



CITY OF CHELSEA

Executive Office
City Hall, Room #302, 500 Broadway
Chelsea, Massachusetts 02150
Telephone (617) 889-8666 / Fax (617) 889-8360
Email: jash@chelseama.gov



Jay Ash
City Manager

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Dear Honorable City Council:

I am again pleased to share with you and our community the City's annual State of the City Report, entitled "*A Rejuvenating Community*." In doing so, I thank you for your substantial contributions to the accomplishments and goals contained within. I also offer to you my deepest appreciation for the opportunity to share with you the mantle of City government while we jointly pursue greater achievements on behalf of local residents and businesses.

You know full well that managing government in today's municipal environment is a complex undertaking. Yet, together we have institutionalized a process that allows for the complex to not be overwhelming. Yes, issues still do exist that require our every attention. However, we have established that the basis for solving any matter before the City starts with a commitment to a philosophy that recognizes that the operation of government is done so solely for those who are supposed to be the beneficiaries, namely the stakeholders of our great community.

As we approach our 10th anniversary of emerging from Receivership, arguably our greatest victory is that we have not regressed from that starting point in August of 1995. There have been many challenges; there is no doubt about that. We have together persevered, though, and, in doing so, we have become a stronger community. That we have withstood the most recent period of economic downturn is all the evidence one needs to examine in order to validate that point. Fortunately, though, there is much other evidence abounding.

We have both emphasized the long-term, while promoting short-term gains that move our City closer to achieving our mutual visions. This upcoming year, we will embark upon an initiative to permit and construct 1,200 units of housing over the next three years, in part to address our budgetary needs to grow our local property tax base by \$2.5 million. The effort is incredibly significant in that it again demonstrates that our City government cannot only see the challenges ahead, but can also meet and, hopefully, overcome those challenges as well. Being in control of our own fate is a satisfying realization, considering that at this time ten years ago we were still without local control.

In recognizing our achievement and welcoming the future challenges, we should also acknowledge the legion of stakeholders who share our vision and propel our drive. Residents, community-based organizations and businesses have been our supporters and, at times, our leaders. Our ultimate agenda, making the lives of Chelsea's residents more rewarding, has certainly been bolstered by those collaborations that have produced success after success.

Now, there are critics among us. Like you, I welcome those challenges, as the transparency of government and record of the community should be and is truly strong enough to withstand any critical review. We need and do respect the views and opinions of all, but also know at the end of the day that our leadership has provided for one of the most significant periods of rejuvenation this community and many others have ever seen. To the extent that we continue to pursue one agenda, our "pro-Chelsea" agenda, I am sure even better days are ahead.

Responsible electoral leadership, professional management, contributing stakeholders and dedication to the community are powerful contributors to something special. You and I and many more know that Chelsea is truly special, and I thank you for your efforts. For my part, the work goes on, and the dream never fades for *A Rejuvenating Community!*

Very truly yours,

Jay Ash
City Manager



A Rejuvenating Community

Several years ago, then State Receiver Harry Spence created a slogan for Chelsea as he sought to “re-brand” the city. “The *new* Chelsea” appeared on letterhead and other printed material, and was meant to change the way generations of people viewed the community that, despite its proud history, had more than its share of blemishes. In fact, the 20th Century was less than kind to the city. There were major floods and fires, including one of the country’s largest conflagrations in 1908, devastating more than 450 acres and displacing tens of thousands. Hundreds of homes were lost in the early 1950’s as the “iron monster” known as the Mystic River Bridge was built and forever cut the city into two. The lingering, negative impacts of the city’s older commercial base from a more vibrant, Industrial Revolution era degraded the local landscape. The flight of the middle class and the increasing influence of political corruption were a seemingly coterminous happening. Eventually, by 1991, the complete breakdown of municipal government and the community it managed led the City to be the first municipality since the Depression to be placed into State-ordered Receivership. No wonder the Receiver and others who sought to champion a better city were seeking to change the community’s image.

Today, many that visit the city after a long absence or have otherwise had a negative impression of the city frequently leave surprised. The city has become a role model instead of a laughingstock. Municipal experts recognize City government for its

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financial, managerial and programmatic successes, as well as its vision for a better tomorrow. Leaders from neighboring communities speak of addressing needs “the Chelsea way” and regularly seek the advice of local officials on a host of issues. Investment, both commercial and residential, is transforming the city’s look and feel. The City and its stakeholders have a presence and command influence in regional, state, national and, in some case, international circles. Like many a product on the shelves of supermarkets, the City’s label could boast a “*new and improved*” testament.

New and improved, though, doesn’t mean perfect, and city leaders realize this. In fact, intense introspection is at the very foundation of the process by which municipal and community issues are managed. The City Charter is the genesis for some of that introspection, especially in areas like long-term capital planning and financial forecasting requirements. More often, though, it is a result of the open and honest process City leaders have promoted and the resulting requirements to be more transparent in the conduct of addressing municipal and community affairs. Such is more than rhetoric, and has been confirmed, among many measures, by Chelsea’s designation as an “All-America City” by the highly respected National Civic League back in 1998.

Specifically, in regard to municipal introspection, the City’s financial condition continues to be at the center of that which concerns City leaders and dominates the agenda at City Hall. The less-than-robust rebound from what has been a devastating period of economic turmoil for municipalities and others continues to place incredible pressures on local finances. Budget reserves, created during the good days through solid financial planning to balance spending requirements in more difficult times, have been a crucial element to keeping the City in good financial position. So, too, has been key financial and managerial policy adopted and implemented during the period. The results have allowed the City to combat record cuts in local aid and plan for survival, despite prospects for sluggish growth and exploding spending increases in certain non-discretionary areas, like health insurance, at least for the next several years. Realistically and unfortunately, though, no reserve is deep enough or management crafty enough to outlast the effects that a further extended period of devastation could and would have on municipal budgets here and around the country. Many do argue and history does suggest that the nature of economic cycles means that better days are ahead. City leaders, however, especially those involved in financial management, continue to plan otherwise, just in case this cycle, the worst for municipalities in generations, does linger.

Of course, when State revenues are restricted, it is the local revenue generation capacity that is often the most important source of funding to support programs and services. The City has been fortunate to enjoy a decade’s-worth of historic economic development, resulting in strong gains in the all important “new growth” component of local property taxes. However, to paraphrase an old saying, “you are only as good as your last project.” More projects that convert the old, tired, blighted and less revenue-productive to new, invigorating, magnetic and property tax base-expanding must take place. The irony, though, is that the excitement about the city that has been generated by the development and investment communities is tempered, somewhat, by the city’s small size and, therefore, the potential scarcity of future projects. Also challenging is the increasing

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complexity of those potential conversion projects that do remain. Environmental conditions, restrictive State waterfront zoning and unrealistic valuation expectations of many current property owners all contribute to that complexity. Perhaps the biggest challenge to overcome, though, is the economy in general. The last several years and the prognosis for the short-term future cannot compare to the opportunities the booming economy of the 1990's presented.

Public safety in urban America is another area of intensive focus. The City is increasingly central to regional discussions on homeland security, yet the range of potential maladies requires seemingly endless initiative. On the homefront, despite a relatively safer year locally, the threats plaguing nearly every city across the country are real and require focused action. Next to a potential financial collapse, the City's effectiveness on public safety matters, especially regarding youth offenders and related, albeit minor, gang issues, may be the most critical for the City's continued rejuvenation to be further extended.

Public safety is also a contributor to neighborhood revitalization, as are infrastructure improvements, from new streets and sidewalks to open space updates. Another key to improving the city's neighborhoods is the abatement of "problem properties" that degrade the quality of life in neighborhoods and serve as a disincentive for further investment. Negative impacts of problem properties can be physical, but more often than not the problems are associated with uses. For example, odors and noise generated in an urban environment can create industrial/residential conflicts that place a stranglehold on neighborhoods. Despite the many successes that have already been enjoyed and the resulting record investment many neighborhoods are seeing, a continuing focus on the livability of local neighborhoods has and must continue to be a priority.

A rejuvenating community must have a place for members of that community to experience individual growth and achievement. Many are pressing the City to do more with less, with the less of course relating to lower local aid levels and concurrent budget issues. Those advocates are not wrong in seeking advances in areas ranging from the societal: affordable housing, education and the environment, to the more local: parking, odors and trash. In fact, the City is considered to be an activist itself. The pace of gain, though, as well as the overall ability for anyone to have the resources to address every issue to its fullest, is something of which a responsible and reflective organization needs to constantly weigh. The City continues to attempt to achieve gains in such areas, while being mindful that collaboration and partnership are the ingredients by which the most complete solutions may be produced.

The nature of the beast, though, is that problems will always be abounding, albeit at differing degrees, no matter the community. Planning and hard work can help overcome those problems. However, the process of managing government can do even more. The City's approach has been to welcome to the table those who have something to contribute, including, in some cases, those whose contributions are critical or downright negative. Openness, honesty and introspection, together with commitment, collaboration and innovation, describe the emerging "Chelsea-way" of conducting municipal

governance in the 21st Century. That Chelsea-way is at the root of the City's optimism and the reason why so many lofty goals are achievable.

Having acknowledged the shortcomings, reflections on the accomplishments of the past and goals for tomorrow provide some basis for judging the effectiveness of the not-as new, but nonetheless improving City government. Understanding the "means" through which those "ends" can be achieved can be most insightful in that reflection, as success, is best secured through a process that can be institutionalized and routinely repeated.

In examining the means, the most important policy statement made and continually subscribed to by City government is the adherence to the "Fundamentals." A broad set of objects in important programmatic areas, the Fundamentals are indeed reflective of the City's greatest desire to promote a better community for all. The Fundamentals help define the City and continue to serve as guideposts for the City's development of more specific goals. The Fundamentals include:

- Financial – steadily improving the City's financial condition through balancing budgets and advancing responsible reserve policies that strengthen local government's flexibility to act on pressing needs while protecting against economic downturns that could threaten municipal service delivery and the viability of City government;
- Economic Development – further supporting the City through an aggressive agenda that seeks to attract new revenues in a variety of forms, including property tax, auto excise tax, hotel/motel tax and building fees, while simultaneously increasing employment opportunities for local residents and emphasizing the conversion of the City's older, heavy industrial base into higher and better uses that broaden the sectors of the economy doing business in the city and lead to an overall improvement of the image of the city, both internally and externally;
- Public Safety – constantly improving upon the protection of the public and its property by initiating policy and providing the necessary resources, be it training, manning or equipment, to effectively carry-out the missions of the City's public safety agencies;
- Neighborhood Enhancement – continually producing improvements in each and every neighborhood of the city by updating infrastructure through a functioning Capital Improvement Program, cleaning streets, rehabbing housing stock, enhancing open space, eliminating blight and tackling and resolving long-standing problems, including residential and industrial conflicts, that have persisted, in some cases, for decades;
- Community Development – fully encouraging partnerships between City government and its stakeholders in the community's success, including other governmental entities, the business community, non-profit leaders, neighborhood groups and individual residents, in order to support a broad array of programs and initiatives that may or may not be municipally-run, but are all supportive of the City's desire to promote the advancement of its families and individual residents over a broad range of human needs, including, but not limited to, affordable housing, health care, education and job training, and

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- Governmental Philosophy – becoming a more open, responsive and responsible municipal government that not only hears the needs of its people, but develops and initiates efforts designed to address those needs in an honest, fair, equitable, accountable and cost-efficient manner, while never sacrificing good government for the benefit of those whose goals run counter to that of a “pro-Chelsea” agenda.

The Fundamentals have been embraced by the City Council and City Administration alike, and have allowed the combined energy and attention of the City’s elected and appointed leaders to achieve an undeniably positive record of accomplishment. It is also understood that for accomplishment to continue, consistency in applying a winning philosophy is required. The City, therefore, regularly checks its actions against the Fundamentals, and takes the time to consider both the short- and long-term impacts of almost every action.

Of course, the adherence to a Fundamentals-type philosophy is not the most visible sign of success for a community trying to navigate its way through challenging economic and social circumstances. Fortunately, though, the means provided for by the Fundamentals does end with many successes. Budgeting awards, Parkway Plaza development plans, the elimination of problem properties, the opening of the CAPIC Head Start facility, the implementation of a 14-point plan for public safety and the availability of City Hall greeters through the Senior Tax Work-Off Program are all examples of the ends achieved this past year. They and others continue to serve local residents and distinguish the community amongst its peers.

The report that follows explores both the means and ends of City efforts to address local issues and impact individual lives. Placing the listed accomplishments and goals in the context of the City’s overall philosophy serves multiple purposes, most notably to communicate to residents and taxpayers and allow them to hold their City government accountable. The City remains confident that, even in these cloudy times, the reflection of local success and vision for a better tomorrow will further illuminate the challenging but navigable path ahead for a rejuvenating community.

FUNDAMENTALS – FINANCIAL

2004 Highlights

- Earned a seventh consecutive Distinguished Budget Award and a sixth consecutive Comprehensive Annual Financial Reporting Achievement Award;
- Maintained a bond rating of “A-” from Standard & Poor’s;
- Received an audit report that, for the sixth time in a row, found no material weaknesses in the City’s financial management processes;
- Completed all Charter-mandated budgetary and financial matters in a comprehensive and timely fashion;
- Balanced the FY’04 Budget, the ninth straight balanced budget, and ended FY’04 with \$2.5 million in Free Cash;

- Eliminated a projected \$4.7 million deficit and adopted a FY'05 Budget without the need for a Proposition 2 ½ override to raise additional taxes;
- Maintained a focus on the three-year, FY'03-FY'05, budget strategy to identify necessary spending reductions, revenue increases and management of reserve funds to promote continued balanced budgets through FY'05, and began the process to establish a three-year budget plan for FY'06 – FY'08;
- Generated a savings of \$120,000 over the three-year life of the new contract for trash disposal services by bidding the contract and selecting a new contractor;
- Secured a total of \$186,000 in reductions on the City's assessment by the Northeast Regional Vocational School District;
- Generated \$745,000 in new growth for FY'05, despite slumping economic conditions;
- Took advantage of favorable interest rates to permanently finance the City's portion of the High School addition costs;
- Devised and implemented a plan to recover the top five tax debts, receiving payments on four of the five for a total of \$900,000, including \$725,000 in back taxes and interest owed by the previous owner of the current Pillsbury property, while also securing the expansion of the Pillsbury operation and a concurrent increase in employment at the Williams Street facility;
- Saved local homeowners an average of \$1,177 on their FY'05 property tax bills as a result of Council action to adopt the maximum commercial shift and residential exemption, and
- Held down water and sewer rate increases to 1.1%, helping to maintain local bills to the approximate average of all MWRA communities.

Discussion

There is thought among optimists that the cyclical nature of municipal finance means that an upswing can be counted upon soon. Whether wishful thinking or enlightened reasoning, the hopes for better days ahead do little to ease the concerns of City leaders, who continue to absorb the tremendous pressures of the now three-plus years of municipal budgetary turmoil caused by recessionary times and post-9/11 realities. While the bounce-back of local aid, for example, is heavily dependent upon a better general economy and the collection of more state tax revenues that then trickles to municipalities, most evidence indicates that economic recovery in Massachusetts is trailing the rest of the country. Pessimists, including several local City leaders, wonder if the financial challenges are not as much cyclical as endemic, especially given that even optimists have seemingly little or no answers for recurring budget busters.

The impacts of a national recession on the State budget has caused the many who rely upon local aid to fund municipal operations to find little solace in the prognostications that the recovery has finally begun. Communities around the commonwealth, large, small and in-between, are finding it difficult, if not impossible, to navigate through what may be the worst municipal finance environment since the Great Depression. It should come as no surprise to the causal observer, and the municipal expert easily recognizes, that gloom and doom abound in varying degrees in local communities and around the

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country. Among the only remedies providing some with relief are the preventive medicines, or precautions, some took while times were good; in order to be healthier when times got bad. The City is one such community.

No one should equate the pessimism driving the City's financial philosophy with that of a defeatist attitude. Some would even argue that budget analysts should be pessimists even in good times. Certainly, the City is in better financial shape today because yesterday's leaders knew that the good times in the mid- to late-1990's could not last forever. More so, the City has risen to meet past challenges and is as driven as ever to do the same.

However, what does need to be recognized is that the City, like many others, is heavily dependent upon state aid, and that there are no "quick-fixes" to offset the increased costs of non-discretionary spending requirements, like employee health insurance benefits. A large degree of realism, therefore, must be injected into fiscal planning, especially when those matters most directly impacting the bottom line are largely out of local control.

Concurrent with that realism is prudence. Managing reserves, for example, is a prudent way to ensure that resources remain available to offset anticipated structural deficits in the next several fiscal years. The City is fortunate, thanks to the great leadership offered in the past by the City Council and City Administration, to be among those who coveted surpluses instead of spending beyond the City's means. Thus, barring any further downturn, the City can expect to weather the storm for the next three years. Certainly, by then, help will be on the way. But what if it is not? The latter question is one of introspection that greatly influences the City's short- and long-term financial direction.

Realism and prudence mean that City officials need to fully understand the budget issues that are present, as there is little margin for mistakes. Tools used, like the Annual Budget and CAFR (Comprehensive Annual Financial Report), have won their seventh consecutive Distinguished Budget Award and sixth consecutive Financial Reporting Achievement Award, respectively, from the Government Finance Officers Association. The CAFR for the sixth straight year reports that independent auditors have found no material weaknesses in the City's managerial and financial administration. The City has maintained a bond rating of "A-" from Standard & Poor's, an expert in assessing the managerial and financial capabilities, and therefore the creditworthiness, of municipalities. Those awards and reviews confirm that the basis for City fiscal planning, as found in documents like the Charter-mandated Five Year Financial Forecast and the Administration-implemented Three Year Budget Plan, meet and, in some case, exceed industry standards. All Charter requirements have been met in a timely fashion.

In short, the City understands the root of the problems on the horizon and has both the policies and the tools to meet many challenges for the foreseeable future.

BUDGETS, PRESENT, PAST AND FUTURE

The City closed the books on FY'04 and generated a Free Cash balance of \$2.5 million. For FY'05, the operating budget of \$99.7 million represented an increased of 1.9% over

the FY'04 Budget. The modest increase was a reflection and extension of the City's conservative approach to limit spending in the face of uncertainties. Those uncertainties relate to future revenue growth and the forces of state, national and international affairs over which the City has absolutely no direct control, but continues to be active in public policy debates.

Entering FY'05, the City had projected an operating deficit of \$4.7 million. Unfortunately, projecting operational deficits is nothing new to the City in the face of the recent recession and the weak recovery that has seemingly followed. Since FY'01, the City has been addressing budget gaps through a three-pronged approach of reducing spending, increasing revenues and utilizing Free Cash. The expenditure portion of the deficit reduction plans has included a combination of reductions in force through attrition and layoffs, elimination of out of state travel and tuition reimbursements, limiting "Pay-As-You-Go" appropriations, decreasing the amount of capital projects to reduce debt levels, rebidding contracts and constraining program expansions. Locally generated revenues have been inched up, in areas like permits and fees. In the end, reserves have been critical in bringing budgets into balance.

In FY'05, \$2.1 million was shaved in expenditures or raised in local receipts before a \$2.6 million appropriation from Free Cash was approved to create a balanced budget. Despite the structural imbalance that existed prior to the Free Cash appropriation, City leaders chose to add 10 positions, including four police and three firefighters, to the FY'05 Budget, and provide funding support for a host of programmatic initiatives.

As the City begins to prepare for FY'06, a \$2.7 million budget gap is looming. While some might take the gap as a positive, as it is down substantially from gaps that existed in previous years, the ability of the City to close that gap through spending reductions and non-Proposition 2 ½ override increases is becoming all the more difficult. Some good news came in the form of the Governor's pledge to increase non-school local aid in his upcoming budget message. That pledge, though, will not appear to bring aid back up to historic highs, therefore continuing to place the burden of balancing the budget back on local receipts. Also tempering the good news is that the forecast of a 12.5% increase in health insurance rates, which mirrors a historical average, could be off by almost 50%. If such is true, and as has been the case for far too many years now, the City's bill for its biggest budget buster could totally eclipse new revenues being generated, in this case through new local aid transfers. Reserves do exist to cover a shortfall, but management of those reserves for future needs continue to require deft City planning.

AN INVALUABLE TOOL: THE THREE-YEAR BUDGET PLAN

The City's Three-Year Budget Plan provided the direction necessary for City officials to decide the right level of Free Cash to add to the FY'05 Budget. Adopted in 2002 for FY'03-FY'05, the Three-Year Budget Plan has been an invaluable tool in affording budget officials the opportunity to take a longer view at the budget problems at hand. By following the Three-Year Budget Plan while making decisions about individual annual budgets, the City was successful in balancing cuts with service needs, and ultimately

preserving reserves in sufficient enough amounts to allow the City to wait out the financial storm that has had a detrimental impact to others.

Based upon the value and success of the exercise, City officials are now compiling a Three-Year Budget Plan for FY'06-FY'08. While all associated with municipal government hope that good times are ahead, the Three-Year Budget Plan will help ensure that future budget problems are identified and addressed as early and as comprehensively as possible. Almost complete with the process, and while the prognosis is not great, balanced budgets do appear to be attainable, with projected deficits in the \$2.5 million range annually over the next three fiscal years. That assumes, of course, that the assumptions that have been made, and the fiscal constraint that has been preached, does, in fact, hold to form. It also only assumes modest growth in all the City's revenue sources, including local aid. Unfortunately, no matter the local planning, the realities of budgeting these days are that certain "budget busters" remain as threats to the health of the City. While the Three-Year Budget Plan tries to take into account the impact of budget busters, fluctuations can and should be expected in the individual account items.

ATTACKING THE BUDGET BUSTERS

Balancing the City's budget, or any budget for that matter, requires a consideration of expenditures and revenues to support those expenditures. During good times, equally increasing revenues can mask spiraling costs in problematic areas. Thus defines the period of the mid- to late-90's, when a historic economic boom was producing revenues that were sufficient to both offset budget busters and build fund balances. Of course, the latter statement presupposes fiscal discipline to not spend all that was garnered. Fortunately City leaders created a savings account of sorts to protect services in down times.

The budget busters have largely remained the same over many years. They include:

- Rising employee costs relating to salaries, pensions and, especially, health insurance;
- Public safety overtime;
- Assessments for State services;
- Service contracts, and
- Debt service.

By their nature, budget busters are most difficult to control on the local level. For example, the City exercises no control over many assessments by the State and other authorized governmental entities. So, too, is the City frustrated by a lack of control over health insurance premiums, which, unfortunately, is the bane of balanced budgets in both the public and private sectors. Yet, as daunting as is the challenge, the City has sought to take prudent action to stem the impacts budget busters have on the bottom line.

For instance, overtime is an area where the City has had some success. Critics consider overtime to be a waste; some form of mismanagement where the City has not exercised planning or control to prevent the need to spend extra. While unbridled overtime

spending could fit such a definition, local overtime costs have come under control in recent years. In fact, the City has seen modest reductions from FY'01-FY'05, this despite yearly increases in union negotiated, hourly overtime rates and, moreover, priorities in homeland security and local public safety that dictate that more police and fire personnel be utilized.

Another budget buster that the City has painstakingly addressed is debt service. Debt service pays the costs of borrowing funds to support infrastructure improvements. Borrowing today with little regard for payments tomorrow is one of the most frequent ways to bankruptcy. The City has, therefore, steadily reduced borrowing, with the result being an actual decline in debt service costs beginning in FY'06. Currently, as the CIP for FY'06-FY'10 is being crafted, City budget officials are studying the impacts that past and future borrowing could have over the next ten years. Once completed, a "debt ceiling" is likely to be established, thereby ensuring that excessive debt does not threaten future budgets.

Another example of prudence relates to labor costs. The City continues to operate at employment levels below FY'01. That the City has been able to maintain most and in some cases actually expand service levels despite a reduced headcount is a tribute to the workforce. As valued as the workforce is, though, the City has been cautious with regard to future employee wages. Pay raises for most non-union employees, for example, were suspended in FY'05, in favor of smaller, one-time bonuses that did not add to the City's structural deficit. Some union members are currently without contracts, namely police officers and middle managers at City Hall, yet they continue to perform at high levels. All other contracts expire in July, so, in effect, all the City's unionized employees are or will be impacted by decisions being made based upon the current and projected state of the City's finances. City leaders are trying to strike a balance among a variety of competing issues: meritorious requests for pay increases versus the impacts such increases have on the projected deficit; exploding health insurance costs versus the reluctance of unions to have their members pay a greater share of those costs; declining Free Cash balances versus the legal requirement to maintain a balance budget, and, of course, the continuing desire to provide and expand local services versus the potential for further program reductions or layoffs in order to afford pay raises. An introspective entity that operates in a world of reality and with a commitment to prudence in order to maintain services and balance budgets must engage in these difficult discussions, even with such valued employees.

Outsourcing or privatization of services has already taken place, with few if any additional opportunities to achieve further savings. However, within those contracts for services, the City continues to seek savings. In 2004, in fact, the City was successful in controlling service contract costs through careful management of those contracts. For example, the City actually saved \$120,000 by doing that which it is not legally required to do: seeking bids for trash collection. Although State procurement law would have allowed the City to negotiate with the then trash hauler exclusively, the City requested bids and secured the savings by selecting a new company to provide the service. The savings were achieved without an impact on service levels, thanks to the responsible

actions of the new provider and the outstanding work of the City officials managing the process. A similar initiative is anticipated in 2005 relating to the City's ambulance service.

Even on assessments, the City has had some success. City officials led a multi-community effort this past year to review and make recommendations regarding the assessments made to participating members of the Northeast Regional Vocational School District. \$60,000 of the overall reduction of \$186,000 in FY'05 is attributable to that initiative.

Despite the success, City budget officials have grave concerns regarding the budget busters for the upcoming budget cycle and beyond. At the root of the problem is the seemingly unabated and escalating costs of significant component items, like a projected 18% increase in health insurance premiums, and the unpredictability of other items, like the aforementioned Northeast Voke charges that are influenced by wide swings in pupil enrollment. The City's retirement system has been historically underfunded, so the cost of playing "catch-up" continues to be disproportionately borne by current budgets. At anytime, and as evidenced by previous experience, overtime could spike up, as could the cost of third-party services when contracts expire.

REVENUE REALITIES

If one agrees that City officials have reduced spending as far as possible without compromising current municipal service levels, then the solution to eliminating deficits relates to revenues. Now, prior to engaging in a discussion about revenues, it should be noted and is regularly considered whether current municipal service levels need to be maintained. Cuts have been made and made early enough in the process to moderate the pain often associated with more radical spending reductions. Program expansions have been deferred in many cases, with only the most needy or merited moving forward. While City leaders remain somewhat concerned that cuts and deferrals can have negative impacts to the quality of City services on the long-term, on the short-term services are at least adequate in all program areas. Other communities have closed fire stations, laid off police officers and reduced library hours. City officials have chosen not to do so, at least at this point. Putting aside that debate, depressed revenue generation would seemingly go hand and hand with budget busters as the root causes of the City's current budget dilemmas.

In FY'05, just as has been the case since the reductions from the local aid highs of FY'02, the City has had to do more with less. \$1.7 million less, to be precise, in the largest two non-school local aid accounts, Lottery Aid and Additional Assistance. The City is also off \$900,000 in excise tax from its high in FY'03. In both cases, the reductions are the result of a poor economy. On top of that, and also attributable to the economy, the slumping office and hotel markets have all but halted what was promising redevelopment opportunities in those sectors. While the City still enjoyed tremendous new growth in local property taxes of \$745,000, that amount is almost 50% less than generated by projects in the pipeline before the recession hit in 2001. Combined, the lost

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opportunity in the three accounts total \$3 million, far in excess of the \$2.7 million deficit the City eliminated with Free Cash in the FY'05 Budget.

Some have suggested the worst days are behind municipal budget officials. In fact, the good news is that local aid was not cut for FY'05, and, to the credit of the City's legislative delegation and their peers at the State House, a one-time local aid transfer of \$750,000 was granted to the City in FY'05. Notwithstanding the optimism, though, City leaders have decided to adopt a conservative approach regarding returns to pre-recession levels. Instead of waiting for the numbers to get better, the City is prepared to embark upon an aggressive economic development plan that could lead to the generation of \$2.5 million more in new growth over the next three years. That plan is detailed further in the section that follows on economic development. In summary though, the City is calling for the development of 1,200 new units of housing over the next three years, and is committing to work with private developers to make such happen.

RESERVES ARE FRONT AND CENTER

Having a plan is one thing. The plan actually working is another. While market conditions seem right for new housing start-ups, red ink is projected for the next three City budgets, based upon the early numbers suggested by the City's initial compilation of the Three-Year Budget Plan for FY'06-FY'08. As noted, that review suggests annual structural deficits of \$2.5 million over the next three years. Covering those deficits while providing the necessary time for the City's economic development strategy to generate the new growth necessary to eliminate the structural deficit is the challenge. The main resource to bridge the gap is reserves.

The City believes it has reserves sufficient enough to piece together the \$7.5 million necessary to get through FY'08, but not much longer after that. Of course, this presupposes no additional local aid cuts or other budgetary maladies that have not been anticipated as part of the three-year budget strategy. It also presupposes that City officials continue to act prudently regarding additional or new spending requests, and that the City and its labor union leaders can reach accords that grant employees reasonable raises while preserving fund balances to close the structural deficits until higher property tax generating levels take place.

Recognizing the role that reserves have played in allowing the City to remain fairly stable during great tumult does lead City officials to also eye the need to begin to rebuild reserve balances for future times of need. Although a bit too early to formally begin the process, the concept of building reserves is now before the City as part of the long-term strategizing that is taking place.

SECURING ADDITIONAL GAINS THROUGH MANAGEMENT AND POLICY

In the meantime, efforts designed to squeeze additional savings, improve the efficiency and expand the capacity of the City's financial functions continue to have demonstrable results.

A major focus, for example, has been the City's Capital Improvement Program. The annual CIP provides for capital needs in areas like street and sidewalk improvements, equipment acquisition and park updates. Although City budget officials have targeted the reduction of debt service as a priority to address budget busters, additional borrowing to fund a modest increase in FY'06 CIP spending will not compromise that overall goal. Projects provided for will have many benefits, not the least of which is an impact on the municipal budget, ranging from reducing the costs for maintenance to savings generated by a switch from traditional phone lines to the internet for phone service.

Again regarding debt, the efforts of the financial management team to shop for rates and bond when market conditions are favorable have also netted savings. The City took advantage of favorable interest markets in 2004 and heeded warnings that interest rates were on the rise by permanently financing the City's portion of the High School addition project. Now that team is attempting to line-up State reimbursement payments to the debt service payments to provide a cash flow savings in FY'06 and beyond. If successful, the City hopes to divert some savings to a special account to begin to address two looming debt service payments totaling \$5 million in FY'14 and FY'15. The problem was uncovered while City financial officials began a process to establish regularly borrowing limits relating to CIPs. In looking at the impact of debt that would be issued today, it was discovered that debt service for the final portion of the payments owed on the new schools project has no offsetting reimbursement. It appears that a financial management decision during Receivership to utilize cash flow then to balance budgets at the expense of not covering future debt is the reason for the financing coverage gap. Although still nine years away, the need to satisfy the debt without the benefit of any offsetting credits could have a catastrophic impact on the City budgets then. City officials, therefore, as is typical of a proactive and professionally managed entity, are beginning to plan for a "spreading of the pain" over a longer and financially more realistic duration. Modest amounts of funding will be directed to a special account to cover a portion of those debt service payments that will be owed once the permanent financing for the High School addition and the State reimbursement schedule have been coordinated.

Clearing up the largest tax debts was also prioritized in 2004. While the City had similarly done so in previous years, a renewed effort was devised and implemented to again collect outstanding debt. The strategy was to focus on the top five delinquencies, which, combined, owed almost \$1.1 million in back taxes and fines. The largest two, debts totaling \$725,000 that Pillsbury inherited from a previous owner, have since been satisfied. So, too, were top debts four and five, on 20 Fifth Street and 33 Franklin Avenue. Top debt three, \$120,000 owed on 164-166 Chester Avenue, is close to being recovered. Regarding Pillsbury, a further capital commitment to the plant and an increase in employment were also negotiated as a result of the agreement and loan arrangement between Pillsbury and the City.

If fully successful, no six-digit debt will exist, a far distance from just five years ago, when the largest debt owed to the City was well in excess of seven-figures. In fact, the

tax title balance has been reduced from \$5.6 million to just \$1.1 million over the past four years. Stronger financial and management controls are in place to ensure that back debt never again reaches such elevated levels. Collecting back taxes has strengthened City reserves and allowed those reserves to be designated to cover structural deficits or emergency needs.

MAKING HOMEOWNERSHIP AFFORDABLE

A top priority of the City Council has been to avoid the need for a Proposition 2 ½ override in order to spare homeowners a greater property tax burden. While that has been accomplished to date, the City does recognize that property tax increases that have risen within the confines of Proposition 2 ½ are never welcome and can place a burden on many, including the elderly and others living on fixed incomes. Likewise, water and sewer bills are seemingly always increasing, driven in large part by wholesale charges increased as part of the Massachusetts Water Resources Authority rate setting system.

The City reviewed the benefits of the new State law that authorizes an increase in the commercial/industrial shift from 175% to 200% and found the short-term gains for homeowners to be insignificant in the local experience. Nonetheless, Council did adopt the 175% shift, as well as the 20% residential exemption provided for by State law. The two combined actions saved the average homeowner \$1,177 on the FY'05 property tax bill. Similarly valued properties in neighboring communities would cost taxpayers between \$350 and \$1,643 more in property taxes.

Providing, in part, for the Council's ability to keep the costs to homeowners as low as possible is the work of the City's financial departments in managing the assessing process. Assessors carefully review all available assessing data, and especially concentrate on capturing commercial value on an otherwise moderately increasing base to offset more rapid growth in residential values. That work, along with Council action, has helped to make the City's tax rate affordable compared to peers in the area.

As Council continues to hold down property taxes, water and sewer rate increases have been similarly contained. Combined rates increased by 1.1% this past year, 80% below the average MWRA system-wide increase. A rate study of combined rates for MWRA communities indicates that the local rates are slightly above average. Twenty-eight of the fifty-six communities in the MWRA district have higher combined rates.

Together, the burden of property taxes and water and sewer charges remains lower than almost every community in the area.

2005 Goals

- Eliminate a projected deficit of \$2.7 million in the FY'06 Budget, while protecting core municipal services and not becoming too overly reliant on reserves to balance the annual spending plan;

- Conduct a study of CIP borrowing patterns and develop a “debt ceiling” to ensure that debt service does not become overly burdensome in future years;
- Balance the City’s financial condition against the variety of issues that exist in obtaining labor agreements in order to negotiate new contracts with City labor unions in 2005;
- Seek additional savings or reduce increases for service contracts by rebidding expiring agreements, including, in 2005, the ambulance service contract;
- Provide data and financing assistance to advance the City’s effort to expand the tax base over the next three years by encouraging the development of 1,200 residential units, and
- Establish a plan and begin to fund a special account to help offset \$5 million in debt service requirements associated with the new schools project and due in FY’14 and FY’15, thereby lessening the impact of the looming payments and providing greater long-term stability to the City’s budget condition.

FUNDAMENTALS – ECONOMIC DEVELOPMENT

2004 Highlights

- Produced \$745,000 in new growth for FY’05 and a four-year average of \$826,000 for FY’02-FY’05, 82% higher than the previous four year period;
- Conducted an analysis of economic development markets, concluding that the most likely and valuable market to pursue is residential development;
- Coordinated the completion and occupancy of the Spencer Lofts, generating \$200,000 in annual tax revenues, 233% higher than the previous industrial use paid;
- Issued a tentative designation for development rights to Chelsea Gateway within the Everett Avenue Urban Renewal District to Catamount Management for the construction of a 50,000 s.f. corporate headquarters for Gulf Oil and HP Hood and the potential development of a future hotel;
- Secured a redevelopment plan for Parkway Plaza and permitted the development of a Home Depot as the first phase of the overall redevelopment, also securing community benefits including a walkway along the Mill Creek, provisions for affordable housing and offsite improvements to the Little League field at the Mary C. Burke School Complex;
- Advanced the redevelopment discussions for Mystic Mall and have reviewed and commented on several potential redevelopment scenarios;
- Provided the initial permitting and additional assistance for the potential redevelopment of Forbes Industrial Park into a green living environment;
- Facilitated the plant expansion plans for Food sector focus companies, Pillsbury and State Garden Produce;
- Completed the City actions to provide for the occupancy of Corrithian College in 70 Everett Avenue as part of the City’s focus on the Back Office sector;
- Engaged biotechnology representatives in discussions about potential development opportunities in the city as part of the City’s focus on the Health Care sector;

“A Rejuvenating Community”

City Manager Jay Ash’s 2005 “State of the City” Report to the Chelsea City Council

- Coordinated the completion and occupancy of the new 30,000 s.f. facility for On-Time Mailing on Crescent Avenue as part of the City's focus on the Downtown Boston Supports sector;
- Secured State support of three additional Certified Projects through the Economic Development Incentive Program, bringing to a total twenty five projects that have been established as a result of the City's Tax Incentive for the Retention and Expansion of Business (TIRE) Program;
- Completed City actions to provide for the occupancy of the new home of Atlas Bedding on Second Street, and
- Secured State smart growth grants for a local review of zoning in the Shopping Center District and an eleven-community review of development issues being coordinated by Northeastern University.

Discussion

If the future of the City's finances needed to be pinned on anything other than solid financial management, economic development is the right candidate. In fact, it has arguably been economic development, hand in hand with solid financial management, that has allowed the City to continue to balance budgets and maintain hope for the future. Aside from the obvious impact on the City's finances, economic development has also served to promote a level of revitalization in the City that has caught the eye of many who would wish the same for their own communities.

Through the City's three-pronged development plan, the combination of the Anchor Projects Program, Sector Strategy and Tax Incentive for the Retention and Expansion of Business (TIRE) Program, economic development has been strong and successful. One testament to that success can be seen in the annual increases of new growth. The past four years, FY'02-FY'05, new growth has averaged an annual increase of \$826,000, including a \$745,000 increase in FY'05. That average annual increase is 82% higher than the \$454,000 average for the four year period of FY'98-FY'01. The new projects that have abounded in the Everett Avenue Urban Renewal District and elsewhere throughout the city have also resulted in increases in other revenues, most notably automobile and hotel/motel excise tax growth. Each project, additionally, has served as the foundation for the next project to be envisioned and undertaken.

Unfortunately, though, as a mutual fund disclaimer would note, past performance does not guarantee future results. Growth over the last four years has added \$3.3 million to the base, but none of that ensures that future projects will bring further growth. Additional economic development is therefore necessary to balance future budgets. However, today's market conditions are not as conducive to get projects into the pipeline for FY'08 and beyond as they were when the work during the boom years of the late 1990's produced the projects of the early 2000's.

Given today's less than favorable market conditions, City leaders have carefully studied the local, regional and national economies. It is believed that economic development can still be successful locally, and that success can provide the tax revenue necessary for the

City to substantially close or completely eliminate structural deficits that are projected for FY'08 and the years beyond. This, of course, while reserves address the short-term budget gaps in the intervening years.

That means that City officials must again embark on an aggressive economic development agenda, the likes of which may have never been seen locally. In doing so, talk of the very last option that the City Council would ever want to entertain, that being an attempt at a Proposition 2 ½ override, can again be put on the shelf for a day if and when all else has failed. Also, for a renewed and expanded economic development agenda to be successful, the results must be more than financial. Projects contemplated and constructed must fit the emerging character of the community, and provide the link to additional projects that further complete the city's overall revitalization.

A MARKET ANALYSIS PROVIDES DIRECTION

But if economic conditions are less than ideal, how can economic development champion the day? After careful analysis over the past twelve months, City development officials have determined that, despite poor market conditions, rays of sunshine do exist in what otherwise is a cloudy horizon.

Not from the office market, though. The great promise of expanding office development, once the hope of development officials in the late 1990's, no longer holds much of any promise. Incredible amounts of vacant space exist in competing office markets, although the city's office market has shown tremendous resiliency. The last can be attributed to the combined efforts of City officials and the city's major office space owner, ACS Development, whose teamwork has helped to keep the local vacancy rate to near boom lows. That said, millions of square feet are available in Medford, Charlestown, Burlington and other competing markets, along with millions of more square feet existing in a market that, unbelievably, is now almost as affordable as local space, that being Downtown Boston. Added to that are millions of more square feet in the development pipeline to break once the market returns. All that means that with the exception of the rare project, like the pending Gulf Oil and HP Hood corporate headquarters project, City officials do not believe that major office development will again take place in the city for at least another five years.

A more promising yet still unattainable goal would be the development of another one or two hotels. Unfortunately, even with a strong interest in the city from hotel executives, market conditions again are not favorable. City officials believe that it will be at least another two years, at the earliest, before another hotel would be brought on line and contributing tax dollars.

Although the demand is great for industrial space, there is limited opportunity and limited desire on the part of City officials to host such development. Limited opportunity because land is scarce and what land is available is reserved for other development. Limited desire because the City wishes to see that scarce land developed to its very maximum, while almost all in the community desire the City to do all that can be done to

keep heavy trucking and noisy industrial businesses from having a further impact on the City's promising rejuvenation.

A retail market does exist. Generally speaking, though, only Parkway Plaza and Mystic Mall can handle the big box retail giants of today. While one or both may end up with redevelopment that features big boxes, City development officials not only hope that redevelopment will not be exclusively big box, and have been using every resource at the City's disposal to encourage mixed-use development. Reasons for de-emphasizing retail include the huge amount of land required to support big boxes and the limited amount of tax revenues big boxes generate.

Left, therefore, is residential development. It is just that type of development that is the most likely to be successful in the city over the next several years, and that now provides the promise of property tax revenues City officials are seeking in order to eliminate structural deficits.

RESIDENTIAL DEVELOPMENT TO THE RESCUE

Yes, City development officials now believe that the residential market is the most favorable for the City to concentrate. Considering that just a little more than a decade ago, the city was one of the last places residential investment was seeking, the question begot has to be "what has changed?" over the years. The answer might be "everything."

The short of it is that the combination of a rejuvenating community now well into realizing a complete revitalization and the continued cost of more sought after locations has resulted in many looking at the city as a price alternative to Boston, Cambridge and Somerville, and liking what they see. And why not? Stakeholders, from City officials to non-profit representatives to business leaders to individual residents, have led a decade's-long renaissance that has taken a firm grip on each and every local neighborhood. Stabilized government, update infrastructure, problem property abatement, community programming expansion, improving public safety, and the list could go on and on, together with history, culture, acceptance, affordability and, the all important, location, location, location, has made the city an attractive destination for first-time homebuyers and the more affluent.

That being said, another dynamic makes residential development the economic development tool of choice. The red-hot local housing market of the last five or so years, combined with a more modestly growing commercial market, has pushed residential development ahead of office buildings as the greatest potential source of property tax growth. For example, a parcel that once may have been home to a 250,000 s.f. office building can now be redeveloped with 300 residential units to generate even more tax revenue. Based upon today's economics, that office building might generate between \$300,000-\$500,000 in annual property taxes. The housing development though could generate \$650,000 or more. Given that demand is high for residential and low for office, the rational becomes even more compelling.

An example of the economics of choosing residential over commercial development can be seen in the 2004 opening of the Spencer Lofts. Located in the former Emerson Textile building on Webster Avenue, the 100-unit Spencer Lofts was a conversion project City development officials had envisioned several years ago. Aside from achieving another laudable goal of stabilizing and enhancing the neighborhood, the economic benefits to the City are significant. In fact, for the current tax year, Spencer Lofts is generating just over \$200,000 in property taxes, or 233% above that which was being garnered from the building as an industrial operation. Approximately \$20,000 more will be generated in automobile excise tax as well. It is very unlikely that a renovated industrial space would have matched the revenue growth provided by the Spencer Lofts, not to mention the negative impact heavy trucking to the property could have had on the Webster Avenue neighborhood.

Of course, the City needs to ensure that all developments are responsible and contributing. During a boom in the 1970's, apartment buildings began to spring up in residential neighborhoods besides three-families, two-families and even single-family homes. The City has zoning now in place that will prevent a recurrence of that undesirable situation. But, mixed-use developments in burgeoning commercial districts are not only acceptable practices in today's land use circles, but actually encouraged. Office, hotel, retail and residential uses are finding a co-existence and mutual benefit in places like shopping malls, office parks and even downtowns. City officials first took notice of the emerging phenomenon several years ago on a trip to a credit rating agency on Wall Street. Now that housing values have more than tripled locally since that first observation, the City believes it is time to make a formal and substantial commitment to residential development. That commitment will be part of a smart growth plan that will accomplish many local goals, from blight eradication to tax base expansion, all while promoting a rejuvenating community.

The City's top priority for the upcoming year and the next two will be to promote a minimum of 1,200 units of new housing. Of that number, the goal will be to create affordability in a minimum of 15% of those units, and maybe more. If successful, the City believes the property tax generation of an estimated \$2.5 million will equal the structural deficit projected for FY'08.

1,200 units would add approximately 10% more units to the local housing market. Certainly, that, is a substantial increase that should have some questioning the ability of the local market to absorb so many units. City officials have considered the question and do believe the market to be there. Additionally, City officials have considered the question from many other angles, including the impact on city services. The most major concern the City has about achieving the goal is the level of initiative that will be necessary to promote the redevelopment. By initiative, the question gets to the use of economic development tools, from tax breaks and infrastructure funding commitments to the use of zoning bonuses and eminent domain, to achieve the goal.

In a community of 1.8 sq. mi. that is already among the densest in the state, where will 1,200 units go? Well, density is a relative issue. The greatest density currently exists in

older local neighborhoods. Conversely, vast tracks of land, like at Parkway Plaza and Forbes Industrial Park, 35 and 19 acres, respectively, present tremendous opportunities for well-designed projects. Of course, the committing to a residential agenda means that marginal properties, like Forbes Industrial Park, could and would be taken out of the inventory for heavy industrialization. That is a nice side benefit, especially for long-time residents who have suffered through decades of heavy trucking through their neighborhood.

The City will focus housing redevelopment efforts in the following areas, although others may become available as circumstances dictate: Parkway Plaza, Mystic Mall, the Everett Avenue Urban Renewal District, Forbes Industrial Park, Admirals Hill, and several smaller scattered sites, including the Mill Creek Condominiums, Mary C. Burke Schoolhouse, National Guard Armory, Gerrish Avenue and Broadway. Presently, more than 100 units are under construction, including at Mill Creek, the Tudor Garage and the former AFCO Building on Broadway. None of those units is being counted toward the City's goal of 1,200 new units.

Achieving the goal will put the City's development tools to the test. A combination of zoning credits, from variances to density bonuses, may be required to provide incentives for current property owners to redevelop or sell to others who may be the eventual redevelopers. Necessary infrastructure improvements may require City contributions. Streamlined permitting may be necessary to get the projects to construction while market conditions are still favorable. Eminent domain, in the urban renewal district and elsewhere, may be necessary in those places where the private market cannot make a viable project happen. Securing grants and other sources of financial support for the construction of affordable housing may be required. Certainly, all of these and, perhaps, more will be on the table.

The current evolution of State public policy should also help to advance City efforts. State leaders, including the City's legislative delegation, have championed "smart growth" principles for the future of the commonwealth. Simply put, smart growth means where and how development should take place. Smart growth goals, including the related transit-oriented development that emphasizes development near train stations, have resulted in several new development tools being adopted by the State, including District Improvement Financing, Urban Center Housing Tax Increment Financing and Smart Growth Zoning Districts. In some cases, the existing Economic Development Incentive Program may also be of use. Those tools will be among the resources City leaders examine in 2005 to help develop the plan towards reaching the 1,200-unit goal.

GAINS IN THE EVERETT AVENUE URBAN RENEWAL DISTRICT

The Everett Avenue Urban Renewal District was announced in August of 1997. The goal of the EAURD was to jump start a lagging local economy by promoting the conversion of the city's aging, heavy industrial and scrap base into higher and better uses, while also improving the city's commercial position in the region and substantially increasing jobs and local tax revenues. To date, the EAURD has been a rousing success.

The premise of the local effort was that a strategic public action in a clearance area of 10-acres would provide the impetus for private development to take place in the entire 65-acre district. The district was broken up into three primary zoning areas: business (office and hotels), light industrial and residential. The 10-acres acquired by the City is entirely in the business district. Through a three-phase process, the City has successfully promoted the redevelopment of what were blighted and underperforming properties.

In January of 2001, Phase I of the EAURD, a 180-room, Wyndham Hotel, the city's first hotel, opened. That single project provided more jobs, 75 versus 60, and tax revenues, \$300,000 vs. \$150,000, than the entire 10-acres did prior to the EAURD. The tax comparison even reflects revenues generated after property tax relief is credited to the property. Best yet, the City still has 8-acres left for redevelopment, and hopes to be able to generate another \$500,000 or more when all the property is fully built-out.

Adjacent to the Wyndham, the "Emerald Block" encompasses 5- of those remaining 8-acres. The City sold ACS Development the Emerald Block, Phase II of the EAURD, for \$3 million in November, 2003, for what was originally planned to be a major office building project. However, given current market conditions, a mixed-use project potentially including office, hospitality, retail, biotech and/or residential is being considered for a revised development plan. City officials have begun meeting in earnest with ACS Development to define the development parameters and agree upon a new redevelopment strategy. Both parties hope to achieve consensus in the first quarter of 2005.

Phases I and II of the EAURD replaced an auto salvage/car parts business, a motor storage warehouse, a heavy truck repair/scrap yard, a janitorial supply house, a metal forming business and a mail fulfillment warehouse.

Phase III encompasses the remaining 3-acres and has been dubbed "Chelsea Gateway." In 2003, the City issued tentative development rights to a group that included Choice Hotels. A market study performed in early 2004 indicated that the site was indeed a good site for a hotel, but that the Greater Boston hotel market was still depressed. Because the study indicated that a market bounce-back was at least 18 months away, the City withdrew the tentative rights and reissued a new request for proposals. That process resulted in the City issuing tentative development rights this past October to Catamount Development for a 50,000 s.f. corporate headquarters for Catamount's holdings, Gulf Oil and HP Hood. A groundbreaking is expected in April of 2005 for that project. Concurrently, the parties are exploring the opportunity for a second phase of development at Chelsea Gateway, which could be a hotel or another office building. The developments replace a former tooling building and contaminated sheet metal property. Currently pending is a Land Disposition Agreement that officially awards the development rights to Catamount and sets forth the economics of the deal between the parties.

When that designation is officially made sometime in the next four to six weeks, all of the land acquired by the City will have been parceled out for redevelopment.

In the Light Industrial portion of the EAURD, the City's goal of attracting private investment has been meeting success. Alkermes, Inc., a biopharmaceutical company, opened a manufacturing center at Brickyard Square in late 2003. That building, at 100,000 s.f., was the largest building vacant in the area prior to the EAURD being announced. Additionally, Stop & Shop has built a new supermarket on the sites of a former lumberyard and building materials recovery center. While the area prior to the EAURD had 10-acres of auto salvage operations, only 2-acres currently exist, with that land rumored to be under agreement for redevelopment. The City is working with the potential owner of that land on a MOU to plan a future development consistent with the EAURD plan.

Unfortunately, the pace of change in the Residential portion of the EAURD has substantially lagged the other two areas. This is especially problematic in that the Residential portion is much more visible, directly abutting Route 1, than is the Industrial, which is almost secluded. Thus, tens of thousands of motorists, and potential subscribers to the "Chelsea success story," are left to see the blighted, substandard and decadent buildings and other unappealing property conditions that have littered that side of the highway and abutted the Addison/Orange neighborhood for decades.

In 2004, the City, through the Economic Development Board, began consideration of what is likely to be a major area of focus in 2005. At the Board's meeting this month, the City will be proposing a major redevelopment plan for the 7.2-acres of the Residential portion of EAURD. That plan will call for the acquisition and assemblage of the parcels into a single property upon which a master planned, residential redevelopment could take place. The City would prefer to acquire the properties through negotiated purchase, but may need to rely upon eminent domain as consistent with State law, in order to prepare the parcels for redevelopment. Once the action is formally announced, public hearings to amend the current EAURD to provide for a second clearance area will take place. Concurrently, a "request for proposals" will be issued to secure developer interest in what is sure to be a highly regarding development possibility. Although too early to predict, it is likely that several hundred residential units could be proposed for the entire site. Such a development would be consistent with the City's 1,200-unit development plan.

PARKWAY PLAZA PREPARING FOR A TRANSFORMATION

Parkway Plaza has been a City focus for almost a decade. In 2004, the culmination of that work led to the City permitting a Home Depot, which will lead to the re-energizing of the lagging retail center. The Home Depot represents the first phase of what will likely be a multi-phase development in the 35-acre, underforming plaza. The City is facilitating Phase II discussions that could lead to additional retail at the site and the development of several hundred residential units, again consistent with the City's 1,200-unit development plan.

The obstacle to move from the proposed and permitted to the constructed and operating lies in the ground. Challenging subsurface conditions, combining environmental and structural deficiencies, are threatening the Home Depot project, and therefore the entire redevelopment prospect of Parkway Plaza. Should a setback knock the Home Depot project off-track, the resulting blow could be catastrophic. The Home Depot is a good fit during an era when few opportunities exist for the plaza to achieve even greater potential.

In early 2005, City leaders hope to conclude discussions with the property owners and Home Depot, thereby closing the gap on the high development costs that stalled the project late in 2004. For the City's part, it is possible that tax relief and other incentives may be offered to cover a portion of the construction budget deficit. The alternative, another decade of fallow land where the only activity is the chasing of illegal dumpers, is something the City does very much wish to avoid.

Also negotiated in 2004 and thereby threatened in 2005 are substantial community benefits, in addition to the direct benefits that a vibrant center would bring in terms of tax dollars, job creation and general economic activity. A walkway along the creek, provisions for infrastructure updates, affordable housing and improvements to the Little League field at the Mary C. Burke School Complex are all supported by a successful Parkway Plaza development. The City is therefore very motivated to act.

MOVEMENT ON A MYSTIC MALL MASTER PLAN

Similarly, light was shined on the potential redevelopment of Mystic Mall in 2004. Representatives of Market Basket, the operators of a most successful supermarket at the site and owners of the property, and City officials convened fruitful development discussions after years of stalled efforts. Although a final development plan has not been agreed upon, the City points to early 2005 for such to happen.

At question is the scope of the redevelopment plan. The City admires and is proud of the success that Market Basket has enjoyed at Mystic Mall. Certainly, a renovated and, perhaps, expanded Market Basket would serve the customers and company well. Yet, with the hundreds of millions of dollars of investment that has almost quite literally touched every abutting parcel in all directions, the City cannot help but think that so much more can and should be incorporated into the site.

To further aid in the discussion about the Mall's fullest potential, the City filed for an Interim Planning Overlay District for the Shopping Center zoning district in late 2004. The IPOD, currently being considered by the City Council, could lead to a zoning change that supports and promotes the type of growth and prosperity many see for the Mystic Mall, Parkway Plaza and city. A decision on the IPOD is likely in early 2005.

FORBES INDUSTRIAL PARK PREPARING TO BE A SHOWPIECE

An incredible vision promoted by Davis Design and consistent with the City view of the property promises a most spectacular development at Forbes Industrial Park. The 19-acre

parcel just off of Crescent Avenue and framed by the Chelsea River and the commuter rail tracks is again another property reminiscent of yesteryear and in need of substantial reinvigoration. Forbes Lithograph once operated at the site, and, in its day, was one of the largest printing companies in the region. Decades since its shutdown at the site, marginal industrial uses, including hundreds of thousands of feet of warehousing, are all that is left at the once vibrant property. Trucks, though, still rumble by the Mary C. Burke School Complex and adjoining residential neighborhood.

The property has been a City target through the Anchor Projects Program. City officials, while seeking a mixed-use redevelopment that focuses predominately on residential, have had to fend off several redevelopers who wished to overbuild on the site. To the City's great fortune, Davis Design, an accomplished architectural and development company based in Somerville, has decided to take on the myriad of development issues that exist at Forbes, while promoting a low-density, green development. Instead of as many as 600-units that the City heard from others, Davis is proposing just 225. The living experience for those fortunate to reside there, along with the enhanced public access the community will have to what has been a secluded area of the city, has many excited for the future of Forbes. Of course, the City is also seeking to offset the opposite: the potential reuse of the industrial character of Forbes that could continue to bring trucks rumbling into the site for decades more to come.

This past year, despite the incredible hurdles, the more incredible development team has pushed forward like none other was likely to achieve. Permitting activities have begun, including the City permitting the first phase of development. With City assistance, Davis has secured the approval of the MBTA to replace the one rickety bridge that provides the only access to Forbes with two new bridges. Recently, Davis purchased the property, and is moving forward for what could be a project start in late 2005.

The completed project is likely to feature its own co-generation plant, retention ponds that provide functionality and an amenity, solar-heated units and smart cars for resident use. In the grandest scheme, the adjacent commuter rail line would include a stop and a marina would provide access from the water. However, because of the great costs, low density to recover those costs and tremendous complications involved with the development, the City and Davis must continue to work together and embrace a development relationship that is far different than the traditional. Complications include environmental, structural, drainage, seawall, State zoning and Federal waterways issues, among many others. Both the City and Davis, though, are optimistic that those complications can be overcome and excited about the results that such an effort is likely to produce.

THE TOOLS OF THE TRADE CONTINUE TO DO THE WORK

The use of the City's economic development tools is well documented and very successful. The combination of the Anchor Projects Program, Sector Strategy and TIRE Program have focused City development efforts and provided insight to investors and others as to the City's priorities and likely future direction. Ample evidence is available

to suggest that the City's economic development focus as spearheaded by these tools has been an unqualified success. With that success as the foundation, the City continues to direct economic development activities with these three time-tested programs leading the way.

ANCHOR PROJECTS ARE MAJOR SUCCESSES

The Anchor Projects Program has focused intensive redevelopment efforts on three major areas, the Everett Avenue Urban Renewal District, Parkway Plaza and the Chelsea Waterfront. Each has been detailed on the previous pages. Combined, the projects have provided a level of success over the short-term that has already produced a transformation in the way the city is perceived throughout the region. Over the long-haul, each provides the potential for producing even greater results on a variety of agendas.

It is likely that the Anchor Projects areas will play a large role, for example, in the City achieving the 1,200-unit goal, as each of the three main areas of focus has the potential to host a major residential redevelopment. Even more than providing for the elimination of structural deficits, though, the projects that are currently being contemplated have the potential of pushing a rejuvenating community to the levels many before thought could never be attained.

THE FOCUS ON SECTORS PROVES TO BE A GOOD STRATEGY

The Sector Strategy focuses City business support activities on five sectors of the economy for which City officials believe the city has natural and/or well-developed advantages to attract and host additional business activity. Those sectors include: Food, Back Office, Health Care, Airport Related and Downtown Business Supports.

In 2004, the City worked with several Food companies on their needs and facility expansions, including Pillsbury Foods and State Garden Produce. Regarding Back Office, the City worked with local office owners and enjoyed some success in securing new tenancy, most notably the occupancy of more than 30,000 s.f. by Corrithian College in the city's newest office building at 70 Everett Avenue. The Health Care sector was certainly strengthened with the late-2003 opening of the Alkermes biopharmaceutical facility in the EAURD. Since that time, much effort has been directed towards additional biotech opportunities, including several meetings with property owners and representatives from the Massachusetts Biotech Council and the Massachusetts Development Finance Agency. Although not immediately fruitful, the City believes it has laid a solid foundation for future opportunities. In fact, a main figure in the facility siting process for the State referred to the city as a top spot for facility relocation. Airport Related industry has suffered from the setbacks caused by reduced passenger traffic at Logan Airport following 9/11. However, the City has facilitated several modest projects, which, although providing for only temporary occupancies, do in fact open lines of communications for future projects. Regarding Downtown Business Supports, the major project in the discipline, On-Time Mailing, opened a new, 30,000 s.f. facility on Crescent

Avenue this past August. Not only did that project augment the sector, it resolved a long-standing problem property that impacted area residents for almost a decade.

Having now built a reputation for success in each of the sectors, the City has been positioned to attract even more companies in those sectors. Regularly, for example, the City receives interest from Food companies wishing to relocate into the community. The previous expansion of the Food Sector has created a massing, of sorts, which serves as a magnet for which more wish to become attached. Thus, the City believes that the Sector Strategy is as relevant today as it was when it was first adopted in 1996.

THE TIRE PROGRAM DRIVES BUSINESS EXPANSION

The TIRE Program saw three business project expansions receive approval in 2004: Atlas Bedding, Cataldo Ambulance and New England Sculpture Services. While the latter two were projects undertaken in previous years and just confirmed in 2004, the Atlas Bedding Manufacturing Project was completed and opened this past August. That project resulted in Atlas moving from its previous facility on Library Street to an expanded facility on Second Street. That move, along with increasing demand for their line of mattresses, resulted in company officials this past summer enjoying their best month in Atlas' 25-year history. The completion of the project has also allowed company officials and the City to discuss the potential residential reuse of the Library Street facility, a top City priority.

TIRE is a derivative of the State's Economic Development Incentive Program. EDIP allows participating communities to offer a combination of State income and City property tax relief to spur investment and job growth. The City has adopted 25 "Certified Projects" since 1996, with 20 remaining active. Among TIRE recipients are the City's largest employers, including Kayem Foods and Pillsbury, as well as those providing significant tax revenues, like the Wyndham Hotel.

In 2005, the City anticipates filing several more Certified Project applications. Current candidates include the aforementioned Catamount and Home Depot projects. Both are carrying excessive site cost burdens relating to poor environmental and subsurface conditions. Yet, both provide great promise for the city's future. TIRE is a natural to keep the city's revitalization rolling, and add two more important projects to the already impressive list of business expansions that have grown the local tax base and changed and enhanced the impression of the city.

GROWING SMARTLY AND CONTRIBUTING TO A BETTER STATE

As discussions of smart growth principles continue to dominate land use debate, the City has secured State funds to consider the impacts of growth, both locally and around the state. Locally, the City has received a \$30,000 grant to review the implications of growth in the City's Shopping Center Zoning Districts, which encompass both Parkway Plaza and Mystic Mall. City planning officials, aided by consultants, will examine development in adjoining development districts and potential projects being discussed in

the Shopping Center Zoning Districts. The results of the study could be new zoning recommendations to encourage or limit certain types of growth.

The City is also the lead municipality on a joint project with Northeastern University to examine smart growth principles in the context of 11 Massachusetts communities. A \$40,000 State grant is paying for that effort, which will assess the tools and barriers of development in those communities. The project is an outgrowth of several other projects the City and NU have undertaken jointly regarding economic development. The results will have implications on the way officials in those 11 communities manage growth, and will likely have applicability to many other communities across the state.

Also relating to smart growth, the City is participating in a regional discussion regarding the future of Metropolitan Boston. Last month, City officials were among 500 stakeholders at the third Boston College Citizens Seminar focused on MetroFuture. MetroFuture is an initiative to unite residents and advocates from across the region to better manage growth for a more desirable future. The project will produce a comprehensive regional plan and a related action plan on five critical areas: People and Communities; Buildings and Landscapes; Air, Water and Wildlife; Getting Around, and Prosperity. To advance those efforts, City officials will be making additional contributions to MetroFuture in 2005 and beyond.

2005 Goals

- Promote the development of 1,200 new units of housing over the next three years to provide tax base growth of an estimated \$2.5 million in order to eliminate future structural deficits and as consistent with the City's overall Economic Development and Neighborhood Stabilization plans;
- Undertake a study of new smart growth laws adopted by the State to determine the applicability of the new laws and potential assistance new funding sources could have for future City development projects;
- Secure and begin to implement the steps necessary to realize a development plan for the Emerald Block within the Everett Avenue Urban Renewal District;
- Complete the necessary work to provide for a groundbreaking of Catamount Management's 50,000 s.f. development of a corporate headquarters for Gulf Oil and HP Hood on Chelsea Gateway within the Everett Avenue Urban Renewal District;
- Execute the necessary actions to lead to a request for proposals and a designation of redeveloper for the Chelsea Residential Overlook Project within the Everett Avenue Urban Renewal District;
- Resolve any outstanding issues, secure a final agreement and, ultimately, undertake the groundbreaking for the Home Depot project in the Parkway Plaza, while also facilitating the discussions for a Phase II redevelopment project;
- Resolve any outstanding issues and secure a final redevelopment plan for the Mystic Mall;
- Collaborate with the redeveloper of Forbes Industrial Park to secure all necessary City, State and Federal permits to lead to a residential redevelopment of the current industrial property;

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- Secure the passage of at least two more Certified Projects through the City's Tax Incentive for the Retention and Expansion of Business Program, potentially relating to the Catamount and Home Depot developments, and
- Complete the necessary work regarding smart growth grants and further the goals of MetroFuture towards promoting a regional plan to manage the region's future growth smartly.

FUNDAMENTALS – PUBLIC SAFETY

2004 Highlights

- Developed and advanced the work proposed in “Targeting Crime and Supporting the Community,” a 14-point plan for increasing public safety;
- Developed the plan, completed the bid activities and secured the Council appropriation for the installation of 27 fixed and mobile video cameras in the community to be connected to Police headquarters as part of the 14-point plan;
- Hired and sent to academy training four new police officers to support the 14-point plan initiatives to expand the Traffic Unit, Gang Unit and Criminal Investigation Division within the Police Department;
- Opened the Gang Task Force Substation in the Innes Family Housing Development through the cooperation of the Chelsea Housing Authority and the North Suffolk Gang Task Force and as consistent with the 14-point plan;
- Began the analysis of crime statistics to combat gang activity as called for by the 14-point plan;
- Developed and implemented the Special Tactical Operations Program to utilize special operations to target specific crimes as recommended by the 14-point plan;
- Initiated the planning on programs devised to reduce motor vehicle theft and fraud as consistent with the 14-point plan;
- Transferred the oversight of the Weed & Seed Program to the Police Department, hired a Weed & Seed Director and began efforts to re-energized the Weed & Seed Program as called for in the 14-point plan;
- Transferred the oversight of E-911 to the Office of Emergency Management and relocated the E-911 call center to the Emergency Operations Center as recommended in the 14-point plan;
- Supported the Suffolk County District Attorney's Family Justice Center and the Suffolk County Sheriff's Training Center on Crescent Avenue as part of the 14-point plan;
- Collaborated with the City Council on the adoption of new ordinances to combat gang and illegal dumping activities;
- Led regional discussions and drafted a Community Safety Initiative to address additional State and local resources targeted to prevention, enforcement, prosecution and incarceration activities in the commonwealth;
- Coordinated the City's participation in regional homeland security efforts, securing equipment, including funding for seven additional surveillance cameras, and training, as well as facilitating further discussions for the future needs of the region;

- Acquired equipment to support local fire suppression and regional homeland security efforts;
- Undertook joint public safety agency initiatives to address illegal rooming houses, apartments and vehicles in local neighborhoods;
- Surpassed the issuance of 1,000 building permits for the first time ever, and
- Utilized in-house DPW staff to undertake street and sidewalk safety improvements.

Discussion

Where public safety officers once had to *only* worry about matters within a community's borders, today's public safety focus is quite different and continually expanding. Our country's focus on homeland security has resulted in our local public safety officers being not only first responders, but also first "preventers." That is, our local forces are more involved in intelligence gathering, target hardening and initial investigation than ever before. The City and its public safety officials have embraced and, in some cases, have been leading efforts to address the region's homeland security needs.

Traditional public safety issues also have local public safety officials looking outside city limits on community safety needs. As several communities have experienced budget issues that have resulted in firefighter layoffs and fire station closings, local Fire officials have been active in ensuring the integrity of the mutual aid system that is so important to fighting fires. On the Police side, the concern of many, gangs, is more so a regional than local issue. Cooperation between jurisdictions and among levels of law enforcement have been promoted to address anti-gang efforts, again with City officials being at the forefront of the movement.

Crossover between homeland security and community safety is abounding. From improving communications and other interoperability issues, to joint planning and training, the region is better able to handle responses because of the cooperation, initiative and commitment public safety agencies throughout the region, state and country have demonstrated. More can and needs to be done, and perhaps that work can never be accomplished to its fullest, but optimism remains high, despite the homeland security and community safety challenges that are present.

No matter the scope of challenge, the City's public safety forces continue to perform professionally and admirably. That in and of itself is a tremendous accomplishment, as pressures to protect the public may have never been higher and resources to do so, in terms of manpower, continue to be jeopardized by the budget realities of the day.

Together with finances, public safety is the City's top priority. Like finances, the management and administration of local public safety functions continue to win regional and national acclaim. On issues ranging from gangs to cutting-edge video surveillance, Police officials are constantly being asked to speak to others in the region and at the FBI Academy to share local insight. The City's Fire and Emergency Management officials are organizing training exercises and providing advice on facilities and operations that are valued by their counterparts. In the public safety realm of Inspectional Services, the

word is out that the City is serious about code compliance and enforcement. While not every malady can be anticipated and prevented, the City's public safety forces are among the most prepared, knowledgeable, consulted, emulated and respected in the region. Local residents are surely the beneficiaries of their daily actions and unwavering dedication.

POLICE ACTIONS ARE PROVIDING FOR A SAFER COMMUNITY

"Plan the work and work the plan" has been a mantra by which all of City government has operated. The Police Department has not been an exception. In fact, this past year, department officials and City leaders, as encouraged and counseled by the City Council, examined the various issues impacting public safety locally. After also looking at the resources and capabilities the Police Department has to address those issues, a plan for action was crafted and advanced. "Targeting Crime and Supporting the Community," represents the City's efforts to increase public safety. The 14-point plan, reflecting a combination of Police initiatives and supports for the efforts of others, has been the basis for directed Police actions for the second half of 2004 and now into 2005.

Points I and II – Surveillance Cameras

Although the grant was not secured to provide additional surveillance equipment for Chelsea Housing Authority properties, the City has moved forward on the first and, perhaps, most ambitious of the 14-point safety initiatives. Council approved \$250,000 in 2004 for the purchase and installation of 27 cameras. Those cameras would be fixed in certain locations, most notably Bellingham Square, or mobile to provide for even greater enforcement flexibility elsewhere.

Police utilize the emerging technologies to augment traditional law enforcement activities. The City will be one of the first communities in Massachusetts to utilize cameras so extensively. The cameras will allow for instant viewing of targeted areas and the recording of activities to be reviewed up to a month or more later. Instant viewing would be of value when immediate observations are necessary or helpful, for example when a call comes in regarding a disturbance in Bellingham Square. Recorded viewing could be especially valuable in reconstructing crime-scenes and identifying suspects days following the report of a crime.

Yesterday's technology typically provides for only a day or two of recorded history of a scene. By feeding into a dedicated computer server, today's new technology greatly expands the memory available. Features of the technology provide for enhanced clarity and joystick control of the cameras at their locations. The view-ability will provide for improved evidence and, therefore, better prosecution. A further benefit allows for authorized users to access the surveillance feed from computers offsite. The technology may also allow for Police to pick-up live feed from private security cameras, should a cooperation agreement exist to allow for such access.

In addition to providing instant viewing and a better record, the cameras should serve as a deterrent to crime in areas where the cameras are advertised to be operating. Among the criminal activity to be the focus of the initiative, Police hope to direct special attention to drugs, graffiti, vandalism, gangs, assault, prostitution, illegal dumping and homeland security.

The City will also be installing a series of cameras relating to homeland security, funded separately by a Federal Homeland Security grant. Currently, seven cameras will be at various locations along the port, allowing local officials and others to better observe and protect the port of Boston. The City is currently advocating for additional funding support to provide for similar protections for other critical infrastructure.

Bidding work has been completed and a variety of legal agreements are changing hands. Camera installation is a priority for the late winter/early spring of 2005.

Point III – An Expanded Traffic Unit

The City established a Traffic Unit in 2001. That four-member specialized unit has had a dramatic impact on motor vehicle enforcement. However, the City believes that an expanded Traffic Unit will lead to even further gains, especially during evening and early morning hours. Presently, the existing unit works four day and one nighttime shifts. The expanded Traffic Unit, which will include the assignment of three additional officers, will allow for regular coverage during evening and early morning hours.

The expanded Traffic Unit will result in the hiring of three new police officers to backfill the new unit positions filled by existing members of the force. As has been the practice of the Police Chief, the new Traffic Unit officers will be selected from interested candidates based upon performance criteria. Each of the officers selected will be a patrolman, meaning that one superior officer and six patrolmen will comprise the fully staffed new unit.

In addition to traditional motor vehicle violations, like speeding and failure to stop at a stop sign, the expanded Traffic Unit will allow the City to continue to emphasize the control of illegal truck traffic through the city's neighborhoods. Additional activities could include regular sweeps in neighborhoods for unregistered vehicles and enforcement of commercial parking bans. The specialized unit will also augment police visibility, allow for late night public park closures, provide an additional resource for zero-tolerance efforts and enhance homeland security and crisis management needs.

In 2004, the City performed expanded Traffic Unit activities on an overtime basis. The desire was to undertake the nighttime enforcement during the summer months, when extended daylight, no school and dry roadway conditions could combine to increase the likelihood of pedestrian injury or death as a result of speeding or other motor vehicle violations. The overtime operation was necessary while new hires undergo academy and field training to permanently backfill the vacancies created by the expansion of the unit.

It is anticipated that the new hires will soon be available in March, at which time the expanded unit will be up and permanently operational.

Points IV, V and VI – Expanding Anti-Gang Efforts

The City is at the forefront of managing gang activity. That leadership has helped to quell local issues and provide support for other municipal jurisdictions and law enforcement agencies in both the State and Federal governments. Local police acknowledge that the local success could not be achieved without the substantial and regular contributions of other law enforcement entities, including the State Police, Boston Police Department, Suffolk County Sheriff's Office and the US Attorney's Office. Also contributing locally has been community-based organizations, most notably Roca.

The City is seeking to be even further proactive and increasingly more aggressive on addressing local gang activities. While ultimately Police officials wish to eliminate all gang activity, continued and better suppression is an important goal, both for the city and throughout the region. Certainly, the installation of video surveillance equipment around the city as provided for in Point I should help Police immeasurably.

A more direct focus has been placed on expanding the Gang Unit. The Gang Unit is a specialized unit presently staffed by one, half-time gang officer. Additional unit staffing fluctuates, depending upon needs and resources. Currently, there are six additional officers who, in addition to their regular duties, perform Gang Unit functions, typically on an overtime basis.

The half-time gang officer also fills a role as a half-time member of the Criminal Investigation Division. As part of Point IV and Point VII, the City has provided for the upgrading of both of those half-time positions to full-time positions. That action will be completed in early 2005 when a new hire finishes academy and local training and backfills the vacated spot in the regular rotation.

The dedication of a full-time gang officer will allow the Police to more promote local anti-gang initiatives and extend Police participation in regional efforts. The latter is important to note, as anti-gang programming increasingly requires a multi-jurisdictional approach.

Part of those goals are already being achieved through the Point V opening of a Gang Task Force Substation in the Innes Housing Development, a Chelsea Housing Authority property. The gang unit utilizes the base of operations to coordinate enforcement activities and hold regular meetings with residents. The establishment of the office away from Police headquarters in 2004 was meant to increase the gang unit's presence in the community and encourage youth and others to feel more comfortable in communicating with law enforcement professionals. The office was made possible through a collaboration with CHA and the North Suffolk Gang Task Force, including the State Police and the Boston Police Department. In addition to its local use, the State Police has been coordinating its regional gang response from the location, providing for additional

coordination between the two departments and heightened police visibility in the Central Avenue neighborhood.

Another anti-gang initiative is more technical and emerging. Through Point VI, Police criminologists are undertaking a gang activity crime analysis. Through the analysis, the department is seeking to identify geographic areas and specific persons involved with gang activity and other crimes within the city. Based upon an analysis of existing crime data, the Police hope to develop a list of repeat offenders and locations, and prioritize the same for intensive law enforcement activities. A preliminary analysis of crime data and a test of the model used to support the theories behind the targeting of individuals and locations have proven to be successful. Twelve months of data have been almost completely reviewed. In 2005, the results of the review will be used to engage a variety of law enforcement agencies in additional enforcement activities, as well as community-based organizations in support programming.

Point VII – Expanding Criminal Investigations

Like the half-time gang officer, a half-time detective exists in the Criminal Investigations Division. With an emphasis by the Police and the Suffolk County District Attorney on matters involving domestic violence and sexual assault, the City has agreed to upgrade the position to the a full-time post.

Point VIII – A STOP to Crime

The Special Tactical Operations Program (STOP) is being utilized by the Police to target local and regional resources on crime. Special operations often require lead-time for investigations and the coordination of several law enforcement departments. Once the lead work is completed, STOP moves from planning to operations. The Police, often aided by other jurisdictions, conduct a one-day or multi-day action, typically to address drug, alcohol or prostitution activities, as well as general warrant sweeps and zero tolerance initiatives.

Since establishing STOP, the department has undertaken several initiatives. Especially effective and noticed by local residents and neighboring communities has been the Police's effectiveness in curtailing prostitution.

Point IX – Motor Vehicle Theft and Fraud

Many factors contribute to the high cost of auto insurance in urban communities. While local efforts to reduce accidents through enforcement of speeding, stop sign and other motor vehicle laws are effective, two other major factors need to and are now being addressed more directly by the Police.

To reduce motor vehicle theft, the department has re-energized its program to distribute "The Club" to owners of high theft models. Adding to the outreach that has already occurred, departmental representatives are striving to contact every local owner of a high

theft model to inform them of the free program. Police officials are also focusing on auto theft through a cooperative initiative with Attorney General Tom Reilly.

Again with the assistance of Attorney General Reilly, the department is attacking fraud, both in alleged damage to vehicles and alleged injuries to individuals. While statistics are difficult to compile, an initial analysis performed locally suggests that more vehicle damage and injuries are reported locally than might otherwise be expected. Such elevated reports might relate to fraud. Fraud has a negative impact on the experience rating in the community, thereby driving up local insurance. The department seeks to eliminate fraud, and hopes by doing so, insurance rates will also be reduced.

Point X – Hiring a Weed & Seed Director

Weed & Seed is a Federal program of the US Department of Justice and co-coordinated on the local level by the US Attorney's Office. The program seeks to address areas of concern and advance "weeding" initiatives in law enforcement and "seeding" initiatives in community development. The local Weed & Seed initiative brings together law enforcement and community-based organization leaders, and provides for programs ranging from anti-gang enforcement activities to Community Schools programming.

The City has reorganized the Weed & Seed structure, placing ultimate responsibility for the programming under the direction of the Police. That move has been made to place additional emphasis on weeding activities, and provide for seeding through a community policing approach.

Weed & Seed is managed locally by an internal steering committee comprised of representatives from the Police, the Health & Human Services Department and the City Manager. Externally, the Weed & Seed Committee will be re-energized in 2005 and inclusive of a number of community stakeholders and regional law enforcement professionals.

In order to lead the program, a new Weed & Seed Director was hired at the end of 2004. Extensive planning activities have been underway over the last eight weeks. In February, a Weed & Seed agenda for the remainder of 2005 will be set and announced.

Point XI – Complete Accreditation

A change in oversight on the State level regarding the accreditation process slowed the process of accreditation in early 2004. The oversight issue appears to be resolved, with the Massachusetts Chiefs of Police stepping up to take charge of the program. That leadership decision made, local accreditation appears to be on track and nearing a successful end. Department leaders hope to finalize the effort and secure an award of accreditation in June of 2005.

The accreditation program is a voluntary process, which is based upon national standards adopted by the Commission on Accreditation and Law Enforcement Agencies. The

program requires the institution of mandatory standards in the areas of police management, administration, operations and support services. Evaluated are local operations, polices & procedures and rules & regulations.

The Police achieved “certification” in 2003, meeting each of 151 standards in critical practice areas. Accreditation is the next and final level to be reached.

Point XII – Relocating and Expanding E-911

The administration of the City’s emergency communications operations has been transferred from the Police Department to the Office of Emergency Management. The change in responsibility allows the Police to focus on more core policing issues and provides E-911 with the benefit of communication and emergency management experience held by OEM. The physical relocation of E-911 back to the Emergency Operations Center provides for an independent identity for the operation, while also eliminating the impact of a variety of potential distractions that can be found in a bustling Police headquarters. Technology remains at the Police headquarters to provide an important backup to the City’s E-911 capabilities.

On the personnel side, the City has expanded the number of dispatchers in the unit to insure proper staffing levels in order to maintain the critical delivery of emergency communications services. One full-time and three part-time positions have been added to accomplish this goal.

In early 2005, the relocation will be completed.

Point XIII – Supporting Family Justice

An initiative of Suffolk County District Attorney Dan Conley, the City has fully supported the establishment of the Family Justice Center in Suffolk County. DA Conley’s FJC will provide “one-stop” access to law enforcement and support agencies for crime victims. Currently, a victim must travel to multiple, often-inconvenient locations and retell an incident story over and over again, no matter how difficult that story may be. Victim/witness advocates are not always available to provide direction and counsel at each location. In addition to the inconveniences of travel and coordinating appointments, basic needs, such as childcare, can complicate the process and sometimes lead to crime going unreported or recurring.

The City has pledged to support the initiative through advocacy, education and staffing. Regarding the latter, Police officials will be available on an as needed basis to travel to the Family Justice Center (on Commonwealth Avenue in Boston) to reduce the inconvenience and facilitate the process of addressing victim/witness issues.

Funding issues are still being addressed by the DA’s office in advance of the FJC’s opening.

Point XIV – Supporting the Suffolk County Sheriff’s Training Center

Suffolk County Sheriff Andrea Cabral, in cooperation with the Executive Office of Public Safety, the Department of Capital Asset Management and the City, led an effort in 2004 to create a law enforcement training center at the former temporary police station once used by the Police on Crescent Avenue. The facility is being operated and utilized primarily by personnel of the Suffolk County Sheriff’s Office. However, the facility is also a resource for local training needs. Hosting the facility has also produced a side benefit, that being the re-establishment of a law enforcement presence in the area of Crescent and Spencer Avenues.

COUNCIL ACTIONS ADD TOOLS

In addition to the 14-point plan, the City Council took initiatives to strengthen and expand the reach of local ordinances to address pressing public safety issues. Council action on gang recruitment, loitering and illegal dumping serve to give the Police more tools to be used at the discretion of officers out on the street.

A STATE CALL FOR A COMMUNITY SAFETY INITIATIVE

On the local level, the City’s 14-point plan for increased public safety and Council work on ordinances are producing many desirable outcomes. However, City efforts and intensive focus have extended beyond municipal lines in the quest to achieve even greater levels of safety. In fact, the City has been a driving force behind a collaborative effort waged through the Metropolitan Mayors Coalition to secure state support for a broad initiative to address additional community safety goals. The ten municipalities in the coalition, Boston, Cambridge, Everett, Malden, Medford, Melrose, Revere, Somerville, Quincy and Chelsea, have committed to coordinate prevention and enforcement strategies to address criminal threats that impact individual communities and are now frequently crossing geographic borders.

As a result of the Metro Mayors effort, a multi-pronged proposal has been developed to advance programming in the areas of prevention and intervention, coordinated enforcement, focused prosecution and incarceration and re-entry. Meetings on the proposal have reached all the way up to Lt. Governor Kerry Healey, and appear to be gaining a great deal of momentum. A package of initiatives could be adopted in 2005 that seek to prevent and respond to issues of crime, violence and drug abuse, especially among youth.

The Community Safety Initiative provides great hope for additional local gains and represents the best efforts of City officials to lead regional and statewide debate on critical public policy needs. The City’s contributions to CSI include the expansion of local programs that have proven to be successful and the filling in of gaps that City officials have identified in local program offerings.

In the area of prevention, CSI hopes to support in-school anti-gang education, after-school programming and summer jobs. To augment current enforcement activities, CSI seeks to increase community policing, expand the number of officers focused on gang activities and provide additional resources for communities and the State Police to share intelligence and undertake joint operations. Of course, enforcement is only the first step in the process of dispensing justice. So, CSI could result in improving prosecution through the establishment of a regional task force on gang activity, dedication of special district attorneys to prosecute gang related cases and promotion of joint police/probation officer operations out in the community. Lastly, CSI hopes to advance the dialogue that has begun in earnest in the commonwealth and around the nation in the areas of alternative sentencing and re-entry programs, while also expanding the availability of drug treatment placements.

PROTECTING THE HOMELAND

City officials, sworn officers and otherwise, have been contributing to local, regional, state and national efforts to enhance homeland security. Most significantly, the City is part of the Metropolitan Boston Homeland Security Partnership. Through that initiative, the City partners with its peers from eight other communities, Boston, Brookline, Cambridge, Everett, Quincy, Revere, Somerville and Winthrop, to address homeland security issues as supported by Federal funding. In addition to planning, training and exercising, that initiative has produced tangible benefits in terms of equipment acquisition and training for local public safety officials. Most notably, the security cameras being placed along the city's waterfront and the Reverse 911 system that will be soon installed are being paid for through the Federal Urban Area Safety Initiative. Another major initiative that is likely to result from the effort addresses interoperability issues, from shared communications abilities to the similar use of equipment across municipal boundaries.

Elsewhere, the City continues to interact with public safety officials on a variety of committees and undertakings related to homeland security. Work through the Metropolitan Mayors Coalition has resulted in grant funding for additional equipment and training purchases. The Metro Fire Chiefs Association and Massachusetts Police Chiefs Association have become excellent sources of interaction and initiative. More traditional collaborations, including the Local Emergency Planning Committee and North East Municipal Law Enforcement Council, continue to grow in significance and receive local support.

The demands of extending gains being made on protection and enhancing the ability to respond in times of emergency have City officials continually engaged and, in some instances, leading area initiatives. From the City's perspective, the focus has resulted in many direct and indirect benefits for the public safety departments and the residents they serve. However, there is much more work to be done, and, to that end, the City plans to remain active in those efforts to better defend against and respond to any homeland security crisis that may arise.

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FIRE DEPARTMENT EQUIPPING TO HANDLE ANY NEED

The City's Fire Department continues to perform its traditional responsibilities admirably. In 2004, there were no fire-related deaths in the community, a tribute to the department and reflective of the department's professionalism. As fire prevention and suppression activities continue, a major priority for and by the department over the past year has been in the area of capital issues, ranging from equipment acquisition to the beginning of renovations to the Central Fire Station.

Equipment acquisition in the post-9/11 era takes on the combine responsibilities of addressing traditional departmental needs and better preparing firefighters to address homeland security needs that may arise. For example, the acquisition of new Self-Contained Breathing Apparatus, provide important masks to protect firefighters while battling smoke-filled structures. The SCBA masks also serve as protection for first responders from hazardous, chemical, biological, radiation and nuclear dangers.

Similar equipment acquisitions have the dual purpose of addressing fire suppression needs and being available in the worst of situations. Water rescue equipment, radiation testing meters and portable radios that allow firefighters to communicate between departments during mutual aid runs all enhance the local department's capabilities. Local communications have been improved with an upgrade of the radio communications line. Each firefighter was issued a Personal Alert Safety System device that allows for firefighters to be located in burning buildings or other conditions when visibility is reduced.

Certainly, the biggest dollar item on the department's capital agenda this past year has been the complete renovation to Central Fire Station. During almost all of 2004, the Fire Station Building Improvement Committee has been busy planning for the \$1.3 million project. Included in the work are health, safety and accessibility updates, bringing the building in compliance with all applicable building codes. In total, the improvements represent the most substantial renovation of the fire station and departmental headquarters ever made. The renovations are expected to be completed by April, 2005.

Work has just begun on Central, but much work was done in 2004 to prepare the temporary headquarters and fire station to allow for a relocation of all personnel out of Central. Fire officials helped to make that transition as smooth as possible. As much credit, though, goes to the DPW staff that transformed a former machine shop into acceptable quarters. That worked saved the City hundreds of thousands of dollars and allowed for the Fire Department to exercise more control over the process. The temporary fire station at the former Prattville Machine building on Beech Street is a testament to the team work that is regularly performed and embraced by and between City departments.

Aside from the capital aspects of the department, and in addition to helping to produce another year without a fire-related death, the department was most busy on Fire prevention issues. With the figurative explosion of building permits locally, department

officials were busy on plan reviews and inspections. Perhaps the highest profile efforts, though, centered around actions leading to four arrests on arson cases, including one individual who terrorized the business district with seven fires set during a twelve-month period.

The leadership of the department is also helping to promote the safety of the region. As mutual aid is threatened by the budget cuts of communities in the network, department leaders have had to work with their peers to develop new protocols for future mutual aid responses. Especially important in 2005 are issues of interoperability, especially for mutual aid and homeland security needs. Local leaders are helping to manage those issues.

E-911 REOCCUPIES THE EOC

As noted in the 14-point plan for increased public safety, the administration of E-911 operations has been relocated to the Office of Emergency Management. OEM has handled the transition nearly flawlessly, not only taking over responsibility for personnel matters and administration, but also working on the details to relocate the E-911 call center to its former home at the Emergency Operations Center. A host of issues still remain to be resolved in 2005, but OEM personnel are clearing item after item to ensure that a professional atmosphere and concurrent performance become part of the new E-911 operation.

ISD AND DPW DO THEIR SHARE OF PROTECTING THE PUBLIC

Civilians who are providing critical links to a safer and rejuvenating community are also making important contributions on the Public Safety agenda. Inspectional Services and Public Works professionals continue to serve the community with just such a goal in mind.

ISD continues to act on its own and collaborate with the Police and Fire Departments on critical public safety issues. Inspectors not only focus on the routine process of conducting annual inspections, but also remain committed to addressing a host of building code and occupancy issues that threaten individuals and neighborhoods. A continuing crackdown on illegal apartments and rooming houses is best reflective of the initiative of ISD and the cooperation ISD has fostered with the City's other public safety departments. That cooperation has led to coordination which has in turn led to an increasing reputation for the City being among the most aggressive on illegal occupancies. Joint weekly inspections by ISD and the Police Department and communication between the Fire Department and ISD on the suspicion of illegal occupancies are examples of the combined efforts of the City's public safety officers.

ISD and the Police Department have also focused on illegal vehicles, leading to the removal of more than 100 such vehicles in 2004. That effort ensures that unsafe cars are not on the road, reduces the incidence of vandalism, and opens up parking in congested neighborhoods for law-abiding residents.

Inspectors continue to work diligently on weekends attacking safety and quality of life issues. In 2004, that effort generated close to \$90,000 in fines, although the dollar figure is not as significant as the benefits accrued in the neighborhoods through the compliance activities.

For the first time ever, more than 1,000 building permits were issued in 2004. More than \$32 million in construction activity was process by ISD during the same period. Several of those projects were the renovation of unsafe and dilapidated structures into new housing units.

Plowing of streets is typically considered a routine occurrence. However, this current winter has put local resolve to the test. The cadre of snowplow operators, led by the local DPW contingent, has made substantial sacrifices to keep the City's streets passable and safe, especially during last month's record snowfall. In addition to plowing of streets, the regular maintenance of the City's infrastructure cannot be taken for granted either. Once seemingly not performed, DPW workers have become especially adept at taking on in-house projects to improve walking and driving surfaces. As an example, the failing brick sidewalks in Cary Square that were trip hazards and dangerous for vehicles to cross were replaced by DPW initiative. In support of public safety, DPW craftsmen were able to retrofit a former industrial facility to serve as a temporary headquarters for the Fire Department while the major renovation of Central Fire takes place.

2005 Goals

- Complete the remaining 14-point plan initiatives, including the installation of cameras; training of officers to allow for the expansion of the Traffic Unit, Gang Unit and Criminal Investigations Division; analysis of crime data relating to gang activity; development of programs to combat motor vehicle theft and fraud, and completion of Police accreditation;
- Facilitate the State level discussions on the Community Safety Initiative and secure passage of component parts of the plan;
- Participate in regional initiatives relating to homeland security;
- Continue the dialogue with neighboring communities on issues of mutual aid and departmental interoperability, especially among Fire departments, and
- Complete the relocation of the E-911 functions to the EOC.

FUNDAMENTALS – NEIGHBORHOOD ENHANCEMENT

2004 Highlights

- Overseen the greatest percentage increase in residential property values in Eastern Massachusetts over the past five years;
- Addressed vacant and blighted residential properties through the threat or actual use of receivership;

- Promoted the plans to remove industrial/residential conflicts from various neighborhoods, including the conversion of the Emerson Textile Building into the Spencer Lofts;
- Abated targeted problems properties on Crescent Avenue by encouraging the development of the On-Time Mailing and CAPIC Head Start facilities;
- Advanced the plan to address oil odors in the Lower Broadway neighborhood;
- Created the “Cleaner Chelsea Initiative,” an 8-point plan to abate blight and litter throughout the community;
- Secured pledges from businesses and advanced City efforts to control and eliminate graffiti as provided for in the 8-point plan;
- Installed more barrels in the Downtown and other business districts as part of the Business District Litter Initiative created in the 8-point plan;
- Expanded community cleanups to a second day as called for in the 8-point plan;
- Established a pilot Business Improvement District in Cary Square and worked with stakeholders to identify and address the needs of the area;
- Completed infrastructure projects that improved parks, streets, sidewalks and utilities in a variety of neighborhoods;
- Planted more than 50 trees on Pearl and Fifth Streets and elsewhere throughout the community;
- Protected unwarranted development in neighborhoods through zoning actions, and
- Began the study of the Spencer Avenue neighborhood to review and potential add development guidelines to manage residential growth there.

Discussion

Evidence abounds as to the impact of the City’s attention to neighborhood enhancement, including: improving infrastructure, the elimination of problem properties and the abatement of blight. Perhaps most quantifiable is the record level of investment that has driven residential property values to their highest points ever. The latter provides a concern in regard to the preservation of affordability within the community, but it otherwise signals the reversal of the flight from the city that took place in the 1970’s through the mid 1990’s. Here in the 2000’s, people with the resources to live almost anywhere are now choosing the city to make their investment and, more importantly, their home.

While the Financial and Public Safety Fundamentals necessitate the City’s most dominant focus, that focus is arguably to allow the City to promote Neighborhood Enhancement. The connectivity of the Fundamentals means that City attention in any one area is likely, in fact even expected, to have an impact on other areas as well. Solidifying local finances so that the City can make infrastructure investments in neighborhoods and addressing crime in increasingly more effective manners do have an impact on Neighborhood Enhancement. Continuing investment, therefore, is a credible measuring tool to determine the value of the City’s focus on the Fundamentals.

Of course, part of the City's overall philosophy is to continue to search for problems and work long and hard to find answers. So, while, there are still problems that need to be resolved, the City has solutions or remains at work to address the needs. Of course and unfortunately, some, and only a very few, may be fundamentally unsolvable, like parking in crowded neighborhoods. But even then, City policy can and does attempt to make the best out of a bad situation.

Overall, all the City's agents understand that Neighborhood Enhancement and its companion, Community Development, are the ultimate goals that City policy and administration strive to achieve. Like the half a dozen or so years preceding it, 2004 built upon the improvements made in past years to produce even stronger and more long-lasting gains in the name of Neighborhood Enhancement. While the achievement is rewarding to recognize for City officials, it is downright necessary for the residents living in the city's neighborhoods. Thus, City officials continue to ask, plan and act to address those issues still remaining.

CONTINUING THE ABATEMENT OF PROBLEM PROPERTIES

Problem properties are those that have a negative impact on their host neighborhood. They can be residential, from vacant or troublesome residences; commercial, including those whose operations produce noise, odor or other noxious impacts, or land that may be strewn with trash, weeds or junk. Problem properties can be the most visible in the community, and can be the cause of general disinvestment in other properties that are neighboring. Locally, though, through intensive focus, deft planning, sheer determination and consistent approach, abating problem properties has proven to be one of the most visible signs of the City's success in encouraging neighborhood enhancement.

In 2004, the City achieved even greater success in abating problem properties and laid the foundation for even more achievement in 2005. In almost every circumstance, the obstacles to success were many, but the commitment by the City's elected and appointed officials to overcome those hurdles helped to carry the day.

PROBLEM PROPERTIES - HOUSING

There is a "chicken or egg" question that can be debated about the red-hot housing market that has engulfed the City. Average property values have increased by 171% over the five-year period from 1998-2003. That is by far the highest percentage increase of the 147 communities in Eastern Massachusetts. Media accounts of the attractiveness of the city for investors are regular, including the most recent in the January 10th edition of *Banker & Tradesman* that suggested that Chelsea is the hottest residential location in Metropolitan Boston. The development of a budget balancing strategy that counts on 1,200 units of housing production over the next three years is a result of the city's newest and elevated place in the regional housing market. No less than six major housing investments are under discussion currently.

Are neighborhoods improving because investment is pouring in, or is investment pouring in because neighborhoods are improving? After all, gone are the major scourges of neighborhoods in the past, including the Skeleton Building, fire-ravaged YMHA, Marlboro Street drug-house and dozens of other problem properties in residential neighborhoods. Those complicated abatement efforts were years in the making and undertaken in times when market conditions were not so favorable. Arguably, then, it could be said that the revitalization of many of the local neighborhoods could not have taken place without the active and persistent effort of City agents and their counterparts in community-based organization. There is no denying, though, that today's investment environment has made it easier to attract private interest to address the few vacant and dilapidated buildings that still exist.

In fact, private parties undertook many gains on targeted properties for City action in 2004. A total of 43 units have either been redeveloped or are in the process of obtaining building permits on Broadway, Cary Avenue, Chestnut Street, Gerrish Avenue, Grove Street and Washington Avenue. That occurrence suggests that a shift in the City's role may be in order, allowing for more of a focus on compelling uncooperative property owners to dispose of property rather than spending as much time coordinating the actual rehabilitations.

Nonetheless, even with private individuals finding the right incentive to update underforming properties, there are times when the City's role has had to be more extensive. Two properties put through receivership have been successfully redeveloped and occupied this past year. A three-family on Chester Avenue is providing affordability for three families. The second, at 33 Franklin Avenue, has been a focus of the City's for almost a decade and is a good example of the efforts necessary to secure improvements and occupancy.

A building that was unoccupied and in a serious state of disrepair, the two-family on Franklin Avenue was a blight in what is otherwise a very desirable neighborhood. Through City action with its housing partner, Chelsea Restoration Corporation, the latter was appointed receiver of the property. After much work to bring the dwelling up to livable standards, the property was auctioned off with an owner-occupancy covenant attached. The property is now a contributing asset to the neighborhood. Of additional benefit, after all the costs were paid on the renovations and management of the property, the City was also able to recover approximately \$88,000 in back taxes and fees.

The Franklin Avenue example is one of persistency and focus. It demonstrates that a real strength of the City has been the ability and resolve to get vacant properties occupied, to get substandard buildings brought up to code and to get troublesome neighbors into conformance with community norms. The leadership demonstrated by the Planning & Development Department, and supported by the efforts of the Inspectional Services, Police, Fire, Law and Treasury Departments and a host of community partners, has resulted in more than 100 vacant and substandard units now contributing to the rejuvenation of the community.

PROBLEM PROPERTIES – NOXIOUS BUSINESS

The face of business in the community continues to change, and many, including the City, like what they are seeing.

Perhaps the most aggressive action the City has undertaken is the establishment of the Everett Avenue Urban Renewal District. Through that action, many blighting and substandard business structures have been replaced by new development, thereby leading the rebirth of the city's commercial base and overall community revitalization. The City will seek to extend that rejuvenation in 2005 by concentrating on the Sixth and Heard Street areas. The "Chelsea Residential Overlook Project" will aim to completely eliminate the industrial presence in that area, replacing the blighting and substandard buildings abutting Route 1 with a gleaming residential development. A successful project will be a powerful demonstration to the tens of thousands of motorists who drive Route 1 daily and other observers that the city's revitalization continues unabated.

Not all of the City's success on addressing problem properties relating to business is so visible. At least one, the conversion of the Emerson Textile Building on Spencer and Webster Avenues, is nonetheless a terrific story. The project, as envisioned by the City several years ago, was meant to address an industrial/residential conflict in what the City wanted to preserve as a residential neighborhood. By doing so, not only was the negative use removed, but also a fight over what could have been a more detrimental industrial use that could have reoccupied the building was avoided. The City's philosophy of heading off more problem properties before they can take root was clearly successful in the EMTEX case. In its place, 100 lofts have been sold in the renovated manufacturing facility. That development and the promise of a similar redevelopment of the former Mary C. Burke School and potential residential plans for the former National Guard Armory could result in over \$40 million of residential investment in what will surely be a more attractive residential enclave as a result.

Two other successes were front in center in 2004, both on Crescent Avenue. The opening of the On-Time Mailing facility cut by two-thirds the ability of the sweeping company that owned the land to continue operating in a manner that neighbors found unappealing and the City found illegal. While court fights had been active for years, with even more years of legal squabbles likely to follow, the City was able to provide a tax incentive for On-Time to acquire and clear the problem property. Neighborhood residents and City Councillors hailed the On-Time opening this past August as a creative solution to abate a problem property.

Just down the street, the CAPIC opening of its new Head Start facility took an old warehouse that could have been reactivated in a neighborhood and converted it into a new home for the nationally recognized early education program. Neighbors could not be more pleased. Regarding both the CAPIC and On-Time properties, one can only imagine the frustration, legal wrangling, great expense and negative neighborhood impacts industrial projects could have had in their place.

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The basis for today's industrial/residential conflicts lies in yesterday's zoning, or seemingly lack thereof. In older urban communities, especially those defined by the Industrial Revolution, it was not only unusual, but also actually encouraged, to have housing built near industrial buildings. Industry needed workers and workers needed to be able to walk to their work sites. Today, though, at least this City has been trying to remove industrial uses that are no longer warranted in what should otherwise be very livable neighborhoods.

In 2005, in addition to the aforementioned residential project in the EAURD, the City is working with its long-valued community-based residential partner, Chelsea Neighborhood Housing Services, on the conversion of Gerrish Avenue from a mixed, industrial/residential area, into a new residential neighborhood. On the City's end, the City is prepared to commit a million dollars or more in infrastructure improvements to upgrade the area. Other financial and zoning support may also be offered to encourage a new residential development that will feature mixed income housing.

The City is especially buoyed in its efforts on Gerrish Avenue by the work of its State Legislative delegation and other State officials to help encourage such conversions through the enactment of a District Improvement Financing Program. Through DIF, the City can finance acquisitions and infrastructure improvements through bond anticipation notes. DIF also provides the City with eminent domain powers should such be necessary.

In 2004, City officials and the Board of Health dedicated a great deal of energy and strategy towards resolving a problem that has plagued the Lower Broadway neighborhood for generations. The City and BOH are close to announcing an agreement with Global Oil, operators of the Broadway oil facility, that will provide for the installation of state-of-the-art vapor recovery systems to augment the work that has already been performed at the site. Removing the oil odor that impacts the most sensitive noses in the neighborhood has been the City and BOH's top priority. The effort will likely result in equipment installation this summer. Additionally, the City and BOH, financed in part by Global, are undertaking a study of other odor sources for additional remediation actions. The City is appreciative of the outstanding work of its citizens board, as well as the commitment being made by Global Oil as a responsible neighbor. Similar, City Council action has been tremendous and contributory.

Efforts to "think outside the box" are not new to the City. Projects like Cataldo Ambulance and New England Sculpture Services, both of which received final tax relief approvals by the State in 2004, have removed problem properties and prevented others from springing up. The City and City Council have been aggressive in addressing problem properties and will continue to do so to promote the further transformation of neighborhoods and revitalization of the community.

KEEPING CHELSEA BEAUTIFUL

The City's affiliation with the nationally acclaimed Keep America Beautiful (KAB) organization continues to help local stakeholders Keep Chelsea Beautiful (KCB).

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Through KCB, the City has continued community efforts to attack the blighting influences of vacant lots, graffiti and litter. KCB is supported by a number of City agencies and community organizations, as well as scores of individual businesses and residents.

Much progress has been made on beautification efforts, but all that are involved recognize that the job is not done and more needs to be accomplished in the areas of remediation, advocacy and education. To focus City action and continuing stakeholder support on the issues of eradicating blight in all its forms, the City has developed and begun to implement an 8-point plan: "The Cleaner Chelsea Initiative."

POINT I - FORMING A TRASH DISPOSAL ALTERNATIVES COMMITTEE

The Trash Disposal Alternatives Committee will be organized in early 2005. Comprised of City Councillors, City staff and local residents, the committee will be convened to understand, discuss, compare and, if merited, recommend a better way to manage the residential trash disposal process.

The need for the review is a result of the frustration City officials and residents in their neighborhoods experience over the improper manner in which trash is placed out on sidewalks for pickup. Those who utilize barrels are less likely to be contributing to the problem. However, those utilizing bags, especially flimsy bags or those not designed to be used for the disposal of trash, are major sources of consternation. Trash often is falling out of the bags, or tear when they are being picked up. Collectors make an effort to clean what has fallen out of bags, but often it is not possible for them to clean the mess entirely. The result is on trash days and just after, the trash-strewn sidewalks and streets create blight in neighborhoods. This is especially problematic when the City suspends street sweeping during the winter months.

Some have suggested that the City needs to clean more. That rationale ignores the source of the problem and is more reactive than proactive. The City has long operated a street sweeping program and has added a fleet of MadVacs to perform more efficient cleanup operations. With dozens of open or torn bags in neighborhoods spilling out their contents, it is the City's feeling that a more uniform and enforceable process of putting out trash could have a more proactive and sustainable impact on the blighting issues.

One alternative that the City favors is to require that all trash be placed out in barrels, and that barrels cannot be overflowing. Another alternative that has been gaining in popularity in Massachusetts is a "Pay-as-You-Throw" program. Under PAYT, only special bags purchased through the municipality or its vendors would be picked up on trash day. Thus, the quality of bag is ensured. Additionally, PAYT provides an incentive to reduce the amount of solid waste being discarded through recycling.

Representatives from the Massachusetts Department of Environmental Protection will be called in and public outreach will be performed to help the committee generate informed

and educated decisions regarding the range of alternatives. A report will be produced and brought to the full City Council for review before any new policies are adopted.

POINT II – ATTACKING GRAFFITI

The City has maintained a Zero Tolerance on Graffiti on all municipal buildings and public properties. In 2003, the City, through Keep Chelsea Beautiful, introduced a Zero Tolerance Pledge asking businesses to commit to the local fight against graffiti. More than 50 pledges were offered to remove graffiti from buildings and to increase vigilance on properties that have been victimized. The effort to secure business cooperation was renewed this past summer. Additionally, the City has taken to communicating with other business owners and individual dwelling owners, typically investors who do not reside at the property, to give them a “friendly reminder” about the need to abate graffiti before enforcement actions take place. The combined approach has continued to reduce the amount of graffiti in the community.

POINT III – ESTABLISHING A BUSINESS DISTRICT LITTER INITIATIVE

Beautification of core commercial areas and those less traveled begin with controlling litter. Through the Business District Litter Initiative, the City has added more trash receptacles, especially in the downtown, for proper litter disposal, and will seek the participation of store operators and property owners in cleaning and maintaining their properties. Through the trash receptacle initiative, the City purchased and installed attractive, yet durable trash receptacles in the downtown, providing more opportunities for patrons to properly dispose of trash. The early review of the program suggests the effort has been successful. Regarding encouraging responsible parties to clean in front of their properties, the City, through Keep Chelsea Beautiful, and a community partner that will be sought will contact all parties in targeted areas, and especially target major generators of litter, to secure pledges to keep their properties clean. Both actions will be part of discussions the City has in establishing Business District Improvement Plans throughout the community. The initiatives should reduce litter, reduce the time litter remains on streets and sidewalks and improve the image of each business district, thereby promoting further patronage and investment.

POINT IV – ZOOMING IN ON ILLEGAL DUMPING

Like many, if not all communities, illegal dumping is a source of blight and frustration locally. Taking advantage of a benefit of the 14-point plan for increased public safety recently offered by the City, Police and Inspectional Services Department, officials will identify designated hotspots for illegal dumping and utilize mobile surveillance equipment to catch the dumping scofflaws.

POINT V – ADVANCING A RECYLCING ENHANCEMENT PLAN

The local recycling rate is a woeful 5%. Should action be taken on Pay-as-You-Throw or a like system, a positive by-product is likely to be an increased participation in recycling.

To promote better education, the City will seek to engage interested community advocates in raising the level of awareness to recycling. As part of that effort, the City will unveil a recycling participation lottery that will serve to reward those who currently recycle and motivate others to want to recycle in the future. The City seeks to increase the recycling rate to 8% by the end of 2007.

POINT VI – PROMOTING COMMUNITY CLEANUP DAYS

The City currently participates in the Great American Cleanup held every spring in conjunction with the national effort led by Keep America Beautiful. This past May, 250 volunteers logged approximately 1,000 volunteer hours and collected an estimated 9,000 pounds of litter and debris at 10 sites around the city. So successful has been the annual effort that the City, through Keep Chelsea Beautiful, conducted the first annual Fall Community Cleanup in conjunction with the national “Civic Participation Week.” The two cleanups have had a substantial impact on abating graffiti and cleaning up vacant lots. In 2005, cleanup activities will also include beautifying sites with plantings.

POINT VII – ESTABLISHING THE CHELSEA BEAUTIFICATION AWARDS

The City seeks to encourage more stakeholders to undertake their own beautification efforts. Many, however, are already doing their part. In order to recognize those who are motivated as well as those who motivate others to take part in the beautification of the community, the City, through Keep Chelsea Beautiful, will sponsor the Chelsea Beautification Awards. CBA’s will be given to residents or others who display admirable effort, success in or commitment to maintaining properties, recycling waste, and volunteering their time to beautify the city. Those awards will be presented as part of the Fall Community Cleanup program.

POINT VIII – ADVOCATING FOR STATEWIDE POLICY

In addition to advocating for programs and regulations to attack litter and blight on the local level, the City will commit to advocating for statewide initiatives that address litter and blight throughout the commonwealth. The first such effort comes as a result of examining the litter on local streets and those in other communities. The City has advocated for a scratch-ticket return policy and will advocate in 2005 for an extension of the bottle bill to water, juice and other bottled drinks. The City believes the success of the present bottle bill on eliminating cans and bottles from street litter can provide similar success on addressing the street litter caused by non-refundable drink containers and scratch tickets. Legislation has been offered in the past and will likely be refiled at the State House to extend the bottle bill to other bottled drinks. KCB hopes to be active in the debate when the issue is heard again.

ENACTING THE YARD PROGRAM

Consistent with the City’s efforts to address blight in neighborhoods, the Yard Program has been developed. Yard seeks to promote the sale of smaller, unbuildable City-owned

lots that are scattered in several neighborhoods. Candidly, the City is not equipped to properly maintain the handful of such lots that currently exist. Often, the parcels have been used for illegal dumping. Through Yard, though, the City hopes to sell those properties to abutters, thereby helping to put the parcels into the hands of property owners who can better care and certainly have better uses for the now fallow properties. The regulations were finalized in 2004, with dispositions to take place in 2005.

REMEMBERING SMALLER BUSINESS DISTRICTS

The Anchor Projects Program provides intensive economic development focus on major development areas of the city. However, smaller business districts existing in many neighborhoods could benefit from City attention. To examine how City policy and local neighborhood participation could help improve the look and success of a neighborhood business district, the City embarked upon a pilot Business District Improvement Program in Cary Square in 2004. Several meetings initially led by the City have resulted in a program of action for improvements to Cary Square, and have spun off a group that continues to meet on other initiatives that could take place. As a result, the failing brick sidewalks in Cary Square have been removed, a tree grant has been applied for to replace missing trees and an intensive focus on vacant properties has resulted in multiple strategies to promote occupancy. Neighborhood advocates and business owners in the district are talking about celebration days and other public happenings that could breathe additional life into the commercial Cary Square while also leading to the greater rejuvenation of the residential areas it serves.

In 2005, the City will undertake another Business District Improvement Program initiative in a small business district outside of the downtown.

IMPROVING INFRASTRUCTURE A TOP PRIORITY

An important source of neighborhood enhancement is infrastructure improvements. For almost a decade, the City has adopted an annual Capital Improvement Program and, through the CIP, invested tens of millions of dollars into utilities, streets and sidewalks and parks, among several program areas. The results are that neighborhood infrastructure continues to be upgraded, and, in some cases, public properties that were once contributing to blight are now contributing to rejuvenation.

An example of the latter is the Highland Slope. Largely completed in 2003, landscaping was added in 2004. Additionally landscaping will take place in 2005. The slope was not only a problem property as identified by the City, it was the City's. An unused and unpaved portion of Highland Street, the slope has a severe grade. Pedestrians used the slope, although the dirt hill was difficult to traverse. Now, the Highland Slope has stairs and handrails, as well as a manicured landscape.

Infrastructure projects through the CIP and grant sources have provided for the upgrading of a number of smaller green spaces. This April, the City will formerly open the Mace Tot Lot on Crescent Avenue as another improvement of park facilities in local

neighborhoods. Additionally, work funded through City sources for Chelsea Housing Authority tot lots should also be completed in 2005. Improvements to Voke Park will begin this year as well.

A major focus of infrastructure work this past year was around the new Spencer Lofts. City policy is to add public investment in the form of infrastructure work around private investment being made in neighborhoods. Spencer Avenue, Webster Avenue and Dudley Street were upgraded around the Spencer Lofts this past year. City officials and Spencer Loft residents are talking about the possibility of a street fair in 2005 on the newly surfaced Dudley Street.

Additional work on the multi-year, multi-phase Powderhorn Hill Drainage Project also occurred in 2004. Villa Street drainage work was completed, while the long anticipated Crescent Avenue drainage project got underway. That project is a major undertaking, and is the last phase of work to resolve the flooding along Crescent Avenue that has often engulfed cars in the worst of storms.

More than fifty trees were planted on Pearl and Fifth Streets, thanks to a State grant. In 2005, if the City is again successful in securing a State grant, 51 more will be planted along Upper Broadway, in Cary Square, on Chestnut Street and around the Spencer Lofts. Private parties and the Chelsea Green Space and Recreation Committee are also stepping up to raise money for additional plantings in the community, including in the Waterfront and Cary Square neighborhoods. The City is most appreciative for their efforts.

The FY'06 CIP will continue to make improvements to streets, sidewalks and utilities. The major focus will be on Crescent Avenue, where a \$700,000 commitment in FY'05 will be supplemented with another \$2,400,000 in FY'06. The combined work will improve drainage that impacts neighborhood residents, replace one of the worst driving surfaces in the city and promote additional economic development activities in the future.

ZONING ENHANCES AND PROTECTS

Advancing, as well as preserving, the neighborhood gains being made has been the task of the City's Zoning and Planning Boards. Those boards, along with staff assistance from the Planning & Development Department, have held the line against dozens of requests from dwelling owners to convert two- and three-family homes into a larger number of units. Other proposals, like establishing convenience stores in neighborhoods, have been turned down as well. All proposals have been judged against the goal of making the City's neighborhoods more attractive and livable.

That, however, is not to say that growth is not taking place in neighborhoods. The Spencer Avenue neighborhood, for example, is seeing a tremendous amount of investment and the addition of as many as two hundred units of housing. While the projects at the Spencer Lofts, National Guard Armory and Burke School appear to be solid efforts at removing the presence of industrial and institutional uses from the residential area, City officials are taking the extra precaution and studying the impacts

these projects could and will have. Zoning recommendations could be forthcoming from that review.

So, too, could new zoning be produced as a result of a smart growth review that is about to be undertaken in the City's Shopping Center Districts. Funded through a State smart growth planning grant, the City will be examining if zoning changes should be made to ensure that future development in the districts is consistent with and help promote development in adjoining districts and throughout the community.

2005 Goals

- Address the industrial/residential conflicts in the Sixth Street and Gerrish Avenue neighborhoods by encouraging the residential conversion of the industrial properties in those neighborhoods;
- Finalize the odor control agreement with Global Oil and secure the installation of odor control equipment to improve the air quality in the Lower Broadway neighborhood;
- Complete the remaining items on the 8-point plan on a cleaner community, including organizing the Trash Disposal Alternatives Committee; controlling litter through the Business District Litter Initiative; utilizing cameras to address illegal dumping; increasing the rate of recycling; developing a community award program, and advocating for State policy to increase recycling of nonrefundable drink containers and scratch tickets;
- Finalize the Yard Program and dispose of surplus City-owned parcels in neighborhoods;
- Undertake another Business District Improvement Program in a small business district outside of the downtown;
- Continue infrastructure improvements in neighborhoods by advancing a CIP for FY'06, and
- Review zoning studies to determine if amendments to the zoning ordinance would maintain or provide for greater rejuvenation in the community.

FUNDAMENTALS – COMMUNITY DEVELOPMENT

2004 Highlights

- Facilitated improvements to Carter Heights and ensured continued affordability in the 108-unit development;
- Assisted Chelsea Neighborhood Housing Services on refinancing its housing portfolio to free up \$2 million for capital improvements to its existing portfolio and to provide additional resources for future affordable housing activity;
- Created nearly two dozen new affordable rental and ownership units in scattered sites around the community;
- Aided in securing the final approval of Federal project based subsidies to allow for HarborCOV's 24-unit supportive housing development to move into construction at the former Wells Fargo Building on Washington Avenue;

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- Secured the final agreement providing for affordability in 16-units of the 23-unit redevelopment of the former Mary C. Burke Schoolhouse and moved the project into the permitting process;
- Permitted a 23-unit affordable housing development at the Till Building on Broadway and supported an application for State tax credits;
- Received the first contribution to support the City's Affordable Housing Trust Fund;
- Facilitated HarborCOV's acquisition of the former CNHS and Cottage Manor Nursing Home property and coordinated permitting to convert the building into program space and shelter for survivors of domestic violence;
- Supported the Summer Youth Employment Program that resulted in 250 jobs for local kids, and advocated for the expansion of the program statewide;
- Coordinated the offering of a pilot program to combat youth violence;
- Compiled statistics to aid local organizations in applying for grants to support youth services;
- Collaborated on the construction and opening of the CAPIC Head Start facility on Crescent Avenue;
- Secured commitments from Home Depot developers to provide infrastructure improvements, including restrooms, concession stands, lights, bleachers and fences for the Little League fields at the Mary C. Burke School Complex, to construct a walkway along Mill Creek and to aid in the establishment of affordable housing as part of the Parkway Plaza redevelopment;
- Reconfirmed the commitment of the Admirals Hill developer to make improvements and expand the walkway at Island End River;
- Replanted the playing surface and improved the irrigation system at Highland Park to improve conditions for soccer play on the field;
- Expanded the Community Schools offerings, including assisting in the establishment of the Chelsea Young Marines Program as led by a member of the City's Fire Department;
- Achieved the targets established under the No Child Left Behind Act, one of only three urban school districts in the state to fully comply with the provisions of the act;
- Received a Commonwealth Compass School designation for the Hooks School, reflective of that school's achievements on MCAS improvements;
- Collaborated with community partners to undertake the Chelsea Earned Income Tax Credit Program, aiding 250 tax filers and securing \$200,000 in tax returns;
- Advanced Senior Center efforts to secure accreditation as a means to ensure quality programming for local seniors, and
- Encouraged the expansion of community sponsored arts events.

Discussion

As previously noted, the balancing of budgets is meant to then allow City government to improve the quality of life in local neighborhoods and to afford the residents of those neighborhoods an opportunity to experience self growth, individually and as a community. Community development is indeed challenging these days. The needs seem to be constantly expanding, while resources to meet those needs seem ever-shrinking.

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Despite the modest financial resources in the community, there are tremendous “people resources” that are at work producing success after success in the city.

Among the good fortunes of the City, there exists in the community an extensive and accomplished set of non-profit organizations that strive to promote individual and family development. Those community-based organizations are stakeholders in a better life for those they services and all the city’s residents.

While the City continues to prioritize efforts that improve the opportunities for local residents to enjoy better and more fulfilling lives, achievements could not be advanced without the cooperation and, in many cases, the leadership of its partners in those community-based organizations. City efforts in areas like affordable housing, domestic violence, youth services, recreation and more have been and continue the promise of being more effective because of the holistic approach of all the city’s stakeholders to embrace and further strengthen the already strong collaborations that have provided so much success.

The basis of the community development work that is being produced by the City and its partners is a common commitment to the beneficiaries of the collaboration: local residents. Although many of the issues confronting City and community leaders are societal matters that are difficult to completely address in a tiny, 1.8 s.m. community, the efforts being waged locally are models that others around the region, state and country are taking notice of and, in some cases, emulating.

AFFORDABLE HOUSING REMAINS A PRIORITY

The city hosts the fourth greatest percentage of affordable housing in the state, behind only Holyoke, Springfield and Boston, and almost 100% more than the statewide average for affordable housing, 17.8% vs. 9.1%. Despite that record of achievement, affordable housing remains an issue for which advocates press, the City and its affordable housing partners pursue and many local residents need addressed.

Maintaining, let alone expanding, affordable housing in a burgeoning marketplace is an incredibly difficult feat. The city is among the tops in the region in terms of property value growth over the past five years. That is understandable in a rejuvenating community. Each successful effort, be it in housing or across the community revitalizing agenda, seemingly brings more attention to the still relative bargains that exist in local home values compared to those in other places that are also desirable. Yet, while new people with the means to buy or rent in many locations chose the city, others with more limited means are finding it increasingly more difficult to afford the city. Thus, the newspaper stories of the city being a price alternative to Boston, Cambridge and Somerville, at the same time that other newspapers suggest that those priced out locally are now looking towards Lynn.

The City is not an affordable housing developer, per se. Instead, the City provides leadership, financial support and technical assistance to aid its community housing

partners in preserving existing and creating new affordable units. City actions are led by the Planning & Development Department, as ably assisted by the Law Department, Treasury and Inspectional Services Department, depending on the various challenges that an affordable housing strategy requires. Regarding the City's affordable housing partners, Chelsea Neighborhood Housing Services and Chelsea Restoration Corporation are the main collaborators on preservation and expansion projects, while others, like HarborCOV, are growing in importance. The City and those partners are supported by others outside of the community, most notably and ably the Massachusetts Department of Housing and Community Development, North Suburban Home Consortium, Community Economic Development Assistance Corporation and the Hyams Foundation. Of course, the role of the Chelsea Housing Authority in providing quality affordable housing cannot be understated. The City and CHA over the last several years have been working together on infrastructure improvements, including updating parks and providing more security, in order to further enhance the living environment for CHA residents.

In a marketplace with housing values exploding exponentially, the pressures on affordability have been great. The City and its affordable housing partners have nonetheless dedicated considerable time to maintaining affordability. At Carter Heights, renovations are almost complete on the 108-unit development that was acquired in 2003 by a new ownership group that pledged to the City to keep the building affordable. That building could have easily be converted into market rate housing, like many other "expiring use" developments around that state. Yet, City officials encouraged the ownership to maintain the affordability, and were able to work with that ownership group to achieve that goal.

Similarly, the City assisted CNHS in refinancing the latter's rental housing portfolio, extending the affordability of 86-units, about one-third of which would have had affordability covenants expire in five years, with the remaining two-thirds ranging from ten to twenty-eight years. All of those 86-units now will remain affordable for thirty more years. Additionally, 16 of the units are now reserved for the very low income, adding to the inventory for those in the most needy category. Altogether, more than \$2 million was raised for capital improvements and reserves, allowing CHNS to revitalize what was an aging portfolio, while also putting the agency in the financial position to undertake other affordable housing initiatives.

In scattered sites around the city, nearly two dozen new affordable rental and ownership units were created in 2004. Work through the City's housing receivership program created three-units on Chester Avenue, while private developers stepped up to reverse the vacancies and substandard conditions in twelve additional units. On Grove, Chestnut and Essex Streets, four rent-to-own properties containing a total of six-units were sold to first-time homebuyers. Two affordable units were sold in the 16-unit conversion of the former AFCO building on Broadway. City financed first-time homebuyer classes conducted by Chelsea Restoration Corporation had over 400 participants.

Perhaps even more significant in 2004 were the important advances made on several major projects that hold even greater promises on the City's affordable housing agenda

for the upcoming year. A delay in Federal approvals for project based subsidies was cleared, paving the way for construction to begin on HarborCOV's 24-units of supportive and affordable housing for survivors of domestic violence and their families. Finally agreement was secured on the much-anticipated adaptive reuse of the Mary C. Burke School, creating 16-units of affordability in the 23-unit project. The Till Building received City approval for 23-units of affordable family housing on the upper floors of the important downtown building on the corner of Broadway and Congress Avenue. In addition to a funding application to support that development, another application requesting funding for 5-units of affordability was submitted for a project at 583 Broadway.

The City's proposal to promote the development of 1,200 units of new housing is consistent with both the City's economic development and neighborhood revitalization goals, and is being advanced primarily to alleviate a structural budget deficit that threatens the City's overall health. Additionally, as part of that goal, the City will strive to see that at least 15% of those new units will be affordable. That affordability could take place on site, or provide the resources to promote another project offsite. Given that the 1,200 units are not even planned, yet alone approved, financed and constructed, there is much work to be done to see if the 15% goal is achievable. However, the City will make every effort to reach and, perhaps, even exceed the 15% goal.

To the latter point, the City has already gained the commitment from several market rate developers to contribute towards an affordable housing trust fund. Those commitments include: \$140,000 that has been received from the Spencer Lofts developer, and pledges of \$85,000 from the Mill Creek and \$150,000 from the Admirals Hill developers. The Admirals Hill commitment, though, is in jeopardy as several dissatisfied residents have waged a legal action to halt that development. Nonetheless, with State legislation just approved authorizing the creation of such funds, the City believes a trust fund board will be established by the end of the spring to begin the administration of the funding.

A recipient of that funding could be CNHS, as it continues to work with the City on a major affordable housing development. The success of that project could rely upon additional funding to be secured over and above the typical funding provided by traditional players. Two reasons exist for need of such additional funding support and both have held back the occurrence of the CNHS/City goal. First, the conversion of commercial/industrial properties into affordable housing is so expensive that the acquisition values often exceed allowable limits for third party funding support. Second, affordable housing parties are competing with market rate housing developers for many of the same parcels, with that competition driving up acquisitions costs.

Also of potential value in the City's efforts to promote affordable housing may be new programs established by State law and supported by the City's State legislative delegation. Those programs, including Smart Growth Zoning Districts, District Improvement Financing and Urban Center Tax Increment Financing, provide new techniques and funding sources for the acquisition and construction of affordable housing projects. For the first half of 2005, the City will spend considerable time understanding

the new programs and devising a strategy to access those that may be helpful. One key to accessing those programs is that the City has received approval of its State EO 418 application, a necessary step towards securing State grants to support affordable housing projects locally.

THE FIGHT CONTINUES AGAINST DOMESTIC VIOLENCE

For the last five years, combating domestic violence has been at the top of the City's community development agenda. The City's resolve to join with its primary community partner, HarborCOV, and a growing army of supporters, most notably the Chelsea Domestic Violence Task Force, has had a positive impact on the effort to end the cycle of physical, sexual and psychological abuse that threatens individuals, destroys families and jeopardizes the entire community. In 2004, several important program goals were advanced.

HarborCOV's ambitious Community Housing Initiative seeks to develop 50-units of community-based housing to protect the abused and support their families' safe transition to better lives. Three-units have already opened at "Casa Maribel." Unfortunately, a substantial hurdle prevented the anticipated start of construction of the next 24-units from happening at the former Wells Fargo building. However, symbolic of the struggle many women face in overcoming the obstacles that prevent them and their families from having success, HarborCOV and the City persevered. Late in 2004, a logjam was broken, and the necessary project-based rental subsidies became available to support the families who will find a safe haven at the new home. With the project-based subsidies and other financing instruments in place, the City hopes to issue a building permit soon for construction to begin. A late 2005 completion is expected on the \$5 million project.

HarborCOV, again with City and community support, has also moved to stabilized its office situation and provide even greater services and shelter for those who are in need. The partnership between HarborCOV, CNHS and the City to engineer HarborCOV's conversion of the former CNHS and Cottage Manor Nursing Home property on Shawmut Street into offices and temporary housing has secured financing and should also be under construction in 2005.

Growing support against domestic violence was also quite evident at two important HarborCOV events this past year. The annual community breakfast had overflowing attendance, while the first annual "Taste of Chelsea," supported by the Chamber of Commerce and a roster of other community-minded organizations, was one of the most successful community events of the year.

CHAMPIONING YOUTH PROGRAMMING

Not a day goes by that a discussion about youth, especially youth at-risk, does not take place at City Hall. The City, through its CHAMPION Youth coalition, is reaching new levels of youth programming, and remains appreciative of the dozen local agencies which have partnered with the City to advance CHAMPION Youth programming. Most

notably, the work of Roca, the Boys & Girls Club, Choice Thru Education, the Lewis Latimer Society, the Chelsea Human Services Collaborative and Chelsea ASAP has again been outstanding in 2004. Additionally, City efforts through the Community Schools program and the School Department, now under the direction of a new superintendent, have been invaluable.

CHAMPION Youth focuses energy and directs partnerships between and among community-based agencies and the City. CHAMPION Youth operates under the umbrella of the Weed & Seed Program and focuses programming on five key areas: mentoring, safe havens and structured activities, healthy lifestyles, education and employment and civic participation. Quarterly meetings help to ensure that communication continues to flow, while seemingly daily contact among the City's youth advocates makes sure that the much needed focus remains clear and strong.

SUMMER JOBS PROVIDE REWARDING EXPERIENCES

Among CHAMPION Youth's greatest successes is supporting the collaboration led by the Chelsea Human Services Collaborative to promote a local summer employment program for youth. For the second year, the Summer Youth Employment Program raised funds to help local youth secure a meaningful summer work experience and enjoy the benefits of a "fifth day" of programming that emphasizes education and leadership development. The effort, sponsored by the City, the Chamber of Commerce, the Hyams Foundation and Massport, among many others, grew in subscription, from 145 youth in 2003 to 250 youth in 2004. So successful has the program been at keeping kids off the street, providing youth and their families with financial support, instilling a sense of work ethic in participants, developing marketable skills and helping kids to begin to define career goals that the program has been reference for possible expansion elsewhere throughout the state.

ADDRESSING ADDICTIONS

A coalition led by Chelsea ASAP and supported by CHAMPION Youth is active in the community addressing drinking and drugs. In 2004, 16 teens partnered with the Police, parents and community members to reduce underage drinking. Those youth were trained as peer leaders and community organizers by staff from Mother's Against Drunk Driving and the Regional Center for Health Communities. The teens held one-on-one discussions with over 200 youth and adults in the community about underage drinking, participated in discussions about strategies to combat underage drinking and conducted compliance checks.

Another set of teens has been trained through a State grant aimed at reducing access to opiate prescription drugs and heroin. Those teens have worked with other teens, pharmacists, medical staff and community members to educate the dangers of drugs. Additionally work has been undertaken with the Police, Schools, the Latimer Society and other stakeholders around similar issues. Given that studies indicate that drug users are

first exposed to drugs by friends, the work of teens as peer leaders is especially valuable and appreciated.

YOUTH VIOLENCE COLLABORATIVE ENJOYS FAST SUCCESS

The Chelsea Youth Violence Collaborative was launch in 2002 to assess and plan responses to youth violence. Ten community-based organizations comprise the CYVC and have been integral in engaging community members in the conducting of an assessment and then a selection and implementation of a model for action. The initiative was funded by the Substance Abuse and Mental Health Services Administration, a Federal agency.

Interviews, focus groups and retreats were among the multi-stage project conducted by the CYVC. As a result of the work, the CYVC adopted the Families and Schools Together (FAST) Program for a pilot project, and worked with six families on the program. At the completion of the pilot, those families reported significant gains, including family cohesion and expressiveness, with concurrent decreases in negative family interactions.

Based upon those results, the CYVC will now focused on developing and funding initiatives around seven goals: increasing awareness among families about the impact of family violence on children who are exposed to it; improving the image of the city among residents and outsiders; increasing supports for parents and strengthen families; increasing local safety; increasing economic opportunities; increasing recreational opportunities, and increasing community building relationships across ethnicity, age and status boundaries.

To that end, the CYVC will engaging residents, service providers and community leaders in planning initiatives to accomplish the seven objectives. Among the resources available to the CYVC is extensive data collected over the two-year long project. That data is also available to other youth development agencies for support of program creation and grant requests.

A CONFERENCE WILL GIVE YOUTH A VOICE

In addition to the data collected by the CYVC, CHAMPION Youth members undertook a separate effort to supply local providers with data to direct programming initiatives and support grant requests. More than 1,000 surveys were completed and the results tabulated. The task held up plans for a youth conference in 2004, however the data now provides the basis for that youth conference to be held this upcoming year. The goal of the conference will be to get young people more involved in addressing the myriad of issues raised in both the CYVC and CHAMPION Youth study reports. The City will ask its CHAMPION Youth partners to help organize and host what should become an annual event.

COMMUNITY INFRASTRUCTURE KEEPS GETTING BETTER

Arguably, the City's infrastructure in support of youth programming is second to none. While well established facilities like the Jordan Boys & Girls Club and the Roca Youth Center continue to provide for outstanding programming, a new facility came on line in 2004 and is expected to have a similarly tremendous impact on program participants for decades more to come. CAPIC's Head Start facility on Crescent Avenue provides an unparalleled space for the early education programs that have made Head Start a national treasure. The local, \$3 million facility was among one of the more complicated projects upon which the City has collaborated. However, through the leadership of CAPIC, the project was completed and has won rave reviews from staff, parents, attendees and neighbors. Yes, as is often the case with City sponsored projects, the CAPIC Head Start project had also met another goal, preventing an industrial presence from encroaching upon the Crescent Avenue neighborhood.

The artificial turf field at the High School enjoyed a successful first full year of play, with a wide range of programming that included several high school super bowls and state championship soccer games. MetroLacrosse, the community-based non-profit that helped raise funds to construct the field, also hosted several successful events and met and exceeded its programming goals for local youth, including a successful summer program.

Based upon that success, the City has turned its attention to upgrading another field for youth sports, in this case, the Little League field at the Mary C. Burke Complex. No, an artificial surface is not being installed there; the field is in good shape. However, for years, Little League and its supporters have sought, in vain, to install other supports for the long-time youth program. An effort was waged several years ago to raise money for restrooms and, possibly, a concession stand, but that effort fell short. Spectators have no bleachers. Temporary construction fencing separates two playing fields.

In looking at the state of recreational play on local fields, City officials had an initial interest in finding enough open space in the tiny community to construct another Little League field. However, as was the realization that led to the artificial turf being installed at the Stadium, no space exists, at least presently and affordably, to establish another playing surface. Regarding the Stadium project, it was actually cost effective to pay a million dollars for an artificial field that could increase play there by seventeen times, than to pay millions more to buy and construct a new space. In terms of Little League, league officials said the field was good. When they thought of expansion, they wondered if lights, along with restrooms, a concession stand, bleachers and better fencing, would allow them to have a quality home for their program, where extended evening hours would be like adding a new field. City officials agreed, and through a cooperative arrangement with the Home Depot being constructed at Parkway Plaza and the School Department who owns the field, the City and Little League have endorsed a plan to bring all the improvements to the Little League field. The improvements are currently in the design phase. All parties are aiming for opening day this April to have the improvements installed and functional.

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Passive recreation will also benefit from the Home Depot project, as the City and community have negotiated with the redevelopers of Parkway Plaza to add more than a half-mile of walkway along Mill Creek, thereby realizing a decade-long goal of connecting a waterfront walkway from Parkway Plaza to Broadway. In addition to the walkway, benches and a viewing area are being added. Additional improvements at the Broadway side of the walkway have been secured as a result of the second AFCO reuse project. Should a Phase II development occur at Parkway Plaza, the City may entertain the idea of moving Dever Park closer to the walkway, expanding it and providing ample parking. So much more could also become possible, including an interpretive display and infrastructure to support canoeing along the creek.

A similar walkway and observation area has been approved for the Island End River at Admirals Hill. Like the Affordable Housing Trust Fund donation, these improvements have been held hostage by a legal wrangling initiated by a handful of Admirals Hill residents over the proposed development at the site. City officials continue to work with the proposed developer, though, to attempt to hold onto the public benefits the project could produce. If undertaken, the widened walkway and its newly constructed extension will connect Mary O'Malley Park all the way around Island End River to Everett. Public parking, restrooms and provisions for a boat launch could also be created as part of the project.

At Highland Park, the City shut down the playing surface this past summer to install new turf and repair and install new irrigation. Again, relating to the benefits of the artificial field, much of the play was shifted there to allow the City to breathe new life into the tired playing surface. Now that the artificial field exists, the City hopes to manage play more conservatively on the new Highland Park field, thereby strengthening and extending the life of the turf, avoiding its overuse and implementing a better and more routine maintenance plan.

The Tot Lot at Mace Park will officially open this April, and improvements are in the works for Voke Park. Overall, the combination of the City's CIP and other sources of support, including the Executive Office of Environmental Affairs' Urban Self Help Program, has made a huge difference in promoting usable open space and recreation options for local residents.

COMMUNITY SCHOOLS ARE A REAL GEM

Speaking of recreation options, the Community Schools program has exploded under the direction of a very capable director and staff. Community Schools is a cooperative program funded in large part through the City's Federal Weed & Seed Grant. City staff manage the space at the Williams School and, in 2004, expanded programming to the Senior Center and Library. Course offerings per session also double in 2004, from 18 classes per registration period to 36. Community organizations and part-time City instructors provide outstanding programming, from educational to recreational, including ESL classes, portrait drawing, babysitting training and Latin freestyle dance.

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A new Community Schools brochure has helped spread program news beyond word of mouth. Additionally, a PowerPoint presentation was created to give an overview of programming during the Chelsea Public Schools teacher orientation program. Enrollment has swelled to over 1,500 participants a week, with City staff and their community collaborators seeking more ways to get others involved.

One of the more intriguing and exciting programs being offered in the Community Schools is the Chelsea Young Marines Program. More than 20-youth, ranging in age from 8-15, have gone through a basic training and recently graduated from the local boot camp. Military strategy, history and outdoor adventures are the topics when the young marines are not drilling and working on their discipline. The program is run locally by a dedicated firefighter who is an ex-Marine. Parents have raved about the program, and the City is proud to be a co-sponsor.

THE SCHOOL SYSTEM IS EARNING GOOD GRADES

Educational gains in the local school system continue to be achieved. In fact, this past year, out of the 22 urban school districts measured by the State Department of Education, the local school district was one of 3 that fully met achievement targets under the No Child Left Behind Act. Also, this past year, the Hooks School became a Commonwealth Compass School, one of only five elementary schools statewide to receive the honor. As such, it has joined the ranks of previous winners, including the system's Sokolowski School, for achieving academic success on MCAS testing over the previous three years. Regarding MCAS, scores continue to soar, although educators continue to maintain higher expectations and work to that end.

The aforementioned achievements are noteworthy accomplishments that reflect positively on the local system that is managed under a cooperative partnership between Boston University and the Chelsea School Committee. The BU/Chelsea Partnership, now in its seventeenth year, continues to win rave reviews. In fact, the national education newspaper, *Education Week*, recently featured the Partnership on its front page in a story about how reform has worked, how the partnership between the City and BU has matured and about how high expectations for students have taken hold and are being met.

Concerns still exist, but not ignored. During the seamless transition to a new Superintendent, Dr. Thomas Kingston, the system has continued to focus on improving student achievement. Although past targets have been met on the path to improvement, each year more demanding targets are set. The system, therefore, continues to do away with old habits that are not productive, instead emphasizing those habits that are known to work, including: attention to daily work, attention to consistent improvement, attention to homework and attention to daily attendance.

As the efforts to promote systemwide change to reach more students further, the system continues to reinvent itself. This past year, for example, three comprehensive grade 5 through grade 8 middle schools were opened, two at the Williams Middle School and one

at the Clark Avenue School. By creating the three distinct schools, teachers and principals will know students better, will know them for longer periods of time and will provide them a more stable and safe learning environment. Similarly, this past year, in response to many parents' wishes, one elementary school, the Kelly School, and one of the middle schools, the Clark Avenue School, were opened as schools where students wear simple but attractive uniforms. The initiative has been widely embraced by parents and students and creates an atmosphere where social pressures to be the latest model of fashion are substantially decreased and opportunities to focus on learning are enhanced.

Efforts have also increased to invite parents into the schools, to extend the work of the school site councils and to address parents' concerns about school safety, children's health and the body of learning that takes place in each and every classroom. The results have been more parental involvement in the daily activities of students, and greater participation at school events. The recent MCAS recognition awards ceremony, for example, was moved from what was always considered to be a large high school auditorium to the high school gymnasium to accommodate the growing number of award winners and proud families and friends.

Proud could also describe the City's feelings with the visit this past June of First Lady Laura Bush. The local Reading First and Writers' Workshop program has so caught the attention of Federal officials at the National Institutes of Health and the Department of Education that Mrs. Bush came to visit and endorse the progress local students are realizing. The program has been expanded in the early grades to provide more students with the opportunity to improve reading and writing skills.

Three basic principles exist for the Partnership: students should be ready to learn, teachers should be prepared and equipped to teach and important subject matter must be taught and learned through a coherent plan of instruction. Those principles being met, improvements in the quality of education being offered in the local school system and the achievement being enjoyed by local students continue to position the City's schools as among the state's best urban districts.

HELPING RESIDENTS SECURE EARNED INCOME TAX CREDITS

Seventy-five volunteers from the City and other community agencies, including Centro Latino and Chelsea Restoration Corporation, held a successful Earned Income Tax Credit project in 2004. The Chelsea/EITC coalition provided free tax preparation services for 250 filers last year, resulting in \$200,000 in tax returns, including an average of \$1,600 in earned income tax credits. A similar effort will be waged in 2005. The goal is to allow many more local income tax filers to gain larger tax returns, in turn, to better support themselves and their families.

STRIVING FOR THE BEST FOR OUR SENIORS

City leaders, together with the Board of Directors on Elder Affairs, Friends of the Council on Aging and members of the community, have been meeting over the past year

to compile information needed for the process of securing accreditation for the local Senior Center. To be accredited, a Senior Center must be in compliance with state standards that include policies and procedures for staff and volunteers, community resources, fiscal management and a mission statement. Being accredited would mean that the Senior Center is reaching the goals the City has in fact set to provide the very best experience possible for seniors who attend the facility on Riley Way.

Staff, board members and seniors are playing key rolls in pressing forward with accreditation. In addition to providing documentation on achieving standards, the working group is challenged to develop standards in areas where the Senior Center may be deficient.

Over 35 individuals involved in 9 subcommittees met more than 25 times to gather information and implement compliance requirements this past year. In 2005, the local team expects to be contacted by the National Council on Aging for a Peer Review. That review is the final step in the process of becoming accredited.

ADVANCING THE ARTS

Two new loft developments are providing local artists with outlets to display their works. The Pearl Street and Spencer Lofts are exciting new residential developments that have new and energized residents looking to contribute to and advance the local art scene. As that takes place, Chelsea Theatre Works continues to offer critically acclaimed programming. Helping to advance the work of those patrons of community arts and others is a Cultural Council which has become one of the most active arts panels the City has ever sponsored.

This upcoming year, the City, though the Cultural Council and others, hopes to promote an even greater appreciation and recognition of the arts in the community. The Cary Square Neighbors Association House Tour, the street fair in the Lower Broadway neighborhood and the occasional displays in the Chelsea City Café have certainly piqued local interest, as has the long running Latin American Cultural Festival. Adding to those offerings could be a springtime celebration at the Spencer Lofts and additional events sponsored by the Cary Square Business District Initiative.

2005 Goals

- Assist HarborCOV in beginning the construction on its 24-unit supportive housing program under its Community Housing Initiative;
- Provide permitting assistance to lead to the start of construction on the 23-unit Mary C. Burke Schoolhouse project, which includes 16-units of affordability;
- Aid in the securing of tax credits to promote the 23-unit affordable housing project at the Till Building on Broadway;
- Establish the Affordable Housing Trust Fund Board and begin the work in supporting affordable housing projects throughout the community;

- Collaborate with Chelsea Neighborhood Housing Services on a major affordable housing project;
- Review and determine the value and applicability of the various new affordable housing supports adopted by the State in 2004;
- Facilitate the development of the former CNHS and Cottage Manor Nursing Home building into programming and shelter space for HarborCOV;
- Organize a Youth Conference with the support of a lead community partner;
- Oversee the planning and construction of infrastructure improvements to support Little League play at the Mary C. Burke School Complex;
- Ensure that the planned walkway improvements along the Mill Creek and Island End River move into construction;
- Plan improvements to Dever Park as part of the Phase II redevelopment of Parkway Plaza;
- Open Highland Park for soccer play on a new field and initiate a maintenance plan to extend the life of the new turf;
- Complete the tot lot at Mace Park and assist the Chelsea Housing Authority in completing its City-funded renovations of its tot lots, and
- Secure accreditation for the Senior Center.

FUNDAMENTALS – GOVERNMENTAL PHILOSOPHY

2004 Highlights

- Conducted a special election to seat School Committee members under a new, eight district plus one at-large composition;
- Engaged community residents by hosting a second Chelsea Participates! program;
- Started the Senior Tax Work-Off Program to provide eligible elderly homeowners an opportunity to volunteer for City service in return for a \$750 credit on their property tax bills;
- Investigated and selected a vendor to offer e-government services, including web-based and automatic payments, and
- Participated in the Reverse 911 planning group to ensure the City's participation in the system that, once installed, will allow the City to provide emergency calls in multiple languages out to residents.

Discussion

City government strives to be open and honest. While some can and will always debate the former, there is no evidence to question the latter. The City takes so serious the need to promote integrity that even items not required to be bid, like trash and ambulance contracts, are put out for proposals. There is no room in today or tomorrow's City for a return to yesteryear, when political influence and worse led decision-makers to the wrong decisions for the wrong reasons at the expense of the public good. City Hall has established a reputation of being beyond reproach. That reputation has been hard earned and closely guarded.

But a city government needs to be more than honest to be considered a success. Openness is a trait City leaders therefore value and strive to promote. Open to new ideas, as well as old ones. Open to people with differing perspectives, even when those perspectives call into question the decisions being made by City leaders. Open to inspection on even the smallest of details. Open to share power, when such sharing means the very best for the residents of the community.

Added to and complementary of openness and honesty, the City seeks to be professional and visionary. Professional in the manner in which decisions are made and actions carried out. Visionary, in that the City must search for new ways to address old issues, and anticipate future needs and opportunities before they happen.

The City has also sought to be an activist. On issues like domestic violence and youth at risk, the City is an indisputable leader, often sought after for advice and explanation throughout the commonwealth and beyond. The City is also engaged in public policy debates, in areas like community safety, regional growth and municipal finance. As much as the City values good citizenship amongst local residents, the City also strives to be a good citizen in the state and country.

With those as underpinnings, it is the willingness to engage in and actively promote collaboration that sets the foundation upon which the City seeks to build a rejuvenating community. Through partnerships with stakeholders in a better city, including business leaders, community-based organization officials, neighborhood groups and individual residents, the City strives for a unified, pro-Chelsea agenda to serve one and all.

Saying one wants a unified, pro-Chelsea agenda and actually and actively working towards its achievement are two separate matters. The City has sought to institutionalize the concepts referenced above, thereby increasing the likelihood and working towards the day that all the City's stakeholders will embrace and display such attitudes and cooperation amongst one and other. Although that goal has not yet been fully realized, as there is still work that can and should be done, the drive towards accomplishing the goal also helps to explain the significant achievements that have been secured during the journey. There is no denying that the City is a better and more responsive municipal entity, and that the entire community has reaped the benefits of such. That problems still exist in the community relates more to time and resource than ignorance and indifference.

City government seeks to engage and be responsive to those it serves and others with whom it collaborates. Although six years removed from an "All-America City" award, the City continues to operate under the philosophy that garnered the community that recognition, remarkably just four years after emerging from Receivership.

DISTRICTS MATTER TO SCHOOL COMMITTEE

A new process of electing School Committee members was adopted and implemented in 2004. With the November, 2004 election and January, 2005 seating of the new nine-

member panel, the eight district plus one at-large composition of the new School Committee replaced the former seven elected at-large configuration. The impetus for that change was the discussion between Federal and City officials regarding equal access to voting. The changed system was proposed and adopted by City officials to ensure that the City was in compliance with the Federal Voting Rights Act.

The new election was held without a hitch, although the event itself was anything but usual. Being the first time and held as a special election during the much more publicized Presidential election, candidate participation was not as high as many had hoped. In fact, several sticker candidates found themselves campaigning for seats in districts that had one or no candidates submitting nomination papers. In the end, the new panel, which includes four new members and five of the seven incumbents, has been seated. A new election will be held as part of the regular municipal election cycle this upcoming fall.

Regarding municipal elections, the City Council is expected to entertain a motion to conform its district lines to those of the new School Committee. The move would head off any voter confusion and provide for more clarity and integrity for the municipal electoral process. Debate on such a move is ongoing.

CONFERENCE ON CIVIC HEALTH IS OVERDUE

If acknowledging failure is a tenet of a progressing community, then the City must acknowledge that the plan to conduct a Conference on Civic Health was not realized in 2004. Through that conference, the City had hoped to re-engage and re-energize community leaders in an attempt to refocus one and all on the pressing matters facing the community. The desire to hold the largest community discussion since the City was awarded the All-America City status by the National Civic League in 1998 was not the result of a failure of collaboration and action to take place. No, the forum was more to make sure that the bumps and bruises that sometimes come along with the fight for community improvements would not leave a long-term scar on the face of the city.

Organizational start-up difficulties and scheduling conflicts in trying to bring together such a large group caused the hold-up last year. Undeterred, the City will again prioritize the conference in 2005.

RESIDENTS JOIN CHELSEA PARTICIPATES!

The City again partook in “Civic Participation Week” this past year, with the major initiatives being the addition of a second community clean-up day through Keep Chelsea Beautiful and the offering of the second annual “Chelsea Participates!” program. Through Chelsea Participates!, more than a dozen new and several long-term residents participated in three community education classes on municipal government, community-based organizations and boards & commissions. The fourth and last session for program participants takes place at the State of the City Address.

The Chelsea Participates! initiative is meant to engage newer residents in their community and develop a broader base of activists upon which the City and community-based organizations can draw. The interaction between city leaders and new residents is also a way for those leaders to become familiar with the observations and aspirations of newer residents as they move to the community. The program has been very successful, having led to many of the previous participants being appointed to municipal boards and volunteering with community organizations. Another session is planned for 2005.

SENIORS CONTRIBUTING AND SAVING ON TAXES

A rewarding initiative of 2004 was the Senior Tax Work-Off Program. Through the State authorized program, eligible senior homeowners can volunteer their time to the City in return for a maximum credit of \$750 on their property tax bills. Eleven seniors have been making contributions to a variety of City departments, including the Library, Senior Center and Planning & Development Department. The greatest focus of the program has been to provide "City Hall greeters" to welcome patrons to City Hall and to help direct those less familiar with departmental locations to find their way. So successful has been the program and so rewarding has it been for the participants that the City will attempt to expand the number of seniors enrolled to 18 in 2005.

E-GOVERNMENT PAYS

The City has investigated and selected Unibank this past year to provide e-government payment options for residents paying taxes, utility bills and other fees. The systems are now being tested, with a roll out of the e-government initiatives to occur early in 2005.

One service to be offered will be online bill payment. The process will provide web access for customers to pay bills via the internet and at their convenience. Customers will have the choice of paying by credit card, at a nominal fee collected by the card issuer, or by a deduction from their checking account. The latter option will be available at no charge to customers.

Another service the City hopes to install in 2005 is an automatic payment option that is targeted to customers paying utility bills on a monthly basis. Invoices will continue to be sent, but payments will be automatically deducted from the customer's bank account.

Convenience for customers is the primary reason to expand into those e-government initiatives. A secondary benefit does come in the form of more complete and accurate transition records and a reduction in data entry and paperwork. Through e-government, the City also hopes to reduce the lines in City Hall and increase the overall efficiency of the departments participating in the emerging technology.

REVERSE 911 BRINGS THE CITY HOME

Communicating with residents is critical, especially in times of crisis. A Federal Homeland Security Grant has provided funding for area communities in the Metropolitan

Boston Homeland Security Coalition to establish Reverse 911 communications. In 2004, the details, including technical requirements, have been identified and almost entirely resolved. The system should be up and operational in early 2005.

Hopefully, the message that the system is primarily set up to deliver, in response to a terrorist attack or other national crisis, will never be sent. However, the Federal program providing for the emergency communication system allows for and even encourages non-homeland security use of the equipment and technology that is being provided to communities. A significant reason for such a strategy is to ensure that the systems being provided are recognized by local residents and easily administered through regular familiarity by local public safety professionals.

Once operational, Reverse 911 will provide calls to resident homes for snow emergencies, school cancellations, infrastructure repair issues and much more. The system is flexible and interactive enough to allow for multiple languages to be heard and a response back to the call center to be made by individuals at home. For example, during an Amber Alert, a broadcast of a description of a missing person could be issued, with the ability of anyone with information to immediately respond back to the Police.

EMPLOYEES OF THE MONTH REPRESENT THE VERY BEST

Budget issues have led to reduced staffing at City Hall. Despite the challenges the exist as a result of the reductions, City Hall employees continue to meet and exceed the expectations of the City, especially in service to the public. As the City continues to stress customer service, those employees who best exemplify customer service in action are being recognized by an "Employee of the Month" Program established at the tail end of 2003. While the rewards are modest: a small desk clock and a reserved parking space at City Hall, the tribute paid to employees is most noteworthy. For 2004, employees that have been recognized include:

George Strassberger, Library
Carol Martinez, Planning & Development
Minna Marino, Assessing
Georgie Marks, Health & Human Services
James Caron, DPW
Patrice Montefusco, Treasury
Henry Higgins, DPW
Jean Finochetti Clark, Planning & Development
Susan Marotta, DPW
John DePriest, Planning & Development
Bob Bishop, City Clerk's Office
Richie Zullo, ISD

The City congratulates all the award winners and appreciates their outstanding efforts in representing the very best ideals of public and customer service.

2005 Goals

- Facilitate City Council discussion on the potential to alter Council district lines to conform to newly adopted School Committee lines in order to promote uniformity and limit potential voter confusion;
- Undertake a Conference on Civic Health to re-engage and re-energize community leaders around a common agenda;
- Expand the Senior Tax Work-Off Program to 18 participants;
- Implement e-government services providing for web-based and automatic payments, and
- Coordinate necessary infrastructure and technical requirements to establish a Reverse 911 that will allow the City to send emergency messages via telephone lines out to residents.

ADDENDUM

Ten years ago, the City was just thinking of the possibilities of a post-Receiver'ship era. That August, when the City did finally emerge from Receiver'ship, a commitment was made by City officials to do everything humanly possible to keep the City from again experiencing the level of financial, political and civic decline that led the City into Receiver'ship in the first place. *A Rejuvenating Community* is another in a series of success stories reporting that City officials have again made good on that initial pledge.

Make no mistake, though. Despite the balanced budgets, All-America City Awards, incredible Boys & Girls Club facilities and much more, several City leaders remember Receiver'ship all too vividly to be comfortable. The fear of slipping back to the past remains a powerful motivator for the City to strive for even greater heights, despite the ample challenges that lie ahead.

Finances are a struggle, but they are a struggle everywhere. That the City has survived the worst fiscal environment in decades, while it fell victim to a minor downturn in the early 1990's, is a huge victory. That victory aside, though, management and planning are attempting to keep the ship of city afloat until the State economy produces better local aid results or the City's own effort to build its way out of deficit is realized.

The streets could and should be safer. The Police are on top of the situation, aided by many outstanding organizations, including a nationally renowned leader in at-risk youth programming, Roca. The City Council has provided greater tools in the form of new ordinances and, more importantly, have contributed to and embraced a 14-point plan to improve community safety. Speaking of community safety, the City remains at the forefront of such a movement and has been influential in addressing issues which, just like the financial, are a struggle, unfortunately, for so very many.

Kids remain a concern. The pressures on kids and community are great, so issues involving youth are most critical to the City and others. In addition to Roca, organizations like the Chelsea Human Services Collaborative are figuring out ways to get

kids summer jobs, while Chelsea ASAP and its partners are addressing addiction issues. Perhaps, most importantly, solid gains continue to be made in the schools, and a terrific Community Schools program is reaching out to so many.

Community action around what is an important public safety issue, domestic violence, has reached tremendous levels. When HarborCOV, the Chelsea Domestic Violence Task Force and the Chamber of Commerce came together to host the “Taste of Chelsea,” the City could not have been more pleased to see the success of its efforts to move the issue of domestic violence out of the shadows and into the spotlight. Yet, as early as January 1st of this new year, the first major incident of domestic violence almost cost the lives of a local mother and her daughter.

Investment is pouring into the community, but every positive can have a negative. The City has been ahead of land use regulations, and has been able to defeat proposals that would have been a setback for greater community revitalization. There is no denying the upward spiral of property values is having an impact on affordability in the community. The Collaborative and Centro Latino continue to remind the City of that and the City, in turn, looks forward to the benefits of the new leadership at Chelsea Neighborhood Housing Services for a partnership to produce more quality affordable housing in the months and years ahead. In the meantime, Chelsea Restoration Corporation continues to partner with the City on more modest affordable housing projects.

The environment we grew up with is the same environment that many now point to as unsafe and a priority for change. Chelsea Green Space is a leader in that movement, and has the City and many others at its side on so many battles. Perhaps unlike yesteryear, businesses are being more responsive to community concerns. Global Oil’s willingness to work with the City on odor issues, for example, is an admirable one. It was not too many years ago that the two were at odds, waging a costly legal battle, the likes of which no one ever seems to win. Instead, today, more responsible and, perhaps, more mature leaders are instead trying to help each other to victory, with local residents being the beneficiaries.

A Rejuvenating Community owes its many successes to no one individual, but instead to one common underpinning. Yes, the City provides a great deal of leadership, but is not the only leader in this great city. In fact, scores of stakeholders representing government, community-based organizations, the business community, neighborhood groups and individuals regularly work together for a common cause; what the City likes to call a “pro-Chelsea” agenda. The City and its stakeholders have learned that through collaboration anything is possible.

Obviously, things are not perfect. The problems of urban America appear in varying degrees in the community. But a philosophy exists and a buy-in to that philosophy has occurred that allows the community to rally around so many issues and produce so many more positive outcomes. Kids can’t find jobs because summer employment is no longer funded through State programming; no problem, we’ll just devise one locally, and we’ll even add a leadership component to it. A vacant property is a detriment in a

neighborhood; let's come together to gain control of it, fix it up and then sell it for owner occupancy or affordable housing. Lower level gang activity is becoming more concerning; why not direct our Police to show more force while we develop more programming to respond to the underlying issues. On and on the story could go, with many more endings being one of hope and success. The City has its community partners to thank.

Regarding community partners, champions among us continue to wage remarkable efforts. In particular, the City wishes to extend a huge debt of gratitude to a former All-Chelsea Award recipient, Bob Repucci of CAPIC. His organization's tremendous accomplishment in securing a spectacular home for the local Head Start Program is most noteworthy. So, too, is his own selfless commitment to seeing the project through to completion. Thousands and thousands of local children will receive the life enhancing instruction that Head Start can provide. Only a select few in the community, though, will ever know to what extent CAPIC leadership was willing to go in order to give those kids a chance to break the cycle of poverty and despair that we all would wish for every kid.

At the third annual All-Chelsea Awards, another distinguish roster of recipients was recognized for their community efforts, including:

Public Servant of the Year – **Joan Lanzillo**, Department of Public Works
Businessman of the Year – **Barbara Martin**, Boston Federal Savings Bank
Community Organization Person of the Year – **Molly Baldwin**, Roca
Youth Resident of the Year – **Samir Keco**
Adult Resident of the Year – **Cary Shuman**
Senior of the Year – **Anita McCandless**
Project of the Year – **Chelsea Summer Youth Employment Program**
Contributing Stakeholder of the Year – **The Hyams Foundation**

The Honorable **Tom Birmingham**, School Committeewoman **Elizabeth McBride** and multiply Grammy Award artist **Chick Corea** were selected to receive the lifetime achievement awards. Their names are added to those who have similarly been recognized in the past, including Lenny Florence, Andrew Quigley, Guy Santagate, Morrie Seigal, Richie Voke and Helen Zucco. Combined, this "hall of fame" of sorts is reflective of the terrific accomplishments the sons and daughters of the city have achieved and continue to enjoy.

Other distinguished individuals honor the community with their daily service. From Congressman Michael Capuano to Suffolk County officers, Sheriff Andrea Cabral and District Attorney Dan Conley, the City is well served by such stewards of the public trust. The city's legislative delegation of Senator Jarrett Barrios and Representatives Eugene O'Flaherty and Kathi Reinstein are seemingly everywhere and on top of every local issue. On behalf of all the city's residents, those officials and other public servants on the State and Federal level are thanked for their advocacy and counsel.

Locally, the School Committee and Boston University Management Team continue to press forward on a successful educational agenda. Students and parents are appreciative of those efforts.

A Rejuvenating Community could not be possible without the unparalleled leadership of the City Council and tremendous daily work of the City's staff. Together, the two form a powerful partnership that is producing success after success for all the city's residents and stakeholders. Equally as important, the City team is making sure that the City does not regress on its all-important mission on behalf of those who have entrusted the City to achieve.

The City Administration remains committed to advancing an agenda that places the community above all others. There are sure to be pitfalls along with way, but the drive to overcome the challenges and continue to reach new heights is what *A Rejuvenating Community* is truly all about.