



Annual Budget

Fiscal Year 2007

City of Chelsea, Massachusetts



Adopted by City Council



**CITY OF CHELSEA, MASSACHUSETTS
FISCAL YEAR 2007
FINANCIAL PLAN & OPERATING BUDGET
CITY COUNCIL**

General and Enterprise Funds
July 1, 2006 to June 30, 2007

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**City of Chelsea
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For the Fiscal Year Beginning

July 1, 2005

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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, 2005. 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. We believe our current budget continues to conform to the award requirements and we are submitting it to the GFOA to determine its eligibility for another award.

TABLE OF CONTENTS

Introduction

TITLE PAGE	2
DISTINGUISHED BUDGET AWARD	3
TABLE OF CONTENTS	4

Section 1

BUDGET MESSAGE	6
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Section 2

CITY OVERVIEW

City Map.....	22
Chelsea at a Glance.....	23
Census Profile	25
City Organization	29
Organization Chart	31
Organizational Summary	32
City Council	33
School Committee.....	34
Boards and Commissions	35

Section 3

BUDGET OVERVIEW

Budget Calendar.....	36
Reader's Guide.....	37
Budget Development.....	42
Budget Policy Objectives.....	43
Budget Goals.....	45
Basis of Budgeting.....	47

Section 4

FINANCIAL POLICIES

Financial Reserve Policies	48
Capitalization Policy.....	50
Procurement Policy.....	51
Investment Policy.....	52
Cash Management Policy.....	54
Debt Policy.....	55
Debt Schedules.....	57

Section 5

SUMMARY OF FISCAL YEAR 2007 BUDGET.....

Personnel Analysis.....	62
Consolidated Financial Plan.....	65
History of Fund Balances.....	66

Section 6

FINANCIAL PLANS

Capital Project Funds Financial Plan.....	68
Enterprise Funds Financial Plan	70

General Fund Revenue.....	74
General Fund Revenue Summary Table.....	86
General Fund Revenue Detail Table.....	86
General Fund Expenditure Summary Table.....	91

Section 7

DEPARTMENT PROGRAMS

Organizational Structure.....	92
City Council.....	95
City Manager’s	96
City Auditor.....	100
Treasurer/Collector.....	102
Assessing	105
Procurement	107
Law	109
Personnel	111
Management Information Systems.....	113
City Clerk, Traffic and Parking.....	115
Licensing.....	118
Planning and Development.....	120
Education.....	124
Police	126
Fire.....	129
Inspectional Services.....	132
Emergency Management.....	134
Public Works.....	136
Health and Human Services.....	144
HHS Administration.....	144
Public Library.....	148
Elder Affairs.....	150
Health.....	152
Veterans Services.....	154
Community Schools and Recreation	155
Debt Service.....	157
Health and Benefit Insurance.....	158
Retirement.....	160
Undistributed Cherry Sheet Assessments.....	162

Section 8

GLOSSARY

Exhibits

EXHIBIT I - Five Year Financial Forecast

EXHIBIT II - Capital Improvement Plan

EXHIBIT III - State of the City Report

Note to Reader of Budget Message

This document is the final step of the budget process that began in December 2005. All amounts detailed in this budget document are as adopted by the City Council on June 5, 2006. Please know that the City Manager's Budget Message originally accompanied the Manager's budget as proposed as did the budget summary found on page 61. Below is a summary of the changes made to the budget during the City Council's deliberations.

Amendments to the Fiscal Year 2007 Proposed Budget

Expenditures				
<u>Description</u>	<u>Amount</u>	<u>From</u>	<u>To</u>	<u>Reason</u>
Original Budget Submitted May 2, 2006		107,395,028.00		
City Council Regular Salary	587.00	147,881.00	148,468.00	<i>Recalculation of Salary Increase</i>
MIS - Contract Services	27,000.00	181,300.00	208,300.00	<i>Redistribution of Public Safety Data Communications</i>
MIS - Computer Equipment	3,000.00	65,000.00	68,000.00	<i>Redistribution of Public Safety Equipment Acquisition</i>
School - Unclassified	215,000.00	-	215,000.00	<i>Recalculation of Local Effort to Include Grant Offset and provide for Extraordinary Maintenance</i>
Health Department	15,350.00	50,964.00	66,314.00	<i>Clerk to the Board Omitted Erroneously</i>
DPW Structures & Grounds Temp Salaries	(17,884.00)	17,884.00	-	<i>Duplicate, Included in 510200 Reg Salary</i>
Amended Budget Presented through May 23, 2006		107,638,081.00		
Revenue Estimates				
<u>Description</u>	<u>Amount</u>	<u>From</u>	<u>To</u>	
Original Revenue Estimate Submitted April 29, 2005		107,395,028.00		
Motor Vehicle Excise Tax	50,000.00	1,900,000.00	1,950,000.00	
Interest Income	50,000.00	1,500,000.00	1,550,000.00	
Building Permit Fees	143,053.00	279,513.00	422,566.00	
Amended Revenue Estimate Presented through May 23, 2005		107,638,081.00		
Net Change to Budget		243,053.00		



CITY OF CHELSEA

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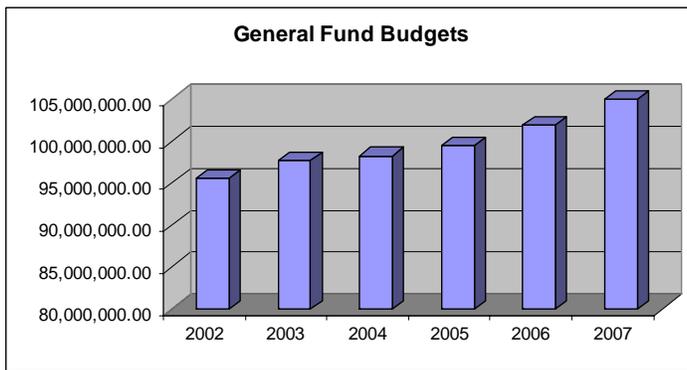


Jay Ash
City Manager

May 1, 2006

The Honorable City Council:

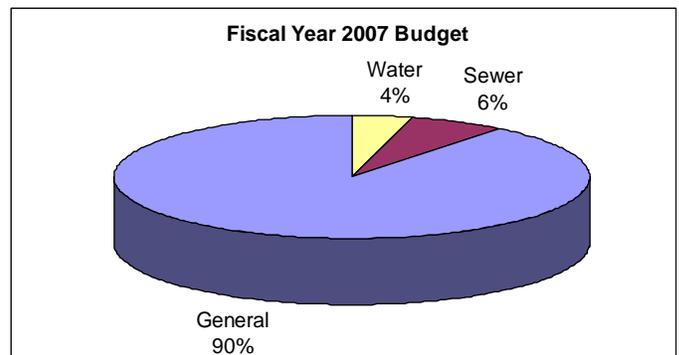
It is my great honor to present you with the City's Fiscal Year 2007 Annual Budget as proposed by the City Administration. This submission, which is consistent with the City Charter and State law, contains spending and revenue provisions for three areas, General, Water Enterprise Fund and Sewer Enterprise Fund. The combine proposal of \$119,895,932 includes \$107,395,028 for the FY'07 General Fund Budget (the FY'07 Budget) and a combined \$12,500,904 for the Water and Sewer Enterprise Funds. This communication will specifically address the provisions of the FY'07 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.

For reference, the FY'07 Budget is up 4.85%, or \$4,936,862, over last year's spending plan. Excluding the School spending increase supported by an increase in Chapter 70 of \$1,768,784, the FY'07 Budget is up 3.1%.

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, the cost of health insurance, up 10.5% and retirement, up 7.6%, continue to place great pressures on the City's budget. The two items combined are up \$1,496,247, accounting for 30.3% of the overall increase in the FY'07 Budget. On the revenue side, overall local aid is poised for a dramatic increase in FY'07, estimated to be up \$3,348,076, including \$1,579,292 for non-school related purposes. Yet, even with that increase, local receipts for the two most significant non-school aid accounts, Lottery Aid and Additional Assistance, will still be 5% below FY'01 highs. To balance the budget, even after cuts in spending and revenue enhancements elsewhere, the City will rely on \$2,324,534 from local reserves.



The above reflects the reality impacting nearly all Massachusetts municipalities, if not those throughout the country. Sluggish revenue growth, combined with spiraling costs in areas of little or no discretion, continue to place incredible pressure on budgets everywhere. This spending plan, again like many others across the state and nation, is balanced, in part,

through the use of “rainy day” funds. In the case of local aid, as one of many examples of the difficulties of municipal budgeting over this decade, the reduced levels since FY’01 have cost the City, and the City’s rainy day funds, an accumulated \$8.9 million. That loss of \$8.9 million has helped to offset the State’s budget difficulties. However, in doing so, it has weakened the City’s position to respond to future budget issues.

Fortunately, past budget actions and local management of administrative issues has allowed the City to ride out what has been a most difficult municipal budgeting period while still maintaining and, in specific areas, expanding core municipal services and other service enhancements. Responsible financial management in the good years of the 1990’s led to a build-up of reserve funds that have cushioned the budget blows that have been experienced since FY’01. Those reserves, as well as deft financial management, have allowed the City to outlast the stormy fiscal times of the past six years. In terms of the search for sunshine through the clouds, the City’s strong economic development record provides perhaps the best means for the City to generate the revenues necessary to continue to balance budgets into the future. At no time during this period of fiscal unrest has the City needed to ask voters for a Proposition 2 ½ override to raise additional property tax revenues. Both the City Administration and the City Council seek to avoid such a need for the remainder of this decade, if not longer, and have together collaborated on fiscal planning, supported by property-tax growing economic development, as the means to protect vital services and focus additional resources on those pressing areas requiring such attention.

In fact, the City is arguably enjoying a period of renaissance, despite the aforementioned budget difficulties. A decade or more of focus on a single, pro-Chelsea agenda; an agenda, as a reminder, upon which we have successfully collaborated, 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 not. 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, need to be held in check; even those the most difficult to exert any discretion. The City has seemingly institutionalized a process under which such fiscal management can occur on the short-term, while longer-term “fixes,” such as economic development and statewide advocacy for municipal finance reforms, have a chance to “kick-in” and make a difference in the future.

The ability to manage short-term issues, no matter how dire, while promoting long-term solutions, no matter how complex, reflects the “Progress” I reported in my annual State of the City Report. It may be unfortunate that today’s City government is weighed down by issues of the past, such as an underfunding of the Retirement system that is requiring massive “catch-up” payments that could be considered solely the source of the City’s budget imbalance. However, notwithstanding such, the City continues to maintain a plan that, as it is continually implemented, is making this particular era one of great hope matched by great accomplishment.

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 seems to be abating. The combination of an expanding economy and a strengthening State budget could be the formula for abating the local budget strain. However, the timing of the “trickle-down” impact of good economic news, the persistence of the budget busters, 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 as focused as ever on the “bottom-line” issues of managing expenses and revenues.

Generally speaking, the City has been able to control discretionary spending. Evidence of that includes employee 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 six 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’07. 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 continues to shift retirees onto Medicare A&B where eligible. Despite the two, the overall cost of health insurance is expected to exceed 11% of the FY’08 Budget. Thus, the City continues to work on other initiatives to reduce health insurance costs, including devising a plan to encourage employees to utilize coverage available to a spouse. 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.

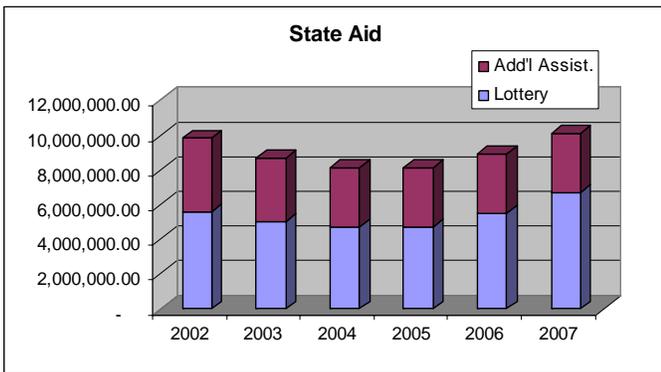
In addition to the local initiatives, the City has been very active in discussing statewide policy that could impact local costs. A municipal finance task force report on the pressures facing municipalities identified health insurance as a top problem. That report, and the follow-up discussions around its recommendations, has had active City participation.

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’07, that payment is \$4,257,764. By comparison, the gap in the FY’07 Budget to be closed by a withdrawal from reserves is \$2,324,534. That catch-up payment will grow by more than \$1,000,000 by the end of the decade, and will eventually equal more than \$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 just begun 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 additional 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. State assessments were up marginally for FY’07. The School Choice/Charter School assessment is up 26.4%, or \$138,801, but that increase is offset by an increase to Tuition and Capital Facility Reimbursements of \$541,773. 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 FY’06, 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. For example, one of the three new hires in this spending plan is in IT, as increasing demand for service, including the expanding use of technology in the public safety departments, requires an additional technician to manage issues. As that occurs, the City is attempting to formulate an overall plan for technology.

On the revenue side, the aforementioned increase in Lottery Aid, up 13.3%, is welcomed news. However, the combined total of Lottery Aid and Additional Assistance is still \$500,000 below the level it was in FY’01. 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 five years.

Absent a Proposition 2 ½ override, existing local revenues are not anticipated to grow significantly enough to manage budgetary issues. For example, the

sum increase of health insurance, retirement costs, debt service and State assessments in FY’07 will be \$1,712,841. By comparison, the Proposition 2 ½ allowed increase in local property tax charges, the City’s greatest support for non-school spending, will be only \$1,461,011. Thus, it is obvious that additional revenue sources are necessary on the local level to help manage the annual budget.

Good planning in the 1990’s has allowed for the City to manage through the current budget crisis without dramatically impacting services or requiring an override vote. While reserves have been closing budget gaps not fully eliminated through other municipal financing options, economic development efforts have been focused on helping the City to “grow” out of budget imbalances. An initiative begun in 2005 to

encourage the development of 1,200 units of new housing by the end of 2008 is showing great promise. Currently, 1,550 units are on the City's development board for the end of 2009. If the 1,200 units are realized, and if City's projections on expenditures and other revenues also hold, the new review generated by the construction boom should eliminate the structural deficit.

Reserves are not bottomless and are generally not regenerating. Thus, the City continues to manage reserves and believes ample reserves exist to allow the City to get to the point where the planned economic development kicks-in. However, then rebuilding those reserves must be prioritized. To date, there is no concrete plan to do so.

Remaining Consistent with a Three-Year Budget Plan

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

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

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

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

- Institution of a hiring freeze,
- Elimination of out-of-state travel,
- Elimination of tuition reimbursements,
- Reduction in training accounts,

- Additional scrutiny of all expenditures over \$500,
- Reduction in “Pay-As-You-Go” CIP appropriations, and
- Reduction in the issuance of new debt.

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

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

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

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

Good news, 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 16%, or \$782,146, 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.

FY’07 – Constraining Spending Yet Again

The FY’07 Budget presents another in a line of constrained spending plans. The budget is balanced, including through the use of \$2,324,534 in reserves. As noted, increases in health insurance, up 10.5%, and retirement, up 7.6%, present the most dramatic sources of spending increases.

Three new positions are funded in the FY'07 Budget, including one-half a full time equivalent involving two positions previously carried in other financing vehicles. Regarding two new hires, one addresses additional Informational Technology staff support which is needed as departments are relying more on technology, and the second is a Department of Public Works mason to perform masonry repairs on an in-house basis instead of contracting out for the service. Another half-time person is being added in the Community Schools program as a match for a State grant that will provide additional funding for more after school and summer youth programming.

The largest single dollar increase in any budget, \$411,192, or 6.0%, is in the Police Department, where two years of contractual increases are now being added to the budget, and where energy costs for heating, lighting and gasoline are requiring additional appropriation. Public Works is up \$324,872, or 7.1%, the result of the new mason position; heating, electricity and gasoline costs; the purchase of a new Madvac, and a new program providing for cleaner streets by supporting a local non-profit's employment training program. The Fire Department is the only other department with a budget increase of over \$100,000, at \$120,621, or 1.9%. That budget is up because of heating, electricity and gasoline needs, and does not reflect contractual increases, as negotiations have not concluded on that labor contract.

From a percentage perspective, the Community Schools budget, up 56.8%, or \$42,592, reflects the half time person added to support a State grant. Veterans Services is up 23.7%, or \$66,014, to address increasing caseloads. Up to 75% of that spending is reimbursed to the City by the State. Information Technology is up 19.6%, or \$83,422, reflective of the new staff position, several increases in licenses carried for software used by the City and additional hardware money.

The FY'07 Budget calls for a 20.9% increase, or \$9,545,232, for the School Department. That figure includes a reclassification of previous expenses that were being paid by the City for School Department employee benefits. As a result, Employee Benefits and Retirement Assessment are down significantly, 40.2% and 24.1%, respectively. Those accounts, though, no longer reflect charges for School Department employees. Also relating to an accounting change, seven and a half school nurses previously carried in the City budget are being reassigned to the School budget. The accounting adjustments are being made in the FY'07 Budget to more accurately depict the City's contributions to School spending. Overall, new School spending increases are almost entirely reflective of the State Chapter 70 School Aid increase of \$1,768,784.

Another housekeeping matter perhaps not evident to the causal reader is that a half-time position is being added to the Law Department and being paid by the School Department. The position will aid the Law Department in providing legal services to the School Department as the latter begins its transition out of control of the Boston University/Chelsea Partnership, which is due to expire in June of 2008. Also, a half-time position budgeted in FY'06 for a trash enforcement officer in the Department of Public Works budget is being reassigned to the Inspectional Services Department for a part-time quality of life inspector and administrative support.

The Salary Reserve account is carrying \$405,000 to offset future collective bargaining agreements with the last two labor units still negotiating with the City, those being Fire and E-911.

On the revenue side, Lottery Aid is up \$1,183,133. Very little else has changed. Real estate taxes are up \$1,461,011, including 2.5% above existing collections plus estimated new growth of \$750,000. No major

increases have been made to fees, fines or other charges. The most significant non-local aid, non-property tax revenue change is Building Permits, up \$220,000, reflective of building starts associated with the City's 1,200-unit residential building program.

FY'07 – How the City Will Address a Shortfall

As noted, the FY'07 Budget has a shortfall of \$2,324,534 that will be addressed through the use of reserves. That shortfall is net of departmental budget cuts and revenue enhancements, and more than 35% below the \$3.6 million estimate the City believed to be the projected deficit when the budget process started.

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 \$8.9 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;
- New growth in property taxes, generally achieved through new construction activity, has slowed as the recession and subsequent weak recover period have limited new business investment, and
- The recession and subsequent weak recovery period have negatively impacted other revenue areas, including interest income and excise tax.

The City, hampered by local aid cuts, constrained by Proposition 2 ½, experiencing lower levels of new property tax growth and receiving less on interest income and through excise tax, cannot and will not seek to solely rely on another round of fee increases to make up for lost revenues. However, the City cannot cut much further into the budgets supporting core services while attempting to offset budget shortfalls being created by expanding costs in mostly non-discretionary areas. An option that 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'07.

An optimist would say the FY'07 deficit to be filled by reserves is trending down, not only for FY'07, but throughout the City's Five Year Financial Forecast. A pessimist would say that the City is still short \$2.4 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 and building fees 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 successful economic development, along with the assistance of external forces, like more local aid, present the City with real hope for tomorrow.

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 does not occur, 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’07 – Fundamentals in Action

Financial matters are a priority, but a 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’07, like previous years, the City will strive to constrain spending and seek new revenues. Regarding the latter, 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, and the most affordable by far. 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 \$810 less expensive than the closest community’s burden. In fact, communities range from 28% to 74% more costly than the local experience.

Another way to understand the relative affordability of the City is to compare it even more extensively to others. In FY’07, the municipal benchmarking process will be in full swing with two study groups, one internal of City staffers and one external of community residents. Municipal benchmarking allows the City to measure spending and revenues against a peer group of twenty communities. That review could lead to a further action on realigning local revenue and spending priorities.

No matter the alignment, though, constraint needs to be practiced again in FY’07. The City hopes to resolve all outstanding collective bargaining agreements 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 providing ways of 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. Those new revenues not only include recurring property tax receipts, but also increased annual excise tax revenues and one-time building fees. The City anticipates that more than 700 units will be under construction during FY'07, with others to fulfill the 1,200-unit goal being planned and permitted.

Additional economic development activities will focus on the Parkway Plaza and Mystic Mall. At the former, the second phase of retail activities will be the topic of permitting. Meanwhile, a new Market Basket should break ground by early FY'07, and provide the catalyst for even greater, perhaps mixed-use, investment at the Everett Avenue shopping center. Other projects that are expected to begin in FY'07 include the construction of HP Hood's 60,000 s.f office headquarters on Beech Street and a 19,000 s.f. home for Tri-State Signals on Crescent Avenue. In the Downtown, the City is likely to establish a Main Streets Program that could be advanced by construction of a CVS and a potentially exciting mixed-use development that could include a public parking facility.

The FY'07 Budget provides for important public safety advances, including the follow-up to the City's highly successful 14-point plan on public safety. The latest incarnation, dubbed Chelsea SEEs, provides funding to support supplemental enforcement efforts, including a second full-time gang officer, expanding tactical operations, combating auto insurance fraud, reviewing emerging technology and utilizing crime mapping to direct further policing efforts. Much of Chelsea SEEs is potentially supported by funding to be secured through a new State grant program the City championed through to adoption in FY'06.

The Community Development Fundamental will be advanced in FY'07 through funding potentially secured through that same State grant program. The State grant program and local programming that could be derived from it are targeted to address at-risk youth issues. Provisions in this budget provide match funding to support additional after school and summer activities, including additional summer jobs. Regarding employment and at-risk youth, the City is also providing match funding for an innovative employment training program for older youth who have been court or state services involved. Affordable housing and, especially, safe housing for survivors of domestic violence are also major City priorities supported by this budget.

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. 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. Both housing projects are classic "smart growth" projects that promote "transit orient development." As such, both have received State grants.

Quality of life issues will be addressed by a newly created position in the Inspectional Services Department. The part-time quality of life inspector will address trash, graffiti, noise and other issues that impair the neighborhood enjoyment local residents enjoy.

Seeking to make sure government is both proficient and accessible, the addition of another Information Technology staffer will continue to ensure that the City can take full advantage of current and emerging technology. While perhaps a modest expenditure, the City will undertake a pilot program to provide translation services for major Board or Commission meetings. The municipal benchmarking initiative will also make sure that the City continues to engage local citizens.

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

FY'06 – Another Year of Significant Accomplishments

The validity of the last statement is supported by the accomplishments the City has produced in the past, including those enjoyed on the FY'06 municipal agenda, including:

- Addressed the impact of overtime on the municipal budget by negotiating City savings in public safety contacts and adopting other managerial controls, including implementing a spending cap specific to the Fire Department;
- Balanced the FY'05 Budget, the tenth straight balanced budget, and ended FY'05 with \$4.0 million in Free Cash;
- Remained on course with a three-year budget plan for FY'06-FY'08 to plot a strategy to overcome local aid reductions and non-discretionary spending increases while minimizing the impact on local services and avoiding a Proposition 2 ½ override;
- Earned an eighth consecutive Distinguished Budget Award and a seventh consecutive Comprehensive Annual Financial Reporting Achievement Award, making the City one of only five in the state to earn both honors;
- Maintained a bond rating of "A-" from Standard & Poor's;
- Received an audit report that, for the seventh time in a row, found no material weaknesses in the City's financial management processes;
- Adopted the maximum commercial shift and residential exemption permitted by State law, saving the average single family owner occupant approximately \$1,191 in property taxes for the current tax year;
- Secured the approval of the City's 26th business development project through the TIRE Program, thereby encouraging one of the world's largest companies, GE Capital, to make a substantial investment locally;
- Facilitated the start up or completion of more than 300 units of housing at various sites throughout the community;
- Completed permitting activities that resulted in the groundbreaking for the construction of a Home Depot in Parkway Plaza, the first of several developments that will completely transform the retail center that has been underperforming for more than a decade;

- Negotiated an agreement with the owner of the Mystic Mall that provides for the construction of a new Market Basket on-site and the study of the remainder of the parcel and surrounding street network to promote coordinated, mixed-use development throughout the area;
- Secured State approval of a major plan amendment to the Everett Avenue Urban Renewal District, thereby creating the Chelsea Residential Overlook Project, resulting in the successful negotiation to acquire the district's largest parcel and leading to the issuance of a request for proposals for a master redeveloper of the entire 8-acre CROP district into 400-600 housing units in a smart growth development strategy;
- Completed the installation of 34 surveillance cameras around the community, including 27 public safety cameras and 7 homeland security cameras, as one of numerous items addressed through the City's 14-point plan on public safety;
- Developed, advocated for and secured State passage of an \$11 million Community Safety Initiative, focusing State support on regional efforts to address prevention, enforcement, prosecution and incarceration activities;
- Conducted successful summer campaigns, Operations Safe Haven and Safe Passage, as part of the City's Special Tactical Operations Program outlined in the 14-point plan on public safety;
- Advanced the HarborCOV project through to construction to create 24 units of supportive housing for survivors of domestic violence as part of its goal to site 50 such units through its "Community Housing Initiative;"
- Supported the Chelsea Summer Youth Employment Program, allowing the program to reach more than 250 participants and to conduct a Youth Summit this past summer;
- Celebrated the highest percentage ever of local 4th graders, almost 90%, and 10th graders, more than three-quarters, passing the English Language Arts MCAS test, as well as 163 local students earning "Advanced" scores on MCAS exams;
- Earned accreditation for the local Senior Center;
- Advanced the efforts to address "residential/industrial" conflicts by completing the infrastructure supporting the Spencer Lofts and by undertaking planning, permitting, financing and other activities supporting the collaborative effort with Chelsea Neighborhood Housing Services to convert the Atlas Bedding factory and surrounding parcels into a residential neighborhood;
- Collaborated with the Board of Health on securing an agreement for installation to begin on odor recovery equipment at Chelsea Terminal;
- Completed additional infrastructure in several neighborhoods and work related to the Powderhorn Hill drainage project, a multi-year, multi-million dollar project to address drainage problems impacting many homeowners;
- Begun local discussions through a municipal benchmarking process to encourage local residents to better understand and be able to contribute to the City's philosophy on revenues and expenditures, and
- Pursued e-government initiatives, including allowing customers to make web payments for real estate, personal property, water/sewer/trash, parking and motor vehicle excise tax bills.

Progress – FY'07 and Beyond

Progress 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 straights, is progress. So, too, can progress be pronounced when one of the world's largest companies, GE Capital, picks the city for a major investment. That compared to twenty-five years ago when one of the

nation's largest abandoned an expansion project in the city. Progress can be seen in the City's public forces, where the City's use of emerging technologies made national headlines this past year. The community has become a champion in many movements, including combating domestic violence. That's progress! Industrial/residential conflicts, remnants of the Industrial Revolution, are being resolved systematically, as are other noxious impacts from the City's industrial past. Progress has made the city's neighborhoods among the hottest properties in the area. 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 progress.

As noted in my State of the City Report this year, progress does not mean that all is fixed or that problems do not exist. No entity could ever claim such accomplishment. Progress, 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.

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 progress in our community 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 typed name.

Jay Ash
City Manager



Flowers planted in the traffic island at the intersection of City Hall Avenue and Broadway welcome motorists.

Welcome to Chelsea



0 0.25 0.5 1 Miles



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 2006)

Classification	Levy percentage	Valuation	Tax rate per \$1,000
Residential	55.2058%	1,625,780,262	\$9.62
Open Space	0.000%	0	\$0.00
Commercial	29.4169%	417,045,223	\$19.98
Industrial	11.3990%	161,602,800	\$19.98
Personal Property	3.9783%	56,399,900	\$19.98

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 our neighbor Boston. We can see US Rt1 winding through Chelsea and crossing 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 currently under construction.

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.

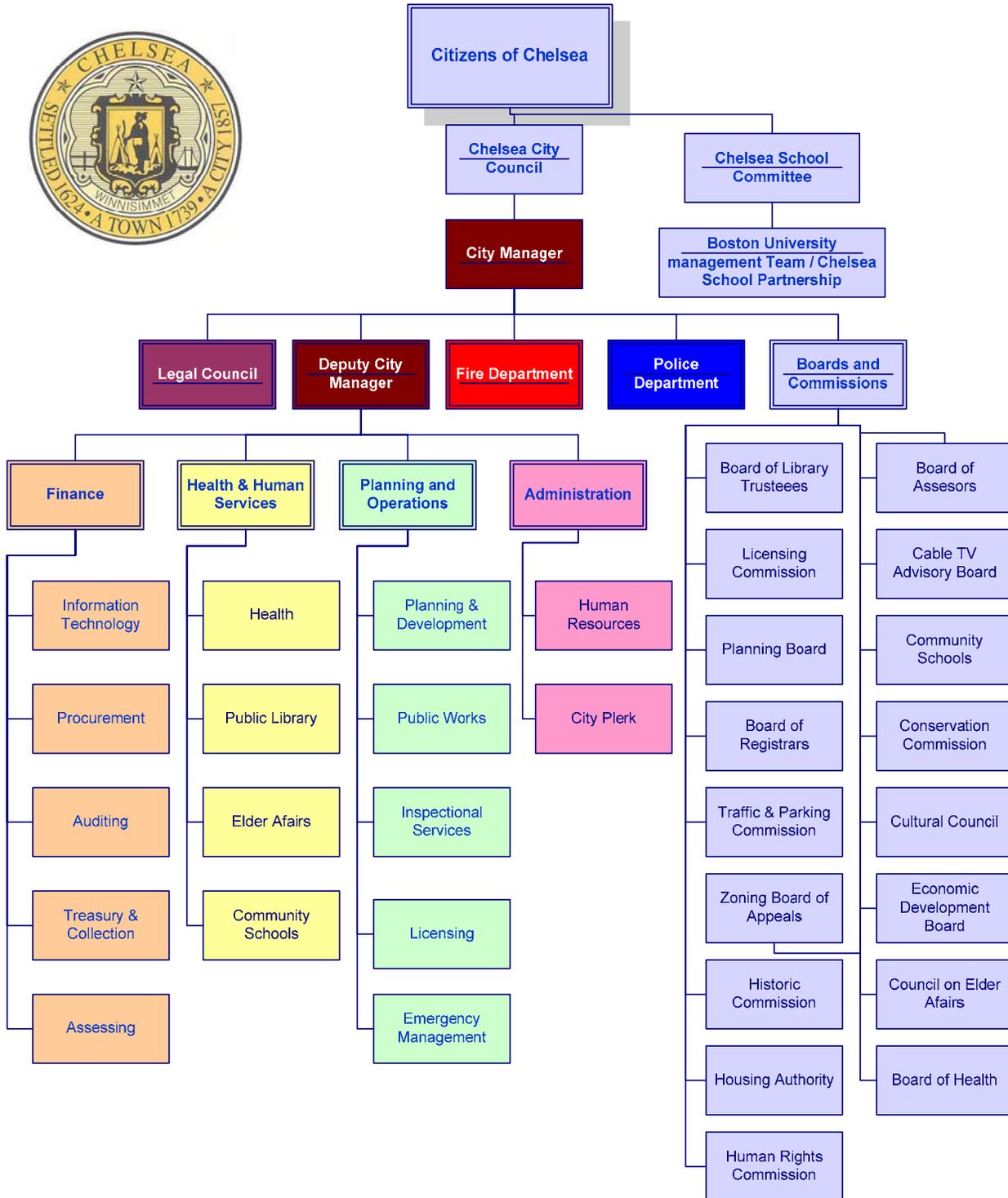
Under the Code, as amended, City departments are aligned under the Executive, Administration, Finance, Health and Human Services and Planning and Operations Divisions. The Executive Department, under the jurisdiction of the City Manager, includes the Law, Police and Fire Departments. The Deputy City 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	Thomas Durkin, Auditor	
City Clerk	Robert Bishop, City Clerk	Traffic & Parking
City Council	Paul Nowicki, President Paul Casino, Administrator	
Executive	Jay Ash, City Manager Thomas Durkin, Deputy City Manager	
Emergency Management	Allan Alpert, Director	E911
Fire Chief	Joseph Siewko, Chief	
Health & Human Services	Luis Prado, Director	Elder Affairs, Health, Library, Veterans Services, Community Schools
Human Resources	Karen Budrow, Director	
Inspectional Services	Joseph Cooney, Director	
Legal	Cheryl Watson, Corporate Counsel	
Licensing	Deborah Colombo, Director	
M.I.S.	Mathew Killen, Director	
Planning & Development	Ned Keefe, Executive Director	Planning, Economic Development, Housing
Police	Frank Garvin, Chief	Animal Control, Harbor Master
Public Works	Joseph Foti, Director	
Retirement Board	Joseph Siewko, Chairman	
School	Deborah Washington, Chairperson Dr. Thomas Kingston, Superintendent	
Treasurer/Collector	Anna Tenaglia, Assistant Finance Director / Treasurer	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 Robinson and Councillor Hatleberg.
- **Sub-Committee on Public Safety**
Councillor Robinson, Chairman, Councillor Avellaneda, Councillor Morgese, Councillor McKonnen and Councillor Nowicki.
- **Sub-Committee on Public Works**
Councillor McKonnen, Chairman, Councillor Hatleberg, Councillor Brown, Councillor Robinson and Councillor Barton.
- **Sub-Committee on Rules and Ordinances**
Councillor Nowicki, Chairman, Councillor Barton, Councillor Troisi, Councillor Morgese and Councillor Vega-Torres.
- **Sub-Committee on Community Development and Housing**
Councillor Avellaneda, Chairman, Councillor Bongiovanni and Councillor Brown.

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

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
District Two	Michael J. Caulfield
District Three	Annemarie Boudreau
District Four	Lucia H. Colon, Vice Chairman
District Five	Morrie Seigal
District Six	James Dwyer
District Seven	Deborah A. Washington, Chairman
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) | Human Right Commission (7) |
| Community Schools Advisory Board (9) | Board of Library Trustees (7) |
| Conservation Commission (5) | Licensing Commission (5) |
| Cultural Council (7) | Planning Board (9) |
| Economic Development Board (5) | Board of Registrars (5) |
| Council on Elder Affairs (17) | Traffic and parking Commission (7) |
| Board of Health (5) | Zoning Board of Appeals (3 members, 2 Associates) |
| Historic Commission (7) | |

Budget Calendar

<u>Task</u>	<u>Start Date</u>	<u>Finish Date</u>
Executive Committee updates Citywide mission and goals	12/1/05	12/31/05
City Manager issues Citywide objectives and constraints	1/18/06	1/18/06
Operating divisions coordinate Citywide goals with departmental goals	1/19/06	1/31/06
Distribute budget notebook and materials	2/1/06	2/1/06
Departments compile budget information	2/2/06	2/15/06
Departmental budget review with division head	2/16/06	2/28/06
Submit departmental budget to Budget Director	3/1/06	3/1/06
Departmental presentations to City Manager	4/1/06	4/14/06
Submission of City Manager budget to Council	5/2/06	5/2/06
Council Department hearings	5/9/06	5/23/06
Public Hearing	6/5/06	6/5/06
Council vote on City Budget	6/5/06	6/5/06

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'04 was initiated in December 2003, and at this 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'06 operating budgets and a program summary outlining the projected goals for the future. These operating budgets, which include expenditure and revenue estimates, were submitted to the Finance Director and City Manager by February 7, 2006.

From the late March 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 March and April, the Budget Director finalized the Annual Budget document for submission to the City Council. By charter, the budget must be submitted to the City Council at least 60 days before commencement of the ensuing fiscal year. The City Manager submitted the FY'07 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'07 becomes effective on July 1, 2006.

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’07 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'07 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'07 Budget allows the City to meet and overcome the present budgetary challenges, some which have been lingering for several years. Additionally, the FY'07 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 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'07 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 sluggish growth of local aid and other sources of revenues so as to limit or avoid an impact on core municipal services and programs of critical concern;
- Controlling costs in "non-discretionary" spending areas, including existing employee and other contracts, health and other insurance premiums, debt service and assessments, achieved, in part, by restricting the growth of the workforce, rebidding service contracts where savings can be achieved, auditing health and other insurance accounts, reducing capital projects, refinancing existing debt and advocating for reductions in budgets supported by assessments to the City;
- Constraining "discretionary" spending by identifying, reviewing and prioritizing areas of need, eliminating non-grant out of state travel, eliminating tuition reimbursements and reducing training accounts;
- Seeking increases in new revenue sources, especially through increased economic development, to offset budget shortfalls, being cognizant of revenue raising capabilities and constraints, as well as being sensitive to the impact of revenue raising initiatives on taxpayers, and
- Utilizing the City's reserves in such a fashion as to allow for long-term budget stability and to allow the City to prosper during the economic recovery.

After reducing departmental requests and maximizing revenues wherever possible and responsible, the City will turn to Free Cash to cover the budget shortfall that is projected for FY'07. During FY'07, the City will continue existing efforts and adopt several new initiatives to seek further enhancements in the City's financial position, including:

- Completing a Municipal Benchmarking process to compare City expenditures to a group of similar Massachusetts communities, with the review allowing City officials to raise questions about budget priorities and service expectations;
- Working a seven-point health insurance review to determine what additional steps the City can take to control this single largest budget buster;
- Finalizing collective bargaining negotiations that secure wage increases of 2%, savings in overtime and a greater employee contribution to health insurance costs;

- 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'07 over FY'06 levels, non-school aid is still below FY'01 highs. When inflation is factored in, as well as the realization that nearly \$9 million in local reserves have been tapped to fill the budget gaps left by State reductions in local aid over the past 5 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;
- Coordinating additional phases in the Parkway Plaza redevelopment and the start-up of reconstruction activities at the Mystic Mall;
- Facilitating a groundbreaking for the Gulf and HP Hood headquarters, agreeing on a redevelopment plan for the Emerald Block and expanding into another phase of acquisitions all within the Everett Avenue Urban Renewal District, and
- Implementing a Main Streets-type program to address investment opportunities in the downtown.

Other priority initiatives in the City's Fundamentals include:

- Gaining the start-up of an exciting new project that will create a new residential neighborhood, thereby resolving a longstanding "residential-industrial" conflict zone in the Gerrish Avenue neighborhood;
- Facilitating the completion of the HarborCOV Community Housing Initiative of 24-units of housing for survivors of domestic violence;
- Completing the construction of lights and other improvements to the Little League field at the Mary C. Burke School Complex;
- Initiating "Chelsea SEEs," the follow-up to the City's successful 14-point plan on public safety, so as to achieve even greater policing enhancements in the community;
- Coordinating several new initiatives on youth and at-risk youth programming, including the potential expansion of after school and school vacation programming, and
- Undertaking further quality of life initiatives to improvement local neighborhoods, including by filling a new quality of life inspector position funded in this budget.

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 30,2006 <i>preliminary</i>	\$7,968,828
Projected FY'07 revenues and other Financing Sources	105,100,494
Projected FY'07 expenditures and other Financing Uses	<u>107,425,028</u>
Projected Fund balance as of June 30, 2007	\$5,644,294

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 30,2006 <i>preliminary</i>	\$783,749
Projected FY'07 revenues and other Financing Sources	31,350
Projected FY'07 expenditures and other Financing Uses	<u>0</u>
Projected Fund balance as of June 30, 2007	\$815,099

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 30,2006 <i>preliminary</i>	\$3,369,429
Projected FY'07 revenues and other Financing Sources	134,778
Projected FY'07 expenditures and other Financing Uses	<u>0</u>
Projected Fund balance as of June 30, 2007	3,504,207

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, 2005*

Equalized Valuation Fiscal 2006	2,480,976,960
Debt Limit	62,024,424
Outstanding Debt outside Limit 6/30/05	61,826,041
Outstanding Debt inside Limit 6/30/05	<u>10,212,286</u>
Total Outstanding Debt 6/30/04 <i>projected</i>	72,038,327
Debt Limit	62,024,424
Debt Subject to Debt Limit	<u>10,212,286</u>
Borrowing Capacity <i>approximate</i>	51,812,138

Communities have four basic ways to finance capital projects: pay-as-you-go financing, debt financing, public private ventures, and intergovernmental financing (such as the MWRA's interest free loan/grant program). Over-reliance on any one of these options can be risky to a local government's fiscal health. It can also restrict the municipality's ability to respond to changes in economic and fiscal conditions. The City's policy makers are careful to choose the right combination of financing techniques. In addition to debt financing, the City uses, when appropriate, the pay-as-you-go technique in its capital programs. For FY '03, '04 and again in FY 05, the City had sought to reduce its debt financing in response, primarily, to the poor general state and national economic climates. As a result of the FY'06 CIP, the total debt was \$471,000 of Water Bonds, \$1,708,000 of Sewer Bonds and \$691,000 from the General Fund. These bonds were issued in December 2005. As a result of the FY'07 CIP (subject to City Council approval) the total debt to be issued will be \$1,477,000 of Water Bonds, \$1,020,000 of Sewer Bonds and \$653,000 from the General Fund. These bonds are scheduled for issuance in March 2007. The impact on debt service is discussed later in this document. The CIP itself can be found in the Appendix.

Authorization of General Obligation Debt

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

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

Types of Obligations

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

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

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

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

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

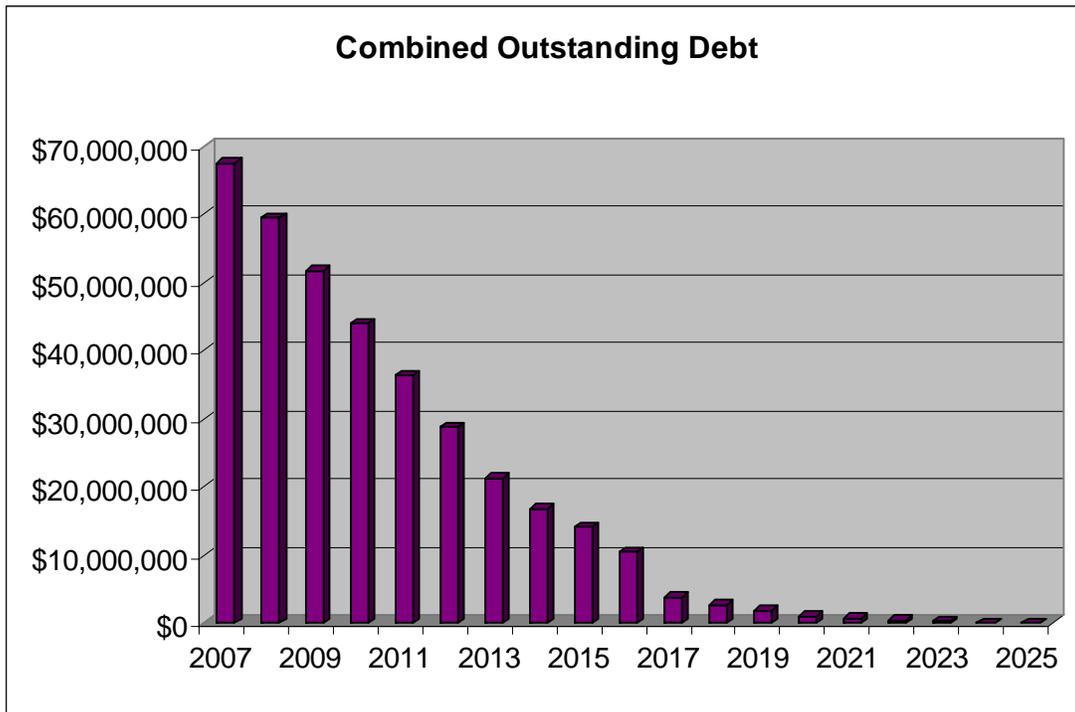
Revenue Bonds - Cities and towns may (though the City has none) issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's water pollution abatement revolving- loan program. In addition, cities and towns having electric departments may issue revenue bonds,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

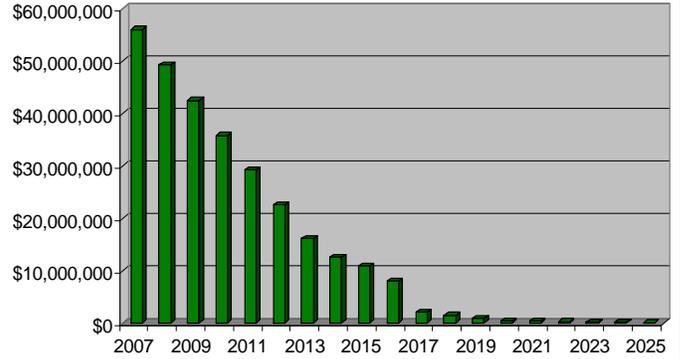
Combined Debt Schedule				
Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2007	67,566,994.09	8,036,555.24	3,416,454.38	11,453,009.62
2008	59,530,438.85	7,761,133.74	3,021,252.54	10,782,386.28
2009	51,769,305.11	7,718,849.75	2,626,066.25	10,344,916.00
2010	44,050,455.36	7,648,849.74	2,230,720.04	9,879,569.78
2011	36,401,605.62	7,638,849.74	1,837,873.78	9,476,723.52
2012	28,762,755.88	7,379,267.96	1,447,688.75	8,826,956.71
2013	21,383,487.92	4,519,267.95	1,057,761.26	5,577,029.21
2014	16,864,219.97	2,669,267.95	838,961.25	3,508,229.20
2015	14,194,952.02	3,664,976.01	710,905.03	4,375,881.04
2016	10,529,976.01	6,674,976.01	530,241.27	7,205,217.28
2017	3,855,000.00	1,070,000.00	195,529.99	1,265,529.99
2018	2,785,000.00	910,000.00	139,777.51	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
2007	56,126,278.50	6,857,385.66	2,968,492.08	9,825,877.74
2008	49,268,892.84	6,705,257.60	2,631,993.74	9,337,251.34
2009	42,563,635.24	6,708,569.72	2,269,818.92	8,978,388.64
2010	35,855,065.52	6,619,391.84	1,907,404.48	8,526,796.32
2011	29,235,673.68	6,611,391.84	1,548,580.05	8,159,971.89
2012	22,624,281.84	6,442,609.09	1,193,119.90	7,635,728.99
2013	16,181,672.75	3,595,921.21	840,343.04	4,436,264.25
2014	12,585,751.54	1,749,233.34	658,433.68	2,407,667.02
2015	10,836,518.20	2,767,545.46	567,410.60	3,334,956.06
2016	8,068,972.74	5,974,945.46	423,845.04	6,398,790.50
2017	2,094,027.28	605,269.70	115,258.72	720,528.42
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)			

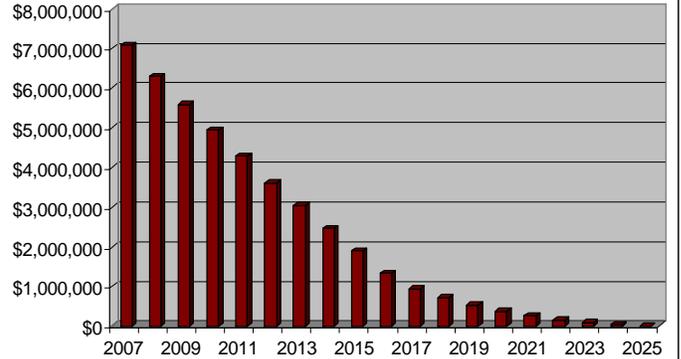
General Fund Outstanding Debt



Sewer Fund Debt Schedule

Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2007	7,069,236.70	783,138.33	270,119.53	1,053,257.86
2008	6,286,098.37	693,799.87	231,529.41	925,329.28
2009	5,592,298.50	652,822.94	211,286.19	864,109.13
2010	4,939,475.56	661,634.00	190,985.51	852,619.51
2011	4,277,841.56	666,634.00	170,105.90	836,739.90
2012	3,611,207.56	574,446.33	148,503.57	722,949.90
2013	3,036,761.23	569,041.39	125,319.24	694,360.63
2014	2,467,719.84	567,851.45	102,131.19	669,982.64
2015	1,899,868.39	566,660.52	78,814.61	645,475.13
2016	1,333,207.87	393,659.52	55,455.65	449,115.17
2017	939,548.35	223,695.64	41,817.76	265,513.40
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			

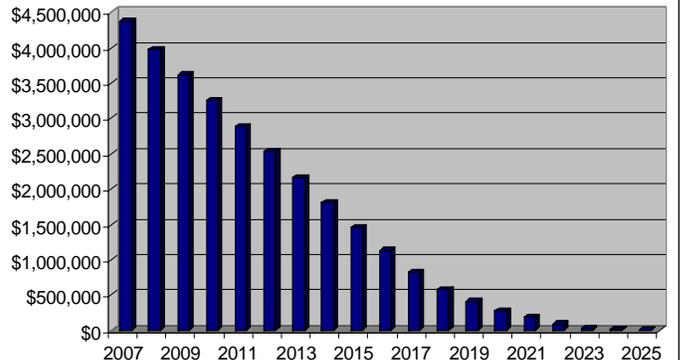
Sewer Enterprise Fund Outstanding Debt



Water Fund Debt Schedule

Year	Total Debt At Start of Year	Principal Payments	Interest Payments	Appropriation Required
2007	4,371,478.89	396,031.25	177,842.77	573,874.02
2008	3,975,447.64	362,076.27	157,729.39	519,805.66
2009	3,613,371.37	357,457.09	144,961.14	502,418.23
2010	3,255,914.28	367,823.90	132,330.05	500,153.95
2011	2,888,090.38	360,823.90	119,187.83	480,011.73
2012	2,527,266.48	362,212.54	106,065.28	468,277.82
2013	2,165,053.94	354,305.35	92,098.98	446,404.33
2014	1,810,748.59	352,183.16	78,396.38	430,579.54
2015	1,458,565.43	330,770.03	64,679.82	395,449.85
2016	1,127,795.40	306,371.03	50,940.58	357,311.61
2017	821,424.37	241,034.66	38,453.51	279,488.17
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)			

Water Enterprise Fund Outstanding Debt

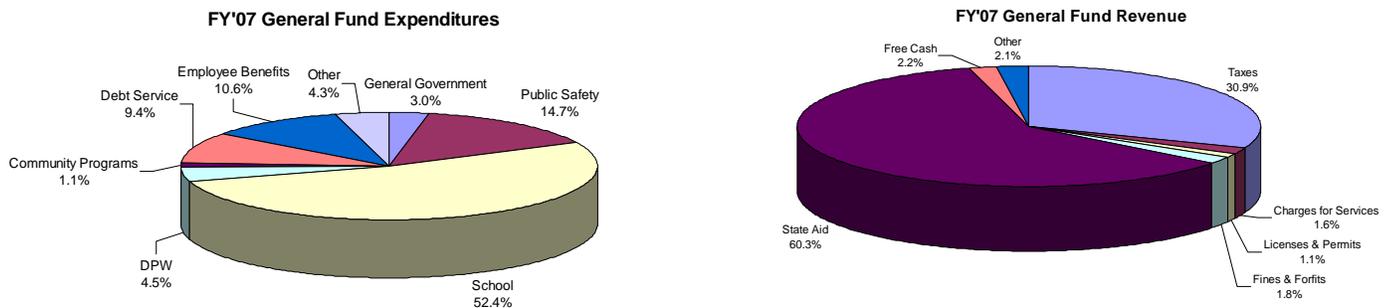


Summary Schedule of Outstanding Debt by Issue

Tracking #	Date of Issue	Amount		Outstanding Balance on July 1, 2006
General Fund				
CDL21	8/15/1994	10,815,000.00	Balance on Orig 1994	-
CDL03	7/15/1995	995,000.00	General Fund - NSQ - GO	-
CDL04	7/1/1997	2,201,216.00	General Fund - Comm of MA - NSQ	121,527.27
CDL02	10/15/1997	2,617,900.00	Various Purposes	-
CDL06	1/1/1998	26,710,000.00	General Fund - Refunding	40,210,000.00
CDL05	3/1/1998	42,090,000.00	General Fund - Refunding	5,834,970.00
CDL09	1/15/1999	9,816,600.00	Various Purposes	574,035.00
CDL01	6/1/2001	1,454,000.00	Various Purposes	5,460,000.00
CDL17	4/15/2003	16,660,000.00	Refunding of Sch.Bonds 8/15/94	1,440,000.00
CDL18	4/1/2004	1,600,000.00	Various Purposes	999,224.23
CDL20	4/1/2005	1,007,663.62	Various Purposes	575,400.00
CDL22	5/1/2005	641,000.00	Various Purposes	691,000.00
CDL23	12/15/2005	691,000.00	Various Purposes	220,122.00
Total				56,126,278.50
Water Fund				
CDL02	10/15/1997	3,291,510.00	Various Purposes	152,797.37
CDL14	8/15/1999	317,145.00	MWRA Water Bond	-
CDL01	6/1/2001	643,627.00	Various Purposes	489,170.00
CDL07	4/15/2002	1,002,250.00	Various Purposes	782,036.00
CDL18	4/1/2004	310,000.00	Various Purposes	275,000.00
CDL19	5/27/2004	192,919.50	MWRA Water Bond	154,335.60
CDL20	4/1/2005	1,266,944.85	Various Purposes	1,256,333.92
CDL22	5/1/2005	254,000.00	Various Purposes	227,600.00
CDL23	12/15/2005	471,000.00	Various Purposes	471,000.00
CDL25	5/15/2006	99,760.00	MWRA Water Bond	99,760.00
CDL09	1/15/999	705,267.00	Various Purposes	463,446.00
Total				4,371,478.89
Sewer Fund				
CDL13	5/15/1997	143,195.00	MWRA Sewer Bond	-
CDL10	8/15/1997	56,071.00	MWRA Sewer Bond	-
CDL02	10/15/1997	1,845,590.00	Various Purposes	85,675.36
CDL09	1/15/1999	910,133.00	Various Purposes	606,584.00
CDL11	2/15/1999	56,288.00	MWRA Sewer Bond	-
CDL16	5/15/1999	251,497.45	MWRA Sewer Bond	50,299.49
CDL12	11/15/2000	93,225.00	MWRA Sewer Bond	-
CDL01	6/1/2001	1,209,373.00	Various Purposes	811,795.00
CDL07	4/15/2002	322,750.00	Various Purposes	197,964.00
CDL15	2/1/2003	211,420.00	MWRA Sewer Bond	84,568.00
CDL18	4/1/2004	930,000.00	Various Purposes	835,000.00
CDL20	4/1/2005	710,391.53	Various Purposes	704,441.85
CDL22	5/1/2005	1,682,000.00	Various Purposes	1,512,000.00
CDL23	12/15/2005	1,708,000.00	Various Purposes	1,708,000.00
CDL24	5/15/2006	472,909.00	MWRA Sewer Bond	472,909.00
Total				7,069,236.70

Summary of the FY 2007 City Budget

The FY'07 Budget for all City services and facilities totals \$119.9 million. The total includes \$107.4 million in the General Fund Budget to support traditional municipal services such as police, fire, schools, parks, and libraries; \$12.5 million to support the operating costs of the Water and Sewer Enterprise System. All FY'04 figures are stated as originally adopted. FY'04 Real Estate Tax revenue has been restated to net the "expense" of the Allowance for Abatements and Exemptions (Overlay) to better conform to the Massachusetts standard method of budgeting property tax revenue.



General Fund

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 \$107,395,028, which is the City appropriation of \$119,895,932 less the Water and Sewer Enterprise Funds appropriation of \$12,500,904.

General Fund Budget - The General Fund Budget in FY'07 totals \$107.4 million, which is a 4.85% increase over FY'06.

Capital Budget and Debt Service - The FY'07 Budget includes \$10.1 million in debt service funding as required under the ongoing Citywide Capital Improvement Program (CIP). As the City continues to make progress in catching up from decades of capital neglect and therefore reduces the number of annual capital projects to be undertaken, and as the current and projected economic climates cause the City to seek to control the cost of debt service as a method of keeping the City's budget in balance, the total committed to this category is expected to decline in the years that follow.

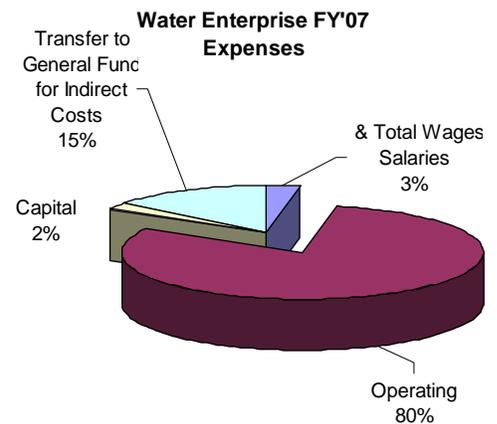
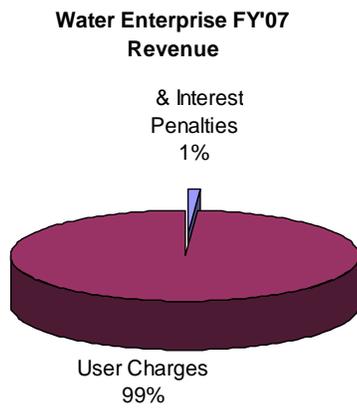
Salary and Reserve Appropriations - The Budget also includes a salary reserve appropriation of \$405,000 to budget for unforeseen salary requirements, likely negotiated salary increases and additional unanticipated emergencies that may arise. The salary reserve appropriations may only be "activated" 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, 2006.

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.

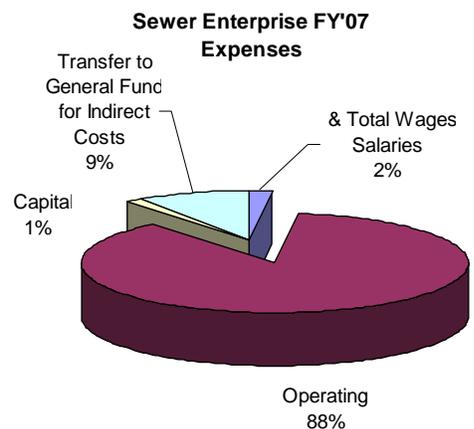
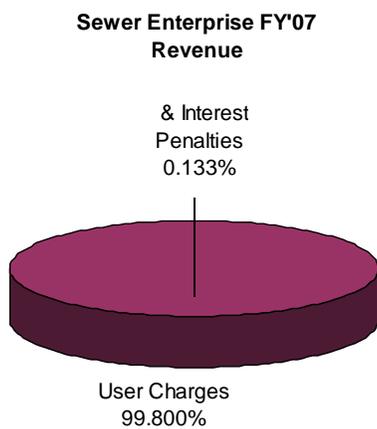
Enterprise Funds

The Water and Sewer Enterprise Funds are used to account for the operations and maintenance of the City’s water and sewer systems. Separate funds exist to support water-related and sewer-related needs. Both funds are financed by charges for services and miscellaneous revenue. The total appropriation for FY’07 is \$ 12,500,904

Water Enterprise Fund



Sewer Enterprise Fund

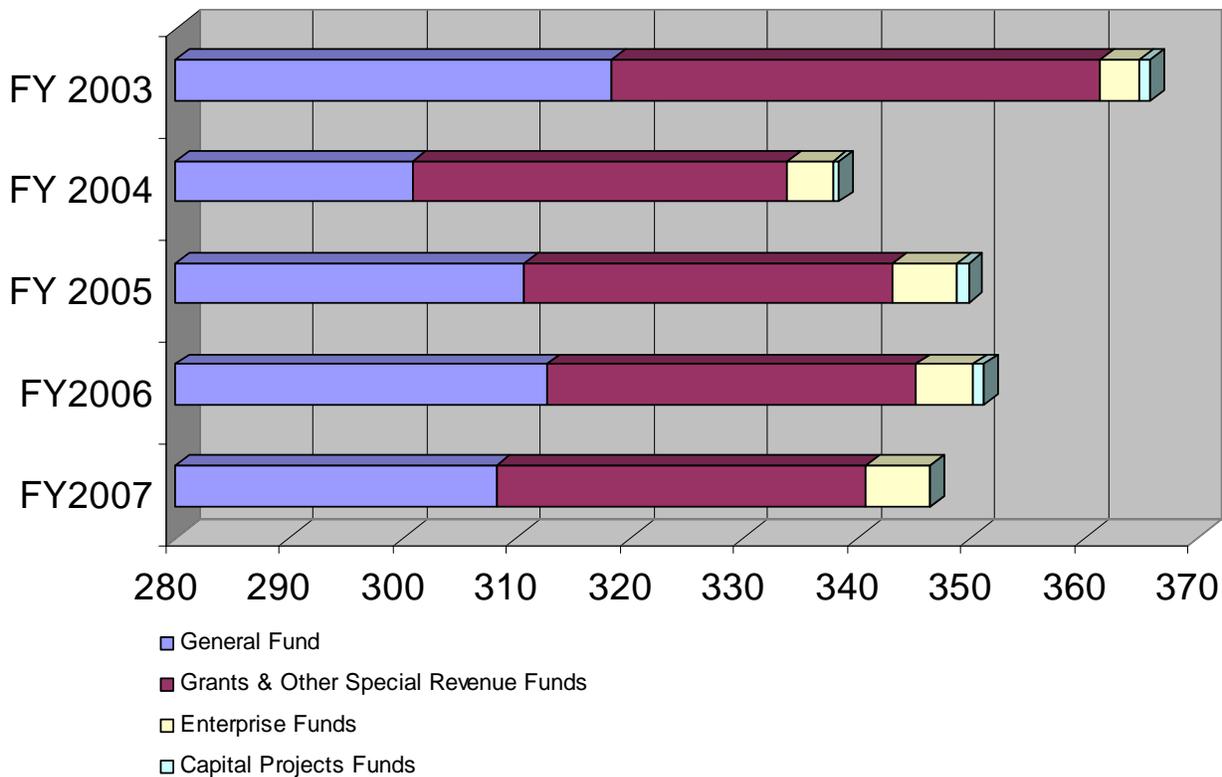


City Personnel Analysis

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'07 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, we have been able to restore some positions for FY'07. The apparent loss of positions is due to the transfer of School Nurses positions from the Health Department budget to the School Budget. Adjusted for these positions, FY'07 would be 2.59 FTEs greater than in FY'06. Grant funded positions are not considered core positions and will fluctuate with grant awards and will not be retained after the grants terminate. The table on the following page details the full time equivalent headcount for FY'07.

Full Time Equivalent Position Count



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

General Fund

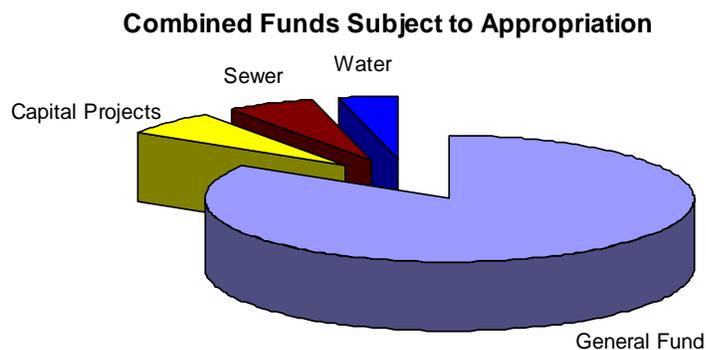
Dept#	Department Name	Fiscal Year 2003 FTEs	Fiscal Year 2004 FTEs	Fiscal Year 2005 FTEs	Fiscal Year 2006 FTEs	Fiscal Year 2007 FTEs	Variance
110	Legislative	12.50	12.50	12.50	12.50	12.50	-
123	City Manager	4.00	3.50	3.00	3.00	3.00	-
135	Auditing	4.50	4.00	4.00	4.00	4.00	-
138	Purchasing	2.00	2.00	2.00	2.00	2.00	-
141	Assessors	4.50	4.50	4.50	4.50	4.50	-
145	Treasurer	10.00	10.00	10.00	10.00	10.00	-
151	Law	3.00	2.00	2.50	2.50	2.50	-
152	Personnel	2.00	2.00	2.00	2.00	2.00	-
155	MIS	2.00	2.00	3.00	3.00	4.00	1.00
159	Central Billing & Research	3.00	3.00	3.00	3.00	3.00	-
161	City Clerk	5.00	5.00	5.00	5.00	5.00	-
165	Licensing	1.00	1.00	1.00	1.00	1.00	-
175	Planning	-	-	-	-	-	-
210	Police	104.50	97.50	92.50	92.50	92.50	-
220	Fire	93.00	87.00	90.00	93.00	93.00	-
230	Emergency Management	1.00	1.00	14.00	14.00	14.00	-
240	Inspectional Services	10.00	11.00	11.00	11.00	11.50	0.50
293	Parking	1.00	1.00	1.00	1.00	1.00	-
421	DPW Administration	4.50	4.50	4.00	3.50	3.83	0.33
422	DPW Streets and Sidewalks	15.50	14.50	14.50	14.50	15.50	1.00
430	Solid Waste Disposal	-	-	-	0.50	-	(0.50)
470	Structures and Grounds	7.50	7.50	7.00	6.00	6.00	-
510	Health and Human Services	2.50	2.50	2.50	2.50	2.50	-
511	Health Officer	9.60	8.10	8.50	8.50	1.00	(7.50)
541	Elder Affairs	5.00	5.00	4.50	4.50	4.50	-
543	Veteran Services	1.00	1.00	1.00	1.00	1.00	-
610	Library	8.73	8.23	7.14	7.14	7.40	0.26
630	Recreation and Cultural Affairs	1.00	0.50	0.50	0.50	1.00	0.50
	Total	318.33	300.83	310.64	312.64	308.23	(4.41)

Position List - School Department

	Instructional Staff	Specialists	Pupil Support Personnel	Administration	Operations Personnel	Total
Chelsea High School	117.00	21.00	12.00	11.00	8.00	169.00
Eugene Wright School	32.00	10.83	4.50	4.00	6.00	57.33
Joseph A/ Browne School	32.00	10.83	5.50	4.00	-	52.33
Clarke Avenue School	36.00	13.34	5.00	6.00	3.00	63.34
Edgar Hooks School	28.50	9.25	3.00	4.00	-	44.75
William A. Berkowitz School	32.50	10.25	4.00	4.00	2.00	52.75
Frank M. Sokolowski School	33.00	9.85	3.00	4.00	-	49.85
George E. Kelly School	28.00	10.25	3.00	4.00	-	45.25
Shurtleff School - John Silber Learning Center	85.00	11.00	6.00	7.00	1.50	110.50
Tudor Hill School	-	-	-	-	-	-
Sytemwide	10.00	3.00	13.00	37.47	69.78	133.25
District Total	434.00	109.60	59.00	85.47	90.28	778.35

Consolidated Financial Plan for All Funds Subject to Appropriation

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer</u>	<u>Water</u>	<u>Total (Memo Only)</u>
Beginning Fund Balance <i>estimated</i>	9,108,207.45	2,072,626.13	865,313.56	(721,878.97)	11,324,268.17
Revenue					
Taxes	32,784,023.00				32,784,023.00
Charges for Services	1,710,773.00		7,491,850.00	4,941,554.00	14,144,177.00
Permits	1,283,276.00				1,283,276.00
Fines	1,947,690.00				1,947,690.00
Intergovernmental	63,819,259.00				63,819,259.00
Miscellaneous	1,000.00		15,000.00	52,500.00	68,500.00
Investment Income	1,550,000.00				
Bond Proceeds		3,564,450.00			
Other Financing Sources	2,217,526.00	4,801,050.00			7,018,576.00
*Reserve Appropriated to Balance	2,324,534.00				
Total	107,638,081.00	8,365,500.00	7,506,850.00	4,994,054.00	121,065,501.00
Expenses					
General Government	3,265,670.00	315,000.00			3,580,670.00
Public Safety	15,844,303.00	122,000.00			15,966,303.00
Education	56,452,715.00				56,452,715.00
Public Works	4,854,353.00	7,928,500.00	6,448,173.00	4,380,155.00	23,611,181.00
Health and Human Services	762,180.00				762,180.00
Culture and Recreation	392,597.00				392,597.00
State and County Assessments	4,058,409.00				4,058,409.00
Debt Service	10,113,757.00		958,677.00	563,899.00	11,636,333.00
Employee Benefits	11,894,097.00				11,894,097.00
Total	107,638,081.00	8,365,500.00	7,406,850.00	4,944,054.00	128,354,485.00
*Reserve appropriated to Balance					
Revenue to Expenditures	2,324,534.00		-	-	
Ending Balance <i>estimated</i>	6,783,673.45	2,072,626.13	965,313.56	(671,878.97)	4,035,284.17
Net Change for Year	(2,324,534.00)	-	100,000.00	50,000.00	(2,174,534.00)



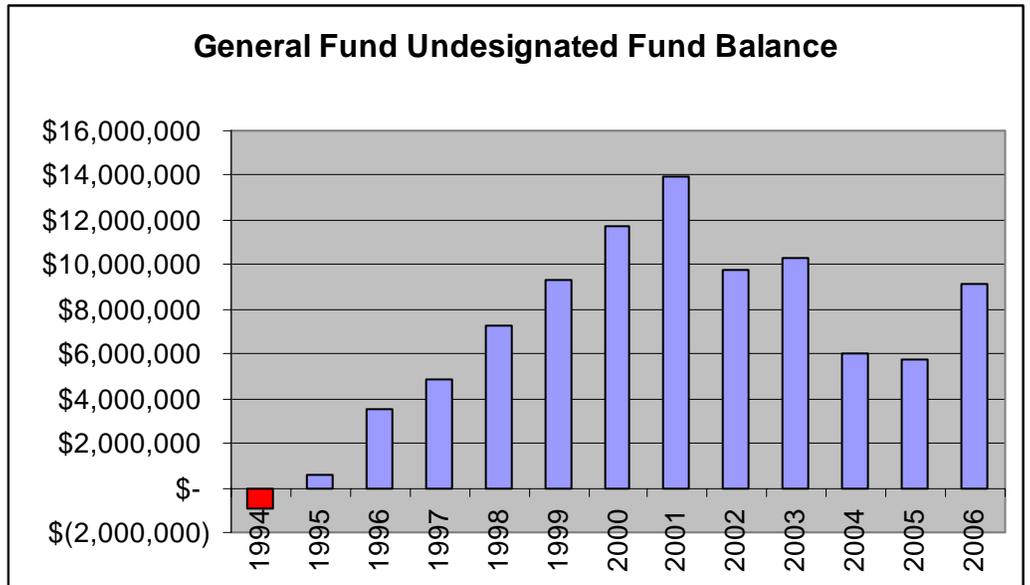
Note: This table provides accounting information for only those funds that are subject to appropriation. The City of Chelsea also maintains Special Revenue, Trust, Agency, and Revolving Funds but because these funds are not subject to appropriation they are not included in this presentation.

History of Fund Balances

General Fund

Year	Amount
1994	(890,457.00)
1995	610,677.00
1996	3,546,658.00
1997	4,893,299.00
1998	7,307,396.00
1999	9,360,784.00
2000	11,696,905.00
2001	13,934,127.00
2002	9,751,843.00
2003	10,252,478.00
2004	5,986,814.00
2005	5,778,792.00
* 2006	9,108,207.00

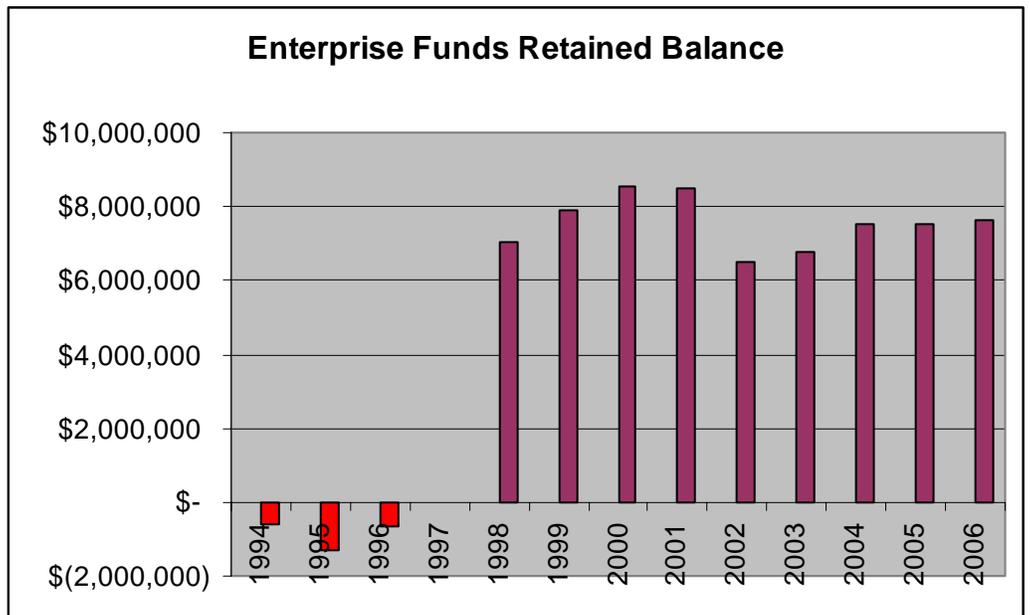
* unaudited



Enterprise Funds

Year	Amount
1994	(609,588.00)
1995	(1,312,943.00)
*1996	(673,031.00)
1997	(33,118.00)
1998	7,064,457.00
1999	7,923,875.00
2000	8,557,318.00
2001	8,501,053.00
2002	6,489,335.00
2003	6,754,891.00
2004	7,549,813.00
2005	7,547,132.00
*2006	7,644,558.00

* unaudited
reported as Net Assets FY 2003-pres.



Capital Project funds have no real balance. There are no funds appropriated or borrowed that do not have a purpose therefore all equity balances are reported as "Reserved for Expenditures".



City Councilors watch a demonstration of the new Homeland Security/Public Safety cameras in operation. The Chelsea Police department has installed a camera operations center in the existing police station to monitor and record 27 cameras strategically located throughout the city. These cameras zoom, pan and are in full color. The Chelsea police have already used the cameras to make several arrests.

Capital Projects Fund Financial Plan

Capital projects are appropriated by the City Council early in the Calendar year. The funding becomes available at the start of the fiscal year on July 1. Very often capital projects will take longer than one fiscal year to complete. The unexpended appropriations continue on to the next fiscal year until complete. For more information about the please refer to Exhibit II. In this exhibit you will find a summary of the program as well as detailed information about each of the 2007 projects.

Effects of Capital Expenditures on Future Operating Budgets

The Capital Improvement Plan adopted each year by the City Council is developed by the CIP Committee. This Committee is made up of the Deputy City Manager/Chief Financial Officer, the City Treasurer and the Director of Public Works. This committee makes a recommendation to the City Manager who accepts, modifies or rejects projects before proposing the plan for formal adoption by the City Council. Throughout this process challenges are made to the project advocates to quantify and explain the on-going costs resulting from the particular project. These costs are included in the ensuing fiscal year's budget. Preference is given to cost saving projects such as energy efficient improvements to our public buildings. The impact of individual capital projects or acquisitions is discussed in the Chelsea Capital Improvement Program found in Exhibit II.

Capital Project Revenue

Operating Budget: The City's Capital Improvement Plan (CIP) is funded from various sources. The FY'07 General Fund operating budget contains funding for the CIP Manager. Additionally, because of the Massachusetts Education reform Act and the Department of Education's promulgation of the Net School Spending requirements, the City is responsible for funding extraordinary maintenance needs in excess of \$100,000. To meet the Schools Capital requirements, \$150,000 is incorporated in the General Fund School Department operating budget. Additionally, the City uses the "pay-as-go" capital project funding strategy. In the operating budget many departments have some measure of capital that is in addition to the CIP.

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

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

General Fund Bonds: For capital projects such as major equipment acquisitions, building repairs and infrastructure repairs the City will borrow funds through the issuance of General Obligation municipal bonds. Our strategy is to keep the term as short as prudence would allow.

Water and Sewer Bonds Proceeds: The two enterprise funds service their own debt. Projects relating to water delivery are financed with Water Enterprise bonds and the debt service is provided for within the Water Enterprise Fund. Similarly for projects relating to Sewage waste infrastructure and storm water drainage and its inflow and infiltration into the sewage system, are financed with Sewer Enterprise bonds and the debt service is provided for within the Sewer Enterprise Fund. The Massachusetts Water Resources

Authority (MWRA) provides the actual water and its treatment. The collection and treatment of the City's wastewater/sewage is also managed by the MWRA. Any debt that the MWRA takes on for its mission is incorporated into the annual assessment to the city from the MWRA.

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

Enterprise Funds Financial Plan

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	2003	2004	2005	2006	2007	Variance
Field Operations Manager	0.50	0.50	0.25	0.25	0.25	0.00
Director	0.00	0.00	0.00	0.25	0.25	0.00
Assistant Director	0.00	0.00	0.25	0.25	0.25	0.00
Business Manager	0.00	0.00	0.25	0.25	0.25	0.00
Capital Projects Manager	0.00	0.00	0.00	0.00	0.33	0.33
Meter Reader	3.00	1.50	1.50	1.50	1.50	0.00
Total Department	3.50	2.00	2.25	2.50	2.83	0.33

Water Enterprise Personnel Listing #6010

Title	2003	2004	2005	2006	2007	Variance
Field Operations Manager	0.50	0.50	0.25	0.25	0.25	0.00
Director	0.00	0.00	0.00	0.25	0.25	0.00
Assistant Director	0.00	0.00	0.25	0.25	0.25	0.00
Business Manager	0.00	0.00	0.25	0.25	0.25	0.00
Capital Projects Manager	0.00	0.00	0.00	0.00	0.33	0.33
Meter Reader	3.00	1.50	1.50	1.50	1.50	0.00
Total Department	3.50	2.00	2.25	2.50	2.83	0.33

Sewer Enterprise

Sewer Enterprise #6000

Revenue Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	2007 Budget	Dollar Variance
Interest & Penalties (417300)	20,424	23,124	10,000	10,000	10,000	0
User Charges (421200)	5,657,261	6,755,188	6,147,393	6,983,772	7,491,850	508,078
Sewer Liens (421600)	236,506	356,077	380,000	0	0	0
Other	5,998	4,527	5,000	5,000	5,000	0
Total Revenue	5,920,189	7,138,916	6,542,393	6,998,772	7,506,850	508,078
Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	34,947	77,022	98,000	109,823	141,359	31,536
Overtime (5104)	2,543	1,500	1,500	1,500	1,500	0
Other Salary & Benefit (5105-5199)	1,150	3,075	3,675	3,615	3,675	60
Total Wages & Salaries	38,640	81,597	103,175	114,938	146,534	31,596
Services (5200-5399)	615,567	726,425	742,425	747,425	798,115	50,690
Supplies (5400-5490)	457	500	500	500	750	250
Other (5491-5799)	5,066,695	5,396,338	5,104,998	5,260,807	5,753,776	492,969
Total Operating	5,682,719	6,123,263	5,847,923	6,008,732	6,552,641	543,909
Capital (5800-5899)	31,211	100,000	100,000	233,468	100,000	(133,468)
Transfer to General Fund for Indirect Costs (591500)	434,233	434,233	491,295	641,634	707,675	66,041
Total Department	6,186,803	6,739,093	6,542,393	6,998,772	7,506,850	508,078

Water Enterprise

Water Enterprise #6010

Revenue Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	2007 Budget	Dollar Variance
Interest & Penalties (417300)	43,715	170,143	53,000	25,000	52,500	27,500
User Charges (421100)	2,920,039	3,264,031	4,046,841	4,908,395	4,941,554	33,159
Water Liens (421500)	176,491	211,910	245,000	0	0	0
Other	5,255	6,983	0	0	0	0
Total Revenue	3,145,500	3,653,067	4,344,841	4,933,395	4,994,054	60,659

Expense Line Item	2003 Actual	2004 Actual	2005 Budget	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	53,502	63,419	98,000	109,823	141,359	31,536
Overtime (5104)	2,697	6,110	2,000	2,500	2,500	0
Other Salary & Benefit (5105-5199)	2,550	4,133	2,675	2,615	2,675	60
Total Wages & Salaries	58,749	73,661	102,675	114,938	146,534	31,596
Services (5200-5399)	578,740	620,494	536,450	552,900	597,263	44,363
Supplies (5400-5490)	27,639	77,068	55,500	59,700	59,900	200
Other (5491-5799)	2,513,158	2,697,824	2,935,721	3,446,490	3,364,506	(81,984)
Total Operating	3,119,537	3,395,385	3,527,671	4,059,090	4,021,669	(37,421)
Capital (5800-5899)	16,700	132,971	100,000	100,000	100,000	0
Transfer to General Fund for Indirect Costs (591500)	543,124	543,124	614,495	659,367	725,851	66,484
Total Department	3,738,110	4,145,141	4,344,841	4,933,395	4,994,054	60,659

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'06.

Consumption Estimates in cubic feet		
	Sewer	Water
Tier 1 0 - 1,000 cu. Ft.	52,008,626	43,302,669
Tier 2 1,001 - 5,000 cu. Ft.	48,714,459	39,748,689
Tier 3 5,001 - above cu. Ft.	36,527,222	48,654,761
Total Billable Consumption	137,250,308	131,706,119

Application of Rates per hundred cubic feet		
Tier 1 0 - 1,000 cu. Ft.	\$3.37	\$1,459,299.94
Tier 2 1,001 - 5,000 cu. Ft.	\$3.72	\$1,480,181.56
Tier 3 5,001 - above cu. Ft.	\$4.11	\$2,002,072.50
Total Water		\$4,941,554.00
Tier 1 0 - 1,000 cu. Ft.	\$4.98	\$2,590,029.60
Tier 2 1,001 - 5,000 cu. Ft.	\$5.50	\$2,680,707.95
Tier 3 5,001 - above cu. Ft.	\$6.08	\$2,221,112.45
Total Sewer		\$7,491,850.00
Tier 1 0 - 1,000 cu. Ft.	\$8.35	\$4,049,329.54
Tier 2 1,001 - 5,000 cu. Ft.	\$9.23	\$4,160,889.51
Tier 3 5,001 - above cu. Ft.	\$10.20	\$4,223,184.95
Total Combined		\$12,433,404.00

Annual Combined Water and Sewer Costs for User based on Annual Consumption of 120 HCF	
Water Use	\$404.40
Sewer Use	\$597.60
Combined	\$1,002.00

General Fund Financial Plan

General Fund Revenue

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

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

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

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

TAXES

Real and Personal Property Tax

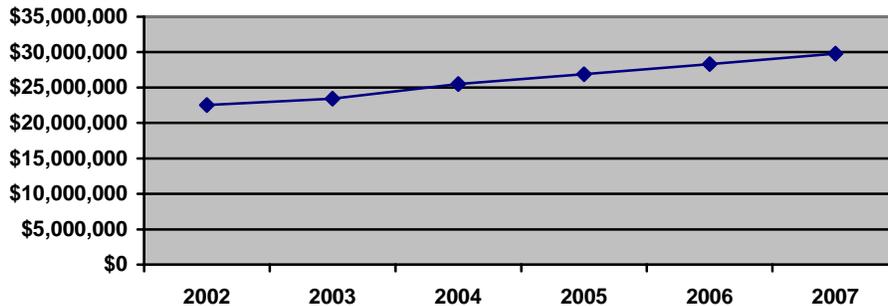
Although the significance as a percentage of all revenues can greatly differ from community to community, a primary source of revenue for municipalities in the commonwealth is real and personal property taxes. For purposes of taxation, real property includes land, buildings and improvements erected or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

Major Changes:

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

1. Automatic 2.5% Increase – The levy limit is the maximum amount that can be collected through real and personal property taxes by the municipality. Each year, a community’s levy limit automatically increases by 2.5% over the previous year’s levy limit. This increase, which does not require any action on the part of local officials, is estimated to be \$708,287 for FY’07.
2. New Growth – A community is able to increase its tax levy limit each year to reflect new growth in the tax base. New Growth is the investment made to Real Property as measured through the issuance of Building Permits. Assessors are required to submit information on growth in the tax base for approval by the MA Department of Revenue as part of the tax rate setting process. In FY’07, based on current trends, new growth is estimated to be \$750,000.
3. Overrides/Exclusions – A community can permanently increase its levy limit by successfully voting an override. Debt and Capital Exclusions, on the other hand, are temporary increases in a community’s levy limit for the life of the project or debt service. Only a Debt or Capital Exclusion can cause the tax levy to exceed the levy ceiling. The levy ceiling is 2.5% of the valuation of the community. The ceiling for the City in FY’06 was \$62,024,424. The ceiling for FY’06 will be established in December of 2006. As the following shows, the City is substantially under its levy ceiling.

Year to Year Comparison	FY’04 <i>actual</i>	FY’05 <i>actual</i>	FY’06 <i>Per Recap</i>	FY’07 <i>estimated</i>	\$ Change <i>FY’06-FY’07</i>	% Change <i>FY’06-FY’07</i>
Tax Levy Limit <i>gross overly</i>	25,479,616	26,881,136	28,331,480	29,789,767	1,458,287	4.90%



(NOTE: Although many communities since the adoption of Proposition 2 ½ have voted to support overrides and/or exclusions, especially those relating to school construction, Chelsea voters have never done so. Since the City emerged from Receivership in 1995, City financial policy has been developed, in part, to avoid the need to request an override or exclusion. The FY’07 Budget has been developed and supported without the need or anticipation of an override or exclusion vote.)

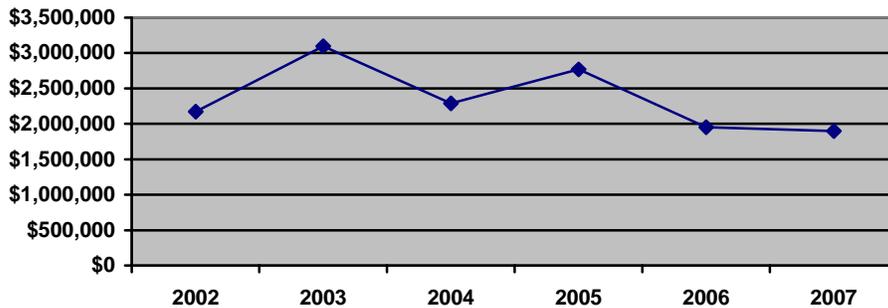
[Motor Vehicle Excise Tax Receipts](#) - State law (Proposition 2 ½) sets the motor vehicle excise rate at \$25 per \$1000 valuation. The City collects these monies based on data provided by the Massachusetts Registry of Motor Vehicles. The Registry, using a statutory formula based on a manufacturer’s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

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

Major Changes:

This revenue source had expanded in recent years as the City has focused on this category as a source of revenue expansion by attracting companies that register a large number of vehicles. City experience suggests that commercial vehicle fleets (car rental companies etc.) are volatile and subject to market fluctuations. Excise receipts are expected to decline again slightly in FY'07.

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
Motor Vehicle Excise	2,287,940	2,766,554	1,950,000	1,900,000	(50,00)	-2.56%



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

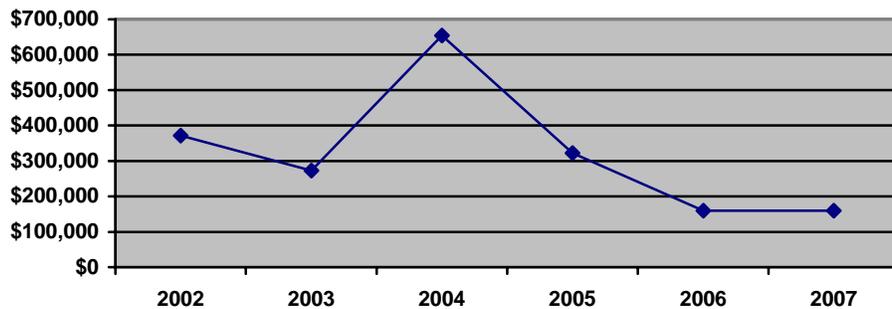
[Delinquent Interest and Penalty Charges](#) - The City receives interest on overdue taxes and water/sewer service charges. Interest rates for overdue real and personal property taxes are 14%, and for tax title accounts, 16%. The interest rate for delinquent excise tax accounts is 12%. The interest rate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

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

Major Changes:

Due to some one time payments, the amount collected in Tax Title Interest may exceed the amount budgeted in any given year. Because of the unpredictability of Tax Title collection and the aggressive collection efforts of the Treasurer’s office over the last few years, the Tax Title balance has been reduced substantially and the interest charged was unusually high. As a result, the City reduced its estimate for FY’06 and anticipates no increase in the collection of Tax Title interest and penalties on real estate taxes or any one-time payments in FY’07

Year to Year Comparison	FY’04 <i>actual</i>	FY’05 <i>actual</i>	FY’06 <i>Per Recap</i>	FY’07 <i>estimated</i>	\$ Change <i>FY’06-FY’07</i>	% Change <i>FY’06-FY’07</i>
Interest and Penalties	654,565	321,832	160,000	160,000	0	0.00%



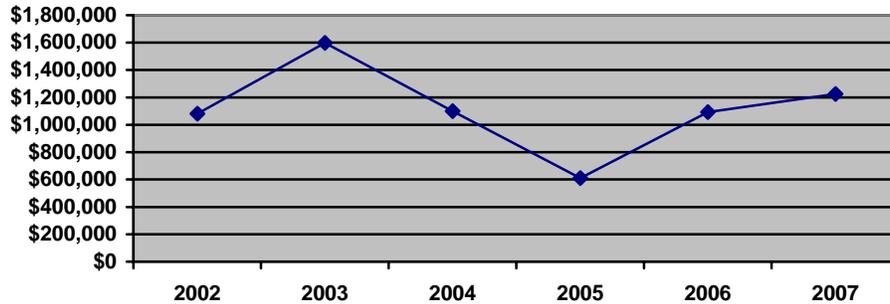
Payments In Lieu Of Tax - Many communities, Chelsea included, are not able to put all the property within its borders to productive, tax generating uses. Federal, state and municipal facilities, hospitals, churches and colleges are examples of uses that are typically exempt from local property tax payments.

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

Major Changes:

The City is concluded negotiations with the Massachusetts Port Authority. The agreement is for five years (FY’06 - FY’10) for \$600,000 each year. While we had budgeted merely \$500,000 in FY’06 \$600,000 was actually collected as the new agreement specified just as this document was being prepared. Mass Port made no payment in FY’05.

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
PILOT	\$1,099,111	609,949	1,092,945	1,225,886	132,941	12.16%



CHARGES FOR SERVICES

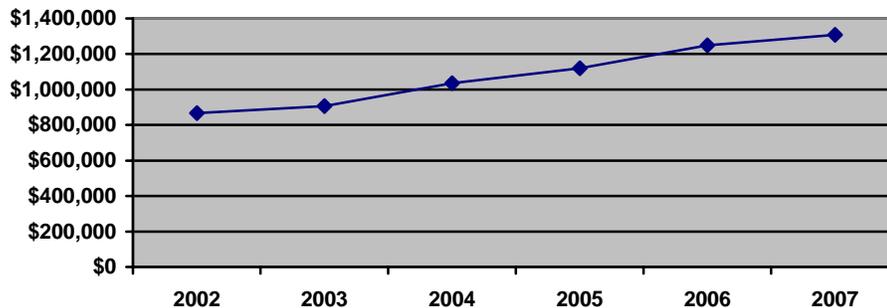
[Services / Charges / User Fees](#) - Charges for services are a revenue source to assist municipalities to offset the cost of certain services provided to the community. With limited tax revenue and small increases in non-school local aid, the City does impose charges for the delivery of some services that were formerly financed through property taxes or other receipts. In FY'07, service charges and user fees will account for only 1.59% of the total General Fund revenues.

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

Major Changes:

The increase from FY'06 to FY'07 reflects the trash fee increase.

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
Trash Fee	\$1,034,814	1,120,391	1,249,404	1,308,773	59,369	4.75%



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

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

LICENSES AND PERMITS / SUMMARY

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

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

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

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

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

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

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

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

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

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

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

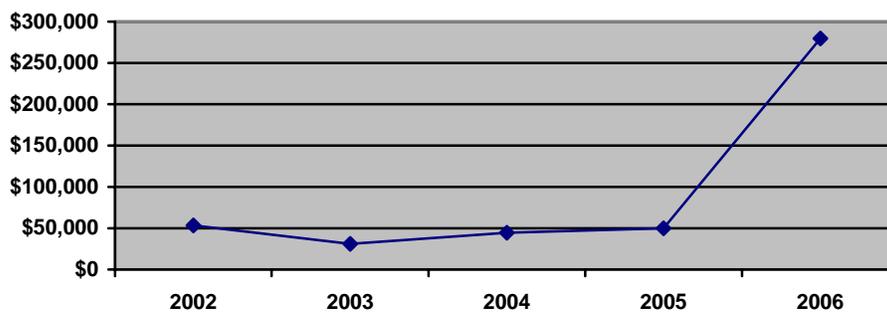
[City Clerk Licenses & Permits](#) - The City Clerk issues licenses and permits primarily relating to marriages, births, deaths and dog registrations.

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

Major Changes:

The City, like most other communities, was forced to raise license and permit fees in order manage budget difficulties in FY'04. While maintaining some growth relative to prior years, the FY'07 estimate for New Building Permits has been adjusted upward from FY'06 to reflect an increase resulting from the construction of 1,200 new residential housing units.

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
New Building Permits	\$44,755	172,135	50,000	279,513	229,513	459.03%



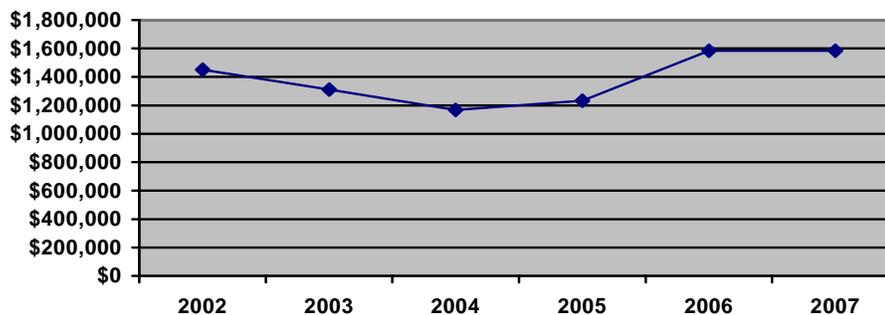
FINES AND FORFEITS

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

Major Changes:

Residential Sticker programs have been adopted in several neighborhoods, which could result in fines increasing although only slightly. Additionally in FY'06, we added a nighttime parking enforcement effort that was to provide safer parking conditions in the nighttime hours. This effort has had a slow start. We have maintained the estimate for FY'07 recognizing that any additional revenue generated by nighttime enforcement will be offset, in part, by enforcement costs, conversely, if the enforcement appropriation goes unexpended, no additional revenue will be forthcoming.

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
Parking Fines	\$1,167,146	1,231,859	1,584,090	1,584,090	0	0%



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

INTERGOVERNMENTAL REVENUE

[Cherry Sheet](#) - State Cherry Sheet revenue funds are the primary intergovernmental revenue and in the case of many cities, Chelsea included, the single largest source of annual revenue. Cherry Sheet revenue consists of direct school aid (Chapter 70), Lottery Aid and Additional Assistance as well as specific reimbursements and distributions such as aid to public libraries, veteran's benefits, police career incentives, and a number of school related items. For the FY'07 Budget process, the City projected slight increases in Cherry Sheet revenues based on the Governor's budget proposal to the legislature.

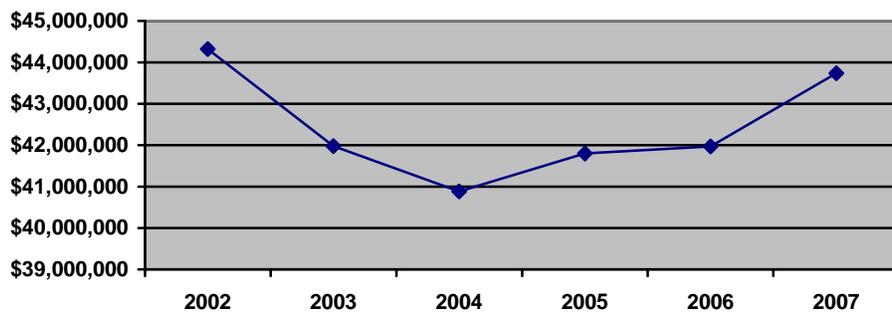
Every year the Commonwealth sends out to each municipality a "Cherry Sheet", named for the pink-colored paper on which it was originally printed. The Cherry Sheet comes in two parts, one listing the State assessments to municipalities for MBTA, MAPC, air pollution control districts and the other State programs; the other section lists the financial aid the City will receive from the State for funding local programs. Cherry Sheet receipts include:

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

Major Changes:

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

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
Chapter 70 School Aid	\$40,885,820	41,799,800	41,971,878	43,740,662	1,768,784	4.21%

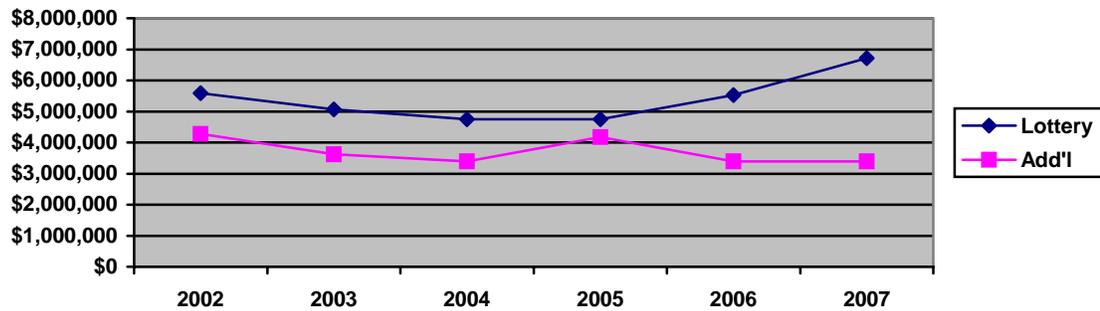


Local Aid - The major non-school state aid items are Lottery Aid and Additional Assistance. These funds are unrestricted and can therefore be used by the municipality for any municipal purpose. The FY'06 Budget is based on the Governor's budget, which includes modest increases in local aid for the City.

Major Changes:

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

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
Lottery Aid	\$4,747,616	4,474,616	5,529,762	6,712,895	1,183,133	21.40%
Additional Assistance	\$3,396,864	4,176,002	3,396,864	3,396,864	0	0.00%



[School Transportation](#) - Under Chapter 71, Section 7A, municipalities are reimbursed for prior year expenses for general pupil transportation. Reimbursement is provided only for pupils transported more than 1.5 miles, one way, and is subject to a \$5 per pupil local share deductible. Chapter 71A, Section 8, and Chapter 71B, Sections 13 and 4, reimburse municipalities for bilingual and special needs transportation, with special needs transportation not being subject to the 1.5 mile requirement. Chapter 71, Section 37D, reimburses for the costs of transporting pupils for the purpose of eliminating racial isolation and imbalance, also without a mileage requirement.

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

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

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

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

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

over seventy, minors, and widows/widowers. Chapter 59, Section 5, Clause 37a, as amended by Section 258 of the Acts of 1982, provides an abatement of \$500 for the legally blind.

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

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

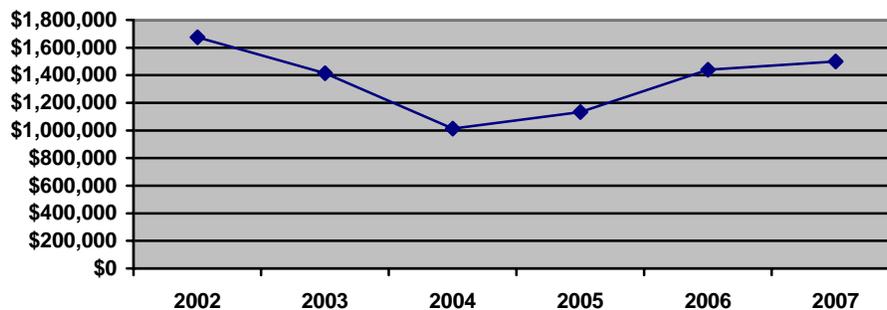
MISCELLANEOUS REVENUE

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

Major Changes:

Through increased cash flow forecasting and improved investment strategies implemented by the City's Treasurer, interest on investments has increased significantly during the past several years. The City expects to earn slight more than budgeted in FY'06. Despite rising interest rates, the City's cash balances will continue to be reduced due to the reliance on fund balance to help balance the budget.

Year to Year Comparison	FY'04 <i>actual</i>	FY'05 <i>actual</i>	FY'06 <i>Per Recap</i>	FY'07 <i>estimated</i>	\$ Change <i>FY'06-FY'07</i>	% Change <i>FY'06-FY'07</i>
Interest on Investments	\$1,012,029	1,132,655	1,440,732	1,500,000	59,268	4.11%



INTERGOVERNMENTAL / INTERFUND TRANSFERS

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

[State Grants](#) - The only State grant appropriated in the General Fund in FY'05 was for Emergency Management. The reimbursement, which is actually a pass through from the Federal government, covers a portion of the City's Emergency Management salary expenditures. This grant was not an estimated receipt in FY'06 and will not be again for FY'07

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

[Parking Meter Reserves](#) - The Parking Meter Reserve fund consists of revenue from meter permits and meter collections. These revenues are then transferred into the General Fund to support general government services. \$145,000 has been included from this fund as revenue to the General Fund for FY'07.

General Fund Revenue Summary Table

Revenue Summary	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Taxes	30,181,192	29,926,489	31,146,837	32,784,023	1,637,186
Charges for Services	1,518,371	1,649,239	1,651,204	1,710,773	59,569
Licenses & Permits	999,082	1,149,447	910,710	1,283,276	372,566
Fines & Forfits	1,417,772	1,509,779	1,947,690	1,947,690	0
Intergovernmental	59,352,254	61,068,226	60,471,183	63,819,259	3,348,076
Miscaelaneous Revenue	1,129,859	1,157,086	1,440,832	1,551,000	110,168
Other Financing Sources	2,178,444	4,321,041	4,889,710	4,542,060	(347,650)
Total	96,776,974	100,781,307	102,458,166	107,638,081	5,179,915

General Fund Revenue Detail Tables

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
TAXES					
Personal Property	1,093,928	1,091,944	1,200,000	1,300,000	100,000
Real Estate Taxes	24,902,233	24,969,258	26,518,892	27,923,137	1,404,245
Motor Vehicle Excise	2,287,940	2,766,554	1,950,000	1,950,000	0
Hotel/Motel Tax Ch 145	143,414	166,953	225,000	225,000	0
Interest /Penalties on Taxes	91,120	120,343	50,000	50,000	0
Interest /Penalties on Tax Titles	473,812	127,552	60,000	60,000	0
Interest /Penalties Excise & Charges	89,633	73,937	50,000	50,000	0
Interest /Penalties on Solid Waste	0	0	0	0	0
Payment in Lieu of Taxes	1,099,111	609,949	1,092,945	1,225,886	132,941
TOTAL TAXES	30,181,192	29,926,489	31,146,837	32,784,023	1,637,186

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
CHARGES FOR SERVICES					
Fees Lien Certificates	46,950	44,500	78,200	78,200	0
MV Registry Clears	220,614	216,609	220,000	220,000	0
Fee Fire Alarm Connects - DPW	2,860		0	0	0
Interest/Penalties - DPW	7,210	9,383	0	0	0
Fees Police Details	42,246	47,390	35,000	35,000	0
Fees Fire Details	11,340	30,311	10,000	10,000	0
Fees Licensing Applications	0		0	0	0
Fees Zoning Board	15,300	16,075	10,000	10,000	0
Fees Planning & Dev Application	0		0	0	0
Fees Copies of Certificates	46,467	55,288	30,000	30,000	0
Fees Copies of Reports - Police	5,651	4,279	5,000	5,000	0
Fees Copies of Reports - Fire	169	96	100	100	0
Fees Cable Franchise	3,888	3,736	3,800	3,800	0
Vehicle Lease Surcharge	1,979	3,154	1,500	1,500	0
Trash Removal Charges	1,034,814	1,120,391	1,249,404	1,308,773	59,369
Fee Rubbish Decals	16,820	11,480	8,000	8,200	200
Fee Sale of Bags	124	102	100	100	0
Fee Compost Bins	48	26	100	100	0
Trash Charges Liened to Taxes	61,891	86,420	0	0	0
Trash Settlement	0		0	0	0
TOTAL CHARGES FOR SERVICES	1,518,371	1,649,239	1,651,204	1,710,773	59,569

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
LICENSES AND PERMITS					
Licenses Alcoholic Beverages	135,478	136,550	130,000	130,000	0
Licenses Common Victualers	8,575	8,478	8,000	8,000	0
Licenses Various Clerk	15,339	16,504	12,000	12,000	0
Licenses Various	83,807	91,549	50,000	50,000	0
Licenses Petroleum Storage	76,320	76,200	60,000	60,000	0
Licenses Business Certificates	3,210	3,855	3,000	3,000	0
Licenses Funeral Director	350	350	350	350	0
Licenses Rooming Houses	1,125	1,125	1,100	1,100	0
Licenses Automobiles	6,960	6,625	4,760	4,760	0
Licenses Hackney	5,630	9,145	3,500	3,500	0
Permit Alterations/Sign	253,841	263,810	290,000	290,000	0
Permit Cert. OF Occupancy	23,050	19,713	10,000	10,000	0
Permit New Buildings	44,755	172,135	50,000	422,566	372,566
Permit Electrical	63,866	53,743	50,000	50,000	0
Visitor Passes	2,873	4,020	2,000	2,000	0
Permit Cert. of Inspection	11,240	12,117	7,500	7,500	0
Permit Copies/Research Plans	159	800	200	200	0
Permit Gas/Plumbing	26,145	25,335	24,000	24,000	0
Permit Sidewalks/Streets	3,950	3,300	3,000	3,000	0
Permits Firearms	3,625	0	4,800	4,800	0
Permit Cert. of Fitness	63,765	58,430	40,000	40,000	0
Permit Dumpsters	53,350	55,108	50,000	50,000	0
Permit Pools/Baths/Tanning	525	350	200	200	0
Permit Sale of Food	35,845	40,018	35,000	35,000	0
Permit Caterers	700	800	700	700	0
Permit Bars & Clubs	1,200	1,425	1,300	1,300	0
Permit Temporary	1,650	1,650	1,500	1,500	0
Permit Burial	2,190	2,200	2,000	2,000	0
Permit Summer Camps	100	100	100	100	0
Permit Weights & Measures	22,031	24,374	20,000	20,000	0
Permits Smoke Inspections	15,130	16,440	11,000	11,000	0
Permits Oil Burner Inspection	975	820	700	700	0
Permits Tank Truck Inspect.	1,500	2,285	2,000	2,000	0
Permits Misc. Fire	4,850	8,390	2,000	2,000	0
Permit Street Openings - DPW	15,100	13,475	20,000	20,000	0
Permit Parking	9,872	18,229	10,000	10,000	0
TOTAL LICENSES & PERMITS	999,082	1,149,447	910,710	1,283,276	372,566

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
FINES					
Fines - CMVI	121,476	142,166	250,000	250,000	0
Fines - Non-Criminal 21D	33,447	71,165	52,000	52,000	0
Fines - Library	113		0	0	0
Fines - Parking Tickets	1,167,146	1,231,859	1,584,090	1,584,090	0
Fines - Towing	60,210	43,300	48,000	48,000	0
Fines - Alarm Malfunctions Fire	0				0
Fines - Bad Checks	4,325	3,209	3,600	3,600	0
Court Fines	31,055	18,080	10,000	10,000	0
TOTAL FINES & FORFEITS	1,417,772	1,509,779	1,947,690	1,947,690	0

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
INTERGOVERNMENTAL					
Other	6,618	3,114	0	0	0
Medicaid	735,464	1,040,926	600,000	700,000	100,000
Quig/Mace/Voke	232,689	25,013	0	0	0
Misc. State	0		13,533	0	(13,533)
Veterans Abatements	0		13,398	13,398	0
Surviving Spouse Abatements	0		22,250	20,756	(1,494)
Blind Abatements	37,628	36,134	1,980	1,980	0
Elderly Abatements	20,636	20,624	20,624	20,620	(4)
State Owned Land	33,128	51,784	62,571	86,981	24,410
Charter School Reimbursement	83,093	333,714	274,519	784,363	509,844
Charter School Capital Reimbursement	0	57,194	64,350	117,688	53,338
School Construction	8,586,531	8,385,911	8,093,288	7,795,391	(297,897)
School Transportation	170,717		0	0	0
School - Chapter 70	40,885,820	41,799,800	41,971,878	43,740,662	1,768,784
Urban Redevelopment	15,000		0	0	0
Tuition State Wards	0		0	0	0
Other State Schools	505	425	0	0	0
Police Career Incentive	250,893	228,793	250,000	260,000	10,000
Veterans Benefits	149,052	161,177	156,166	167,661	11,495
Additional Assistance	3,396,864	4,176,002	3,396,864	3,396,864	0
Transitional Mitigation	0		0	0	0
Lottery	4,747,616	4,747,616	5,529,762	6,712,895	1,183,133
Highway Fund	0		0	0	0
Public Libraries	0		0	0	0
TOTAL INTERGOVERNMENTAL	59,352,254	61,068,226	60,471,183	63,819,259	3,348,076

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
MISCELLANEOUS REVENUE					
Sale of Assets - DPW	0	0	0	0	0
Sale of Fixed Assets	490	0	0	0	0
Miscellaneous Revenue	2,526	12,881	0	0	0
Miscellaneous Revenue City	0	12	0	0	0
Restitution	84,729	715	0	0	0
GIS Map Sales	0	316	100	1,000	900
Refunds Prior Years	0	0	0	0	0
Closeouts/Stabilization	0	0	0	0	0
Surplus Overlay	0	0	0	0	0
Misc	5,341	0	0	0	0
Bond Proceeds	0	0	0	0	0
Reimbursements	24,745	10,508	0	0	0
Bond Accrued Interest	0	0	0	0	0
Earnings on Investments	1,012,029	1,132,655	1,440,732	1,550,000	109,268
Parking Meter Fund	0	0	0	0	0
Civil Defense	0	0	0	0	0
School Grant Indirect	0	0	0	0	0
TOTAL MISCELANEOUS	1,129,859	1,157,086	1,440,832	1,551,000	110,168

Revenue Detail	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
OTHER FINANCING SOURCES					
Bond Premium	1,706	28,516	0	0	0
Transfer From Receipts Reserved	0	0	0	504,000	
Transfers from Special Revenue Funds	1,199,381	3,186,735	280,000	280,000	0
Transfer from Sewer Fund	434,233	491,295	641,634	707,675	66,041
Transfer from Water Fund	543,124	614,495	659,367	725,851	66,484
Use of Certified Free Cash	0	0	3,308,709	2,324,534	(984,175)
TOTAL OTHER FINANCING SOURCES	2,178,444	4,321,041	4,889,710	4,542,060	(851,650)

GENERAL FUNDS TOTAL	96,776,974	100,781,307	102,458,166	107,638,081	4,675,915
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EXPENDITURE SUMMARY
SUMMARY OF EXPENDITURE CHANGES

	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
GENERAL GOVERNMENT							
Legislative	180,867	192,359	196,490	200,452	210,656	213,848	3,192
Executive Office	286,574	276,137	236,375	256,316	253,136	279,351	26,215
Auditor's Office	211,214	221,344	220,499	216,045	219,910	215,374	-4,536
Treasurer/Collector	546,887	542,382	549,484	636,823	657,898	734,440	76,542
Central Billing and Research	156,502	165,326	146,234	165,060	177,439	187,491	10,052
Assessing	210,340	282,776	232,914	214,422	248,202	257,418	9,216
Procurement	100,210	98,354	91,988	93,069	94,386	103,775	9,389
Law Department	288,979	293,306	189,601	206,468	211,827	220,459	8,632
Personnel Department	159,835	134,873	130,185	136,882	136,445	147,205	10,760
Municipal Information Systems	207,740	193,407	219,868	313,918	425,667	539,089	113,422
City Clerk	195,774	226,423	240,914	259,088	260,142	275,728	15,586
Licensing	86,382	76,701	59,032	59,386	61,446	67,492	6,046
Planning & Development	33,750	66,613	28,908	24,000	24,000	24,000	0
Total General Government	2,665,053	2,770,001	2,542,492	2,781,929	2,981,154	3,265,670	284,516
PUBLIC SAFETY							
Police Department	6,467,560	6,412,600	6,237,890	6,327,419	6,865,981	7,277,173	411,192
Fire Department	5,736,553	6,103,047	5,978,911	6,172,489	6,508,045	6,628,666	120,621
Inspectional Services	470,393	453,967	481,045	516,386	552,218	578,656	26,438
Traffic & Parking	685,751	547,494	652,752	573,099	665,131	669,649	4,518
Emergency Management	29,408	47,653	51,464	643,951	685,741	690,159	4,418
Total Public Safety	13,389,665	13,564,761	13,402,061	14,233,344	15,277,116	15,844,303	567,187
EDUCATION							
Northeast Vocational	1,476,628	1,445,553	1,748,175	1,604,634	1,295,329	928,503	-366,826
School Department	46,233,581	44,660,197	44,568,983	45,492,316	45,763,980	55,524,212	9,760,232
Total Education	47,710,209	46,105,750	46,317,158	47,096,950	47,059,309	56,452,715	9,393,406
PUBLIC WORKS							
Administration	281,380	270,727	249,296	220,016	190,818	210,410	19,592
Street & Sidewalks	1,463,767	1,465,134	1,423,469	1,440,508	1,480,548	1,698,808	218,260
Solid Waste/Recycling	1,551,305	1,918,585	1,730,333	1,805,000	1,813,992	1,817,300	3,308
Structures & Grounds	863,870	910,847	814,896	944,061	960,747	1,026,575	65,828
Snow & Ice Removal	57,921	139,958	141,732	101,260	101,260	101,260	0
Total Public Works	4,218,243	4,705,251	4,359,726	4,510,845	4,547,365	4,854,353	306,988

	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
HEALTH & HUMAN SERVICES							
Administration	123,404	137,122	132,704	135,545	135,545	146,189	10,644
Health Division	332,841	398,877	370,822	369,932	383,486	66,314	-317,172
Comm. Schools & Recreation	86,759	55,184	57,615	54,661	74,961	117,553	42,592
Veterans Service	270,644	291,493	295,837	267,479	278,744	344,758	66,014
Elder Affairs	196,495	203,576	184,064	190,800	193,827	204,919	11,092
Public Library	265,273	271,506	253,994	256,342	262,945	275,044	12,099
Total HHS	1,275,416	1,357,758	1,295,036	1,274,759	1,329,508	1,154,777	(174,731)
DEBT SERVICE	11,707,661	11,318,402	11,144,060	10,877,555	10,074,150	10,113,757	39,607
EMPLOYEE BENEFITS	6,815,571	7,402,277	8,875,315	9,373,922	11,091,194	6,632,783	-4,458,411
RETIREMENT ASSESMENT	5,303,065	5,811,955	5,371,720	5,714,057	6,224,609	4,723,201	-1,501,408
INSURANCE & JUDGEMENTS	314,738	388,069	473,075	514,248	538,113	538,113	0
STATE ASSESMENTS	2,202,770	2,428,827	2,772,309	3,120,837	3,335,648	4,058,409	722,761
Transfers to Spec. Revenue	0	472,435	725,054	0	0	0	0
Transfers to Capital Projects	0	1,338,000	998,700	0	0	0	0
General Fund Budget	95,602,391	97,663,486	98,276,706	99,498,446	102,458,166	107,638,081	5,179,915



This property located on Heard Street is scheduled to be demolished along with the beige building in the background and several other large buildings as part of the Chelsea's second phase of its Urban Renewal Plan. In their place will be a newly constructed residential housing complex.

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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	142,512	143,106	145,552	145,556	148,468	2,912
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	700	900	900	900	1,400	500
Total Wages & Salaries	143,212	144,006	146,452	146,456	149,868	3,412
Services (5200-5399)	49,147	52,484	54,000	64,200	62,480	(1,720)
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	0	0	0	0	0	0
Total Operating	49,147	52,484	54,000	64,200	63,980	(220)
Capital (5800-5899)	0	0	0	0	0	0
Total Department	192,359	196,490	200,452	210,656	213,848	3,192

City Council Personnel Listing #110

Title	2003	2004	2005	2006	2007	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

The departure of the previous Deputy City Manager resulted in an interim and the permanent appointment of a new Deputy City Manager. Council/Manager communications have been improved with the initiation of Weekly Council Updates via email from the City Manager to City Council and the establishment of a tracking system for City Administration action on City Council orders. The City Manager has become more involved in regional advocacy on issues such as municipal finance, health insurance, public safety, economic development, community preservation and community planning.

FY'06 Accomplishments

- Advocated for and participated in the public dialogue around a municipal finance report issued to detail the financial stress cities and towns are currently suffering in Massachusetts;
- Addressed the impact of overtime on the municipal budget by negotiating City savings in public safety contracts and adopting other managerial controls, including implementing a spending cap specific to the Fire Department;
- Balanced the FY'05 Budget, the tenth straight balanced budget, and ended FY'05 with \$4.0 million in Free Cash;
- Conducted a "municipal tax burden" study which confirmed that the City's charges to local owner-occupants, on average, are substantially the lowest in the eight community study area;
- Earned an eighth consecutive Distinguished Budget Award and a seventh consecutive Comprehensive Annual Financial Reporting Achievement Award, making the City one of only five in the state to earn both honors;
- Maintained a bond rating of "A-" from Standard & Poor's;
- Received an audit report that, for the seventh time in a row, found no material weaknesses in the City's financial management processes;
- Secured a favorable State audit and closeout of the High School Addition project;
- 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 \$1,191 in property taxes for the current tax year;
- Secured the approval of the City's 26th business development project through the TIRE Program, thereby encouraging one of the world's largest companies, GE Capital, to make a substantial investment locally;

- Completed advocacy and negotiations that resulted in the groundbreaking for the construction of a Home Depot in Parkway Plaza, the first of several developments that will completely transform the retail center that has been underperforming for more than a decade;
- Negotiated an agreement with the owner of the Mystic Mall that provides for the construction of a new Market Basket on-site and the study of the remainder of the parcel and surrounding street network to promote coordinated, mixed-use development throughout the area;
- Secured State approval of a major plan amendment to the Everett Avenue Urban Renewal District, thereby creating the Chelsea Residential Overlook Project, resulting in the successful negotiation to acquire the district's largest parcel and leading to the issuance of a request for proposals for a master redeveloper of the entire 8-acre CROP district into 400-600 housing units in a smart growth development strategy;
- Achieved several important milestones on the City's agenda to facilitate the construction of 1,200 units of new housing by the end of FY'08, including the work at Forbes, Mill Creek and CROP, as well as 234 units entering permitting at Parkway Plaza, 160 units completing legal challenges at Admirals Hill, 120 units completing permitting on various sites on Gerrish Avenue, 56 units completing permitting at the National Guard Armory, 42 units entering permitting at the former Belanger Industries building, 23 units completing redevelopment activities at the former Mary C. Burke Schoolhouse, and 18 units, including a CVS, entering permitting for the Fourth Street parking lot;
- Collaborated with Northeastern University to develop an economic development self-assessment tool for Massachusetts communities;
- Participated in planning discussions regarding *MetroFuture*, the region's plan to identify and examine growth issues over the next thirty years;
- Facilitated completion of the City's 14-point plan on public safety, including the installation of 34 surveillance cameras around the community, including 27 public safety cameras and 7 homeland security cameras;
- Developed, advocated for and secured State passage of an \$11 million Community Safety Initiative, focusing State support on regional efforts to address prevention, enforcement, prosecution and incarceration activities;
- Advocated successfully for the groundbreaking of the HarborCOV project to create 24 units of supportive housing for survivors of domestic violence as part of its goal to site 50 such units through its "Community Housing Initiative;"
- Supported the Chelsea Summer Youth Employment Program, allowing the program to reach more than 250 participants this past summer;
- Collaborated with the Chelsea Summer Youth Employment Program on a Youth Summit, which was attended by 350 youth this past summer;
- Assisted in the organization of programming for National Youth Violence Prevention Week this past April, including the City Council's Public Safety Summit;
- Held a telethon to support American Red Cross relief efforts to provide support for Gulf State residents impacted by Hurricanes Katrina and Rita;
- Advanced the efforts to address "residential/industrial" conflicts by completing the infrastructure supporting the Spencer Lofts and by undertaking planning, permitting, financing and other activities supporting the collaborative effort with Chelsea Neighborhood Housing Services to convert the Atlas Bedding factory and surrounding parcels into a residential neighborhood;
- Collaborated with the Board of Health on securing an agreement for installation to begin on odor recovery equipment at Chelsea Terminal;
- Begun local discussions through a municipal benchmarking process to encourage local residents to better understand and be able to contribute to the City's philosophy on revenues and expenditures;
- Conducted monthly district meetings with members of the City Council to engage citizens in discussions

about their neighborhoods and community, and

- Established weekly communication with members of the City Council to keep all leaders of City government informed about and engaged in important community issues.

FY'07 Goals

- Pursue a 7-point initiative on controlling health insurance costs to attempt to bring some level of municipal control to the largely non-discretionary spending item;
- Approve a technology acquisition plan to ensure that the City takes advantage of technology to improve the local operation in an affordable and serviceable manner;
- Complete the two-year action to recover the top-five tax debts owed to the City by securing a payment of \$157,000 for a property on Chester Avenue, bringing the total collected through the effort to be \$1.1 million;
- Complete the municipal benchmarking process as a method to get City officials and local residents and taxpayers in accords on local revenue and spending priorities;
- Facilitate a remediation plan that leads to a groundbreaking of the 60,000 s.f. headquarters of HP Hood at Chelsea Gateway within the Everett Avenue Urban Renewal District;
- Conclude negotiations and secure a commitment from a major biotechnology company to undertake a major local project;
- Coordinate City efforts to support the remaining retail build-out in Parkway Plaza, including a second phase of retail and a 234-unit residential project;
- Facilitate the groundbreaking for the new Market Basket and complete the land use and transportation study of the Mystic Mall and the Everett Avenue corridor;
- Secure a development agreement for the former junkyards on Everett Avenue and Vale Street;
- Select a developer and facilitate permitting for an early 2007 groundbreaking of residential development of between 400-600 units in the Chelsea Residential Overlook Project area;
- Advance actions necessary to support the various residential projects in the pipeline that are consistent with the City's 1,200-unit development goal by the end of FY'08, and undertake further activities to advance additional projects that are supportive of the goal;
- Advance the goals set forth in the Chelsea Police Department Supplemental Enforcement Efforts (SEEs), including adding a second full-time gang officer to the gang unit and directing the Weed & Seed director to provide administrative support for the unit; expanding Special Tactical Operations Program activities in 2006; combating insurance fraud through a partnership with the Suffolk County District Attorney's Office, the State Attorney General's Office and the Insurance Fraud Bureau; reviewing emerging technology utilizing cameras to enforce traffic laws, including truck routes and neighborhood speeding, and expanding upon earlier work done on advancing the effectiveness of crime mapping;
- Address weaknesses in the R-911 system detected during the first trial of the new communications system;
- Progress on the goal of securing 15% affordability in the 1,200 new residential units being envisioned as part of the City's economic development strategy;
- Collaborate with Chelsea Neighborhood Housing Services on pre-construction activities leading to a groundbreaking for its scattered-site, 121-unit project for the Gerrish Avenue neighborhood;
- Secure an additional contribution to the City's Affordable Housing Trust Fund by facilitating the development of a 160-unit project at the base of Admirals Hill;
- Act upon one or more goals developed by the youth who attended the Youth Summit;
- Assist Representative Eugene O'Flaherty and Senator Jarrett Barrios in their continued advocacy for a spring start to the reconstruction of the DCR Pool on Carter Street;

- Undertake a feasibility study of placing an artificial playing surface into service at Highland Park;
- Begin and complete the improvements to the Little League field, in part being financed by a contribution from Home Depot and its Parkway Plaza development partners;
- Secure the completion of installation of odor recovery equipment at Chelsea Terminal;
- Collaborate with the Board of Health and the community on addressing odor issues at the Boston Hides and Furs facility on Marginal Street;
- Lead infrastructure improvements in several local neighborhoods;
- Conduct a graffiti compliance initiative for a cleaner community;
- Collaborate with community members on a trash initiative to better maintain the cleanliness of city streets;
- Devise and implement an on-call translation service to connect Spanish speaking residents to important board and commission meetings;
- Form a technology working group to review and act upon addressing the City's website, community based organization websites and the community's technological divide, and
- Conduct a citizen participation seminar this summer through the Chelsea Participates program.

Executive Office Program Budget #123

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	252,901	220,200	228,826	211,786	248,216	36,430
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	500	500
Total Wages & Salaries	252,901	220,200	228,826	211,786	248,716	36,930
Services (5200-5399)	19,792	11,715	18,680	29,810	14,000	(15,810)
Supplies (5400-5490)	34	4,460	1,250	11,540	1,000	(10,540)
Other (5491-5799)	3,410	0	7,560	0	15,635	15,635
Total Operating	23,236	16,175	27,490	41,350	30,635	(10,715)
Capital (5800-5899)	0	0	0	0	0	0
Total Department	276,137	236,375	256,316	253,136	279,351	26,215

Executive Office Personnel Listing #123

Title	2003	2004	2005	2006	2007	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	1.00	0.50	0.00	0.00	0.00	0.00
Total Department	4.00	3.50	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

The structure of the Finance Department has been changed with the elevation of the Finance Director to Deputy City Manager. The Deputy City Manager will continue many of his past responsibilities, including continuing oversight of the Treasurer/Collector/Central Support, Central Billing, Assessors, Purchasing and Auditing Departments. A new Auditor is being selected and will supervise the accounting and payables function of the Auditor's Department.

FY'06 Accomplishments

- Secured Department of Revenue certification of Free Cash of \$4,000,000;
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Award for FY'06 and the GFOA Certificate for Outstanding Achievement in Financial Reporting for FY'05;
- Assisted the City Council with the selection of an auditing firm and awarded a three year contract, and
- Completed annual audit with no material issues.

FY'07 Goals

- Receive GFOA Distinguished Budget Award for FY'07;
- Receive GFOA Certificate for Outstanding Achievement in Financial Reporting for FY'06;
- Assume additional responsibility for preparing the Comprehensive Annual Financial Report (CAFR), by performing tasks currently provided for by an outside accounting firm, in order to continue to develop a more comprehensive perspective of the City's financial position;
- Improve the accounting and financial monitoring of the City's capital projects, including assuming additional responsibility for CIP reporting, in order to better budget and monitoring expenditures and revenues;
- Continue 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;

- Improve the MUNIS management information system’s usefulness by converting ordinary fund to multi-year funds, thereby allowing for better reporting of Special Revenue, Capital and Revolving Funds;
- Develop a uniform pay period for all employees to allow for better use of the automated employee benefit accruals, and

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

City Auditor Program Budget #135

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	213,863	211,261	205,640	208,407	204,544	(3,863)
Overtime (5104)	442	550	750	500	500	0
Other Salary & Benefit (5105-5199)	900	900	1,900	3,900	3,100	(800)
Total Wages & Salaries	215,205	212,711	208,290	212,807	208,144	(4,663)
Services (5200-5399)	5,925	7,254	7,650	6,538	6,665	127
Supplies (5400-5490)	0	534	0	565	565	0
Other (5491-5799)	215	0	105	0	0	0
Total Operating	6,140	7,788	7,755	7,103	7,230	127
Capital (5800-5899)	0	0	0	0	0	0
Total Department	221,344	220,499	216,045	219,910	215,374	(4,536)

City Auditor Personnel Listing #135

Title	2003	2004	2005	2006	2007	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	0.50	0.00	0.00	0.00	0.00	0.00
Total Department	4.50	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

During FY'06, the Department has completed the first implementation phase of a web-based payment option. This web-based option now includes the ability to pay excise taxes on-line. The department continues to implement process improvements such as the reconciliation of internal accounts and the reduction in meter estimates through an aggressive repair program.

FY'06 Accomplishments

- Completed payroll account reconciliation with Planning & Development.
- Implemented vendor warrant review making automatic money transfers from non-general fund accounts.
- Implemented monthly reconciliation for an additional 34 internal accounts.
- Implemented fire details, board ups and 148A violations search for MLC processing.

FY'07 Goals

- Complete review of banking services.
- Implement electronic transmission for child support with DOR.
- Complete review of cash flow analysis report.
- Initiate foreclosure on top 10 properties.

Collector

FY'06 Accomplishments

- Completed e-government initiative via the internet for real estate, personal property, excise, parking and water/sewer/trash payments.
- Completed accounts receivable reconciliation more timely and accurately.

FY'07 Goals

- Complete personal property abatements/adjustments for FY'03, FY'04 and FY'05.
- Complete excise tax abatements forward to FY'00.
- Continue work with vendors to provide auto debit service for water/sewer/trash.

Central Support

FY'06 Accomplishments

- Implemented report delivery via email instead of a printed document.
- Updated department database streamlining inventory and transaction processing.

FY'07 Goals

- Update departmental procedures.

Central Billing

FY'06 Accomplishments

- Completed the reconciliation of non-billable accounts to ensure all active water/sewer meters are billed; 25 accounts have been activated.
- Reduced the number of estimated accounts by actively managing meters in need of repair. 100 accounts or 2% of the total billable accounts are no longer estimated; a reduction from 250 accounts.

FY'07 Goals

- Update operating procedures; introduce efficiencies where possible.
- Implement new meter reading equipment in conjunction with the Department of Public Works.
- Implement new water/sewer tiers in billing system.

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

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	358,872	366,940	404,513	405,748	427,190	21,442
Overtime (5104)	0	0	750	750	1,000	250
Other Salary & Benefit (5105-5199)	3,300	4,871	3,700	6,100	7,000	900
Total Wages & Salaries	362,172	371,811	408,963	412,598	435,190	22,592
Services (5200-5399)	118,528	130,669	180,000	194,100	247,050	52,950
Supplies (5400-5490)	36,776	29,912	32,000	35,700	36,700	1,000
Other (5491-5799)	24,906	17,092	15,860	15,500	15,500	0
Total Operating	180,210	177,673	227,860	245,300	299,250	53,950

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

Title	2003	2004	2005	2006	2007	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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	89,724	93,765	90,860	101,427	110,279	8,852
Overtime (5104)	510	318	500	500	500	0
Other Salary & Benefit (5105-5199)	0	0	0	1,500	1,500	0
Total Wages & Salaries	90,234	94,083	91,360	103,427	112,279	8,852
Services (5200-5399)	74,492	49,864	58,200	59,012	60,212	1,200
Supplies (5400-5490)	600	2,287	500	15,000	15,000	0
Other (5491-5799)	0	0	15,000	0	0	0
Total Operating	75,092	52,151	73,700	74,012	75,212	1,200
Capital (5800-5899)	0	0	0	0	0	0
Total Department	165,326	146,234	165,060	177,439	187,491	10,052

Central Billing and Research Personnel Listing #159

Title	2003	2004	2005	2006	2007	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 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 Assessing Department completed the first ever in-house cyclical property reinspection program, as required by the Department of Revenue. The Department completed approx. 2,100 property reviews and inspections during FY'06.

FY'06 Accomplishments

- Completed comprehensive interim year valuation program, resulting in an increase in the total assessed value of taxable property from \$2.28 billion to \$2.48 billion;
- Completed the review and inspection of City property, as required by the Department of Revenue;
- Certified \$778,000 million of new growth, and
- Settled all outstanding tax appeal cases on the Mystic Mall, including an agreed upon value for Fiscal Years 2006 and 2007.

FY'07 Goals

- Manage the City's commercial valuation consultant's analysis of commercial and industrial sales, and income and expense returns to design 2007 revaluation of commercial and industrial values;
- Complete in-house residential revaluation, and State submission of request for certification of all classes of property;
- Convert the manual processing of Enterprise Car Rental auto excise abatements to an automated batch processing method.
- Begin cyclical property inspection program for completion by FY 2013 tax year; and

Assessing Program Budget #141

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	166,958	156,473	159,422	162,227	175,249	13,022
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	1,600	1,400	1,400	1,400	1,800	400
Total Wages & Salaries	168,558	157,873	160,822	163,627	177,049	13,422
Services (5200-5399)	113,191	74,107	52,300	83,275	78,625	(4,650)
Supplies (5400-5490)	0	0	0	0	244	244
Other (5491-5799)	1,027	934	1,300	1,300	1,500	200
Total Operating	114,218	75,041	53,600	84,575	80,369	(4,206)
Capital (5800-5899)	0	0	0	0	0	0
Total Department	282,776	232,914	214,422	248,202	257,418	9,216

Assessing Personnel Listing #141

Title	2003	2004	2005	2006	2007	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

A full time staff member worked part-time hours. A second part-time staff person worked 10 hours a week assisting the department with clerical duties. The Department was able to maintain the function of processing requisitions and change orders in a timely manner even with the reduced hours of the full time staff person.

FY'06 Accomplishments

- Aided departments in connection with several major reforms made to the State's public procurement laws as the new law affected public works projects and public bidding thresholds;
- Identified cost savings in upgrading the office copiers in various departments to include faxing and scanning capabilities, allowing for greater efficiency through the elimination of various pieces of equipment;
- Assisted the Finance Director in filing the Annual Provider Information Form (APIF) with the Commissioner of Revenue;
- Achieved for the Chief Procurement Officer the status of "Recertified" through the accreditation process conducted by the Office of the Inspector General, and
- Posted various Purchasing Department standard forms to the shared drive allowing other departments direct access and greater efficiency.

FY'07 Goals

- Update departmental procedures to allow for the many changes that have taken place in the public procurement laws;
- Host informational training meetings and invite speakers from various state government agencies to present a review of state contracts and the new law (Chapter 193 of the Acts of 2004), and

Implement a workflow procedure through the MUNIS system to in order to increase efficiency in the approval process for requisitions and purchase orders.

Procurement Program Budget #138

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	94,017	87,382	88,411	90,036	99,482	9,446
Overtime (5104)	500	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	1,000	1,000	1,000	1,200	200
Total Wages & Salaries	94,517	88,382	89,411	91,036	100,682	9,646
Services (5200-5399)	428	747	600	750	750	0
Supplies (5400-5490)	809	0	0	0	0	0
Other (5491-5799)	26	251	450	300	300	0
Total Operating	1,263	998	1,050	1,050	1,050	0
Capital (5800-5899)	2,574	2,608	2,608	2,300	2,043	(257)
Total Department	98,354	91,988	93,069	94,386	103,775	9,389

Procurement Personnel Listing #138

Title	2003	2004	2005	2006	2007	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 Law Department is now involved in the City's enforcement of the State's recently adopted Fire Safety Act, M.G.L. c. 148A. The Act allows for a more efficient and faster way to enforce both fire and building code violations leading to overall safety of Chelsea citizens. The Law Department will now provide in-house legal assistance to the School Department on a regular basis. The part-time Assistant City Solicitor's position is being elevated to a full-time position to allow the Department to assume the additional work anticipated in providing legal assistance to the School Department. The School Department is assuming the cost of the additional hours of the Assistant City Solicitor's position. The Department will also coordinate a new initiative to provide translation services at board meetings under specific circumstances.

FY'06 Accomplishments:

- Participated in successful negotiations to secure an acceptable Mystic Mall redevelopment plan and settlement of back taxes and future values;
- Researched and issued protocols for the use of the citywide surveillance cameras;
- Established and implemented procedures for the enforcement and collection of fees pursuant to the State's recently adopted Fire Safety Act;
- Reduced the Planning & Development Department's outside legal fees by drafting appropriate legal forms and representing the City in real estate closings;
- Negotiated the City Council's plan to post sex offenders on local cable access and drafted a residency restriction ordinance on sex offenders;
- Recodified the City's Ordinances;
- Collected over \$40,000 in overdue fire and police details;
- Negotiated a license relating to the installation of bus shelters;
- Collaborated in securing several collective bargaining agreements with municipal unions;

- Drafted the adopted Livery Ordinance and Rules and Regulations;
- Participated in the drafting of the Interim Planning Overlay District for the Shopping Center Districts, and
- Drafted all legal documents and orders on behalf of the Economic Development Board relating to the sale of 285 Second Street for the Economic Development Board.

FY'07 Goals

- Aid and participate in the continued negotiation for a new cable license;
- Continue to work collaboratively to establish a new comprehensive noise ordinance;
- Support City efforts to initiate a Smart Growth district in and around Gerrish Avenue;
- Provide legal assistance to School Department, and
- Coordinate a new initiative to provide translation services at board meetings when requested and under specific guidelines.

Law Department Program Budget #151

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	119,283	104,519	149,068	149,227	151,209	1,982
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	500	500	700	5,900	700	(5,200)
Total Wages & Salaries	119,783	105,019	149,768	155,127	151,909	(3,218)
Services (5200-5399)	172,183	79,174	48,700	48,700	60,550	11,850
Supplies (5400-5490)	0	1,037	1,000	1,000	1,000	0
Other (5491-5799)	1,340	4,370	7,000	7,000	7,000	0
Total Operating	173,523	84,582	56,700	56,700	68,550	11,850
Capital (5800-5899)	0	0	0	0	0	0
Total Department	293,306	189,601	206,468	211,827	220,459	8,632

Law Department Personnel Listing #151

Title	2003	2004	2005	2006	2007	Variance
Secretary	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Corporate Counsel	1.00	0.00	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	3.00	2.00	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 the morale and well being of all City employees. The 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 Department is responsible for recruiting, selecting and developing employees on the basis of their abilities, knowledge and skills, and ensuring that the work environment and the procedural guidelines of the Department are free from any instances of discrimination of any kind. The Department administers the City's self-insured workers' compensation obligations and procedures.

Significant Changes

The new Medicare prescription drug benefit became effective January 2006. The smooth implementation of the Federal program has encountered difficulty, as full and timely communication of procedures and processes has not been provided to insurance providers like the City. Additionally, there has been significant complexity in establishing the subsidy procedures. The City, like most others, is awaiting Federal action to clarify and make the process fully functioning as soon as possible. A change in computer recordation of attendance for all City employees is being effectuated through the Munis program module. Efforts to improve recognition and reward for staff members for performance has resulted in the undertaking of special events and the adjustment in time frame for performance awards.

FY'06 Accomplishments

- Concluded and effectuated bargaining agreements with municipal employee unions;
- Completed application procedures required for acceptance of the City as eligible for Federal Medicare D subsidy for three retiree insurance plans and provided special notifications to all Medicare eligible retirees regarding the Medicare D application for insurance coverage;
- Changed centralized recordation of attendance to the City's Munis program for Calendar Year 2006, and
- Assisted in production of a training video for municipal employees.

FY '07 Goals

- Establish ongoing quarterly application for and receipt of subsidy from the Medicare D program;
- Continue effort to make full use of City-wide integrated payroll and personnel aspects of the Munis program;
- Secure collective bargaining agreements with the two remaining employee units still without a contract;

- Examine cost and benefit of establishing health insurance plans that might benefit the City and employees through health savings accounts;
- Further effort to provide job descriptions for all titles.

Personnel Program Budget #152

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	109,982	109,982	111,982	112,295	116,655	4,360
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	7,000	500	1,600	1,600	1,600	0
Total Wages & Salaries	116,982	110,482	113,582	113,895	118,255	4,360
Services (5200-5399)	17,691	19,504	23,000	22,250	28,650	6,400
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	200	200	300	300	300	0
Total Operating	17,891	19,704	23,300	22,550	28,950	6,400
Capital (5800-5899)	0	0	0	0	0	0
Total Department	134,873	130,185	136,882	136,445	147,205	10,760

Personnel Personnel Listing #152

Title	2003	2004	2005	2006	2007	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

The loss of staff to man a Help Desk resulted in the establishment of an automated Help Desk feature. The resignation of the GIS Coordinator led to a search for a replacement, with an offer to hire having been extended. As more departments, most notably Public Safety, integrate existing and emerging technologies into their regular operations, considerable strain and a need for better IT coordination has been presented to the Department. In order to respond, an additional staff position will be added in FY'07. In terms of that need for coordination, individual departmental computer purchases will instead be run through the Department's capital account contained within the operating budget.

FY'06 Accomplishments

- Acquired, configured, and deployed Munis Employee Online module;
- Integrated Chelsea Police information systems into the City network;
- Participated on the Procurement Management Team for the Commonwealth, for ITT 29, Converged Telephony Systems and Services, with the selection process still on-going;
- Completed acquisition and implementation of a field GPS unit for use with the GIS system as planned;
- Implemented automated Help Desk application;
- Implemented Intranet;
- Designed and implemented a secure, wireless networking solution in Public Safety, consistent with regional Homeland Security requirements;
- Deployed numerous laptops, desktops, printers, and IMC records management system in Fire Department;
- Completed acquisition and implementation of updated aerial imagery for use in the GIS system, and
- Completed upgrade/replacement of numerous workstations and peripherals consistent with strategic inventory goals.

FY'07 Goals

- Integrate new staff position into the Department to meet the City’s growing IT demands;
- Conclude participation on the Procurement Management Team for the Commonwealth, for ITT 29;
- Implement an ip-based telephony system;

Continue upgrade/replacement of numerous workstations and peripherals consistent with strategic inventory goals.

Municipal Information Systems Program Budget #155

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	82,166	103,141	162,639	164,867	210,439	45,572
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0	0
Total Wages & Salaries	82,166	103,141	162,639	164,867	210,439	45,572
Services (5200-5399)	84,533	87,224	126,779	216,300	256,150	39,850
Supplies (5400-5490)	1,708	3,281	4,000	4,000	4,000	0
Other (5491-5799)	0	500	500	500	500	0
Total Operating	86,241	91,005	131,279	220,800	260,650	39,850
Capital (5800-5899)	25,000	25,722	20,000	40,000	68,000	28,000
Total Department	193,407	219,868	313,918	425,667	539,089	113,422

Municipal Information Systems Personnel Listing #155

Title	2003	2004	2005	2006	2007	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	0.00	1.00	1.00	1.00	0.00
Technician	0.00	0.00	0.00	0.00	1.00	1.00
Total Department	2.00	2.00	3.00	3.00	4.00	1.00

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

Conducted the 2005 municipal election based upon new district lines for the eight City Council district seats. In order to better serve the voting public, a plan has been drafted, still requiring Council approval, to relocate and consolidate polling locations. The results will be to make polling places more convenient and more efficient, including better staffing and translation services address election day needs on-site. Managed turnover in parking clerk staff by hiring and training a new Assistant Parking Clerk.

FY'06 Accomplishments

- Conducted a municipal election for City Council, relying on new district lines for the eight district seats, and
- Undertook review of current polling locations and formulate a plan to reduce and relocate future polling places to provide for greater voter convenience and service.

FY'07 Goals

- Secure approval and implement new polling location plan, and
- Work with the Police Department to reduce meter vandalism by utilizing the City's network of surveillance cameras.

City Clerk Program Budget #161

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	165,031	180,006	190,770	194,222	209,008	14,786
Overtime (5104)	2,734	3,167	2,500	2,500	2,500	0
Other Salary & Benefit (5105-5199)	24,439	26,847	27,670	24,670	25,470	800
Total Wages & Salaries	192,204	210,020	220,940	221,392	236,978	15,586
Services (5200-5399)	23,246	23,928	29,900	34,200	34,200	0
Supplies (5400-5490)	7,812	3,581	4,700	4,200	4,200	0
Other (5491-5799)	191	341	350	350	350	0
Total Operating	31,249	27,850	34,950	38,750	38,750	0
Capital (5800-5899)	2,970	3,045	3,198	0		0
Total Department	226,423	240,914	259,088	260,142	275,728	15,586

City Clerk Personnel Listing #161

Title	2003	2004	2005	2006	2007	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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	47,719	41,304	41,899	36,161	40,679	4,518
Overtime (5104)	79	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	500	500	0	0	0
Total Wages & Salaries	47,798	41,804	42,399	36,161	40,679	4,518
Services (5200-5399)	495,660	591,338	526,000	624,270	624,270	0
Supplies (5400-5490)	4,036	5,133	4,700	4,700	4,700	0
Other (5491-5799)	0	0	0	0	0	0
Total Operating	499,696	596,471	530,700	628,970	628,970	0
Capital (5800-5899)	0	14,478	0	0	0	0
Total Department	547,494	652,752	573,099	665,131	669,649	4,518

Traffic & Parking Personnel Listing #293

Title	2003	2004	2005	2006	2007	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

In FY'06, the Licensing Department was placed under the supervision of the Director of Inspectional Services. The modification has occurred smoothly and has resulted in a more efficient and streamlined process for the general public.

FY'06 Accomplishments

- Collaborated on the drafting of an ordinance, as well as rules and regulations, in connection with limo/livery services, which will be enforced upon City Council's adoption of proposed ordinance;
- Participated in the coordination on inspections and enforcements for licensed establishments relative to sprinkler regulation requirements, and
- Contributed to the enforced of MGL c.148 license requirements in connection with berthing and storage of boats.

FY'07 Goals

- Advise and assist the Licensing Commission in the review and revising, as warranted, of license fees;
- Research and implement mandatory alcoholic beverage sales training for all liquor licensed establishments;
- Review and revise vending ordinances, e.g., hawkers/peddlers, open air vendors, transient vendors, door to door solicitors, and
- Participate in initiative to research regulations relating to beauty/barber and nail salons in order to implement local licensing regulations and enforcement.

Licensing Program Budget #165

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	67,587	56,761	56,761	56,761	62,347	5,586
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	700	900	900	900	1,000	100
Total Wages & Salaries	68,287	57,661	57,661	57,661	63,347	5,686
Services (5200-5399)	743	883	975	3,035	3,395	360
Supplies (5400-5490)	511	489	750	750	750	0
Other (5491-5799)	7,160	0	0	0	0	0
Total Operating	8,414	1,372	1,725	3,785	4,145	360
Capital (5800-5899)	0	0	0	0	0	0
Total Department	76,701	59,032	59,386	61,446	67,492	6,046

Licensing Personnel Listing #165

Title	2003	2004	2005	2006	2007	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](#)

FY'06 Goals

Housing

- Provided technical assistance leading to a groundbreaking for the construction of HarborCov's Wells Fargo project to provide 24 units of supportive housing for families who are victims of domestic violence;
- Assisted the developer of the Mary C. Burke School to obtain financing, design and zoning approval in advance of a project start in the spring of 2006;
- Monitored pre-development needs relating to the permitting of the Till building on Broadway for 23 units of affordable housing and the sale of 583 Broadway for 5 units of affordability in advance of a spring of 2006 construction start;
- Facilitated the donation of \$88,000 into the City's Affordable Housing Trust Fund as a result of the completion of the second phase of the Mill Creek Condominium project;
- Assisted Chelsea Neighborhood Housing Services to obtain site control with a private development partner to create a major redevelopment of the Gerrish Avenue neighborhood, including 121 units, 65 of which will be affordable homeownership or rental properties;
- Facilitated the completion of 148 Shawmut Avenue into housing and office space for HarborCOV;
- Assisted in securing funding for a planning study on 40R and Zoning overlays to determine how to suitably create affordable housing in these areas to meet the regulations of the program, and

- Complete 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 \$2.5 million for a smart growth, transit oriented development.

Transportation

- Worked with Congressman Michael Capuano's Office to secure a \$2 million grant to facilitate the long-stalled project to make roadway improvements along Beacham and Williams Street;
- Developed strategy to undertake road and pedestrian improvements in the Everett Avenue Urban Renewal Area to address existing and future development impacts, and secured a State grant of \$1 million to support the reconstruction of Spruce Street, between Beech and Sixth Streets;
- Coordinated with DPW the project needs regarding the Massachusetts Highway Department reconstruction of Eastern Avenue;
- Reviewed and devised action plan with Department of Public Works and the School Department to review crosswalks and address crosswalk visibility, leading to a pilot program for special treatment sidewalks on Stockton Street;
- Promoted the Urban Ring by on-going participation on the Citizen Advisory Committee for the Draft Environmental Impact Statement, providing information to the MBTA and serving as the coordinating agency between the City and the MBTA, and
- Explored alternative funding for infrastructure improvements, including, but not limited to, TIP, Seaport Bond Bill and Coastal Pollution Remediation Funds, and was successful in a joint application with the City of Revere for Seaport Bond Bill funding to study the Chelsea/Revere waterfront for future marine industrial use.

Open Space

- Completed design, bid and placed into construction planned improvements (provided state funding is secured) to playground surfaces at O'Neil, Bellingham Hill, Highland and Polonia Parks;
- Advanced the construction of public improvements at Parkway Plaza as part of the Phase I Home Depot related to the creekside path project, and negotiated improvements related to permitting for Phase II that is expected to be pursued in early FY'07;
- Launched a neighborhood planning study to identify open space needs and opportunities in the Gerrish Avenue District, and began similar reviews for the Mystic Mall area and the Everett Avenue Urban Renewal residential district;
- Participated in City advocacy for the Riverwalk and a proposed one-acre park in the Parkway Plaza redevelopment, and a riverwalk as part of the neighboring development along Upper Broadway, and
- Developed and promoted a street tree maintenance plan in cooperation and collaboration with the DPW, including encouraging residents to be Citizen Foresters and to participate in the stewardship of the

City's tree inventory, organizing an Arbor Day observance and advocating for a Tree Care Ordinance, resulting on Tree City USA designation for the City.

Public Improvements and Planning

- Explored options for additional funding from the Seaport Bond Council and other sources to advance the recommendations that came out of the planning study of the upper Chelsea Creek/Mill Creek waterfront future marine related public and commercial uses, including marine compatible uses, resulting in one grant and another application for additional funding;
- Undertook a planning study of the Gerrish Avenue area, the Mystic Mall and environs area and other areas in transition, exploring assets; reviewing density and potential uses; listing infrastructure, open space, and other physical improvement needs, and identifying potential funding sources for future actions;
- Secured funding for the planting of street trees at various locations in the City, and
- Reviewed the Zoning Ordinance and prepare updates and clarifications to address lot coverage, FAR and density issues, including a Zoning amendment relating to the Shopping Center IPOD and the creation of a R3 and LI2 district.

Economic Development

- Completed a Smart Growth study of the Gerrish Avenue neighborhood, which led to the adoption of a 40R zoning district and of the Mystic Mall district, which resulted in the property owner undertaking a more complete analysis to identify the redevelopment potential of the area;
- Developed a strategic program for infrastructure improvements for the Spruce Street and Gerrish Avenue projects;
- Submitted a brownfields grant for Federal assistance on the assessment of the former Lawrence Metals property, and
- Provided permitting assistance, expedited review, infrastructure improvements, and zoning amendments for the Parkway Plaza retail and residential projects.

Administration

- Developed a Financial Procedures Manual to more fully document financial procedures in the Department ;
- Implemented 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

- Continued the administrative and operations effort to streamline information sharing among departments, and between the City departments and applicants, to improve the local development permitting process, with particular emphasis on use of the City website and Geographic Information System.

Office of Planning & Development Program Budget #175

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	0	0	0	0	0	0
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)		0	0	0	0	0
Total Wages & Salaries	0	0	0	0	0	0
Services (5200-5399)	59,463	22,193	18,000	18,000	18,000	0
Supplies (5400-5490)	2,306	0	3,000	3,000	3,000	0
Other (5491-5799)	4,844	6,715	3,000	3,000	3,000	0
Total Operating	66,613	28,908	24,000	24,000	24,000	0
Capital (5800-5899)	0	0	0	0	0	0
Total Department	66,613	28,908	24,000	24,000	24,000	0

Office of Planning & Development Personnel Listing #175

Title	2003	2004	2005	2006	2007	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

Office of Planning & Development Personnel Listing Grant Funded

Title	2003	2004	2005	2006	2007	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	3.00	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	1.00	0.00	0.00	0.00	0.00	0.00
Housing Development Project Manager	1.00	1.00	1.00	1.00	1.00	0.00
Financial Analyst	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	13.00	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.

Description	FY 2006 Last Year Funding Method			FY2007 (Last Year Method)			FY 2007 (New Method)		
	General	School	Total	General	School	Total	General	School	Total
School Nurses	46,398.19	337,087.81	383,486.00	50,964.00	379,124.00	430,088.00	50,964.00		50,964.00
Contributory Retirement	4,223,514.00	1,897,670.00	6,121,184.00	4,645,939.00	1,971,998.00	6,617,937.00	4,645,939.00		4,645,939.00
Health Insurance	4,837,427.00	4,914,336.00	9,751,763.00	5,460,478.00	5,316,943.00	10,777,421.00	5,460,478.00		5,460,478.00
Life Insurance	35,000.00	10,000.00	45,000.00	35,000.00	10,000.00	45,000.00	35,000.00		35,000.00
Medicare Employer Match	296,000.00	209,199.00	505,199.00	301,920.00	313,383.00	615,303.00	301,920.00		301,920.00
Workman's Compensation	313,000.00	-	313,000.00	370,000.00		370,000.00	370,000.00		370,000.00
Unemployment	52,000.00		52,000.00	52,000.00		52,000.00	52,000.00		52,000.00
School Department Budget		45,763,980.00	45,763,980.00		47,532,764.00	47,532,764.00		55,524,212.00	55,524,212.00
Total	9,803,339.19	53,132,272.81	62,935,612.00	10,916,301.00	55,524,212.00	66,440,513.00	10,916,301.00	55,524,212.00	66,440,513.00

Chapter 70 State Aid Estimate	43,740,662.00
Chelsea's Local Effort	3,577,102.00
Capital Pay As You Go Funds	150,000.00
Additional Funding	65,000.00
Total	47,532,764.00

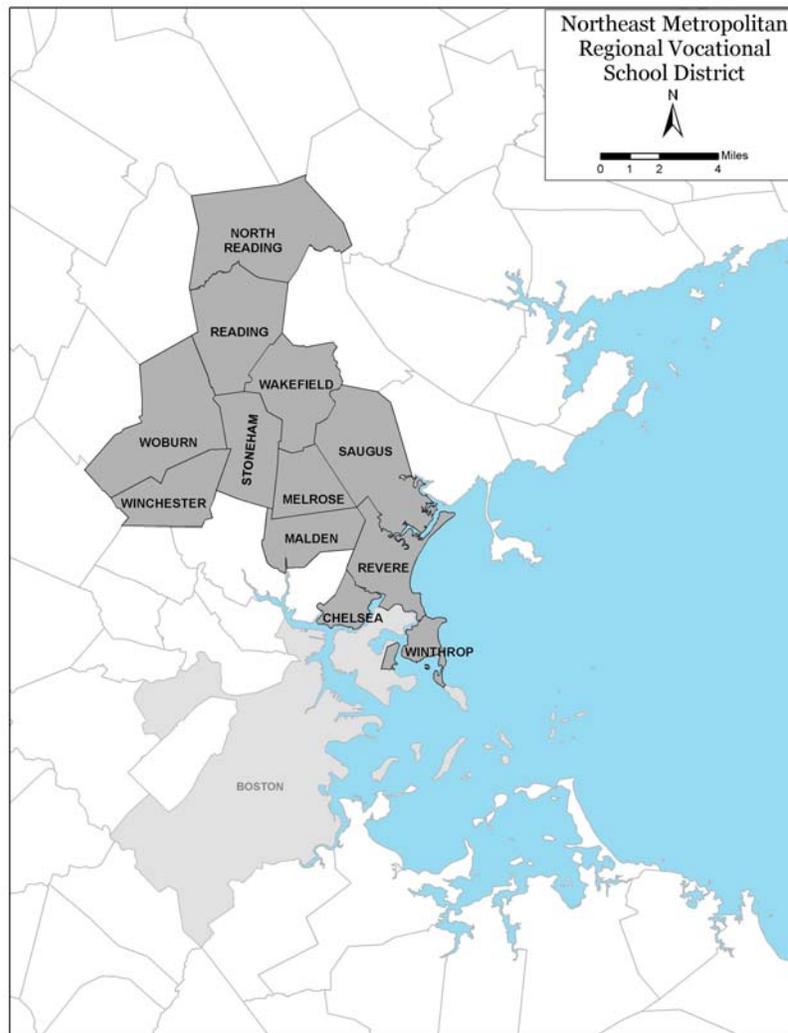
This year, in order to better identify the whole funding effort made by the City to the School Department, we changed the departments to which the City Council appropriated resources to the School Department. This year, items such as health insurance and school nurses are appropriated directly to the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

School Department Program Budget

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Net School Apporpriation	44,660,197	44,568,983	45,492,316	45,763,980	55,524,212	9,760,232
Total Direct Expenses	44,660,197	44,568,983	45,492,316	45,763,980	55,524,212	9,760,232

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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Regional Assessment (5662)	1,445,553	1,748,175	1,604,634	1,295,329	928,503	(366,826)
Total Direct Expenses	1,445,553	1,748,175	1,604,634	1,295,329	928,503	(366,826)

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

Full operation of the first phase of the City View surveillance system has provided a network of cameras used to enhance public safety. The second phase, which is underway, will be paid out of Homeland Security funding and provide additional coverage to designated areas of the city. In FY' 06, the Department elevated the gang officer to a full time position, thereby increasing capability at a local and regional level to combat gang crime and activity. In FY' 07, pending approval of a State grant, a second full-time gang officer will be hired. This second gang officer will enable the department to have gang officer coverage 16 hours a day and to increase operations in targeted neighborhoods. That initiative is part of the Chelsea Police Department Supplemental Enforcement Efforts (CPD SEEs), which will also deploy additional officers for expanded special operations, including "zero tolerance" efforts. Through CPD SEEs, additional focus will take place on auto insurance fraud, camera operations and crime mapping.

FY'06 Accomplishments

- Developed and adopted protocols for Chelsea View (citywide video surveillance system), trained all superior officers its use and provided City department heads and the public demonstrations of its capabilities;
- Completed implementation of the 14-point plan on public safety and Selective Enforcement Efforts ("SEE");
- Undertook Operations Safe Passage and Safe Havens to successfully promote increase public safety in targeted neighborhoods during summer months;
- Collaborated with City, other municipalities and the Metropolitan Area Planning Committee on securing State addition and the issues of program guidelines for the Senator Charles E. Shannon Jr. Community Safety Initiative, and
- Trained regionally with Urban Area Safety Initiative partner agencies in Incident Command System and Weapons of Mass Destruction programming to fulfill all federal mandates.

FY'07 Goals

- Develop regional approaches to criminal and homeland security issues by assigning one officer from Special Operations to the BRIC (Boston Regional Intelligence Center) and the US Attorneys MASS ATTACK Regional Homeland Security panel;
- Utilize members of the multi-jurisdictional task force to covertly address known locations of gang members and to establish an effective information-gathering network through the use of informants, police officers, other agencies and public contacts so as to deter and detect gang activity;
- Provide case profiling and prioritization by a designated Assistant District Attorney so as to fast track prosecution of all violent crimes in the city;
- Expand “Zero Tolerance” and other Special Operations in the city to aggressively pursue and dissuade individuals and groups that utilize neighborhood streets and parks as venues for criminal behavior;
- Further partnerships with juvenile probation, community groups and Roca’s street outreach workers to develop positive diversion strategies and to work with the courts and community leaders in developing a community court restorative justice program;
- Implement programs advocated for through the Shannon Community Safety Grant to link the region in a multi-agency and discipline approach to dealing with the youth violence problem;
- Continue the implementation of the “ChelseaView” video surveillance system by enabling command officers 24 hours a day monitoring of specific locations, including those to be served by portable cameras;
- Become the thirteenth police department in the state to achieve full State Accreditation;
 - Provide specialty training to all investigators on new and improved technology;
 - Publicize departmental work with the Insurance Fraud Bureau to lead to a substantial reduction in fraudulent auto theft claims as well as fraudulent injury claims resulting from “staged” motor vehicle accidents, all of which drive up insurance rates for all local motorists;
- Implement the research plan to study the demographics and causation of prostitution in the geographic area;
- Conduct at least 2 undercover operations targeting open air drug dealers and drug dealers within the City’s Public Housing;
- Complete first floor renovations of the Police Headquarters into a converted state of the art command center for the Officer-in-Charge of the Patrol Operation, including equipping the center with oversized video monitors which will enable the OIC and station personnel to view live feeds from the 50+ cameras that are located at strategic locations throughout the city,

- Implement a new online Investigative Module for the Criminal Investigation Division and the Internal Affairs Unit as a supplement to the existing Dispatch and Records Management System.

Police Department Program Budget #210

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	5,058,283	4,923,937	4,954,605	5,301,981	5,527,952	225,971
Overtime (5104)	453,168	494,517	400,000	500,000	550,000	50,000
Other Salary & Benefit (5105-5199)	462,615	415,324	460,064	528,321	618,321	90,000
Total Wages & Salaries	5,974,066	5,833,778	5,814,669	6,330,302	6,696,273	365,971
Services (5200-5399)	262,575	312,764	304,950	299,950	342,200	42,250
Supplies (5400-5490)	79,816	85,626	82,100	96,600	125,000	28,400
Other (5491-5799)	6,143	5,721	5,700	5,700	6,700	1,000
Total Operating	348,534	404,112	392,750	402,250	473,900	71,650
Capital (5800-5899)	90,000	0	120,000	133,429	107,000	(26,429)
Total Department	6,412,600	6,237,890	6,327,419	6,865,981	7,277,173	411,192

Police Department Personnel Listing #210

Title	2003	2004	2005	2006	2007	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	14.00	13.00	13.00	13.00	13.00	0.00
Police Officers	61.00	55.00	61.00	61.00	61.00	0.00
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	11.00	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	104.50	97.50	92.50	92.50	92.50	0.00

Fire

Mission Statement

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

Significant Changes

After nine months of operating out of a temporary fire station, the Department returned to the fully renovated Central Station. Staff retirements, including at the Deputy Chief level, resulted in hiring, promotions and various reassignment of duties. Grant funding provided for technology advances which continue to be implemented, including on-board computer availability that makes files, including floor plans and hazardous material storage, available instantly and on scene. New laws relating to carbon monoxide detection and sprinklers resulted in additional departmental activity. Management of departmental overtime per a new quarterly allotment plan demanded significant attention, and proved to be successful. Fires and structural damage continue to be on the decline.

FY'06 Accomplishments

- Oversaw the completion of the Central Station renovation and coordinated the relocation of all Central Station functions from temporary space;
- Computerized Departmental functions utilizing IMC software;
- Fitted fire apparatus with an on-board computer system;
- Received and placed into service a donated engine for the inflatable Department boat which is moored at the Admiral's Hill Marina;
- Cooperated with local and state authorities to secure three arrests and convictions on arson crimes;
- Acquired and placed into service a new command vehicle;
- Implemented the new State non-criminal fire code violation ticketing system under MGL 148a;
- Mandated that two individuals attend the Juvenile Fire Setters Program;
- Purchased new carbon monoxide detectors and trained engine companies on detector use;
- Reassessed all hazardous material properties to update department files;
- Added one hazardous material technician to the Department;

- Reorganized Special Operations Vehicle to support current Department protocols;
- Completed training for all members on Weapons of Mass Destruction, the National Incident Management System, and the new computer system;
- Coordinated EMT certification for nine new firefighters, and
- Conducted DOT refresher course.

FY'07 Goals

- Change the present departmental radio system to ultra high frequency to improve interoperability within the Metro Fire District;
- Apply for a Federal grant for personnel protective equipment, thermal imaging cameras and training;
- Obtain a rescue vehicle through Federal Homeland Security funding;
- Study the potential change-over of the present municipal fire alarm system to radio controlled fire boxes;
- Institute a carbon monoxide detector program for the elderly;
- Utilize the community cable to perform bi-lingual outreach to the public on fire safety;
- Mark abandoned and dangerous buildings;
- Integrate current data base into on-board computer wireless system;
- Conduct an operational course for Hazardous Materials First Responders for new Department members;
- Increase the number of Hazardous Materials Technicians on Department by two;
- Train members in EMT, confined space rescue, structural collapse and rope rescue operations;
- Certify all members on Radiological Detection Equipment
- Reinforce new techniques on auto extrication of newly designed vehicles, like hybrid propane and natural gas, and
- Institute water rescue operations protocols.

Fire Department Program Budget #220

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	4,800,364	4,751,749	5,057,774	5,203,030	5,202,851	(179)
Overtime (5104)	670,174	605,986	400,000	525,000	555,000	30,000
Other Salary & Benefit (5105-5199)	378,151	330,443	399,300	479,400	475,400	(4,000)
Total Wages & Salaries	5,848,689	5,688,178	5,857,074	6,207,430	6,233,251	25,821
Services (5200-5399)	164,320	175,760	193,115	200,615	235,215	34,600
Supplies (5400-5490)	87,363	109,113	100,800	96,500	156,700	60,200
Other (5491-5799)	2,675	5,860	3,500	3,500	3,500	0
Total Operating	254,358	290,733	297,415	300,615	395,415	94,800
Capital (5800-5899)	0	0	18,000	0	0	0
Total Department	6,103,047	5,978,911	6,172,489	6,508,045	6,628,666	120,621

Fire Department Personnel Listing #220

Title	2003	2004	2005	2006	2007	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	60.00	54.00	57.00	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	93.00	87.00	90.00	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

Calendar year 2005 was the most active in the history of the Inspectional Services Department, with the issuance of over 1,400 Building/Occupancy Permits, producing a total revenue of over \$725,000.00. Both were record highs for the Department. As a result of the tragic nightclub fire in Rhode Island, the Commonwealth of Massachusetts enacted several new sprinkler and egress laws. In that regard, the Department conducted a complete round of inspections of all clubs, bars and restaurants in the city, focusing primarily on the egress and fire protection regulations. Currently, all establishments are in compliance. To further assist and track the elimination of illegal rooming houses and basement/attic apartments, the Department developed a "Use Affidavit" which is required to be completed by the property owner and notarized following the issuance of a Building Permit to dismantle an illegal rooming house and/or apartment. The initiative to place the Licensing Department under the supervision of the Department was implemented. The Department is seeking to utilize a web-based database that will allow inspectors more access to information in the field, as well as to file reports electronically.

FY'06 Accomplishments

- Implemented State sprinkler and egress laws per MGL 148a, and conducted compliance checks on clubs, bars and restaurants throughout the city;
- Eliminated more than 100 illegal rooming houses and occupancies through a coordinated and focused effort that included the cooperation of numerous departments;
- Investigated and agreed upon a web-based data system for use by inspectors in the field;
- Assumed supervisor responsibility for the Licensing Department, and
- Issued a record number of building permits and collected a record amount of revenue.

FY'07 Goals

- Scan 100% of Department files into a database that will be web-based and accessible to the public from their home or work computers;
- Obtain notebook computers for all ISD Inspectors, to allow for field access to records and filing of forms;

- Improve office functionality and layout to create a more efficient working environment, and
Create a database program to track complaints received and responded to on a daily basis.

Inspectional Services Program Budget #240

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	397,516	424,170	452,746	464,828	500,006	35,178
Overtime (5104)	21,076	20,489	23,000	23,000	23,000	0
Other Salary & Benefit (5105-5199)	15,490	19,332	19,790	23,090	31,650	8,560
Total Wages & Salaries	434,082	463,990	495,536	510,918	554,656	43,738
Services (5200-5399)	14,139	12,494	15,250	16,700	17,200	500
Supplies (5400-5490)	3,404	2,366	2,900	2,900	3,000	100
Other (5491-5799)	2,342	2,195	2,700	3,700	3,800	100
Total Operating	19,885	17,054	20,850	23,300	24,000	700
Capital (5800-5899)	0	0	0	18,000	0	(18,000)
Total Department	453,967	481,045	516,386	552,218	578,656	26,438

Inspectional Services Personnel Listing #240

Title	2003	2004	2005	2006	2007	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	2.00	3.00	3.00	3.00	0.00
Quality of Life Enforcement Officer	0.00	0.00	0.00	0.00	0.50	0.50
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	2.00	3.00	2.00	2.00	2.00	0.00
Senior Clerk/Typist	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	10.00	11.00	11.00	11.00	11.50	0.50

Emergency Management

Mission Statement

The Emergency Management Department seeks to maximize survival of persons and preservations of property in the city in the event of a natural or man-made disaster, by effective planning and coordinated use of all personnel, equipment, available shelter and any other resources during an actual emergency. The Department is also responsible for mitigation and financial recovery from such incidents. Also, for assisting in formulating and exercising emergency plans for the city, business, industry and special need facilities for natural or man made disasters, hazardous material incidents, which may occur within or have an affect locally or beyond. The Department operates the City's Emergency 9-1-1 Center.

Significant Changes

Due to heighten concern in homeland security and personal and property protection, city and towns have become more dependent upon regional planning, training and purchasing. As a result, regional coordination activities continue to be prioritized and expanded. To allow for additional focus on E-911 operations, senior participation on the Metro-Boston Homeland Security Partnership has been reassigned from the Department to the Police Department.

FY'06 Accomplishments

- Reviewed evacuation and relocation plans for all the local schools, the Massachusetts Soldiers' Home and two nursing homes, evaluating outcomes and making necessary recommendations;
- Responded to hazardous material incidents and submitted requests for reimbursement to and secured 100% reimbursement from responsible parties, and
- Secured funding through Homeland Security funding for training in the National Incident Management System and equipment to support expanded communications interoperability, among several items supported by Federal funding.

FY'07 Goals

- Train and certify all dispatchers through the Association of Public-Safety Communications Officials, International;
- Undertake planning and training on Computer Aided Dispatch for Emergency Operations for fire, police and emergency management operations;

- Secure Federal funding to establish a state-of-the-art Emergency Operations Center in the lower level of the Communications Center and update and enhance the equipment in the mobile command post;
- Seek proposals to replace antiquated dispatch work stations;
- 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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	40,000	47,529	543,331	550,691	552,259	1,568
Overtime (5104)	0	0	50,000	90,000	101,947	11,947
Other Salary & Benefit (5105-5199)	0	0	17,610	17,900	18,500	600
Total Wages & Salaries	40,000	47,529	610,941	658,591	672,706	14,115
Services (5200-5399)	2,621	2,136	8,660	22,900	10,953	(11,947)
Supplies (5400-5490)	5,032	1,799	4,350	4,250	6,500	2,250
Other (5491-5799)	0	0	0	0	0	0
Total Operating	7,653	3,935	13,010	27,150	17,453	(9,697)
Capital (5800-5899)	0	0	20,000	0	0	0
Total Department	47,653	51,464	643,951	685,741	690,159	4,418

Emergency Management Personnel Listing #230

Title	2003	2004	2005	2006	2007	Variance
Director of Emergency Management	1.00	1.00	1.00	1.00	1.00	0.00
Dispatcher	0.00	0.00	12.00	12.00	12.00	0.00
Dispatcher Part Time	0.00	0.00	1.00	1.00	1.00	0.00
Total Department	1.00	1.00	14.00	14.00	14.00	0.00

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.

Significant Changes

As a result of an internal study, the City contracted to have all traffic signals converted to energy efficient fixtures, resulting in savings of 25% in energy costs. Secured a State recycling grant which has allowed the Department to do further education and increase overall recycling. Assumed responsibility for the maintenance of the Admiral's Hill Pump Station under a new agreement with Admirals Hill condo associations that continues the private maintenance of roadways and sidewalks on the hill. In FY'07, a mason will be added to the Street & Sidewalks staff to perform necessary masonry work throughout the city. The hire will be a less costly alternative to contracting the services. The successful Household Hazardous Waste Day held in 2005 will become an annual event. A new Madvac will be purchased to replace old equipment and allow the City to maintain its priority on trash pickup. Additional trash barrels will be placed throughout the community as part of the Keep Chelsea Beautiful initiative.

Streets & Sidewalks

FY'06 Accomplishments

- Converted all city traffic lights from incandescent to LED using Nstar grants resulting in a 25% reduction in energy costs;
- Installed new cement concrete sidewalks on Clark Avenue from Webster Avenue to Cabot Street, and on Stockton Street from Broadway to Spencer Avenue;
- Completed repairs to 10 manholes and 28 catch basins citywide;
- Implemented new street opening permit process allowing for improved tracking of street excavations;
- Developed a computerized preventative maintenance and reporting system to streamline equipment and fleet maintenance;

- Stenciled 173 catch basins with “Don’t Dump, Drains to Ocean” in an effort to reduce pollutants to surrounding waters;
- Awarded Tree City Growth Award and second year as Tree City; and
- Planted 50 trees using DCR Re-Leaf grant monies.

FY’07 Goals

- Develop and implement ordinance for the permitting and placement of newspaper rack boxes;
- Support housing development with infrastructure work on Spruce Street and Gerrish Avenue/Library Street neighborhood;
- Complete the reconstruction of Eastern Avenue;
- Repairs sidewalks at Arlington Street and Everett Avenue, Tudor Street near the Clark Avenue school, and Tremont Street;
- Replace sidewalks and roadway on Crescent Avenue from Louis Street to Clinton Street;
- Complete spot sidewalk repair list utilizing DPW personnel;
- Expand routes and execute plan to control weed growth throughout the city;
- Develop and provide additional training for personnel to improve productivity and reduce equipment damage;
- Continue tree planting program throughout the city using State grants and,
- Complete repairs to Admiral’s Hill Pump Station to ensure efficient operability and maximize life cycle of existing equipment.

Solid Waste/Recycling

FY'06 Accomplishments

- Awarded a Municipal Waste Reduction grant from the State to include consumer education mailers and wheeled recycling carts, and
- Held a Household Hazardous Waste Day allowing residents a no cost and environmentally safe method to dispose of materials.

FY' 07 Goals

- Provide wheeled recycling bins to condominiums wishing to participate in the City's recycling program in an effort to increase recycling awareness.

Structures & Grounds

FY'06 Accomplishments

- Remodeled auditorium at Chelsea Public Library, including upgrading the existing lighting for the continued use of the common space and the installation of new lighting to create the required environment for information technology classroom activities by Bunker Hill Community College;
- Upgraded and remodeled the living quarters at Engine #1 Fire Station, Sagamore Avenue, including new kitchen cabinets and appliances, electrical upgrades and window shades throughout;
- Converted the former E911 area in the Police Station to multi-use area including office space for supervisory officers and monitoring station for citywide security system;
- Upgraded the front desk at the Police Station, including new counters, new computer work spaces, electrical modifications and redesign of cabinetry to accommodate monitors and computer equipment;
- Upgraded and remodeled the kitchen at Engine #3 Fire Station, Broadway, including the complete demolition and reconstruction of the interior space, and replaced the wooden floor in rear of apparatus floor at Engine #3, also adding a new and enlarged restroom and modification to the laundry area;
- Completed, in conjunction with Nstar's Enhanced Lighting Solutions Program, detailed energy audits in public buildings and designed lighting measures for load reduction in qualifying areas under Nstar's energy-efficient lighting program;
- Replaced lighting and fixtures in six public buildings under Nstar's Enhanced Lighting Incentive with high-efficiency lighting and fixtures, which will generate a net annual savings of \$3,000-\$4,000 in energy costs;
- Reconstructed the rear section of Voke Park, including expanding the play structure areas, new tennis courts and passive seating area;
- Initiated first phase of turf management programs for playing fields in parks, including a comprehensive program for the soccer field at Highland Park and,
- Painted interior of Chelsea City Hall with in-house personnel, including restoring all oak trim, molding and doors in all of the common areas.

FY'07 Goals

- Complete interior painting of City Hall;

- Replace lighting in vaulted ceiling and third floor corridor of City Hall in conjunction with the interior restoration program;
- Establish design plan for the restoration of the lower level of City Hall including ceiling, lighting and floor renovations;
- Complete tile replacement project in City Hall;
- Complete Phase I of City Hall master landscaping plan and,
- Install rubber safety play surfaces in four playgrounds

Public Works / Administration Division Program Budget #421

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	250,320	240,216	207,216	176,078	199,140	23,062
Overtime (5104)	58	0	0	0	0	0
Other Salary & Benefit (5105-5199)	11,357	2,500	2,450	2,770	3,950	1,180
Total Wages & Salaries	261,735	242,716	209,666	178,848	203,090	24,242
Services (5200-5399)	8,992	6,580	10,350	11,970	7,320	(4,650)
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	0	0	0	0	0	0
Total Operating	8,992	6,580	10,350	11,970	7,320	(4,650)
Capital (5800-5899)	0	0	0	0	0	0
Total Department	270,727	249,296	220,016	190,818	210,410	19,592

Public Works / Administration Division Personnel Listing #421

Title	2003	2004	2005	2006	2007	Variance
Director	1.00	1.00	1.00	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	1.00	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
Capital Projects Manager	0.00	0.00	0.00	0.00	0.33	0.33
Head Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Total Department	4.50	4.50	4.00	3.50	3.83	0.33

Public Works/ Streets & Sidewalks Division Program Budget #422

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	458,352	470,097	508,728	516,618	578,058	61,440
Overtime (5104)	49,501	42,539	42,500	42,500	42,500	0
Other Salary & Benefit (5105-5199)	65,882	31,494	23,700	29,550	31,700	2,150
Total Wages & Salaries	573,735	544,130	574,928	588,668	652,258	63,590
Services (5200-5399)	775,877	808,717	777,880	795,880	917,050	121,170
Supplies (5400-5490)	108,208	69,179	80,200	88,500	90,000	1,500
Other (5491-5799)	7,314	1,443	7,500	7,500	7,500	0
Total Operating	891,399	879,339	865,580	891,880	1,014,550	122,670
Capital (5800-5899)	0	0	0	0	32,000	32,000
Total Department	1,465,134	1,423,469	1,440,508	1,480,548	1,698,808	218,260

Public Works/ Streets & Sidewalks Division Personnel Listing #422

Title	2003	2004	2005	2006	2007	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	0.00	1.00	1.00
PWM Craftsmen	1.00	1.00	1.00	1.00	1.00	0.00
PWMM's	4.00	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	1.00	0.00
Field Operations Manager	0.50	0.50	0.50	0.50	0.50	0.00
Total Department	15.50	14.50	14.50	14.50	15.50	1.00

Public Works / Solid Waste Division Program Budget #430

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	5,983	0	0	16,992	0	(16,992)
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0	0
Total Wages & Salaries	5,983	0	0	16,992	0	(16,992)
Services (5200-5399)	1,910,394	1,727,071	1,802,000	1,794,000	1,814,300	20,300
Supplies (5400-5490)	0	500	500	500	500	0
Other (5491-5799)	2,208	2,762	2,500	2,500	2,500	0
Total Operating	1,912,602	1,730,333	1,805,000	1,797,000	1,817,300	20,300
Capital (5800-5899)	0	0	0	0	0	0
Total Department	1,918,585	1,730,333	1,805,000	1,813,992	1,817,300	3,308

Public Works / Solid Waste Division Personnel Listing #430

Title	2003	2004	2005	2006	2007	Variance
Solid Waste Coordinator	0.00	0.00	0.00	0.50	0.00	(0.50)
Total Department	0.00	0.00	0.00	0.50	0.00	(0.50)

Public Works / Structures & Grounds Division Program Budget #470

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	243,239	199,613	265,036	248,172	264,992	16,820
Overtime (5104)	8,764	7,068	5,000	5,000	5,000	0
Other Salary & Benefit (5105-5199)	11,954	7,500	8,200	9,100	9,900	800
Total Wages & Salaries	263,957	214,181	278,236	262,272	279,892	17,620
Services (5200-5399)	553,273	507,446	591,075	623,225	671,433	48,208
Supplies (5400-5490)	93,532	93,208	74,600	75,100	75,100	0
Other (5491-5799)	85	60	150	150	150	0
Total Operating	646,890	600,715	665,825	698,475	746,683	48,208
Capital (5800-5899)	0	0	0	0	0	0
Total Department	910,847	814,896	944,061	960,747	1,026,575	65,828

Public Works / Structures & Grounds Division Personnel Listing #470

Title	2003	2004	2005	2006	2007	Variance
Building Craftsmen	2.00	2.00	2.00	2.00	2.00	0.00
Building Custodian	2.00	2.00	2.00	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	0.50	0.00	0.00	0.00	0.00
Plumber	1.00	1.00	1.00	0.50	0.50	0.00
Total Department	7.50	7.50	7.00	6.00	6.00	0.00

Public Works / Snow Removal Division Program Budget #423

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	0	0	0	0	0	0
Overtime (5104)	35,047	31,738	25,000	25,000	25,000	0
Other Salary & Benefit (5105-5199)	0	0	0	0	0	0
Total Wages & Salaries	35,047	31,738	25,000	25,000	25,000	0
Services (5200-5399)	28,858	51,352	35,260	35,260	35,260	0
Supplies (5400-5490)	66,095	49,606	31,000	31,000	31,000	0
Other (5491-5799)	0	0	0	0	0	0
Total Operating	94,953	100,957	66,260	66,260	66,260	0
Capital (5800-5899)	9,958	9,037	10,000	10,000	10,000	0
Total Department	139,958	141,732	101,260	101,260	101,260	0

Public Works / Snow Removal Division Personnel Listing #423

Title	2003	2004	2005	2006	2007	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	27.50	26.50	25.50	24.50	25.33	0.83

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 – Administration

Mission Statement

The Department of Health and Human Services provides administration and program support to its divisions, boards, committees and commissions. Administrative activities include reporting to City Manager and City Administration, research and data gathering on health and human service issues affecting the community and building local and regional networks with private and public agencies and institutions providing a gamut of services to local residents. Other administrative functions include: an analysis and assistance on all budgetary matters, including planning and preparation of annual HHS operating and capital budgets; administrative staff supervision; meetings with individual managers; problem solving staff meetings; coordination of efforts among the divisions; scheduled meetings with outside agencies, and assistance with personnel and other operational matters. The Department continues oversight of grants from a variety of State and Federal sources. The Department also provides individual emergency case support and referrals and monitors and supports the activities of the Chelsea Board of Health, Chelsea Community Schools, Chelsea Arts Council, Chelsea Youth Job Programs and Summer Camps in the city.

Significant Changes

The Department's emergency housing program for victims of fires and homelessness was maintained under the direct supervision of the HHS Director after the elimination of the Case Manger position. In compliance with federal and state requirements, a Public Health Emergency Plan and an Emergency Dispensing Sites Plan were drafted by the Department and are pending further discussion and final approval by Chelsea Homeland Security Team and City Manager. Departmental staff participated in several public health emergency response drills and in the pilot evaluation of training curriculum and materials to be used by other communities in the state.

FY'06 Accomplishments

- Contributed to the production and submission of the new USDJ-Weed and Seed grant application for the continuation of related law enforcement neighborhood projects and Community Schools' activities;
- Submitted a grant proposal to the Commonwealth Corporation and received funding for additional support to expand the Chelsea Summer Youth Work Program;
- Produced, in partnership with local community agencies and with the Chelsea Community Schools, the 2005-2006 "Chelsea Youth and Families Resource Guide";
- Continued work with Harvard University School of Public Health on current regional endemic and pandemic health threats;

- Maintained contact 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;
- Implemented a West Niles Virus surveillance and control program and kept residents informed on disease prevention measures;
- Participated in Hyams Foundation planning sessions on new philanthropic investment in Chelsea youth and joined their ongoing planning team, and
- Supported and assisted in the management of two new youth programs conducted by local not-for-profit agencies aimed at preventing substance abuse and youth truancy and violence.

FY'07 Goals

- Provide assistance for the further expansion of the Chelsea Summer Youth Employment Program, and
- Collaborate on the expansion of after school and summer programming targeted to local youth as youth development and crime prevention initiatives.

Health & Human Services Administration Program Budget #510

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	129,261	125,935	128,270	128,270	138,314	10,044
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	0	600	600
Total Wages & Salaries	129,261	125,935	128,270	128,270	138,914	10,644
Services (5200-5399)	3,273	3,014	3,150	3,150	3,025	(125)
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	4,588	3,755	4,125	4,125	4,250	125
Total Operating	7,861	6,769	7,275	7,275	7,275	0
Capital (5800-5899)	0	0	0	0	0	0
Total Department	137,122	132,704	135,545	135,545	146,189	10,644

Health & Human Services Administration Personnel Listing #510

Title	2003	2004	2005	2006	2007	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	2003	2004	2005	2006	2007	Variance
Emergency Case Manager	1.00	1.00	0.00	0.00	0.00	0.00
Total Department	1.00	1.00	0.00	0.00	0.00	0.00

Health & Human Services Work Force Development Grant Funded

Title	2003	2004	2005	2006	2007	Variance
Refugee Placement Specialist	6.00	4.00	3.00	3.00	3.00	0.00
ESL Services Manager	1.00	1.00	1.00	1.00	1.00	0.00
Jobs Advocate	2.50	2.50	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	13.50	11.50	9.00	9.00	9.00	0.00

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:

A partnership began with Bunker Hill Community College that led to the renovation of the Library auditorium for college classes and the enhancement of Library's computerized services. Wiring of computers and the Library server were improved and additional computers and smart room equipment were installed. A partnership with Raising A Reader has been established to help bring more pre-schoolers and their parents to the Library and engage them in reading.

FY'06 Accomplishments

- Renovation of Library auditorium was completed;
- Upgrades were performed to the Library information technology infrastructure;
- Facilitated the offering of classes in the Library by Bunker Hill Community College;
- Upgraded and maintained automated book reservation system accessible twenty-four hours a day, seven days a week;
- Expanded the collection of books in Spanish and other languages;
- Implemented the grant funded Young Librarians Program,
- Collaborated with the Raising A Reader program to establish a local chapter at the Library.

FY'07 Goals

- Expand current partnership with Bunker Hill Community College;
- Upgrade staff computers, and
- Coordinate activities with Chelsea School system and local service providers to increase youth oriented programming.

HHS - Chelsea Public Library Program Budget #610

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	239,791	225,483	227,917	229,997	245,107	15,110
Overtime (5104)	563	538	600	600	600	0
Other Salary & Benefit (5105-5199)	10,622	9,382	4,725	5,358	5,493	135
Total Wages & Salaries	250,976	235,403	233,242	235,955	251,200	15,245
Services (5200-5399)	13,561	13,822	18,206	19,096	14,900	(4,196)
Supplies (5400-5490)	6,552	4,557	4,544	4,544	4,594	50
Other (5491-5799)	417	212	350	350	350	0
Total Operating	20,530	18,591	23,100	23,990	19,844	(4,146)
Capital (5800-5899)	0	0	0	3,000	4,000	1,000
Total Department	271,506	253,994	256,342	262,945	275,044	12,099

HHS - Chelsea Public Library Personnel Listing #610

Title	2003	2004	2005	2006	2007	Variance
Library Director	1.00	1.00	1.00	1.00	1.00	0.00
Custodian	0.43	0.43	0.31	0.31	0.31	0.00
Senior Library Assistants	2.00	1.50	2.00	2.00	2.00	0.00
Library Assistants	3.00	3.00	3.00	3.00	3.31	0.31
Reference Librarian	0.40	0.40	0.52	0.52	0.52	0.00
Desk Attendant	1.00	1.00	0.31	0.31	0.26	(0.05)
Internship	0.90	0.90	0.00	0.00	0.00	0.00
Total Department	8.73	8.23	7.14	7.14	7.40	0.26

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

Expanded recreation and cultural activities. Maintained seniors' food support program. Conducted a series of Influenza clinics. Successfully completed the Senior Center accreditation process.

FY'06 Accomplishments

- Successfully completed Senior Center accreditation process and have become recognized nationally as an accredited program;
- Trained and certified staff on CPR procedures;
- Invited several lecturers, including Chelsea's Director of Schools and Public Nursing, on health and quality of life issues;
- Completed statistical information tracking system.

FY'07 Goals

- Improve senior center membership application forms and use them as a means of recording additional demographic information not captured in current document;
- Post written emergency policies and procedures in every room in the building and train all program participants on what to do in case of an emergency;
- Conduct seniors needs assessment survey and update long term plan for services to an expanding population of elders, and

Develop a participant's satisfaction survey and expand local meaningful community engagement opportunities for seniors.

HHS - Elder Affairs Division Program Budget #541

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	170,207	165,191	169,952	170,419	183,369	12,950
Overtime (5104)	4,832	500	1,000	1,000	600	(400)
Other Salary & Benefit (5105-5199)	1,900	1,900	2,400	3,600	4,200	600
Total Wages & Salaries	176,939	167,591	173,352	175,019	188,169	13,150
Services (5200-5399)	22,693	12,837	13,350	12,850	12,350	(500)
Supplies (5400-5490)	2,112	2,065	2,348	2,498	2,400	(98)
Other (5491-5799)	1,832	1,571	1,750	3,460	2,000	(1,460)
Total Operating	26,637	16,473	17,448	18,808	16,750	(2,058)
Capital (5800-5899)	0	0	0	0	0	0
Total Department	203,576	184,064	190,800	193,827	204,919	11,092

HHS - Elder Affairs Division Personnel Listing #541

Title	2003	2004	2005	2006	2007	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	0.50	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	5.00	4.50	4.50	4.50	0.00

HHS - Elder Affairs Division Personnel Listing Grant Funded

Title	2003	2004	2005	2006	2007	Variance
Outreach Worker	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
Total Department	1.50	1.00	1.00	1.00	1.00	0.00

Health Division

Mission Statement

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

Significant Changes

The Department has been participating in national, regional and local discussions on responses to current health and public safety issues that could affect the city's population, including bio-terrorism, Pandemic Influenza, West Niles Virus, HIV/AIDS, substance abuse and youth violence. Capacity for data collection and record keeping was greatly improved with new computer server obtained through grants. Tuberculosis and mandated disease surveillance continued as well as all new functions related to Homeland Security and state public health laws and regulations. An Odor Control Study was completed under the auspices of the Department and the Board of Health which resulted in new Board Regulations on the abatement of odors at large oil tank facilities in the city.

FY'06 Accomplishments

- Collaborated with Five City Tobacco Control Collaborative on enforcement of new state and local regulations;
- Continued working with City officials, residents and Board of Health on waterfront industrial odors and efforts to mitigate them; including the installation of odor vapor recovery equipment at Broadway Terminal;
- Collaborated on an initiative of the City, residents and Board of Health to achieve nuisance reduction goals at Boston Hides and Furs, and
- Implemented new state public health mandates on Summer Camps operations.

FY'07 Goals

- Support the role of the Board of Health by securing new Board membership

HHS - Health Division Program Budget #511

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	397,877	370,822	369,932	383,486	66,314	(317,172)
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	1,000	0	0	0	0	0
Total Wages & Salaries	398,877	370,822	369,932	383,486	66,314	(317,172)
Services (5200-5399)	0	0	0	0	0	0
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	0	0	0	0	0	0
Total Operating	0	0	0	0	0	0
Capital (5800-5899)	0	0	0	0	0	0
Total Department	398,877	370,822	369,932	383,486	66,314	(317,172)

HHS - Health Division Personnel Listing #511

Title	2003	2004	2005	2006	2007	Variance
Health Aid	1.00	1.00	1.00	1.00	0.00	(1.00)
Director of Nursing	1.00	1.00	1.00	1.00	0.00	(1.00)
School Nurses	5.00	5.00	4.50	4.50	0.00	(4.50)
Public Health Nurses	0.60	0.60	1.00	1.00	1.00	0.00
Director of Public Health	1.00	0.00	0.00	0.00	0.00	0.00
Admin. Assistant	0.50	0.50	0.50	0.50	0.00	(0.50)
Board Secretary	0.00	0.00	0.50	0.50	0.00	(0.50)
Vision Tester	0.50	0.00	0.00	0.00	0.00	0.00
Total Department	9.60	8.10	8.50	8.50	1.00	(7.50)

HHS - Health Division Personnel Listing Grant Funded

Title	2003	2004	2005	2006	2007	Variance
Health Aids	3.00	3.00	4.00	4.00	4.00	0.00
School Nurses	3.00	0.00	1.00	1.00	1.00	0.00
Vision Tester	0.50	0.00	0.00	0.00	0.00	0.00
Non Public Nurse	0.50	0.00	0.00	0.00	0.00	0.00
Total Department	7.00	3.00	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

Adopted changes in drugs and medical insurance policies. Managed expanded caseload.

FY'06 Accomplishments

- Enrolled veterans in new prescription drugs program.

FY' 07 Goals:

- Develop a plan to better coordinate Department activities with those of the Chelsea Soldiers Home.

HHS - Veterans Services Program Budget #543

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	75,294	69,441	69,441	69,441	76,275	6,834
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	1,400	1,400	1,400	1,400	1,500	100
Total Wages & Salaries	76,694	70,841	70,841	70,841	77,775	6,934
Services (5200-5399)	70,405	76,639	70,388	76,366	76,366	0
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	144,394	148,356	126,250	131,537	190,617	59,080
Total Operating	214,799	224,996	196,638	207,903	266,983	59,080
Capital (5800-5899)	0	0	0	0	0	0
Total Department	291,493	295,837	267,479	278,744	344,758	66,014

HHS - Veterans Services Personnel Listing #543

Title	2003	2004	2005	2006	2007	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

New strategies to support Chelsea Community School/Safe Haven activities were developed with the support of partnering agencies and Boston University. A local program promotions campaign continues with the support of Boston University School of Communication. Community Schools staffing was assessed followed by a reorganization of duties. Scheduling and operation of indoor sports activities have been greatly improved. Professional sports coaches and players have been invited to train local coaches and hold sports clinics. ESL classes and other skills development courses for adults has increased in number. New funding strategies to replace expiring/expired grants are under discussion.

FY'06 Accomplishments

- Increased level of participants in CCS activities from 800 two years ago to more than 1,500 participants a week;
- Implemented a community information campaign on youth and family resources in the city and neighboring communities;
- Worked with the Department and CCS Advisory Board in developing new after-school program advocacy and funding strategies;
- Re-adjusted a sliding fee for services scale and raised supplemental funds to overcome unexpected budget short fall resulting from delayed grants approval;
- Expanded collaboration with Boston University School of Communication and Education Department, and
- Trained and certified all program and administration staff on CPR and First Aid.

FY'07 Goals

- Collaborate with the City and other interested parties in expanding Community Schools programming during into more after school and summer programming, and
- Promote expanded summer job opportunities for the city's youth.

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

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Wages & Salaries (5100-5103)	49,220	49,811	24,661	24,661	52,253	27,592
Overtime (5104)	0	0	0	0	0	0
Other Salary & Benefit (5105-5199)	0	0	0	300	300	0
Total Wages & Salaries	49,220	49,811	24,661	24,961	52,553	27,592
Services (5200-5399)	0	0	0	0	0	0
Supplies (5400-5490)	0	0	0	0	0	0
Other (5491-5799)	5,964	7,804	30,000	50,000	65,000	15,000
Total Operating	5,964	7,804	30,000	50,000	65,000	15,000
Capital (5800-5899)	0	0	0	0	0	0
Total Department	55,184	57,615	54,661	74,961	117,553	42,592

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

Title	2003	2004	2005	2006	2007	Variance
Dir. of Community Schools	1.00	0.50	0.50	0.50	0.50	0.00
Assistant	0.00	0.00	0.00	0.00	0.50	0.50
Total Department	1.00	0.50	0.50	0.50	1.00	0.50

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

Title	2003	2004	2005	2006	2007	Variance
Weed & Seed Manager	1.00	0.50	1.00	1.00	1.00	0.00
On-site Manager	1.00	1.00	1.00	1.00	1.00	0.00
Receptionist	0.00	0.00	0.50	0.50	0.50	0.00
Recreation Leader	0.00	0.00	0.50	0.50	0.50	0.00
Piano Teacher	0.00	0.00	0.50	0.50	0.50	0.00
ESL/Spanish Teacher	0.00	0.00	0.50	0.50	0.50	0.00
Karate Instructor	0.00	0.00	0.50	0.50	0.50	0.00
Computer Instructors	0.00	0.00	1.00	1.00	1.00	0.00
Art Instructor	0.00	0.00	0.50	0.50	0.50	0.00
Weekend Supervisor	0.00	0.00	0.50	0.50	0.50	0.00
Custodian	0.00	0.00	0.50	0.50	0.50	0.00
Assistant Coordinator	0.00	0.00	0.50	0.50	0.50	0.00
Assistant On-site Manager	1.50	1.50	0.00	0.00	0.00	0.00
Childcare Monitor	2.00	2.00	0.00	0.00	0.00	0.00
ESL Instructor	0.50	0.50	0.00	0.00	0.00	0.00
ESL Language Instructor	0.50	0.50	0.00	0.00	0.00	0.00
Sports Coach	0.50	0.50	0.00	0.00	0.00	0.00
Total Department	7.00	6.50	7.50	7.50	7.50	0.00
Total HHS Gen	27.83	25.33	24.14	24.14	16.90	(7.24)
Total HHS Grants	30.00	23.00	22.50	22.50	22.50	0.00

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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Principal - Long Term (710-5760)	6,651,583	6,531,584	6,623,387	6,752,164	6,637,264	(114,900)
Interest - Long Term (711-5761)	4,666,819	3,940,476	3,614,168	3,276,726	2,972,493	(304,233)
Interest - Short Term (711-5763)	0	672,000	640,000	45,260	504,000	458,740
Total Direct Expenses	11,318,402	11,144,060	10,877,555	10,074,150	10,113,757	39,607

Health Benefits and Insurance

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

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

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

Life Insurance

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

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

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

Unemployment

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

Workers Compensation

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

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

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

Employee Benefits Program Budget #910

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Unemployment Compensation (5177)	83,082	75,388	75,000	52,000	52,000	0
Health Insurance (5171)	6,426,900	7,864,219	8,343,922	9,751,763	5,460,478	(4,291,285)
Payroll Taxes (51760)	502,066	500,023	470,000	505,199	301,920	(203,279)
Workers Compensation (5178)	345,000	313,000	313,000	313,000	370,000	57,000
Life Insurance (51750)	45,229	48,626	47,000	45,000	35,000	(10,000)
Accidental Death & Dismemberment		0	0	5,100	8,385	3,285
Salary Reserve (5980)	0	74,058	125,000	419,132	405,000	(14,132)
Total Direct Expenses	7,402,277	8,875,315	9,373,922	11,091,194	6,632,783	(4,458,411)

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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Retirement Fund (5180)	5,686,370	5,270,131	5,597,912	6,121,184	4,645,939	(1,475,245)
Non-Contributory Pensions (5179)	125,585	101,589	116,145	103,425	77,262	(26,163)
Total Direct Expenses	5,811,955	5,371,720	5,714,057	6,224,609	4,723,201	(1,501,408)

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	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Ret. Employees Health Ins (5633)	999	1,181	6,458	4,509	0	(4,509)
Mosquito Control (5635)	8,034	7,385	7,404	7,946	7,822	(124)
Air Pollution Districts (5637)	6,082	6,254	6,332	6,840	6,903	63
Metropolitan Area Planning (5638)	8,902	9,125	9,238	9,290	9,337	47
RMV Non-Renewal Surc. (5640)	254,680	267,100	267,100	265,680	314,180	48,500
MBTA Chs.161A, 825 (5641)	1,681,503	1,775,408	1,855,800	1,911,239	1,932,646	21,407
Boston Met. Trans. District (5642)	245	235	235	309	309	0
Multi - Year Repayment (5645)	220,121	220,121	220,121	220,121	220,127	6
Special Education (5646)	27,343	22,054	24,298	23,203	30,867	7,664
State Qualified Bonds Interest (5647)	4,716	4,067	0	0	0	0
Charter School Assessment (5661)	206,456	449,786	710,371	886,511	1,531,218	644,707
School Choice (5663)	9,746	9,593	13,480	0	5,000	5,000
Total Direct Expenses	2,428,827	2,772,309	3,120,837	3,335,648	4,058,409	722,761

Insurance #945 and Legal Judgements #941

Expense Line Item	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Dollar Variance
Insurance	369,692	457,240	489,248	513,113	513,113	0
Judgements (571200)	18,377	15,835	25,000	25,000	25,000	0
Total Direct Expenses	388,069	473,075	514,248	538,113	538,113	0



City Councillor Paula Barton joins officials from the Salvation Army for a volunteer appreciation dinner.

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.

City of Chelsea

Five Year Financial Forecast for Fiscal Years 2007-2011 and Preliminary FY'07 Budget Overview

Presented to the City Council

Jay Ash - City Manager

March 13, 2006

Thomas Durkin - Deputy City Manager

Charter Requirements

- Annual “Financial Procedures” are mandated by the City Charter.
 - Review of the financial condition of the City prior to the commencement of the budget process.
 - Submission and adoption of an Operation Budget.
 - Submission and Adoption of a Capital Improvements Program (CIP).
 - Creation of an Annual Audit.
 - Preparation of a Long-Term Financial Forecast.

- Adherence to Financial Procedures ensures the status of the City’s finances for the present and future and identifies areas of need or concern going forward.

- The budget process will begin with the submission of the Operating Budget for FY’07 to the City Council by May 1st; the CIP has been submitted, and the Annual Audit for FY’05 has been completed.

- This Five Year Financial Forecast meets the requirements of a pre-budget financial review and a Long-Term Financial Forecast.

- In addition to the Charter requirements, the City also maintains a Three Year Budget Plan for FY’06-FY’08. Information from the Five Year Financial Forecast is used to update the Three Year Budget Plan.

Five Year Financial Forecast

Revenue and Expenditure Summary

GENERAL FUND	Projected FY2007	Projected FY2008	Projected FY2009	Projected FY2010	Projected FY2011
REVENUES:					
Taxes	32,634,023	34,191,702	36,865,327	39,596,166	42,428,321
Charges for Services	1,710,773	1,772,185	1,836,725	1,904,412	1,975,281
Licenses & Permits	910,710	910,710	910,710	933,478	933,478
Fines & Forfeits	1,947,690	1,947,690	1,947,690	2,115,189	2,115,189
Intergovernmental - State Cherry Sheet	63,119,259	64,116,194	65,141,339	66,198,200	67,282,390
Intergovernmental - State Other	-	-	-	-	-
Intergovernmental - Federal	600,000	600,000	600,000	600,000	600,000
Interfund Operating Transfers	1,613,526	1,646,864	1,681,036	1,752,312	1,788,213
Miscellaneous	1,501,000	1,501,000	1,501,000	1,501,000	1,501,000
Total Revenues	104,036,981	106,686,346	110,483,827	114,600,756	118,623,873
	Projected FY2007	Projected FY2008	Projected FY2009	Projected FY2010	Projected FY2010
EXPENDITURES:					
General Government	3,083,967	3,153,910	3,236,425	3,321,143	3,419,577
Public Safety	15,865,478	16,193,956	16,602,351	17,021,176	17,527,311
Education	48,170,805	49,281,382	50,419,639	51,586,265	52,781,968
Public Works	4,677,305	4,806,173	4,944,371	5,086,573	5,238,870
Health & Human Services	1,378,356	1,409,020	1,445,796	1,483,541	1,527,957
Debt Service	10,109,756	9,451,801	9,198,134	8,848,361	8,579,982
Employee Benefits	18,463,933	19,580,793	21,328,347	23,368,580	25,644,059
General Liability Insurance	528,506	544,362	560,692	577,513	594,839
Judgements	25,000	25,000	25,000	25,000	25,000
State Assessments Non-School	2,491,324	2,566,064	2,643,046	2,722,337	2,804,007
State Assessments School	1,567,085	1,614,098	1,662,520	1,712,396	1,763,768
Total Expenditures	106,361,515	108,626,557	112,066,322	115,752,884	119,907,337
Surplus (Deficit)	(2,324,534)	(1,940,211)	(1,582,494)	(1,152,128)	(1,283,464)

Five Year Financial Forecast Revenue and Expenditure Summary

	FY'07	FY'08	FY'09	FY'10	FY'11
Revenues					
	\$104,036,981	106,686,346	110,483,827	114,600,456	118,623,873
%↑	4.83%	2.55%	3.56%	3.73%	3.51%
Expenditures					
	\$106,361,515	108,626,557	112,066,322	115,752,884	119,907,337
%↑	3.81%	2.13%	3.17%	3.29%	3.59%
Deficit					
	(\$2,324,534)	(1,940,211)	(1,582,494)	(1,152,128)	(1,283,464)

Understanding the Numbers

REVENUES

- House 1, Governor Romney's State Budget recommendation for FY'07, increases Lottery Aid by \$1,183,133, or 21.4%, and level funds Additional Assistance at \$3.4 M.
- Chapter 70 School Aid increases by \$1,739,960, or 4.1%, under House 1.
- The future of Local Aid for FY'08-'11 is difficult to predict. For planning purposes the City is assuming for those years: no increase in Additional Assistance, a 3% annual average increase in Lottery Aid and a 2.5% annual average increase in Chapter 70 School Aid.
- Tax Levy and Levy Limit are projected to grow by 2.5% plus New Growth. New Growth is projected at \$750,000 for FY'07 and FY'08, and then substantially more thereafter as a result of projected residential development activity. The Overlay provision is 2% of the prior year levy.
- Fines & Forfeits and Licenses & Permits are expected to be level until FY'10, when increases in charges are then projected. Trash fees are expected to rise in the area of 4.75% yearly.
- Interest on Investment is projected to remain at current budgeted levels.

Understanding the Numbers

EXPENSES

- Salary Costs assume a 2% increase to meet contractual obligations through FY'08 with seven of the City's eight bargaining units (negotiations continue with the final unit) . For planning purposes, Salary Costs are assumed to rise by 2.5% for FY'09 – FY'10 and 3% in FY'11.
- Health Insurance rates will increase by 10.5% for FY'07 and a projected 13% thereafter. In FY'08, as the maximum City contribution towards employee health insurance drops from 90% to 85%, an adjustment in the Health Insurance base of \$691,383 is projected.
- Retirement costs are per the PERAC schedule at an average 5.6% over the 5 years.
- Operating expenses will remain below the rate of inflation by increasing 2.8% for FY'07 versus an expected national inflation rate of 3.7% for calendar year 2006. Operating expenses relate to departmental budgets.
- School Spending reflects Chapter 70 increases of 4.1% in FY'07 and a projected 2.5% per year thereafter. Other increases in the City's portion of school spending are in State Assessments for Charter Schools and School Department Indirects, including Health Insurance and Retirement. The Northeast Regional Vocational School Assessment is down for FY'07.
- Debt Service is based upon current and future infrastructure related costs, and is declining.

Budget Pressures

SUMMARY

- Despite a growing economy, it will take several more years for the State and its municipalities to fully recover from the recent recession and the financial devastation caused by what was arguably the worst municipal finance period in more than 50-years.
- The State budget crisis, which has had a devastating direct and indirect impact on the City's budget, appears to be easing, although in no way subsiding.
- The most significant of those direct impacts is the status of Local Aid, as even the recent announcement of planned increases in Lottery Aid will fail to push non-school Local Aid to pre-recession levels.
- Despite the City's ability to control discretionary spending, Employee Wages and Benefits, most notably Health Insurance and Retirement, continue to create a structural imbalance within the City's budget.
- Health Insurance continues to increase dramatically, with annual premium increases engulfing the natural rate of property tax growth.
- Retirement assessments aimed to recover from the lack of funding provided over decades of mayoral administrations are substantially greater than the projected budget gaps.

Budget Pressures

SUMMARY (continued)

- The City has exhausted cost-cutting measures over the last decade and a half, and may only be able to rely upon significant service rollbacks, including, for example, taking a fire piece out of service, reducing library hours or closing the senior center, if other expenditures cannot be controlled and revenues do not increase.
- While employee wages are held in check through FY'08, it is not reasonable to expect that employee unions will continue to accept nominal wage increases too far into the future.
- Non-school Local Aid remains below FY'01 highs, while other revenues, including excise tax and Payments In Lieu Of Taxes (PILOT) receipts, combined with revenues derived by economic development activities may not be sufficient enough to eliminate projected deficits, and may therefore require additional revenue growth measures, including the consideration of a Proposition 2 ½ Override.
- Free Cash and other reserves continue to dwindle, as previous budget deficits, even after budget cutting and revenue enhancing, have needed to be eliminated.
- As reserves dwindle, the City's current financial flexibility and ability to meet future downturns become more restricted.
- Without success on an aggressive economic development plan, one of or a combination of three occurrences will need to take place to balance out-year budgets: a depletion of Stabilization balances, deep service cuts and/or a Proposition 2 ½ Override.

Budget Pressures

BUDGET BUSTERS FY'07 - EXPENDITURES

In addition to the budget expansion caused by wage increases, contracts for service, supplies, energy and the like, "Budget Busters" have historically had a significant impact on the City's budgets. In FY'07, the impact of Budget Busters will be:

- Health Insurance which will *rise* 10.5%, or \$1,025,657. The City, like most other entities, public or private, continues to grapple with double-digit increases and searches, with varying success, for substantive relief.
- Retirement costs are scheduled to *rise* by 7.6%, or \$470,590.
- School Choice & Charter School Assessments is *up* a net 26.4%, or \$138,801, as a result of increased out-of-district enrollments. The net amount includes offsets as a result of additional State reimbursements.
- Debt Service is *up* 0.4%, or \$35,606, reflecting a one-time urban renewal borrowing charge. Debt is projected to decrease thereafter as a result of conscious efforts to reign-in capital spending, while still adequately investing in infrastructure. Debt reduction includes a continuing decline in the repayment of bonds for the school financing projects.
- Other State Assessments are increasing slightly by \$65,513, primarily due to an increase of 1%, or \$21,407, for MBTA service and an increase of 18%, or \$48,500 for the Registry Non Renewal Program.
- The Northeast Regional Vocational School Assessment is *down* 34.1%, or \$442,288, reflective of reducing enrollment by local students in the regional vocational school.

Budget Pressures

Expenditures:

- By contract, the City covers 90% HMO (85% starting in FY'08) and 75% of Indemnity and Medex costs for employees. The same coverages are provided for eligible retirees.
- For more than a decade, the City has been part of the City of Boston's health insurance pool, the results of which have been the savings of hundreds of thousands of dollars annually.
- In addition, the City has attempted to control costs by agreeing to higher co-pays and deductibles, as well as reducing the overall number of plans offered.
- Despite those efforts, Health Insurance has averaged a 15% increase from FY'01-FY'07 (projected).
- For FY'07, Health Insurance is projected to increase 10.5, or \$1,025,657.
- In the out years, the City is forecasting increases of 13% annually.

Health Insurance Costs

amounts in millions



Budget Pressures

Health Insurance as Percent of Total Budget



Budget Pressures

Expenditures:

- The City is required to make annual payments into its Retirement System as a benefit to employees.
- Payments are based upon a schedule which seeks to have the City's under-funded system fully funded by 2028.
- 63.6% of the FY'07 charge, or \$4,257,764, is a "catch-up" payment required as a result of the failure of mayoral administrations to provide for retirement costs.
- Catch-up payments continue to grow into 2028, including \$5,104,230 for FY'11 and \$9,160,435 in FY'28.
- Retirement costs have increased by an average of 3.3% from FY'01 to FY'07.
- For FY'07, Retirement is projected to increase by 7.6%, or \$470,590.
- For the period FY'07-'11, Retirement will increase on average by 5.6%.

Retirement Costs
amounts in millions



Budget Pressures

BUDGET BUSTERS (NON-SCHOOL) FY'07 - EXPENDITURES

■ Health Insurance up 10.5%	\$1,025,657
■ Retirement up 7.6%	\$470,590
■ School Choice/Charter up 26.4%	\$138,801
■ Debt Service up 0.4%	\$35,606
■ State Assessments (MBTA) up 1.7%	\$42,187

TOTAL \$1,712,841

By comparison, Property Taxes are up \$1,461,011

Budget Pressures

BUDGET BUSTERS FY'07 - REVENUES

Contributing as Budget Busters are certain revenue related issues that are either off of historical highs or reducing as a result of general economic conditions, including:

- Lottery Aid is projected to rise by \$1,183,133, while Additional Assistance is level-funded. The result of the two combined non-school state aid contributions is \$517,598 below FY'01 receipts.
- Revenues derived from Motor Vehicle Excise are falling an estimated 7.7%, or \$150,000, as a result of smaller rental car fleets being required to service Logan Airport and hosted in Chelsea.

Budget Pressures

Revenues:

- Non-School Local Aid provides funding for general municipal services.
- The two greatest sources of Non-School Local Aid are Lottery Aid and Additional Assistance.
- For FY'07, House 1 recommends a 13.3% increase to Non School Local Aid.
- For FY07, the total aid of \$10.1 M is \$517,598 less than FY'01, or 95% of the historic high for the two accounts.
- The cumulative loss in Non-School Local aid revenue from the FY'01 high through FY'07 is \$8.9 M (meaning that \$8.9 M in Free Cash has been used to make up for Local Aid shortages).
- Non-School Local Aid accounts are very volatile. For planning purposes, the City assumes a 3% increase in Lottery Aid and a 0% increase in Additional Assistance.



Budget Pressures

BUDGET TRENDS FY'07 & BEYOND

On the positive:

- The City's fiscal discipline continues to provide for budget stability.
- The recession is over and the economy is growing.
- Local Aid is increasing.
- Major economic development initiatives, including the City's 1,200-unit housing goal, are promising, thereby providing the potential for increasing New Growth and building permit fees to offset looming deficits.
- Debt Service is declining.

On the negative:

- Health Insurance is increasing 10.5% for FY'07, and has increased an average of 15.2% for the years FY'01 -FY'06, with no signs of abating in the future.
- Retirement costs continue to expand, by 7.6% in FY'07 and on average by 5.6% for FY'07-'11.
- Labor wage increases impact projected structural deficits.
- Locally raised revenues may be unable to grow at rates necessary to offset static Local Aid levels and increasing spending requirements, especially non-discretionary spending.
- Free Cash continues to dwindle, reducing budget flexibility and potentially impacting core municipal services.

Budget Pressures

FIVE YEAR DEFICITS:

- Should no action be taken, substantial deficits do exist in each of the next five years:
 - FY'07 \$ 2,325 M
 - FY'08 \$ 1,940 M
 - FY'09 \$ 1,582 M
 - FY'10 \$ 1,152 M
 - FY'11 \$ 1,283 M
- The deficits are primarily a result of sluggish Local Aid growth, and skyrocketing Employee Benefit costs.
- The deficits reflect City success in attracting 1,200+ residential units, fully taxable beginning in FY'09.
- The City is not alone in projecting deficits. Many other municipalities are experiencing similar budgetary pressures and operating deficits, or worse.
- Local management has resulted in fund balances available to offset deficits.

Projected Deficits amounts in millions



Budget Pressures

Deficits compared to Health Insurance and Retirement Costs

	FY'07	FY'08	FY'09	FY'10	FY'11
Projected Deficits	(\$2,324,534)	(1,940,211)	(1,582,494)	(1,152,128)	(1,283,464)
Health Insurance Increases (Actual FY'07, Projected FY'08-'11)	\$1,025,675	709,682	1,493,477	1,687,357	1,906,797
Retirement "Catch-Up" Charges (Actual FY'07, Projected FY'08-'11)	\$4,257,764	4,918,730	5,180,314	5,361,625	5,549,282

Deficit Reduction Plan

As has been the case since FY'03, the City will continue to:

- Leave dozens of positions unfilled that were eliminated to reduce overall expenses.
- Prohibit out-of-state travel, except travel covered by grants.
- Provide no tuition reimbursement.
- Restrict training accounts.
- Scrutinize all expenditures over \$500.
- Reduce "pay as you go" capital projects, especially in the CIP.
- Reduce the issuance of new debt.
- Further prioritize economic development, including an aggressive residential development program, and other efforts to seek additional, non-tax revenue sources, including the recovery of back taxes owed.
- Seek additional efficiencies in government and potential debt refinancing opportunities.
- Manage Reserves to reduce the lingering impacts of the recession and allow the City to prosper during the economic recovery.
- Conduct labor negotiations, being mindful of looming deficits.
- Consider service reductions against the City's ability to pay for elevated service levels.

Deficit Reduction Plan

1,200-Unit Goal

- The City announced in January, 2005 a plan to encourage the new construction of 1,200-units by the end of FY'08. Upon further review, the target date was extended to the end of FY'09.
- 1,200-units, at an average assessed value of \$250,000 x a tax rate of \$9.50 per \$1,000 of value would produce \$2,850,000 in recurring property tax revenues. Building permit fees of an estimated \$5 million could offset many one-time production costs, including infrastructure needs, urban renewal borrowing costs and consulting services.
- Projects completed by January 1, 2008 will be fully assessed for FY'09, January 1, 2009 for FY'10 and so on. Partial assessments do take place in the interim.
- Tools utilized in the pursuit of the 1,200-unit goal include zoning relief, eminent domain, infrastructure improvements and tax relief.
- Part of the 1,200-unit goal is a 15% affordability goal.

Deficit Reduction Plan

1,200-Unit Goal (continued)

- The City anticipates the following projects to realize their fullest contributions to new growth by the following time frames:

- For FY'09

■ Forbes Phase I	64 units	\$160,000 in new property taxes
■ Atlas Bedding	120 units	\$270,000 in new property taxes
■ Parkway Plaza	238 units	\$476,000 in new property taxes
■ <u>Scattered Sites</u>	<u>75 units</u>	<u>\$168,750 in new property taxes</u>
TOTAL	497 units	\$1,074,750 in new property taxes

- For FY'10

■ Forbes Phase II	100 units	\$250,000 in new property taxes
■ Urb. Ren. Phase I	250 units	\$500,000 in new property taxes
■ <u>Scattered Sites</u>	<u>193 units</u>	<u>\$450,000 in new property taxes</u>
TOTAL	543 units	\$1,200,000 in new property taxes

- For FY'11

■ Forbes Phase II	61 units	\$152,500 in new property taxes
■ Urb. Ren. Phase II	250 units	\$625,000 in new property taxes
■ <u>Scattered Sites</u>	<u>150 units</u>	<u>\$337,500 in new property taxes</u>
TOTAL	461 units	\$1,115,000 in new property taxes

Deficit Reduction Plan

Impact of 1,200-unit goal on Projected Deficits

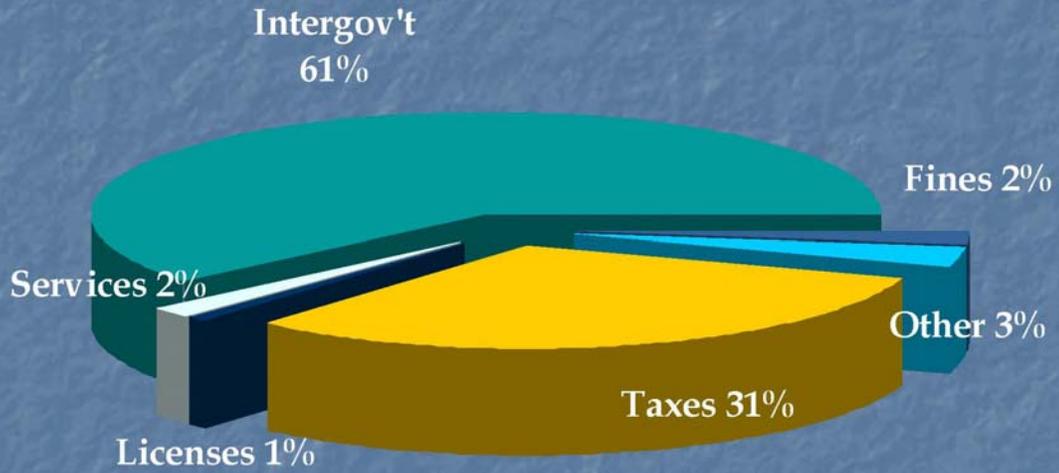
FY'07	FY'08	FY'09	FY'10	FY'11
Deficit with 1,200-unit goal (Numbers reflect 1501 units taxable by FY'11)				
(\$2,324,534)	(1,940,211)	(1,582,494)	(1,152,128)	(1,283,464)
Deficit without 1,200-unit goal (Numbers reflect no new units)				
(\$2,324,534)	(1,940,211)	(2,657,244)	(3,451,878)	(4,723,214)

- If none of the 1,200+ units were built, Free Cash would be exhausted in FY'08 and all the City's Reserves would be spent by FY'10.

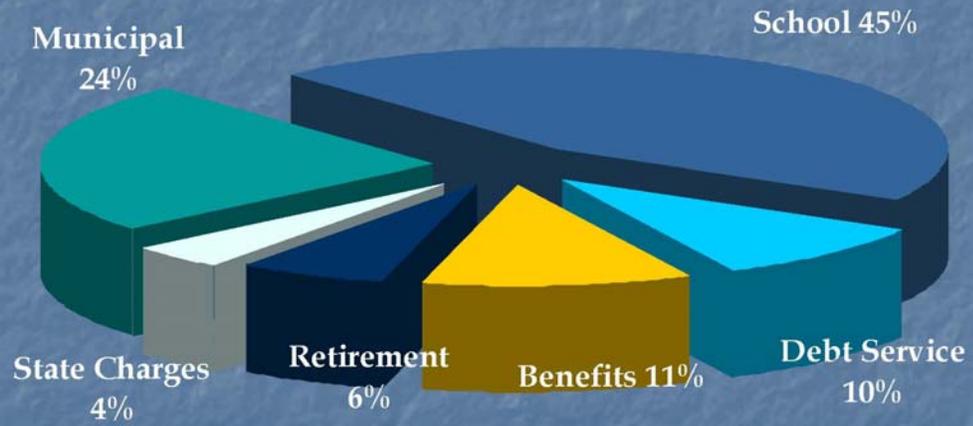
Projected Use of Reserves

	<u>FY'07</u>	<u>FY'08</u>	<u>FY'09</u>	<u>FY'10</u>	<u>FY'11</u>
General Fund					
Free Cash Certified at Start of Year	4,150,000	1,975,466	1,228,955	747,761	713,732
Free Cash Used for Budget Gap	(2,324,534)	(1,940,211)	(1,582,494)	(1,152,128)	(1,283,464)
Supplemental Appropriations from Free Cash	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Accounting and Managerial Activities	0	0		0	0
Year's Net Activities Affecting Free Cash	400,000	1,443,700	1,351,300	1,368,100	400,000
Free Cash Estimated at Year End	1,975,466	1,228,955	747,761	713,732	(419,732)
Stabilization Balance at start of year					
General 7020	3,369,429	3,504,207	3,644,375	3,790,150	3,941,756
Capital 7022	783,749	815,099	847,703	881,611	916,876
Planning & Development 7021	130,619	135,844	141,277	146,928	152,806

FY'07 Budget General Fund Revenue Sources



FY'07 Budget General Fund Expenses



School Department Funding

Exclusive of Indirect Costs



Water and Sewer Enterprise Funds

- As Enterprise Funds, all costs associated with Water and Sewer services shall be recouped through Water and Sewer revenues.
- The largest revenue source for the Funds are user fees, which account for 99% of the \$12,637,757 that will be raised in FY'07.
- The largest expense for the Funds are the annual MWRA Assessments, a formula driven charge. Preliminary Assessments indicate a 3.0% combined increase for FY'07. The MWRA Assessments comprise 59% of expenses for the funds, for a total of \$7,422,949.
- Other charges to the funds include Direct expenses to pay RH White maintenance contract and other charges, Indirect Expenses to pay for other employee allocation costs of the General Fund, and debt services to pay for the continuing update of water and sewer infrastructure.
- The City projects that future rate increases, inclusive of MWRA Assessments and Debt Service to pay for continuing water, sewer and drainage infrastructure improvements, will be 5.70% for FY'07, and 5.25% thereafter.

Water and Sewer Enterprise Funds Five Year Forecast and Rate Projection

	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011
Revenues:					
Interest & Penalties	62,500	62,500	62,500	62,500	62,500
Usage Charges	12,570,257	13,207,381	13,517,517	13,897,828	14,422,709
Liens	0	0	0	0	0
Final Readings	5,000	5,000	5,000	5,000	5,000
Transfer from General Fund	0	0	0	0	0
Transfer Other	0	0	0	0	0
Use of Fund Balance	0	0	0	0	0
Total Revenues	12,637,757	13,274,881	13,585,017	13,965,328	14,490,209
Expenditures:					
Personnel Services	234,474	239,163	245,142	251,271	258,809
Purchase of Services	1,339,592	1,379,780	1,421,173	1,463,809	1,507,723
Supplies	62,006	63,866	65,782	67,756	69,788
Intergovernmental - MWRA	7,422,949	7,645,638	7,875,007	8,111,257	8,354,595
Debt Service	2,064,715	1,742,872	1,927,280	2,167,991	2,377,884
Capital Expenditures	70,000	350,000	345,000	345,000	345,000
Indirect Costs back to General	1,327,021	1,353,561	1,380,633	1,408,245	1,436,410
Sub-Total Expenditures	12,520,757	12,774,881	13,260,017	13,815,328	14,350,209
Reserve	117,000	500,000	325,000	150,000	140,000
Total Expenditures	12,637,757	13,274,881	13,585,017	13,965,328	14,490,209
Combined Rate T1	\$8.35	\$8.79	\$9.25	\$9.74	\$10.25
% Change	5.70%	5.25%	5.25%	5.25%	5.25%

Municipal Costs Affordability Index

- The City reviewed data from 7 neighboring cities to chart a Municipal Costs Affordability Index. Below, the chart refers to those communities anonymously, but lists out average tax and water & sewer bills for the average single-family owner occupied unit in each city.
- The data below indicates that municipal charges are less in Chelsea than all other cities.

City	Average Tax Bill	Residential Exemption	Average Tax Bill with Exemption	Combined Water & Sewer Bill	Combined Homeowner Costs	% Above Chelsea Cost
A	\$3,209	\$0	\$3,209	\$942	\$4,151	74.31%
B	\$2,875	\$0	\$2,875	\$1,105	\$3,980	67.14%
C	\$4,433	\$1,551	\$2,883	\$1,028	\$3,911	64.22%
D	\$2,735	\$0	\$2,735	\$882	\$3,617	51.88%
E	\$2,626	\$0	\$2,616	\$815	\$3,431	44.06%
F	\$3,743	1,223	\$2,520	\$829	\$3,329	40.63%
G	\$2,376	\$0	\$2,376	\$674	\$3,050	28.09%
<i>Average</i>	<i>\$3,141</i>		<i>\$2,745</i>	<i>\$896</i>	<i>\$3,641</i>	<i>52.90%</i>
Chelsea	\$2492	\$608	\$1,883	\$948	\$2,831	

Conclusion

- The current municipal finance environment, of trouble for the last six fiscal years and considered by many to be the most severe in more than a half century, continues to threaten the viability of municipalities throughout the commonwealth and country.
- Out-year issues continue to be impacted by growth in non-discretionary spending areas, most notably, Health Insurance and Retirement, and limited Local Aid growth. The City has played a significant role in raising the statewide debate about these three “Budget Busters.”
- With approximately 61% of the City’s revenue coming from Local Aid, the lagging State budget crisis continues to impacting the City’s budget. In FY’07, Non-School Local Aid will provide only 95% of that from FY’01. Cumulatively, and not taking into account any loss due to inflation, Non-School Local Aid reductions will cost the City \$8.9 M from FY’02-’07.
- The City saved in “good times” to have Reserves to fund operations in the “bad times.” Those Reserves continue to provide a cushion to allow for a maintenance of service levels while the City’s deficit reduction plans work to eliminate budget deficits in the out-years.
- Central to City deficit reduction plans is the development of more than 1,200-units of housing by the end of FY’10. Absent that, Reserves would be completely exhausted and other deficit reduction plans would be insufficient to bring the FY’10 budget into balance.
- A municipal tax and fee study examining property tax and water & sewer fees for the City and seven neighboring communities finds that the City is the least expensive place to be a single-family owner occupant. With no local Proposition 2 ½ Overrides projected, the City’s relative affordability should remain as such.



City of Chelsea

Capital Improvement Program

FY 2007-2011

“PROGRESS”



JAY ASH
CITY MANAGER

PRESENTED TO THE CHELSEA CITY COUNCIL

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Roy Avellaneda | Paula Barton | Calvin Brown
Brian Hatleberg | Mike McKonnen | Ron Morgese
Leo Robinson | Marilyn Vega-Torres | Stanley Troisi

Pictured on the front cover:

Jose Ayala, DPW-Field Operations Technician
Jody Robinson, DPW-Field Operations Technician
Luis Virella, DPW-Field Operations Technician

Mirna Penate-Gomez, Treasury-Billing & Research
Milagros Diaz, Treasury-Billing & Research
Jeanette Berrios, Treasury-Billing & Research

CITY OF CHELSEA
CAPITAL IMPROVEMENT PROGRAM
FY 2007 - 2011

"PROGRESS"

JAY ASH
CITY MANAGER

FEBRUARY 2006



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Joseph Cooney, Director

DEPARTMENT OF PLANNING AND DEVELOPMENT
Ned Keefe, Director

PUBLIC SAFETY DEPARTMENT
Chief Joseph Siewko, Fire Department
Chief Frank Garvin, Police Department

DEPARTMENT OF PUBLIC WORKS
Joseph Foti, Director
Andrew DeSantis, Assistant Director
Joan Lanzillo, Superintendent of Buildings and Grounds
Bert Taverna, Capital Projects Manager

SCHOOL DEPARTMENT
Tom Kingston, Superintendent
Gerald McCue, Assistant Superintendent

TABLE OF CONTENTS

MESSAGE FROM THE CITY MANAGER

CAPITAL PROGRAM OVERVIEW

Executive Summary	.....	1
Introduction	.....	3
Creating the Capital Program	.....	5

CAPITAL PROGRAM IMPACTS AND SOURCES

Capital Program Fund Impacts	.....	7
Capital Program Fund Sources	.....	11

CAPITAL PROJECTS PROGRAM AREAS - FISCAL YEAR 2006

Utility Enhancements	.....	17
Surface Enhancement	.....	29
Public Buildings and Facilities	.....	41
Parks and Open Space	.....	47
Public Safety	.....	53
Equipment Acquisition	.....	59
Administration and Project Contingency	.....	65

CAPITAL PROJECTS SUMMARY - FISCAL YEAR 2007 & 2008

.....	69
-------	----

TENTATIVE FUTURE PROJECTS

.....	85
-------	----

Figure 1: Capital Plan Expenditures - By Program Area	.....	10
Figure 2: Capital Plan Revenue Source- Detail by Year	.....	15

OVERVIEW

EXECUTIVE SUMMARY

Chelsea's five-year Capital Improvement Program (CIP), "*PROGRESS*", is the City's eleventh consecutive capital planning document. Keeping with the City Charter, this FY 2007-2011 CIP adheres to the same planning framework as was employed in past documents. While the basic planning framework remains steadfast, the spirit of CIP planning will typically involve refinements from year to year in response to the economic climate. The benefits of the establishment of the CIP database developed in FY'02 continue to be realized; again, this year's Plan was developed with significantly greater efficiency than those in the past. In addition, a quarterly capital improvement project monitoring plan, utilizing new contract tracking capabilities, continues to be utilized. Management's increased attention to balancing project planning with fiscal planning will render deliverables of a higher quality within a fiscal plan that is uncompromising to future CIP fiscal planning initiatives. The CIP is not a static process. The creation of this CIP is based on the best available information at the time of development. However, circumstances during the budget year and out years do change, which may then require a change in the plan.

"*PROGRESS*" continues the focus on basic infrastructure activities, where the City's needs, while reduced through ten years of focused investment, are still significant. Where possible, it prioritizes investments that combine City initiatives to improve quality of life and economic development. In fact, the CIP is closely linked to land use and development plans.

The CIP is a multi-year, fiscal planning document that identifies long-term improvements to the City's infrastructure and facilities, and provides a program for prioritizing, scheduling and funding. It is comprised of two parts: a capital budget, which is the upcoming fiscal year's plan; and a capital program, which is the plan for capital expenditures for the four years beyond the capital budget. The CIP is prepared in conformance with the City's Charter and Administrative Code, under the City Manager/City Council form of government. It is divided into seven "Program Areas".

Utility Enhancement projects will total approximately \$5,857,835 in FY'07. Utility Enhancements planned for this fiscal year include enhancements in the Gerrish Neighborhood District, Highland Street, Fourth Street, Carter Street and the Crescent Avenue area.

Surface Enhancement projects will total approximately \$1,606,500 for FY'07. Surface Enhancements planned for this fiscal year include Gerrish Avenue, Library Street, Bellingham Street, Arlington Street, Everett Avenue, Tudor Street, Beacon Street and Crescent Avenue.

EXECUTIVE SUMMARY

Public Buildings and Facilities will total approximately \$465,000 for FY'07 and \$1,710,000 over the five years of the CIP. Efforts continue in upgrading public buildings. In FY'07, the City will undertake maintenance projects replacing skylights and terra cotta at the roof line in City Hall. Also, the School Department will repair and or replace equipment in the High School's air conditioning system.

Public Safety will total approximately \$75,000 for FY'07 and \$1,331,000 over the five years of the CIP. In FY'07, the Fire Department will replace the chief's car and bunker gear. The Police Department will replace the firearms trailer.

Parks and Open Space This program addresses is a critical component in sustaining quality of life in the City. The goal is to perform major improvements to one park per year, as well as minor improvements to other parks on an as-need basis. In FY'07 Parks and Open Space will total \$70,000 and \$580,000 over the five years of the CIP.

Equipment Acquisition will total approximately \$135,000 for FY'07 and \$535,000 over the five years of the CIP. Due to the current economic environment and the success of the CIP process to update the City's rolling stock, this CIP extends the rolling stock replacement cycle from 10-years to a 13-year schedule. In FY'07, Equipment Acquisition will allow the Inspectional Service Department to acquire technology so that the inspectors remain in the field with out the need to return to the office to complete data entry and property file review.

Administration and Contingency will total approximately \$84,000 for FY'07 and \$400,000 over the five years of the CIP. This program area continues to be responsible for the creation, management and oversight of the CIP. It currently does not provide contingency funding for modest cost overruns associated with the execution of the capital projects presented. It has been the City's experience that modest overruns can be assumed with in the CIP through cost savings on other projects.

INTRODUCTION

In a similar process as undertaken for the last ten years and as now required by the City Charter and Administrative Code, the City of Chelsea will compile a five-year Capital Improvement Program, the FY 2007-2011 (July 1, 2006 - June 30, 2011) CIP which includes the FY'07 Capital Budget (July 1, 2006 - June 30, 2007). A CIP is a fiscal planning tool that documents the City's capital asset needs, ranks the needs in order of project priority, and schedules projects for funding and implementation. The CIP is a dynamic process and one that is likely to change from year to year. The process provides the opportunity to plan for major expenditures in the future and to evaluate new proposals based on more current data.

The CIP lists each proposed project to be undertaken in the next two years, the project justification, the year it will begin, the amount expected to be expended each year, and the proposed method of financing. In addition, the CIP provides a tentative project listing by category and financing source for years three through five as a strategic planning and budgeting tool. Based on this information, summaries of planned capital activity, and their funding requirements, for each of the five years are prepared and presented. The CIP is a composite of the City's infrastructure needs, tempered by current and future financial planning and capacity.

What is a capital improvement?

A capital improvement is a major, non-routine expenditure for new construction, major equipment purchase, or improvement to existing buildings, facilities, land or infrastructure, with an estimated useful life of eight (8) years or more, and a cost of \$10,000 or more.

Among the items properly classified as capital improvements are:

- ◆ New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;
- ◆ Major alterations, renovations, or improvements to existing buildings which extend the useful life of the existing buildings by ten (10) years;
- ◆ Land acquisition and/or improvement, unrelated to a public building, but necessary for conservation or parks and recreation purposes;
- ◆ Major equipment acquisition, replacement or refurbishment, with a cost of at least \$10,000, and a useful life of at least thirteen (13) years, including data processing equipment;
- ◆ New construction or major improvements to the City's physical infrastructure, including streets, sidewalks, storm water drains, the water distribution system, and the sanitary sewer system, which extend the useful life of the infrastructure by at least ten (10) years, and
- ◆ A feasibility study or engineering design services which are related to a future capital improvement.

INTRODUCTION

What are the benefits of a capital improvement program?

- Facilitates coordination between capital needs and the operating budgets;
- Enhances the community's credit rating through improved fiscal planning and avoids sudden changes in its debt service requirements;
- Identifies the most economical means of financing capital projects;
- Increases opportunities for obtaining federal and state aid;
- Relates public facilities to the City's strategic plan or public and private development and redevelopment policies and plans;
- Focuses attention on community objectives and fiscal capacity;
- Keeps the public informed about future needs and projects, and
- Coordinates the activities of neighboring and overlapping units of local government to reduce duplication, and encourages careful project planning and design to avoid costly mistakes and to reach goals.

CREATING THE CAPITAL IMPROVEMENT PROGRAM

The City developed an administrative process that established policies and procedures for submitting and evaluating projects. This includes:

- ◆ Instructions for submitting projects;
- ◆ A schedule for the submission of projects, and
- ◆ A method of evaluating and ranking projects.

Process Overview

The following process guides the capital plan process:

- ◆ The capital program Steering Committee is appointed by the City Manager and adopts formal policies for preparation and prioritization. The CIP Steering Committee is comprised of:

Jay Ash, City Manager
Tom Durkin, Deputy City Manager
Anna M. Tenaglia, Treasurer/Collector
Joseph Foti, Public Works Director

- ◆ A schedule is adopted for completing the CIP;
- ◆ City project staff conducts an assessment by program category. City project staffs assemble as the CIP Working Group to conduct the assessment including an inventory of existing facilities and assets. This assessment documents the need for renewal, replacement, expansion or retirement by reviewing what year the facility was built or asset was acquired, date of last improvement, condition, extent of use, and the scheduled date of rebuilding or expansion;
- ◆ The status of previously approved projects are determined;
- ◆ The City's ability to afford major expenditures, including review of recent and anticipated trends in revenue, expenditures, debt, and unfunded liabilities;
- ◆ Project requests are solicited, compiled and evaluated;
- ◆ Members of the Steering Committee meet with department representatives to individually discuss each request;
- ◆ A recommended method of financing is proposed for each project;
- ◆ The CIP Steering Committee evaluates the submitted projects and ranks them in priority order as objectively as possible and with reference to other projects;
- ◆ The Steering Committee informs departments as to the approved priority of projects;
- ◆ The City Manager submits the proposed CIP to the City Council and Planning Board;
- ◆ The City Council holds public hearing on the City Manager's recommendations;
- ◆ The Planning Board reviews and comments on CIP;
- ◆ The City Council adopts CIP by resolution, and
- ◆ City staff monitors CIP projects for implementation.

CREATING THE CAPITAL IMPROVEMENT PROGRAM

Capital Program Categories

The capital budget and program are prepared according to the following seven program areas:

1. **UTILITY ENHANCEMENTS** includes repair, replacement and installation of water, sewer and drainage lines; roadways, sidewalks and street furniture; hydrants, manholes and other related equipment;
2. **SURFACE ENHANCEMENTS** includes improvements to local streets, sidewalks, curb cuts, crosswalks and Americans with Disabilities Act (ADA) improvements, other than those included in Utility Enhancements;
3. **PUBLIC BUILDINGS AND FACILITIES** includes repair replacement and improvement of all of the physical structures, and their contents, owned by the City including municipal, service, public safety and maintenance facilities;
4. **PARKS AND OPEN SPACE** includes improvements to parks and open space generally in accordance with the Parks and Open Space Plan;
5. **PUBLIC SAFETY** covers the police, fire and emergency management vehicles and equipment;
6. **EQUIPMENT ACQUISITION** includes vehicles and equipment acquisition to maintain the operations of the Public Works and MIS Departments, and
7. **CAPITAL PLAN ADMINISTRATION AND PROJECT CONTINGENCY** encompasses administrative support for the plan and a contingency for all capital projects listed in the plan.

Capital Program Priorities

The City of Chelsea gives priority to capital investments that meet at least one of the following criteria:

- ◆ Addresses an urgent health or safety concern, legal mandate or code compliance;
- ◆ Supports neighborhood revitalization;
- ◆ Improves access to and the quality of municipal services for all citizens;
- ◆ Advances existing economic development and the attraction of new economic activity to the City;
- ◆ Compliments other projects, public or private, to gain economies of scale, and
- ◆ Enhances the continuing economic health of the downtown area.

CAPITAL PROGRAM IMPACTS

One of the most difficult challenges facing the City today is to continue the investment in its capital assets, which began in earnest with the FY'97 CIP, while successfully managing the financial impact on both the General and Enterprise Fund budgets. In light of the importance of continuing this planned program of infrastructure repair and replacement, the City is committed to maintaining an annual Capital Budget, which continues to reverse the effects of years of deferred maintenance.

Based on the inventory of capital assets, which is updated annually, the City has included projects in this CIP that are necessary and consistent with the priorities and goals set forth by the City. Through prudent fiscal management and conservative financial forecasting, the City has determined the appropriate levels of capital expenditures that can be incorporated into the General and Enterprise Fund budgets.

While these levels are subject to change given the nature of the CIP process, the FY 2007-2011 CIP includes General Obligation borrowings supported by the General Fund totals \$653,000 in FY'07 and \$3,854,000 million over the five years of the plan. General Obligation borrowing supported by the Enterprise Funds totals approximately \$2,497,000 in FY'07 and \$12,460,000 over five years. The financial impact of the CIP on the General and Enterprise Funds is discussed below.

Debt Service Impact on the General Fund

Presently, the City has a moderate level of direct debt outstanding. The table below outlines the total approximate principal and interest costs that will be incurred over a five-year period, including the cost of the Schools Project net of State reimbursement and the cost of the debt incurred to finance the Urban Renewal Project. The incremental increase in the debt service is attributable to the borrowing required to finance projects in this and previous CIPs.

PROJECTED DEBT SERVICE – GENERAL FUND BUDGET					
Fiscal Year	Existing Debt Service (000)	Projected CIP Debt Service, Cumulative (000)	Other Projected Debt Service, Cumulative (000)	Projected Total Debt Service (000)	Debt Service as a % of General Fund
2007	\$ 1,868	\$ 48	\$ 504	\$ 2,420	2.47%
2008	\$ 1,447	\$ 48	\$ 0	\$ 1,495	1.53%
2009	\$ 1,398	\$ 48	\$ 0	\$ 1,446	1.53%
2010	\$ 1,257	\$ 48	\$ 0	\$ 1,305	1.53%
2011	\$ 1,212	\$ 48	\$ 0	\$ 1,259	1.53%

CAPITAL PROGRAM IMPACTS

It is the City's desire to effectively manage the financial impact that the debt financing of capital projects has on the General Fund. To that end, the City has committed to an aggressive debt retirement strategy to effectively manage the level of outstanding debt. The dollar value of Capital Improvement Program projects has been reduced to allow the City to more efficiently manage the program.

Debt Service Impact on the Enterprise Funds

A significant portion of the projects identified in the FY 2007-2011 CIP is Utility Enhancement (Water, Sewer, and Drainage) Program area improvements. The table below outlines the projected costs of Enterprise Fund Debt Service resulting from this CIP.

PROJECTED DEBT SERVICE – ENTERPRISE FUND				
Fiscal Year	Existing Debt Service (000)	Projected CIP Debt Service, Cumulative (000)	Projected Total Debt Service (000)	Debt Service as a % of Enterprise Fund
2007	\$ 1,522	\$ 2,497	\$ 4,019	34.80%
2008	\$ 1,341	\$ 2,497	\$ 3,838	33.24%
2009	\$ 1,262	\$ 2,497	\$ 3,759	32.55%
2010	\$ 1,248	\$ 2,497	\$ 3,745	32.43%
2011	\$ 1,212	\$ 2,497	\$ 3,709	32.12%

Based on the Enterprise Fund accounting methodology, all costs associated with the operation and maintenance of the water distribution and sewer collection systems, including debt service, must be supported by user charges. The Enterprise Fund budgets must also support projected future increases in wholesale water and sewer costs imposed by the MWRA. Responding to this imperative, the City is committed to controlling and/or reducing whenever possible Enterprise Fund expense levels so as to mitigate the increases that must be passed onto ratepayers. Keeping the debt-side of the rate formula process in check, therefore, helps to keep water and sewer bills lower.

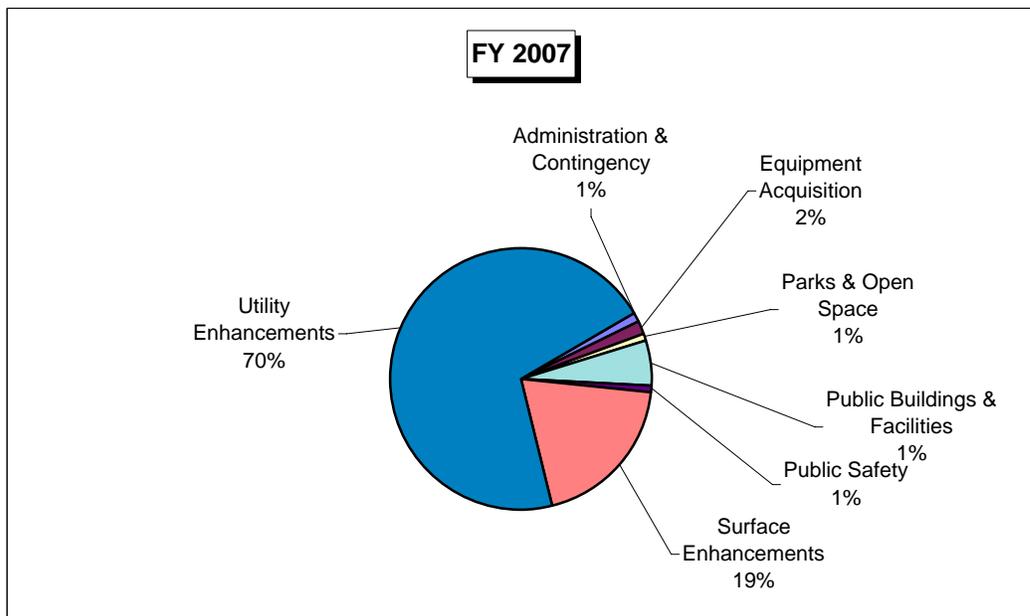
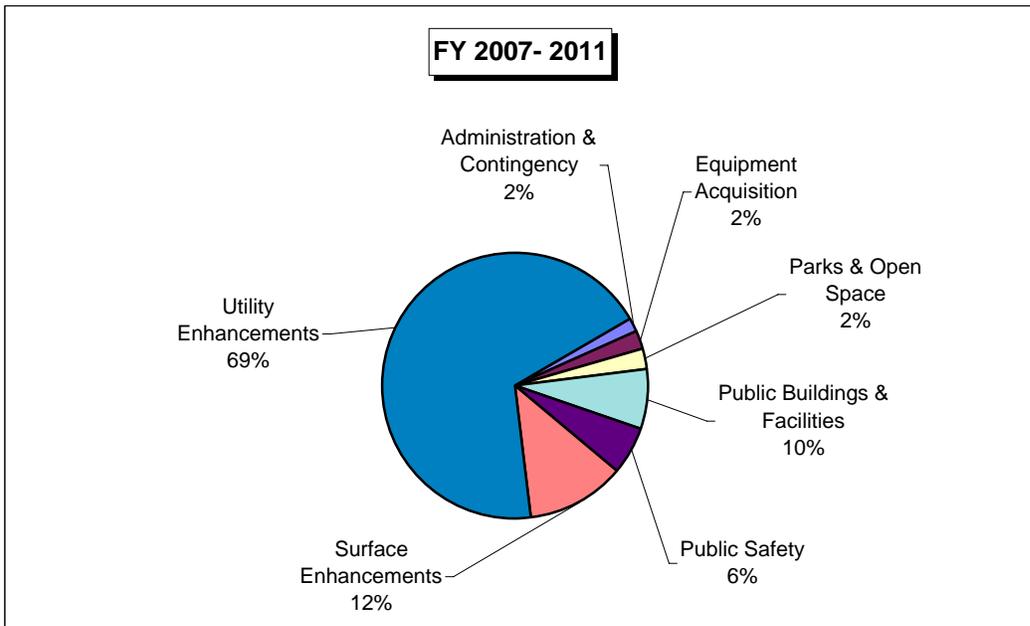
CAPITAL PROGRAM IMPACTS

The effectiveness of this strategy was realized during the years between FY'99-FY'02 when the combined water/sewer rate remained level even in the face of wholesale rate increases by the MWRA, and increased debt service obligations. In order to continue to control debt-related impacts on water and sewer rates, the City began in FY'01 to limit cumulative projected debt service. It is important to note that the cumulative impact of the multi-years of updates also positions the City to reduce the overall commitment needed to upgrade and maintain a satisfactory and functional water and sewer system.

As the City moves forward with this CIP, it is committed to a strategy that will continue to invest in infrastructure improvements that enhance the delivery of service and increase the marketability of Chelsea as it relates to economic development and neighborhood revitalization. In addition, through proper financial planning and debt management, the goal of the City is to balance capital needs while effectively managing the financial impact resulting from the increased borrowing required to implement the projects outlined in this CIP.

**CAPITAL PLAN EXPENDITURES BY PROGRAM AREA
FY 2007 - 2011**

	TOTAL	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Administration & Contingency	\$400,000	\$84,000	\$79,000	\$79,000	\$79,000	\$79,000
Equipment Acquisition	\$535,000	\$135,000	\$100,000	\$100,000	\$100,000	\$100,000
Parks & Open Space	\$580,000	\$70,000	\$210,000	\$100,000	\$100,000	\$100,000
Public Buildings & Facilities ¹	\$1,710,000	\$465,000	\$45,000	\$400,000	\$400,000	\$400,000
Public Safety	\$1,331,000	\$75,000	\$314,000	\$314,000	\$314,000	\$314,000
Surface Enhancements	\$2,859,500	\$1,606,500	\$377,000	\$292,000	\$292,000	\$292,000
Utility Enhancements	\$16,126,000	\$5,858,000	\$5,690,000	\$1,659,000	\$1,419,000	\$1,500,000
TOTAL	\$23,541,500	\$8,293,500	\$6,815,000	\$2,944,000	\$2,704,000	\$2,785,000



CAPITAL PROGRAM SOURCES

Capital investment for the FY 2007-2011 CIP is derived from several sources: Water and Sewer Enterprise Funds, General Obligation Bonds, General Funds, and various state and federal grant programs. This section will describe the various sources listed above.

General Obligation Bonds

General Obligation (GO) bonds are general obligations of the City. The source of repayment is not limited to any particular fund or revenue stream. GO bond proceeds may be used for a wide range of capital activities, however, the term of the bond must be tied to the life of improvement. For example, a roadway may be financed with a twenty-year bond, and most vehicle purchases are financed with a five- to ten-year bond.

In recent years, the City has not issued large amounts of GO bonds. Prior to FY'97, the City had only \$2.2 million in GO bonds outstanding with an annual debt service payment equal to \$350,000. The City has conservatively estimated its General Fund supported bonding capacity at 2.75% in new debt per year, to finance projects included in the CIP. The actual amount of debt issued will depend on the ability of the operating budget to sustain annual principal and interest payments.

Water and Sewer Enterprise Bonds

The Water and Sewer Enterprise Fund is dedicated to tracking and reporting all activities associated with the operation and maintenance of the water and sewer systems. The principle of enterprise fund accounting is that all costs of providing services to the public, including depreciation, be financed or recovered through user charges. The City's cost recovery and financing system for the operations and maintenance of the water and sewer systems is based upon this principle. Water and sewer revenue may only pay for water and sewer expenses. Like the overall general fund budget of the City, the Water and Sewer Enterprise Fund may finance planned capital improvements from current "rate revenue" or from long-term bonds, which must be repaid over time using future rate revenue.

This CIP describes Water and Sewer Enterprise Fund expenses of \$2,497,000 or 29% of the total capital expenses for FY'07 and \$12,460,000 or 52% of the total over the five years of the CIP. The great majority of these expenses will be paid by proceeds from new bonds issued under the rules of the Enterprise Fund. The actual amount of debt issued will depend on the ability of the rate system to sustain annual principal and interest payments related to the bond debt as well as ongoing wholesale costs. The single largest expense of the Water and Sewer Enterprise Fund is the wholesale costs of water and sewer services provided by the MWRA. The ability of the City to issue Water and Sewer bonds to finance capital improvements is directly tied to the projected rate increases from the MWRA and the corresponding budget impact.

CAPITAL PROGRAM SOURCES

General Funds/Operating Budget/Free Cash

In an attempt to minimize the amount of GO bonds that need to be issued on an annual basis, the City has made a policy decision to use a "Pay-As-You-Go" funding concept. In positive economic times and when funds are available, the City can implement the pay-as-you-go funding policy with the use of undesignated fund balance, "Free Cash". Although this should not be an annual practice or policy, use of such funds, which are usually generated from one-time revenues, will positively impact on out-year budgets when the economic cycle may have turned.

In addition to Free Cash, this funding policy is also supplemented by the use of operating budget funds from the General Fund. The City anticipates using operating budget funds and/or Free Cash to finance relatively smaller capital expenses that have a shorter useful life expectancy.

To insure that this commitment continues during difficult economic times, the City Manager recommended and the City Council approved a Capital Contingency Reserve Fund. With the appropriation of \$200,000 made by the City Council in October 1999, the goal of \$600,000 was achieved in this account; this is the equivalent of three years worth of Pay-As-You-Go reserves. This fund was the first of its kind in the State.

It is also important to note that several City departments will also carry a "capital" line item in their operating budget each fiscal year. In general, these will be for expenditures of a shorter useful life or lower cost than those that would qualify as capital items by the policies of the CIP. For example, replacement of police cars, with a useful life of less than five-years, is carried in the Police Department's operating budget.

State and Federal Sources

The State and Federal governments continue to play a major role in funding infrastructure improvements, open space, and economic development, although this role has diminished considerably in the last two decades. Generally, the State or Federal government borrows money and then makes it available through application to municipalities.

Federal Highway Administration (FHWA) funds and Massachusetts Roadway funds, coordinated by the Boston Metropolitan Planning Organization (MPO), are critical for major roadway construction projects and related transportation projects in Chelsea. During 2003, the City secured a \$7M federal funds priority for the rehabilitation of Eastern Avenue from Broadway to Central Avenue. The Eastern Avenue rehabilitation project is presently under construction with a completion date of fall 2006. In prior years, Chelsea has also been the recipient of funds from the Transportation Efficiency Act (TEA-21) program – one of many special programs in this family of FHWA funds - which provided \$1.2M for the 2003 rehabilitation of Fifth Street from Broadway to Arlington Street. In 2006, the City benefited from a federal transportation bond award to the State of \$2.3M for roadway and sidewalk improvements to the Beacham Street/Williams Street corridor.

The City's conservative approach defers inclusion of a grant-based project until the confirmation of funding award. Due to increased competition in Massachusetts for federal roadway funds and new policies adopted with regard to the allocation of State funds, the City is constantly reevaluating its strategy with respect to securing funds from these programs in order to improve its competitive advantage.

CAPITAL PROGRAM SOURCES

The City is eligible to receive funds each year from the Massachusetts Small Cities Program (MSCP), a program administered by the Division of Housing and Community Development. MSCP derives its funding from the Federal Community Development Block Grant Program to support a wide range of community development activities that include infrastructure, park improvements and housing and human service activities, although not all projects within these categories may be eligible for funding through the process which stresses a benefit for low and moderate income residents. Chelsea is one of twelve “mini-entitlement communities” and is eligible for up to \$600,000 in MSCP funds. An application is pending that, if approved, will provide new infrastructure investment to support a new residential neighborhood planned for the former industrial area between Gerrish Avenue and Library Street, and partial funding to support for the Community School Programs in FY’07.

Through a variety of programs, the City will compete for State funds to support parks and open space development. Again, the conservative approach used in the CIP includes only funds awarded from grant sources and not pending applications. During 2005, the City received \$180,000 in parks and open space funds administered by the Massachusetts Executive Office of Environmental Affairs for the replacement of the play surfaces surrounding play structures in four playgrounds in Chelsea with ‘rubber surfaces’ in accord with a citywide effort to improve child safety in our parks. A new grant application is planned for FY07 for the building of a new playground at the corner of Chestnut Street and Fifth Street, where the neighborhood is underserved by play space.

The City receives funding assistance for roadway improvements through several State funds administered by the Massachusetts Highway Department (MHD). This includes funding from the Chapter 90 Program that is distributed annually on a formula basis to all the cities and towns in Massachusetts. These funds have been used generally by the City to pave local streets, although they may also be used to pay for major roadway projects and for roadway maintenance equipment.

The State also administers roadway funds related to economic development projects that create new jobs in communities. The Community Development Action Grant (CDAG) Program and the Public Works Economic Development Program provide state funds to local communities for infrastructure improvements to support new private development. In 2006, Chelsea secured a \$1.2M award from the CDAG program for roadway and drainage improvements to Spruce Street (between Sixth Street and the railroad) in support of new development in the Everett Avenue Urban Renewal District.

Sewer and Drainage improvement funds are available from the Massachusetts Water Resources Authority (MWRA) on a 45% grant, 55% interest-free loan basis for eligible project activities. The Local Pipeline Assistance Program and the Inflow and Infiltration Program provide supplemental capital funds to the City’s improvement program on a project-by-project basis. In FY’07, approximately \$386,550 in MWRA grant funding from the Inflow and Infiltration Program has been allocated for projects in this CIP. The City will continue to pursue MWRA Grants and others like it as funding supplements to future Utility Enhancement projects.

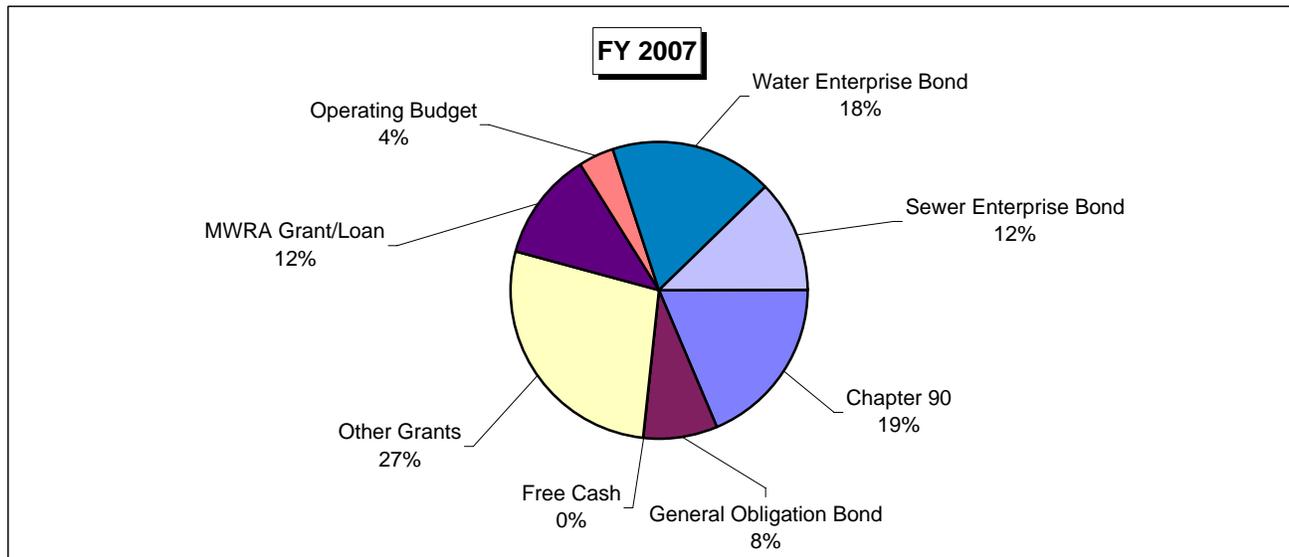
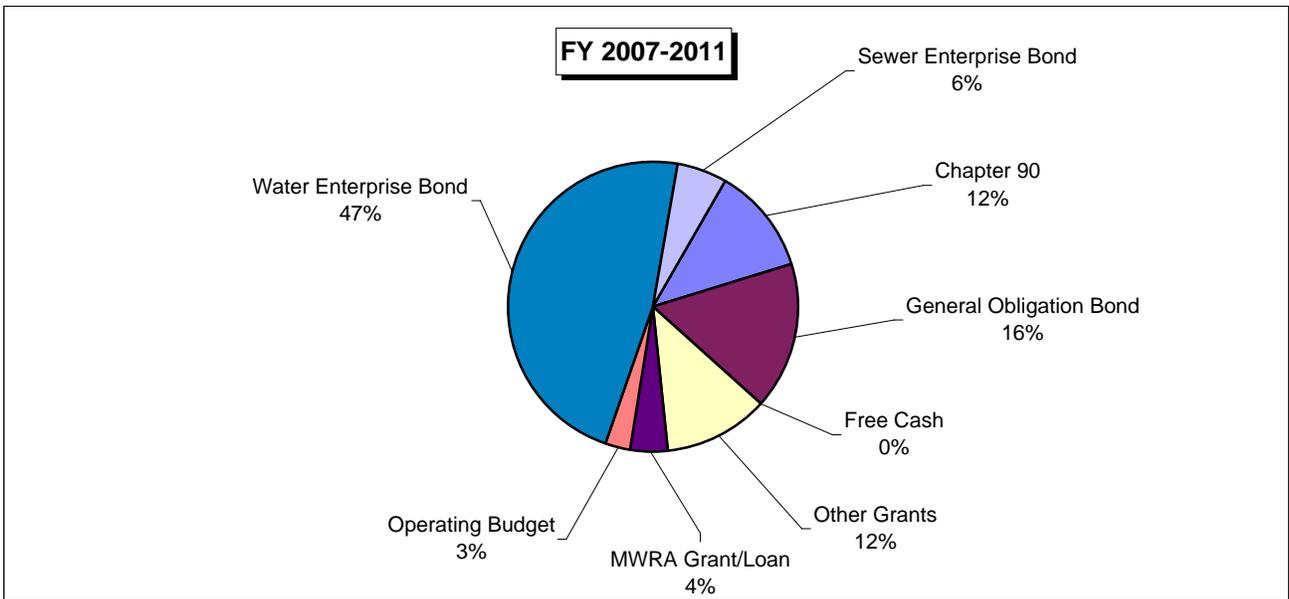
Water pipeline rehabilitation funds are available from the MWRA on a ten-year repayment, interest free loan basis. The Local Pipeline Assistance Program will make available to the City with more than \$500,000 annually for the next ten years for pipeline relining and replacement projects. This amount will significantly reduce the need for Water and Sewer bonds in future CIP’s.

CAPITAL PROGRAM SOURCES

Over the past few years, the School Building Assistance Program has been the most significant external source for funding City debt. This program supports funding for school construction and renovation and is funding 95% of the principal and interest costs of the new school facilities opened in 1996 and 1997 for Chelsea school children, including a new high school campus, new middle and elementary school campuses, and the renovated Shurtleff School for pre-kindergarten, kindergarten and first grade. Improvements to the old high school, now the Clark Avenue School, have been funded from City resources. In total, the City received a 90% reimbursement for the recently completed High School addition.

**CAPITAL PLAN REVENUE SOURCE DETAIL BY YEAR
FY 2007 - 2011**

	TOTAL	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Chapter 90	\$2,801,500	\$1,548,500	\$377,000	\$292,000	\$292,000	\$292,000
General Obligation Bond	\$3,854,000	\$653,000	\$459,000	\$914,000	\$914,000	\$914,000
Free Cash	\$0	-	-	-	-	-
Other Grants	\$2,751,000	\$2,286,000	\$465,000	-	-	-
MWRA Grant/Loan	\$1,000,000	\$1,000,000	-	-	-	-
Operating Budget	\$675,000	\$309,000	\$129,000	\$79,000	\$79,000	\$79,000
Water Enterprise Bond	\$11,165,000	\$1,477,000	\$5,110,000	\$1,659,000	\$1,419,000	\$1,500,000
Sewer Enterprise Bond	\$1,295,000	\$1,020,000	\$275,000	-	-	-
TOTAL	\$23,541,500	\$8,293,500	\$6,815,000	\$2,944,000	\$2,704,000	\$2,785,000



UTILITY ENHANCEMENTS

Overview FY 2007-2011

Ten years of investing in the City's water, sewer and drain infrastructure has resolved many longstanding system deficiencies. However, much more remains to be done. Like most, if not all older cities, the City faces continuing challenges because of its aging, and previously poorly maintained infrastructure. The cost of repair, particularly for water, sewer and drain facilities, is usually substantial and the results unseen. Improvements to the City's water distribution and sewer collection system continue to be made every year through the capital plan. In recent years, the City has made substantial progress in addressing a long list of known capital improvement needs and priorities. While funds for these efforts are limited, the City has been able to address its needs strategically and positioned to quickly move forward with projects as funding becomes available.

Water distribution system and sewer collection system improvements are driven primarily by extraordinary maintenance and repair costs for a given section, new State and Federal environmental rules, and accommodating growth in the City. Water system improvements are further driven by the mandate to provide the highest quality drinking water for the citizenry and the need to increase fire flows to certain sections. Sewer system improvements are also needed to enhance system flow performance.

Challenges FY 2007-2011

The primary obstacle to upgrading sewer and water infrastructure is funding. The level of direct, dedicated sewer funding support previously available from federal coffers through the Clean Water Act has been reduced to a trickle. Unfunded mandates from Federal and State programs have added to the burden. Some success has been achieved in getting the State and the MWRA to provide infrastructure improvement program funding. New programs have been created to support drinking water quality improvements.

The privatization of the operations of the water distribution and sewer collection system, and the programmed cleaning performed under that contract, has significantly decreased the frequency of sewer blockages.

Several sewer mains known to be in poor condition and in danger of completely collapsing have been reconstructed. A continuing program of access point installation, pipe cleaning and internal inspection in the sanitary combined and drain sewer systems improves current performance. It also alerts City personnel to potential trouble areas prior to a pipe collapse and provides a database for cost effective system improvements.

The City continues to reduce the number of storm sewers that are directly connected to the sanitary sewer system. These "clean water" flows contribute to the MWRA wholesale charges and add to sewer back-up problems.

Within these realities, the City must strategically plan improvements in conjunction with other roadway and drainage infrastructure improvements; use varied sources of funds, including grants; actively lobby for legislation funding Federal and State mandates, and structure water and sewer rates to reflect both usage and capital charges.

UTILITY ENHANCEMENTS

Goals FY 2007-2011

In addition to providing clean, safe, and reliable drinking water to residences, institutions and businesses within the City, water and sewer infrastructure work must be designed to reduce the amount of non-sanitary flows entering the wastewater collection system.

Specific goals for water and sewer projects include:

- ◆ Increasing hydrant flows to improve fire protection;
- ◆ Separating, where possible, combined sewers, and decreasing stormwater flows to sanitary interceptors, thereby reducing the overall level of flow transported for treatment, and, thus, reducing costs to the City for disposal;
- ◆ Decreasing drinking water quality complaints;
- ◆ Achieving compliance with USEPA lead maximum contaminant levels, and
- ◆ Reducing the amount of non-revenue-producing water and cutting infiltration and inflow into the sanitary system, thereby decreasing the long-term cost of the entire systems.

Programs FY 2007-2011

Guiding the programs for implementation in the area of water and sewer are plans to:

- ◆ Systematically address the long overdue rehabilitation and repair of the water distribution and sewer collection systems;
- ◆ Combine individual infrastructure projects in bundles, performing water, sewer, drain and roadway improvements as integrated projects;
- ◆ Plan infrastructure improvements to enhance projects undertaken by Massachusetts Highway Department and MWRA. For example: drainage and water improvements in conjunction with the reconstruction of Eastern Avenue and the Chelsea Branch Sewer Project;
- ◆ Complement MWRA Chelsea Trunk Relief Sewer and Chelsea Branch Sewer Projects, and
- ◆ Utilize as much grant funding as possible to reduce the cost burden on ratepayers.

Projects FY 2007-2011

The five-year investment plan in this program area will target the following areas:

- ◆ Water main replacements, cleaning and cement linings, as well as abandonment and transfer of water service at various locations throughout the City;
- ◆ Sewer line inspections, reconstruction and replacements, and repair and installation of manholes and catch basins at various locations throughout the City, and
- ◆ Drainage studies of the combined sewer tributary area to the combined sewer outfalls to reduce frequency of flooding.

UTILITY ENHANCEMENTS

FY'07 Projects

The Public Works Department and the City's engineering consultants collect information about the underground infrastructure from multiple sources including:

- ◆ CIP programmed sewer and water studies;
- ◆ Sewer and water main replacement contracts, and
- ◆ Reports and maps generated by the water and sewer operations management personnel employed by the private contractor providing water and sewer maintenance and operation.

This information is constantly being analyzed for a better understanding of how these systems function and what improvements are necessary to provide reliable uninterrupted service, water fire flows and collection of waste and stormwaters. With each successive piece of new information, managers and technical personnel responsible for planning and implementing improvements are able to build their institutional knowledge. The ongoing review of this information establishes the projects submitted for the capital planning process.

Many critical needs have been addressed by projects completed, under construction or in design. Stand-alone water main and sewer main projects have corrected most of the worst known deficiencies. Several projects originally thought to be limited in scope have been expanded. This is due to new information about how subsystems of the water distribution and sewer collection systems work - alone and in conjunction with each other. The originally scheduled projects become more cost effective to implement when they are chronologically planned within the scheme of larger subsystem-wide improvement projects.

This approach when utilized for sewer and drain projects not only enables the City to correct ongoing problems such as flooding but also provides the added benefit of sanitary and storms sewer separation. Additional economies of scale are also realized when water main replacements occur simultaneously with the sewer and drain projects. The below-ground infrastructure projects are then followed by full roadway and sidewalk replacement.

FY'07 projects are based upon several sources of information. The 1996 Water Distribution Evaluation Study is the most comprehensive. It set out a two-phased program of water improvements, with the goal that the deficiencies in the system should be addressed within 20 years in order to provide the desired quantity and quality of water service. Phase A identified projects to eliminate or reduce deficiencies including: fire flow, transmission mains, unlined parallel mains, water quality fluctuations and dead-end mains. Phase B recommendations call for the replacement of all remaining unlined cast-iron pipe with cement lined ductile iron water mains primarily in the neighborhoods. The City of Chelsea will be utilizing interest free loans from the Massachusetts Water Resources Authority's Local Pipeline Assistance Program to fund water improvements in FY'07.

In FY'07, the City will continue with its multi-year program to replace existing lead water services with copper. This work is performed in conjunction with water, sewer drain and roadway work.

The City's information collection on the sewer system will proceed in a multi-year phased program of investigation, funded in part by the MWRA Inflow and Infiltration 45% grant, 55% loan program. This program focuses on the portion of the sewer system that is wholly or partially separated from the stormwater drainage system and seeks to minimize non-sanitary flows into the dedicated sanitary sewer lines (Sewer Inflow and Infiltration Project).

UTILITY ENHANCEMENTS

The City has made a multi-year commitment to removing the sources of inflow and infiltration into the City sanitary collection system in the tributary area of Chelsea Combined Sewer Overflow CHE-008 on Chelsea Creek. The City's goal is to minimize storm water flows through the sanitary sewer to reduce overflows into the Creek and Harbor and sewerage costs to residents.

The City has compiled preliminary data on the construction of the stormwater and sanitary sewer system (separated and combined). This assessment has formed the City's actions in correcting known failures in the sewer pipe system and predicting where new failures are more likely to occur. Failures most commonly occur in the parts of the sewer system line constructed from brick or un-reinforced cement concrete.

Improvements to the drainage system will result in two distinct benefits. First, the separation of stormwater drainage from the sanitary sewer system will reduce flows in the sanitation sewer system, and also reduce or eliminate associated backflow and flooding during high water run-off periods. Second, the improvements to the drainage system will reduce the frequency and depth of flooding in low-lying areas.

Several stormwater drainage management projects are ongoing and will eventually mitigate against flooding and washout during high run-off periods.

Capital Project Listing

Program Area: Utility Enhancements

Project: Carter Street Pump Station Phase III

Contact: DeSantis

Description: The third phase of the rehabilitation of Carter Street Drain Pump Station will include installation of flow monitoring equipment.

Justification: This is the third and final stage of a multiphase rehabilitation of the station. Flow monitoring equipment will allow better storm water management in areas to be redeveloped and already developed.

Impact: A decrease in the costs of maintaining the station should be realized by the effort to rehabilitate.

Start Date: 7/1/06

End Date: 12/31/06

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 20,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Utility Enhancements

Project: Carter Street Sewer Replacement

Contact: DeSantis

Description: Consists of the design and installation of a new sewer main on Carter Street from Everett Avenue to the southeast side of the Massachusetts Bay Commuter Rail Right of Way.

Justification: The Carter Street sewer main has several reaches (sections of pipeline between manholes) that are not in vertical alignment with the upstream incoming pipe existing at higher elevation than the downstream outgoing pipe. The effect of this is that the line remains in a constant state of surcharging at times completing blocking as solids drop out of the waste stream. Sanitary sewer overflows occur frequently along this sewer main discharging into the drain line that is close in proximity to the sewer main. The overflows into the drain line eventually flow to the Island End River creating a violation of the federal Clean Water Act.

Impact: Replacement of this sewer line will decrease the frequency of needed cleaning of the sewer main.

Start Date: 7/1/06

End Date: 11/30/07

Project Cost:

FY2007

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 0	\$ 700,000	\$ 0	\$ 0	\$ 0	\$ 700,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Utility Enhancements

Project: Crescent Avenue Infrastructure Reconstruction

Contact: DeSantis

Description: The request is for additional monies to fund the reconstruction of Crescent Avenue including replacement of the 16" water main, separation of combined sewer into separate storm and sanitary sewer and conduits and full depth roadway and sidewalk reconstruction from Cary Avenue to Eastern Avenue.

Justification: Funded at a \$700,000 level in FY'05 as a start on a multi-state project 75% design has yielded a definitive estimate for the construction of these improvements. The replacement of the 16" water main from Parker Street to Eastern Avenue has now been included in this project due to recent pressure breaks in this line. This work continues work previously performed on Crescent Avenue in anticipation of roadway reconstruction including installation of new 12" water main from Parker Street to Cary Avenue and new sanitary sewer main from Eleanor Street to Eastern Avenue. This work will support continued economic development in this area. Additional funding was appropriated in the FY'06 CIP in the amount of \$979,000 which has been subsequently reprogrammed to the Spruce Street Roadway and Utility Improvement Project. Therefore this project is being resubmitted for funding in the FY'07 CIP.

Impact: The Crescent Avenue Infrastructure Reconstruction project will directly reduce operating expenses for roadway and water main repair and is a major component of separating the combined sewer area tributary to CSO-CHE008 which will ultimately result in lowered sewer transportation and treatment costs to all water and sewer ratepayers in the City.

Start Date: 7/1/04

End Date: 6/30/08

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 1,327,000	\$ 0	\$ 2,091,000	\$ 0	\$ 3,418,000

Grant Source (if applicable) :

Miscellaneous Grants

Capital Project Listing

Program Area: Utility Enhancements

Project: Fourth Street Water Main Replacement

Contact: DeSantis

Description: Replacement of 420 feet of unlined 6 inch cast iron water main with eight inch CLDI water main from Carter Street to dead end. Further Improvements already done in Vale Street area.

Justification: Completes upgrading of water main in this area.

Impact: Removal of cast iron pipe decreases potential for break of water main.

Start Date: 7/1/05

End Date: 6/30/06

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 0	\$ 40,000	\$ 0	\$ 40,000

Grant Source (if applicable) :

\$40,000 MWRA Bond

Capital Project Listing

Program Area: Utility Enhancements

Project: Gerrish Neighborhood District Improvements

Contact: Keefe

Description: Water, Sewer and Drainage replacement/upgrade. Highland Street (Marlborough to Railroad); Library Street (Highland to RR.); Extension of drain from Library Street across RR to the existing drain on Griffin Way.

Justification: To support conversion of the district from its current underutilized industrial character to a new residential district.

Impact: Increases number of residential payees into the water system, replaces aging infrastructure and provides utility upgrades to the existing Shurtleff/Bellingham neighborhood.

Start Date: 7/1/06

End Date: 6/30/07

Project Cost:

FY2007

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 0	\$ 0	\$ 0	\$ 960,000	\$ 0	\$ 960,000

Grant Source (if applicable) :

\$299,176 MWRA Grant; \$465,659 MWRA Bond; \$195,000 Miscellaneous Grants

Capital Project Listing

Program Area: Utility Enhancements

Project: Highland Street Drainage Outfall - Phase I

Contact: DeSantis

Description: Consists of the design and installation of a new drainage outfall to the Chelsea River near the intersection of Highland Street and Marginal Street. Efforts to utilize the abandoned Combined Sewer Overflow (CSO) Outfall at this same location will be investigated as part of the design process.

Justification: The drainage system along Marginal Street is currently inadequate to prevent flooding, especially in the area of Marginal Street and Highland Street. Installation of the new drainage outfall will provide an outlet for stormwater and therefore reduce flooding. In addition, this drainage outfall is the first step in a comprehensive sewer separation project in the area that will eventually split the wastewater and stormwater into two separate systems. Sewer surcharging overflows, wastewater back-ups and flooding will be reduced.

Impact: Sewer separation removes significant volumes of extraneous water (inflow) from the sanitary sewer system and thereby reduces wastewater flows and related flow-based costs that the MWRA charges the City.

Start Date: 7/1/06

End Date: 11/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 300,000	\$ 0	\$ 195,000	\$ 0	\$ 495,000

Grant Source (if applicable) :

\$107,250 MWRA Bond; \$87,750 MWRA Grant

Capital Project Listing

Program Area: Utility Enhancements

Project: N.E. Produce Center Water Meters

Contact: DeSantis

Description: This project is a request for additional funds necessary for the installation of a meter on the supply service line to the New England Produce Center. Camp Dresser & McKee has completed 90% design on the installation of one meter on Beacham Street. Unsuitable soil conditions require the use of a pile foundation. The costs of the pile foundation as well as construction price increases have increased the estimated cost of this work. Approximately \$10,000 has been expended to date for engineering services. A construction estimate of \$195,000 has been calculated, and additional costs of construction, administration and resident inspection bring the total project costs to an estimated \$216,000.

Justification: The separate metering of individual users on this site through a distribution network in the buildings on the site make this location a potential for unauthorized and un-metered water use.

Impact: This project will maintain or increase water and sewer revenue collection.

Start Date: 7/1/06

End Date: 11/30/06

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 0	\$ 150,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Utility Enhancements

Project: Sewer Manhole Installations

Contact: DeSantis

Description: Installation of twelve sewer manholes in various locations throughout the city.

Justification: Many locations in the city have sewers that intersect without manholes and dead ends without manholes. The only way to clean and inspect these is to install access manholes.

Impact: The installation of sewer manholes will allow the City to clean sewer mains and eliminate the need to expand operating funds to excavate sewer mains to clear blocks.

Start Date: 7/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 75,000

Grant Source (if applicable) :

SURFACE ENHANCEMENTS

Overview FY 2007 - 2011

The City's roadways are subject to high levels of vehicular traffic due to its close proximity to the City of Boston and regional transportation facilities for the movement of people and materials. A significant portion of the vehicular traffic which the City experiences is due to traffic originating outside of the city. Yet, except for a small amount of funding provided by the State, the City assumes the burden for maintaining these streets, which experience more vehicle trips per day than many streets do in less populated areas.

Adding to the maintenance burden is the area's climate. Multiple freeze-thaw cycles in the winter adversely impact the longevity of paved surfaces in the city. The measure of the need for citywide roadway resurfacing and reconstruction is the poor ride quality of the deteriorated roadway pavements on many streets. While much has been accomplished in the last few years, much more needs to be done.

Challenges FY 2007 - 2011

It is desirable to rebuild all the streets in the city through full depth reconstruction. However, funds of the magnitude that would be needed to accomplish this in the short-term clearly are not available. In the face of the substantially deteriorated conditions and high costs, two kinds of roadway improvements must be relied upon. The first is to continue commonly accepted methods of roadway rehabilitation to as many roadways as possible with priorities based upon the ranking of individual street conditions as measured by field surveys conducted by the staff of DPW. The second is to undertake full-depth reconstruction in conjunction with water, sewer, drainage and other public projects.

Among the most difficult aspects of roadway improvements is scheduling and prioritizing work. In determining targets for work, the City considers existing roadway conditions as well as plans for other

infrastructure projects. The intent is to target surface improvements for roadways that have ride quality ratings of "deficient" or "intolerable" (provided no infrastructure work is planned over the next five years), and to minimize disturbance of the pavement after resurfacing by coordinating with water, sewer, drain and other public works improvements.

The City has recently begun implementation of a pavement management system. The pavement management system combines condition assessments, asset valuation, analysis of maintenance strategies, multi-year budgeting, queries and reporting in one application.

Additionally, the City must expeditiously meet full compliance with Americans with Disabilities Act (ADA).

SURFACE ENHANCEMENTS

Goals FY 2007 - 2011

Continuing the reversal of decades of neglect of the City's roadway and sidewalk network by:

- ◆ Resurfacing or reconstructing all streets with pavement ride quality conditions of "deficient" or "intolerable" as soon as practically possible;
- ◆ Improving the image of the City and the services it renders to citizens and visitors alike by providing roadway surfaces without potholes, dips, ripples or other defects;
- ◆ Reducing costs associated with roadway maintenance in the operating budget, thereby providing more funding to address other service needs;
- ◆ Replacing, repairing or installing sidewalks where needed;
- ◆ Significantly reducing the financial impact of property damage losses from claims against the City resulting from deficient roads and sidewalks;
- ◆ Increasing property values and the desirability of the city's neighborhoods and business districts, and
- ◆ Fulfilling compliance with ADA.

Programs FY 2007 - 2011

Identifying and coordinating work with the water, sewer, and drainage categories as well as with other City and public agencies will allow for the:

- ◆ Combining of individual infrastructure projects in whole street and area bundles, so that water, sewer, drain and roadway improvements can be performed as one project in combination with work on adjacent streets, and
- ◆ Continuing push towards ADA compliance.

Projects FY 2007 - 2011

In various locations, targeted work will include:

- ◆ Hot-in-place recycling and micropaving of roadway wearing surface;
- ◆ Surface milling and overlaying paving of roadway wearing surface;
- ◆ Pulverization of existing roadway bituminous pavement cross-section into base material and laying of new binder and wearing courses;
- ◆ Full depth reconstruction and repaving of roadway and sidewalk pavements;
- ◆ Removing of deteriorated brick sidewalks and repaving with bituminous concrete, and,
- ◆ Installation of sidewalk handicapped access ramps.

SURFACE ENHANCEMENTS

FY'07 Projects

Capital improvements to the City's roadway, sidewalk and streetscape system are primarily related to an integrated approach to all surface and subsurface infrastructure improvements. Roadway improvements programmed into this CIP are, in part, tied to the underlying water and sewer construction improvements. Similarly, street and sidewalk improvements are tied, in part, to support related development and to undertake general neighborhood improvements.

FY'07 funding will focus on surface enhancements after completion of water, sewer and/or drain work on Crescent Avenue, Gerrish Avenue, Bellingham Street, Arlington Street, Tudor Street and Beacon Street. Typically, work will include ADA compliant wheelchair ramps, new sidewalks and roadway resurfacing:

Details for each of the FY'07 funded projects mentioned above appear on the following pages.

Capital Project Listing

Program Area: Surface Enhancements

Project: Arlington and Everett Avenue

Contact: Taverna

Description: Remove and replace sidewalks along Arlington Street and Everett Avenue.

Justification: Provide safe pedestrian travel path.

Impact: Reduction in annual operation an maintenance cost, along with liability and risk reduction derived from compliant sidewalk.

Start Date: 11/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 35,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Surface Enhancements

Project: Beacon Street

Contact: Taverna

Description: Replace current asphalt sidewalk with bituminous concrete from Tremont Street to Broadway.

Justification: Adds durability and uniformity missing from this side of the street.

Impact: Reduction in annual operation and maintenance cost. Along with liability and risk reduction derived from compliant sidewalk.

Start Date: 11/1/06

End Date: 11/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 0	\$ 16,500	\$ 0	\$ 16,500

Grant Source (if applicable) :

Chapter 90

Capital Project Listing

Program Area: Surface Enhancements

Project: Bellingham Street

Contact: Taverna

Description: Installation of granite curbs and cement concrete sidewalk from Willow Street to Eastern Avenue with roadway resurfacing. May not see commitment letter until April '07.

Justification: Provide safe pedestrian travel path.

Impact: Reduction in annual operation and maintenance cost, along with liability and risk reduction derived from compliant sidewalk.

Start Date: 11/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 0	\$ 85,000	\$ 0	\$ 85,000

Grant Source (if applicable) :

Chapter 90

Capital Project Listing

Program Area: Surface Enhancements

Project: Crescent Avenue

Contact: Taverna

Description: Installation of granite curbs and cement concrete sidewalk from Louis Street to Clinton Street and replacement of existing roadway.

Justification: Provide safe pedestrian travel path for school and housing complex.

Impact: Reduction in annual operation and maintenance cost, along with liability and risk reduction derived from compliant sidewalk. Last stretch of roadway in area needing management, especially for Forbes Park development.

Start Date: 11/1/06

End Date: 11/30/07

Project Cost:

FY2007

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 0	\$ 0	\$ 0	\$ 350,000	\$ 0	\$ 350,000

Grant Source (if applicable) :

Chapter 90

Capital Project Listing

Program Area: Surface Enhancements

Project: Gerrish Avenue - Interim Upgrade

Contact: Keefe

Description: Installation of cement concrete sidewalks (one side only) and roadway surface replacement from Highland Street to Broadway.

Justification: To facilitate access to core residential redevelopment in the Gerrish Avenue District.

Impact: Direct reduction in operation and maintenance costs.

Start Date: 4/1/07

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 0	\$ 170,000

Grant Source (if applicable) :

Chapter 90

Capital Project Listing

Program Area: Surface Enhancements

Project: Gerrish Neighborhood Improvements -Phase I

Contact: Keefe

Description: Highland Street (Marlborough to Railroad); Library Street (Highland to RR.); Extension of drain from Library Street across RR to the existing drain on Griffin Way.

Justification: Roadway improvements to follow core infrastructure upgrade/replacement to Atlas residential redevelopment project.

Impact: Direct reduction in operation and maintenance costs.

Start Date: 9/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 0	\$ 650,000	\$ 0	\$ 650,000

Grant Source (if applicable) :

Chapter 90

Capital Project Listing

Program Area: Surface Enhancements

Project: Library Street

Contact: Keefe

Description: Full depth reconstruction of roadway and sidewalk.

Justification: To facilitate access to the core Gerrish housing redevelopment project.

Impact: Direct reduction in operation and maintenance costs.

Start Date: 4/1/07

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 0	\$ 277,000	\$ 0	\$ 277,000

Grant Source (if applicable) :

Chapter 90

Capital Project Listing

Program Area: Surface Enhancements

Project: Tudor Street

Contact: Taverna

Description: Cement Concrete Sidewalks replacement around the area of the Clark Avenue School.

Justification: Removal of trip hazards and compliance with AAB code was not addressed when the school reopened.

Impact: Reduction in annual operation and maintenance cost, along with liability and risk reduction derived from compliant sidewalk.

Start Date: 11/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 23,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,000

Grant Source (if applicable) :

PUBLIC BUILDINGS AND FACILITIES

Overview FY 2007-2011

The City's public buildings and facilities not only aid in the advancement of municipal service delivery but also act as physical symbols of the community at large. After years of neglect prompted by unfunded federal mandates to meet health and safety requirements in public buildings, the City has performed some critical improvements over the past several years.

The CIP process has begun to address deferred maintenance on many of the oldest municipal buildings. In fact, the City's municipal service buildings, public safety buildings, and maintenance facilities are in a state of transition, with continued capital improvements to improve and facilitate future service delivery and, perhaps as important, bring a new sense of pride to the city. A substantial investment was made to improve the physical plant of the local schools ten years ago. Adequately funding ongoing maintenance projects in the schools will protect this investment for future generations.

Challenges FY 2007 - 2011

Establishing a planned schedule of maintenance and repair is critical so that the existing and new and/or renovated buildings coming on-line receive the required investments. In those buildings that will not be replaced, critical renovations and regular updating must take place without disrupting the services being

provided in the facilities. Whether new or renovated, the City's buildings must add to the integrity of the areas in which they are located, and must be equipped to provide the most advanced services and access.

PUBLIC BUILDINGS AND FACILITIES

Goals FY 2007-2011

Restore and preserve the value and reliability of City buildings while enhancing each facility's contribution to municipal service delivery by:

- ◆ Investing in capital improvements;
- ◆ Promoting efficiencies in operation;
- ◆ Increasing building longevity;
- ◆ Eliminating building barriers;
- ◆ Updating facilities with new technology;
- ◆ Improving the quality of service areas, and
- ◆ Creating safe working environments.

Programs FY 2007-2011

The following programs will guide the capital initiatives:

- ◆ Assess municipal service demand to prioritize restoration of existing facilities and expansion to new facilities, where necessary;
- ◆ Conduct ongoing investigations into the City's computer, telecommunication and building management support systems to enhance operations and interactivity;
- ◆ Manage a program of major improvements to promote energy conservation, and
- ◆ Complete removals of access barriers from municipal buildings.

Projects FY 2007-2011

The five-year investment plan will target the following areas:

- ◆ Updating existing municipal service and administrative buildings based on the facility improvement plan;
- ◆ Repairing and renovating public safety buildings;
- ◆ Improving maintenance facilities, and
- ◆ Continuing ADA renovations to ensure compliance and access to public buildings.

PUBLIC BUILDINGS AND FACILITIES

FY'07 Projects

On-going Public Buildings and Facilities improvements will continue during FY'07. The City's experience over the past five years has contributed to a reevaluation of the planning approach for building improvements, particularly in light of complex and expensive repairs required for City Hall, the Library, Fire Buildings and the Police Station. These repairs and renovations encompass the full spectrum of design and technology, from historic preservation to sophisticated building systems.

1. Renovations at Central Fire Station have been completed. The building is a first class energy efficient facility with all health, safety and quality of life issues satisfied. Building renovation plans for Engine #3 will be re-addressed this fiscal year encompassing future relocation plans for Engine #2.
2. The City continues its commitment to improve and restore City Hall, architecturally and aesthetically. Significant masonry and terra cotta replacement will continue in FY'07 as outlined in a detailed multi-phase project developed by an historic preservation and renovation architectural firm.
3. The School Department will undertake a project to restore, repair or replace equipment used in the Chelsea High School's air conditioning system to improve functionality and extend the systems useful life.

Capital Project Listing

Program Area: Public Buildings & Facilities

Project: City Hall Roof Line Terra Cotta - Phase II

Contact: Lanzillo

Description: Completion of the restoration of roof line dentil band at the roof line of the main building.

Justification: Much of the dentil work is deteriorated with sections missing. This allows moisture to infiltrate behind the masonry band causing further damage when freezing occurs and causing the masonry and terra cotta to pop off. This is the second phase of a multi-phase restoration project for City Hall.

Impact: Eliminates the need to respond to costly emergency repairs and prevents potential danger of masonry units falling onto the pathways and walkways around City Hall.

Start Date: 6/30/06

End Date: 8/31/07

Project Cost:

FY2007

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Public Buildings & Facilities

Project: City Hall Skylight Replacement

Contact: Lanzillo

Description: Replace four skylights on the City Hall wings with pre-engineered, insulated skylight systems.

Justification: The skylights are original to the building. Many of the lights of glass are cracked, their composition no longer code compliant and not available. They are single glazed and allow considerable heat loss. The caulking is old, dry and brittle and is falling out, allowing water to leak into the offices where they are located. Their pyramid design makes it very difficult to re-caulk around the entire metal framework without studying, analyzing and certifying the structural stability of the frame as to being capable of carrying personnel and/or equipment so the entire framework can be accessed. The roofs have been replaced under a FY'05 CIP and this would complete the process of making the building weather tight

Impact: These skylights leak, causing water to damage interior finishes. They have no insulation properties and allow tremendous heat loss costing significant dollars each year in energy costs. They require frequent maintenance from the inside of the building, which is limited as to the effectiveness of glazing and caulking.

Start Date: 7/1/06

End Date: 8/31/06

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 115,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 115,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Public Buildings & Facilities

Project: Extraordinary Maintenance Projects

Contact: McCue

Description: To make needed repairs, replacements and some repainting throughout the schools.

Justification: The School Department's Life Cycle Facility Maintenance and Repair Forecast recommends this work as part of a planned operations, maintenance and replacement schedule for the entire physical plant of the school system.

Impact: Completion of the project will ensure continuous operation of the facilities and will avoid more costly emergency repairs if deferred.

Start Date: 7/1/06

End Date: 6/30/07

Project Cost:

FY2007

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 150,000

Grant Source (if applicable) :

PARKS AND OPEN SPACE

Overview FY 2007-2011

The City continues its partnership with non-profits, open space advocates and private recreation leagues to serve the City's residents by expanding and enhancing recreation and education opportunities. The on-going program of restoration and expansion of parks and open spaces continues to provide local residents with improved and modern facilities designed to accommodate a mix of age groups, uses and levels of ability.

The City has four citywide parks with recreational facilities, two of which were completely reconstructed as part of the school building projects. The school building project also greatly expanded the number of recreational opportunities now existing locally. Eleven neighborhood parks, playgrounds and play lots of various sizes, including a historic cemetery and several historic public squares add, to the City's inventory of parks and open space. An envisioned Chelsea waterfront open space system, parts of which already exist, is planned for future implementation through incremental design and development. Some of these parks and facilities need improvements to be brought to current safety and accessibility standards.

Historically, park funding has been derived almost exclusively from grants, which limited the City's ability to make planned improvements. In the recent past, an annual funding commitment in the CIP, supplemented by State funds, provided a funding base and greatly accelerated improvements to the overall park system.

Challenges FY 2007-2011

FY'06 Parks and Open Space initiatives will build upon the priorities set forth in the FY'03 new Open Space Plan Update. The project will focus on maintenance and rehabilitation of existing open space facilities and the management of these facilities to maximize recreation opportunities. The projects will also improve the appearance of neighborhood open spaces and provide connections between neighborhoods. The chief priority is to integrate open space into the fabric of the city so that all new planning and development initiatives

Initiatives by the Massachusetts Historic Commission and the Department of Environmental Management for the preservation of historic landscapes also offered opportunities to accomplish improvements to our historic spaces.

Recognizing the constraints in the existing park system, the City advanced initiatives that resulted in the construction of an artificial turf field at the Chelsea Memorial Stadium, the construction of a new tot lot on a former brownfield and the renovation of two Chelsea Housing Authority tot lots. In addition to providing better quality "play" at the CHA tot lots, the new artificial field expanded the stadium's use by 17-times, from an estimated 250 hours per year to 4,400 hours per year.

To support additional planning and programming support, the City is updated its five-year Open Space Plan. The new plan identifies and prioritizes action items for implementation, and makes the City eligible to apply for grants through the year 2008.

In addition to parks, the importance of open space and pleasant streetscapes to enhance the livability of local neighborhoods continues to be seen as a way of improving a neighborhood's appearance and connecting parks and open spaces to each other. The city's look and feel can be enlivened dramatically by attention to streetscapes and street trees. As indicated in the City's Open Space Plan Update, providing sidewalk and street tree amenities to roadway projects will continue to be a priority, as will a stand-alone program for street trees.

acknowledge its inclusion as a component of the activity.

Given the constraints on the City's open space and recreational resources and the limitations that the City faces in developing new parkland, the City must continue to work to manage existing facilities in order to optimize their use. To further this goal, the City includes opportunities for various age groups in all its

PARKS AND OPEN SPACE

Challenges FY 2007-2011 (continued)

park design. In addition, the City has hired a full-time Community Schools director. The director has developed programs to make the Community Schools programs more accessible to a greater number of City residents.

The update to the City's Open Space Plan provides a framework for promoting use of the City's recreation facilities and a plan for management of the City's parks. Implementation of the plan, which has already begun, is a priority.

The City's efforts at building lines of communication to anticipate the recreational needs of local residents through more interactive planning processes has resulted in the establishment of constituencies to care for parks and has improved the City's ability to

compete for grants. The City must continue to foster this communication and to build upon it in order to involve more local residents and businesses in the process. Building bridges between recreational programs in the public park system, and those offered through local non-profits and after-school programs will continue to bring age appropriate activities to everyone in the community.

The City's park and open space system must continue to be an essential part of a vibrant and healthy community. The City will continue to refine open space priorities, and set new goals to realize the vision for a quality open space system in Chelsea.

PARKS AND OPEN SPACE

Goals FY 2007-2011

Chelsea's open space must be maximized to:

- ◆ Provide active and passive recreational opportunities suited to urban population;
- ◆ Resolve conflicts among those competing to use open space that is available;
- ◆ Take advantage of the city's environmental, historic, and scenic resources, and
- ◆ Integrate the open space system into the city fabric to help link neighborhoods, provide buffers against incompatible uses and add value to surrounding properties.

The City's recreation facilities need to be assessed and updated:

- To monitor the condition of existing facilities;
- To meet code requirements, and
- To address changes in recreation demand.

Programs FY 2007-2011

The programs included in the Open Space Program area allow the City to better maintain its existing open space while also providing the resources to increase recreational opportunity to other parcels in the city. The programs also provide for the enhancement of the city's streetscape features through landscaping. Specific programs include:

- ◆ Continue to implement the Five Year Action Plan contained in the City's Open Space and Recreation Plan (FY 2003 – 2008) to guide development of the park system;
- ◆ Initiate a Comprehensive Maintenance Program for all City open space and recreation facilities, coordinated with the school playground and playfield facilities;
- ◆ Renovate of community parks and open space to improve recreation opportunities and enhance the quality of life for the city's residents, and
- ◆ Install street trees and other features to enhance the city's streetscape and to provide amenities for pedestrians.

Projects FY 2007-2011

The Open Space Program area will focus on making the following types of enhancements over the next five years:

- ◆ Renovating playing fields, basketball and tennis courts, and playground areas at existing parks to address the most pressing safety concerns and community needs in the park system;
- ◆ Assessing ongoing open space needs as they pertain to recreation and resource (passive) opportunities;
- ◆ Purchasing and installing of street trees to improve neighborhood streets and City parks;
- ◆ Enhancing existing open spaces to improve recreational opportunities, and
- ◆ Updating the Open Space and Recreation Plan, as needed, to maintain the City's eligibility for open space and recreation funding.

PARKS AND OPEN SPACE

FY'07 Projects

Facilitated by the CIP with guidance from the City's Open Space Plan, the local park system has undergone an expansive development program. In FY'06, the park work program included two projects: i) Four Playground Surface Improvement Project, and ii) Cipiella Park renovations. The Four Playground project upgrades the play surfaces surrounding the playground structures with a manufactured rubber surface at Highland Park, Bellingham Hill Park, O'Neill Tot Lot and Polonia Park. The City has adopted the rubber surface as the standard for safe playgrounds in Chelsea and this project will bring all of the playgrounds into compliance with the standard. The Cipiella Park renovations bring a fresh look to a neighborhood pocket park where the garden is tended by neighborhood residents but the physical structures are almost 30 years old.

During FY'06, a new open space opportunity was realized as a result of the redevelopment of the Parkway Plaza site, and the permitting of a new development at the former American Chemical and Finish facility at 1012 Broadway with the design of the River Walk along Mill Creek. The Parkway Plaza portion of the Riverwalk follows the contours of the Mill Creek with connections through the development to the neighborhoods, and will be complete by summer 2006. A planned connection to the adjoining property at 1012 Broadway will be constructed in 2007 as part of this new mixed use commercial development thereby creating a continuous walkway from Broadway to Locke Street. Future plans include a one-acre public park adjoining the River Walk that in its entirety creates a second waterfront park; the other is the Mary O'Malley Park at Admirals Hill that is owned by the State.

In recent years, the Capital Improvement Program has supported an extensive system of improvements to the City's open space system, and resulted the complete overhaul and modest additions to the system, including the:

- ◆ Renovation of Quigley Park, Polonia Park, Highland Park, Bossom Park, and Voke Park;
- ◆ Expansion of the park system with new parks at Bellingham Hill Park, Eden Park, and the Mace Tot Lot;

- ◆ Installation of Pedestrian Walkway at the Highland Street slope;
- ◆ Reconstruction of the tot lots at the Chelsea Housing Authority's Innes and Fitzpatrick Developments;
- ◆ Construction of an artificial turf field at Chelsea Stadium, in cooperation and through funding support of Metro Lacrosse and the National Football League;
- ◆ Completion of an historic building and site inventory, which includes residential and industrial/commercial structures;
- ◆ Renovation of Winnisimmet Square and the historic fountain;
- ◆ Completion of the first phase of the Garden Cemetery Preservation Plan detailing the placement and names of the burial markers;
- ◆ New streetscape improvements and new street trees, and
- ◆ Completion of the Open Space Plan 2003 Update;

This upcoming year, the City's major parks project is the transfer of a MassPort owned grassed lot at the corner of Chestnut and Fifth Street for conversion to a gated playground for neighborhood kids. The CIP funding request represents the City's matching funds as the City will compete for a State grant in early '07.

Other park activities will include the planning and design of the aforementioned waterfront park at Parkway Plaza continuous to the River Walk, in conjunction with neighborhood residents and community activists.

Capital Project Listing

Program Area: Parks & Open Space

Project: Annual City Park Renovations

Contact: DePriest

Description: Remove wood chips and replace with approximately 1527 sq ft of rubber surface in children's play area at Bellingham Hill Park. Remove wood chips and replace with approximately 1866 sq ft of rubber surface at Polonia Park. Remove existing rubber surface and replace with approximately 1000 sq ft of rubber surface at O'Neil Park.

Justification: The wood chip surface does not provide adequate protection when children fall and can hide dangerous materials such as broken glass. The existing rubber surface at O'Neil Park is old and has outlived its useful life. It has pulled away from the curbing, has sunk and is brittle.

Impact: The park will continue to require annual maintenance. New surfaces require less maintenance than the existing older surfaces.

Start Date: 7/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 70,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,000

Grant Source (if applicable) :

PUBLIC SAFETY

Overview FY 2007-2011

Perceptions about safety are as important as actual crime statistics. Local residents and visitors often judge their sense of personal safety by factors that have little to do with victimization rates or arrest statistics. The City must confront the challenges of perceptions and realities of public safety and deal with the myriad of factors that can affect personal safety and quality of life.

Over the past few years, infrastructure supporting the Police and Fire Departments has helped led to even better local service to the public. The addition of new officers, commitment to neighborhood-based problem-solving partnerships, the rehabilitation of the Park Street Police Station and the acquisition of new technologies have dramatically changed the Chelsea Police Department. The Fire Department has seen a

substantial upgrade of its infrastructure, both of buildings and equipment. The implementation of Emergency 911 is another visible sign of positive change.

The introduction of a full-time Emergency Management Director and the establishment of an Emergency Operations Center and Mobile Command Unit have similarly led to substantial gains in that service area.

Continued public safety improvements are an essential element of the local revitalization strategy. In order to retain current and attract new homeowners, business owners, and others, the City must continue to enhance Police, Fire and Emergency Management services.

Challenges FY 2007-2011

Public safety serves the City 24 hours a day, seven days a week. Police, fire and emergency management personnel provide the most essential services of the City; protecting the lives and property of the City's residential and business communities.

While protection is the primary goal, public safety agencies are also being asked to act as agents of change to improve the quality of life in each of the city's

neighborhoods. As such, public safety officials must have the resources to develop and implement new procedures while maintaining their traditional roles. To accomplish all that is asked, the City must provide public safety officials with access and training to the newest of technologies in the most up-to-date facilities in order to maximize their resources strengthen their capabilities and enhance their effectiveness.

PUBLIC SAFETY

Goals FY 2007-2011

The maintenance of a safe and secure climate within the city is vital to the community's revitalization. Capital improvements will help to ensure the safety and well being of residents, visitors and workers through efforts designed to reduce fear, increase safety levels and respond to any public safety emergency. To accomplish this, the City must:

- ◆ Invest in the acquisition of technological improvements that increase the City's ability to provide reliable and capable police and fire services;
- ◆ Enhance public safety communications facilities to assure accurate and dependable information transmission;
- ◆ Upgrade the physical plants of all public safety agencies, and
- ◆ Provide thorough training so that personnel are equipped to meet ever-increasing challenges.

Programs FY 2007-2011

The City seeks to provide local public safety officials with the necessary resources to successfully carry out their duties. These projects will in part be guided by the following:

- ◆ Complete and implement a master plan for the replacement of fire fighting rolling stock, and
- ◆ Conduct a technology assessment to maximize efficient computer and telecommunications operations and ensure that complementary equipment and systems exist between the Police, Fire, Emergency Management Departments and City Hall.

Projects FY 2007-2011

Investment in the Public Safety Program area will focus on the following areas over the next five-year period:

- ◆ Upgrade the Fire Stations and Public Safety building systems to modernize the facilities and improve operations, and
- ◆ Undertake technological improvements to link the City's public safety and administrative functions.

PUBLIC SAFETY

FY'07 Projects

The Public Safety Program area is designed to expand the responsiveness and effectiveness of the City's Public Safety Departments.

In FY'07, Public Safety will:

- ◆ Acquire a new vehicle for the Fire Department Chief;
- ◆ Acquire Bunker Gear.

Capital Project Listing

Program Area: Public Safety - Fire

Project: Bunker Gear

Contact: Siewko

Description: Replacement of gear on an ongoing three (3) year plan.

Justification: The gear serves as critical protection for firefighters against heat, flame, hazardous materials and blood-borne pathogens. This bunker gear meets all NFPA requirements as specified. The acquisition allows for a back-up set for each firefighter after fire, hazmat incidents and medical emergencies. This is also necessary to allow a set to be sent out for decontamination after such emergencies.

Impact: Bunker gear is directly related to the safety of firefighters while performing emergency operations in hostile environments. The protection of firefighter's health and safety reduces injury due to exposure which can impact health costs and on duty time loss on the job.

Start Date: 7/1/06

End Date: 12/31/06

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 31,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Public Safety - Fire

Project: Chief's Car – Trail Blazer

Contact: Siewko

Description: Replacement of 1997 vehicle

Justification: The Department CIP plan calls for replacement of emergency vehicles other than fire apparatus every five (5) years such as the Chief's Car, Command Car, (3) Fire Prevention units, Mechanics Truck, K2 and H1. The Chief of Department is on duty 24 hours a day and 365 days a year. The Chief must be available to respond to emergency incidents with a dependable vehicle in any kind of weather. The Chief's Car will be nine (9) years old in FY 06.

Impact: These vehicles are currently maintained on a regular scheduled maintenance program. However, the cost of maintenance due to age, use and emergency service response have a demonstrated history of escalating increased maintenance and repair cost after five (5) years. New vehicles are covered with warranties, which is cost effective.

Start Date: 7/1/06

End Date: 12/31/06

Project Cost:

FY2007

General	Water/Sewer	Operating	Grant	Free Cash	Total
Obligation Bond	Enterprise Bond	Budget			
\$ 44,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,000

Grant Source (if applicable) :

EQUIPMENT ACQUISITION

Overview FY 2007-2011

The Public Works Department has in its inventory of rolling stock and equipment, thirty-six in-service pieces consisting primarily of light and medium duty trucks that have an average age of six years. The current value of this inventory is over \$1,300,000, with approximately 65% of this value reflecting purchases over the last five years. The new replacement value of the vehicles and over-the-road equipment is more than \$1,500,000. In 1992, approximately 78% of the fleet was over 10 years in age, with many in poor operational condition creating a negative effect on the department's operating budget. Now over 60% of the DPW fleet is five years old or newer.

To more effectively present the purchase of all City equipment, this program area now also contains

upgrades and improvements to the City's computerized information systems. These purchases were previously found in the Public Buildings and Facilities program area.

The past five years of CIP investment in technology has enabled the City to provide an increasing level of service to all those who interact with the City. In FY'07 this trend will continue with the focus on upgrading the City's Inspectional Services Department technology.

Challenges FY 2007-2011

The continuing challenge is to keep the existing rolling stock and equipment in good running condition without extraordinary repair of major components prior to vehicle or equipment replacement. Annually, a fleet review is conducted to predict which vehicles or equipment would be candidates for replacement in the immediately following fiscal year or budget cycle.

In the coming years, routine capital purchases for rolling stock and equipment will be part of the department's operational budget. Because the City has made great strides to stabilize and improve the cycle for purchasing rolling stock and equipment, less of these items will be candidates for the CIP. In the future, only larger non-routine capital equipment purchases will be reflected in the CIP.

EQUIPMENT ACQUISITION

Goals FY 2007-2011

The goal of the Equipment Acquisition area is to:

- ◆ Maintain a regular, scheduled program of equipment replacement to minimize service interruptions due to the failure of aging equipment;
- ◆ Provide a consistently high level of equipment reliability;
- ◆ Ensure that equipment used by City employees incorporate the highest standards of safety available on the market;
- ◆ Lower the current average age of the City's fleet to achieve cost savings, and
- ◆ Promote the use of technology in order to improve workforce efficiencies.

Programs FY 2007-2011

Several major new program initiatives have been implemented to manage the City's equipment, technology and rolling stock, including:

- ◆ The operational improvement program manages fuel distribution and maintenance expense tracking. This has been achieved, in part, through outsourcing of fuel purchases and updating of vendor supplies and repair billing software;
- ◆ The Department's vehicle assessment program determines total cost of ownership, which is a big factor in projecting replacement cycles. It includes purchase or replacement cost, maintenance costs life-to-date, current and depreciated value or residual value at the time of replacement. Older models cost more to maintain than newer vehicles. Records are maintained to show the unit cost, depreciation, miles driven, and maintenance cost life-to-date. This snapshot of total cost of ownership and vehicle condition goes a long way in determining if the vehicle is a good candidate for replacement. FY'05 was the start of this process for the DPW replacing the first two trucks acquired under the capital improvement program, and
- ◆ To upgrade IT Services and associated equipment.

Projects FY 2007-2011

Projects over the next five-year period will focus on:

- ◆ Identify vehicles and over-the-road equipment pieces that are beginning to require extraordinary maintenance, in order to schedule cost-effective replacement. Replacement should be targeted to occur just before unit becomes high-maintenance or gets "too old";
- ◆ GIS: update aerial imagery, providing service delivery and planning units with detailed, recent City land-use data; GPS unit to accurately plot resources (trees, traffic lights, etc.) and parcel data for use in strategic planning;
- ◆ Implement a telephony (Voice over IP) system. Changes in service delivery models and communication needs necessitate an update to the City's telecommunications system and infrastructure, and will produce a reduction in costs. Savings will result from elimination of Centrex lines, consolidation of services and leveraging of the data network, and
- Implement point of inspection technology. The technology will result in inspectors becoming more efficient in completing transactions in the field eliminating the need to return to the office for data entry. Also, departmental files will be imaged providing easy access to City Hall personnel as well as the public.
- Purchase a cab and chassis with plow for the Department of Public Works inventory of rolling stock. The cab and chassis will replace the existing equipment which is used daily.

EQUIPMENT ACQUISITION

FY'07 Projects

FY'07 projects will include:

- ◆ Point of inspection technology and imaging.
- ◆ Rolling stock-chassis with plow.

Capital Project Listing

Program Area: Equipment Acquisition

Project: Inspectional Services Technology Initiative

Contact: Cooney

Description: To allow inspectors to complete data entry at point of collection, thus allowing inspectors more time in the field

Justification: Inspectors spend a great deal of time in the office; With this technology, inspectors can complete inspections without having to come back to complete data entry. Also, department files will be imaged as part of the initiative. The inspectors will have access to department files while in the field.

Impact: There will be an approximately \$11,000 yearly maintenance charge.

Start Date: 7/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 47,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,000

Grant Source (if applicable) :

Capital Project Listing

Program Area: Equipment Acquisition

Project: Rolling Stock

Contact: Sacca

Description: Purchase of one International cab and chassis with plow for the Department's packer (\$88,000.00).

Justification: The Public Works Department has in its inventory of rolling stock and equipment thirty five in-service pieces consisting primarily of light and medium duty trucks with an average age of slightly less than ten years. The current value of this inventory is over one million dollars, with approximately 76% of this value reflecting purchases over the last four years, down slightly from 77% in 2003, but up slightly from 75% in 2004. The new replacement value is approximately \$1,520,000. In FY06, we purchased one replacement MADVAC and one truck with plow.

Impact: The Department's vehicle assessment program has established an historical database and comprehensive evaluation of the condition of each piece of equipment, its useful life, replacement value, and service demand projections. This helps us to ensure that the existing rolling stock is kept in good and safe running condition without extraordinary repair costs associated with age and wear. The City's trash packer, which has been used every day until recently, is in seriously deteriorated condition. The frame is rusted and is unsafe to operate. The cost to replace this packer is about \$86,000, but the packer body is relatively new and we can replace the cab and chassis with a plow package for \$88,000, including the installation of the existing packer body on the new chassis.

Start Date: 7/1/06

End Date: 11/1/06

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 88,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,000

Grant Source (if applicable) :

CIP ADMINISTRATION AND CONTINGENCY

Overview FY 2007-2011

Since the inception of a formal capital planning process in FY'97, CIP planners recognized the necessity of incorporating a modest allocation for administrative support and an allocation for project contingency to cover any project budget overruns or unexpected project expenses. This allocation is generally funded from the Operating Budget.

Typically, the City has committed from \$75,000 to \$170,000 of the Operating Fund to administration and project contingency activities. In FY'04 that trend was reduced to funding the administrative and project manager role only. This is reflective of a smaller total amount being spent and believed to be the minimal effort necessary to ensure the advancement of the CIP program.

Challenges FY 2007-2011

Over the past few years, the City has gained a greater understanding of the management of the CIP. In particular, the City and its project managers have come to recognize the value of advance study and investigation in helping to scope the extent of a project. Assessment is directly related to the ability to manage a project and control the cost of the project. Overall, this has translated into an emphasis on generating a

programmatic approach to identify and prioritize projects.

This approach will help to improve project delivery and control budget costs, thereby reducing administrative efforts for project delivery and diminishing the amount of project contingency funds.

CIP ADMINISTRATION AND CONTINGENCY

Goals FY 2007-2011

The goal of the CIP Administration and Contingency program area is to:

- ◆ Provide adequate staffing to plan for projects in the CIP and ensure their timely implementation.

Programs FY 2007-2011

Several major new program initiatives have been developed to improve efficiencies in the program area, including:

- ◆ Development of a system-wide assessment program to ensure that adequate resources have been committed for long-term planning in all eight of the program areas, and
- ◆ The project database tracking system to ensure a more detailed performance reporting system, so that any delays in implementation may be addressed early and possibly averted.

Projects FY 2007-2011

Projects over the next five-year period will focus on:

- ◆ Reviewing the management of the CIP program to identify improved programmatic and operational efficiencies;
- ◆ Continuing the integration of the CIP project financing with the City financial system to improve expenditure reporting and tracking. This will also help to reduce administrative efforts and streamline project scheduling, and
- ◆ Bringing in house the database tracking system along with established reporting.

CIP ADMINISTRATION AND CONTINGENCY

FY'07 Projects

FY'07 projects in this program area will result in the following allocation of funds:

- ◆ The full amount of \$84,000 is dedicated to CIP administrative costs, including the salary of the CIP Project Manager, who is responsible primarily for managing CIP funded construction activities in the Public Works Department. No contingency funding is provided in this year's CIP. To the extent that such may be required, City officials will seek savings in other program areas for FY'07 or from other projects funded in previous years.

Capital Project Listing

Program Area: Administration & Contingency

Project: CIP Management and Contingency

Contact: Tenaglia

Description: Provides for CIP management and the administrative costs associated with the production and reporting of the various capital plan documents.

Justification: The management and reporting of the CIP is a critical component to the formation of future capital plans and provides oversight for those projects already in progress. Through effective management and reporting, costly project overruns are avoided. Furthermore, the CIP management and various reporting ensure that resources are used wisely.

Impact: The active monitoring of project progress and costs has resulted in several projects completing under budget freeing up funds for unexpected developments as they arise.

Start Date: 7/1/06

End Date: 6/30/07

Project Cost:

FY2007

General Obligation Bond	Water/Sewer Enterprise Bond	Operating Budget	Grant	Free Cash	Total
\$ 0	\$ 0	\$ 84,000	\$ 0	\$ 0	\$ 84,000

Grant Source (if applicable) :

Capital Plan Source by Program Area - FY'07

	Free Cash	GO Bond	Water/Sewer Bond	Operating Budget	Grant	Total
Utility Enhancements	\$0	\$0	\$2,497,000	\$75,000	\$3,286,000	\$5,858,000
Surface Enhancements	\$0	\$58,000	\$0	\$0	\$1,548,500	\$1,606,500
Public Buildings & Facilities	\$0	\$315,000	\$0	\$150,000	\$0	\$465,000
Parks & Open Space	\$0	\$70,000	\$0	\$0	\$0	\$70,000
Public Safety - Fire	\$0	\$75,000	\$0	\$0	\$0	\$75,000
Equipment Acquisition	\$0	\$135,000	\$0	\$0	\$0	\$135,000
Administration & Contingency	\$0	\$0	\$0	\$84,000	\$0	\$84,000
Grand Total:	\$0	\$653,000	\$2,497,000	\$309,000	\$4,834,500	\$8,293,500

Capital Plan Source by Project - FY'07

Program Area: Utility Enhancements

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Carter Street Pump Station Phase III	\$ 0	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Carter Street Sewer Replacement	\$ 0	\$ 0	\$ 700,000	\$ 0	\$ 0	\$ 700,000
Crescent Avenue Infrastructure Reconstruction	\$ 0	\$ 0	\$ 1,327,000	\$ 0	\$ 2,091,000	\$ 3,418,000
Fourth Street Water Main Replacement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,000	\$ 40,000
Gerrish Neighborhood District Improvements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 960,000	\$ 960,000
Highland Street Drainage Outfall - Phase I	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 195,000	\$ 495,000
N.E. Produce Center Water Meters	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 150,000
Sewer Manhole Installations	\$ 0	\$ 0	\$ 0	\$ 75,000	\$ 0	\$ 75,000
Program Area Total	\$ 0	\$ 0	\$ 2,497,000	\$ 75,000	\$ 3,286,000	\$ 5,858,000

Capital Plan Source by Project - FY'07

Program Area: Surface Enhancements

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Arlington and Everett Avenue	\$ 0	\$ 35,000	\$ 0	\$ 0	\$ 0	\$ 35,000
Beacon Street	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,500	\$ 16,500
Bellingham Street	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000	\$ 85,000
Crescent Avenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 350,000	\$ 350,000
Gerrish Avenue - Interim Upgrade	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 170,000
Gerrish Neighborhood Improvements -Phase I	\$ 0	\$ 0	\$ 0	\$ 0	\$ 650,000	\$ 650,000
Library Street	\$ 0	\$ 0	\$ 0	\$ 0	\$ 277,000	\$ 277,000
Tudor Street	\$ 0	\$ 23,000	\$ 0	\$ 0	\$ 0	\$ 23,000
Program Area Total	\$ 0	\$ 58,000	\$ 0	\$ 0	\$ 1,548,500	\$ 1,606,500

Capital Plan Source by Project - FY'07

Program Area: Public Buildings & Facilities

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
City Hall Roof Line Terra Cotta - Phase II	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 200,000
City Hall Skylight Replacement	\$ 0	\$ 115,000	\$ 0	\$ 0	\$ 0	\$ 115,000
Extraordinary Maintenance Projects	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000
Program Area Total	\$ 0	\$ 315,000	\$ 0	\$ 150,000	\$ 0	\$ 465,000

Capital Plan Source by Project - FY'07

Program Area: Parks & Open Space

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Annual City Park Renovations	\$ 0	\$ 70,000	\$ 0	\$ 0	\$ 0	\$ 70,000
Program Area Total	\$ 0	\$ 70,000	\$ 0	\$ 0	\$ 0	\$ 70,000

Capital Plan Source by Project - FY'07

Program Area: Public Safety - Fire

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Bunker Gear	\$ 0	\$ 31,000	\$ 0	\$ 0	\$ 0	\$ 31,000
Chief's Car – Trail Blazer	\$ 0	\$ 44,000	\$ 0	\$ 0	\$ 0	\$ 44,000
Program Area Total	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 75,000

Capital Plan Source by Project - FY'07

Program Area: Equipment Acquisition

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Inspectional Services Technology Initiative	\$ 0	\$ 47,000	\$ 0	\$ 0	\$ 0	\$ 47,000
Rolling Stock	\$ 0	\$ 88,000	\$ 0	\$ 0	\$ 0	\$ 88,000
Program Area Total	\$ 0	\$ 135,000	\$ 0	\$ 0	\$ 0	\$ 135,000

Capital Plan Source by Project - FY'07

Program Area: Administration & Contingency

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
CIP Management and Contingency	\$ 0	\$ 0	\$ 0	\$ 84,000	\$ 0	\$ 84,000
Program Area Total	\$ 0	\$ 0	\$ 0	\$ 84,000	\$ 0	\$ 84,000

	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
<i>FY'07 CIP Total:</i>	\$ 0	\$ 653,000	\$ 2,497,000	\$ 309,000	\$ 4,834,500	\$ 8,293,500

Capital Plan Source by Program Area - FY'08

	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Utility Enhancements	\$ 0	\$ 0	\$ 5,385,000	\$ 50,000	\$ 255,000	\$ 5,690,000
Surface Enhancements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377,000	\$ 377,000
Public Buildings & Facilities	\$ 0	\$ 45,000	\$ 0	\$ 0	\$ 0	\$ 45,000
Parks & Open Space	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,000	\$ 210,000
Public Safety	\$ 0	\$ 314,000	\$ 0	\$ 0	\$ 0	\$ 314,000
Equipment Acquisition	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
Administration & Contingency	\$ 0	\$ 0	\$ 0	\$ 79,000	\$ 0	\$ 79,000
Grand Total:	\$ 0	\$ 459,000	\$ 5,385,000	\$ 129,000	\$ 842,000	\$ 6,815,000

Capital Plan Source by Project - FY'08

Program Area: Utility Enhancements

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Blossom Street Infrastructure Project	\$ 0	\$ 0	\$ 2,250,000	\$ 0	\$ 0	\$ 2,250,000
Data Collection by Internal Television Inspection	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 50,000
Heard Street Infrastructure Project	\$ 0	\$ 0	\$ 2,750,000	\$ 0	\$ 0	\$ 2,750,000
Inflow and Infiltration Removal Permitting Requirements	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Sewer & Drain GIS	\$ 0	\$ 0	\$ 125,000	\$ 0	\$ 0	\$ 125,000
Storm Water Management Plan	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 255,000	\$ 305,000
Washburn Street Water Main Replacement	\$ 0	\$ 0	\$ 110,000	\$ 0	\$ 0	\$ 110,000
Program Area Total	\$ 0	\$ 0	\$ 5,385,000	\$ 50,000	\$ 255,000	\$ 5,690,000

Capital Plan Source by Project - FY'08

Program Area: Surface Enhancements

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Library Street - Griffin Way Pedestrian Crossing	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,000	\$ 42,000
Marlboro Street	\$ 0	\$ 0	\$ 0	\$ 0	\$ 335,000	\$ 335,000
Program Area Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377,000	\$ 377,000

Capital Plan Source by Project - FY'08

Program Area: Public Buildings & Facilities

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
City Hall Landscaping	\$ 0	\$ 45,000	\$ 0	\$ 0	\$ 0	\$ 45,000
Program Area Total	\$ 0	\$ 45,000	\$ 0	\$ 0	\$ 0	\$ 45,000

Capital Plan Source by Project - FY'08

Program Area: Parks & Open Space

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Annual City Park Renovations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,000	\$ 210,000
Program Area Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 210,000	\$ 210,000

Capital Plan Source by Project - FY'08

Program Area: Public Safety

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Various Purchases	\$ 0	\$ 314,000	\$ 0	\$ 0	\$ 0	\$ 314,000
Program Area Total	\$ 0	\$ 314,000	\$ 0	\$ 0	\$ 0	\$ 314,000

Capital Plan Source by Project - FY'08

Program Area: Equipment Acquisition

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
Various Purchases	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
Program Area Total	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000

Capital Plan Source by Project - FY'08

Program Area: Administration & Contingency

Project Name	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
CIP Management & Contingency	\$ 0	\$ 0	\$ 0	\$ 79,000	\$ 0	\$ 79,000
Program Area Total	\$ 0	\$ 0	\$ 0	\$ 79,000	\$ 0	\$ 79,000

	Free Cash	GO Bond	Water/Sewer Bond	Operating	Grant	Total
<i>FY'08 CIP Total:</i>	\$ 0	\$ 459,000	\$ 5,385,000	\$ 129,000	\$ 842,000	\$ 6,815,000

TENTATIVE FUTURE CAPITAL PROJECTS

The Capital Improvement Program is a multi-year fiscal planning document that identifies long-term improvements and provides a program for the prioritization, scheduling and funding of Capital Projects. The development of a CIP is a continual process and, as a result, should result in a plan to be viewed as a “working document.”

In recognition of the dynamic nature of the CIP, the format for the Capital Project Listing for the out years (FY 2009-2011 and beyond) has been modified to facilitate project analysis and selection. Unlike FY’07 and FY’08, no defined link between funding sources and specific projects has been established for the out years.

Tentative future capital projects and their associated estimated costs have been divided into the respective Program Areas. Figures 1 and 2 in the CIP Overview provide an estimate of projected Capital Improvement funding sources and Program Area expenditures for the current fiscal year as well as the out years. The intention of these listings is to provide an overview of the City’s proposed needs and funding sources. The flexibility of this format allows for modifications to the CIP in response to changes in projected funding sources and Program Area needs.

The Tentative Future Capital Projects Listing provides a guideline for the next year’s CIP planning process and the continued development of the City’s CIPs well into the future.

The Tentative Capital Projects Listings are contained on the following pages.

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Utility Enhancements

Project Name	Estimated Cost
Sewer & Drain Improvements in Urban Renewal Area	\$ 1,200,000
Shawmut Street Drainage Outfall Feasibility Study, Design and Construction	\$ 290,000
Shurtleff Street Infrastructure Project	\$ 2,500,000

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Surface Enhancements

Project Name	Estimated Cost
Pavement Preservation	\$ 30,000

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Public Buildings & Facilities

Project Name	Estimated Cost
Battery Back Ups - Police	\$ 7,000
City Hall Exterior Door Replacement	\$ 27,000
City Hall Windows and Surrounding Terra Cotta	\$ 3,100,000
Clean/Reseal Exterior Brick -Clark School	\$ 50,000
Computers - Police	\$ 17,000
Exterior Repairs-All Schools	\$ 120,000
Highland and Maverick Parking Street	\$ 150,000
Inspection and Evaluation of City Hall Copper	\$ 50,000
Interior Refurbishing-All Schools	\$ 109,000
Senior Center Automated Entrance Systems	\$ 42,000
Terra Cotta Base Bands & Door Surrounds	\$ 457,000

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Parks & Open Space

Project Name	Estimated Cost
Annual City Park Renovations	\$ 100,000

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Public Safety - Fire

Project Name	Estimated Cost
Air Refilling Compressor for SCBA	\$ 45,000
Engine #2	\$ 445,000
Hurst Tool & Generator (Tower #1)	\$ 32,000
New Tower Ladder	\$ 900,000
Radio & Chargers Replacement	\$ 20,000
Refurbish Engine Two	\$ 25,000
Replace (2) Fire Prevention Ford Taurus	\$ 60,000
Special Operations Unit	\$ 260,000
Thermal Imaging Cameras	\$ 65,000

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Public Safety - Police

Project Name	Estimated Cost
Police Base Station	\$ 25,000
Ricoh Copier	\$ 9,000
Treadmill	\$ 8,000

Capital Plan Source by Project - Tentative Future Projects (FY'09-FY'11)

Program Area: Equipment Acquisition

Project Name	Estimated Cost
Cashiering Solution with Credit Card and Back Office	\$ 55,000
Imaging of Water and Sewer Files	\$ 33,000
Library IT Infrastructure Upgrade	\$ 160,000
Rolling Stock	\$ 106,000
Total Tentative Future:	\$ 10,498,000

**THE CITY OF CHELSEA
STATE OF THE CITY: 2006**

“Progress”



A report by
City Manager Jay Ash
to the
Chelsea City Council

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January 31, 2006



Jay Ash
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CITY OF CHELSEA

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January 31, 2006

Dear Honorable City Council:

It is my great pleasure to share with you the City's annual State of the City Report, entitled "*Progress.*" After ten years of awarding winning management of City government, the City has much in the way of evidence supporting my claim that great progress has been made in almost every area of community concern.

Arguably, a reason for the budgeting awards, burgeoning development, public safety recognition, senior center accreditation, property value increases and charter replication is that the process of managing government relies on professionalism over politics, planning over ignoring and collective achievement over individual gain. Your leadership in making those goals a reality cannot be over-appreciated. You set the standard, and from there your City staff performs admirably. Add in the contributions of many outstanding community based organizations and the individual work of a growing cadre of dedicated citizens, and it becomes clearer why the City's revitalization produces the admiration that it has.

Budget challenges notwithstanding, this past year was another excellent one, with many important goals having been achieved. Maybe the biggest news was in the area of economic development, where the Home Depot groundbreaking has finally spurred the redevelopment of Parkway Plaza, the approval of a new Market Basket for the Mystic Mall holds out great promise for the future of that retail center, the state approval of the updated Everett Avenue Urban Renewal Plan provides the opportunity for a gleaming residential development to replace blighting industrial buildings and the investment by one of the world's largest company's, GE Capital, in two local properties places the city on the world map. The City's announced goal of getting 1,200 units of new housing on line by the end of FY'08 got off to a rousing start with at least a half a dozen significant projects meeting important pre-construction milestones and one project, the transformation of Forbes Industrial Park, actually beginning construction.

As important as balancing budgets and producing economic development to help support those budgets may be, other significant accomplishments were enjoyed in the areas of public safety, community development and neighborhood enhancement. The 14-point plan on enhancing public safety was fully implemented in 2005, including an exciting provision to install 34 surveillance cameras around the community. Speaking of community, the groundbreaking of HarborCOV's 24-units of supportive housing for the survivors of domestic violence is something we can all point to with great pride. So, too, is the accomplishment of our Senior Center, becoming only one of seven in the state to earn national accreditation. In our neighborhoods, perhaps most exciting is the pending project to basically build a new neighborhood on Gerrish Avenue, now that several Chelsea Neighborhood Housing Services projects have been permitted.

You continue to press and we together continue to strive to make City government as open and responsive as possible. The start of our municipal benchmarking exercise, where we take an in-depth review of our expenditures and revenues by comparing them to a group of 20 similar communities, could be the most progressive effort ever undertaken locally to “open” City Hall to one and all.

Yes, there are still challenges and shortcomings. However, City government and its stakeholders continue to not only admit to those challenges but pledge to work together to overcome them. This upcoming year, we will again focus squarely on public safety and at risk youth by directing another round of Police Department enhancements. A collaborative effort will be made to design an after school program to reach even more local kids. The City’s war on odors will build upon the success in securing odor recovery equipment at Chelsea Terminal by focusing additional attention on Boston Hides and Furs. There are many more laudable goals that are seemingly achievable because the City now has a demonstrated record of accomplishment.

I would like to personally thank you for the opportunity to join with you and many in the community in promoting the work we do. I am excited about the progress we have already produced, and truly believe there is no limit to the accomplishments we can further enjoy by continuing to work together and remaining focused on one central goal, that being the advancement of our truly great community and its people.

Very truly yours,

A handwritten signature in cursive script that reads "Jay Ash". The signature is written in black ink and is positioned to the left of the typed name.

Jay Ash
City Manager



Progress

When there are clearly definable limits, progress is so much easier to measure. On a journey across country, for example, progress can be measured by miles traveled. At home, progress on painting a house can be measured one shingle at a time. Not every journey or project, though, has as clearly a definable beginning and end. So, when no end can be achieved, can one measure progress?

Such is the question entities like a city government face in trying to measure progress. Even in the business world, progress seems more measurable. Take Alkermes, for example. The Cambridge-based pharmaceutical company with a manufacturing center locally recently received federal approval to begin production of a new medication that fights alcoholism. That is progress; important progress alright. Moving a product from the development stage, through testing, approvals and, ultimately, production is progress the team at Alkermes can readily measure, and should rightly celebrate.

Locally, some question if the City is making progress. That is a fair question, because there is arguably no achievable end to that which any municipal government can reach. We all want safer streets, but it is unrealistic to expect that no crime will ever happen in a community, no matter how many police officers and how many surveillance cameras a municipality might employ. No one wants to pay more taxes, but could a community that became so inexpensive to live in provide the

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

services necessary to make a community more livable? Hardly. So, in communities all across the country, progress must mean something other than coming to an end.

Sir Winston Churchill may have been considering the conundrum governments face when he offered the following:

“Every day you may make progress. Every step may be fruitful. Yet there will stretch out before you an ever-lengthening, ever-ascending, ever-improving path. You know you will never get to the end of the journey. But this, so far from discouraging, only adds to the joy and glory of the climb.”

We in Chelsea City government will never get to the end of the journey, but we certainly have much to show for the climb. That no end exists does, however, test the mettle of policy makers and administrators alike, as it is only human to seek an end to any task undertaken. Yet, by recognizing, as Churchill did, that every action that contributes to progress carries an organization or, in the local case, a community further up from the valleys towards peaks that are so high that their tops cannot be seen, progress can in fact be measured. That measurement may not relate to how much of the climb lies ahead, but instead by how much ascension has already taken place.

Reflecting back on history, the City was once in the depths of a valley that no others had visited since the Great Depression. While many an official and perhaps even more residents may be tired of what sometimes appears to be an annual visit to the bad old days of yesteryear, the City has what few other communities can reflect upon, that being a beginning. Yes, Chelsea was founded in 1624, ahead of many other communities in Massachusetts. It has been generations, though, since a new community was formed here in Massachusetts, so none can vividly reflect back to a starting point the way that the City can, having hit “rock-bottom” with Receivership in 1991 and then emerging as a “new City” in 1995. The ability Chelseans and those who observe the City have to remember the substantial troubles that preceded the City’s darkest day, being placed into Receivership, does, in fact, help to put into perspective that which is happening and shaping the community today.

Among the masses, there are critics. For a majority of local government participants and each and every municipal observer who has chosen to weigh in, progress has and continues to be witnessed locally. Some say the City and the community are remarkable, in fact, in how far the two have come in such a short period of time. Yet, critics, as they are wont to do, decry that nothing has changed, or worse, that the City is not only failing to make progress but actually falling backwards into the morass of years gone past, doomed to be shamed yet again.

Local government is now entering its second decade under a City Charter that has promoted professionalism over politics, planning over ignoring and collective achievement over individual benefit. The stability in leadership in both the City’s elected and appointed posts has led to an undeniable record of success which, without any additional commentary, would lead a first time observer to conclude that the City is a model for others to emulate. No, that first time observer could not conclude that everything is right or perfect. But, as Churchill suggests, the failure to be perfect is not discouraging to those who proudly carry the mantle of leadership or otherwise support the march the community is collectively making towards even better days ahead.

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

Is the City's financial situation the healthiest in the state? No. Are crime rates too high for the police to be able to claim complete victory? Yes. Can the city be cleaner? You bet. Are all the city's residents enjoying all the fruits our great country has to offer? Not by a long shot. Yet, despite all of these shortcomings, which, by the way, just about every municipality if questioned would have to acknowledge, there is significant achievement and great expectation that even more can and, as importantly, will be done. Progress on the City's agenda, and progress in the community, is abounding. More than just rhetoric, that progress is tangible and measurable.

Progress is a look back at the successes of last year and, yes, the challenges that lie ahead. However, a longer-term view will arguably frame the two-year perspective that this annual State of the City Report offers.

The City paused ever so briefly to mark the 10th anniversary of emerging from Receivership this past August. No events were held to note the passage of time. Yet, it is the passage of time and the great many events that have happened over the last decade that more boisterously speak to all that has happen locally since that August, 1995.

Rhetoric aside, ample evidence exists to support such a bold claim that City government has worked well this past decade, and the entire community, not just a politically connect few, has been the beneficiary. On the finance side, there is increased bond ratings, budgeting and auditing awards, and the maintenance of "rainy day funds." While local governments are still reeling from the worst municipal finance period since the Great Depression, the City has managed to navigate through the turbulent times and is regularly pointed to as a role model for efficient and effective municipal management. That is a far cry from the infamy suffered locally during a relatively mild recession that thrust the City into Receivership. As Springfield struggles with its own fiscal and political mess, and other communities have been placed on the brink of bankruptcy as a result of health insurance increases, local aid reductions and the fallout from bad economic times, local finances have remained relatively stable. Yes, there are budgetary pressures and tough decisions that have and will continue to be made. However, the feelings of an inescapable slide downwards and an inevitable collapse which existed in the late 1980's have been replaced with a sense of control and a realistic hope for even better days ahead.

For most residents, the tremendous leadership of the City Council and the relative strength of the City's finances are not matters they take notice of daily. Instead, a drive around the City and a gaze at all that has taken place since the City emerged from Receivership in 1995 provides the more visible indication that the City has indeed had a fruitful decade. New schools opened in 1996, the first to do so in eighty years! Other facilities for youth and their families, including the Roca Youth Center, the Jordan Boys & Girls Club and the CAPIC Head Start Center, give the community unparalleled resources. Two new parks have been added and every existing park has been upgraded, including the placement of the artificial turf at Chelsea Memorial Stadium. That project has been the envy of many other communities.

Streets, sidewalks and those unseen yet vital underground water, sewer and drain lines continue to be replaced. As recently as the mid-1990's, antiquated infrastructure, including wooden pipes, placed the City's entire utility system in jeopardy. The regular, routine replacement of infrastructure

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

through a sound capital improvement program has worked here and been the basis for similar programming in other communities.

Perhaps most notably, Chelsea's skyline has changed. The Everett Avenue Urban Renewal District, announced in 1997, has transformed a once blighted industrial area and has been the springboard for more than \$100,000,000 of private investment since then. When once the City's economic development program had to beg and plead for attention, now, dozens of successful projects latter, the city has become such an appreciated locale that one of the *world's* largest companies has recently made an investment in the community. Parkway Plaza is under construction and the Mystic Mall will soon break ground, both for exciting mixed-use developments.

Values in local neighborhoods have skyrocketed. By one account, the appreciation of residential property locally has exceeded *all* other communities over a four-year period. That is a remarkable story when one remembers more that 100 vacant and boarded up units that existed in local neighborhoods in 1995. The burned-out YMHA and the Skeleton Building were both scourges of their neighborhoods for more than a decade and both examples of how the City's attention to problem properties has resulted in the elimination of buildings and businesses that dragged down neighborhoods. At the site of the Skeleton Building on Eden Street, for example, the three-story, steel-exposed reminder of the failed promises of previous rejuvenation efforts has been replaced by seven units of neighborhood appropriate housing and a terrific neighborhood park.

Is everything perfect? No, it is not. Skyrocketing values have placed pressures on affordability, urban issues are abounding and finances remain tight. Yet, for those who can remember the past and look critically at the present, the community's future seems as bright as any time in recent memory. That impression is a result of the outstanding leadership of a dedicated City Council, the continuing contributions of a terrific City staff, and the work that many in the community are doing to promote a single, pro-Chelsea agenda. The business community, community-based non-profits, civic organizations and individual residents have been welcomed to an open City government and are all part of what has made the City so successful over the past ten years. Collectively, those stakeholders are among the many reasons that those problems that still exist will be addressed; not shied away from as had been the City's inkling in years gone by. This is one of the reasons that the National Civic League selected the city to receive the prestigious "All-America City" designation in 1998.

A decade is a very short period, especially in the life of a community that was settled almost four hundred years ago. Progress, though, means not repeating the mistakes of the past while remaining committed to addressing local needs in a professional and methodical manner well into the future. Counter to the old axiom: "you can't teach an old dog new tricks," today's Chelsea has managed to find a new way to operate. With ten years of experience, if the City can continue to build on the rational debate and the resulting actions that have already produced award-winning results, there is no end to the success the City will enjoy.

Professional and methodical manners are now embedded into the administration of City government. Among the most important lessons learned is that the right way of doing things, replicated time and again, is the best way to produce far reaching and long lasting results. Perhaps most symbolic of that philosophy is the City's strict adherence to the "Fundamentals," a broad set of policy statements

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

that guide most all of the City's thoughts and efforts. The Fundamentals bring focus to the City's core philosophies and promote a constant re-evaluation of the City's achievements and goals. Individually, the Fundamentals provide guidance in specific programmatic areas. Collectively, the Fundamentals provide an insight into the City's professional and methodical approach to progressing further towards a better community.

The Fundamentals include:

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

Progress has been made easier and more direct because the Fundamentals and the manner in which they are carried out continue to be applied consistently and without fail. The City Administration has been successful in assuring the City Council that the stewardship of management is focused and well directed. In turn, the City Council has convinced the general public that the conduct of City business is responsive and beyond reproach. The general public, completing the circle, has stepped

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

up, especially through community and neighborhood organizations, to be engaged in the discourse and, in many instances, to further the interest of the community at large. These relationships greatly advance the cause of progress.

Ten years of ascension has the City looking back with great joy. In particular, this report provides great insight into the past year of the journey, and the future the City envisions ahead, up an ever-improving path. As the goals from last year turn into accomplishments for the year past, *Progress* provides an opportunity to reflect upon the glory of the climb. Finance awards, the burgeoning economic development in Parkway Plaza and elsewhere, the installation of surveillance cameras, the pending creation of two new neighborhoods, the ongoing construction of domestic violence-survivor supportive housing and the organization of a youth conference are among many glorious steps the City and its charges have taken over the past twelve months. Those steps having been made, next year's climb to even greater heights of municipal achievement and community rejuvenation can be contemplated and reported as the following testament to progress, Chelsea-style.

FUNDAMENTALS – FINANCIAL

2005 Highlights

- Advocated for and participated in the public dialogue around a municipal finance report issued to detail the financial stress cities and towns are currently suffering in Massachusetts;
- Managed vendor and employee contracts to support reduced spending levels warranted by continuing concern about municipal budget difficulties;
- Addressed the impact of overtime on the municipal budget by negotiating City savings in public safety contracts and adopting other managerial controls, including implementing a spending cap specific to the Fire Department;
- Certified Free Growth at \$777,860, 4% above the FY'05 amount;
- Balanced the FY'05 Budget, the tenth straight balanced budget, and ended FY'05 with \$4.0 million in Free Cash;
- Remained on course with a three-year budget plan for FY'06-FY'08 to plot a strategy to overcome local aid reductions and non-discretionary spending increases while minimizing the impact on local services and avoiding a Proposition 2 ½ override;
- Conducted a "municipal tax burden" study which confirmed that the City's charges to local owner-occupants, on average, are substantially the lowest in the eight community study area;
- Earned an eighth consecutive Distinguished Budget Award and a seventh consecutive Comprehensive Annual Financial Reporting Achievement Award, making the City one of only five in the state to earn both honors;
- Maintained a bond rating of "A-" from Standard & Poor's;
- Received an audit report that, for the seventh time in a row, found no material weaknesses in the City's financial management processes;
- Secured a favorable State audit and closeout of the High School Addition project;
- 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 \$1,191 in property taxes for the current tax year;

- Supported Council action that requests a home rule petition to allow for the City to increase the residential exemption on property taxes offered to owner-occupants to 30%, which will produce an average of \$200 or more annually for the average homeowner if fully implemented, and
- Began municipal benchmarking exercise to review City expenditures and revenues against those made by a comparison group of twenty communities with similar demographics.

Discussion

Passages like these might as well be “boilerplate.” After all, any description of municipal budgeting anywhere since FY’02 might very well sound like this: skyrocketing costs in non-discretionary spending and sluggish revenue growth, at best, are combining to further squeeze the local budget. What is different, though, is the response that each municipality may have in facing those all too grim realities. Here in Massachusetts, only one has succumbed and now has State involvement in its fiscal affairs. Many others, though, are only steps away from also entering a process that the City became all too familiar with a decade and a half ago. Having now been out of Receivership for a decade, the City remains focused on positioning itself to outlast the financial strains that are abounding. Solid financial planning, pointed spending restraint and the benefits of a visionary economic development strategy over the last 10 years has allowed the City to continue to balance budgets while hoping for better days ahead.

STATEWIDE DEBATE ON MUNICIPAL FINANCE

Perhaps better days will soon be upon the City and its neighbors. Towards that end, the City has been instrumental in raising the level of statewide debate on the current and future state of municipal finance. In fact, the City was among a handful that was instrumental in organizing a review of municipal finance. The Metropolitan Mayors Coalition, an organization of mayors and city managers representing Boston, Cambridge, Everett, Malden, Medford, Melrose, Revere, Somerville, Quincy and Chelsea, was successful in securing the leadership of John Hamill, Chairman of Sovereign Bank New England, to revisit the issue of municipal finance. The first “Hamill Report” issued some fifteen years earlier was an important period contribution to state public policy on municipal finance. Municipal officials across the state hope that its follow-up, entitled *Local Communities At Risk: Revisiting the Fiscal Partnership Between the Commonwealth and Cities and Towns*, is equally as influential.

“Hamill II” confirmed what the City has been reporting and seeking to introduce to state public policy debate:

“Massachusetts cities and towns are facing a long-term financial crunch caused by increasingly restricted and unpredictable local aid levels, constraints on ways to raise local revenue, and specific costs that are growing at rates far higher than the growth in municipal revenues. Although there were significant increases in public education funding during the 1990’s, general local aid has been stagnant for more than a decade and non-school expenditures have been flat. These long-term structural issues are already squeezing the finances of municipalities - both large urban communities and small rural towns – and Massachusetts has begun to see a decline in services across the Commonwealth. This situation has created a serious strain on municipal budgets that,

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

without changes to state and local policies, will evolve to crisis proportions.”

Hamill II calls for state assistance to municipalities to be adequate and consistent, more options for localities to utilize non-property tax local revenues, and increasing control for municipalities to address spending, especially in the area of health care.

Following the release of Hamill II, the venerable Massachusetts Taxpayers Foundation, which participated in the Municipal Finance Task Force that prepared that report, released additional commentary in support of cities and towns. In its *Municipal Financial Data*, MTF painted a picture of continuing stress on local finances in FY'05. The report indicated that municipal stabilization reserves declined for the first time in a decade, excess taxing capacity under Proposition 2 ½ fell for the fourth year in a row, and local operating surpluses declined by 25% since 2002.

Furthermore: *“Despite additional (local) aid dollars in 2005, assistance to cities and towns remained at \$750 million, or 14 percent below 2002 after adjusting for inflation, with aid levels well below 2002 in almost every community in the Commonwealth.”*

To address what it called “the chronic squeeze on local finances,” MTF recommended that the State raise its contribution to municipalities to \$1 billion, and maintain funding at a level of 40% of its revenues from income, corporate and sales taxes.

The statewide dialogue recognizing the pressures municipalities continue to face is encouraging and confirms what City officials have consistently reported as the major threats locally to continuing fiscal stability. All encouragement aside, though, budgets need to be balanced today and plans need to be adopted for continued balanced budgets tomorrow. The City cannot and will not “wait and hope” for relief from the State, only to find that such relief is even further delayed or inadequate in its depths. Therefore, the City’s position is that until something more concrete comes from Beacon Hill, local actions are all that can be relied upon to maintain the fiscal integrity of the City’s budget.

OVERCOMING THE BUDGET BUSTERS

Certain “budget busters,” including those acknowledged in Hamill II, continue to apply local pressure in the present and threaten even more the future. Yes, most egregious of those budget busters is health insurance spending. For the current fiscal year, health insurance is up \$1.4 million, or 16.9%, over that budgeted in FY'05. If the spiral upwards was to continue, the City projects that a FY'10 deficit of \$5.5 million will be caused entirely by a health insurance premium increase that is projected to rise by \$6.0 million by then. Another view of the City’s current and projected structural deficits would be to look towards another employee benefit, retirement costs. Again, in examining FY'10, the City’s “catch-up” payment for the failures of mayoral administrations to adequately provide for future retirement benefits will be \$5,361,625. That is \$5.4 million that is being paid out to cover the sins of the past instead of today balancing budgets, providing for more services or making taxpayer relief possible. Combined, increases in the two accounts cost the City \$5.6 million this year. It is easy to see why health insurance and retirement costs are the bane of many municipal budgeters across the state.

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

Unfortunately, those budget busters are among the spending areas for which the City has the least control. Nonetheless, it is control, or, more accurately, stability, that the City continues to seek in even the most challenging accounts. Regarding other budget busters the City first identified in 2001, many communities find increasing debt service particularly burdensome, but the City's efforts to control debt are resulting in local debt service levels actually decreasing. Somewhat informally, the City is holding to a "debt service cap" that will guard against overburdening future budgets to pay for current spending. In some communities, contractual obligations are most problematic. Locally, though, both vendor and employee contracts have been managed with an eye towards their impacts on the City's fiscal health. Vendor contracts are regularly put out to bid, even when State law does not require them to be. Limiting collective bargaining increases to 2%, as the City has been successful in negotiating with its labor unions for FY'06-FY'08, means that wage increases will be manageable. On the latter point, the City's employees have stepped up during difficult financial times by accepting such contracts and an increasingly larger workload, all to ensure that the "face" of government never changes for those who come to view it. Municipal unions and the employees they represent need to be credited with recognizing the financial pressures the City faces and continuing to perform admirably by both representing their own interests while assuring that municipal services and programs continue to be offered to move the city forward

So, targeting health insurance and with the same approach that has been successfully implemented to provide some level of control over other, so-called, uncontrollable costs, the City needs to find a way to bring some sanity to the double-digit increases that have plagued public and private employers alike. Already, the City has successfully negotiated a reduction in premium costs with several bargaining units, from 90% to 85% municipal coverage in FY'08. That is one of seven initiatives the City is pursuing to manage health insurance.

The City continues to study the retirement payment impacts projected into the future, with an eye towards developing an alternative funding schedule. Current state law, for instance, requires systems to be fully funded by 2028. The push to be fully funded by 2028 is a laudable goal, but perhaps not at the expense of risking public safety or reducing educational opportunities in order to pay for costs that could easily and without much consequence be deferred farther into the future. Given the great impact of retirement costs, every minute spent on looking for better ways to accomplish the overall goals is time well spent.

Overall, each and every spending item remains under microscopic review. Overtime, for example, has created some problems in past budgets. Left unchecked, overtime has a way of spiraling out of control. However, utilized appropriately, overtime actually serves as a cost avoidance measure, allowing a municipality to target areas during peak demands, without needing to carry a position or positions during lesser demands and certainly without the overhead that health insurance, retirement benefits and the like require.

The contract signed with the Police Patrolmen's Association reduces mandatory overtime costs by \$100,000. Overall, Police overtime has been reduced by more than 50% since FY'02. Part of that reduction relates to good management and responsible employees. For example, over that period of time, sick time is down 35%. However, another reason for overtime reductions relates to the City's financial stress. Plain and simple, the City cannot afford the overtime it once could. While fiscally

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

responsive, though, such a reduction in police overtime is not necessarily good news. Overtime shifts provide more police to be out on the streets, which is certainly a competing goal for those wishing to enhance public safety. However, given the budget constraints facing the City since the adoption of the FY'01 budget, cuts have needed to be made. Now, the City strives to be more "operationally smart" about overtime, looking for opportunities when such an expenditure can have a substantial impact on the municipal public safety agenda. Such an example would be overtime supporting targeted special operations.

While on the subject of overtime, the City and Fire officials have been working to address the Fire Department's impact on the budget. As a result, a plan for FY'06 to fully staff 91 positions and cap overtime at \$525,000 has been effective in balancing staffing needs with the City's ability to pay. Under the City's plan, any pro-rated overages in overtime spending would need to be made up in the next plan cycle or result in a reduction in services in the following cycle. This policy implementation is meant to reduce Fire overtime that has averaged \$725,000 a year, each of the last three years. A contributing factor to elevated overtime expenditures has been a past policy decision to reduce the number of firefighters, but leave in place the same amount of shifts. In order to meet shift requirements and fully staff fire pieces in the past, more overtime shifts were authorized. To date, though, with the staffing and overtime levels in place, the Fire Department has been able to manage overtime and continue to provide without interruption the exceptional services for which it has earned a justifiably positive reputation. However, staffing levels can and will change should overtime spending exceed its \$525,000 cap.

It should also be noted that the City is working on additional overtime issues, including reviewing staffing levels and the impact on overtime in the E-911 operation.

Not all budget busters are spending driven. As MTF notes, local aid declines mean that communities that rely heavily on state revenues, typically older, urban communities, have revenue issues as well. Non-school local aid in the form of Lottery Aid and Additional Assistance to the City are down a combined 19%, or \$1.7 million from their highs. The total cumulative loss of that aid is more than \$5 million since FY'01. Hopefully, the City's advocacy and now the statewide attention to the plight of municipalities will result in greater levels of local aid in FY'07 and beyond. As previously noted, the City cannot wait and hope, though.

Last February, the City announced a plan to sure-up the local budget by prioritizing the development of 1,200 units of housing by the end of FY'08. From a purely financial perspective, economic development activities, including new housing starts, are an attempt to fill a portion of the gaps created by additional spending and reduced local aid levels with new growth of the local tax base. The City has been among the more aggressive and successful in the state on an economic development agenda that is not only expanding the local tax base but also changing the city's skyline. It is somewhat ironic that, in what has been the most difficult of municipal budgeting times, the City has produced an economic development agenda that may be unparalleled in the city's history.

New growth, and not relating to the 1,200-unit goal, came in at a healthy \$777,860 for FY'06. Again, though, to put in perspective the need to secure the revenues that would be generated from

1,200 units and maybe more, health insurance alone rose by \$1,408,000 this year. If achieved, the 1,200 units could generate \$2.5 million to \$3.5 million, and maybe more, in FY'09. Plain and simple, that revenue is critical to the plan of balancing future budgets.

OVERVIEW OF THE BUDGETS

FY'05 came and went in much the same fashion that budget years since FY'02 have occurred: the combination of spending increases dominated by non-discretionary accounts and still reduced local aid levels resulted in City officials tapping "rainy day" accounts to fill budget gaps. At year's end, a balanced budget was again achieved, but reserve funds again dwindled.

The issues impacting FY'06 are not dissimilar and are best characterized by a wishful look at the "ifs". If health insurance was not up nearly 17%, if retirement was not increasing by the 9% it is up, and if non-school local aid equaled FY'01 levels, the City would actually be generating an operating surplus. Of course, the reality is that health insurance and retirement are not only rising this year, but are projected to rise more in upcoming years. On the revenue side, non-school local aid, primarily Lottery Aid and Additional Assistance, has not yet reached its historic highs, let alone made up for lost ground due to inflation. After cuts and some modest revenue increases, the result for FY'06 was a shortfall of \$3,308,709 in the budget, all of which was then raised through the use of Free Cash. The FY'06 budget that the City is currently operating under remains in balance, with no major "surprises" lurking in the future, at least as it now appears.

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

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

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

The good news on spending is that two significant accounts, debt service, down \$803,405, or 8.0%, and Northeast Vocational School assessment, down \$309,305, or 23.9%, are seeing substantial reductions. The Debt service decrease reflects the continuing reduction in repayments required on

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

the new schools projects as well as the conscious efforts by City leaders to limit borrowing for future capital needs. The second straight year of enrollment reductions at Northeast Vocational has again resulted in the City's assessment being reduced, this time to the lowest it has been since FY'01.

On that revenue side, Additional Assistance remained level funded from FY'05, while Lottery Aid has increased 16%, or \$782,146. Certainly such an increase is welcome, however, as noted earlier, the two combined accounts are still \$1.7 million less than FY'01 highs. As a result of local aid reductions and the anticipated reduction in debt service transfers as the new schools payment schedule dictates, State contributions towards the City budget has dropped from 67% of all revenues in FY'00 to 59% in FY'06, more than 11%.

Looking forward, the City's very early projections indicate an initial deficit of \$3.6 million in the FY'07 budget. While reserves do exist to cover that entire operational deficit, the City has and will continue to rely upon a policy of using reserves only after spending cuts and revenue enhancements are factored into the actual budget to be offered for adoption. Those early projections, for example, do not take into account building fees to be generated by the portion of the 1,200-unit goal to begin construction in FY'07. That item alone could account for as much as \$1 million, thereby potentially reducing the projected deficit by almost a third. A pledge by many on the State level to "substantially" increase local aid payments, directly a result of Hamill II and the City's early leadership on the issue, also provides great promise. To the end, the Governor's House 1 Budget is expected to include \$197 more in aid to cities and towns, including approximately \$150 million more in Lottery Aid. Whether there are any corresponding offsets elsewhere in that budget, which has happened in the past, or whether the Legislature will accept or alter the Governor's plan, which happens frequently, is conjecture at this point. Thus, before municipalities can begin to plan on such an increase, a pronouncement from the Legislature sometime in February or March will be critical.

THREE-YEAR PERSPECTIVE GUIDES DAILY ACTIONS

The City Charter requires the presentation of a five-year financial forecast each year. While that exercise is regularly performed, the City has found it more helpful to focus on a three-year budget period for more intensive review. The reliance on a three-year, instead of five-year, perspective is that the uncertainties the City faces in major accounts like health insurance and local aid render the out-year predictions in years four and five nothing more than a guess, no matter how thoughtful the speculation might be. Instead, the City's experience is that projecting trends and taking actions today to address concerns or opportunities over a 36-month period are critical to maintaining fiscal stability and never being "surprised" by an approaching challenge coming over the horizon.

In reviewing a three-year perspective, the City then works off of a three-year budget plan. The current three-year plan, FY'06-FY'08, has helped to direct policy regarding collective bargaining decisions, economic development priorities and the management of the City's reserves. The City's former City Manager was fond of describing government as an ocean liner that needed to plot the point of a turn a mile from that turn. While the City enjoys a certain level of flexibility in many decisions, sharp turns in direction that would be more characteristic of a speed boat would ultimately cause this ship of government to have too rocky a ride as it progresses forward. Thus, the longer term perspective.

"Progress"

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A current look at the three-year budget plan indicates that the City has the time to wait for an aggressive building boom to kick-in before needing to take a radical turn on service delivery. Deficits in the \$4 million a year range do loom in FY'07 and FY'08, but those deficits are based on conservative assumptions as to revenue growth and perhaps too high an expectation as to spending requirements. Nonetheless, having the perspective of not only the current fiscal year, but the next one and the one after that, provides the City a wider view of all the possibilities.

More specifically, and as indicated above, the enormity of looming health insurance and retirement charges has given the City the reason and, quite frankly, the need to try to do something to make an impact upon them. Placing today's infrastructure needs in the perspective of tomorrow's debt service costs is helping to ensure that debt's impact on the bottom line remains manageable. More so, by forecasting revenues in such a manner, nearly every stakeholder has been able to embrace the City's call for the development of 1,200 units as a way of generating sufficient property tax growth to close pending budget gaps. Such a coordinated approach would be doomed to failure if not for the backdrop of what today's decisions mean for tomorrow. For instance, such an economic development agenda takes years of effort to allow its goals to materialize. Planning for that three years in advance makes its achievement all the more likely, and helps assure its impact in protecting vital services and forestalling any Proposition 2 1/2 override from being sought.

EXPERTS AGREE AND HOMEOWNERS BENEFIT

By the way, avoiding the need for a Proposition 2 1/2 override is a major priority of the City. The City Council, in particular, continues to take actions to ensure that the City's financial underpinnings are solid, and that local homeowners, especially owner-occupants, get a great level of service for a fair charge.

In fact, a recent study undertaken by the City to take a look at the "municipal tax burden" placed on owner-occupants locally and in seven other communities not only indicates that Chelsea is the least expensive community to live in, but the least expensive by a significant margin. The study examined valuations, tax rates and water & sewer charges here versus those in Boston, Everett, Lynn, Malden, Revere, Somerville and Winthrop. There is no need to single out any of those communities in this document by specifically addressing their costs of living versus the local experience. And, of course, a variety of factors could contribute to the expensiveness of one versus the inexpensiveness of others. However, a look at the data below shows that municipal charges are on average 52.90% higher in those seven communities, and a whopping 74.31% more expensive to live in City A as compared to locally.

**MUNICIPAL TAX BURDEN
FY'05**

City	Combined Water & Sewer Bill	Average Tax Bill	Residential Exemption.	Average Bill w/ Exemption	Combined Home Owner Costs w/ Exemption	% Above Chelsea Cost
A	942.00	3,209.00	0.00	3,209.00	4,151.00	74.31%

B	1,105.20	2,875.00	0.00	2,875.00	3,980.20	67.14%
C	1,028.00	4,433.30	1,550.62	2,882.68	3,910.68	64.22%
D	882.00	2,735.00	0.00	2,735.00	3,617.00	51.88%
E	814.69	2,616.00	0.00	2,616.00	3,430.69	44.06%
F	829.00	3,742.92	1,222.92	2,520.00	3,349.00	40.63%
G	674.40	2,376.00	0.00	2,376.00	3,050.40	28.09%
Average	892.61	3,141.03		2,744.81	3,641.27	52.90%

Chelsea	948.00	2,491.85	608.44	1,883.41	2,831.41	0.00
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Source: MWRA Advisory Board Annual Water & Sewer Charges Survey and City Assessing Departments

Now, the City is not in the business of responding to the near constant and unsubstantiated-in-fact accusations made by the handful of critics whose voices are the most often heard. In fact, in a somewhat ironic fashion, those wild claims of things like “Chelsea is the most expensive place to live” serve to test the validity of the City’s claims that professional management and altruistic political leadership are indeed combining to provide great results for the city’s residents. The chart above, and so much evidence to the contrary on almost every fiscal matter, does in fact bear out the claim that progress is serving the City well.

Of course, that claim made in this report has been substantiated over and over again by independent municipal experts, recognized in their fields for their knowledge and impartiality. This past year, for example, the City received its eighth straight Distinguished Budget Award and seventh straight Financial Reporting Achievement Award from the Government Finance Officers Association. GFOA is a non-profit professional association serving 14,000 government finance professionals throughout North America. The City is one of only five in the state to earn both coveted honors. Despite the gloom and doom that some have for the City’s budget status, Standard & Poor’s reaffirmed the City’s bond rating at “A-” just recently. In doing so, the premier international credit rating agency justified its rating by recognizing the City’s “continued property tax base growth; adequate financial position; experienced financial management, and low debt burden.” Perhaps the most introspective, the Charter-required annual audit, which consciously has been expanded by the City to be a more comprehensive financial report, indicates for the seventh consecutive year that the City’s financial management operates without any material weaknesses. Relating to audits, the State’s audit of the construction of the \$17 million high school addition resulted in only nominal challenges to City spending on sidewalk improvements on the school’s Carter Street entrance and the replacement of a veterans memorial plaque. Those findings certainly place the City’s management of the project in great light as compared to State auditors’ findings of misappropriations on parties, non-project related equipment acquisitions and general mismanagement in other school building projects around the state.

What this all means for homeowners is that proper and, in fact, superior financial management is combining to keep the cost of living locally low relative to area peers, while arguably providing better services and a more enticing environment for even greater investment. Again, the later is not rhetoric, but instead pointed out by the fact that during the last four year period measured by the *Boston Magazine*, property values have increased the most locally than any other community in

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

Eastern Massachusetts, if not the entire state.

The general affordability of taxes is a direct result of the City Council's leadership on the issue. To that point, the City is one of only a handful that adopted the maximum commercial shift and the highest residential exemption allowed by State law. As a result, the average owner-occupied, single-family homeowner saved \$1,191 on the current property tax bill. Legislation just adopted by the Council has the City going even further to support owner-occupants. Should the home rule petition to expand the residential exemption to 30% receive State approval and is again re-adopted by the Council, almost every resident homeowner will save on average \$200 or more on their property taxes in FY'07.

All this, while maintaining and expanding services, addressing the historic neglect of the City's infrastructure and, most importantly, not pushing off today's financial problems to tomorrow.

MANAGEMENT GAINS

Helping to forestall a spiraling decline that has no floor is the continuing effort to produce efficiencies in government. Of course, the more efficient one becomes, the more difficult it becomes to squeeze greater efficiencies out. For example, some communities still provide their own municipal trash pick-up, typically at a much greater expense than privatizing the service. Equipment costs for a less efficient smaller fleet, the high rate of disabilities and their costs, union contracts higher than the industry average and patronage are the major culprits that can make municipal pick-up so much more expensive than through privatization. Local pick-up has been placed privately for more than a decade, so the efficiency from doing so has already been gained. That, however, does not stop the City from seeking further savings in trash pick-up. Last fiscal year, for instance, the City switched vendors after rebidding the contract, which in and of itself is not required by law. The result was a \$120,000 savings on top of the millions of dollars in short and long-term cost avoidances that privatization provides.

As the search for efficiencies continue, the City believes that technology gains are perhaps the best way to do more with less. One example of many being examined involves providing Inspectional Service Department inspectors with "smart pads" that would allow them to spend more time out on inspections instead of in the office doing reports. Smart pads could allow tablets for inspectors to record their every comment out at a site, and then electronically transfer that information to a property file back at City Hall.

However, the City also recognizes that technology comes at a cost, so insuring that there is a regular and practical application for acquired technology and that the many add-ons promote value within the organization is critical. The City's IT Department is serving as the "gate-keeper," striving to meet the seemingly limitless technology opportunities offered almost daily to the City with a realistic plan to meet user needs to acquire, train, access and maintain new systems. In fact, IT is formulating a "technology forecast" to better plan for equipment acquisition and to ensure that related software and other supports are affordable and promote greater efficiencies.

Collecting what was billed can also be the difference between maintaining a balanced budget and

cutting the services that responsible taxpayers pay to support because others choose not to pay their fair share. In early 2006, the City hopes to close out a 2004 initiative to recover the top five largest tax debts owed to the City. The imminent securing of a payment of \$157,000 for a Chester Avenue property will represent the last of the top five to be collected. In total and when the Chester Avenue payment is received, the intensive focused will have resulted in the collection of \$1.1 million over a 24-month period. Now, no other tax debt exists in the six-figures, a far cry from the lax collection policies of the past that had allowed one tax debt to run up to a total \$3.4 million. Management policies are in place and have been refined to try to be sensitive to special circumstances causing honest taxpayers to be delinquent, while insuring that no one, including those who would have succeeded in not paying their debts because of their political connections, now can take advantage of the system.

MUNICIPAL BENCHMARKING

Effective management welcomes critical inspection. That scrutiny can come from audits, credit reviews and budget hearings, and typically do. A process has begun in 2005 and will be completed in 2006 that takes the in-depth review of the City's budget and management to a never before seen level locally. And, it is that level of analysis and commentary that the City is not only encouraging, but is also soliciting.

The scrutiny comes in the form of two review committees formed to help the City work through a municipal benchmarking assessment. Municipal benchmarking is a process by which the City can compare its sources of revenues and expenditures to a comparison group of Massachusetts communities. In its purest form, differences in revenues and expenditures can be identified and discussed. From there, anything could happen, including debate and action to alter the way the City is conducting business.

The City is excited about the opportunity to venture into such an extensive review. For a fee, a firm known as Municipal Benchmarking provides an extensive report, utilizing public filings made by communities to a variety of state and federal sources. Nearly every revenue and expenditure can be compared to those being made by individual communities in the comparison group and the comparison group as a whole. Comparison communities are chosen based upon a chosen set of 15 factors, helping to ensure that, to the extent possible, apples are being compared to apples. Practically speaking though, the apples to apples comparison is more like comparing differing types of apples. That, of course, is because no two communities are exactly the same. However, the exercise has great value in probing City policy and sparking debate about past and future priorities.

To accomplish the review, the City has assembled an internal review committee made up of a cross section of City Hall employees, representing different departments, unions and grades. A second committee comprised of local residents has been selected by the City Manager not for their allegiance, but because of their expertise and value in providing a critical and independent review of the facts.

Interestingly, the review has already shed some light. Most often, the City's comparison communities have been Everett and Revere. The development of the comparison communities based

upon those 15 variables, though, indicates that Lawrence, Lowell and Lynn are more appropriate comparisons to the City. Now, none of those communities are directly influenced by Boston the way that the City, Everett and Revere may be, so it is not necessarily right to say that all comparisons to Everett and Revere are off. In fact, the two are the fourth and fifth of the twenty communities that are good comparisons to the City. However, demographics are an important consideration in trying to judge apples to apples, so the exercise of the municipal benchmarking assessment of the demographic attributes of cities and towns that most closely match the City's demographic profile is worthy of careful consideration.

Given that very little review of the comparison data was completed before the City embarked on this introspection, City officials do risk being "exposed" if raising and spending patterns are way out of line. However, that is one of the purposes of the exercise, and it confirms an opinion held by City leaders that City government must be challenged regularly and must prove itself worthy of further confidence and support. Again, City government leaders welcome the scrutiny and look forward to utilizing the results for the formulation of future City policy. The results will not become available in time to influence the FY'07 budget. However, the completion of the review in 2006 will have already sparked much debate in the public meetings to be held, and will also assuredly be the basis for complimentary or critical commentary on the City. The reshaping of priorities going forward could be the result.

A LONG LAST NOTE

In 2006, the City will make its last payment on the \$5 million borrowed from the State as part of a bail-out package that was offered to keep the City out of Receivership. Even though that effort in the late 1980's failed and the City eventually went into Receivership, the City has been repaying the debt. Although some discussion took place that the City should seek to have the loan forgiven, City officials eschewed such an initiative and instead continued to make repayments. The last payment on the note, \$221,000, closes out the account. Unbeknownst to many, the \$5 million loan was the only direct "extra" financial contribution the State granted or loaned the City before or during Receivership. The City is certainly happy to have that debt off of the books.

Summary

The City's financial condition can best be summarized as follows: Ample and well-managed reserves are continuing to help the City cover short-term structural deficits mostly caused by spending and revenue accounts not fully under local control. That process is helping to maintain a level and somewhat increasing delivery of services, while an aggressive economic development agenda provides promise to fill the budget shortfalls that are left over after the combination of strong financial management and focused political leadership make appropriate cuts and raise new, non-property tax revenues. The results are continuing balanced budgets that also provide a perspective on the future, and complimentary recognition of the City's financial and management positions from independent experts.

The progress that has been made since the days when a mayor's only option was to beg the State to come in and place the City into Receivership is dramatic. The memory of that fateful day

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underscores the value of “institutional knowledge” and provides further impetus for the City to remain loyal to its Financial Fundamental.

2006 Goals

- Pursue a 7-point initiative on controlling health insurance costs to attempt to bring some level of municipal control to the largely non-discretionary spending item;
- Review revenue and expenditure items and take the necessary and appropriate actions to reduce the estimated \$3.6 million structural deficit in the upcoming FY’07 budget to a more manageable number requiring a smaller Free Cash appropriation to produce a balanced budget;
- Approve a technology acquisition plan to ensure that the City takes advantage of technology to improve the local operation in an affordable and serviceable manner;
- Complete the two-year action to recover the top-five tax debts owed to the City by securing a payment of \$157,000 for a property on Chester Avenue, bringing the total collected through the effort to be \$1.1 million, and
- Complete the municipal benchmarking process as a method to get City officials and local residents and taxpayers in accords on local revenue and spending priorities.

ECONOMIC DEVELOPMENT FUNDAMENTAL

2005 Highlights

- Secured the approval of the City’s 26th business development project through the TIRE Program, thereby encouraging one of the world’s largest companies, GE Capital, to make a substantial investment locally;
- Facilitated the start of the Forbes Industrial Park reuse project which will result in the construction of 225 units of housing on the 19-acre, former warehousing site on the City’s waterfront;
- Led through completion the second phase of construction at the Mill Creek Condominiums, leading to the construction of 77-units atop a foundation that had been unimproved for more than 15 years;
- Completed permitting activities that resulted in the groundbreaking for the construction of a Home Depot in Parkway Plaza, the first of several developments that will completely transform the retail center that has been underperforming for more than a decade;
- Negotiated an agreement with the owner of the Mystic Mall that provides for the construction of a new Market Basket on-site and the study of the remainder of the parcel and surrounding street network to promote coordinated, mixed-use development throughout the area;
- Secured State approval of a major plan amendment to the Everett Avenue Urban Renewal District, thereby creating the Chelsea Residential Overlook Project, resulting in the successful negotiation to acquire the district’s largest parcel and leading to the issuance of a request for proposals for a master redeveloper of the entire 8-acre CROP district into 400-600 housing units in a smart growth development strategy;
- Secured a State grant of \$1 million to make infrastructure improvements relating to the EAURD to Spruce Street;

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- Achieved several important milestones on the City’s agenda to facilitate the construction of 1,200 units of new housing by the end of FY’08, including the work at Forbes, Mill Creek and CROP, as well as 234 units entering permitting at Parkway Plaza, 160 units completing legal challenges at Admirals Hill, 120 units completing permitting on various sites on Gerrish Avenue, 56 units completing permitting at the National Guard Armory, 42 units entering permitting at the former Belanger Industries building, 23 units completing redevelopment activities at the former Mary C. Burke Schoolhouse, and 18 units, including a CVS, entering permitting for the Fourth Street parking lot;
- Secured two State grants to work cooperatively with Revere on the viability of the Chelsea River for future commercial seaport-related development;
- Collaborated with Northeastern University to develop an economic development self-assessment tool for Massachusetts communities, and
- Participated in planning discussions regarding *MetroFuture*, the region’s plan to identify and examine growth issues over the next thirty years.

Discussion

If it is the City’s financial management that keeps the City afloat and affordable, it is the City’s economic development agenda that provides the answers to those questions financial officials alone cannot answer. The fact that the two work “hand in hand” is testament to the cohesiveness and coordination the City’s professional management and political leadership is producing. Plainly stated, with all the dramatic overtones being well placed, the City’s future depends upon solid financial management serving as the foundation upon which a burgeoning economic development agenda can be built.

For City officials, though, economic development is about more than just balancing budgets. In fact, the City is prone to turn down projects that would provide greater revenues if those projects do not also fit into the vision City development officials, as reflected by many local stakeholders, have for the community. An example of this would be the City’s limitation on freight forwarding facilities, even though those developments can provide twice the level of tax benefit as their traditional manufacturing counterparts. Residents have spoken, Council has directed and the City has adopted a philosophy that heavy trucking is not good for the community anymore.

Plain and simple, the City’s economic development philosophy is to upgrade existing uses to those more appropriate for a livable and viable community today and for decades more to come. The City seeks to attract the “right businesses,” like biotechnology, at the expense, for example, of retarding heavy trucking companies. The Neighborhood Enhancement Fundamental has pushed economic development officials to consider “residential/industrial conflicts,” leading the City to have much success in removing industrial and blight-promoting commercial presences in what should otherwise be livable neighborhoods. Through an aggressive economic development agenda, the City has developed a strong reputation for being a leader in community redevelopment and revitalization. Testament to that was the City’s invitation to participate in an economic development forum as the sole municipal representative at a *Rhode Island* conference.

At the very foundation of the City’s progress on its economic development agenda is the great

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understanding City development officials and, quite frankly, local political leaders have for the possibilities for the community and pitfalls that can impair those possibilities. Political leadership in this area cannot be overvalued. Recently, for example, an exciting development opportunity was referenced to a neighboring mayor, the type that the City is promoting with great fanfare and success. The response from that mayor, though, that: “Oh, my Council would never allow us to pursue such a development,” spoke volumes about that state of development elsewhere and why so much is possible locally. Add in members of the City’s boards and commissions, and the near unanimous, pro-Chelsea agenda has junkyards being turned into hotels and crumbling warehouses the sites of great investment interest by the biggest residential developers in the country.

At 1.8 sq. miles, the city presents development hurdles not present anywhere else in the commonwealth. Add to that the reminders of the dirty industries of the past, their residual environmental impacts on the land they occupied and the need to recycle those properties because no green pastures exist to create a new development, and the progress the City has made in the area of economic development is quite astounding.

Like the Financial Fundamental, the success of the City’s Economic Development Fundamental can be found in deft planning and precision implementation of those plans. The City has no choice, because if the development agenda cannot be realized, all the gains that have been made over the past decade may be for not.

UNDERSTANDING MARKETS AND DELIVERING UPON THE OPPORTUNITIES

The City’s economic development agenda starts with an understanding of local resources and limitations as they relate to the city, region, state and beyond. For instance and to the obvious, the City is not out actively seeking farming. Yet, the food industry is important to the City and vice-versa. In general, the connection to the local transportation network; proximity to Logan Airport, Downtown Boston and the centers of emerging technologies; availability of workers to perform semi- and skilled job tasks; favorable business environment, and relative affordability of properties are all assets the City seeks to tout. Conversely, there are no easy development projects; no “green-fields” to plow over for sprawling industrial complexes, no “cheap-buys” like vacant warehouses or empty office buildings, and no sizeable acreage that is free from environmental challenges and city, state and federal permitting issues. Overcoming the latter to take advantage of the former means understanding the possibilities and being able to deliver upon the opportunities.

An informal, internal market analysis done in 2004 continues to provide direction for City economic development policy in 2006. Basically, the chase for office development that dominated the City’s efforts in the late 1990’s and early 2000’s has been abandoned. Conversely, residential redevelopment that had been shied away from during that same period is now front and center. Simply put, yesterday’s objectives do not necessarily fit today’s goals and opportunities, just as what is or is not important today may become more or less important tomorrow. The key, therefore, is regular self-assessment done in the framework of the regional economy.

Generally speaking, the City is not actively seeking industrial development these days. Several years ago, for example, there was a tremendous opportunity to partner with a major manufacturer on

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a multi-hundred thousand square foot industrial requirement that would have brought nearly 1,000 jobs to the city. With those jobs would have come hundreds of heavy trucks daily, and the project would have only been able to be sited at one of the City's two prize jewels: Parkway Plaza or Mystic Mall. Had the City been 18 sq. miles, instead of 1.8, had a twenty-acre green-field site existed instead of a twenty-five acre site that had been the home of a former trash dump (Parkway Plaza), had ample buffer areas been between the development site and neighboring homes, had no other opportunities for development existed, and had no self-examination and related planning taken place, perhaps the City would have been more aggressive. The fact is, the City was not, and instead has prioritized mixed use development which, while still providing hundreds of job opportunities, will also be neighborhood appropriate and even greater builders of the city's tax base.

Regarding planning, the City has developed and has now had a nearly ten year focus on an economic development plan that, while seeing minor modifications, still drives the City's economic development activities. That plan, originally known as the Chelsea Business Agenda, is a classic response to a careful and thoughtful analysis of local resources and general market conditions. The test of winning public policy is its value year after year. In the case of the Chelsea Business Agenda, the City's economic development plan is as timely and well-focused today as it was when it was first announced at a Chelsea Chamber of Commerce gathering in September of 1996. While one component of the five point plan was a short-term goal, the Business Call Program, and another has been abandoned, the Revolving Loan Fund, three main components, the TIRE Program, the Sector Strategy and the Anchor Projects Program, are as useful and relevant as they have ever been.

TIRE CONTINUES THE CITY'S PROGRESS

The State's Economic Development Incentive Program allows eligible communities, including Chelsea, to provide a combination of local property tax relief and state income tax relief to qualifying projects. Up to 100% property tax relief for up to 20-years and a one-time 5% income tax credit on the amount of the investment is offered to businesses who pledge to hire new employees in the commonwealth. Although the program first became available in 1993, it was not until the CBA's Tax Incentive for the Retention and Expansion of Business (TIRE) Program implementation in 1996 that the City was able to take advantage of the powerful business retention and attraction program.

One business expansion project was added in 2005 to the list of 25 others that have dramatically changed the business roster of the community since 1996. That project was a "whopper," though, as one of the *world's* largest companies, GE Capital, made a huge investment in the city's two largest parking facilities. If not for the momentum created as a result of the previous 25, it is very unlikely that the City would have been able to attract, let alone successful capture, the attention of such a worldwide leader. Now with GE Capital focused upon the great resource the city is, it is very likely that this new partnership will elevate the city's position in the region to new and much desired heights. A closer look at that development deal provides insight into the City's ability to achieve today while plan for tomorrow.

GE acquired the Logan Park & Go property, which is the 19-acre, former Amoco oil tank farm, and the Massport Parking Garage. The City's offer of tax relief extended to only the Logan Park & Go

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

facility, with that offer being to relieve 100% of the new growth created by the \$25,000,000 investment in the oil-laden property that has been a surface parking lot while environmental remediation efforts continue. That commitment was made, though, while assuring that non-property tax revenues on the property would continue to increase, and while helping to establish a dialogue with a major corporation whose presence in Chelsea could undoubtedly bring a much greater investment in the years to come. That City relief could have a value of \$1 million or more over the life of the TIF (Tax Increment Financing) Agreement. On the plus side, the GE Capital operation, know as Urban Growth, should result in \$4.1 million in baseline property taxes and other revenues accruing to the City during the 10-year period of the TIF Agreement.

The \$25,000,000 being invested is only a portion of that which GE Capital is directing to the city as part of its initial investment. In addition to the garage, which, again, is not subject to the TIF, discussions have already begun about other investment opportunities in the community, including one that is consistent with the City's major economic development priority of the day, that being housing development.

Back on-site, the City's hopes that the heavily contaminated Amoco property would be ready for more permanent and extensive redevelopment by 2007 appear to be unrealistic. While the previous owners were more than cooperative, the extent of the development hurdles, including environmental, infrastructure and permitting, require the attention of an entity with much greater resources. Thus, discussions with GE Capital began.

Risks do abound regarding those development hurdles, so the City offered to provide the local tax relief in order to "cap" the local property taxes while planning takes place regarding future development. All interim uses are continuing on the property, and those interim uses, as noted, do provide additional revenues to the City above the baseline property taxes. However, the master-planned build-out of the creek-side parcel that is only minutes from Logan Airport, Downtown Boston and the South Boston Waterfront could provide the City with the necessary tax base growth that will reduce and, hopefully, eliminated projected deficits in the next decade. That GE Capital is willing to partner with the City on this vision brings to the City an unparalleled development partner who can help turn the local vision into a reality.

Just one of numerous examples as to how the City's development agenda works, the GE Capital project signals that the City has arrived at the next level of possible development activity. The TIRE Program may continue to help to make even greater activity possible.

In 2006, the City is currently looking at the potential of at least four TIRE projects moving forward. All four projects are consistent with the City's "Sector Strategy" and "Anchor Projects Programs" described below. Three of the four major projects include the Home Depot build-out in Parkway Plaza, the HP Hood office project and a possible \$40 million investment by a biotechnology company, the latter two in the Everett Avenue Urban Renewal District. The fourth relates to the expansion of State Garden, a salad processor, with that project being consistent with the City's efforts to retain and attract food companies.

Overall, TIRE projects, like the Wyndham Hotel and expansions of the city's largest employers,

Kayem Foods and Pillsbury, have produce dramatic numbers: more than 1,800 jobs created or retained, \$100 million invested, \$1.3 million in annual property and non-property taxes generated and more than \$6 million in one-time payments being collected. Each TIRE project makes the next one possible. For example, the GE Capital project could not have happened had not the City approved the original Logan Park & Go project.

SECTOR STRATEGY FOCUSES THE CITY APPROPRIATELY

With the TIRE Program ready to provide the resource, the City sought to define a grouping of industries that made the most sense to attract. That is not to say that the City is not open to discuss other opportunities, which it is, including one very interesting discussion that could lead to a \$50 to \$75 million investment in a sector of the economy the City has not been active in pursuing. Those types of opportunities happen in large part because the main focus of City policy is working. The fact that the City has attracted significant local investment has all those who have an interest in finding the “right” place to invest, like the GE Capital’s of the world, now looking at the city.

The City’s focus on itself and the surrounding marketplace has resulted in the organization of a Sector Strategy: five industries where local resources and general market conditions would seem to have the greatest likelihood of producing a productive marriage. The Sector Strategy has the City focused on: Food, Back Office, Health Care, Airport Related and Downtown Business Supports.

In 2005, the City worked with several Food companies on their needs and facility expansions, including Pillsbury Foods and State Garden Produce. While Pillsbury has announced that it will be reallocating portions of its local operations to other plants that provide for greater efficiencies, the City and Pillsbury have been actively discussing ways in which other baking lines might be brought to Chelsea. State Garden, meanwhile, is in expansion mode, having purchased the former Synthon Property abutting Second Street. To support that project, the City has an agreement with State Garden to sell the last remaining parcel from the 1970’s Murray Industrial Park Urban Renewal District, Parcel I2A, to State Garden, and to help support the expansion through a TIRE Program tax relief offering.

On Back Office, the HP Hood Project on Beech Street is dominating development actions. The 60,000 s.f. office project to be located in the Everett Avenue Urban Renewal District has been stalled because of environmental issues at the former Lawrence Metals property. The City and Catamount Management, HP Hood’s ownership entity, are working cooperatively and negotiating the possibilities with both the US Environmental Protection Agency and the State’s Department of Environmental Protection.

A promising opportunity in the biotechnology field has the City’s priority on Health Care focusing each and every local resource. For more than 8-months, the City has been in “solicitation mode” as the competition for a company in the most sought after of sectors pits Chelsea against several in Massachusetts, at least two other New England states, states in the South and Midwest and two European countries. Yes, the City is now able to compete worldwide. The combination of a winning development agenda made possible by the CBA, the success of the city’s first biotech foray, Alkermes, and the general development environment for which the City has earned a justifiably

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

positive reputation are combining to make the City's chances quite favorable. Incredible assistance from the State and the Massachusetts Biotechnology Council are adding further credibility to the City's overall effort.

The GE Capital investment was made possible because of the City's continuing focus on the Airport Related sector. Again, with GE Capital on board, the "sky's the limit" as the City focuses on taking economic advantage of the proximity to the largest economic engine in New England, Logan Airport.

Downtown Business Supports focus attention on areas like transportation, printing, catering and security; those companies that provide supports to Downtown Boston but do not need to be located there. One effort this past year actually demonstrated that the City's desire for development that is "appropriate" up against local neighborhoods does override City efforts to attract business. That opportunity, from a paper recycler, would have resulted in far too much truck traffic and the potential of blowing trash impacting the Bellingham and Grove Street neighborhoods. A potential does exist, though, for a new hotel or two at various locations, with hospitality being a sector within the Downtown Business Supports that provides promise for continuing discussion in 2006.

The Sector Strategy has helped to define the City's business base, direct appropriate attention from City development officials and others who are part of the development process, and create a name for the City among site search professionals and businesses involved in specific sectors. The potential biotechnology opportunity, for example, became available not because the City has placed any advertising in industry magazines nor had a glitzy booth at an industry trade show. Instead, it has become available because the City's reputation of promising and then delivering has Chelsea on the list of places industry leaders should consider. That, in and of itself, is a significant accomplishment for a community that once had a national company "flee" while leaving a deposit on a property because of the negative business environment the City once had the infamy of hosting.

ANCHOR PROJECTS PROVIDING FOR REAL GROWTH

Development tools in place and an understanding of the sectors to be pursued achieved, a next logical question would be: "where can and should development take place?" The answer continues to be the goal of the Anchor Projects Program. Begun as an exercise to determine where the greatest amount of redevelopment effort should be placed to gain the greatest amount of redevelopment in turn, the Anchor Projects Program now has the promise of reshaping the physical landscape of the entire community. Originally, the focus was upon three areas: the Chelsea Waterfront, Parkway Plaza and the Everett Avenue Urban Renewal District. Another large opportunity, this one at Mystic Mall, has made its way to be the fourth area to be considered.

In 1996, the Chelsea Waterfront, from the Meridian Street Bridge to Forbes Industrial Park, had aging industries and no real feel for a future. Today, some aging industries still do exist. For those that have gone, the environmental residue of those old industries still does pollute too much land. Yet, despite the development limitations, a peek towards the potential of the future has emerged. Forbes Industrial Park is under redevelopment, with the conversion of the 19-acre, former warehousing site to 225 residential units being the first major redevelopment along the waterfront.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

On the landside, another residential project, 77 units as part of Mill Creek Phase II, is nearing construction. Those projects, along with less intense commercial development, like the MWRA Headquarters open on Griffin Way, are indeed defining what could be a totally different waterfront in years to come. The presence of GE Capital adds to that belief that investment could change the character of the city's waterfront from dirty industries to revitalization-promoting developments. Even discussions with Eastern Minerals regarding the future of its salt operations and its 2005 acquisition of the former Coastal Oil property provide great opportunities for community development. The transformation of the waterfront, as contemplated by the Anchor Projects Program, is beginning.

Parkway Plaza, meanwhile, may be almost finished. The Home Depot project appears to be the major change agent the City needed in order to reverse the decade's decline and disinvestment in the 38-acre retailing center that had seen all its major tenants leave. Home Depot broke ground in 2005 and is expected to open for business by April 2006. Along the way, not only has the Home Depot project provided for the complete rebuilding of the former Bradlee's space, it has served as the major magnet City officials believed it would by attracting a host of smaller retailers to co-locate with it. Sometime in early 2007, the City believes all the stores and restaurants will be in place, creating a thriving retailing atmosphere and much more. The much more is that the Home Depot project allowed the City to gain a much larger prize, the development of a 234-unit residential project on Gillooly Road. That project, which should break ground in the summer of 2006, will protect the Gillooly neighborhood from commercial intrusion by completing the neighborhood with a magnificent residential living environment. The Parkway Plaza revitalization is also promising to engulf the abutting furniture warehouse building, which has now become the target of City pre-redevelopment discussions.

At the Mystic Mall, a similar decline in retailing over a similar period of time as the Parkway Plaza is now providing a similar type of opportunity and the potential for a similar type of success. In 2005, the City came to an agreement with the owner of the Mystic Mall to see a new Market Basket created in the former KMART space. The project will also result in the razing of the middle of the mall, which has been vacant for several years. As part of the overall development, the City and the mall owner have agreed to undertake a joint planning effort that could lead to a future, mixed-use development not too dissimilar to Parkway Plaza and certainly very reflective of the major investment activity that has happened in the mall area over the last decade. In fact, that study will look at several parcels along the Everett Avenue corridor to ensure that development is coordinated and complementary along Everett Avenue and Second Street.

Arguably, all of the above success in the Anchor Projects Program relates to the City's success on its Everett Avenue Urban Renewal Development program. Announced in 1997, the EAURD goal was to jump start a lagging local economy by promoting the conversion of the city's aging, heavy industrial and scrap base into higher and better uses, while also improving the city's commercial position in the region and substantially increasing jobs and local tax revenues. To date, the EAURD has been a rousing success.

The premise of the EAURD was that a strategic public action in a clearance area of 10-acres would provide the impetus for private development to take place in the entire 65-acre district. In January of

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

2001, Phase I of the EAURD, a 180-room, Wyndham Hotel, the city's first hotel, opened. That single project provides more jobs (75 vs. 60) and tax revenues (\$400,000 vs. \$150,000) than the entire 10-acres did prior to the EAURD. After Phase I, the City still had 8-acres left for redevelopment.

Adjacent to the Wyndham, the City sold ACS Development the "Emerald Block," Phase II of the EAURD, for \$3 million in November, 2003. ACS Development, the city's largest owner/developer of office and commercial properties, originally sought to undertake a 250,000 s.f. office project on the site. However, with the downturn in the office market, ACS and the City both believe the Emerald Block to be an excellent location for a mixed-use project potentially including residential, office, hospitality, retail and/or biotech. The City's interest in the Mystic Mall study of the Everett Avenue corridor should help to better plan for the uses that could be located on the Emerald Block. Phases I and II replace an auto salvage/car parts business, a motor storage warehouse, a heavy truck repair/scrap yard, a janitorial supply house, a metal forming business and a mail fulfillment warehouse.

The City, through the Economic Development Board, issued tentative development rights in 2005 to "Chelsea Gateway," Phase III of the EAURD, featuring the redevelopment of a former tooling building and contaminated sheet metal property. Catamount Management, the selected developer, is the owner of HP Hood. The Chelsea based company would relocate to Chelsea Gateway in a new headquarters Catamount proposes to build. Additionally, the urban scale development of 60,000 s.f. could be complemented by a later construction of a hotel or restaurant. Environmental issues have held up the agreement of a LDA and the anticipated groundbreaking of the office building. Once a remediation plan is agreed upon, Catamount and the City anticipate wrapping up the LDA and facilitating a 2006 groundbreaking.

In the remainder of the EAURD, the City's goal of attracting private investment has been taking place. Alkermes, Inc., a biopharmaceutical company, opened a manufacturing center at Brickyard Square in late 2003. That building, at 100,000 s.f., was the largest building vacant in the area prior to the EAURD being announced. Additionally, Stop & Shop has built a new supermarket on the sites of a former lumberyard and building materials recovery center. While the area prior to the EAURD had 10-acres of auto salvage operations, only 2-acres currently exist. The City is working with the new owner of the Everett Avenue/Vale Street junkyards on a MOU to plan a future development consistent with the EAURD plan. Again, the Mystic Mall study of the Everett Avenue corridor is of value in directing the future of this development.

The EAURD provides for three zoning districts allowing for residential, light industrial and office/hotel uses. While satisfied with the development taking place in two of the districts, development activity has severely lagged in the residential district. After almost 8 years of seeking to encourage private developers to assemble the 8-acres in the residential district that are currently underperforming industrial uses, the City has taken action. In late June, 2005, the City and the owners of the largest parcel in the residential district came to terms on a land damage agreement relating to the City's interest in acquiring the property by eminent domain. With the largest property now in control, the City, again through the Economic Development Board, proposed and secured State approval in December of 2005 of an assemblage of all the parcels in what is now dubbed the

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

“Chelsea Residential Overlook Project.” A request for proposals for a redeveloper was issued at the end of 2005, with an expectation that a tentative development designation could be issued by the end of April 2006. As many as 400-600 units are contemplated for CROP, which is a smart growth/transit oriented development. CROP is just 1½ blocks from Chelsea Station on the Rockport/Ipswich commuter rail line.

A State Community Development Action Grant is helping the City to address substandard infrastructure in the district and especially relating to the Catamount development. The \$1,000,000 grant will allow for the widening of the now bottlenecked access point to Route 1 North, a major commuter travel path. Additional work includes the upgrading of drainage and other utilities to service the proposed office building and other development expected in the area.

So, the Anchor Projects Program is succeeding in turning abandoned oil tank farms, vacant retail centers, junk car yards and decrepit industrial buildings into hotels, offices, stores, biotech centers and residential dwellings. In doing so, it has produced interest in almost every other development opportunity locally.

RESIDENTIAL DEVELOPMENT A TOP PRIORITY

The City’s pursuit of residential development is the most significant shift from the local economic development agenda. While lower property values even into the late 1990’s did not merit a focus on residential development, the City’s steadily improving stature in the region has resulted in more individuals and investors eyeing the City as a bedroom community of Boston. The combination of a slowdown in the office market and increasing residential values has come to make residential development a worthwhile strategy for tax base expansion and overall community planning. Recognizing the combination of the two, the City announced in 2005 a goal of promoting the development of 1,200 new units by FY’08. The City projects that 15% of those units will be affordable. The types of units will be a mix of ownership and rental, typically one and two bedrooms, and almost all in a dense, urban style very reflective of the build-out of other cities in major metropolitan areas.

Is such an aggressive agenda possible? 1,200 new units would add about 10% to the current unit count in the city. While acknowledging that such an impact may take some time for local sale and rental markets to “absorb,” City officials believe the “new-Chelsea” is one that can and will absorb the new units and likely attract even more residential interest. After a decade’s-long renaissance in each of the City’s neighborhoods, and a stabilized government promoting updated infrastructure, problem property abatement, improving public safety, tremendous schools and community programming expansions, among much other progress, current residents and those looking for a community on the move forward seem to be voting for Chelsea with their residential dollars. In fact, so strong has been the local attraction that city values increased at a great pace than all those measured in a 2004 study conducted by *Boston Magazine*. In 2005, that magazine called the city “the hipster,” noting the city has become “a paradise for urban types who appreciate its low housing costs, loft-style living, and mellow vibe.”

Looking at the numbers, the argument for residential development may be even more compelling.

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

Supporting that claim is a simple analysis of a parcel that may once have been available for a 250,000 s.f. office development that now instead might be looked at for 300 units of housing. Today's tax policies might result in that office building contributing approximately \$500,000 to annual tax receipts, while the residential development could result in \$750,000 or more. Some point to the municipal costs of residential development and look for an offset against the new tax revenue begin produced. However, a local study that examined the increase in enrollment of school-aged children in one new development, the Spencer Lofts, indicated that only one child from the 100-unit development was attending a local school. While the Spencer Lofts experience may not be the norm, the type of housing to be developed in a dense, urban style will likely not lead to the suburban explosion of new school aged children entering those school systems as a result of the construction of new homes in suburban sprawl fashion. A significant consideration regarding local educational impact is that the local school system appears to be shrinking, as a "bubble" in enrollment has almost made its way through the school system.

At 1,200 units, the City estimates new annual tax revenues will equal \$2.5-\$3.5 million a year. Additionally, those units will result in additional motor vehicle excise tax receipts annually, as well as approximately \$3 million in one-time permitting fees. Those potential receipts are projected to be greater than any other growth in local revenues, of course assuming no major tax increase through a Proposition 2 ½ override. By helping to plug holes in the City's budget in FY'09 and beyond, the development of 1,200 units will also stave off the need for an override, at least on the short-term.

Certainly, questions about the local impacts of adding so many units in an already built-out community are valid and must be addressed. Again, different than the suburban experience, where new development typically takes place in open fields that are not supported by much in the way of infrastructure, the local expectation is that much of the new growth in residential units will take place as part of a strategy to convert older commercial/industrial properties into newer uses. Parkway Plaza, for instance, is well served by roads and utilities. Aside from some modest updates to the street network and utilities directly to the development site, not much needs to be done to handle the new traffic to be generated by 234 units of housing versus what could have been 80,000 s.f. of retailing. Also, in the Everett Avenue Urban Renewal District, where 400-600 units are being planned for by the City, the proximity of the development to the nearby community rail station reduces the vehicle trips expected to be made to and from the development. That, while improvements relating to the EAURD produce a neighborhood roadway network that will better facilitate the movement of today's traffic volumes and those projected for tomorrow.

Development in 2005, building on previous years' efforts, provides the promise of the following major housing activity in 2006: 250 units or more as part of a first phase of CROP development in the EAURD; 234 units breaking ground at Parkway Plaza; 225 units under construction at Forbes Industrial Park; 160 units breaking ground at the Admirals Hill Marina; 120 units breaking ground in multiple locations forming a new neighborhood on and around Gerrish Avenue; 80 units completing construction in the Mill Creek Condominium development; 56 units breaking ground at the Armory on Spencer Avenue; 42 units being permitted at the former Belanger Industries Building at 950 Broadway; 23 units going under construction in the former Mary C. Burke Schoolhouse on Spencer Avenue, and 18 units being permitted as part of a mixed-use development that will include a CVS in the parking lot at Fourth Street and Broadway.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

Achieving the development goal is putting the City's development skills to the test. City staff and a variety of land use boards are working methodically, combining to make sure that the end goal does not come at the expense of reasonable and rational planning. In fact, just the opposite could be said, as planning initiatives like the EAURD's CROP is the result of almost eight years of review of the area. It is important to note that the 1,200-unit development agenda is also consistent with state development goals as set forth in "smart growth" policies and programs. Those goals that are applicable to the EAURD and the City's overall development plan include:

- Redevelop First – Support the revitalization of community centers and neighborhoods. Encourage reuse and rehabilitation of existing infrastructure rather than construction of new infrastructure in undeveloped areas. Give preference to redevelopment of brownfields, preservation and reuse of historic structures and rehabilitation of existing housing and schools;
- Concentrate Development – Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walk-able districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities, and
- Expand Housing Opportunities – Support the construction and rehabilitation of housing to meet the needs of people of all abilities, income levels and household types. Coordinate the provision of housing with the location of jobs, transit and services. Foster the development of housing, particularly multifamily, that is compatible with a community's character and vision.

Additionally, the City's efforts on smart growth seek to promote a supportive regulatory and permitting process; enhance local environmental resources; conserve natural resources, and contribute to regional planning.

Is 1,200 it? Could 1,200 be 1,500, 1,800 or even 2,000 units? Time will certainly tell how the absorption of 1,200 units goes and what the impact of those extra units will be on life in the city. The City's five-year financial forecast and even longer term projections indicate that local property tax growth will still be a critical component to balancing budgets, avoiding Proposition 2 ½ overrides and providing and expanding programs and services. The City's track record is that better projects get built upon good ones, meaning that development momentum could continue well into the future. With that in mind, a look at the possibilities beyond 2009, even out to 2012, indicate the opportunities will continue to exist to convert the city's past, like an industrial waterfront, into newer development. While the densities currently being discussed push beyond that which has been typical locally, they certainly come nowhere near approaching those in much more built out areas of major urban cities, like Cambridge or Boston. And, speaking of Cambridge and Boston, the city's position relative to those burgeoning communities is never going to change, and their own viability underscores why City officials spend the time they do on regional planning and cooperation. An old axiom not lost on City leaders is that "all boats rise in a high tide." Of course the local spin on that is: "...except for those with holes in them." Making sure the City continues to plug holes, be they budget, infrastructure or programming, should make the city an even more sought after address for residents and workers alike.

INFRASTRUCTURE PAVING THE WAY FOR PROGRESS

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

Among the priorities the City assigns to infrastructure projects are those that advance existing economic activity or attract additional economic development. Several major infrastructure projects around the city are meeting that priority. Combined, they are serving to provide critical updates that improve transportation access, utility enhancement and overall community revitalization.

A \$1 million grant has been secured, for example, to make substantial improvements in the Everett Avenue Urban Renewal District. The Spruce Street Project will result in the widening of Spruce Street, from the railroad tracks to Sixth Street, with a signalization of the Sixth Street intersection. The result should be a substantial increase in the capacity of the roadway to “pull” traffic out of the city and up onto Route 1 North. This, along with utility improvements, is critical for the burgeoning Everett Avenue corridor to continue to handle increased development activity. A groundbreaking on the improvements, which also impact Heard and Beech Streets, is imminent.

Arguably, both the Spruce Street Project and the Williams/Beacham Street Project have as much an impact on the regional transportation network as they do improving the flow of traffic on local city streets. The latter project has languished for years, as the high costs of design and right of way acquisitions has been something the City could not bear alone. Congressman Michael Capuano, however, has secured a \$2 million appropriation to allow for the pre-construction activity to occur. As a result, Williams Street, from Spruce Street, and all of Beacham Street could be rebuilt, a major improvement for traffic, especially freight and food truck traffic that travels the roadway. The City is seeking a meeting in February with the Massachusetts Highway Department to further advance the project.

Another roadway project with a regional impact is the reconstruction of Eastern Avenue. That project, being done by the State, is near complete. Once completed, the roadway will be turned over to the City for ownership and maintenance. An important benefit to the City is the substantial drainage work that has been accomplished through the project, especially supporting the existing and new business development on Crescent Avenue.

STUDIES IDENTIFY OPPORTUNITIES AND WEAKNESSES

A smart growth priority is to think regionally. Several ongoing efforts have the City doing so. Together with Revere, the City has been successful in securing two Seaport grants to consider the viability of the Chelsea River for future commercial seaport-related development. Not organized, but certainly supported, by the City is a roundtable discussion about the future of the waterfronts of Chelsea, Revere and East Boston. In nearly all cases, substantial hurdles exist to any kind of development. However these two initiatives, as well as internal city planning, are seeking to position the city’s waterfront for rejuvenation in the years to come.

Another priority regionalism effort has been a partnership with Northeastern University to develop a self-assessment tool to aid communities in advancing economic development efforts. Given the depth and reputation the City has achieved on the local economic development agenda, local insight into municipal actions and private sector reactions has been the major contribution to the self-assessment. A strategy of the City regarding regionalism is that elevating the state of the region makes for better local opportunities. Although in some respects communities compete with each

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

other for potential projects, the City believes that more potential projects will present themselves if the region is doing better. Thus, the contribution to the dialogue about making the region stronger should have some local benefit.

Perhaps the biggest contribution to growth has been the City's participation in *MetroFuture*. *MetroFuture* is an initiative of the Metropolitan Area Planning Council (MAPC) that seeks to unite stakeholders to undertake a comprehensive regional plan for the 101 communities that comprise the Greater Boston region. The Boston Foundation, the University of Massachusetts and Boston College have joined MAPC in the *MetroFuture* initiative. The goal has been to get leaders and residents to think and plan together to promote a more desirable future around growth in the region.

MetroFuture has already engaged more than 1,000 Metro Boston residents in a yearlong visioning process to learn more about potential growth and how people envision that growth taking place in the region. Not only have mayors and managers been asked to contribute, but so too have all stakeholders, from business leaders to recent immigrants. The City will continue to contribute to *MetroFuture* as a way of shaping a better tomorrow for all the state's residents.

SUMMARY

Economic development is as critical for balancing the local budget as it is for promoting progress on the community's overall revitalization. A decade's-long economic development agenda has led to a remarkable and still changing landscape, where older industrial uses are being replaced by newer commercial and, increasingly, residential developments. By following a consistent, well-envisioned and implemented path, and by carefully considering new and emerging market conditions to respond accordingly, the City continues to enjoy record economic growth. That growth will likely lead to a growth in the City's tax base, which will help municipal budget officials continue to balance budgets and protect and expand upon core municipal services. Aggressive actions may be necessary to promote and ensure that progress has a chance to define and help finance a Chelsea that meets and exceeds the challenges that lie ahead.

2006 Goals

- Finalize the State Garden purchase of I2A in advance of that company undertaking a major expansion of the new facility on Third Street;
- Facilitate a remediation plan that leads to a groundbreaking of the 60,000 s.f. headquarters of HP Hood at Chelsea Gateway within the Everett Avenue Urban Renewal District;
- Conclude negotiations and secure a commitment from a major biotechnology company to undertake a major local project;
- Assist the developers of Forbes Industrial Park to work through a number of issues and get the first phase of their 225-project open by year's end;
- Oversee the completion of the Home Depot project and support the remaining retail build-out in Parkway Plaza;
- Secure permitting approvals that lead to a late summer/early fall groundbreaking for the 234-unit residential project in Parkway Plaza;

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

- Facilitate the groundbreaking for the new Market Basket and complete the land use and transportation study of the Mystic Mall and the Everett Avenue corridor;
- Secure a development agreement for the former junkyards on Everett Avenue and Vale Street;
- Select a developer and facilitate permitting for an early 2007 groundbreaking of residential development of between 400-600 units in the Chelsea Residential Overlook Project area;
- Complete infrastructure activities on Spruce Street that support the EAURD;
- Advance actions necessary to support the various residential projects in the pipeline that are consistent with the City's 1,200-unit development goal by the end of FY'08, and undertake further activities to advance additional projects that are supportive of the goal;
- Collaborate with the Massachusetts Highway Department on resolving any outstanding issues regarding the Williams/Beacham Streets Project in an effort to get that major roadway construction project that supports both local and regional commerce underway;
- Collaborate with the Massachusetts Highway Department on the completion of the Eastern Avenue Project and ensure all necessary supports to businesses along Eastern Avenue, and
- Undertake in partnership with Revere the next phase of study regarding the maritime feasibility of land along the Chelsea River.

PUBLIC SAFETY FUNDAMENTAL

2005 Highlights

- Completed the installation of 34 surveillance cameras around the community, including 27 public safety cameras and 7 homeland security cameras, as one of numerous items addressed through the City's 14-point plan on public safety;
- Developed, advocated for and secured State passage of an \$11 million Community Safety Initiative, focusing State support on regional efforts to address prevention, enforcement, prosecution and incarceration activities;
- Conducted successful summer campaigns, Operations Safe Haven and Safe Passage, as part of the City's Special Tactical Operations Program outlined in the 14-point plan on public safety;
- Completed renovations of the Central Fire Station, which was subsequently dedicated in honor of former Fire Chief Herbert Fothergill;
- Secured a grant to improve fire communications and the use of technology to better improve information for firefighters at working fires, and
- Implemented the R-911 service that allows for emergency calls to be broadcast from the City out to homes and businesses.

Discussion

Measuring progress in the public safety ranks may be the most difficult of all municipal measurements. Statistics are kept on how many violent crimes occur, but not on how many were prevented. Are more arrests a sign of progress, in that the Police Department is excelling at enforcement, or a sign of failure, in that more crimes are being committed? And to what extent is an increase in criminal activity a snapshot of what is happening in society as oppose to a condemnation of local law enforcement efforts?

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

Those are all valid questions that can result in many different impressions about progress in the Police Department. Similar questions could be asked about the Fire Department, i.e. are fires down because of increased fire prevention or the randomness of fires overall. The Director of the Inspectional Services Department recently depicted to a newspaper reporter the daily uncover of illegal rooming houses locally, while a neighboring community claims to have none. Is it that the local experience is a result of prioritizing the issue as oppose to ignoring it? Can E-911 answering more calls for service be called progress? If, fortunately, there are no major storms or manmade acts of terror, how is Emergency Management to measure its progress?

Yes, progress in the end may be tough to measure in public safety circles. However, efforts to combat violent crime, improve Fire Department technology, conduct coordinated inspections, better staff a new department and exercise plans can all be considered progress if the end goal has been realized and the impact of strengthening the laws and coordinating the responses is likely to address a particular area of need. Gang issues exist locally, as they do in communities throughout the region. The existence of those issues should not suggest a shortcoming in the Police Department, unless that department is ill-equipped to deal with the problems. On gangs, and in so many other areas, not only are local public safety officials prepared to take on each and every problem, but, in many cases, their expertise is often sought to help other communities to ramp-up to address their very same needs. The latter is particularly insightful, and should provide comfort to local residents and businesses that the City's public safety forces and initiatives are good, if not the best that is offered anywhere.

POLICE PROMOTING PUBLIC SAFETY

An ambitious agenda was laid out for the Police Department in 2004 and 2005. The charge was to accomplish 14 specific tasks on the way to enhancing public safety locally. Almost all were, in fact, accomplished, with only three, securing funding for additional security cameras for the Chelsea Housing Authority, the completion of accreditation and the establishment of a motor vehicle fraud initiative, not being fully achieved by the end of 2005. The CHA camera initiative failed when state grant funding was not secured. The push towards accreditation, though, is still being made. In fact, the City is encouraged that the requirements are so rigorous that it has taken several years to achieve certification and be only steps away from accreditation. That is, because once achieved, accreditation will mean much more than just receiving a certificate to be hung on a wall. Lastly, the coordination on the motor vehicle fraud initiative has been completed, with the initiative now being operational for 2006.

While the CHA camera plan was not successful, the effort to install 34 surveillance cameras throughout the city caught state and national attention. 27 "public safety" cameras, paid for through City funding, and 7 "homeland security" cameras, supported through a federal grant, are what will be referred to as the first phase of camera installations. Those cameras were turned on this past October, and, after much notation, the city enjoyed one of its most quiet Halloweens in recent years. Glitches are still being worked out of the new system, which transmits real time images to Police headquarters and allows for a digital record to be stored for up to a month's period of time. As the punch-list of issues dwindles and training of officers continues, Police officials are discussing methods to augment the system with additional cameras. In fact, at least one conversation is

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

ongoing with a condo association about a joint project to place cameras on the building to view the public ways, and tying those cameras into the City system. Meanwhile, another phase of acquisitions with City and federal funding is being considered, but the City first wishes to assess the impacts of the first 34 cameras before proceeding any further. That assessment should be accomplished in the first half of 2006.

Other 14-point tasks fully implemented in 2005 include: the expansion of the traffic unit to include nighttime and early morning hours; the elevation of the gang officer to a full-time position; the completion of a crime pattern study; the expansion of the criminal investigations officer to a full-time position, the institution of a Special Tactical Operations Program; the hiring of a Weed & Seed director, and the relocation and expansion of E-911. Together with those items that were accomplished in 2004, namely: the opening of a gang substation and supporting the Suffolk County District Attorney's Family Justice Center and the Suffolk County Sheriff's Training Center, the 14-point plan for increased public safety has improved the Police Department's abilities and effectiveness.

POLICE DEPARTMENT "SEES" TO PUBLIC SAFETY IMPROVEMENTS

For 2006, the City seeks to build off of the success of the 14-point plan by extending several of the initiatives even farther. Through the Chelsea Police Department Supplemental Enforcement Efforts (SEEs) Program, additional initiatives will continue to focus on making local streets safer.

A second full-time gang officer will be hired and the Weed & Seed director will provide administrative support to the gang unit. It is hoped that the Community Safety Initiative adopted by the State in 2005 will provide funding assistance for that expansion of the gang unit, as well as provide funding for other local and regional programs undertaken cooperatively to promote prevention, enforcement, prosecution and incarceration initiatives. CSI was developed by the Metropolitan Mayors Coalition, in cooperation with the leadership of the State Legislature and the Governor's office. The City was a driving force behind the initiative, providing leadership in drafting and advocacy. This past fall's Metropolitan Mayors Coalition's Community Safety Summit in Boston, for example, placed several local leaders at the front of the dialogue that took place among city, county and local officials, including Lieutenant Governor Kerry Healey, Middlesex County District Attorney Martha Coakley and Suffolk County District Attorney Dan Conley. The CSI's legislative sponsor, local State Senator Jarrett Barrios, was able to steer through to adoption an \$11 million appropriation, which many pointed to as a "good first step" towards making the state's neighborhoods safer. With the appropriation secured, the Metropolitan Mayors Coalition expects to submit a regional application for funding once the State completes the program regulations and issues a request for proposals.

The Special Tactical Operations Program may also see some CSI funding. Whether it does or not, STOP will work in conjunction with the expanded gang unit to undertake further operations in 2006. In addition to exercises to address activities like drugs, alcohol, prostitution and warrant sweeps, the City anticipates initiating another round of targeted enforcement activities like those that took place last summer during Operations Safe Passage and Safe Havens.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

A closer look at Operations Safe Haven and Safe Passage may demonstrate the value of the STOP priority. The combined, summer long initiatives had a specific mission, that being to bring multiple law enforcement agencies representing local, state and federal authorities into the city to create “safe havens” in the local parks and neighborhoods using a “no-tolerance” approach toward law enforcement. The approach was aimed at suppressing gang activity and enforcing state laws and city ordinances. The Chelsea Police Gang Unit operated with the assistance of the Federal Bureau of Investigation, US Immigration and Customs Enforcement Agency, Chelsea Police Vice Unit, Chelsea Police Criminal Investigation Division, Chelsea Police Patrol Division, State Police Gang Unit, State Police Fugitive Apprehension Section, US Marshals Service, Boston Police Department and the Chelsea Housing Authority to successfully achieve all operational goals. The task force was responsible for dismantling two known gang “safe houses,” apprehending two fugitives wanted for murder, executing three search warrants on known drug houses, participating in the nationwide initiative, “Operation Community Shield,” and facilitating regional gang intelligence meetings.

Additionally, from the end of May through the beginning of September, 114 arrests were made for offenses that included trespassing, weapons violations, drug activities, public drinking and prostitution. 198 Field Interview and Observation (FIO) reports were compiled and used to identify individuals that belonged or associated with gangs that operate in the region. A total of 54 dangerous weapons were confiscated.

In support of a similar initiative this upcoming summer and for other STOP initiatives, the City will increase manpower at critical times of the year. Instead of hiring more police officers who work regular shifts, for example, the City will expand the number of police on the street by utilizing overtime shifts for peak period prevention and enforcement initiatives. Although some are critical of increased overtime spending, ramping up staffing for peak period or targeted operations provides the Police Department with the maximum flexibility to promote greater public safety.

Combating insurance fraud is also front and center for the Police Department in 2006. A partnership between the Suffolk County District Attorney’s Office, the State Attorney General’s Office, the Insurance Fraud Bureau and the Police Department has been formed to attack insurance fraud locally as it has been successfully addressed in several other cities around the commonwealth. Insurance fraud, ranging from improper out-of-state car registrations to faking automobile accidents, is against the law and also drives up insurance rates for safe and honest car owners. Ample evidence exists that suggests that insurance fraud is a major local problem, including a study conducted by the Insurance Fraud Bureau that indicates that a local car accident is twice as likely to result in a personal injury claim as the statewide average. A task force on insurance fraud will be operating locally, investigating claims, examining registration data and taking a closer look at businesses typically involved in insurance fraud, including auto body shops and chiropractic and law offices. In its highest profile effort to date, the Insurance Fraud Bureau was able to utilize a similar task force to secure numerous indictments and provide motorists of that community with a 60% reduction in their insurance premiums.

In addition to the review of the effectiveness and possible addition of the current camera system, the Police Department will also review emerging technology that will aid in combating traffic violations. Making the streets safer for motorist will simultaneously drive down insurance costs and

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

promote safer neighborhoods. The motor vehicle violation cameras could not only allow the City to address traditional enforcement activities, like running a stop sign, but may also allow for better management of truck routes. The latter could get more trucks out of the neighborhoods in which they do not belong.

CPD SEEs will also result in further crime data analysis. The City is working through the Metropolitan Mayors Coalition to piggy-back upon a study performed on a subset of communities to help the local department better analyze local data and address enforcement issues accordingly.

GAINS IMPROVING FIRE RESOURCES

On the fire-side, the much discussed improvements to Central Fire Station were completed in 2005. The \$1.3 million project resulted in health, safety and accessibility enhancements, including bringing the building fully into compliance with all applicable building codes. At an event this past November, Central Fire Station was dedicated to former Chief Herbert Fothergill, who retired in 1988, capping a 42-year career that spanned the most decisive decades in the history of department. The dedication was a fitting tribute to a leader whose vision ushered in a new era in modern firefighting for the local department, many aspects of which were replicated by other fire departments around the country. For example, the mutual aid system that has become critical in battling large fires was envisioned by Chief Fothergill. His efforts to bring together chiefs from 34 departments to pool their resources in formal agreements that eliminated jurisdictional impediments eventually led to today's Metrofire Mutual Aid Network.

Another capital program being focused upon in the Fire Department is provided for through a federal homeland security grant to enhance communications and especially transmit data to those battling working fires and other emergency scenes. The \$176,000 in funding improves interoperability and allows firefighters on the scene to review an automated records management system, that, among other items, would provide valuable details on occupancy records, hazardous materials storage, hydrant locations and floor maps. Interoperability is a major priority for the City's public safety forces, as well as those around the country. The local advance also allows the Fire Department to patch into a larger network should a regional issue take place, as well as a local network in cases where the City's firefighters are providing mutual aid in a community with which they are less familiar.

As that continues, the Fire Department continues to provide excellent service to the residents and businesses of the community. Thankfully, the department enjoyed another year without a fire-related death. Fire prevention activities continue on, especially given the City's aggressive economic development agenda. Hazmat preparedness has been put to the test in 2005 and early 2006. A release of product at the Gulf Oil facility on Eastern Avenue, a release into the Mystic River at Chelsea Terminal and a spill that appeared most recently at the Admirals Hill Marina have required responses.

OTHER PUBLIC SAFETY EFFORTS ARE DOING THE JOB

The three oil releases also pressed the Office of Emergency Management into action as well. As

ably as the Fire Department, OEM handled the incidents without a hitch.

A major initiative of the City's homeland security participation was the rollout of the R-911 system in 2005. That system allows for calls to go out to residents and businesses in the case of an emergency. The City's test of the system showed several weaknesses in the overall performance of what can be a very useful emergency management tool. A troubleshooting team, including participation from the City's Information Technology Department, is seeking to "work out the kinks" and get the system up for another trial run in early 2006.

In the area of public safety, reference needs to be made to the City's Inspectional Services and Public Works Departments. ISD inspectors continue to perform the routine while simultaneously addressing a host of building code and occupancy issues that threaten individuals and the entire community. Hopefully, DPW staff will not be subjected to the same winter call-outs as last year, as 27 different operations took place during the winter of '05. One caller during one of those operations remarked at how clean the streets were from the evening's snowfall until she got to the next city and then the one after that. DPW work on capital improvements continues to make the streets and sidewalks safe for one and all.

Summary

Public safety officials continue to manage needs for local protection and contribute to regional dialogue on homeland security issues. A spike in violent acts by youth in the region has also had an impact locally. Police, though, have stepped up enforcement activities to meet the challenge, and a series of newer initiatives, including the installation of 34 surveillance cameras throughout the community and two expansions of the gang unit, are meant to provide local law enforcers with even more resources. As the Fire Department continues to excel at prevention and suppression activities, updated equipment and technology will allow firefighters to be even better prepared and more efficient in their responses. Public safety officials are collaborating on quality of life issues and attacking code violations, especially illegal rooming houses. Together, the work of the City's public safety officials is making progress on multiple agendas possible.

2006 Goals

- Undertake an assessment of the camera installation program and consider additional camera purchases or other means to expand the coverage of the system;
- Advance the goals set forth in the Chelsea Police Department Supplemental Enforcement Efforts (SEEs), including adding a second full-time gang officer to the gang unit and directing the Weed & Seed director to provide administrative support for the unit; expanding Special Tactical Operations Program activities in 2006; combating insurance fraud through a partnership with the Suffolk County District Attorney's Office, the State Attorney General's Office and the Insurance Fraud Bureau; reviewing emerging technology utilizing cameras to enforce traffic laws, including truck routes and neighborhood speeding, and expanding upon earlier work done on advancing the effectiveness of crime mapping;
- Complete the interoperability enhancements in the Fire Department which will allow firefighters more timely and accurate information in order to protect themselves and the public, and

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

- Address weaknesses in the R-911 system detected during the first trial of the new communications system.

COMMUNITY DEVELOPMENT

2005 Highlights

- Advanced the HarborCOV project through to construction to create 24 units of supportive housing for survivors of domestic violence as part of its goal to site 50 such units through its “Community Housing Initiative;”
- Collaborated with Chelsea Neighborhood Housing Services on complex activities undertaken to a substantially new residential neighborhood on Gerrish Avenue;
- Secured an \$88,000 contribution to the Affordable Housing Trust Fund as a result of the 77-unit Mill Creek Condominium Project;
- Supported the Chelsea Summer Youth Employment Program, allowing the program to reach more than 250 participants this past summer;
- Collaborated with the Chelsea Summer Youth Employment Program on a Youth Summit, which was attended by 350 youth this past summer;
- Assisted in the organization of programming for National Youth Violence Prevention Week this past April;
- Supported the efforts of Roca to establish Tacos Unidos, a social purpose business venture introducing youth to the business world through a non-profit taco business;
- Supported the organization of the Chelsea Young Marines program;
- Completed an analysis that indicates that 96% of the 49 students who have attended the local public schools from kindergarten to high school graduation passed their MCAS examinations and more stringent local graduation requirements;
- Celebrated the highest percentage ever of local 4th graders, almost 90%, and 10th graders, more than three-quarters, passing the English Language Arts MCAS test, as well as 163 local students earning “Advanced” scores on MCAS exams;
- Earned accreditation for the local Senior Center;
- Completed improvements at Voke Park;
- Managed expansion of the Community Schools Program, allowing it to serve more than 1,500 individuals weekly, and
- Held a telethon to support American Red Cross relief efforts to provide support for Gulf State residents impacted by Hurricanes Katrina and Rita.

Discussion

Ultimately, the goals of the City’s other Fundamentals are meant to provide the impetus for achievement on the City’s Community Development and Neighborhood Enhancement Fundamentals. Community development, helping individuals and families improve their lives, is a wide reaching concept that captures core municipal responsibilities, like providing quality schools, as well as those upon which progressive municipalities should and do focus, like combating domestic violence. While much attention has been necessarily focused on the City’s financial

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

strength, equally as much attention, if not more, is placed on how the City is doing relative to how local residents are doing.

Community development issues are almost endless: job training, day care, English as a Second Language, drug dependency, adult basic education, mental health, nutrition, affordable housing, domestic violence and on and on. Candidly, a small municipality is not capable of addressing each and every issue adequately. Locally, the City focuses directly on some and works with community partners to address many more. In fact, if not for the work of those community partners, many, many community development issues would not have the extensive responses that do currently exist locally. The leadership of those stakeholders is truly invaluable.

Considerable City time and resources focuses directly on affordable housing, domestic violence, at-risk youth and education. That focus is done interactively with a number of community organizations and others supporting their causes. Together, the strength of those partnerships, the vision of their leaders and the duration of the focus is allowing for real progress to be achieved.

In short, money is not readily available locally. What is in overabundant supply, though, is outstanding leadership. In several cases, it is appropriate to claim that local agency leaders are among the very best in the state, if not nation, at what they do. That leadership is keeping the focus of attention on the “right way” of attacking issues, and pushing the City and its partners further along towards even more spectacular achievements. Not by coincidence, as the community achieves more recognition for such work, more and more agencies and philanthropies are now considering local agencies for programmatic financial and technical support.

THE COMMUNITY FIGHTS DOMESTIC VIOLENCE

By some accounts, the community’s embrace of an anti-domestic violence agenda is among the best ways of defining what City government can help to achieve. Once an issue without a champion, the City, the Chamber of Commerce and many other stakeholders are not only saying that violence against women and their families is wrong, they are also combining to put their considerable talents together to push for an end to the physical, sexual and psychological abuse that threatens individuals, destroys families and jeopardizes the entire community.

To wit, the annual “Taste of Chelsea” event may be the premiere local fundraising event of the year. This past year, the second annual event resulted in \$20,000 being directed back to HarborCOV, the city’s leading domestic violence agency. The annual community breakfast held during October’s Domestic Violence Awareness Month is another terrific example of overwhelming community support. The breakfast has become so large an event that its venue has been changed to the largest function hall in the city to accommodate the large and supportive crowd.

The City and HarborCOV are active in advancing the latter’s “Community Housing Initiative” and its goal of creating 50 units of community-based housing to protect the abused and support their families in safe transitions to better lives. 30 units are now operational or under construction, including the 24-unit new construction project at the site of the former Wells Fargo building on Washington Avenue. That project has been among the most contemplated and time-consuming the

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

City and HarborCOV have faced, yet the stakes were so high that the effort needed to be made. Its opening in late 2006 will be another significant milestone in the journey that sufferers of domestic violence once had to face alone. Another project, the conversion of the former Cottage Manner Nursing Home on Shawmut Street to offices and temporary housing is also ongoing and whose progress is reflective of strong community bonds. As those projects continue, the City/HarborCOV partnership will be identifying the next project to be undertaken to reach the ultimate, 50-unit CHI goal.

PROMOTING AFFORDABLE HOUSING

Is there ever enough affordable housing in a community that boasts almost 100% more affordable units than the statewide average and more than all but three other Massachusetts communities? The local answer from Councillors, community activists, many residents and the City Administration is no, and that more can and should be done to provide for greater affordability in the community. Affordability has been greatly challenged over the last several years, as the record run-up in property values has made the community the least affordable it has ever been. Properties that once could have been developed into low cost housing are now being sold at record highs, with the intention of many of the new owners to develop those properties with an eye towards maximizing their return on investment. Once a place where anyone could afford to live, both market-rate homeownership and rental costs are increasingly beyond the means of many families. That trend has the City working with its affordable housing partners to undertake many projects, including one that promises to transform an entire neighborhood.

The City is not an actual housing developer. Instead, through visioning, financial advocacy and technical assistance, the City works with local non-profit housing developers and others to achieve affordable housing goals for the community. There are actually many who are involved in one way or another in meeting the challenges that an affordable housing project can present. Together, though, the affordable housing team is a formidable force for individuals and families in need of affordable, quality housing. Especially important to the City's affordable housing agenda are Chelsea Neighborhood Housing Services and Chelsea Restoration Corporation, on the local level, and the Massachusetts Department of Housing and Community Development, North Suburban Home Consortium and the Community Economic Development Assistance Corporation. The Chelsea Housing Authority has provided outstanding service on its own affordability issues. In the community, the Affordable Housing Task Force has joined several City Councillors in making sure that voices in need are being heard.

As part of the 1,200-unit goal for overall housing starts by the end of FY'08, the City has set a goal of 15% of those units being affordable. Make no mistake, the achievement of 180 affordable units through the 1,200-unit initiative is no where near the 500 units a year the Affordable Housing Task Force has suggested should be built. Nonetheless, the combination of rising values and limited development opportunities have most, if not all, understanding that the 15% goal, plus the additional units created or maintained yearly by the City's traditional housing advocacy, represents a significant step in the right direction.

If the goal is 180 units, the City is making great headway in the process of permitting the

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

construction of projects that will provide for that affordability. A total of 128 could be under construction in 2006, including 17 at the Mary C. Burke School, 23 at the Till Building, 23 at Parkway Plaza and 65 at various sites in the Gerrish Avenue neighborhood.

The big news is the Gerrish Avenue projects. If not for the enlightened and highly competent leadership of CNHS, the 65 units, featuring both rental and homeownership opportunities, and a companion 56-unit market rate loft project, could never have been achieved. Its complexities seemed insurmountable at one time. However, the development team, including the City's housing director and the for-profit partner, was able to overcome the many obstacles and produce what is a project that several have talked years about doing, but were unable to accomplish. In addition to the affordable housing aspects, the project is also exciting because it will create a new and cohesive neighborhood where one has not existed for decades.

To support additional affordability projects, the City's Affordable Housing Trust Fund has just received \$88,000 as a result of the Mill Creek Condominium Project, and is in line to receive \$100,000 when the project at Admirals Hill begins construction. Those two contributions, together with the \$140,000 received from the Spencer Lofts project, would provide the Affordable Housing Trust Fund Board to be organized in March with \$328,000 to support additional affordable housing projects locally.

Outside of the major development activity, the City continues to work with its affordable housing development partners on several other opportunities. Five units at 583 Broadway to be undertaken by Chelsea Neighborhood Housing Services will begin construction this spring. As many as six more units are being discussed, with ownership and funding being lined up to do the projects in 2006. Other smaller market rate projects with affordability requirements are likely to get underway in 2006 as well.

In 2006, the City also hopes to advance an initiative it has long sought to undertake. Single Room Occupancies (SROs), or rooming houses, often carry with them negative connotations. However, done right, the City believes that a quality and affordable living environment can be provided, especially for single workers who are holding a job locally and require basic housing that makes their commute to work walk-able or assessable via public transportation. A "worker housing" project is being contemplated with a leading SRO non-profit. The City may also seek a community employer to form a project team. That project, maybe providing 24 to 48 units of housing, could feature individual bathrooms and small kitchens, providing both affordability and independence for workers who may seek both in a SRO.

FOCUS ON YOUTH

As much as any issue, issues impacting youth are at the forefront of the City's thought. For that matter, the same could probably be said about the entire community, and that is a good thing. As a community, residents and other stakeholders remained concerned about the status of local kids in 2005. While education issues typically make it on anyone's list of concerns for youth, local lists probably resemble those that would also be compiled in many other urban and an increasingly growing number of suburban communities in Massachusetts and around the country. Gangs,

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

substance abuse and employment, therefore, join education and recreation as issues of particular focus for the City and its community partners. The City, through its CHAMPION Youth coalition and other initiatives, has sought to advance community programming that addresses these and other priority issues.

Although issues facing local youth are quite numerous, the resolve to have a positive impact on those issues is equally as strong. Work with Roca, the Jordan Boys & Girls Club, the Chelsea Collaborative, the Lewis Latimer Society, many youth sports organizations and the Chelsea School System is producing a community response that may be unparalleled in Massachusetts, if not the country. However, there is also a seemingly universal belief that more needs to be done to fill in the gaps and provide as many kids as possible with the shelter and tools to reach their fullest potential.

FOCUS ON YOUTH - SUMMER JOBS AND A YOUTH CONFERENCE

One of those unique undertakings is the Chelsea Summer Youth Employment Program. The partnership organized by the Collaborative, with active participation by the Chamber of Commerce, Hyams Foundation, Massport, the City and numerous others, completed its third year of offering summer jobs to local youth this past summer. The program provides 16-hours of employment over four days and a “fifth day” of programming that emphasizes education and leadership development. More than 250 participated in the program last summer. So successful has the program been that the City has advocated for its replication elsewhere through the state.

Fulfilling a goal of the City and its partners, the Summer Youth Employment Program organized its first Youth Summit. That summit was attended by 350 youth and had as its primary objective the goal of having attendees learn more about cultural diversity, racism, violence and their consequences. After hearing from many adults, the youth, themselves, took charge and developed recommendations as to how to promote a violence-free school year and a community more engaging of young people.

Youth attendees were asked to complete an evaluation form. 77% of the respondents said that the summit helped them better understand causes of violence in the city; 71% said they learned to pay more attention to their own actions as young people, and 80% said they would attend a summit again if one is held in 2006.

Almost thirty recommendations came from the youth and were presented to community leaders. Those recommendations, from more jobs in the winter time to bringing a movie theatre to city, are being reviewed for possible action for 2006 and beyond. Additionally, youth offered their own “violence-free” pledges, many of which were displayed during the summit or elsewhere in the community since the summit.

Given the dialogue youth had with adults and each other, the City hopes the Youth Summit becomes an annual event.

FOCUS ON YOUTH - YOUTH VIOLENCE WEEK

Preceding the Youth Summit by several months was the holding of a Youth Violence Prevention Week in April. The Boys & Girls Club, Roca, the Latimer Society, Weed & Seed and Chelsea ASAP held programming in coordination with the National Youth Violence Prevention Campaign. A highlight of the week was a “girls only” session with Suffolk County Sheriff Andrea Cabral. Other events included a basketball camp and a dance. The focused activity and consistent theme proved to be another successful way to keep reinforcing the work of other events and organizations in the community’s campaign against violence.

FOCUS ON YOUTH - SPOTLIGHT ON NEW YOUTH PROGRAMS

Two highly innovative programs being organized by Roca and its funders have received City endorsement in 2005 and a pledge of further City support in 2006. Tacos Unidos combines pre-employment learning opportunities and creates transitional employment for very high risk young people. A so-called “social purpose venture,” Tacos Unidos is a taco selling business, involving youth participants in every aspect of the enterprise. To help advance the initiative, the City has granted Tacos Unidos a no-cost lease at the Highland Park concession stand. Meanwhile, the Transitional Employment Program to be started this March is an outgrowth of years of discussions between Roca and the City about employment opportunities in the service sector for youth ranging in age from 16-24. Youth who are court or state program involved will “work” in the program, learning important skills and preparing themselves for a better life and a greater contribution to society. The City will venture to hire a “crew” to perform a variety of local tasks in support of traditional City operations. Both programs are receiving substantial City technical support and recommendations to funders for program sustainability.

Another worthy of mention is the Chelsea Young Marines program. Founded locally by a local firefighter, the program is affiliated with a national not-for-profit youth education program. Boys and girls, from 8 years old, participate in a military-based program that stresses character building through a combination of self-discipline, teamwork and leadership. The program stresses a healthy, drug free lifestyle. Two graduating classes are now active, with a third being organized. The program has relocated to the Boys & Girls Club to better meet the needs of its participants and their families.

FOCUS ON YOUTH - IN SCHOOL

In his “State of the Schools” address, Dr. Thomas Kingston, Chelsea School Superintendent, noted that urban school systems in Massachusetts, including the City’s, face a severe shortage of state funding. In real dollars, the local system has lost nearly \$16 million over the past five fiscal years, and with that loss of money has come a loss of valuable teachers and resources. Furthermore, Massachusetts school districts suffer withering federal grants and resources; and are incurring increasingly punitive measures for failing to make “Adequate Yearly Progress” under the federal *No Child Left Behind Act*. State MCAS expectations are similarly increasing the pressures being felt in schools districts.

Yet, despite all the negatives, local schools are succeeding. In fact, for students who stay in the system and take serious the advantages the local school system has to offer, there is much promise.

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

A study of graduates of the Chelsea High School Class of 2005, for example, indicates that 49 students had been students in the local public schools from kindergarten through their senior year. Of those 49 students, 47 were among the 193 CHS graduates who passed the MCAS exams, who fulfilled all the high school's more stringent graduation requirements and who received a full state-endorsed CHS diploma. Ninety-four percent of the long-term local students got the diploma, a percentage higher than the graduation rate for all students statewide, not just locally. Yes, a quality education is available in the City's public schools for those who seek one.

Improvements in reading of elementary schoolchildren have been secured through the hard work of teachers and administrators within the Reading First program. That program has been extended beyond the Early Learning Center and Kelly School to all elementary schools with most promising results. The Core Knowledge Curriculum is in place kindergarten through grade 8, and it is matched to the state curriculum frameworks. Administrators expect that middle school students should begin to see improvements in their math achievement, not only because of the ongoing success of the Project Challenge program for some of the system's most promising students, but as well because of the overall improvement in math instruction through the state-awarded Comprehensive School Reform grant. The district has also been recognized as one of five districts statewide to receive a school leadership development grant, which will help ensure that highly competent school leaders will continue to promote real student achievement locally.

Fourth graders, scored at average for all Massachusetts students, an achievement that ignores demographic factors that suggest that such achievement is not possible. The 4th graders' feat is an excellent achievement for any school district, not just an urban school district. Almost 90% of local 4th graders passed the English Language Arts test, the highest percentage locally to date. In the 10th grade, for the first time ever, over three-quarters of local students passed the MCAS for English Language Arts, and more than two-thirds passed the mathematics exam.

Overall, 163 local students earned "Advanced" scores on MCAS exams, the highest number ever. That compared to just 80 four years ago. 24 seniors are eligible to receive the state's John and Abigail Adams scholarships. Those John and Abigail Adams scholars have earned the privilege of receiving 8 tuition-free semesters at any of the Massachusetts state colleges and universities at which they are accepted. To receive this honor, the scholars had to meet three conditions: they had to score in the Advanced category in either the Mathematics or the English Language Arts section of the grade 10 MCAS test; they had to score in the Proficient or Advanced category on the second subject (Mathematics or English Language Arts), and they had to have a combined MCAS score on these assessments that ranks them in the top 25% of the students in their school district.

Three basic principles exist for the Boston University/Chelsea Partnership that is managing local schools: students should be ready to learn, teachers should be prepared and equipped to teach and important subject matter must be taught and learned through a coherent plan of instruction. Statistical indications aside, a solid public school education is being afforded in the City's school system, making the local district among the state's best urban districts. Despite the challenges, students and their teachers and administrators are rising to the challenges and providing for a quality education. Also encouraging is the rate in which parent participation continues to drive attendance at school functions and proficiency in student learning.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

FOCUS ON YOUTH – AFTER SCHOOL

So satisfied is the City with the direction of the school system that more attention is being committed to creating a more enriching after school environment. This focus has been prompted by several happenings: community public safety meetings, City Council input and the continuing advocacy of the Hyams Foundation. On the latter point, Hyams has been holding discussions with community residents and leaders about a potential after school program that it would co-fund with its partners. The City cannot overvalue the importance of such a tremendous commitment.

The general feeling among City officials and the residents they represent is that additional after school programming is necessary to provide school children with safe havens during the three- to four-hour period between school and most parents returning home. Criminology studies seem to back up the concerns, as the hours from 3-6 pm are when most youth get into mischief or worse. Fortunately, a number of programs are meeting the needs of hundreds of youth during this period. In particular, the Boys & Girls Club does a terrific job. However, despite those efforts, the City and its partners believe an unmet need still exists.

The City is therefore endorsing the Hyams effort, while committing itself to doing more. In February, a \$250,000 grant application will be submitted to the federal government for funding through the Gang Resistance Education And Training (GREAT) Program. Additionally, should prevention money become available through the State's Community Safety Initiative, again, as supported by the City through the Metropolitan Mayors Coalition, that money would first be directed to augment an after school program. Lastly, in conjunction with the Hyams initiative, the City will make a yet to be determined financial pledge as part of the FY'07 budget to advance an after school initiative.

These after school programs will support prevention efforts and be focused on grades 4-10, with a high priority given to 6th, 7th and 8th graders. Because the design of a program is not complete, there is much work to be done. It is unlikely that a fully designed program could begin to offer services to kids when school restarts this September. However, it is the City's goal, and shared by the School Department, to have some program in place during FY'07.

Meanwhile, the prevention efforts above may be almost devoid of any intervention efforts for local kids. Through CHAMPION Youth, and together with the City's partners in youth services, the City hopes to identify working strategies for intervention that can be administered and funded separately from the middle school prevention initiative. The intervention effort(s), though, will be part of an integrated approach to dealing with the issue of after school programming.

Also, as it relates to kids, the City is investigating a "fee-based" summer program. The program should resemble a typical "recreation" program offering, where kids attend a school, play games, maybe be exposed to some positive messages, and basically be looked after during the daytime hours of summer vacation. Perhaps a sliding scale enrollment fee can be developed. Given the City's current financial situation and the commitment to an after school program, City funding may not be available to support this initiative. That is still to be determined. What is for sure is that the City believes a fee-based program could meet the needs of many local families, and thus the City will

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

attempt to develop such a program. A detailed proposal should be unveiled by the end of April.

ADDRESSING ADDICTIONS

The work of Chelsea ASAP and the Lewis Latimer Society around addictions is addressing that pressing need in the community, especially amongst youth. Through two separate State grants, that collaboration, which has been supported by the City and other community based organizations, is reaching out to kids who may be at risk or are already users of tobacco, alcohol and drugs by training peers to be leaders in the community. Not only is the peer group focused on other youth, but together with their adult mentors they have been able to organize discussions with pharmacies to better educate them on drug abuse. At a community meeting in 2005, a packed hall heard from community advocates and leading legislators on the subject of drug abuse. The collaborative is rightly pushing for more community education and for an addiction-free environment for all the youth of the community.

SENIORS DESERVE THE BEST

Yes, a great deal of effort is being placed on meeting the needs of the community's youth. But what about seniors? Well, a significant commitment to seniors is one that continues to be championed by the City Council: no matter how difficult the City's budget problems, the Senior Center must stay open. That is a mandate the City is honoring, and is pleased to do so. But, being open may not be enough, as the Council, Administration, senior advocates and seniors themselves want and deserve more.

The City believes in planning first and then acting from there. Two years ago, the City challenged the staff of the Senior Center to seek accreditation for the local program. By doing so, it was the feeling that any weaknesses in local programming could be identified and then targeted for strengthening. Well, two years later, the City has just been informed that the Chelsea Senior Center has been officially accredited by the National Institute of Senior Centers and the National Council on the Aging. Accreditation is a tremendous honor and reflective of the great programs being offered at a welcoming place that is run by terrific managers for the benefit of some truly special people, the seniors of the community. The local senior center becomes one of only seven in the entire state to be so recognized.

In confirming the accreditation, the Accreditation Board noted that the Chelsea Senior Center is being commended for: "its dedicated and talented staff, outstanding community collaborations, excellent monthly publication, large corps of dedicated volunteers, bilingual staff, and good outreach and resource materials." Recommendations on how to make the experience an even more extensive and enjoyable one for local seniors are now being reviewed for possible implementation in 2006.

Accreditation aside, the City is seeking to fill positions in its Senior Tax Work-Off Program and offer positions to other seniors who may not be homeowners but who wish to "volunteer" in service to the community. Through the Council on Aging, applications will be available in March for a program to begin in July to welcome new senior homeowner aboard on the program that credits \$750 against their annual taxes. A new provision in the program will create a separate stipend for

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

seniors who are renters. The new provision, along with the search for additional senior homeowners to participate, is reflective of the joy City Hall staffers have experienced in working with local seniors, and the great pride those seniors seem to accumulate in making a contribution to the City.

COMMUNITY INFRASTRUCTURE CONTINUES TO MAKE GAINS

Facilities serving the community continue to be in great shape. The last to open, the CAPIC Head Start Center, is now operating at capacity, providing pre-schoolers with valuable educational and nutritional offerings, while also helping newer parents learn more about their very special roles in the lives of their children. From pre-school to seniors, and almost everywhere in between, the community is served by many tremendous facilities. In fact, arguably the community's need for indoor spaces is being met.

Outdoors, though, may be another story. Many improvements have been made over the years. In what should be great news for the summer of 2007, the State, at the prompting of Senator Jarrett Barrios and Representative Eugene O'Flaherty, has scheduled the Department of Conservation and Recreation Pool on Carter Street for reconstruction beginning this spring. That long awaited announcement will be welcomed news for kids who have little cooling opportunities during the summer months now. The pool will be replaced on-site, but new design elements will make the pool more "swimmer-friendly" to toddlers and adults alike.

Next to the pool, the artificial turf field at Chelsea Memorial Stadium continues to be the talk of the region. So successful has that project been that the City is committing to undertake a study to review the possibility of placing an artificial surface at Highland Park. That surface would primarily support soccer, but have the ability to be utilized by Pop Warner for some team practices. The project is being prioritized by the Council and supported by the Administration. A feasibility study will begin shortly on what could be a \$1 million investment to allow more than double the hours of current play to take place at the heavily used park. Besides the additional hours, the quality of the new surface versus the poor surface that currently exists will greatly enhance the overall playing experience. If undertaken, the City is also likely to fund a staff position at the park to help maintain the field and related facilities. Part of the feasibility will examine the current fee structure and what increases, believed to be nominal, would need to be implemented to make the field project affordable. Also, major donors will need to be sought to offset a portion of the initial cost. One promising discussion is currently underway to that end.

Bids are currently out for the improvements to Merritt Park to support Little League play. The City and Little League had hoped that those improvements would have been made for play last season, but a variety of factors held back the program to install lights, a concession stand, restrooms and bleachers. The improvement program, which is being graciously managed by the School Department, is being funded in large part by a grant related to the Home Depot construction in Parkway Plaza.

Also relating to the Parkway Plaza development, the expansion of the walkways along Mill Creek may find their way to a new park being discussed for the vacant space that will exist after all the major phases of plaza redevelopment have occurred. The City and Chelsea Green Space

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

collaborated on securing the commitment from the current owners of the plaza, Kelly Realty Trust and Eastern Development, and the residential developers undertaking the 234-unit residential development abutting Gillooly Road. An acre park, connecting to the overlook of the creek and walkway beside it should create a wonderful vista for seniors at the Margolis Apartments and others who visit that site. Just steps away, a canoe launch is planned for the former AFCO site, soon to be the home of a two-story, mixed-use development featuring a restaurant, office and retail space. The building should provide a pleasant welcome at the entranceway to Chelsea from Revere; a substantially different appearance than had the self-storage facility once proposed for the site been approved by the City.

Another great waterfront opportunity may finally come to fruition at Admirals Hill. As part of the pending 160-unit development project, the waterfront around the marina will become enhanced and fully activated. A wider boardwalk, restroom facilities, a commissary, benches, an overlook and a small park at Island End River that could eventually lead to a public boat launch will convert the currently unappealing and underutilized end of Island End River into a recreational asset. Also being funded through the development is improvements that will take place in Mary O'Malley Park.

Younger families will benefit from the updated safety features to be installed at Bellingham Hill, O'Neil, Polonia and Highland Parks. Through a State grant with a City match, \$185,000 will be spent on installing rubberized surfaces around all of the kids play structures. That project will be completed in time for summer play. Other park improvements were completed at Voke Park this past year, including new play equipment and a rubberized surface for the tot lot.

VALUING COMMUNITY SCHOOLS

The Community Schools, just like the Senior Center, has been protected from substantial budget cuts. Weekly, more than 1,500 participants are utilizing classes and programming, ranging from basketball to computer technology. While some funding sources have dried up leaving the Community Schools with fiscal challenges, the outstanding and tremendously dedicated staff is making due and then some. Recent additions to the programs offered at the Williams Schools include: youth art studio, adult karate, Mass Premier Soccer clinics, UCA cheerleading training and coaches workshop, back to basics basketball clinic (led by the Boston University Women's Varsity Coach and players), and an offense - defense football clinic. It is true that operating the Community Schools is not a "core municipal service." However, almost to a person, there is great recognition of the substantial value Community Schools adds to individuals, in terms of education, recreation and enrichment, and to the community, in terms of offering outstanding prevention programming that support the City's Weed & Seed and overall public safety goals.

CELEBRATING CELEBRATIONS

What would community be without community celebrations? A growing list of celebrations are beginning to redefine life in the community, for the better. The Latin American Cultural Association Festival may be the biggest and best known. The annual celebration is in jeopardy, however, as its venue for many years, the Mystic Mall, will soon be under construction. The City and festival organizers are currently working to find a new site for this important community event.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

Other events, too, are taking root and creating great excitement in the community. The Taste of Chelsea, supporting domestic violence programming and held at the Massport Garage on lower Broadway, is an event the entire community seemingly comes together to celebrate. Around the corner, the Waterfront Festival is mixing art and thrift, and producing an enjoyable Saturday for all those who attend. The Chelsea River Revel continues to grow on the Meriden Street Bridge connecting Chelsea to East Boston. The Celebrate Chelsea Day in the Downtown, organized by the City Council and Chamber of Commerce, was new this year and very well received. Countless others are also contributing.

Hopefully just a one-time event because the need never again presents itself, the Chelsea Cares Telethon for Katrina Relief this past October truly demonstrated the great sense of community that exists locally. The eight-hour event carried live on Chelsea Community Cable Television was the first such effort ever produced locally. While it was not nominated for an Emmy Award, it did bring the community together to reach out to those that were impacted by the terrible storms in the Gulf States in September. Nearly 100 volunteers and hundreds of pledges made the event a huge success. More than \$20,000 was raised for American Red Cross relief efforts.

Summary

Community development activities are ample and meeting many needs in the community. Yet, the City and community stakeholders believe that even more programming is necessary to address the remaining needs, especially those that could have an impact on youth. Ample community facilities exist to address those programming needs, so an issue in establishing a new after school program will not be where to site it. News of the accreditation of the Senior Center brings with it a satisfaction that seniors are being afforded excellent programming. The City's schools continue to outperform urban counterparts, while community based organizations, as supported by the City, enjoyed a tremendous year full of new accomplishments, including the holding of a Youth Summit engage youth themselves in helping the community shape a better tomorrow for one and all.

2006 Goals

- Assist HarborCOV in completing its 24-unit supportive housing project at the former Wells Fargo property and begin planning for the next project to continue the progress being made on HarborCOV's goal of providing 50 such units through its "Community Housing Initiative;"
- Progress on the goal of securing 15% affordability in the 1,200 new residential units being envisioned as part of the City's economic development strategy;
- Collaborate with Chelsea Neighborhood Housing Services on pre-construction activities leading to a groundbreaking for its scattered-site, 121-unit project for the Gerrish Avenue neighborhood;
- Secure an additional contribution to the City's Affordable Housing Trust Fund by facilitating the development of a 160-unit project at the base of Admirals Hill;
- Partner with CNHS on 11 or more units of affordable housing being targeted for several locations in the community;
- Complete the pre-development feasibility review of the potential of establishing a "Single Room

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

- Occupancy” development targeted to the working poor;
- Act upon one or more goals developed by the youth who attended the Youth Summit;
- Define a collaboration and scope of programming activities around an expanded after school programming option for local schoolchildren;
- Establish a senior volunteer program for renters that is similar to the Senior Tax Work-Off Program;
- Assist Representative Eugene O’Flaherty and Senator Jarrett Barrios in their continued advocacy for a spring start to the reconstruction of the DCR Pool on Carter Street;
- Undertake a feasibility study of placing an artificial playing surface into service at Highland Park;
- Begin and complete the improvements to the Little League field, in part being financed by a contribution from Home Depot and its Parkway Plaza development partners;
- Complete the park and walkway improvements associated with the Home Depot and related development internal to Parkway Plaza, and
- Secure the start of waterfront improvements on Admirals Hill as part of the pending Admirals Hill residential construction project.

NEIGHBORHOOD ENHANCEMENT

2005 Highlights

- Advanced the efforts to address “residential/industrial’ conflicts by completing the infrastructure supporting the Spencer Lofts and by undertaking planning, permitting, financing and other activities supporting the collaborative effort with Chelsea Neighborhood Housing Services to convert the Atlas Bedding factory and surrounding parcels into a residential neighborhood;
- Collaborated with the Board of Health on securing an agreement for installation to begin on odor recovery equipment at Chelsea Terminal;
- Completed additional infrastructure in several neighborhoods and work related to the Powderhorn Hill drainage project, a multi-year, multi-million dollar project to address drainage problems impacting many homeowners;
- Undertook the first-ever flushing of the City’s water lines to improve the quality of household drinking water and improve the efficiency of the overall system, and
- Conducted a zoning study and implemented zoning changes to enhance the residential character of the Spencer Avenue neighborhood.

Discussion

Enhancing the look and livability of each of the city’s neighborhoods continues to be a prime mission for City officials. From infrastructure updates to eliminating uses that have a negative impact on neighborhoods, the mission has enjoyed many successes. While those successes continue to mount and, as a result, attract much more investment into the city, problems do still exist that require the City to redouble the efforts to produce even greater revitalization. Trash, more so than infrastructure, is an issue that the entire community would like to see successfully tackled. The systematic process of removing many “residential/industrial conflicts,” those industrial uses in

“Progress”

City Manager Jay Ash’s 2006 “State of the City” Report to the Chelsea City Council

residential neighborhoods that inhibit the growth of that neighborhood, needs to reach further into a 21st century community that in many ways is still defined by the Industrial Revolution begun in the 19th century. These and other matters are issues for the City to understand and target for resolution. Or, perhaps more accurately said, these and other matters are issues for the City to *continue* to understand and target for resolution, because the City does boast a strong record of achievement on neighborhood enhancement over the past decade. One of many testaments to that statement is the near complete disappearance of vacant properties in the community. Ten years ago, more than 30 such properties totaling more than 100 units existed.

It is suggested throughout this report that progress is being made on multiple agendas. Arguably, a credible tool to measure the results of progress is in the willingness of individuals to buy homes in or otherwise relocate to a community. If municipal services are maintained even during tough financial times, public safety concerns allayed even though some pockets of problems still exist, if economic development does not negatively impact the character of the community, if residents feel a community has a lot to offer even though some of the community's residents still find a mismatch in need, and if government can be open and honest while still shedding the bad images of yesteryear, then people will want to move to a community on the rise even if there is work to be done to make their neighborhoods even more attractive a place to live. That is because there is a sense that accomplishments have been enjoyed and continued progress will be made.

Progress does not happen overnight, especially when it comes to neighborhood enhancements. Infrastructure work, from planning to completing, can take two or more years and sometimes millions of dollars to produce success. Resolving the negative impacts that a business or even a residence has on its neighborhood can take even longer no matter how much money might be available to address the issues. Some will even suggest that changing the habits of those who dirty the City streets will take a generation. No, not everything happens overnight. The incremental benefits to a progressive neighborhood enhancement agenda, though, can best be seen over longer periods of time. The Skeleton Building down and the property converted to neighborhood appropriate housing; the Highland Slope abated with a stairway system and landscaping in its place; the illegal trash transfer operation on Crescent Avenue converted into a handsome new home for On-Time Mailing; the repair shop on Hawthorn Street with broken-down vehicles parked all over the neighborhood gone in favor of a well appointed Cataldo Ambulance station, and more than a dozen houses in disrepair throughout the community, like the property at 33 Franklin Street, converted into contributing community residences are among the many signs of progress the City has produced. Those and other achievements have been warmly received by current and potentially new residents alike.

As noted, reminders abound that more needs to be done, most recently in the form of community opposition to the continuing operation of Boston Hides and Furs and its impact on the neighborhood behind it. City officials have as a primary responsibility the need to do everything possible to address every community issue that exists. Again, some take longer than others and the longer ones are typically more complicated to address fully. However, the City is continuing to assess, investigate and act on many neighborhood enhancement needs, with the hopes of building on past successes and producing even greater gains in the look and livability of local neighborhoods well into the future.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

IDENTIFYING AND ADDRESSING PROBLEM PROPERTIES

Converting problem properties into neighborhood success stories is a key to the City's neighborhood enhancement strategy. Some problem properties fit into the category of "residential/industrial conflicts," while others relate to residential dwellings whose physical condition or disruptive occupancy create a problem in a neighborhood. Either or, the City is committed to aggressively addressing problem properties, but in a thoughtful manner which is most likely to present a winning solution.

PROBLEM PROPERTIES – RESOLVING RESIDENTIAL/INDUSTRIAL CONFLICTS

Evidence of the success of the City's efforts to abate residential/industrial conflicts is numerous. The Spencer Lofts may provide the best example of that success, and also is reflective of the multiple benefits that can be generated by addressing residential/industrial conflicts. The 100-unit loft project is housed in the former Emerson Textile factory on Spencer Avenue. Instead of encouraging the building to remaining in use as a marginal industrial facility, and spewing many of the negatives associated with such a use on the surrounding neighborhood, such as heavy trucking, noise and odors, the City targeted the property for residential conversion more than five years before it was actually sold to a residential developer. The conversion was so successful that several other industrial or institutional properties in the neighborhood, including One Webster Avenue, the Mary C. Burke Schoolhouse and the National Guard Armory, are all on track for residential conversions in 2006. If all projects happen and combined with the Spencer Lofts project, the Spencer Avenue neighborhood will take on an entirely new and, City planners believe, positive feel.

Regarding new feels for old neighborhoods, a very similar project to the Spencer Lofts is promising an even greater transformation to a neighborhood plagued by many industrial intrusions. Similar to the Spencer Lofts, the City became active in recommending the conversion of the former Atlas Bedding factory on Gerrish Avenue into residential use more than five years ago. For decades, many have debated whether the Gerrish Avenue neighborhood should become more residential, or maybe even more commercial. In fact, one theory was to connect the heavily truck traveled Griffin Way to Library Street to allow for even more trucks to flow into the Gerrish neighborhood. Instead, the City reflected upon the horrendous impact such a plan would have caused those living in the neighborhood and moved to actively remove the industrial presences in favor of strengthening the residential aspects of the neighborhood.

The result was the 2005 approval of plans by Chelsea Neighborhood Housing Services and its market-rate development partner, Mitchell Properties, to begin the transformation of Gerrish Avenue and Library Street. A total of 121 units have been approved for the neighborhood, replacing the former Janus metal welding building and the former Atlas factory with a mix of ownership and rental units. 65 of the units will be affordable housing, including 24 that offer affordable homeownership.

Further supporting the emerging neighborhood, the City undertook a major planning initiative that has resulted in a submission for a State grant for \$2.5 million for roadway and sidewalk

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

improvements in the area. Discussions are underway to address the conversion of other industrial properties into residential-friendly development.

The CNHS/Mitchell developments should begin this spring. Resolving the residential/industrial conflicts that have held the neighborhood back for years should elevate the look and livability of the neighborhood for generations more to come.

The City's support of the residential development at Parkway Plaza is another residential/industrial conflict initiative. In that particular case, the building design is meant to provide a buffer to prevent an encroachment of commercial activities from creating a disturbance in the Gillooly Road neighborhood.

PROBLEM PROPERTIES – NOXIOUS BUSINESSES

Addressing residential/industrial conflicts does not always result in the industrial use going away. Sometimes, abating the operations of problem properties is enough to support a better quality of life in a neighborhood.

Such is the hope for one such project. A City delegation recently visited the Chelsea Terminal at the end of Broadway to review the ongoing work to eliminate oil-related odors in the Waterfront neighborhood. What was seen was the culmination of more than two years of work involving multiple City officials, spearheaded by the Board of Health, and a company committed to being a good neighbor. The state-of-the-art odor recovery equipment being installed to enhance the odor suppression work that has already been performed at Chelsea Terminal should go a long way to improving the air neighborhood residents smell on lower Broadway.

The critical, quality of life undertaking that was successfully negotiated for the neighborhood will result in the removal from the air of H₂S, or Hydrogen Sulfide, the compound that produces the smell associated with #6 fuel. #6 is used primarily for commercial and industrial energy needs, ranging from motor operations to facility heating. While both #6 and #2, which is residential home heating oil, are stored and distributed at Chelsea Terminal, #6 has been identified as the major culprit in the oil smells that can sometimes come from the facility on the Chelsea waterfront. The system that will be up and operational by the end of the winter will provide near 100% capture and cleansing of vapors from the oil storage tanks and truck loading operations. To accomplish the odor abatement, the system captures the vapors through a tank vent hood specifically designed for the tanks and a flexible hose system at the truck loading stations. Once captured the vapors are transported through a ductwork system to the odor abatement equipment. There, a mist elimination system followed by a deep bed dry scrubbing system brings the air to an acceptable level for dispersion. An exhaust fan accomplishes that through stacks designed specifically for the process. Those stacks have the capability of having the air quality tested to insure maximum success. The system is in place in upstate New York and Canada and is purported to be very effective at controlling odors.

In addition to pledging more than \$500,000 to pay for the equipment being installed, Chelsea Terminal's parent company, Global Oil, also helped finance a study of other potential odor

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

contributors in and around the neighborhood. That study has led the community to increase its pressure on another potential contributor to foul odors and poor general operations, the Boston Hides and Furs facility on Marginal Street. At a packed Board of Health meeting earlier this month, company officials heard resident claims about odors having a terrible impact on their living environment. The company has offered to come up with a plan to address the concerns raised. In the meantime, the Board of Health is considering what options it might take; an effort to which the City is contributing.

The City is also examining the impacts that other businesses have in their residential neighborhoods for possible abatement initiatives. For example, in the study associated with Chelsea Terminal, odor sources were identified both locally and in neighboring communities. The City is working off of that study to determine what possible steps can and should be taken.

PROBLEM PROPERTIES - HOUSING

In terms of additional problem properties, the City's Planning & Development, Law, Inspectional Services and Police Departments are acting both independently and cooperatively on various actions to address housing issues that negatively impact their neighborhoods. At least three properties are targeted by Planning & Development for Receivership. That program, which has been quite successful in promoting the rehabilitation and occupancy of vacant or dilapidated houses, relies upon a State law that allows for the seizure of property if the updates are not made. Inspectional Services and the Police are collaborating on "ride-arounds" to target code violations, including illegal apartments and rooming houses. ISD is also bringing pressure to cause the razing of the Tudor Garage, having been successful last year in forcing the demolition of a fire-ravaged building on Spruce Street. The Police Department has compiled a list of its 10 most troublesome properties, and is undertaking intensive policing activities to address any criminal activity at those addresses, in part to make their respective neighborhoods more orderly and safe.

In addition to attacking specific problems, the City is interested in building neighborhood support to promote neighborhood activism. One such project underway is a community building effort being undertaken with Chelsea Neighborhood Housing Services to bring neighbors together around dinners in their homes to get to better know each other and attack neighborhood problems together.

INFRASTRUCTURE IMPROVEMENTS PROMOTING NEIGHBORHOODS

Critical to the future of local neighborhoods is infrastructure improvements. The City's Capital Improvement Program has been responsible for tens of millions of dollars worth of investment over the past decade, including substantial improvements to utilities, streets and sidewalks. Millions more have been spent on parks, and all have supported a better looking and more livable environment for neighborhood residents.

Roadway and utility improvements in 2005 took place in several neighborhoods, including around the Spencer Lofts and the new residential development at 960 Broadway. Additional drainage work was completed as part of the multi-year, multi-phase Powderhorn Hill Project. In 2006, more work on Crescent Avenue will be done to extend the success and effectiveness of the Powderhorn Hill

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

Project on individual homes from Crescent Avenue all the way up to Summit Avenue. Another initiative begun in 2005 and to be completed in 2006 was the first ever flushing of the City's water distribution system, which promotes better water quality and a more efficient utility system.

In 2006, more infrastructure improvements will be directed to local neighborhoods, including: surface enhancements to portions of Clark Avenue, Crescent Avenue, Spruce Street and Stockton Street. Significant work is likely to get underway in the Gerrish Avenue neighborhood. Construction of a new drainage outfall near the intersection of Highland Street and Marginal Street is aimed at preventing the flooding that has plagued that area for decades. That project is also the first step in a comprehensive sewer separation project that will address a major priority of the City and the Massachusetts Water Resources Authority. An agreement signed by the parties at the end of 2005 leaves the maintenance of the roadway system on Admirals Hill to the hill condo associations. However, the City has just taken over the operation of the hill's pumping station and begun necessary upgrades to ensure the use and effectiveness of that utility system.

ATTACKING TRASH

As the Keep Chelsea Beautiful affiliation continues with Keep America Beautiful, even more emphasis will be placed on trash and graffiti matters in 2006. While several points in the City's "Cleaner Chelsea Initiative" were acted upon in 2005, much of the program stalled for a variety of reasons. The City and its community partners, including active participation from members of the City Council, anticipate attacking trash and graffiti issues in earnest in 2006.

Graffiti abatement is ongoing and working well in most areas. The Inspectional Services Department is preparing for a major push in March to have all properties fully abated by April. The relatively mild mid-January weather has helped some already accomplish that, but some problem properties continue to lag behind. While recognizing that those that have their properties "tagged" are actually victims, the City must have the cooperation of property owners to abate graffiti as soon as possible to discourage taggers and keep the city graffiti clean.

To augment that effort, and to also attack illegal dumping, two City agencies are working collaboratively on an initiative to utilize existing City cameras and those that could be on loan from the State. The Police Department and DPW have formed a working group to "zoom-in" on illegal dumping and graffiti. The roll-out of an initiative is likely this spring.

A greater emphasis needs to be placed on trash in the streets. That is not to say that the DPW is somehow not doing its job. In fact, just the opposite is true as DPW workers are effectively cleaning with MadVacs and push brooms. The mild winter weather in January has also allowed contracted street sweepers to offer even more assistance in cleaning streets. Yet, sometimes in minutes after sweeping is completed, the streets are dirty again. So, the issue cannot be a DPW one alone.

Community meetings have just begun to re-examine the trash issue and perhaps recommend and implement action steps. A major consideration for those who are assembled is the negative impact the current process of disposing of household trash is having on litter in the community. The City believes improper disposal of trash in containers not appropriate for such a use results in far too

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

much trash being left on sidewalks and allowed to blow through the community. The City is prepared to hire a trash enforcement officer in 2006, but wishes to review and potentially update local ordinances ahead of such a hire to make sure that the trash enforcement officer can be even more effective in helping to keep the City's neighborhoods cleaner.

Meanwhile, spring and fall cleanups sponsored by Keep Chelsea Beautiful are well attended and producing desired results. In fact, the search for lots requiring heavy cleanup is more difficult, and the areas requiring major graffiti abatement are scarcer.

ZONING TO PROTECT AND ENHANCE NEIGHBORHOODS

A zoning initiative in 2005 led to the creation of three new zoning districts to advance one important goal: ensuring that the various residential projects being proposed for the Spencer Avenue neighborhood would enhance and not detract from the livability of the neighborhood. Several community meetings and a focus by the City resulted in amendments to the current zoning ordinance to lessen the intensity of industrial uses, better regulate commercial uses and ensure that more dense residential uses would contribute positively to the neighborhood. Recommendations garnered at a community meeting were incorporated into an amendment and then shared again with residents. The process appeared to have worked well, and, to date, the zoning changes have promoted the end goal of the initial effort; again, to support living in the neighborhood.

Summary

The City's top priority on its neighborhood enhancement agenda is to address problem properties. In cases where a residential/industrial conflict exist, some dating back to the Industrial Revolution, the City determines which of the uses should be prevalent and then sets out to reduce or eliminate the other use. That strategy has been successfully used time and again to produce several dramatic improvements in local neighborhoods. This upcoming year, construction will take place to rebuild what amounts to two new neighborhoods, one on Gerrish Avenue and the other on Sixth Street. Addressing problem properties also means addressing noxious businesses. Work should be completed soon on a new odor recovery system on the Chelsea Terminal tanks on lower Broadway. Board of Health activities will focus on the Boston Hides and Furs property this upcoming year. In the meantime, the City will continue to focus on illegal rooming houses, updating infrastructure and addressing trash issues. There is significant investment in local neighborhoods, so work, to-date, must be welcomed by many older residents and inviting to newcomers. That progress will be the starting point for another round of neighborhood enhancement efforts to begin.

2006 Goals

- Promote the further livability of the Spencer Avenue neighborhood by advancing industrial/institutional conversions to residential uses at One Webster Avenue, the Mary C. Burke Schoolhouse and the National Guard Armory;
- Facilitate the residential construction start-ups on Gerrish Avenue, thereby ensuring the transformation of that neighborhood to one substantially dominated by and supportive of residential living;

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

- Secure the completion of installation of odor recovery equipment at Chelsea Terminal;
- Collaborate with the Board of Health and the community on addressing odor issues at the Boston Hides and Furs facility on Marginal Street;
- Address vacancy or dilapidation issues at three properties identified by the City as negatively impacting their respective neighborhoods;
- Undertake infrastructure improvements in several local neighborhoods;
- Conduct a graffiti compliance initiative for a cleaner community in April, and
- Collaborate with community members on a trash initiative to better maintain the cleanliness of city streets.

GOVERNMENTAL PHILOSOPHY

2005 Highlights

- Completed a board and commission manual that, among other standardization of items, provides for public speaking at each meeting;
- Begun local discussions through a municipal benchmarking process to encourage local residents to better understand and be able to contribute to the City's philosophy on revenues and expenditures;
- Pursued e-government initiatives, including allowing customers to make web payments for real estate, personal property, water/sewer/trash, parking and motor vehicle excise tax bills.;
- Conducted monthly district meetings with members of the City Council to engage citizens in discussions about their neighborhoods and community;
- Participated in community meetings about public safety and the status of youth;
- Called for and participated in a Youth Summit, and
- Established weekly communication with members of the City Council to keep all leaders of City government informed about and engaged in important community issues.

Discussion

The basic tenet of City government is the drive to be open and honest. While there are some that question whether openness and honesty are occurring, the large majority of observers would suggest that the City has set and is reaching a high standard for its own operation. Can improvements be made? Absolutely. But for anyone looking to judge progress, there can only be one rational outcome of the comparison to City Hall, pre-Receivership to a decade after Receivership. That outcome, the City would suggest, would be that the City has indeed traveled so far down the path of progress that the failures of yesteryear are well beyond the sight of even the strongest of telescopes.

In fact, there is no room in today's City philosophies to allow for a return to a period when politics, in its worst incarnation, ruled the day. While it is unreasonable to expect that every decision made at City Hall enjoys the universal support of the City's stakeholders, it is reasonable to expect that every decision made is done so to promote the public's interest. Hiring is done out of the departments, not the corner office. Contracts are put out to bid, even when State law does not require them to be. Negotiations are conducted based upon the City's budgetary capacity, not the schedule of the next

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

election. Sidewalks are repaired based upon need, not favoritism. The result has been and should continue to be an enhancing of confidence in the integrity of municipal government. Once that has been achieved, then all it takes is the assemblage of a talented staff to produce a truly responsive government. From line workers to department managers, such a staff is in place and producing impressive results for the City's residents and businesses.

TRANSLATING COMMUNITY DISCUSSION

So, back to the need for improvements. Both the City and members of the City Council, on behalf of many local residents, are disappointed with the response of City government when posed a challenge to help local residents engage in the debate about a critical neighborhood issue. At this month's Board of Health meeting, members of a heavily Latino neighborhood banded together to present their concerns about what they claim is a noxious business operation on Marginal Street. The City was unable to provide translation to and from them. Yet, if the City genuinely wants to engage its citizenry, a process must be in place to do so.

It may be impossible and, quite frankly, unnecessary to have translators available at every meeting of City government. For example, that very night of the Board of Health meeting where the Council Chambers was packed with interested residents, the Economic Development Board met on the very same floor and had no residents attending its meeting. Thus, a translator at that meeting was not necessary. However, the City was notified several days before that Spanish speaking residents wished to participate in the dialogue about their neighborhood. Instead of that notice kicking in a process that would result in translation services being made available, both the City and, more so, those representing residents scrambled to find translators. While it is terrific that volunteers step up to help others, there has to be a better way to address the language barrier.

The City has formed an internal task force to examine the issue and make recommendations for action. When a labor matter requires an arbiter, a process is engaged that results in a professional arbiter showing up, not a volunteer from amongst the parties. The same should happen when a translator is required. Again, it may not be possible to provide for a translator at every meeting. However, at a minimum, if a group of residents or their representatives contact the City within so many days of a meeting to indicate that an important issue meriting their input is being debated but that limited English skills exist among the group, then a process should be engaged and a translator should be at that meeting.

THE AGENDA FOR BOARDS AND COMMISSIONS

Regarding participation in board and commission meetings, the City has sought to make those important meetings more understandable and accessible for residents. This past year, a uniformed manual for the operations of boards and commissions was assembled and approved. Among the recommendations in the manual is that a public speaking section at every meeting be held to allow the public to comment on any matter within the panel's domain. As obvious as such a charge should be, several boards and commissions did not allow for public commentary because their rules did not provide for a public session. All meetings are open to the public, however if the public is not given some opportunity to comment during those meetings, the exercise is devalued. Local boards and

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

commissions are now more accessible than ever.

On the matter of boards and commissions, it is important to note that a regular advertisement of board openings and an appointment process is made so that interested residents may apply to become a member of a panel. Now, simply applying does not assure one of selection, as the City reserves the right and, in fact, should exercise some level of discretion in who gets appointed to represent the interest of the City and local stakeholders. However, the exercise of the public notice has given many who otherwise have no contact with City government the opportunity to help shape the future of their community. That, is a very good occurrence.

Lastly, regarding boards and commissions, the City continues to marvel at the work of these volunteer panels and further benefits from their tremendous insight and dedication. Several boards regularly meet on more than one night a month, with perhaps the Zoning Board of Appeals near marathon sessions demonstrating the commitment residents have to participate in the process. As appreciative as the City is for these contributions, those board and commission members also push their City staffers to greater heights and inspire all of City Hall.

MUNICIPAL BENCHMARKING

The City plans to count on community contributions even further on its municipal benchmarking exercise. Again, municipal benchmarking allows the City to compare revenues and expenditures against similar revenues and expenditures of a group of like communities. An open and honest government seeks such review, even if that review has the potential of shedding unfavorable commentary on the most microscopic of municipal management details.

A talented and independent group of community stakeholders is being asked to come together to help the City review itself against its peers. The City hopes and expects that the exercise will result in a greater public understanding of the general management of their municipal government and a continuing dialogue, supported by facts, about the community's overall future.

ACCESSING THE INTERNET

Continuing on the subject of public access, the City is interested in forming a technology working group to review three important charges. First, the group will be asked to continuously review and make changes to the City's website. Increasing the internet is becoming the preferred communications mode for many residents. Making sure the City's website is informative, engaging and up-to-date will be a goal of the group. Just as the City's website provides opportunities for residents to understand more about the community, dozens of community-based organizations could provide residents with the same access. A second goal of the group, therefore, would be to engage those organizations in website design and management reviews to provide an opportunity for those critical community agents to get more of their information out to the public. Lastly, having information on the internet is only good if people can access it. The group will be asked to examine the issues of a technological divide that may have far too many residents unable to take advantage of the internet and all it has to offer. Shortcomings could be in training or in equipment, or both. The group would make recommendations as to how to make the entire community more internet-savvy.

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

The City is pursuing other e-government initiatives. This past year, the City implemented on-line payment application, thereby allowing customers to make web payments for real estate, personal property, water/sewer/trash, parking and motor vehicle excise tax bills. For 2006, City officials are researching an auto debit feature to allow customers to pay those bills automatically from a checking or savings account.

COMMUNITY MEETINGS PROMOTE CONVERSATION

To give more residents the opportunity to meet and discuss issues of local interest, the City and City Council held a series of monthly district meetings this past year. Gatherings from a dozen to scores of residents came together to talk about neighborhood concerns and community visions. The forums promoted civic participation and helped the City be even more responsive to individual and neighborhood concerns.

Another series of meetings were also held by the City and community based organizations around public safety issues. The City is especially appreciative of the contributions of community based organizations to the overall community commitment to address public safety and youth issues. Similarly, both the City and its community partners are grateful that so many residents have stepped up to voice their opinions and act on their recommendations. A fitting example is the case of a father at the Mace Apartments who offered to run a summer basketball program for the kids in the neighborhood. That selfless act, if replicated 100 times over, could and would make the community a better place and the lives of our kids more fulfilling. That connection and others were promoted at these community meetings, and again show the value of the entire community, including the City, coming together to talk about problems and planned for solutions.

A significant and hopefully annually recurring gathering took place this past summer. The Chelsea Summer Youth Employment Program's Youth Summit engaged 350 youth and provided many youth advocates the opportunity to speak and listen to the youth of the community. Recommendations of the youth in attendance are being reviewed by City leaders now for possible implementation in 2006. Certainly an important achievement would be to continue the dialogue and have youth become peer leaders providing guidance to each other.

A worthy notation of an upcoming meeting is the City Council's Public Safety Summit, tentatively scheduled to be held in April. That effort being directed by the Council President will bring community leaders and residents together to continue the dialogue around public safety and to give local residents the opportunity to learn more about local organizations and how to get themselves and their children involved.

HELPING CHELSEA PARTICIPATE

Efforts to support hurricane disaster efforts threw-off the timing of several fall programs. Such a schedule interruption was well deserved and worth it. In particular, the Chelsea Cares Telethon for Katrina Relief was one of the more rewarding community initiatives that has taken place since the city sought and was awarded All-America City status in 1998. The All-Chelsea Awards was pushed

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

off into the middle of December, the fall Keep America Beautiful cleanup was held but downsized, and Chelsea Participates was postponed all together. The latter will be rescheduled for July through September to provide residents, especially new residents, with the opportunity to learn more about City government and community organizations, and provide those participants with an overview of how to get involved. Several City board and commission members and at least one elected official, for example, are graduates of the Chelsea Participates program.

COUNCIL/ADMINISTRATION COMMUNICATIONS

While the City continues to reach out to all others, regular, informative and in-depth communications among the City Council and the City Administration is a critical first step to the City then being able to address all others. The Council and Administration have, perhaps, more interaction than any similar set of community leaders in the state through frequent individual meetings, recurrent emails and a weekly update of the major and minor happenings on the Administration's work plan. The regular interaction promotes trust and understanding and allows the entire City leadership team to be working off the same information sets as individual leaders go off to effect public policy and the daily delivery of municipal service.

RECOGNIZING STAFF CONTRIBUTIONS

Holding City Hall together and helping City leaders address issues and realize opportunities are a tremendous group of employees who collectively are the best and most productive anywhere. Budget cuts continue to result in reduced staffing levels, yet few, if any, programs or services have been eliminated as City workers have combined to stretch their focus over more and more. The City remains appreciative of such dedication, and is happy to join with staff in recognizing particular employee accomplishment with an employee recognition award. The Employee Recognition Committee has recommended that the award be given quarterly, instead of monthly. The winners of the monthly and now quarterly employee award in 2005 were:

January, **Robert Collins**, Chelsea Public Library
February, **Les Whalen**, Department of Public Works
March, **John Hyland**, Information Technology Department
April, **Mirna Penate-Gomez**, Central Billing Department
May, **Maureen Dunn**, Police Department
June, **Lucy Zbikowski**, Treasury Department
Third Quarter, **Dolores Mason**, Purchasing Department
Fourth Quarter, **Cheryl Watson**, Law Department

The City again congratulates the winners for their outstanding contributions to public service and thanks all employees for the commitment they continue to make to a great work in progress.

Summary

Although almost eight years from the award, the City still acts in a manner consistent with the best principles of the "All-America City" Award. Openness and inclusion welcome all to review and

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

participate in the municipal work to advance the city forward. Grassroots activism is encouraged as leaders from the City and the business, community based organization and resident communities work together to bond strong partnerships through which much is being achieved. Communications continue to be prioritized to promote a better understanding and forestall any misunderstandings. Meanwhile, the City continues to look inward and attempts to make honest assessments of organizational and programming abilities to meet the challenges that lie ahead. Trust and collaboration can best define progress on the municipal agenda. What is clear is that a significant part of the community believes that local strength is rooted in stakeholder cooperation. From there, the community is demonstrating that anything is possible.

2006 Goals

- Devise and implement an on-call translation service to connect Spanish speaking residents to important board and commission meetings;
- Promote stakeholder review and dialogue regarding local revenues and expenditures by engaging qualified and talented individuals in a municipal benchmarking exercise;
- Form a technology working group to review and act upon addressing the City's website, community based organization websites and the community's technological divide;
- Pursue additional e-government advances, including an auto-debit option to allow customers to automatically pay for tax and other municipal bills;
- Act upon recommendations gained from the Youth Summit;
- Support the City Council's call for a Public Safety Summit to continue local dialogue on public safety and youth issues, and
- Conduct a citizen participation seminar this summer through the Chelsea Participates program.

ADDENDUM

Progress has been a report to the stakeholders of Chelsea that has attempted to shed light once again on the road that has already been traveled and provide a preview for the journey that lies ahead. This report has attempted to educate readers, and perhaps serve as a reminder of all that has been accomplished to those whose memory may fail or, more likely, those who have experienced all that has been achieved but have not had the ability to view the City's accomplishments in their entirety. *Progress* also serves as a vision statement, and allows the observers of City government to judge if the course the City has chartered is a course that can and should lead to the achievement of those goals that are collectively held for the community.

Again, *Progress* is not without its pitfalls. Arguably no community can lay claim to having solved it all. City officials acknowledge that the budget is precariously balanced, that the local development agenda can at times seem too aggressive, that there is too much crime on the streets, that the streets are too trash laden, that government can seem too distant sometimes and, most of all, that many individual and family needs are unmet as they strive for a better life. In many circumstances, acknowledging the pitfalls is an important step to overcoming them. City officials certainly do not hide from those and other shortcomings, and remain committed to continuing to work together to overcome them as best as a city can.

In fact, as good as the City is at owning up to its shortcomings, the local approach to searching for answers and working together to produce the desired results is really what *Progress* is all about. Thus, the City's elected and appointed leaders, while eminently qualified to go it alone, seek out and foster collaboration with community partners. Many of those community partners certainly could focus on their own agendas, but instead bring valuable energy and insight to the partnership they forge with the City. Residents, not as many as the City would like but seemingly increasing in numbers regularly, have joined their City and fellow stakeholders in the crusade for a better community. Petty bickering is largely absent in public dialogue about the future of the community. Save for a handful of naysayers, the community actually seems to focus its energies on identifying and remedying, instead of blaming and conspiring.

There are incredible achievements happening in the community being produced by government officials on many levels and a group of community based organizations with whom any municipality should be pleased to partner. Many have been mentioned in the preceding pages or have been paid tribute to in other venues. In short, they are all combining to make *Progress* a story worthy of national recognition.

In general, the City is excited about the road that lies ahead. Sure, for many, the final destination cannot come fast enough. Not many enjoy the trip, as it can be long, tedious, uncomfortable and unsettling. Yet, without the journey, no new place can be reached.

Progress has been achieved in large part because the City Council has willed it to happen. Make no mistake, there are many who from time to time carry the community's torch, and they deserve special recognition and great praise for moving the city forward. However, to the extent that City government has a crucial role in determining the direction or, conversely, inhibiting the progress of the community, it is the City Council who leads when it is necessary, but also follows when it is appropriate. That a forward-thinking Council understands and values that dual ability, an enlightened City Administration and legitimized community then becomes empowered to seek and ultimately achieve so much that the collective interest of the community can produce.

On the note of collective interest, the City wishes to thank its community partners for constantly trying to find the way together, instead of splitting off and taking their journeys in different directions. Yes, there are often bumps in the road, and, yes, human and organizational tendencies are sometimes prone to condemn and move on. However, the City's community partners offer constructive criticism, and then set out to fix the problems they perceive by focusing their energy in collaboration with the City. Of course, vice-versa is true. Thus, the entire relationship reflects the earned and cherished trust that, as much as possible, many individual agendas are collectively pointing to a singular outcome. That outcome is producing great progress for the city and all its residents.

As this report reflects, *Progress* has been more than ten years in the making, with many more years to come. The City, both the Council and Administration, directed by stable management and armed with a unified agenda, remains committed to putting community, first and foremost, above all else. Together with its many distinguished partners, the City looks forward, as Churchill would suggest,

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council

to making progress every day by making every step a fruitful one. There is an ever-lengthening, ever-ascending and, yes, ever-improving path for the City and its stakeholders to continue to travel. While the end of the journey may never come, the joy and glory of achieving much has overridden the discouragement that still more needs to be done.

Progress did have a beginning. If one was to believe that Churchill was right and that a community can, at best, continue to strive forward, the City remains committed to never ending *Progress* ...

"Progress"

City Manager Jay Ash's 2006 "State of the City" Report to the Chelsea City Council