \$558,895 to budget for unforeseen salary requirements, likely negotiated salary increases and additional unanticipated emergencies that may arise. 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 May 1, 2007.

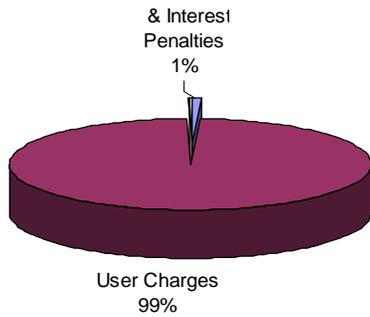
Both the Stabilization and CIP Reserve funds have reached their desired balances, as defined in the financial reserve policies. Therefore, there is no current requirement for further appropriation to these accounts.

Enterprise Funds

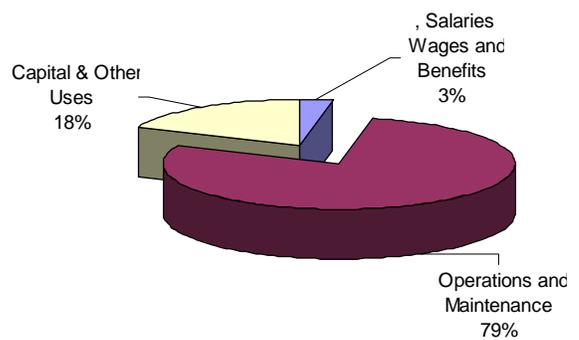
The Water and Sewer Enterprise Funds are used to account for the operations and maintenance of the City's water and sewer systems. Separate accounting exists to identify and support water-related and sewer-related needs. Both funds are financed by charges for services and miscellaneous revenue. The total appropriation for FY'08 is \$ 13,077,710.

Water Enterprise Fund

Water Enterprise FY'08 Revenue

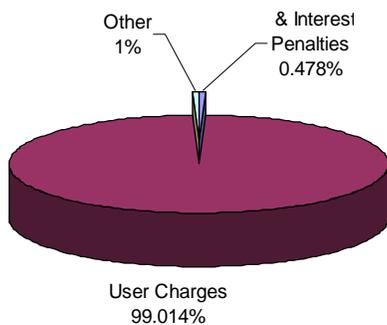


Water Enterprise FY'08 Expenses

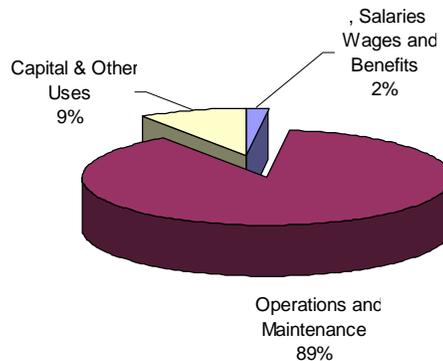


Sewer Enterprise Fund

Sewer Enterprise FY'08 Revenue



Sewer Enterprise FY'08 Expenses

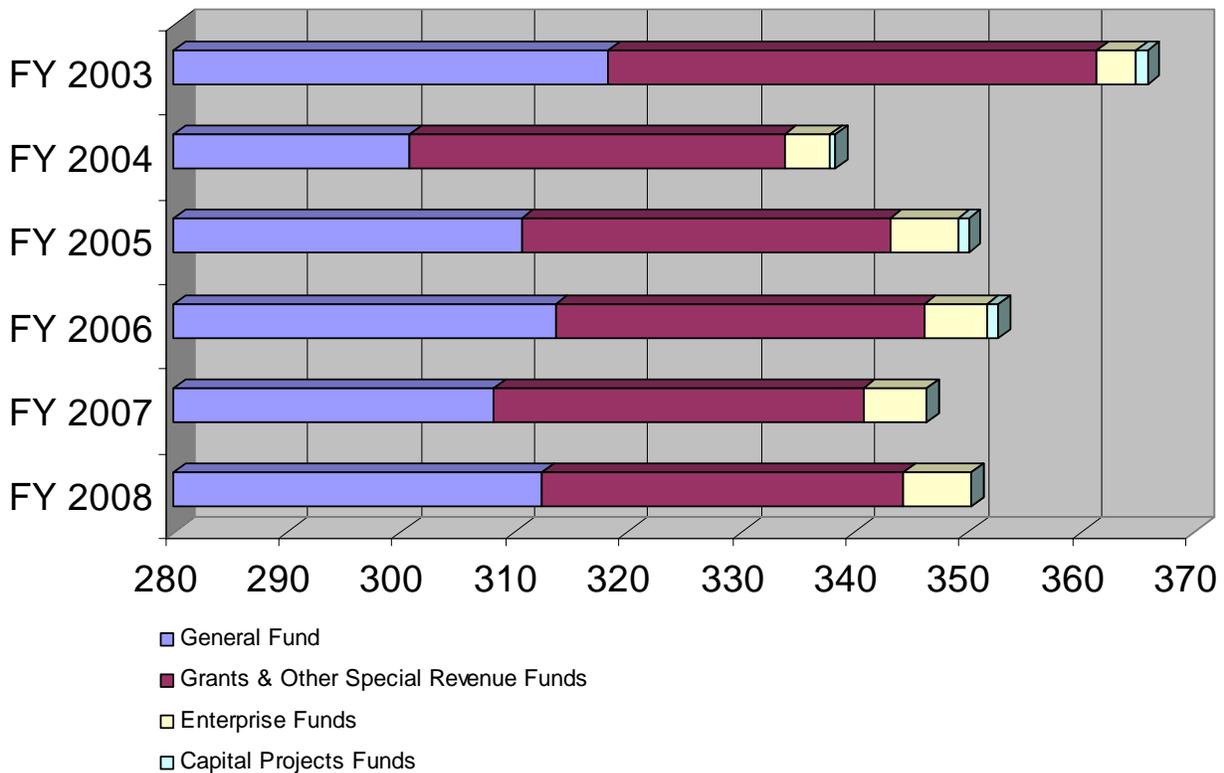


City Personnel Analysis

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'08 and the previous years. As a result of reduced revenues from sources like Local State 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, some positions have again been restored for FY'08. The apparent loss of positions (relative to FY'06) is due to the transfer of School Nurses positions from the Health Department budget to the School Department budget.. 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'08.

Full Time Equivalent Position Count



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

General Fund

Dept#	Department Name	Fiscal Year 2003 FTEs	Fiscal Year 2004 FTEs	Fiscal Year 2005 FTEs	Fiscal Year 2006 FTEs	Fiscal Year 2007 FTEs	Fiscal Year 2008 FTEs	Variance
110	Legislative	12.50	12.50	12.50	12.50	12.50	12.50	-
123	City Manager	4.00	3.50	3.00	3.00	3.00	3.00	-
135	Auditing	4.50	4.00	4.00	4.00	4.00	4.00	-
138	Purchasing	2.00	2.00	2.00	2.00	2.00	2.00	-
141	Assessors	4.50	4.50	4.50	4.50	4.50	4.50	-
145	Treasurer	10.00	10.00	10.00	10.00	10.00	10.00	-
151	Law	3.00	2.00	2.50	2.50	2.50	2.50	-
152	Personnel	2.00	2.00	2.00	2.00	2.00	2.00	-
155	MIS	2.00	2.00	3.00	4.00	4.00	4.00	-
159	Central Billing & Research	3.00	3.00	3.00	3.00	3.00	3.00	-
161	City Clerk	5.00	5.00	5.00	5.00	5.00	5.00	-
165	Licensing	1.00	1.00	1.00	1.00	1.00	1.00	-
175	Planning	-	-	-	-	-	1.00	1.00
210	Police	104.50	97.50	92.50	92.50	92.50	93.50	1.00
220	Fire	93.00	87.00	90.00	93.00	93.00	93.00	-
230	Emergency Management	1.00	1.00	14.00	14.00	14.00	16.00	2.00
240	Inspectional Services	10.00	11.00	11.00	11.00	11.50	11.50	-
293	Parking	1.00	1.00	1.00	1.00	1.00	1.00	-
421	DPW Administration	4.50	4.50	4.00	3.50	3.83	3.83	-
422	DPW Streets and Sidewalks	15.50	14.50	14.50	14.50	15.50	15.20	(0.30)
430	Solid Waste Disposal	-	-	-	0.50	-	-	-
470	Structures and Grounds	7.50	7.50	7.00	6.00	6.00	6.50	0.50
510	Health and Human Services	2.50	2.50	2.50	2.50	2.50	2.50	-
511	Health Officer	9.60	8.10	8.50	8.50	1.00	1.50	0.50
541	Elder Affairs	5.00	5.00	4.50	4.50	4.50	4.50	-
543	Veteran Services	1.00	1.00	1.00	1.00	1.00	1.00	-
610	Library	8.73	8.23	7.14	7.14	7.40	7.40	-
630	Recreation and Cultural Affairs	1.00	0.50	0.50	0.50	1.00	0.50	(0.50)
	Total	318.33	300.83	310.64	313.64	308.23	312.43	4.20

Position List - School Department

	Instructional Staff	Specialists	Pupil Support Personnel	Administration	Operations Personnel	Total
Chelsea High School	117.00	20.00	12.00	11.00	8.00	168.00
Eugene Wright School	31.00	13.33	4.50	4.00	6.00	58.83
Joseph A/ Browne School	32.00	13.33	5.50	4.00	-	54.83
Clarke Avenue School	34.00	15.34	5.00	6.00	3.00	63.34
Edgar Hooks School	27.33	11.25	3.00	4.00	-	45.58
William A. Berkowitz School	31.33	11.25	3.00	4.00	1.00	50.58
Frank M. Sokolowski School	31.50	11.25	3.00	4.00	-	49.75
George E. Kelly School	29.84	11.25	3.00	4.00	-	48.09
Shurtleff School - John Silber Learning Center	87.00	13.00	6.00	8.00	1.50	115.50
Tudor Hill School	-	-	-	-	-	-
Sytemwide	10.00	3.00	13.50	42.47	69.78	138.75
District Total	431.00	123.00	58.50	91.47	89.28	793.25

Enterprise Funds Financial Plan

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

Title	2004	2005	2006	2007	2008	Variance
Field Operations Manager	0.50	0.25	0.25	0.25	0.25	0.00
Director	0.00	0.00	0.25	0.25	0.25	0.00
Assistant Director	0.00	0.25	0.25	0.25	0.25	0.00
Business Manager	0.00	0.25	0.25	0.25	0.25	0.00
Capital Projects Manager	0.00	0.00	0.00	0.33	0.33	0.00
Yard Supervisor	0.00	0.00	0.00	0.00	0.15	0.15
Meter Reader	1.50	1.50	1.50	1.50	1.50	0.00
Total Department	2.00	2.25	2.50	2.83	2.98	0.15

Water Enterprise Personnel Listing #6010

Title	2004	2005	2006	2007	2008	Variance
Field Operations Manager	0.50	0.25	0.25	0.25	0.25	0.00
Director	0.00	0.00	0.25	0.25	0.25	0.00
Assistant Director	0.00	0.25	0.25	0.25	0.25	0.00
Business Manager	0.00	0.25	0.25	0.25	0.25	0.00
Capital Projects Manager	0.00	0.00	0.00	0.33	0.33	0.00
Yard Supervisor	0.00	0.00	0.00	0.00	0.15	0.15
Meter Reader	1.50	1.50	1.50	1.50	1.50	0.00
Total Department	2.00	2.25	2.50	2.83	2.98	0.15

Sewer Enterprise

Sewer Enterprise #6000

Revenue Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Interest & Penalties (417300)	23,124	31,726	38,217	10,000	37,000	27,000
User Charges (421200)	6,755,188	6,015,511	5,775,712	7,491,850	7,659,704	167,854
Sewer Liens (421600)	356,077	332,591	369,413	0	0	-
Other	4,527	21,600	31,533	5,000	39,290	34,290
Total Revenue	7,138,916	6,401,427	6,214,875	7,506,850	7,735,994	229,144

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	103,663	69,941	91,421	146,534	156,927	10,393
Operations and Maintenance	5,942,878	5,652,250	5,845,890	6,552,641	6,853,700	301,059
Capital & Other Uses	534,898	575,824	743,437	807,675	725,367	(82,308)
Department Total	6,581,439	6,298,015	6,680,748	7,506,850	7,735,994	229,144

Water Enterprise

Water Enterprise #6010

Revenue Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Interest & Penalties (417300)	170,143	34,718	40,067	52,500	40,000	(12,500)
User Charges (421100)	3,264,031	3,760,287	4,270,646	4,941,554	5,293,716	352,162
Water Liens (421500)	211,910	206,999	288,810	0	0	-
Other	6,983	8,491	48,646	0	8,000	8,000
Total Revenue	3,653,067	4,010,495	4,648,169	4,994,054	5,341,716	347,662

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	73,661	94,875	136,323	146,534	156,927	10,393
Operations and Maintenance	3,395,385	3,485,780	3,873,019	4,021,669	4,208,792	187,123
Capital & Other Uses	676,095	690,706	704,077	825,851	975,997	150,146
Department Total	4,145,141	4,271,361	4,713,419	4,994,054	5,341,716	347,662

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 preformed. 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'08.

Consumption Estimates			
		<u>Sewer</u>	<u>Water</u>
<i>based on FY 2006 actuals</i>			
Tier 1	0 - 1,000 cu. Ft.	42,942,647	43,212,026
Tier 2	1,001 - 5,000 cu. Ft.	38,608,991	39,244,877
Tier 3	5,001 - above cu. Ft.	47,575,929	60,386,175
Total Billable Consumption		129,127,567	142,843,078

Application of Rates				
Tier 1	0 - 1,000 cu. Ft.	100.0%	\$3.50	\$1,512,420.91
Tier 2	1,001 - 5,000 cu. Ft.	100.0%	\$3.87	\$1,518,776.74
Tier 3	5,001 - above cu. Ft.	100.0%	\$4.28	\$2,584,528.29
Total Water				\$5,615,725.94
Tier 1	0 - 1,000 cu. Ft.	100.0%	\$5.33	\$2,288,843.09
Tier 2	1,001 - 5,000 cu. Ft.	100.0%	\$5.89	\$2,274,069.57
Tier 3	5,001 - above cu. Ft.	100.0%	\$6.51	\$3,097,192.98
Total Sewer				\$7,660,105.63
Tier 1	0 - 1,000 cu. Ft.		\$8.83	\$3,801,264.00
Tier 2	1,001 - 5,000 cu. Ft.		\$9.76	\$3,792,846.31
Tier 3	5,001 - above cu. Ft.		\$10.79	\$5,681,721.27
Total Combined				\$13,275,831.57

Annual Combined Water and Sewer Costs for User based on Annual Consumption of 120 HCF	
Water Use	\$420.00
Sewer Use	\$639.60
Combined	\$1,059.60

General Fund Revenue Summary Table

Revenue Summary	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Taxes	30,181,192	29,926,489	32,364,813	33,103,477	34,631,838	1,528,361
Charges for Services	1,518,371	1,649,239	1,791,790	1,710,773	1,801,685	90,912
Licenses & Permits	999,082	1,149,447	1,141,437	1,283,276	1,904,510	621,234
Fines & Forfits	1,417,772	1,509,779	1,578,151	1,947,690	1,711,370	(236,320)
Intergovernmental	59,352,254	61,068,226	61,082,742	63,911,416	69,196,870	5,285,454
Miscellaneous Revenue	1,129,859	1,157,086	2,161,213	1,551,000	1,501,000	(50,000)
Other Financing Sources	2,178,444	4,321,041	2,039,770	4,516,879	3,348,320	(1,168,559)
Total	96,776,974	100,781,307	102,159,916	108,024,511	114,095,593	6,071,082

General Fund Revenue Detail Tables

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
TAXES						
Personal Property	1,093,928	1,091,944	1,100,785	1,136,503	1,395,173	258,670
Real Estate Taxes	24,902,233	24,969,258	26,582,991	28,406,088	29,608,679	1,202,591
Motor Vehicle Excise	2,287,940	2,766,554	2,973,033	1,950,000	1,950,000	0
Interest /Penalties on Taxes	91,120	120,343	123,113	50,000	50,000	0
Interest /Penalties on Tax Titles	473,812	127,552	170,610	60,000	60,000	0
Interest /Penalties Excise & Charges	89,633	73,937	74,828	50,000	50,000	0
Payment in Lieu of Taxes	1,099,111	609,949	1,195,899	1,225,886	1,292,986	67,100
Hotel/Motel Tax Ch 145	143,414	166,953	143,554	225,000	225,000	0
TOTAL TAXES	30,181,192	29,926,489	32,364,813	33,103,477	34,631,838	1,528,361

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
CHARGES FOR SERVICES						
Fees Cable Franchise	3,888	3,736	-	3,800	3,800	0
Fees Lien Certificates	46,950	44,500	47,100	78,200	78,200	0
MV Registry Clears	220,614	215,100	206,813	220,000	225,000	5,000
Deputy Collector	0	60	-	0	0	0
Constables	0	1,449	-	0	0	0
Fees Copies of Certificates	46,467	55,288	48,329	30,000	30,000	0
Passports	0	-	10,917	0	11,000	11,000
Fees Zoning Board	15,150	16,075	19,626	10,000	10,000	0
Site Plan Review	0	-	-	0	12,500	12,500
Application Fee	150	-	-	0	0	0
Design Reiew	0	-	-	0	1,000	1,000
Fees Police Details	42,246	47,390	42,055	35,000	35,000	0
Fees Copies of Reports - Police	5,651	4,279	4,849	5,000	5,000	0
Fees Fire Details	11,340	30,311	30,445	10,000	10,000	0
Fees Copies of Reports - Fire	169	96	74	100	100	0
Vehicle Lease Surcharge	1,979	3,154	2,438	1,500	1,500	0
Interest & Penalties	7,210	-	-	0	0	0
Fire Alarm Connection	2,860	-	-	0	0	0
Trash Removal Charges	1,096,705	1,216,194	1,369,093	1,308,773	1,370,185	61,412
Fee Sale of Bags	124	102	136	100	100	0
Fee Compost Bins	48	26	32	100	100	0
Information Requests Copies	0	-	784	0	0	0
Fee Rubbish Decals	16,820	11,480	9,100	8,200	8,200	0
TOTAL CHARGES FOR SERVICES	1,518,371	1,649,239	1,791,790	1,710,773	1,801,685	90,912

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
LICENSES AND PERMITS						
Licenses Various Clerk	15,339	16,504	17,571	12,000	12,000	0
Licenses Alcoholic Beverages	135,478	136,550	132,175	130,000	130,000	0
Licenses Common Victualers	8,575	8,478	9,400	8,000	8,000	0
Licenses Amusements	0	-	16,644	0	0	0
Licenses Const	0	-	16,013	0	0	0
Licenses Tobacco	0		3,800	0	0	0
Licenses Parks	0		29,675	0	0	0
Licenses Various	83,807	91,549	5,850	50,000	50,000	0
Licenses Petroleum Storage	76,320	76,200	76,800	60,000	60,000	0
Licenses Business Certificates	3,210	3,855	2,930	3,000	3,000	0
Licenses Rooming Houses	1,125	1,125	1,025	1,100	1,100	0
Licenses Automobiles	6,960	6,625	43,650	4,760	4,760	0
Licenses Hackney	5,630	9,145	8,946	3,500	3,500	0
Permits Firearms	3,625	-	8,900	4,800	4,800	0
Permits Smoke Inspections	15,130	16,440	19,540	11,000	11,000	0
Permits Oil Burner Inspection	975	820	575	700	700	0
Permits Tank Truck Inspect.	1,500	2,285	150	2,000	2,000	0
Permits Misc. Fire	4,850	8,390	6,751	2,000	2,000	0
Permit Alterations/Sign	253,841	263,810	255,757	290,000	290,000	0
Permit Cert. Of Occupancy	23,050	19,713	18,965	10,000	10,000	0
Permit New Buildings	44,755	172,135	128,068	422,566	1,043,800	621,234
Permit Electrical	63,866	53,743	65,738	50,000	50,000	0
Permit Cert. of Inspection	11,240	12,117	7,249	7,500	7,500	0
Permit Copies/Research Plans	159	800	215	200	200	0
Permit Gas/Plumbing	26,145	25,335	24,455	24,000	24,000	0
Permit Sidewalks/Streets	3,950	3,300	4,650	3,000	3,000	0
Permit Cert. of Fitness	63,765	58,430	62,590	40,000	40,000	0
Permit Dumpsters	53,350	55,108	53,425	50,000	50,000	0
Permit Pools/Baths/Tanning	525	350	400	200	200	0
Permit Sale of Food	35,845	40,018	39,325	35,000	35,000	0
Permit Caterers	700	800	900	700	700	0
Permit Bars & Clubs	1,200	1,425	1,800	1,300	1,300	0
Permit Temporary	1,650	1,650	3,650	1,500	1,500	0
Permit Tobacco	0	-	375	0	0	0
Permit Summer Camps	100	100	250	100	100	0
Permit Weights & Measures	22,031	24,374	30,225	20,000	20,000	0
Permit Parking	9,872	18,229	5,246	3,000	3,000	0
Permit Parking			10,350	7,000	7,000	0
Visitor Passes	2,873	4,020	3,595	2,000	2,000	0
Permit Street Openings - DPW	15,100	13,475	21,031	20,000	20,000	0
Licenses Funeral Director	350	350	350	350	350	0
Health Permit Beauty & Tattoo	0	-	375	0	0	0
Permit Burial	2,190	2,200	2,060	2,000	2,000	0
TOTAL LICENSES & PERMITS	999,082	1,149,447	1,141,437	1,283,276	1,904,510	621,234

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
FINES						
Fines - Bad Checks	4,325	3,209	2,530	3,600	3,600	0
Fines - Non-Criminal 21D	33,447	71,165	81,980	52,000	52,000	0
Fines - CMVI	121,476	142,166	184,628	250,000	185,000	(65,000)
Fines - Towing	60,210	43,300	33,755	48,000	48,000	0
Court Fines	31,055	18,080	13,919	10,000	10,000	0
Library Fines	113	-	-	0	0	0
Fines - Parking Tickets	1,167,146	1,231,859	1,261,340	1,584,090	1,412,770	(171,320)
TOTAL FINES & FORFEITS	1,417,772	1,509,779	1,578,151	1,947,690	1,711,370	(236,320)

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
INTERGOVERNMENTAL						
Other	6,618	3,114	74	0	0	0
Quigley Mace Park	232,689	-	-	0	0	0
Voke Park	0	25,013	259,492	0	0	0
Medicare Part D Fed Reimbursement	0	-	-	0	225,000	225,000
Medicaid School Care Delivery Reimb.	735,464	1,040,926	1,027,467	700,000	700,000	0
Veterans Abatements	0	-	-	12,703	12,703	0
Surviving Spouse Abatements	0	-	-	21,451	20,756	(695)
Blind Abatements	37,628	36,134	35,439	1,980	1,980	0
Elderly Abatements	20,636	20,624	20,620	20,620	20,628	8
State Owned Land	33,128	51,784	67,780	86,981	97,180	10,199
Charter School Reimbursement	83,093	333,714	207,863	605,600	1,396,418	790,818
Charter School Capital Reimbursement	0	57,194	56,373	0	0	0
School Construction	8,586,531	8,385,911	8,093,289	7,795,391	7,492,223	(303,168)
School Transportation	170,717	-	-	0	0	0
School - Chapter 70	40,885,820	41,799,800	42,000,971	44,127,092	48,435,815	4,308,723
School - State	505	425	-	0	0	0
Police Career Incentive	250,893	228,793	252,899	260,000	406,806	146,806
Veterans Benefits	149,052	161,177	133,850	169,839	165,659	(4,180)
Additional Assistance	3,396,864	4,176,002	3,396,864	3,396,864	3,396,864	0
Urban Redevelopment	15,000	-	-	0	0	0
Lottery	4,747,616	4,747,616	5,529,762	6,712,895	6,824,838	111,943
TOTAL INTERGOVERNMENTAL	59,352,254	61,068,226	61,082,742	63,911,416	69,196,870	5,285,454

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
MISCELLANEOUS REVENUE						
Earnings on Investments	1,012,029	1,132,655	1,878,714	1,550,000	1,500,000	(50,000)
Reimbursement -Treasury	0	368	36,610	0	0	0
Sale of Assets -Treasury	100	-	-	0	0	0
Miscellaneous Revenue	2,526	4,310	8,996	0	0	0
Restitution	84,729	715	-	0	0	0
Reimbursements	24,745	10,140	37,035	0	0	0
GIS Map Sales	0	316	995	1,000	1,000	0
Sale of Assets - Police	0	-	3,972	0	0	0
Miscellaneous Revenue - Police	2,145	12	7,233	0	0	0
Sale of Assets - DPW	390	-	2,409	0	0	0
General Revenue	0	-	414	0	0	0
Misc. Revenue	3,196	8,571	2,512	0	0	0
Tailings	0	-	182,323	0	0	0
TOTAL MISCELANEOUS	1,129,859	1,157,086	2,161,213	1,551,000	1,501,000	(50,000)

Revenue Detail	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
OTHER FINANCING SOURCES						
Bond Premium	1,706	28,516	12,185	0	0	0
School Building Assitance Adjustment	0	38,220	412,585	0	0	0
Accrued Interest on Bonds Issued	0	-	4,000			
Transfers from Special Revenue Funds	1,199,381	300,000	310,000	280,000	280,000	0
Transfer From Receipts Reserved	0	2,848,515		504,000	550,000	46,000
Transfer from Sewer Fund	434,233	491,295	1,301,000	707,675	725,367	17,692
Transfer from Water Fund	543,124	614,495	-	725,851	743,997	18,146
Snow & Ice Deficit to be raised				(25,181)	0	25,181
Use of Certified Free Cash	0	-		2,324,534	1,048,956	(1,275,578)
TOTAL OTHER FINANCING SOURCES	2,178,444	4,321,041	2,039,770	4,516,879	3,348,320	(1,168,559)
 GENERAL FUNDS TOTAL	 96,776,974	 100,781,307	 102,159,916	 108,024,511	 114,095,593	 6,071,082

EXPENDITURE SUMMARY
SUMMARY OF EXPENDITURE CHANGES

	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
GENERAL GOVERNMENT						
Legislative	196,490	208,119	209,220	213,848	208,791	-5,057
Executive Office	236,375	250,954	228,338	279,351	275,979	-3,372
Auditor's Office	220,499	221,861	219,688	215,374	219,984	4,610
Treasurer/Collector	549,484	616,706	599,925	734,440	741,283	6,843
Central Billing and Research	146,234	168,842	170,650	187,491	183,641	-3,850
Assessing	232,914	200,823	250,978	257,418	246,183	-11,235
Procurement	91,988	97,192	92,695	103,775	106,476	2,701
Law Department	189,601	181,338	195,204	220,459	223,476	3,017
Personnel Department	130,185	134,930	127,498	147,205	151,223	4,018
Municipal Information Systems	219,868	326,458	400,252	539,089	633,488	94,399
City Clerk	240,914	272,087	247,967	275,728	287,014	11,286
Licensing	59,032	64,056	65,144	67,492	68,739	1,247
Planning & Development	28,908	23,588	24,250	24,000	69,487	45,487
Total General Government	2,542,492	2,766,953	2,831,808	3,265,670	3,415,764	150,094
PUBLIC SAFETY						
Police Department	6,237,890	6,735,183	6,908,928	7,277,173	7,510,264	233,091
Fire Department	5,978,911	6,514,290	6,525,372	6,628,666	6,701,230	72,564
Inspectional Services	481,045	513,240	550,784	578,656	616,290	37,634
Traffic & Parking	652,752	562,889	588,792	669,649	693,820	24,171
Emergency Management	51,464	742,434	737,079	690,159	880,782	190,623
Total Public Safety	13,402,061	15,068,037	15,310,954	15,844,303	16,402,386	558,083
EDUCATION						
Northeast Vocational School Department	1,748,175	1,562,958	1,269,085	928,503	684,019	-244,484
	44,568,983	45,492,316	47,663,396	55,524,212	60,219,365	4,695,153
Total Education	46,317,158	47,055,274	48,932,481	56,452,715	60,903,384	4,450,669
PUBLIC WORKS						
Administration	249,296	224,515	177,533	210,410	211,979	1,569
Street & Sidewalks	1,423,469	1,393,491	1,384,889	1,698,808	1,794,678	95,870
Solid Waste/Recycling	1,730,333	1,795,425	1,680,397	1,817,300	1,874,500	57,200
Structures & Grounds	814,896	938,342	905,638	1,026,575	1,019,667	-6,908
Snow & Ice Removal	141,732	187,176	134,216	101,260	101,260	0
Total Public Works	4,359,726	4,538,948	4,282,673	4,854,353	5,002,084	147,731

	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2007 Budget	Dollar Variance
HEALTH & HUMAN SERVICES						
Administration	132,704	145,190	141,953	146,189	147,575	1,386
Health Division	370,822	404,907	406,946	66,314	67,841	1,527
Comm. Schools & Recreation	57,615	55,640	76,568	117,553	118,098	545
Veterans Service	295,837	275,885	325,511	344,758	313,294	-31,464
Elder Affairs	184,064	196,351	201,505	204,919	207,833	2,914
Public Library	253,994	264,684	270,008	275,044	283,339	8,295
Total HHS	1,295,036	1,342,658	1,422,490	1,154,777	1,137,980	(16,797)
DEBT SERVICE	11,144,060	10,877,525	10,062,340	10,113,757	10,033,296	-80,461
EMPLOYEE BENEFITS	8,875,315	9,222,562	10,672,888	6,632,783	7,041,768	408,985
RETIREMENT ASSESMENT	5,371,720	5,713,400	6,209,720	4,723,201	5,004,704	281,503
INSURANCE & JUDGEMENTS	473,075	493,941	435,375	538,113	553,506	15,393
STATE ASSESMENTS	2,772,309	3,103,478	3,197,867	4,058,409	4,600,721	542,312
Transfers to Spec. Revenue	725,054	0	0	0	0	0
Transfers to Capital Projects	998,700	397,408	150,000	0	0	0
General Fund Budget	98,276,706	100,580,183	103,508,597	107,638,081	114,095,593	6,457,512

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

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	144,006	146,451	145,141	149,868	143,683	(6,185)
Operations and Maintenance	52,484	61,668	64,079	63,980	65,108	1,128
Capital	-	-	-	-	-	-
Department Total	196,490	208,119	209,220	213,848	208,791	(5,057)

City Council Personnel Listing #110

Title	2004	2005	2006	2007	2008	Variance
City Councillor	11.0	11.0	11.0	11.0	11.0	0.00
City Council Clerk	0.5	0.5	0.5	0.5	0.5	0.00
Administrative Assistant	1.0	1.0	1.0	1.0	1.0	0.00
Total Department	12.5	12.5	12.5	12.5	12.5	0.00

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

After a lengthy review and public process, the City Council extended a new employment contract to the City Manager, which was accepted and becomes effective for the period July 1, 2007 to June 30, 2011. Economic development activities are producing desired financial outcomes while changing the landscape and skyline of the city. A new bond rating, "A," perhaps the City's highest rating ever, is providing testament to the City's fiscal strength, while helping to reduce overall borrowing costs.

FY'07 Accomplishments

- Balanced the FY'06 Budget, the eleventh straight balanced budget, consistent with the City's Five-Year Financial Plan;
- Secured a bond rating increase from Standard & Poor's to "A," the City's highest rating perhaps ever;
- Awarded GFOA budget and audit awards, and secured an outside audit that, for the eighth time in a row, reported no material weaknesses in the City's operations;
- Participated on a statewide task force negotiating pending legislation that was ultimately filed by Governor Deval Patrick to allow municipalities to join the State's Group Insurance Commission to secure health insurance for municipal employees, which, if adopted, could save municipalities who chose to enter GIC as much as 10% or more on local health insurance costs;
- Completed a multi-year action to recover the top-five tax debts owed to the City, thereby recovering \$1.1 million in back taxes;
- Conducted the second annual "municipal tax burden" study which continued to confirm that the City's charges to local owner-occupants, on average, are the lowest in the eight community study area;
- Aided Council in its adoption of the maximum commercial shift and residential exemption permitted by State law, saving the average single family owner-occupant approximately \$1,259 in property taxes for the current tax year;

- Secured the approval of the City's 27th business development project, Tri-State Signals, through the TIRE Program, and aided the company in its facility needs while its new headquarters was under construction and eventually opened on Spencer Avenue;
- Secured present and future budget stability by advancing the City's 1,200-unit residential development goal by facilitating pre-development action for more than 1,500 units having already or expecting to break ground by the end of FY'08, including projects at Parkway Plaza, the Everett Avenue Urban Renewal District (EAURD);
- Advanced the goal of securing 15% affordability within the residential units being constructed as part of the 1,200-unit goal, including successfully negotiating a \$1.8 million payment to the City's Affordable Housing Trust Fund from JPI, the developer of the first of two phases of residential development in the EAURD's "Chelsea Residential Overlook Project;"
- Negotiated successfully to acquire all of the targeted acquisitions in CROP and for the disposition of the parcels including in the first phase of the two phased residential redevelopment, including entering into a 238-unit development agreement with JPI;
- Secured the commitment of Alkermes to select Chelsea over several United States and Europe alternatives for the expansion of the biopharmaceutical company's manufacturing operations, and submitted a grant request through the State's newly established "MORE" program to fund \$5 million worth of public infrastructure improvements to support the project, which is expect to begin development in FY'08;
- Led a process that successfully replaced the abandoned HP Hood headquarters project in the EAURD's "Chelsea Gateway" parcels with a tentative designation to a development group that includes Choice Hotels;
- Continued development activity at Parkway Plaza and secured the groundbreaking of the Corcoran residential development and approvals for the construction of the Phase II retail there;
- Aided the owner of the Mystic Mall in working through numerous pre-development issues, leading to a new plan for the new Market Basket and continuing discussions about the remaining build-out of the mall property;
- Advocated for as part of a statewide coalition and was successful in securing a second round of funding through the Shannon Community Safety Initiative to support local enforcement and prevention efforts around an anti-youth violence agenda, which included hiring a second gang officer, adding 50 afterschool slots at the Boys & Girls Club, enhancing programming targeting youth and substance abuse at the Chelsea Housing Authority and transitional employment for court and/or state services involved youth;
- Advanced goals established in the Chelsea Police Department's Supplemental Enforcement Efforts, including a successful partnership with State Attorney General's Office, Suffolk County District Attorney's Office and the Insurance Fraud Bureau to combat local auto insurance fraud, which has contributed to a more than 16% reduction in local auto insurance rates;

- Enhanced the City's efforts to combat graffiti by prioritizing enforcement through the Police Department, coordinating abatement through a cooperative arrangement with Roca and securing new equipment for the DPW to utilize on public properties;
- Assisted in the advocacy and secured the project start of the reconstruction of the DCR Pool on Carter Street;
- Advocated for and participated on a panel developing a comprehensive afterschool program for students in grades 7-10 for implementation for the upcoming school year;
- Coordinated planning activity and secured Massport land contribution and State grant funding to establish a new tot lot at Adamski Park;
- Partnered with the School Department and Chelsea Little League to secure lights for the Little League Field and advance a plan to develop a concession stand/restrooms for the field at the Burke Complex;
- Devised a funding strategy to support the development of second artificial turf field, this one at Highland Park;
- Secured the installation of odor recovery equipment at Chelsea Terminal;
- Conducted a search which led to the hiring of a new Fire Chief;
- Finalized plans and initiated the process which led to the hiring of a part-time Quality of Life Inspector, the City's first;
- Expanded the City's outreach for minority candidates to fill staff vacancies by participating in a new web posting service;
- Implemented an on-call translation service to connect Spanish speaking residents to important board and community meetings;
- Elected to the officers of the Metropolitan Area Planning Council to advance the agenda of that agency and to better influence important public policy decisions that impact the City;
- Secured award from Common Cause for the access and openness of the City's website, and
- Participated on a panel that led a regional effort that resulted in the selection of an alternative growth plan for Metropolitan Boston for 2030.

FY'08 Goals

- Advocate for the State Legislature's adoption of the initiative to allow cities and towns to join the State's Group Insurance Commission, and, should the initiative be adopted, negotiate with local bargaining units with the ultimate purpose of securing health insurance through the GIC to secure the potential of saving 10% or more on the City's health insurance costs;

- Expand the City's revenue base by conducting further negotiations with Massport regarding a new financial partnership;
- Undertake initial performance evaluations of key personnel;
- Preside over a community process to hire a new police chief to have a new chief in place when the current chief retires in the fall of 2007;
- Review the possibility and potentially enter into discussions on the regionalizing of one or more municipal services;
- Position the City to be considered for another bond rating increase;
- Review the City's participation in summer jobs support, including securing more funding to support more summer jobs slots and establishing an RFP process for available City funding;
- Work with the State to facilitate the opening of the DCR pool in June, 2008, and engage DCR in a discussion about extending the hours of operation of the pool into the mid to late evening;
- Conclude the work of the panel drafting the new afterschool initiative for students in the 7-10 grades, and work with funding partners, The Hyams Foundation and Partners Health Care, and the School Department to implement the program;
- Complete the appointment process to establish the Affordable Housing Trust Fund Board;
- Organize a community visioning process to increase the public's awareness of and contributions to the City's public policy agenda;
- Advance economic development activities to continue to secure the local tax base expansion to further solidify the City's budget, including facilitating ground breakings on housing projects on Admirals Hill and in the Everett Avenue Urban Renewal District (EAURD), and commercial activity at Parkway Plaza and the EAURD;
- Build upon the City's involvement for more than a decade on the Urban Ring by chairing a committee that will look at ways of financing the potential new public transportation project that would connect the city to Logan Airport, South Station and UMASS/Boston;
- Coordinate a marketing campaign to elevate the city's status as a residential community, in partnership with major developers undertaking residential projects locally;
- Focus on the Mystic Mall or another phase of the EAURD for major pre-development attention;
- Conclude discussions with the Department of Public Works and unveil a new program to augment the City's trash and blight programs;
- Secure a second round of funding through the State's Shannon Community Safety Initiative, an program the City helped establish to aid communities across the state address prevention and enforcement issues around youth violence, and

- Advocate for statewide policy to increase State funding and technical assistance to city's seeking to address development, public safety, education and quality of life issues.

Executive Office Program Budget #123

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	220,200	228,825	195,412	248,716	242,620	(6,096)
Operations and Maintenance	16,175	22,129	32,926	30,635	33,359	2,724
Capital	-	-	-	-	-	-
Department Total	236,375	250,954	228,338	279,351	275,979	(3,372)

Executive Office Personnel Listing #123

Title	2004	2005	2006	2007	2008	Variance
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	0.00
City Manager	1.00	1.00	1.00	1.00	1.00	0.00
Deputy City Manager	1.00	1.00	1.00	1.00	1.00	0.00
Executive Assistant	0.50	0.00	0.00	0.00	0.00	0.00
Total Department	3.50	3.00	3.00	3.00	3.00	0.00

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

A new City Auditor was selected in FY'07 and manages the accounting, payroll, and accounts payable functions of the Auditing Department. The FY'07 focus for the Department has been to implement operational consistency, and promote interdepartmental awareness of auditing requirements, while ensuring efficient functioning via staff additional training. The FY'08 direction will broaden with record retention initiatives under review and disaster recovery provisions for critical functions planned.

FY'07 Accomplishments

- Secured Massachusetts Department of Revenue certification of Free Cash of \$4,681,445 from the FY'06 balance sheet;
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Award for FY'07;
- Received the GFOA Certificate for Outstanding Achievement in Financial Reporting for FY'06;
- Improved the MUNIS management information system's usefulness by converting many ordinary fund to multi-year funds, thereby allowing for better reporting of Special Revenue, Capital and Revolving Funds;
- Hired new Auditor to supervise the accounting, payroll, and payables functions of the Auditing Department, and
- Completed annual audit with no material issues.

FY'08 Goals

- Continue with assumption of 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;
- Further improve the accounting and financial monitoring of the City's capital projects, including assuming additional responsibility for CIP reporting, in order to better budget and monitoring expenditures and revenues;

- Advance the implementation of 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;
- Develop a uniform pay period for all employees to allow for better use of the automated employee benefit accruals;
- Implement the online functionality of MUNIS for City employees to check the status of vacation, sick, and personal days, as well as check the recordation of time taken in a simple graphic representation;
- Initiate Department staff training to effectively provide for Disaster Recovery Planning of the critical functions of payroll and accounts payable, both from on and off site locations;
- Initiate electronic retention of accounts payable and payroll records to aid in greater efficiency of daily operation as well as to reduce the physical records retention impact, due to space considerations and as part of a more effective disaster plan; and
- Achieve professional development for Department staff through varied training and certifications from MA Municipal Auditors and Accountants Association, Government Finance Officers Association (GFOA), The Abrahams Group and State’s Division of Local Services (DLS).

City Auditor Program Budget #135

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	212,711	214,300	213,490	208,144	211,671	3,527
Operations and Maintenance	7,788	7,561	6,198	7,230	8,313	1,083
Capital	-	-	-	-	-	-
Department Total	220,499	221,861	219,688	215,374	219,984	4,610

City Auditor Personnel Listing #135

Title	2004	2005	2006	2007	2008	Variance
Finance Director / City Auditor	1.00	1.00	1.00	1.00	1.00	0.00
Assistant City Auditor	1.00	1.00	1.00	1.00	1.00	0.00
Head Administrative Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Head Administrative Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Senior Account Clerk	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	4.00	4.00	4.00	4.00	4.00	0.00

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

A vacancy occurred in the position of Treasurer with the departure of the former Treasurer to a position of more responsibility within a community on the North Shore. A new Treasurer is expected to be hired by the end of FY'07.

Treasury

FY'07 Accomplishments

- Completed review of banking services with all financial institutions, including a regular procedure to verify all City's account numbers and banking contacts, and implemented an investment signature report which explains all security procedures with each institution;
- Initiated foreclosure on the next round of top 10 properties owing back taxes to continue the successful program of aggressively collecting outstanding amounts from the City's highest accounts receivable;
- Completed review of cash flow analysis report to focus on investing the City's funds for the best investment income possible, while maintaining the appropriate level of cash liquidity, and
- Implemented Itelecash with Mellon Bank which allows for additional security for web based federal wire initiation and confirmation of transactions which allows for time savings and immediate updating of accounts.

FY'08 Goals

- Implement new vendor file transmission with Mellon Bank to produce greater efficiency of check file processes, and
- Complete test and initiate implementation of on-line requests for municipal lien certificates.

Collector

FY'07 Accomplishments

- Implemented daily account receivable reconciliation for water, sewer and trash receivables to ensure that daily amounts are correct so that monthly receivables are reconciled with auditing in a timely manner;
- Implemented new cash box closing procedure to allow tellers to cash out more efficiently and help decrease customers waits;
- Completed tax takings for FY'06 which encompasses 112 accounts totaling \$227,296, and
- Worked with DPW to implement a visitor information center that will incorporate a computer monitor for online web payments.

FY'08 Goals

- Complete personal property abatements/adjustments for FY'03-'05 to validate collectables for the period;
- Complete excise tax abatements for prior years up to FY'00, to allow for accounting years to be closed;
- Complete testing and implementation with Mellon Bank to provide auto debit service for water/sewer/trash accounts, thereby providing fee payers with another option and additional convenience in settling accounts, and
- Complete e-lockbox testing and implementation with Century Bank for more efficient account postings.

Central Support

FY'07 Accomplishments

- Updated departmental procedures to ensure for coverage and efficient operations in the Department.

FY'08 Goals

- Implement expected postal increase.

Central Billing

FY'07 Accomplishments

- Updated operating procedures so that individuals are cross-trained to help the Department run effectively;
- Implemented new water/sewer tiers in billing, and

- Updated database with private waste hauler contracts.

FY'08 Goals

- Implement new meter and route reading equipment in conjunction with the DPW;
- Complete liens for 2007 timely and accurately, and place liens where appropriate on real estate accounts for collections, and
- Investigate opportunities to direct bill vendors centrally.

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

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	371,811	404,288	420,836	435,190	442,033	6,843
Operations and Maintenance	177,673	212,418	179,089	299,250	299,250	-
Capital	-	-	-	-	-	-
Department Total	549,484	616,706	599,925	734,440	741,283	6,843

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

Title	2004	2005	2006	2007	2008	Variance
Assistant Treasurer	1.00	1.00	1.00	1.00	1.00	0.00
Head Clerk	2.00	2.00	2.00	2.00	2.00	0.00
Senior Fiscal Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Assitant Finance Director / Treasurer	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Collector	1.00	1.00	1.00	1.00	1.00	0.00
Account Clerks	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	3.00	3.00	3.00	3.00	3.00	0.00
Total Department	10.00	10.00	10.00	10.00	10.00	0.00

Central Billing and Research #159

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	94,083	93,975	105,868	112,279	112,541	262
Operations and Maintenance	52,151	74,868	64,781	75,212	71,100	(4,112)
Capital	-	-	-	-	-	-
Department Total	146,234	168,842	170,650	187,491	183,641	(3,850)

Central Billing and Research Personnel Listing #159

Title	2004	2005	2006	2007	2008	Variance
Supervisor	1.00	1.00	1.00	1.00	1.00	0.00
Head Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Sr. Head Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	3.00	3.00	3.00	3.00	3.00	0.00

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 and classified. The Assessing Department determines fair market value of all property for purposes of taxation and assesses property taxes and administers motor vehicle excise taxes in a fair and efficient manner.

Significant Changes

The Department completed the first ever in-house cyclical property re-inspection program, as required by the Massachusetts Department of Revenue. FY'07 was a "Certification" year for the Department, in which DOR conducted extensive reviews of the local valuation program. Values were certified by the DOR with no significant changes being required.

FY'07 Accomplishments

- Completed a comprehensive valuation program, resulting in timely certification of values by the Massachusetts Department of Revenue, resulting in an increase in the total assessed value of taxable property locally increasing from \$2.48 billion to \$2.68 billion;
- Completed the review and inspection of City property, as required by the Department of Revenue;
- Certified \$914,000 of new levy growth, up from \$778,000 in FY'06, and
- Processed the comprehensive submission of financial and valuation data (the "Recap") to DOR for approval of the FY'07 tax rates and completed the processing of tax billing procedures in a timely basis.

FY'08 Goals

- Begin the cyclical property inspection program for completion by FY'13 tax year;
- Integrate the entire financial operations section into the tax billing process, and
- Update tax maps to include changes not on CDM version of digitized maps.

Assessing Program Budget #141

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	157,873	169,160	171,728	177,049	180,383	3,334
Operations and Maintenance	75,041	31,663	79,251	80,369	55,800	(24,569)
Capital	-	-	-	-	10,000	10,000
Department Total	232,914	200,823	250,978	257,418	246,183	(11,235)

Assessing Personnel Listing #141

Title	2004	2005	2006	2007	2008	Variance
Director of Assessing	1.00	1.00	1.00	1.00	1.00	0.00
Assoc. Assessor	1.00	1.00	1.00	1.00	1.00	0.00
Chair of Assessors	0.50	0.50	0.50	0.50	0.50	0.00
Appraiser	1.00	1.00	1.00	1.00	1.00	0.00
Head Administrative Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	4.50	4.50	4.50	4.50	4.50	0.00

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

Departmental levels were restored to regular operation with the return to full-time service of one of the Department's staff members. New procurement procedures with regards to certifications that are required to be signed with City contracts have been instituted, including OSHA Compliance certification, MBE/WBE certification and Responsible Work Ordinance certification. Departments have been informed that the City has to adhere to lowered quote thresholds and other requirements for Chapter 149 building related repairs. In FY'08, State Contract FAC29, which deals with tradespersons, will be reviewed and revised. Also, there is pending legislation on changes to the quote threshold for Chapter 149 projects.

FY'07 Accomplishments

- Assisted departments in connection with several major reforms made to the State's public procurement laws regarding public works projects and public bidding thresholds;
- Instituted the beginning stages of an efficiency improving, workflow process through the MUNIS system for requisition approval;
- Hosted informational meetings for staff and invited speakers from the Occupational Services Division to review purchasing from State contracts, and
- Filed the quarterly report with SOMWBA detailing all purchasing contracts that included State funding.

FY'08 Goals

- Update the printing of purchase orders by converting from the dot matrix printer to laser jet printing, resulting in a cost savings as purchase order forms will no longer be needed;
- Continue the implementation of the workflow procedure through the MUNIS system to in order to increase efficiency in the approval process for requisitions and purchase orders by eliminating more paper and redirecting the approval process to be done completely online, and
- Continue to use the City's website and the Com-PASS website to post bid notices monthly and explore ways to post awarded contracts and pending awards as well as make current bids available for downloading.

Procurement Program Budget #138

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	88,382	94,044	89,848	100,682	103,400	2,718
Operations and Maintenance	998	542	833	1,050	3,076	2,026
Capital	2,608	2,607	2,013	2,043	-	(2,043)
Department Total	91,988	97,192	92,695	103,775	106,476	2,701

Procurement Personnel Listing #138

Title	2004	2005	2006	2007	2008	Variance
Chief Procurement Officer	1.00	1.00	1.00	1.00	1.00	0.00
Head Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Senior Clerk Typist	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	2.00	2.00	2.00	2.00	2.00	0.00

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

The Department began to provide in-house legal assistance to the School Department on a regular basis in FY'07 and will continue to do so in FY'08. The previously part-time Assistant City Solicitor's position will remain a full-time position to allow the Department to continue to manage and assume the additional work related to providing that legal assistance to the School Department. The School Department is assuming the cost of the additional hours of the Assistant City Solicitor's position.

FY'07 Accomplishments

- Participated in successful negotiations to secure the sale and redevelopment of the former Burke School;
- Continued to reduce the Planning & Development Department's outside legal fees by drafting appropriate legal forms and representing the City in real estate closings;
- Aided the City Council in negotiating the City Manager's contract;
- Drafted the News racks and Limo/Livery Ordinances, which were adopted;
- Successfully defended City in the numerous Sober House litigation matters;
- Drafted new zoning amendment for inclusion of nursing homes in the NHR District;
- Drafted all legal documents and orders on behalf of the Economic Development Board relating to the lease of 147 Beech Street;
- Drafted and aided in the adoption of the new 40R Zoning District;
- Aided and directly participated in the continued negotiation for a new cable license;
- Provided legal assistance to the School Department through the successful implementation of a new staffing relationship between the departments;
- Coordinated a new initiative to provide translation services at board meetings when requested and under specific guidelines, and

- Secured staff development advance that led to the Department's legal secretary becoming a certified paralegal.

FY'08 Goals

- Finalize the negotiations for a new cable license;
- Adopt a new comprehensive noise ordinance;
- Participate in the next round of collective bargaining negotiations;
- Continue to provide legal assistance to the School Department during its transition from the Chelsea/Boston University Partnership, which is scheduled to expire at the end of the 2007-08 school year, and
- Adopt a new ordinances relating to regulating pit bull ownership; pigeons and condominium conversions.

Law Department Program Budget #151

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	105,019	144,334	153,040	151,909	158,876	6,967
Operations and Maintenance	84,582	37,004	42,163	68,550	64,600	(3,950)
Capital	-	-	-	-	-	-
Department Total	189,601	181,338	195,204	220,459	223,476	3,017

Law Department Personnel Listing #151

Title	2004	2005	2006	2007	2008	Variance
Secretary	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Corporate Counsel	0.00	0.50	0.50	0.50	0.50	0.00
Chief Legal Counsel	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	2.00	2.50	2.50	2.50	2.50	0.00

Personnel

Mission Statement

The Personnel Department establishes and maintains an equitable personnel system that promotes the efficiency and economy of government and supports services to maintain 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 coordination of collective bargaining sessions, manages employee benefits and provides staff training and development opportunities. The Personnel Department is to assist all departments to ensure that the work place and the guidelines of the City are free from any discrimination. For positions in the Police and Fire Departments hiring procedures require adherence to Civil Service law and regulation. The Personnel Department administers the City's self-insured workers' compensation obligations; health, safety and welfare of all in our workforce are primary obligations of this unit. The Human Resources Director assists in all discipline actions and assures obligations to law and contracts in maintaining a fair employment relationship.

Significant Changes

The City negotiated a change in contribution of employees and retirees to the premium cost of HMO insurance plans effective for FY'08. The City will now contribute 85% of HMO premium in FY'08; down from 90% of premium previously. This change required communication and preparation for the change. A Medicare prescription drug benefit became effective January 2006; requiring significant actions to assure the implementation of the program and the securing of the Federal subsidy during FY'07. Changed grading procedures by Civil Service has resulted in consideration and evaluation of a larger numbers of candidates for Police and Fire entry positions, thus involving more time and expense in the selection/hiring process.

FY'07 Accomplishments

- Enhanced recruitment procedures through web based sites/services;
- Established ongoing quarterly application for and receipt of subsidy from the Medicare D program;
- Worked with the School Department to reduce long term recipients of workers compensation;
- Collaborated an improved design of City and School billing and the recordation of health and life insurance participants and their costs;
- Concluded a sick bank policy for SEIU members, and
- Collaborated on the development of a training video, working with Alive Productions, which provides instruction in municipal customer service skills and expectations, with that training video to be on-line and available to all City employees at no cost to the City.

FY '08 Goals

- Conclude collective bargaining negotiations with the union representing firefighters, and begin the process of negotiating new agreements with all bargaining units for FY'09-'11;

- Continue effort to make full use of City-wide integrated payroll and personnel aspects of the Munis program;
- Establish procedure statement in regard to hiring practices and obligations;
- Evaluate benefit management procedures to assure cost and benefit of insurance programs is effective and to assure participants are fully aware of benefits, and
- Improve communication of employee policy information through use of the shared files (in PDF) in the City's intranet system.

Personnel Program Budget #152

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	110,482	112,682	114,795	118,255	121,405	3,150
Operations and Maintenance	19,704	22,249	12,704	28,950	29,818	868
Capital	-	-	-	-	-	-
Department Total	130,185	134,930	127,498	147,205	151,223	4,018

Personnel Personnel Listing #152

Title	2004	2005	2006	2007	2008	Variance
Personnel Director	1.00	1.00	1.00	1.00	1.00	0.00
Personnel Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	2.00	2.00	2.00	2.00	2.00	0.00

Information Technology

Mission Statement

The Information Technology Department provides appropriate access to, support for and maintenance of systems and services that sustain, enhance and extend the delivery of high quality, customer-focused service. In support of the mission, the Department is tasked with primary responsibility for long-range planning; resource acquisition and integration; system security, reliability and continuity.

Significant Changes

FY'07 marked the beginning of truly integrated technology purchasing and planning with responsibility for Public Safety successfully transitioned to the Department. At the same time, the mid-year hiring of an additional staff member has substantially aided the Department in delivery of services on a more pro-active basis, and in concert with the automated Help Desk tool. The IP phone system has been successfully deployed to more than a dozen locations, with substantial savings expected in the coming year. The Director's departure has resulted in an ongoing search to fill that position. The replacement is expected to be selected by the end of FY'07.

FY'07 Accomplishments

- Integrated new staff member to meet the City's growing IT demands;
- Continued participation on the Procurement Management Team for the Commonwealth, for ITT 29, at the request of the Commonwealth;
- Implemented an Internet-based telephony system at all school and city-owned sites, except the Burke Complex, which is scheduled for the Summer '07;
- Improved reporting of source of e911 calls, and provided multiple notification channels of 911 events via the IP-telephony system;
- Segregated finance-based Internet traffic to separate, dedicated connection;
- Doubled available bandwidth for general Internet activity;
- Implemented improved reporting and management application for Internet traffic;
- Completed upgrade/replacement of numerous workstations and peripherals consistent with strategic inventory goals, and
- Completed upgrades and updates to the GIS system, internal and Internet-based.

FY'08 Goals

- Complete implementation of the IP-telephony system by connecting the Burke Complex to the system;

- Conduct replacement of the Storage Area Network (SAN) system;
- Commence strategic replacement of IT systems and core equipment;
- Complete Chelsea Net wireless feasibility study, and implement City-wide wireless network;
- Continue upgrade/replacement of numerous workstations and peripherals consistent with strategic inventory goals, and
- Improve operation and performance of Internet-based GIS system.

Municipal Information Systems Program Budget #155

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	103,141	159,521	142,924	210,439	215,930	5,491
Operations and Maintenance	91,005	145,659	217,328	260,650	327,558	66,908
Capital	25,722	21,278	40,000	68,000	90,000	22,000
Department Total	219,868	326,458	400,252	539,089	633,488	94,399

Municipal Information Systems Personnel Listing #155

Title	2004	2005	2006	2007	2008	Variance
Director	1.00	1.00	1.00	1.00	1.00	0.00
Systems Operator	1.00	1.00	1.00	1.00	1.00	0.00
GIS Administrator	0.00	1.00	1.00	1.00	1.00	0.00
Technician	0.00	0.00	0.00	1.00	1.00	0.00
Total Department	2.00	3.00	3.00	4.00	4.00	0.00

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

Obtained City Council approval for consolidation of polling places reducing the polling locations from seven to three in order to better serve the voting public. The results will be to make polling places more convenient and more efficient, including better staffing and translation services to address election day needs on-site. Managed turnover in parking clerk staff by hiring and training a new clerk for the Parking Department.

FY'07 Accomplishments

- Secured City Council approval for consolidating polling places for all future elections;
- Reduced the amount of vandalism to parking meters through cooperation the Chelsea Police Department and utilization of the City's surveillance cameras, and
- Increased collection of excise tax by requiring leased and commercial vehicles to be registered in the city in order for plate holders to qualify for the Residential Parking Program.

FY'08 Goals

- Assure a smooth transition in the consolidation of polling locations throughout the city by implementing a plan to inform voters with a series of mailings and advertising in local paper and also on cable television, and
- Attempt to reduce the incidence of parking violation hearings by identifying locations where frequent violations may be reduced or the violations better recognized through better signage or other notification techniques.

City Clerk Program Budget #161

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	210,020	232,784	215,595	236,978	243,964	6,986
Operations and Maintenance	27,850	36,105	32,373	38,750	43,050	4,300
Capital	3,045	3,198	-	-	-	-
Department Total	240,914	272,087	247,967	275,728	287,014	11,286

City Clerk Personnel Listing #161

Title	2004	2005	2006	2007	2008	Variance
City Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Senior Clerk/Typist	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Principal Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Parking Clerk	0.00	0.00	0.00	0.00	0.00	0.00
Head Parking Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	5.00	5.00	5.00	5.00	5.00	0.00

Traffic & Parking Program Budget #293

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	41,804	43,346	39,692	40,679	43,250	2,571
Operations and Maintenance	596,471	519,543	549,100	628,970	631,570	2,600
Capital	14,478	-	-	-	19,000	19,000
Department Total	652,752	562,889	588,792	669,649	693,820	24,171

Traffic & Parking Personnel Listing #293

Title	2004	2005	2006	2007	2008	Variance
Assistant Parking Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	1.00	1.00	1.00	1.00	1.00	0.00

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

Completed transition of Department oversight by the Director of Inspectional Services and identified and implemented steps to coordinate the activities between departments.

FY'07 Accomplishments

- Collaborated with the Law Department to drafted a new Ordinance, as well as rules and regulations, in connection with limo/livery services, and
- Interacted with the Law Department and Licensing Commission to revised rules and regulations in connection with taxicab services.

FY'08 Goals

- Assist the Licensing Commission in the review and, possible, revision of the petroleum storage license fee structure;
- Contribute to the Licensing Commission's research and implementation of a mandatory disciplinary policy relative to liquor license violations to insure accountability and consistency with community standards, and
- Collaborate with the Law and Inspectional Services Departments to review and revise vending ordinances, including hawkers/peddlers, open air vendors, transient vendors and door to door solicitors.

Licensing Program Budget #165

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	57,661	62,444	62,123	63,347	64,594	1,247
Operations and Maintenance	1,372	1,612	3,021	4,145	4,145	-
Capital	-	-	-	-	-	-
Department Total	59,032	64,056	65,144	67,492	68,739	1,247

Licensing Personnel Listing #165

Title	2004	2005	2006	2007	2008	Variance
Director	1.00	1.00	1.00	1.00	1.00	0.00
Clerk	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	1.00	1.00	1.00	1.00	1.00	0.00

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

The Department will endeavor to modestly expand staff and shift existing staff resources with the goal to focus resources on a more balanced program of planning and project management. The current and coming year promise continuing growth in residential development that brings with it a demand for greater involvement of staff in project management, with direct staff oversight of publicly funded residential projects, staff coordination of privately funded projects and staff collaboration with DPW of improvements to the public infrastructure to support the new development. Staff time is also required to press ahead with the important task of a devising a process to develop a plan to guide the overall development of the City. With this in mind, the Department will bring in new consulting resources (paid for through review fees) to support the time consuming zoning and site plan review processes to streamline these tasks and free staff time for new roles in development and planning. Additionally, the Department is preparing to explore visioning processes to select a process that may be appropriate to begin discussion in the community regarding future issues of interest to the City and local residents and other stakeholders.

FY'07 Accomplishments

Housing

- Provided technical assistance leading to the completion and full occupancy of HarborCOV's Wells Fargo project to provide 24 units of supportive housing for families who are victims of domestic violence;
- Transferred ownership of the former Mary C. Burke School to ETC Corporation that has begun construction of a 23-unit loft project, now re-named Keen Studios, which includes 14-units of affordability, representing a total project cost of \$5.6 million;

- Coordinated funding for the former Bloomberg building on Broadway as the new home for TILL, which began reconstruction activities to accommodate the program’s education facility and the construction of 23 units of affordable housing, representing a total new investment of \$9 million;
- Coordinated funding for the purchase of 583 Broadway by Chelsea Neighborhood Housing Services (CNHS), which renovated the 5-unit building for affordability and completed tenanting of the building;
- Collaborated with CNHS to purchase and commence construction for a new neighborhood in the area of Gerrish Avenue, including a rental development of 41 units representing a \$10 million investment, a 26-unit homeownership project representing an \$8 million investment and 54-units to be constructed in the future in the former mill building;
- Facilitated the completion of 148 Shawmut Avenue into housing and office space for HarborCOV; representing a total investment value of \$1M and providing two transitional units of housing and office space for HarborCOV;
- Coordinated with City Council the adoption of a 40R District on Gerrish Avenue that resulted in the successful application for State designation that will generate approximately \$250,000 in State funding for the City;
- Completed a Comprehensive Housing Plan to meet the requirements of 40R to develop several Zoning Overlays in the city, which ultimately led to the Gerrish Avenue project receiving a State grant for \$500,000 for the street and sidewalk work;
- Received funding from the MSCP program for \$600,000 to support activities that include drain and street work on Library Street and the Community Schools program;
- De-lead 30 units of housing;
- Applied for the new MSCP mini-entitlement program totaling \$800,000 for infrastructure work on Crescent Avenue, Community Schools and the Citizenship Program, and
- Counseled over 100 potential homebuyers in the first-time homebuyer program and helped 28 get downpayment assistance and Soft Second loans.

Transportation

- Undertook Critical path actions that supported the Massachusetts Highway Department project to reconstruct Beacham Street;
- Monitored and worked to advance acquisition of dormant CSX right-of-way for the Urban Ring transportation network serving Chelsea and for a linear park in Chelsea;
- Examined multiple strategies to secure State funds for road and pedestrian improvements in the Everett Avenue Urban Renewal District to address existing and future development impacts;

- Implemented a pilot crosswalk project on Stockton Street with sidewalk bump outs and contrasting crosswalk materials, with a similar project to be undertaken in the Box District neighborhood;
- Streamlined communication on site plan reviews to coordinate general guidelines on commercial and residential curb cuts, with a standardized policy still needing to be developed;
- Continued to monitor on-street parking needs in the city and examine the potential for refinement of the residential parking programs;
- Coordinated development and construction activities with neighboring communities, including, but not limited to, the on-going reconstruction of the Chelsea Street Bridge and the East Boston Haul Road;
- Promoted the Urban Ring through 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;
- Continued to explore alternative funding for infrastructure improvements, including, but not limited to, TIP, Seaport Bond Bill, and Coastal pollution Remediation Funds, and
- Coordinated with Massachusetts Highway Department on the reconstruction of Eastern Avenue.

Open Space

- Managed and directed public space improvements secured as part of developer-related commitments connected with new developments, and pursued additional open space opportunities connected with proposed new developments in the city; including a new 1-acre land transfer at Chelsea Commons to be completed in FY'7, general public easements at Forbes Park for waterfront access to be conferred in FY'08-'09, general public easements conferred in FY'07 and construction of waterfront path improvements underway in FY'07 at Island End Marina.
- Secured State funding of \$220,000 for the construction of a playground on the Adamski Monument site on Fifth Street;
- Examined construction and funding options to use existing public open space more efficiently with a particular focus on Highland Park and the conversion of the existing natural soccer field to an artificial turf field;
- Commenced conceptual plan for park use of the abandoned CSX rail bed along the Box District neighborhood, and
- Supported the Community School Program to allow use of the existing new school facilities, and to extend the operational hours and the range of programs, including a collaborative application to the Massachusetts Small Cities Program for grant funding.

Public Improvements and Planning

- Issued and awarded an RFP for a planning study of the Gerrish Avenue area as part of the City's effort to plan effectively for transition areas;
- Worked with the developer of the Mystic Mall to develop a plan for the site and its environs as the area transitions from strip mall to other uses;
- Secured additional funding for the Seaport Bond Council for additional planning studies of the Chelsea Creek/Mill Creek waterfront;
- Continued to work on the comprehensive review of the zoning ordinance and revised the document as necessary, and
- Provided training opportunities for land use boards.

Economic Development

- Funded and filled a position for a special projects planner focusing on the economic viability of the central business district;
- Coordinated the phased implementation of the redevelopment of the Parkway Plaza and advanced the redevelopment of the Forbes Industrial Park;
- Coordinated with the developer of the Mystic Mall in working toward a final development plan for the site, and
- Provided coordination efforts for the implementation of the Everett Avenue Urban Renewal Development District plans for the redevelopment of the Chelsea Gateway, Emerald Block, and Chelsea Gateway Overlook Project.

Administration

- Participated in the formation of 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, and
- Monitored the City's ranking in the State's Commonwealth Capital Program and submitted additional information to improve the ranking.

FY'08 Goals

Housing

- Create a Foreclosure counseling program to assist residents who are at risk of losing their homes to foreclosure, in conjunction with Chelsea Restoration Corporation and a newly created Foreclosure Prevention Task Force.;

- Monitor the ongoing construction of various affordable housing projects, including Keen Studios at the former Burke School, the Boxworks Homeownership Project, the Janus Highlands rental development, and the renovation of the former Bloomberg building in the downtown as the home of TILL, with all projects expected to be completed during FY'08;
- Staff the Affordable Housing Trust Fund Board to assist the newly formed Board in developing guidelines for providing Trust Fund money to developers for affordable housing projects;
- Provide assistance and funding to Chelsea Neighborhood Housing Services to create a family, affordable housing development at 113 Spencer Avenue of 48 units with a goal to secure funding and commencing construction in the Spring of 2008;
- Work with Chelsea Neighborhood Housing Services to identify another project for to be undertaken in FY'08;
- Continue to provide technical assistance to Caritas Communities to promote the development of a quality, Single Room Occupancy (SRO) project for working, single people;
- Support Chelsea Neighborhood Housing Services with the Individual Development Account (IDA) program as well as other asset building programs;
- Work with Chelsea Housing Authority to offer homeownership opportunities to CHA tenants through a family self-sufficiency program;
- De-lead 21 units of housing, prioritizing units that have children under age 8, and
- Continue to monitor the expenditure of State funds for infrastructure work on Gerrish Avenue, Library Street and Marlboro Street.

Transportation

- Continue with critical path actions that support the Massachusetts Highway Department project to reconstruct Beacham Street;
- Continue to research and advance acquisition of the dormant CSX railway by the State to ensure that the corridor is available for the Urban Ring transportation initiative, and for park land;
- Develop the strategy to undertake road and pedestrian improvements in the Everett Avenue Urban Renewal District to address existing and future development impacts;
- 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 for refinement of the residential parking programs;
- Coordinate development and construction activities with neighboring communities, including, but not limited to, the on-going reconstruction of 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,
- Explore alternative funding for infrastructure improvements, including, but not limited to, TIP, Seaport Bond Bill and Coastal Pollution Remediation Funds.

Open Space

- Manage and direct public space improvements secured as part of developer related commitments connected with new development at Forbes Industrial Park, Parkway Plaza and Admirals Hill/Island End River projects, and pursue additional open space opportunities connected with proposed new developments;
- Leverage the successful completion of multiple park projects funded through the State's Urban Self-Help Program to secure new funds in FY'08 to advance park projects cited in the City Open Space Plan;
- Explore options to use existing public open space more efficiently with a particular focus on Highland Park and the conversion of the existing natural soccer field to an artificial turf field;
- Implement various aspects of the Open Space Plan related to FY'06-'08, with particular focus on those 'Transition Study Areas' where land use planning initiatives are planned or underway, including the Gerrish District, Crescent Avenue/Upper Broadway, Heard/Sixth Streets District and MysticMall/Parkway Plaza, to provide for an integrated park/open space plan for these new development districts;
- Pursue special funding resources for open space improvements for the Gerrish Avenue Neighborhood District as a model for integrating transportation access, streetscape design and playground space into moderately dense residential districts, and
- Update Chelsea's urban forestry plan.

Public Improvements and Planning

- Complete the 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;
- Collaborate on a new planning initiative to solicit community wide input relative to the future of Chelsea, and how it should function, look and feel for existing and prospective residents;

- Explore options for additional funding from the Seaport Bond Council and other sources to advance the recommendations of the planning study of the upper Chelsea Creek/Mill Creek waterfront future marine related public and commercial uses, including marine compatible uses;
- Continue the on-going comprehensive review of the zoning ordinance and prepare updates and clarifications to address evolving needs, particularly in light of ongoing planning studies in the city, and
- Continue to work with members of the Planning Board to establish a process to implement the action items developed through the Community Planning process, and generally continue to provide training opportunities to members of this and the other land use boards.

Economic Development

- Provide necessary coordination to complete the phased implementation of the redevelopment plan for the Parkway Plaza, and to advance the redevelopment of Forbes Industrial Park;
- Direct the process to achieve a final development plan for the 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

- 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, and
- Continue to explore new ways of improving Chelsea’s competitive ranking in the State’s Commonwealth Capital Program.

Office of Planning & Development Program Budget #175

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	-	-	-	-	45,487	45,487
Operations and Maintenance	28,908	23,588	24,250	24,000	24,000	-
Capital	-	-	-	-	-	-
Department Total	28,908	23,588	24,250	24,000	69,487	45,487

Office of Planning & Development Personnel Listing #175

Title	2004	2005	2006	2007	2008	Variance
Planner / Project Manager	0.00	0.00	0.00	0.00	1.00	1.00
Total Department	0.00	0.00	0.00	0.00	1.00	1.00

Office of Planning & Development Personnel Listing Grant Funded

Title	2004	2005	2006	2007	2008	Variance
Director of Planning & Operations	1.00	1.00	1.00	1.00	1.00	0.00
Planning Director	1.00	1.00	1.00	1.00	1.00	0.00
Finance Director	1.00	1.00	1.00	1.00	1.00	0.00
Housing Director	1.00	1.00	1.00	1.00	1.00	0.00
Construction Manager	1.00	1.00	1.00	1.00	1.00	0.00
Project Manager	1.00	1.00	1.00	1.00	1.00	0.00
Housing Rehab. Specialist	1.00	1.00	1.00	1.00	1.00	0.00
Intake Specialist	0.00	0.00	0.00	0.00	0.00	0.00
Housing Development Project Manager	1.00	1.00	1.00	1.00	0.00	(1.00)
Financial Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Special Projects Coordinator	0.00	0.00	0.00	0.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	10.00	10.00	10.00	10.00	10.00	0.00

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.

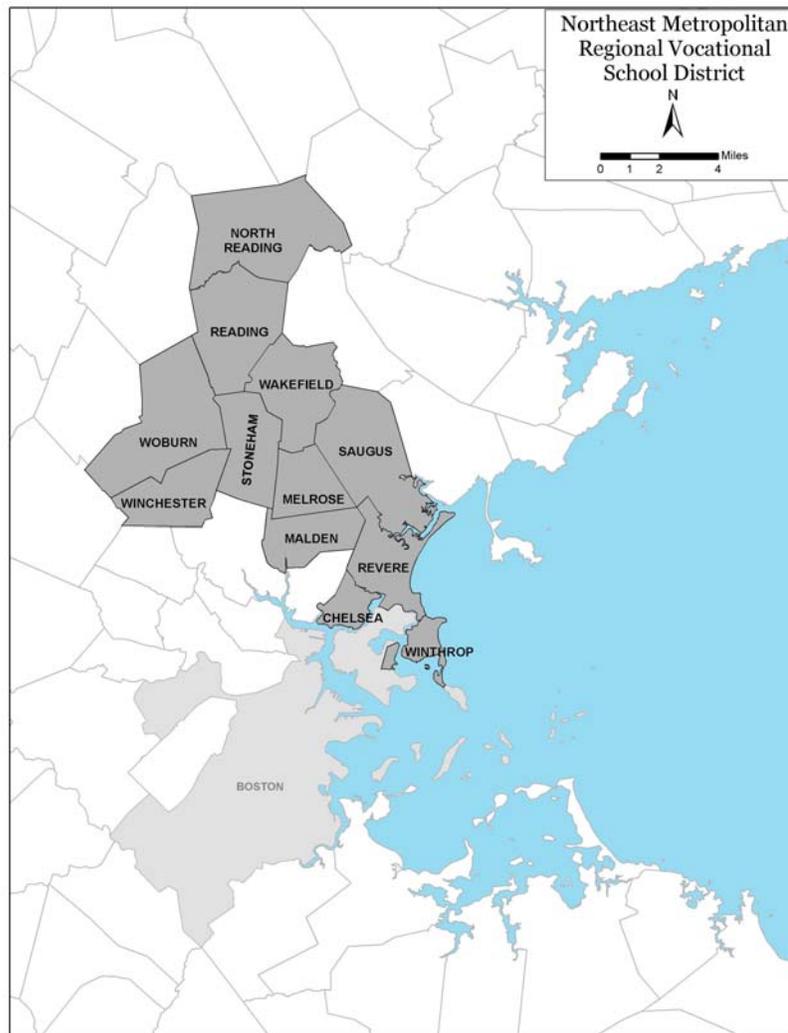
Last year, in order to better identify the whole funding effort made by the City to the School Department, we changed the departments to which the City Council appropriated resources to the School Department. This year again, items such as health insurance and school nurses are appropriated directly to the school department rather than throughout the general city budget. The effect of this will again be seen in budget items like Department #910 Health Insurance.

School Department Program Budget

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
School Apporriation	44,568,983	45,492,316	47,663,396	55,524,212	60,219,365	4,695,153
Total Department	44,568,983	45,492,316	47,663,396	55,524,212	60,219,365	4,695,153

Northeast Regional Vocational High School Assessment

The Northeast Regional Vocational School is located in Wakefield Massachusetts. The School district is comprised of 12 neighboring communities. Chelsea sends 221 of the 1166 students attending this year. The "required contribution" that the Department of Education has calculated for Chelsea this fiscal year is \$596,339.00. In addition to the minimum contribution, the school committee has assessed Chelsea \$68,997 for transportation and \$263,167 for other educational expenses for a total assessment of \$928,503.



Northeast Regional Voc. High School Assessment Program Budget #301

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Regional Assessment (5662)	1,748,175	1,562,958	1,269,085	928,503	684,019	(244,484)
Total Department	1,748,175	1,562,958	1,269,085	928,503	684,019	(244,484)

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 community recognized the Department for its innovated strategies to address gang and youth issues in FY'07 by awarding the "All Chelsea Award" for public service to the Gang Unit. The year was highlighted by a year long federal, state and local investigation of the "Latin Kings" street gang. "Operation Dethrone" led to 18 federal and state indictments and the elimination of the "Latin Kings" hierarchy in Chelsea. Much of the success can be attributed to funding through the Shannon Community Safety Grant, which allowed the Department to hire a second full time gang officer in FY'07. The "Chelsea View" surveillance system became fully operational and is being utilized in several criminal, accident and civil investigations. The system was enhanced further in FY'07 with the deployment of a covert surveillance unit that is being utilized to address criminal and quality of life issues in neighborhoods. The work of the Auto Fraud Task Force resulted in several successful operations and contributed to a significant decrease in local auto insurance premiums. Through a community partnership with Roca, the Department participated in an alternative sentencing exercise for young adults accused of being graffiti "taggers."

FY'07 Accomplishments

- Assigned an officer to the Boston Regional Intelligence Center (BRIC) and the United States Attorney's Office (MASS ATTACK) to contribute to and benefit from regional efforts on crime and homeland security investigations;
- Conducted "Operation Dethrone" with a multi-jurisdictional task force that included the State Police and the F.B.I to penetrate that Latin King Street gang, resulting in the indictment of 18 members of the Latin Kings and the dismantling of the gang's operations locally;
- Prioritized over 100 cases with the Suffolk County District Attorney's Office, through its "Safe Neighborhood Initiative," to fast tracked arrests through district and superior courts;
- Emphasized quality of life enforcement through "Operation Urban Thunder," an initiative conducted over the summer months with the State Police, which resulted in 85 arrests for a variety of offenses such as drinking in public, disorderly conduct, and street level drug offenses and the citing of 249 motor vehicle violations;
- Created a new partnership with ROCA involving "circle" training as an alternative form of sentencing that has been approved by the Chelsea District Court, implementing the initiative with 15 youths that had been identified as graffiti "taggers";

- Joined the Metro Gang Task Force, created as part of the State’s Shannon Community Safety Initiative, and participated in weekly meetings to share resources in addressing regional gang problems;
- Utilized “Chelsea View” in 32 cases, including responding to requests from several law enforcement agencies, defense attorneys and private entities, and continued to enhance the Department’s use of the surveillance capabilities of the system;
- Prepared for June, 2007 assessment of the Department by the Accreditation Committee;
- Trained investigators on audio/visual recording devices in the interview area, providing detectives with complete on-line access to several national data bases as an enhanced investigative tool;
- Trained several detectives on insurance fraud and identity theft techniques;
- Secured a research grant from the State’s Executive Office of Public Safety to evaluate demographics and causation of prostitution, and began the collection of statistics and surveys with the Department’s research partner, MGH;
- Conducted undercover operations partnering with the Chelsea Housing Authority, which resulted in numerous arrests in target developments;
- Completed 95% of the renovations of the first floor OIC (Officer In Charge) area, and
- S a separate IMC investigative module to track investigations of the Detective Unit.

FY'08 Goals

- Undertake a Phase 2 expansion of the “Chelsea View” surveillance system by adding add up to 10 additional Homeland Security cameras and potentially more local public safety cameras;
- Finalize internal policy regarding “Chelsea View” cameras and train entire uniformed division in operational awareness of system;
- Conduct at least two “zero tolerance” operations addressing quality of life and street level criminal activity;
- Train up to 15 officers with ROCA utilizing the circle restorative justice model;
- Advocate with other agency partners to secure second year of grant funding for the State’s Shannon Community Safety Initiative.
- Assign a Gang Task Force member to the F.B.I. North Shore Gang Task Force to target federal prosecution of local gang leaders;
- Continue to train with Urban Area Safety Initiative (UASI) partner agencies in Incident Command System and Weapons of Mass Destruction programming to fulfill all federal mandates;

- Complete communication inter-operability with UASI agencies, thereby linking police, fire and government agencies in region to communicate in real time;
- Complete evaluation of prostitution research grant and seek continuation funding to research model plan implementation;
- Update technology training for investigators relevant to their specific job functions;
- Implement “Hiring/Risk Management” guidelines to validate standards in recruitment, background investigations and training of probationary police officers;
- Train civilian employees in all relevant facets of Public Record Laws, and
- Expand the scope of the Traffic Unit to include a trained accident reconstruction investigator and work with the Auto Insurance Fraud Bureau to monitor accident reports and investigate potential fraudulent claims.

Police Department Program Budget #210

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	5,833,778	6,236,526	6,328,921	6,696,273	6,856,347	160,074
Operations and Maintenance	404,112	378,657	446,578	473,900	541,917	68,017
Capital	-	120,000	133,429	107,000	112,000	5,000
Department Total	6,237,890	6,735,183	6,908,928	7,277,173	7,510,264	233,091

Police Department Personnel Listing #210

Title	2004	2005	2006	2007	2008	Variance
Police Chief	1.00	1.00	1.00	1.00	1.00	0.00
Captains	4.00	4.00	4.00	4.00	4.00	0.00
Lieutenants	7.00	7.00	7.00	7.00	7.00	0.00
Sergeants	13.00	13.00	13.00	13.00	13.00	0.00
Police Officers	55.00	61.00	61.00	61.00	62.00	1.00
Business & Grants Manager	1.00	1.00	1.00	1.00	1.00	0.00
Office Manager	1.00	1.00	1.00	1.00	1.00	0.00
Head Administrative Assistant	2.00	2.00	2.00	2.00	2.00	0.00
Administrative Assistant	0.00	0.00	0.00	0.00	0.00	0.00
Head Clerk	1.00	1.00	1.00	1.00	1.00	0.00
E-911 Director	0.00	0.00	0.00	0.00	0.00	0.00
Dispatchers	11.00	0.00	0.00	0.00	0.00	0.00
Matron	0.50	0.50	0.50	0.50	0.50	0.00
Conflict Mediator	0.00	0.00	0.00	0.00	0.00	0.00
Animal Control Officer	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	97.50	92.50	92.50	92.50	93.50	1.00

Fire

Mission Statement

Significant Changes

Chief Joseph Siewko retired during the year after three years as Chief and a distinguished career spanning 32 years. Chief Herbert C. Fothergill, Jr. was appointed to lead the Department in February. The Department and the community suffered from the untimely death of Captain Thomas Lassiter, who also served as President of the local fire union. Despite two recruits graduating from the Massachusetts Fire Academy, as many as six vacancies have gone unfilled while the City completes the civil service process. Additionally, the civil service list for promotions has been exhausted for both deputy chief and captain, resulting in the appointment of two provisional deputies and one provisional Captain. The combination of the various unexpected vacancies has contributed to shortfalls in coverage within the suppression division and have had a significant impact on personnel overtime costs. Another budget impact relates to the cost of energy. After years of lagging in technology, the Department has made significant strides in equipping stations and apparatus to utilize technology to aid in the operations and administration of the Department.

FY'07 Accomplishments

- Implemented the Department's information management system within the Operations Division for dispatch and incident reporting, and began utilizing the system to catalogue occupancies with hazardous materials;
- Implemented the CAD system for fire dispatch through the Emergency Operations Center;
- Certified 8 firefighters as Emergency Medical technicians;
- Received Homeland Security funding through the Urban Area Safety Initiative to train firefighters in Weapons of Mass Destruction (WMD) awareness, National Incident Management System (NIMS-700) and (NIMS -100), with one company receiving training to the Operational Level in WMD Radiological/Nuclear Response;
- Conducted a low cost carbon monoxide program for the elderly;
- Underook a community fire safety day together with the local Home Depot;
- Implemented the "Places of Public Assembly" laws;
- Improved the Department's ability to detect various gases by adding chlorine and ammonia sensors to the multi-gas meters;
- Trained 12 firefighters in the use of CDV-718A radiation detection equipment;
- Implemented a program with Keyspan to identify specific locations within the city that require repair or replacement of natural gas pipelines and mitigate releases of natural gas;

- Placed a new 500 watt generator in service to enhance operational safety for firefighters working at multi-hazard incidents;
- Certified 1 additional Hazmat Technician;
- Trained in confined space rescue, rope rescue operations, structural collapse operations and fire suppression and extrication of vehicles manufactured with natural gas and propane gas, and
- Issued new standard operations for water rescue operations

FY'08 Goals

- Replace the present VHF radio infrastructure and communications equipment with a UHF system necessary for interoperable communications within the region to enhance communications between the fire service, law enforcement and emergency medical services;
- Replace the present aging municipal cable fire alarm system with a radio controlled wireless system that will be fully N.F.P.A. (National Fire Protection Association) compliant and result in reduced maintenance costs;
- Enhance the new CAD system with response information that will provide information regarding occupancy specific information regarding special hazards, location of fire protection systems, floor plans, nearest fire hydrants and cross streets for apparatus responding to emergency incidents;
- Complete the full implementation of the Department's information management system for administration of all Department records including budget maintenance, vendor management and personnel;
- Fully utilize the Department's information management system to allow for the storing of all Department Standard Operating Guides and for the documenting of permits issued, inspections, occupancy information and revenue collections related to fire watches;
- Enhance the coordinated plans review group with related municipal departments to streamline review and approval of construction projects vital to the economic development of the City;
- Develop a fire prevention web-page providing the community with immediate access related to local and state codes as well as prevention tips and answers to frequently asked questions relating to fire prevention;
- Continue to provide the latest training available in the fire service related to hazard recognition and mitigation of carbon monoxide, solid, liquid and gaseous chemical releases, and hazard mitigation of cyanide, which is becoming a more frequent by-product of combustion in fires due to new materials now used in the manufacture of household products and materials;
- Acquire a hydrogen cyanide detector to monitor levels of HCN at emergency incidents, a priority due to recent reports on the fatal effects of exposure to the gas to firefighters and the public at emergency incidents nationally;

- Implement a systematic program to inspect and document all hazards in storage, use or manufacture at specific commercial and industrial occupancies;
- Certify one additional Fire Captain to Hazmat Technician level;
- Complete annual First Responder Training, C.P.R. Training and D.O.T. E.M.T. Refresher course, and
- Implement an enhanced Personal Accountability System, a radio report of the accountability status for a company or group of companies assigned to an emergency incident, which thereby builds several sets of checks into incident operations for firefighter accountability.

Fire Department Program Budget #220

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	5,688,178	6,197,956	6,186,314	6,233,251	6,287,235	53,984
Operations and Maintenance	290,733	298,335	339,057	395,415	407,400	11,985
Capital	-	17,999	-	-	6,595	6,595
Department Total	5,978,911	6,514,290	6,525,372	6,628,666	6,701,230	72,564

Fire Department Personnel Listing #220

Title	2004	2005	2006	2007	2008	Variance
Fire Chief	1.00	1.00	1.00	1.00	1.00	0.00
Deputy Chiefs	6.00	6.00	6.00	6.00	6.00	0.00
Captains	12.00	12.00	12.00	12.00	12.00	0.00
Lieutenants	12.00	12.00	12.00	12.00	12.00	0.00
Firefighters	54.00	57.00	60.00	60.00	60.00	0.00
Mechanic	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	87.00	90.00	93.00	93.00	93.00	0.00

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

A part-time Quality of Life Inspector has been added to the Department to focus specific attention on pressing quality of life issues in the community, including graffiti enforcement, improper trash containment and curb side placement. The Quality of Life Inspector will also provide compliance checks, including follow the City's trash contractor to ensure that trash is being picked-up in an orderly, sanitary manner. The Department is working on the creation of a database to allow ISD inspectors to access files while performing duties in the field. This custom database will be web based allowing all residents to view inspection records, stop work notices and building permits from their personal computers. The Department also expects to have purchased laptop tablets and Nextel phones with picture capabilities to allow inspectors to access and record additional information and interact with the custom database.

FY'07 Accomplishments

- Hired a Quality of Life Inspector and worked with the inspector to focus review and enforcement activity on pressing quality of life issues in the community;
- Managed increasing and more extensive applications for building and occupancy permits and generated \$725,000 in increased revenue, well above historical averages;
- Issued a record amount of 21D violation tickets, in excess of 1,500, while enforcing Ordinance compliance and addressing Quality of Life concerns, and collected a record amount of fines, in excess of \$81,000.00, relating to that work;
- Continued enforcement efforts through the courts by issuing over 100 court complaints, due largely to aggressive pursuit of illegal rooming houses, and in concert with the Fire and Police Departments, and
- Extended collaboration with the Police Department to conduct inspections where there is overlapping jurisdiction in order to address issues relating to illegal businesses, unregistered vehicles, illegal auto repair, performing construction work without a permit and other violations.

FY'08 Goals

- Outfit all Inspectors with laptop tablet computers to allow inspectors to conduct more inspections, more efficiently, including being able to review all Department records at the site while conducting an inspection;

- Acquire Nextel phones with picture taking capabilities to allow inspectors to photograph violations and then transfer those pictures to electronic files that interface with existing Department files;
- Computerize and have accessible, over the Internet, all permits and certifications, inspection reports, 21D violation tickets and zoning and building complaints;
- Improve building plan retrieval by relocating the majority of plans to storage bins in the attic of City Hall, with those plans categorized in a bound ledger and supported by a computer database to facilitate their retrieval, and
- Encourage 100% of all new major projects to submit “As Built” construction plans on a compact disc.

Inspectional Services Program Budget #240

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	463,990	495,739	519,692	554,656	577,473	22,817
Operations and Maintenance	17,054	17,502	19,059	24,000	30,317	6,317
Capital	-	-	12,034	-	8,500	8,500
Department Total	481,045	513,240	550,784	578,656	616,290	37,634

Inspectional Services Personnel Listing #240

Title	2004	2005	2006	2007	2008	Variance
Director of ISD	1.00	1.00	1.00	1.00	1.00	0.00
Office Manager	1.00	1.00	1.00	1.00	1.00	0.00
Weights & Measures/Food	1.00	1.00	1.00	1.00	1.00	0.00
Zoning Officer	0.50	0.50	0.50	0.50	0.50	0.00
Building Inspectors	2.00	3.00	3.00	3.00	3.00	0.00
Plumbing Inspector	0.50	0.50	0.50	0.50	0.50	0.00
Wiring Inspector	1.00	1.00	1.00	1.00	1.00	0.00
Code Enforcement	3.00	2.00	2.00	2.00	2.00	0.00
Quality of Life Enforcement Officer	0.00	0.00	0.00	0.50	0.50	0.00
Senior Clerk/Typist	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	11.00	11.00	11.00	11.50	11.50	0.00

Emergency Management

Mission Statement

The Emergency Management Department in the city agency responsible for coordinating city, state, federal and private resources during emergencies and disasters, by effective planning and coordinated use of all personnel and equipment. The Department coordinates effective relocation plans, mitigate against, prepare for, respond to and recover from emergencies, both natural and man made. Emergency Management staff the Chelsea Emergency Communications Center where all 9-1-1 and other emergency and non emergency calls are answered. Call taker/dispatchers monitor fire box alarms, maintain round-the-clock radio communications with police, fire, their respective inter-agency radios and contract ambulance units to help manage any possible public safety event or incident.

Significant Changes

Homeland Security funding continues to help support equipment and technology needs in the Department, resulting in heightened readiness and better communications capabilities among public safety agencies. Two additional dispatchers are being added to provide additional supervision and dispatch capability.

FY'07 Accomplishments

- Facilitated public safety agencies receiving Incident Command training by securing Homeland Security reimbursement;
- Oversaw the replacement of the 9-1-1 computers, thus increasing the speed and efficiency of dispatchers;
- Intergraded fire dispatch and record keeping components in a combined fire/police Incident Management System;
- Upgraded the emergency communication network with two way and satellite communications through the use of Homeland Security funding;
- Installed a Homeland Security camera at the dispatch center, and
- Obtained a \$16,500 dispatch training grant.

FY'08 Goals

- Institute a formal training program for dispatcher certification by APECO {Association of Public Safety Communication Officials};
- Install CAMEO [Computer Aided Dispatch for Emergency Operations] for fire, police and emergency management operations [planning and training];
- Establish a state-of-the-art Emergency Operations Center [EOC] in the lower level of the Communications Center with funding from UASI;
- Update and enhance the equipment in the mobile command post;
- Review the possibility of allowing dispatchers to monitor city and homeland security cameras;
- Review and exercise Evacuation and Relocation Plans of Special Locations, and
- Complete the updated version of the city’s Electronic Comprehensive Emergency Management Plan.

Emergency Management Program Budget #230

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	47,529	712,031	724,183	672,706	862,829	190,123
Operations and Maintenance	3,935	11,259	12,896	17,453	17,953	500
Capital	-	19,144	-	-	-	-
Department Total	51,464	742,434	737,079	690,159	880,782	190,623

Emergency Management Personnel Listing #230

Title	2004	2005	2006	2007	2008	Variance
Director of Emergency Management	1.00	1.00	1.00	1.00	1.00	0.00
Shift Supervisor / PT Dispatcher	0.00	0.00	0.00	0.00	2.00	2.00
Dispatcher	0.00	12.00	12.00	12.00	12.00	0.00
Dispatcher Part Time	0.00	1.00	1.00	1.00	1.00	0.00
Total Department	1.00	14.00	14.00	14.00	16.00	2.00

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.

Administration

Significant Changes

In conjunction with the City's anti-graffiti initiative, the Department purchased a graffiti removal machine which is used to remove unsightly tags from all masonry structures. This machine was used as part of the City Manager's month-long amnesty program whereby property owners utilized DPW services to remove graffiti from their buildings at no cost to them. Effective May 1, 2007 DPW has implemented a new registration policy for contractors performing excavation work on city roadways. This policy will ensure that only qualified, experienced contractors will be working on City owned property. It will also serve as a safeguard to property owners in need of these services. The Department recently created and implemented a new work order database which enables staff to better monitor, track and schedule requests for service, and respond to inquiries from residents. In FY'08, DPW is going out to bid to convert the city's streetlights from mercury vapor to high pressure sodium. Once completed, this project will result in an estimated savings of approximately 25% in energy costs. In response to resident requests, the City has added 6 additional weeks of curbside yard waste collection. Starting this year, yard waste will be collected throughout the summer months, as opposed to limiting it to the spring and fall. In July, Public Works will begin the change-out of residential and commercial water meters, and the installation of the fixed radio frequency meter reading system. This will allow staff to retrieve quality meter readings in a timely manner, which is a critical factor in maintaining a high level of customer satisfaction.

FY'07 Accomplishments

- Established new ordinance regulating the installation and maintenance of news racks and newspaper boxes throughout the city;
- Created a new database to manage service requests to allow for monitoring, tracking, scheduling and viewing of each work order, and
- Purchased the ProBlast CRS to remove graffiti from city owned properties.

FY'08 Goals

- Develop a comprehensive program to promote the further cleanliness of the community;
- Implementation of new registration policy for contractors performing excavation work within city streets and sidewalks, and
- Enhance the use of the ProBlast CRS to assist property owners in removing graffiti from private properties.

Streets & Sidewalks

FY'07 Accomplishments

- Rehabilitated sidewalk and road on Vale Street from Everett Avenue to Carter Street;
- Paved roadway on Clark Avenue from Webster Avenue to Cabot Street and Stockton Street from Broadway to Spencer Avenue;
- Repaired sidewalks at Arlington and Everett Avenue, Tudor Street by the Clark Avenue School, and Beacon Street between Tremont Street and Broadway;
- Restored surface on Broadway from Williams to Beacon Streets following water main break;
- Completed paving on Parker Street from Broadway to Crescent Avenue restoring a severely deteriorated road surface;
- Planted 63 new trees throughout the city, including a permanent Christmas Tree in Chelsea Square, and
- Secured \$15,000 Urban Forestry Challenge Grant from Department of Conservation and Recreation to plant 60 trees by the end of June 2007.

2008 Goals:

- Complete sidewalk and paving rehabilitation on Gerrish Avenue from Broadway to Highland Street and Library Street from Broadway to Highland Street;
- Institute Pavement Maintenance program to ensure maximum performance from previous capital expenditures by extending life cycle of wearing surface through sealing and surface treatments;
- Replace sidewalk on Highland Street from Grove to Bellingham Streets on the odd side to complete travel path upgrades to the area, on Jefferson Avenue from Washington Avenue to Franklin Avenue and Broadway from 26 Broadway to Commandants Way;
- Plant 100 new trees in various locations throughout the city, and

- Commence replacement of existing street signs with new 9” signs to meet the Federal Highway Administration’s MUTCD requirements by January, 2012.

Solid Waste/Recycling

FY’07 Accomplishments

- Added 1 week of curbside yard waste collection to the fall schedule, and
- Awarded Municipal Waste Reduction Grant from Department of Environmental Protection for Recycling Consumer Education and Outreach Materials.

FY’08 Goals

- Award new 3 year solid waste and recycling contract to take effect on July 1, 2007, and
- Increase curbside yard waste collection from 6 weeks to 11 weeks to include 1 collection in each of the summer months.

Structures & Grounds

FY’07 Accomplishments

- Completed first two phases of a three-phase interior restoration project of City Hall, including painting the interior entrances, corridors, arcades, stairwells and wrought iron rails and the refinishing of all oak trim, door frames, window frames, baseboard, chair rails and handrails throughout City Hall;
- Replaced the commercial hanging fluorescent lighting in the vaulted ceiling and third floor corridor of City Hall with pendant lighting aesthetically appropriate for the architectural design and character of City Hall, and replaced flood lights around the perimeter of the barrel vaulted ceiling with concealed cove up lighting to accentuate the ceiling in the grand stairway;
- Completed the design plans for the restoration of the lower level of City Hall, including plans for new ceilings and lighting applications and restoration and resurfacing of the concrete corridor floors;
- Replaced all vinyl tile flooring in the common areas of City Hall were replaced’
- Completed the master landscaping plan for City Hall, including nightscape lighting installed at all four monuments in front of the building;
- Installed rubber safety surfaces at four playgrounds replacing the aged wood carpet surfaces, thereby providing better protection, more hygienic and enhanced appearance of the playgrounds.

FY’08 Goals

- Complete final phase of interior restoration of City Hall;

- Complete phases three and four of exterior restoration of City Hall consisting of replacing, restoring and recoating the band of terra cotta and all dentil work around the entire main building at the slate roof line;
- Install an emergency stand-by generator in City Hall for the City's Information Technology Center to ensure uninterrupted power;
- Repaint the interior paint of the Library and refinish all oak trim, and
- Create guidelines and procedures to convert to green cleaning in all public buildings and implement plan to insure use of health and environmentally safe products.

Water & Sewer

FY'07 Accomplishments

- Received the "Outstanding Performance Award" from the State's Department of Environmental Protection for being a top 5% community water system in promoting quality drinking water;
- Removed 14 lead water services from the system and replaced with copper;
- Commenced combined sewer separation in Library/Gerrish neighborhood;
- Achieved further compliance with the National Pollution Discharge Elimination System MS4 Storm Water Permit;
- Attained approval from the Department of Environmental Protection on the implementation of a Sewer Bank as an element of the City's Infiltration/Inflow Control Program;
- Cleaned 34,776 linear feet of sewer line, and 415 catch basins removing over 11,000 cubic feet of debris, and
- Eliminated storm sewer flow from the sanitary sewer in conjunction with the Eastern Avenue project, resulting in an annual savings of \$160,000 from the MWRA flow based charges.

FY'08 Goals

- Complete change-out of new water meters, and installation of the fixed radio frequency automatic meter reading system;
- Replace 22 lead water services, and
- Commence construction of Highland Street drainage improvements to alleviate flooding on Marginal Street.

Public Works / Administration Division Program Budget #421

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	242,716	213,926	166,335	203,090	206,179	3,089
Operations and Maintenance	6,580	10,589	11,198	7,320	5,800	(1,520)
Capital	-	-	-	-	-	-
Department Total	249,296	224,515	177,533	210,410	211,979	1,569

Public Works / Administration Division Personnel Listing #421

Title	2004	2005	2006	2007	2008	Variance
Director	1.00	1.00	0.50	0.50	0.50	0.00
Junior Engineering Aid	0.00	0.00	0.00	0.00	0.00	0.00
Business Manager	1.00	0.50	0.50	0.50	0.50	0.00
Head Administrative Asst	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Director	0.50	0.50	0.50	0.50	0.50	0.00
Dcapital Projects Manager	0.00	0.00	0.00	0.33	0.33	0.00
Head Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	4.50	4.00	3.50	3.83	3.83	0.00

Public Works/ Streets & Sidewalks Division Program Budget #422

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	544,130	570,307	563,580	652,258	644,128	(8,130)
Operations and Maintenance	879,339	823,184	821,309	1,014,550	1,106,550	92,000
Capital	-	-	-	32,000	44,000	12,000
Department Total	1,423,469	1,393,491	1,384,889	1,698,808	1,794,678	95,870

Public Works/ Streets & Sidewalks Division Personnel Listing #422

Title	2004	2005	2006	2007	2008	Variance
Foreman	1.00	1.00	1.00	1.00	1.00	0.00
Principal Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Mason	0.00	0.00	0.00	1.00	1.00	0.00
PWM Craftsmen	1.00	1.00	1.00	1.00	1.00	0.00
PWMM's	3.00	3.00	3.00	3.00	3.00	0.00
PWMMHMEO's	3.00	3.00	3.00	3.00	3.00	0.00
PWMSMEO's	2.00	2.00	2.00	2.00	2.00	0.00
Signal Maintenance	1.00	1.00	1.00	1.00	1.00	0.00
Watchman	1.00	1.00	1.00	1.00	1.00	0.00
Working Foreman	1.00	1.00	1.00	1.00	0.70	(0.30)
Field Operations Manager	0.50	0.50	0.50	0.50	0.50	0.00
Total Department	14.50	14.50	14.50	15.50	15.20	(0.30)

Public Works / Solid Waste Division Program Budget #430

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	-	-	-	-	-	-
Operations and Maintenance	1,730,333	1,795,425	1,680,397	1,817,300	1,874,500	57,200
Capital	-	-	-	-	-	-
Department Total	1,730,333	1,795,425	1,680,397	1,817,300	1,874,500	57,200

Public Works / Solid Waste Division Personnel Listing #430

Title	2004	2005	2006	2007	2008	Variance
Solid Waste Coordinator	0.00	0.00	0.50	0.00	0.00	0.00
Total Department	0.00	0.00	0.50	0.00	0.00	0.00

Public Works / Structures & Grounds Division Program Budget #470

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	214,181	237,229	238,307	279,892	277,137	(2,755)
Operations and Maintenance	600,715	701,113	667,331	746,683	742,530	(4,153)
Capital	-	-	-	-	-	-
Department Total	814,896	938,342	905,638	1,026,575	1,019,667	(6,908)

Public Works / Structures & Grounds Division Personnel Listing #470

Title	2004	2005	2006	2007	2008	Variance
Building Craftsmen	2.00	2.00	2.00	2.00	2.00	0.00
Building Custodian	2.00	2.00	1.50	1.50	1.50	0.00
Building Superintendent	1.00	1.00	1.00	1.00	1.00	0.00
PWM Craftsmen	1.00	1.00	1.00	1.00	1.00	0.00
Carpenter	0.50	0.00	0.00	0.00	0.00	0.00
Plumber	1.00	1.00	0.50	0.50	1.00	0.50
Total Department	7.50	7.00	6.00	6.00	6.50	0.50

Public Works / Snow Removal Division Program Budget #423

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	31,738	46,272	18,720	25,000	25,000	-
Operations and Maintenance	100,957	137,704	99,792	66,260	66,260	-
Capital	9,037	3,200	15,704	10,000	10,000	-
Department Total	141,732	187,176	134,216	101,260	101,260	-

Public Works / Snow Removal Division Personnel Listing #423

Title	2004	2005	2006	2007	2008	Variance
None	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	0.00	0.00	0.00	0.00	0.00	0.00
Total DPW	26.50	25.50	24.50	25.33	25.53	0.20

Health and Human Services

Mission Statement

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

Health and Human Services

Significant Changes

New strategies to support Chelsea Community School/Safe Haven activities were developed with the support of partnering agencies and Boston University. HHS continues to be active in national, regional and local activities and trainings on health and public safety issues that could affect the city's population, from bio-terrorism, Pandemic Influenza, West Niles Virus, HIV/AIDS to substance abuse and youth violence. Services to an increasing number of war veterans have been continued during a transition to retirement of Chelsea's Veteran Services Agent. The enhancement of Chelsea's Public Library computerized services, expanded in partnership with Bunker Hill Community College, has also being supported with donation of used equipment from Simmons College. In compliance with federal and state requirements, a Public Health Emergency Plan and Emergency Dispensing Sites Plan were completed by the HHS director.

FY'07 Accomplishments

- Submitted a grant proposal to the Commonwealth Corporation and received funded for support to the Chelsea Summer Youth Work Program;
- Renewed Federal and state grants for the Chelsea Refugees and Immigrant Services to maintain job placement, pre-employment training, ESL instruction and post employment counseling programs for US Department of State referred refugees;
- Contributed to the development of Spanish language radio adds against the use of drugs in Massachusetts;
- Maintained relations with federal authorities including the US Department of Health and Human Services and CDC on issues and strategies related to the prevention of emerging infectious diseases (Avian Flu, SARS, West Niles Virus, Food Borne pathogens, etc.).
- Participated in Hyams Foundation planning of additional philanthropic investment in Chelsea's youth and joined their implementation team;
- Supported and assisted in the management of youth programs conducted by local not-for profit agencies aimed at preventing substance abuse and youth violence;
- Worked with Inspectional Services, Planning and Development and the Police Departments on homelessness issues, Youth Violence and substance abuse local issues as well as on enforcement of federal, state and city public health and sanitation laws and regulations;
- Obtained funds to support regional bio-terrorism response planning;
- Participated in a series of meetings with local residents on youth violence, substance abuse prevention, nutrition, mental health, obesity, cardiac and pulmonary health research activities, employment and training services evaluation and other local health and human services programs, and

- Supported Board of Health on Waterfront Odors Abatement in Chelsea and on noise control and other ordinances.

Health & Human Services Administration Program Budget #510

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	125,935	138,274	134,933	138,914	142,613	3,699
Operations and Maintenance	6,769	6,916	7,020	7,275	4,962	(2,313)
Capital	-	-	-	-	-	-
Department Total	132,704	145,190	141,953	146,189	147,575	1,386

Health & Human Services Administration Personnel Listing #510

Title	2004	2005	2006	2007	2008	Variance
Dir Health & Human Services	1.00	1.00	1.00	1.00	1.00	0.00
Financial / Technical Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Admin. Assistant	0.50	0.50	0.50	0.50	0.50	0.00
Total Department	2.50	2.50	2.50	2.50	2.50	0.00

Health & Human Services Administration Grant Funded

Title	2004	2005	2006	2007	2008	Variance
Emergency Case Manager	1.00	0.00	0.00	0.00	0.00	0.00
Total Department	1.00	0.00	0.00	0.00	0.00	0.00

Health & Human Services Work Force Development Grant Funded

Title	2004	2005	2006	2007	2008	Variance
Refugee Placement Specialist	4.00	3.00	3.00	3.00	2.00	(1.00)
ESL Services Manager	1.00	1.00	1.00	1.00	1.00	0.00
Jobs Advocate	2.50	1.00	1.00	1.00	1.00	0.00
MIS/Secretary	1.00	1.00	1.00	1.00	1.00	0.00
ESL Instructor	1.00	1.00	1.00	1.00	1.00	0.00
ESL Coordinator/Instructor	1.00	1.00	1.00	1.00	1.00	0.00
Employ. Services Manager	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	11.50	9.00	9.00	9.00	8.00	(1.00)

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 public use computers were installed. The partnership with Bunker Hill Community College was officially recognized. Wiring of library computers was greatly improved and additional computers were installed with private grant funds. The library remained open to the public 65 hours a week in compliance with state grant funding requirements.

FY'07 Accomplishments

- Installed new computers for public use;
- Updated book reservation system;
- Participated in organizing and the celebration of Chelsea Literacy Day;
- Completed expanded catalogue records of audio-visual materials;
- Expanded the collection of books in Spanish and other languages;
- Facilitated the establishment of the Raising a Reader Program;
- Coordinated the expansion of Bunker Hill Community College classes at the Library;
- Increased book circulation by 10%;
- Issued 579 new library cards;
- Implemented the grant funded Young Librarians Program, and
- Obtained waiver of funding formula on proportional city budget requirements to assure continuation of state grant to the Chelsea Library.

FY'08 Goals

- Collaborate with the Raising a Reader program for pre-school children and their parents to double the number of participants;

- Upgrade all staff computers to meet work station requirements of new Integrated Library System.
- Assist the Boston Public Library in the development of a grant proposal to acquire new computers and software to support inter-library activities;
- Upgrade the existing file server infrastructure to provide more reliable service, and
- Renew and enhance the partnership with BHCC and continue offering classroom space and a study area to BHCC students.

HHS - Chelsea Public Library Program Budget #610

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	235,403	242,701	243,333	251,200	255,395	4,195
Operations and Maintenance	18,591	21,983	23,675	19,844	20,444	600
Capital	-	-	3,000	4,000	7,500	3,500
Department Total	253,994	264,684	270,008	275,044	283,339	8,295

HHS - Chelsea Public Library Personnel Listing #610

Title	2004	2005	2006	2007	2008	Variance
Library Director	1.00	1.00	1.00	1.00	1.00	0.00
Custodian	0.43	0.31	0.31	0.31	0.31	0.00
Senior Library Assistants	1.50	2.00	2.00	2.00	2.00	0.00
Library Assistants	3.00	3.00	3.00	3.31	3.31	0.00
Reference Librarian	0.40	0.52	0.52	0.52	0.52	0.00
Desk Attendant	1.00	0.31	0.31	0.26	0.26	0.00
Internship	0.90	0.00	0.00	0.00	0.00	0.00
Total Department	8.23	7.14	7.14	7.40	7.40	0.00

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

The Division and its supporters, including the Elder Affairs Council and the Friends of the Council on Aging continue to build upon the Accreditation earned by the Senior Center in 2006. That work will need to continue under a new director, as the present director, Dotty D'Eon has announced her intention to retire in June of 2007.

FY'07 Accomplishments

- Maintained Senior Center Accreditation;
- Increased the number of educational/recreational activities at the Senior Center;
- Invited several physicians to lecture on health and quality of life issues, and
- Increased the number of cultural, arts, crafts and exercise activities.

FY'08 Goals

Increase recreational and social Activities for seniors.

HHS - Elder Affairs Division Program Budget #541

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	167,591	179,665	183,621	188,169	186,083	(2,086)
Operations and Maintenance	16,473	16,686	17,884	16,750	21,750	5,000
Capital	-	-	-	-	-	-
Department Total	184,064	196,351	201,505	204,919	207,833	2,914

HHS - Elder Affairs Division Personnel Listing #541

Title	2004	2005	2006	2007	2008	Variance
Director of Council on Aging	1.00	1.00	1.00	1.00	1.00	0.00
Elder Advocate	1.00	1.00	1.00	1.00	1.00	0.00
Fiscal Manager	0.50	0.00	0.00	0.00	0.00	0.00
Clerk/Publicist	0.50	0.50	0.50	0.50	0.50	0.00
Building Custodians	2.00	2.00	2.00	2.00	2.00	0.00
Total Department	5.00	4.50	4.50	4.50	4.50	0.00

HHS - Elder Affairs Division Personnel Listing Grant Funded

Title	2004	2005	2006	2007	2008	Variance
Outreach Worker	1.00	1.00	1.00	1.00	0.50	(0.50)
Fiscal Manager	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	1.00	1.00	1.00	1.00	0.50	(0.50)

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

Tuberculosis and state mandated communicable disease surveillance was expanded as well as participation with HHS department in activities related to Homeland Security and State public health laws and regulations.

FY'07 Accomplishments

- Improved Tuberculosis control activities including treatment compliance, record keeping and case follow-ups;
- Conducted annual Flu vaccine clinics, distributed vaccines among local health centers, and
- Initiated work with MGH on reduction of nicotine addiction, tobacco free workplaces and continued the enforcement of state and local tobacco laws and regulations.

FY'08 Goals

- Install and use new State computerized surveillance system for communicable diseases;
- Improve Public Education on Health Issues;
- Assist the Board of Health in the implementation of tobacco use reduction among minors, and
- Participate in State exercises on epidemics control.

HHS - Health Division Program Budget #511

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	370,822	404,907	406,946	66,314	67,641	1,327
Operations and Maintenance	-	-	-	-	200	200
Capital	-	-	-	-	-	-
Department Total	370,822	404,907	406,946	66,314	67,841	1,527

HHS - Health Division Personnel Listing #511

Title	2004	2005	2006	2007	2008	Variance
Health Aid	1.00	1.00	1.00	0.00	0.00	0.00
Director of Nursing	1.00	1.00	1.00	0.00	0.00	0.00
School Nurses	5.00	4.50	4.50	0.00	0.00	0.00
Public Health Nurses	0.60	1.00	1.00	1.00	1.00	0.00
Director of Public Health	0.00	0.00	0.00	0.00	0.00	0.00
Admin. Assistant	0.50	0.50	0.50	0.00	0.00	0.00
Board Secretary	0.00	0.50	0.50	0.00	0.50	0.50
Vision Tester	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	8.10	8.50	8.50	1.00	1.50	0.50

HHS - Health Division Personnel Listing Grant Funded

Title	2004	2005	2006	2007	2008	Variance
Health Aids	3.00	4.00	4.00	4.00	4.00	0.00
School Nurses	0.00	1.00	1.00	1.00	1.00	0.00
Vision Tester	0.00	0.00	0.00	0.00	0.00	0.00
Non Public Nurse	0.00	0.00	0.00	0.00	0.00	0.00
Total Department	3.00	5.00	5.00	5.00	5.00	0.00

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

Maintained computer data base on records and applications and adopted changes in drugs and medical insurance policies. Supported the Division with substitute staff while the search continues to replace Veterans Agent Ted Sobolewski, who retired earlier this year. A replacement is expected to be announced by the end of FY'07. A centralized Memorial Day observance was coordinated, with significant help from the School Department and the Polish American Veterans.

FY'07 Accomplishments

- Continued providing housing, medical and other basic services to Chelsea's veterans;
- Aided in the replacement of the World War I memorial marker at Chelsea High School, and
- Assisted in the planning and implementation for a new format for local Memorial Day exercises.

FY'08 Goals

- Strengthen relationship and develop joint programming with the Chelsea Soldiers Home.

HHS - Veterans Services Program Budget #543

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	70,841	76,649	76,279	77,775	46,311	(31,464)
Operations and Maintenance	224,996	199,237	249,232	266,983	266,983	-
Capital	-	-	-	-	-	-
Department Total	295,837	275,885	325,511	344,758	313,294	(31,464)

HHS - Veterans Services Personnel Listing #543

Title	2004	2005	2006	2007	2008	Variance
Veterans Agent	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	1.00	1.00	1.00	1.00	1.00	0.00

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

Collaboration with Boston University School of Communication was expanded. Community Schools staffing was increased in response to additional number of programs and activities. Professional sports coaches and players have provided special sports clinics. New programs have been designed as well as a strategy to obtain funding support from participants and private sector.

FY'07 Accomplishments

- Provided sports and enrichment activities to an average of 1,700 participants a week;
- Worked with HHS administration and CCS Advisory Board in developing after-school program advocacy and funding strategies;
- Re-adjusted a sliding fee for services scale and raised supplemental funds for programs and developed new partnerships for sports activities in the city;
- Expanded collaboration with Boston University School of Communication and Education Department, including a new after school tutorial program, and
- Trained on CPR and First Aid and got certification of program administration staff.

FY'08 Goals

- Expand and improve the quality and scope of programs to attract increased community enrollment in all local educational and recreational programs.

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

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Salaries, Wages and Benefits	49,811	24,661	26,568	52,553	78,098	25,545
Operations and Maintenance	7,804	30,979	50,000	65,000	40,000	(25,000)
Capital	-	-	-	-	-	-
Department Total	57,615	55,640	76,568	117,553	118,098	545

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

Title	2004	2005	2006	2007	2008	Variance
Dir. of Community Schools	0.50	0.50	0.50	0.50	0.50	0.00
Assitant	0.00	0.00	0.00	0.50	0.00	(0.50)
Total Department	0.50	0.50	0.50	1.00	0.50	(0.50)

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

Title	2004	2005	2006	2007	2008	Variance
Weed & Seed Manager	0.50	1.00	1.00	1.00	0.00	(1.00)
On-site Manager	1.00	1.00	1.00	1.00	0.40	(0.60)
Receptionist	0.00	0.50	0.50	0.50	0.00	(0.50)
Recreation Leader	0.00	0.50	0.50	0.50	0.00	(0.50)
Piano Teacher	0.00	0.50	0.50	0.50	0.50	0.00
ESL/Spanish Teacher	0.00	0.50	0.50	0.50	3.50	3.00
Karate Instructor	0.00	0.50	0.50	0.50	0.50	0.00
Computer Instructors	0.00	1.00	1.00	1.00	1.00	0.00
Art Instructor	0.00	0.50	0.50	0.50	0.50	0.00
Weekend Supervisor	0.00	0.50	0.50	0.50	0.50	0.00
Custodian	0.00	0.50	0.50	0.50	0.50	0.00
Assistant Coordinator	0.00	0.50	0.50	0.50	0.50	0.00
Assistant On-site Manager	1.50	0.00	0.00	0.00	0.00	0.00
Childcare Monitor	2.00	0.00	0.00	0.00	0.00	0.00
ESL Instructor	0.50	0.00	0.00	0.00	0.00	0.00
ESL Language Instructor	0.50	0.00	0.00	0.00	0.00	0.00
Security	0.00	0.00	0.00	0.00	0.50	0.00
Sports Coach	0.50	0.00	0.00	0.00	0.00	0.00
Total Department	6.50	7.50	7.50	7.50	8.40	0.90
Total HHS Gen	25.33	24.14	24.14	17.40	17.40	0.00
Total HHS Grants	23.00	22.50	22.50	22.50	21.90	(0.60)

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

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Principal - Long Term (710-5760)	6,531,584	6,623,365	6,750,163	6,637,264	6,797,358	160,094
Interest - Long Term (711-5761)	3,940,476	3,614,160	3,270,916	2,968,493	2,662,562	(305,931)
Interest - Short Term (711-5763)	672,000	640,000	41,260	504,000	550,000	46,000
State Qualified Bond Interest	-	-	-	4,000	23,376	19,376
Total Direct Expenses	11,144,060	10,877,525	10,062,340	10,113,757	10,033,296	(80,461)

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	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Unemployment Compensation (5177)	75,388	29,012	1,590	52,000	52,000	-
Health Insurance (5171)	7,864,219	8,323,179	9,747,043	5,460,478	5,718,953	258,475
Payroll Taxes (51760)	500,023	527,879	583,799	301,920	301,920	-
Workers Compensation (5178)	313,000	313,000	302,143	370,000	370,000	-
Life Insurance (51750)	48,626	29,492	29,546	35,000	40,000	5,000
Accidental Death & Dismemberment	-	-	8,767	8,385	-	(8,385)
Salary Reserve (5980)	74,058	-	-	405,000	558,895	153,895
Total Direct Expenses	8,875,315	9,222,562	10,672,888	6,632,783	7,041,768	408,985

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

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Retirement Fund (5180)	5,270,131	5,597,912	6,121,184	4,645,939	4,948,356	302,417
Non-Contributory Pensions (5179)	101,589	115,488	88,536	77,262	56,348	(20,914)
Total Direct Expenses	5,371,720	5,713,400	6,209,720	4,723,201	5,004,704	281,503

Undistributed Expenses - Cherry Sheet Assessments, Insurance and Judgements

CHERRY SHEET ASSESSMENTS

For the purpose of budgeting, estimates based on The Governor's Budget Proposal (H1).

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

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Ret. Employees Health Ins (5633)	1,181	10,190	4,739	-	-	-
Mosquito Control (5635)	7,385	7,403	7,961	7,822	8,973	1,151
Air Pollution Districts (5637)	6,254	6,332	6,840	6,903	6,954	51
Metropolitan Area Planning (5638)	9,125	9,210	9,290	9,337	9,416	79
RMV Non-Renewal Surc. (5640)	267,100	265,680	231,593	314,180	200,720	(113,460)
MBTA Chs.161A, 825 (5641)	1,775,408	1,855,800	1,993,826	1,932,646	1,964,095	31,449
Boston Met. Trans. District (5642)	235	235	309	309	319	10
Multi - Year Repayment (5645)	220,121	220,121	220,121	220,127	-	(220,127)
Special Education (5646)	22,054	22,311	20,266	30,867	33,246	2,379
State Qualified Bonds Interest (5647)	4,067	16,376	-	-	-	-
Charter School Assessment (5661)	449,786	688,589	697,922	1,531,218	2,350,098	818,880
School Choice (5663)	9,593	1,231	5,000	5,000	14,407	9,407
Essex County Sending Tuition	-	-	-	-	12,493	12,493
Total Direct Expenses	2,772,309	3,103,478	3,197,867	4,058,409	4,600,721	542,312

Insurance #945 and Legal Judgements #941

Expense Line Item	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2008 Budget	Dollar Variance
Insurance	457,240	473,443	426,165	513,113	528,506	15,393
Judgements (571200)	15,835	20,498	9,210	25,000	25,000	-
Total Direct Expenses	473,075	493,941	435,375	538,113	553,506	15,393

Glossary of Terms

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.

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, 2004 to June 30, 2005 would be FY'05.

Free Cash . A city, town or district's free cash represents the amount of a community's funds that are unrestricted and available for appropriation. These available funds, once certified, may be used to support supplemental appropriations during the year or at the Annual Town Meeting to fund next years budget. Available funds are certified by the Director of Accounts as of July 1 each year. Chapter 59, Section 23 of the Massachusetts General Laws requires that the Director of Accounts certify the ". . . amounts of available funds on hand on . . . July the first . . ." These available funds are best known as "free cash" and may only be used after certification by the Bureau of Accounts.

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.

FY- An acronym for Fiscal Year

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 City of Chelsea's 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.

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

ISD - 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.

MWRA - An 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).

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.

Recap. An abbreviation for Tax Recapitulation. This multi-page form is completed and submitted to the Massachusetts Department of Revenue as part of the tax rate setting approval process. All revenue estimates are detailed in this form. The primary reason for this form and the DOR's approval process is to determine if a community is taxing within the limits of proposition 2 1/2 .

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 that requires an assessment the City's water utility enterprise pays each year.

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.