



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

May 23, 2013

Honorable Salem City Council
Salem City Hall
Salem, MA 01970

Re: Proposed FY2014 Operating Budget

Gentlemen of the Council:

I am pleased to submit for your consideration a \$136,194,702 proposed Fiscal Year 2014 budget for the City of Salem. This represents a 1.05% increase over the FY2013 adjusted municipal budget.

As you know, every budget cycle seems to bring its own unique challenges and opportunities. I am pleased that we are able to present an operating budget that maintains our dedication to fiscal responsibility while also enabling us to lead Salem forward into the 21st century. Through disciplined fiscal management, we continue to prioritize funding for our core tenets of **public education, public safety** and the **rebuilding of our aging infrastructure**. We are able to undertake this work due to our past attentiveness to City finances and our collective efforts to reign in costly health insurance benefits. We are also seeing both public and private investments in Salem continue to rise, which will boost our short and long term economic growth forecasts.

Some key factors to consider in reviewing this year's budget include the following:

Education – Strengthening our commitment to first class public schools

This year the budget increases funding to Salem's public schools by \$2,094,529, or 4.06%. This level of increase is necessary in order to support existing programs within our public schools, as well as new expenditures related to school improvement plans and recently negotiated collective bargaining agreements. The School Committee is in the process of finalizing the School Department budget, but the proposed number for education funding is consistent with our talks to date and will enable us to move forward with important goals, such as advancing high quality instructional practices, performing regular assessments of our work, implementing expanded learning time opportunities, and creating a culture of high expectations and accountability within all Salem schools. These investments are critical components of the District's accelerated turnaround plan and will help ensure that we make progress in meeting our annual student achievement goals.

Public Safety – Keeping homes and neighborhoods safe

A key priority of the FY14 operating budget is a more robust investment in our city's public safety. The proposed budget includes additional funding for two new police officers, one starting in July and one starting mid-year in January. This will help us to restore positions lost in prior budget years and, more importantly, put us in a better position to respond to the needs of our growing City. Working with Chief Tucker we will assign any new staff based on a careful analysis of workload needs, in order to ensure maximum value to the Department. In particular, the Chief has placed a renewed focus on community policing initiatives. The addition of patrol staff will enable us to perform more 'park and walk' patrols and advance neighborhood watch initiatives. In addition, given the recent tragedies associated with the Boston Marathon bombings, we intend to place an even greater focus on our public safety planning for October. Public safety personnel will be working closely with state and federal agencies to perform both threat assessments and training exercises as we prepare for our month-long Haunted Happenings celebration. With respect to the Fire Department, we have proposed funding consistent with the existing collective bargaining agreement in order to hire an additional two firefighters, with staggered start dates in the new fiscal year. This will enable us to keep more apparatus in service throughout the year and be better prepared to respond to fire incidents and medical aid calls within Salem.

Embracing Diversity - Building a stronger civic network

As we strive to improve our schools and enhance public safety in the neighborhoods, one overlooked area of concern relates to embracing diversity within our community. Oftentimes, newcomers to our city find it challenging to understand and navigate the myriad of municipal programs and requirements, both within City Hall and outside of it.. In particular, new immigrants who may not be familiar with the language or the culture of our city. We hope to improve communication and outreach efforts to members of our Latino community by enhancing translation services and hiring a part-time coordinator to help the City engage and educate Latino families on important municipal programs. This initiative is part of an on-going dialogue with the Latino Leadership Coalition, a newly formed group of young Latino residents who want to work collaboratively with local government, and is aimed at channeling information both to and from Latino residents in an improved manner. While initial efforts may focus on the Point Neighborhood, we see this initiative as something that can be embraced citywide.

Rebuilding our Aging Infrastructure

With the City's quadricentennial just 12 years away, it is no surprise that keeping pace with our aging infrastructure is both a necessity and a challenge. This will require us to continue investments in our capital and operation budgets to allow for maintenance of roads, drains, and water and sewer mains, as well as parks and recreational areas. As costly as these items may be today, I can assure you that deferring current expenditures will only increase the cost to address these fundamental needs in later years. We are proposing robust investments in key corridors such as Canal Street, along with maintenance upgrades to aging water tanks and old water meters. Drainage improvements are planned to ensure compliance with new federal storm water regulations. In addition, we are preparing for proposed public utility transmission upgrades and have included funding to help us review and advocate for residents and businesses impacted by the proposed project.

Water, Sewer, and Trash Enterprise

In addition to the operational budget I am also enclosing an order to combine our water and sewer enterprise accounts, a practice just recently allowed and embraced by the Department of Revenue. Since many of our water and sewer expenditures are related, both by cost structure and billing, combining these accounts will create more flexibility and help us to moderate increases. Based on proposed needs for the next fiscal year, we expect that water and sewer rates will need to increase by 5% , effective July 1, 2013.

As you know, previously we have increased rates by 9% in water and 4% in sewer and held off on a multiyear rate plan so we could better evaluate the impacts of new meters and pump station upgrades. Over this time we have made good progress in upgrading our water and sewer infrastructure systems, but with a system as old as ours we continually need to make improvements. In addition, with the power plant coming off line as of June, 2014, we want to undertake some rate modeling exercises to gauge the impact of the plant closing, given that this facility currently uses in excess of 100,000 gallons of water per day. We will experience a significant decline in both revenues and water charges. This will undoubtedly have an impact on rates and we plan to analyze those impacts over the next several months.

Please note that the proposed water and sewer budget includes payments for projects bonded and completed over the last three years to upgrade and improve the most antiquated parts of our water and sewer system. These projects include substantial investments in our infrastructure such as the relining of the water transmission line on Rantoul Street in Beverly, a main supply line for providing water to the city from Wenham Lake; initial review and partial rehabilitation of the Gallows Hill and Folly Hill water storage tanks, including the installation of mixing systems in each tank to improve water quality; two phases of the citywide water meter replacement program; and substantial upgrades of older, deteriorated mains throughout our community. In addition to increases related to capital expenditures, rates also need to account for the annual assessment from the Salem Beverly Water Supply Board and the South Essex Sewerage District.

If these recommendations are approved, the average household will see a combined annual bill of \$1,352 or just over \$112 per month which is still much lower than many surrounding communities. The combined average annual water/sewer rates for these communities are \$1,441. Salem's average water/sewer bill for FY14 would be \$89 less per year than the average of our surrounding communities (see attached water/sewer rate comparison spread sheet).

While I know it is never easy to vote for an increase in water and sewer rates, we also do not want to find ourselves in the position of neglecting expensive, but necessary repairs and upkeep to our water and sewer system. Failing to make these types of investments jeopardizes the smooth operation of these systems and, ultimately, may cost taxpayers more in later years. We have done our best to plan for our capital needs while also being mindful of the impact on ratepayers.

With respect to our solid waste collection costs, we were able to significantly reduce costs in FY14 by soliciting bids for this service. We expect to save a minimum of \$200,000 in our annual trash collection and disposal costs and a reduction in the monthly trash fee from \$16 to \$15 per month for residents and from \$24 to \$22 for commercial use is also included for your approval.

Balancing the City's operating budget is no easy task and I appreciate the hard work and cooperation our Department heads have put forth in the preparation of this year's budget. In particular, I cannot say enough about the extra effort made by our Finance Department, led by new Director Sarah Stanton and ably assisted by veteran Assistant Finance Director Nina Bridgman. Their tireless work ensured that the budget was ready for submission and in compliance with the high standards we set for ourselves pursuant to Government Finance Officers Association (GFOA) Distinguished Budget guidelines. The purpose of the GFOA is to enhance professional management of governments for public benefit by identifying and developing financial policies and best practices and promoting their use. We are one of only a handful of Massachusetts communities who annually qualify for both a Certificate of Excellence for our Comprehensive Annual Financial Reporting (CAFR) and a Distinguished Budget Award from the GFOA.

I look forward to working with you over the coming weeks to enact the proposed FY 2014 spending plan for municipal operations.

Very truly yours,

Kimberley Driscoll
Mayor

FY2014 Operating Budget and Capital Budget Overview

Kimberley Driscoll, Mayor

Sarah Stanton, Finance Director

May 23, 2013

Proposed FY14 Capital Budget

- **Capital Improvement Program (CIP) is the long term plan for capital improvements throughout the City (multiple year)**
- **Capital items are tangible assets or projects with a value of \$25,000 or more.**
- **Examples of Capital Assets are Fire Truck, DPW equipment, Buildings (purchase or major renovations), water and sewer infrastructure. Items that are NOT capital assets include services, painting rooms or buildings, books, field maintenance, routine building maintenance.**
- **Capital requests must have a depreciable life of five (5) or more years.**
- **General Fund and Enterprise Funds**
- **Capital Budget is the spending plan for the upcoming fiscal year (FY14)**
- **Combined, the CIP and Capital Budget are tools that help professionalize how capital projects are identified, prioritized, and funded for all City departments.**

Proposed FY14 Capital Budget

Executive Summary – General Fund

- This Capital Plan has multiple funding sources, including grant funds, capital lease, one-time appropriations, and bonding. New for FY 2014 we are proposing CPA funding in the Capital Plan.
- The total proposed Capital Plan for the City of Salem for FY14 is \$5,880,700
 - **Long Term Debt: \$2,480,000**
 - **Grants and Other Financial Sources: \$2,255,800**
 - **Capital Outlay Fund: \$353,000**
 - **Capital Lease: \$279,000**
- The list proposed is a scaled down list from departmental requests, with priority given to those projects that are supplemented by grant dollars or any other revenue sources that will keep net general fund expenditures to a minimum.
- Details on the General Fund CIP can be found in Section 7 of your budget book

Proposed FY14 Capital Budget

Executive Summary – Enterprise Funds

- The Enterprise Fund's Capital Plan has multiple funding sources, including retained earnings, SESD funds, and bonding.
- The total proposed Capital Plan for the City of Salem's Enterprise Funds for FY14 is \$1,275,000.00.
- There will be bonding for water and sewer capital for FY2014 for the internal/external rehabilitation of the Folly Hills Storage Tank. All other projects will be funded with retained earnings and from SESD retained earnings.
- The list proposed has been reviewed and approved by the City's Engineer.
- Details on the Enterprise Funds CIP can be found in Section 7 of your budget book

Proposed FY14 Operating Budget

- General Fund total: \$121,949,720
- Enterprise Funds: \$ 14,244,982
 - *Water, Sewer, and Trash*
- Total Budget: \$136,196,702
- 1.05% increase over the FY2013 adjusted municipal budget
- Revenues = Expenditures...
 - *Therefore, budget is balanced!!*

Proposed FY14 Operating Budget

Key Factors of FY2014 budget

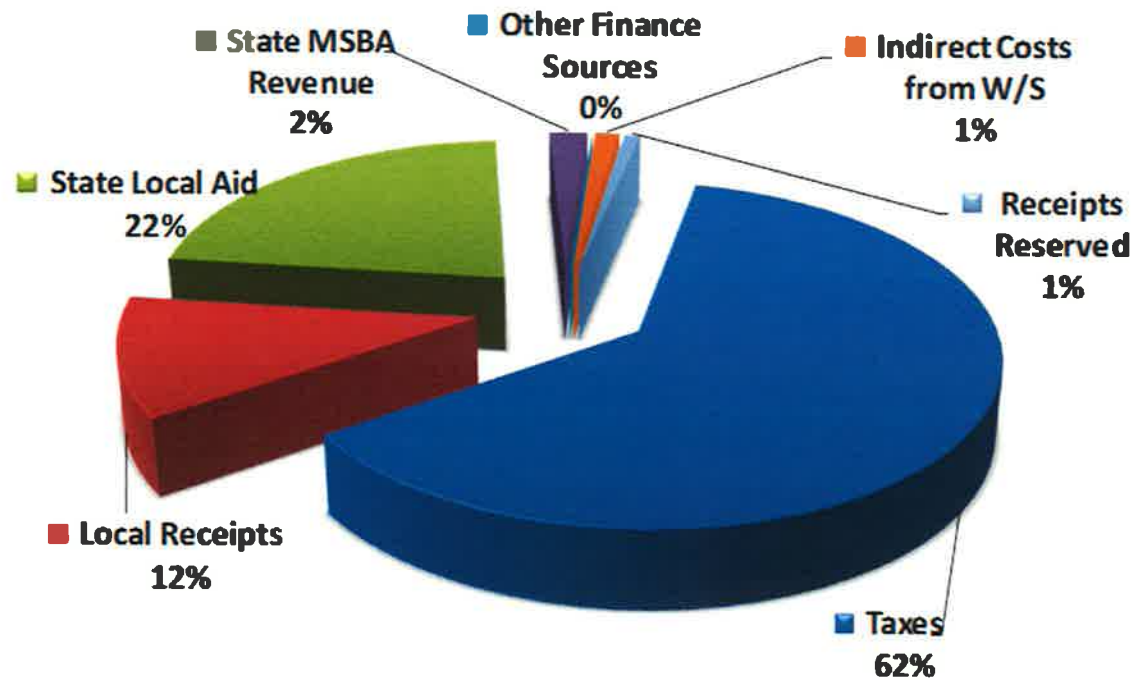
- Education: Strengthening our commitment to first class public schools.
- Public Safety : Keeping homes and neighborhoods safe.
- Collective Bargaining: Beginning the steps for the next round of successful negotiating.
- Water and Sewer Enterprise: Improving aging infrastructure, increasing efficiencies, and maintaining affordable rates for users.

Financial Overview – Revenues

Revenues of the City are budgeted into the following categories:

- Tax Levy (including new growth)
- Local Receipts State Aid (Cherry Sheet Revenue + MSBA Revenues)
- Other Financing Sources (Golf Course, Witch House, and Harbormaster Receipts; supplemental appropriations from Free Cash/Available Funds)
- Enterprise Fund Revenue

Financial Overview – Revenues



TOTAL \$ 125,464,689

Revenues – Tax Levy

- FY13 Tax Levy Limit = \$77,955,293
- FY14 Tax Levy Limit = \$80,504,175
- Projected Excess Levy Capacity = \$2,970,306
- **FY14 Levy Limit is an estimate**
 - *Needs final approval from DOR in Nov/Dec*
- **Prop 2 ½ increase = \$1,948,882**
- **New Growth increase = \$600,000**
 - Estimated by Assessing Department
 - Reflects development from FY2013

Revenues - Local Receipts

- Local Receipts
 - FY13 Estimated = \$14,192,624
 - FY14 Projected = \$14,408,835
(increase of \$216,211)
 - PILOT: 10.76% decrease (-\$149,000)
121A's
 - Parking Fees: 1.45% increase (\$30,000)
New Meters and Sensors
 - Fines and Forfeits: 18.42% increase (\$140,000)
Better traffic & meter enforcement

Revenues - Local Receipts

Parking Study: Impacts on Revenue

- In FY 2013 the parking study made many recommendations on changes in rates, hours, and time limits that made it challenging to estimate the impact to local receipts. In FY 2014 we anticipate a slight increase based on FY13 trends.

Parking Study changes include:

- Sharp reductions in rates in certain areas
- Increased time limits at meters
- Additional meters with tiered rates
- New smart meters on main roadways
- Increased hours of enforcement
- Changes in fine structure for violations

Revenues-UPDATE

Local Receipts-Non Recurring

Footprint Agreement

- Valuation of Plant is very difficult to assess at this point.
- Hold Harmless agreement of \$3m made up the difference from FY2012 actual receipts (\$4.75m) and FY13 agreement (\$1.75m)
- Hold Harmless agreement good for five years from FY14 to FY19

Revenues – State Aid

FY13 State Aid

• Ch. 70:	\$20,759,584
• UGGA:	\$ 5,834,758
• <u>Other:</u>	<u>\$ 1,565,807</u>
TOTAL:	\$28,160,149

FY14 State Aid

(HWM budget)

• Ch. 70:	\$20,879,459
• UGGA:	\$ 5,972,679
• <u>Other:</u>	<u>\$ 1,150,975</u>
• TOTAL:	\$28,003,113

Revenues = Other Financing Sources

FY2013 *(estimated)*

• Golf Course:	\$562k
• Witch House:	\$179k
• Harbormaster:	\$267k
• <u>Electrical:</u>	<u>\$40k</u>
• TOTAL:	\$1.04m

FY2014

• Golf Course:	\$579k
• Witch House:	\$180k
• Harbormaster:	\$292k
• <u>Electrical:</u>	<u>\$40k</u>
• TOTAL:	\$1.09m

**These funds pay for the operations
of the respective departments.**

Revenues – Enterprise Funds

FY2013 (estimated)

• Water:	\$5,522,060
• Sewer:	\$8,783,034
• <u>Trash</u>	<u>\$650,000</u>
• TOTAL:	\$14,995,095

- Revenues for Water enterprise funds were supplemented by General Fund appropriations in FY 2013 as follows:

- \$218,738 raised on RECAP
- \$200+k anticipated to be funded by free cash on 6/30/13.

FY2014

• Water:	\$5,624,959
• Sewer:	\$7,797,389
• <u>Trash:</u>	<u>\$585,000</u>
• TOTAL:	\$14,007,348

- Rate increases of 5% recommended for water and sewer for FY2014.
- One year rate increase recommended so that we can reevaluate in FY 2015.
- Newly negotiated waste management agreement anticipated to save City 200+k in FY 2014 and beyond.

Revenues – Enterprise Funds

Three year rate structure proposed for water and sewer enterprise funds.

- **Sewer rate increase:**

- FY14 5% increase
- FY15 4% increase (not submitted for vote)
- FY16 3% increase (not submitted for vote)

- **Water rate increase**

- FY14 5% increase
- FY15 4% increase (not submitted for vote)
- FY16 3% increase (not submitted for vote)

Revenues – Enterprise Funds

What are the effects of the FY14 rate increases?

- A 5% increase in water will increase the average water bill by \$21.20 (\$424 to \$445)
- A 5% increase in sewer will increase the average sewer bill by \$43.20 (\$864 to \$907)
- The overall annual cost of a typical household (90,000 gallons/yr.) would increase by \$64.40 (\$1,288 to \$1,352)
- The average annual cost of surrounding communities is \$1,440, making Salem's average cost \$89 less than the surrounding communities

Enterprise Funds

Current Capital Programs

- *Canal Street Improvements (Water/Roadway)*
- *Citywide Meter Replacement Program*
- *Folly Hill water storage tanks*
- *South River Basin upgrade*

Financial Overview - Expenses

Expenses of the City are broken into the following categories:

- City Expenses: (General Government, Public Safety, Public Works, Human Services, and Culture/Recreation)
- Fixed Costs (including Health Ins and Retirement)
- Debt Service
- Education
- Enterprise Funds
- State Assessments
- Other Financial Uses

Expenses: City

No fixed Costs

FY2013 (*adjusted*)

• General Gov:	\$ 5.0m
• Public Safety:	\$17.9m
• Public Works:	\$ 3.5m
• Human Svc:	\$ 1.2m
• <u>Cult/Rec:</u>	<u>\$ 2.3m</u>
TOTAL:	\$29.9m

FY2014

• General Gov:	\$ 4.8m
• Public Safety:	\$18.9m
• Public Works:	\$ 3.6m
• Human Svc:	\$ 1.2m
• <u>Cult/Rec:</u>	<u>\$ 2.4m</u>
TOTAL:	\$30.5m

Expenses – Fixed Costs (Employee Benefits)

FY2013

- Medical Insurance: \$11.8m
- Retirement: \$9.1m
- Non-Contributory Pensions: \$73k
- WC: \$523k
- Unemployment: \$350k
- Medicare: \$797k

TOTAL: \$22.8m

FY2014

- Medical Insurance: \$11.7m
- Retirement: \$9.5m
- Non-Contributory Pensions: \$75k
- WC: \$870k
- Unemployment: \$300k
- Medicare: \$833k

TOTAL: \$23.3m

Expenses – Debt Services

FY2013

- Long Term: \$5,754,908
- Short Term: \$ 39,797
- TOTAL:
\$5,794,705

- This represents only General Fund Debt Service (including schools).

FY2014 – projected

- Long Term: \$4,387,820
- Short Term: \$ 652,227
- TOTAL:
\$5,040,047

Expenses – Education (NSVRSD)

FY2013

- North Shore Vocational
 - Assessment: \$1.603m
- The City joined the Essex Aggie – NSV merger:
 - This will add a “debt service” assessment to the “tuition” assessment
 - Debt service assessment will begin in FY15

FY2014

- North Shore Vocational
 - Assessment: \$1.945 m
 - Preliminary assessment
- Essex Aggie/NSV merger – new school
 - FY14: \$276k (int. only)
 - FY15: \$579k (p & i)
 - FY16: \$514k (p & i)
 - Assumed that FY15 will be the highest payment (level principal bond payments)

Expenses – Education (SPS)

FY2013 Budget **(Adjusted)**

- Salem Public: \$51.6m
- Charter School: \$ 1.01m

TOTAL - \$52.6m

FY2014 Budget

- Salem Public: \$52.6m
- Charter School: \$ 1.06m

TOTAL - \$53.6m

Expenses – Enterprise Funds

FY2013

- **Water: \$ 4.8m**
- **Sewer: \$ 7.1m**
- **Trash: \$ 2.8m**
- **TOTAL \$14.7m**

FY2014

- **Water: \$ 4.8m**
- **Sewer: \$ 6.9m**
- **Trash: \$ 2.4m**
- **TOTAL \$14.2m**

Decrease due to the renegotiation of the trash contract for FY14.

Expenses – State Aid (assessments)

FY2013

Total Assessment: \$5,550,473

Breakdown of major accounts:

- MBTA:
 - \$873k
- Charter School:
 - \$3.9m
- Essex Aggie:
 - \$262k
- School Choice:
 - \$187k

FY2014 - HWM

Total Assessment: \$5,644,448

Breakdown of major accounts:

- MBTA:
 - \$883k (increase by \$10,000)
- Charter School
 - \$4m (increase by \$100,000)
- Essex Aggie:
 - \$200k (decrease by \$62,000)
- School Choice:
 - \$273k (increase by \$86,000)

Numbers are based on the HWM budget proposal. There has been a \$100k decrease in funding, but there have been increases in the above major accounts

Expenses – Other expenses

FY2013 = \$1m

Snow and Ice deficit:

- \$0

Overlay

- \$975,349

Cherry Sheet Offset

- \$75,024

FY2014 = \$1.6m

Snow and Ice deficit:

- \$700,000

Overlay

- \$900,000

Cherry Sheet Offset

- \$75,681

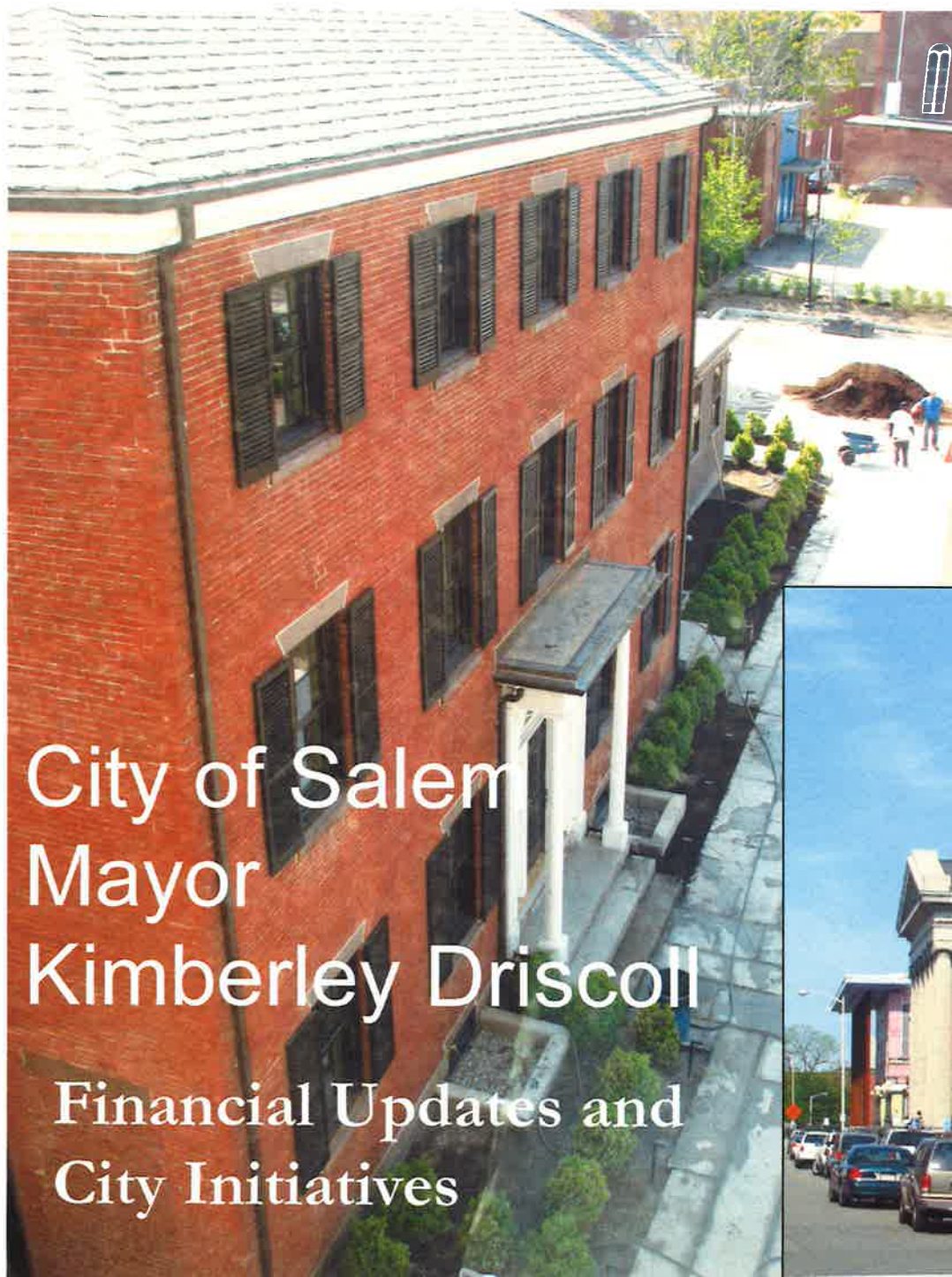
Other things to consider...

Future of Footprint Power Plant site

- Long term financial ramifications
- **OPEB liability = \$145 million**
 - Started OPEB Trust in FY2012 –\$627,506 (*current balance*)
 - Financial reserves policy has been modified to continue funding the Trust
- **Aging Infrastructure**
 - South River Drainage
 - Canal Street
 - Water Tank Repairs/Upgrades
- **Fixed Costs containment**
 - Pension Liability
 - Health Insurance
 - Sick Leave Buyback

FY 14 Budget Summary

- FY2014 budget is balanced and manageable.
- Health care savings and judicious budget practices in prior years is allowing us to make needed investments in public safety, schools and infrastructure.
- All labor contracts have been settled through 2014.
- A renegotiated trash contract will bring savings to the City for the next few years.
- Health insurance costs are down due to employees migrating to less expensive health care plans.
- New projects are coming on line, bringing additional revenues, increasing the commercial tax base and helping Salem support needed infrastructure improvements.



City of Salem:

Mission Statement

- To enact the will of the people through their active, inclusive participation and to provide the services they demand in a quality and cost effective manner by:
 - Practicing responsive effective governance
 - Unrelenting efforts to improve service quality, cost and effectiveness
 - Create and maintain effective partnerships, both public and private
 - Be accountable to citizens and each other for our actions
 - Uphold the highest professional and ethical standards

Financial Updates:

GFOA

- Government Finance Officers Association (GFOA):
 - GFOA's mission:
 - To enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership
- Awards from GFOA to City of Salem for Finance/Budget
 - Certificate of Excellence – CAFR/Annual Audit
 - For the last seven years (FY05-FY11), the City of Salem has been recognized with a Certificate of Excellence for our Comprehensive Annual Financial Reporting (CAFR).
 - Distinguished Budget Presentation Award - Annual Budget
 - For the last five years (FY09-FY13), the City of Salem has received the Distinguished Budget Presentation Award.
 - Recognized as a published budget that meets criteria as a policy document, an operational guide, a financial plan, and as a communication device.

Financial Updates: Reserves

Free Cash and Stabilization Fund

- Free Cash Trend

• FY12:	\$2,525,829
• FY11:	3,249,238
• FY10:	750,607
• FY09:	1,261,200
• FY08:	1,114,950
• FY07:	691,149

- Undesignated Fund Balance
June 30, 2012:
 - \$5,193,198

- Stabilization Fund Trend

• FY12:	\$3,453,722
• FY11:	2,736,777
• FY10:	1,913,913
• FY09:	1,489,907
• FY08:	648,947
• FY07:	487,980

- Per stabilization fund policy, the City continues to fund this account with 20% of certified free cash each year

Financial Updates: Policy

Free Cash and Stabilization Fund

- **Policy – Free Cash** (\$2.52 million certified FY12)
 - 20% to Stabilization fund
 - 20% to Capital Improvement fund
 - 10% to OPEB liability trust fund
 - Balance used to fund unforeseen or extraordinary expenses that may happen
- **Policy - Stabilization Fund –** (\$3.45 million in FY12)
 - Any drawdown of fund will be funded by certified free cash in the following year
 - Strict circumstances for use of any Stabilization Fund
 - City has never had to use stabilization fund under Mayor Driscoll
 - \$5.8 million funding target by 2015
 - (5% of general fund operating budget)

Financial Update:

FY2013 Budget

- FY13 Balanced Budget with \$2.6 million of unused levy capacity
- Both Operational and Capital Budgets are responsible and well planned
 - Operational budget focusing on education, public safety, and controlling fixed costs
 - Capital budget is scaled down from departmental requests with priority given to projects supplemented by grant dollars and other revenue sources
 - 78% reimbursement from MSBA's Green Repairs Program on \$56.5 million

Financial Updates:

Other notable facts/figures

- FY12 Unused Levy Capacity - \$3.7 million
- FY12 General Fund Revenue - \$2.2 million over budget
- Adoption of Health Care Reform resulting in:
 - \$1.5 million savings in FY13 health care budget
 - \$26.4 million reduction in unfunded actuarial accrued liability (UAAL)
 - 2010 UAAL = \$171.4 million
 - 2012 UAAL = \$145.0 million
- Creation of OPEB Liability Trust Fund and Retirement Anticipation Stabilization Fund

Important City Initiatives:

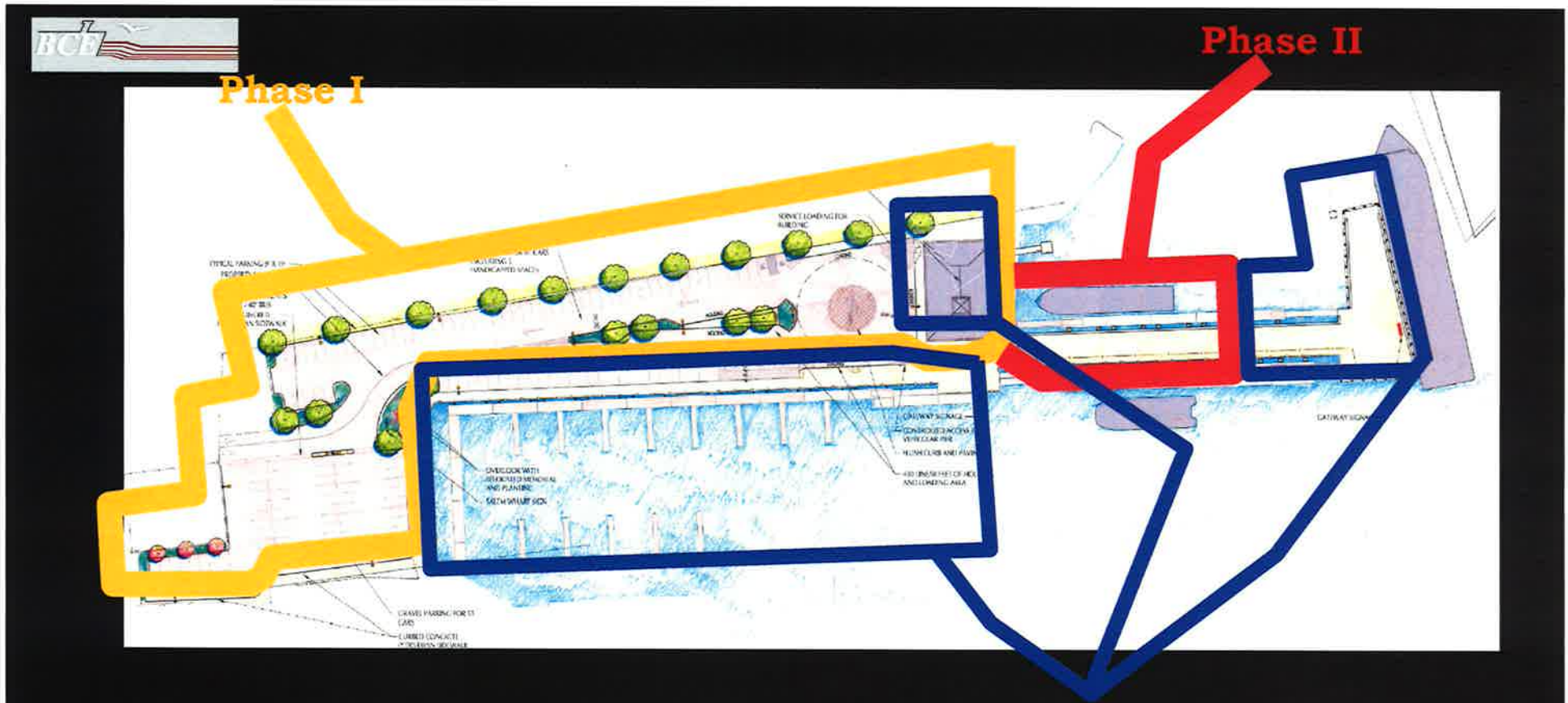
- Redevelopment of Salem Harbor Station property
 - Power plant's closure poses significant opportunities & challenges for the City
 - Currently pays \$4.75 million in tax & host fees
 - Proposed redevelopment already underway
- New Salem Wharf development
 - This project will provide a major economic boost to the City and the region, in particular to the tourism industry
 - Phase 1 completed & Phase 2 currently underway
- Robust Public & Private Investments proposed/underway
 - New \$135m T Commuter Rail Station
 - New \$200m PEM Campus Expansion
 - Blubber Hollow Mixed Use Developments

Salem Harbor Power Station

- Constructed in 1951
- 3 Coal-Fired Units/1 Oil-Fired Unit
- Currently pay \$4.75m in revenues
- Station decommissioning June, 2014
- City has completed a state funded re-use analysis of the Power Plant Site
- Station recently purchased by Footprint Power
- Footprint proposing a new gas fired power plant + responsible for clean up & remediation of site
- Hold Harmless legislation in place through 2016
- Proposed development allows for mixed use on site, including better use of port and more public access



Salem Wharf



- Phase 1 Began Feb 1, 2011
- \$1M Seaport Council grant and \$300,000 City Council Appropriation
- Phase 2- \$2.5M Federal Ferry Discretionary Program Grant

City of Salem:

Waterfront Development

- Phase I began February 1, 2011: Construction Cost \$1.3M funded with \$1M award from Seaport Council and the balance by a Salem City Council Appropriation.
Includes: Shoreline Stabilization (Seawall), Site Utility Services, Final Grading, Site Paving & Striping, Interim building.
- Phase II: Funded with \$2.5M Grant from Federal Ferry Discretionary Program plus a \$600k grant approved at last Seaport Council meeting.
- Begin Pier Construction and Partial Dredging this Fall at conclusion of ferry season
- New ferry operator this year has significant plans to grow and expand Salem operations base
- Ferry service available for commuters and visitors

MBTA project



- Proposed new \$35m MBTA Salem Commuter Rail Station
- Salem Intermodal Station one of the busiest commuter stations in T system
- 31 trains and 16 buses daily
- Permitting and design underway and construction set to begin in Spring, 2013
- Expected completion is Fall, 2014

PEM Expansion



- PEM has raised \$500m for expansion & endowment of museum
- 14th largest museum in the world
- Proposing 175,000 sf addition to downtown campus
- Expect significant downtown economic development impact

Citywide development projects

- Blubber Hollow Development
- St. Joseph's Church redevelopment
- Highland Avenue Wal-Mart project
- US Biological on Technology Way
- Transfer Station
- Szetela Lane
- Salem State Library and O'Keefe Center Improvements
- New Gateway Center

Blubber Hollow Developments



Salem Oil & Grease

Address: 3 Harmony Grove Road, 60 & 64 Grove Street
Residential: 141 units (apartments)
Commercial: 17,000 SF
Current Taxes: \$18,709
Estimated Taxes: \$250,000

28 Goodhue Street

Address: 28 Goodhue Street
Residential: 44 units
Commercial: 6,000 SF
Current Taxes: \$13,036
Estimated Taxes: \$145,000

Salem Suede

Address: 72 Flint Street, 67-69 & 71 Mason Street
Residential: 130 units (apartments)
Commercial: 5,540 SF
Current Taxes: \$19,406
Estimated Taxes: \$250,000

Gateway Center

Address: 401 Bridge Street and 44 Boston Street
Residential: 0 units
Commercial: 140,750 SF (includes community space)
Current Taxes: \$53,682
Estimated Taxes: \$425,000

Salem Oil and Grease



Flynntan



Salem Suede



Salem Suede



1 | Rendered View - From Across Bridge, n.t.s.

Boston and Bridge Street – Gateway Center



Summary

- City continues to have balanced budgets, sound financial practices, and increased reserves (Free Cash/Stabilization)
- Development in the City continues to be robust (including Salem Harbor Station)
- Tourism continues to be strong
- Overall outlook is positive

City of Salem - Long and Short Term Strategic Plan Summary - Fiscal Year 2014

Goal/Objective		Source	Priority	Schedule	Division or Department	Status
EDUCATION						
Education	To raise the level of success for all Salem Public School Students (SPS) to among the top 10% of the Commonwealth's gateway Cities.	Mayor	1	Short and Medium Term	Executive and School	Underway
Education	To successfully implement the school districts Accelerated Improvement Plan and Bentley Turn-Around Plan with demonstrable results	Mayor & State	1	ShortTerm	Executive & School	Underway
Education	To Strengthen school-community partnerships in building a culture of high expectations for all student success.	Mayor	1	Short & Long Term	Executive & School	Ongoing
Education	To offer a quality education.	Citizen Survey	1	Short & Long Term	Executive & School	Ongoing
GENERAL GOVERNMENT						
General Government	Improve communication with citizens	Mayor	1	Short & Long Term	Executive/MIS	Ongoing
General Government	Improve responsiveness and assessability to City departments and employees	Citizen Survey	1	Short & Long Term	All	Ongoing
General Government	Look for ways to deliver City services more efficiently and effectively	Mayor	2	Short & Long Term	Executive & All Departments	Ongoing
General Government	Implement regionalized services to enhance services while saving taxpayer dollars	Citizen Survey & Mayor	2	Medium & Long Term	Executive	Ongoing
General Government	Community recycling incentives and green energy initiatives	Mayor	3	Short & Long Term	Planning & Engineering	Ongoing
General Government	Maintain and upgrade City buildings & infrastructure	Mayor	3	Short & Long Term	ISD, DPW, School	Ongoing
General Government	Undertake green energy initiatives	Mayor	3	Short & Long Term	Executive	Ongoing
FINANCE + HUMAN RESOURCES						
Finance	Submit a balanced budget to City Council	Mayor	1	Short & Long Term	Executive & Finance	Ongoing
Finance	Five year financial plan and capital improvement plan	Mayor	1	Short & Long Term	Executive & Finance	Ongoing
Finance	Financial stability - stabilize property taxes and continue to build reserves in Stabilization and OPEB Trust Funds.	Mayor	1	Short, medium and long term	Executive & Finance	Ongoing
Human Resources	Update all Collective Bargaining Agreements to reflect all language changes, side letters of agreements, and salary tables	Mayor	2	Short Term	Executive	Pending
PUBLIC SAFETY						
Public Safety	Maintain high level of Police and Fire Services	Citizen Survey	1	Short & Long Term	Executive, Police & Fire	Ongoing
Public Safety	Traffic & parking enforcement in neighborhoods	Citizen Survey	2	Short & Long Term	Police & Parking	Ongoing
ECONOMIC DEVELOPMENT						
Economic Development	Work with new owners of Salem Power Station to redevelop Power Plant site and harbor	Mayor	1	Short & Long Term	Executive	Ongoing
Economic Development	Blaney Street Wharf development	Mayor	1	Planning - Short term, Implementation - medium to long term	Planning & CD	Underway

City of Salem - Long and Short Term Strategic Plan Summary - Fiscal Year 2014

Goal/Objective		Source	Priority	Schedule	Division or Department	Status
Economic Development	South River dredging & development	Mayor	1	Planning - Short term, Implementation - medium to long term	Planning & CD	Pending
Economic Development	Encourage responsible private development and new growth opportunities	Mayor	1	Short & Long Term	Planning & CD	Ongoing
Economic Development	Work to begin cleanup and development activity at Universal Steel Property	Mayor	2	Short & Medium Term	Planning & CD	Underway
Economic Development	Revitalization and Improvement of the Essex Street Pedestrian Mall	Citizen Survey	2	Short & Long Term	Planning & CD	Underway
Economic Development	Create Point neighborhood revitalization plan	Mayor	2	Short and Medium Term	Planning & CD	Ongoing
Economic Development	Enhance and encourage use of waterfront	Mayor	2	Planning - Short term, Implementation - medium to long term	Planning & CD	Pending
Parks & Recreation						
Recreational	Implement the Winter Island Master Plan as part of maintaining and upgrading the City's infrastructure, including parks	Mayor	1	Planning - Short & Long term, Implementation - medium to long term	Planning & Parks	Pending
TRAVEL AND TOURISM						
Cultural	Continue to Improve upon Citywide management of Haunted Happenings & other community events	Mayor	1	Planning - Short & Long term, Implementation - medium to long term	Executive & Tourism	Ongoing
Cultural	Incorporate more public art throughout the City	Mayor	2	Short & Long Term	Planning	Pending
PUBLIC SERVICES + ENGINEERING						
Public Services	Enter into new five year agreement on collection and disposal of solid waste and recycling	Mayor	1	Short term	Engineering	Ongoing
Infrastructure & Facilities	Build mixed use parking garage facility at MBTA commuter rail station	Mayor	1	Planning - Short term, Implementation - medium	Planning & CD	Pending
Infrastructure & Facilities	New Senior Center/Gateway Center	Mayor	1	Short Term	Planning & CD	Pending
Infrastructure & Facilities	Maintain and Upgrade City Infrastructure - Roads, Parks, and Water and Sewer systems	Citizen Survey	1	Short & Long Term	Planning & Engineering	Ongoing
Infrastructure & Facilities	Continue to advance the South River Basin flooding mitigation project	Mayor	1	Short & Long Term	Planning & Engineering	Ongoing
Infrastructure & Facilities	Continue to advance Canal Street improvement project	Mayor	1	Short & Long Term	Planning & Engineering	Ongoing