

State of the city

Introduction

Good evening, and thank you for coming here this evening. We are joined here tonight with our legislative delegation, State Representative Brian Dempsey, State Senator Steven Baddour and State Representative James Lyons, thank you for being here. I would also like to acknowledge the presence of Denise Johnson, aid to Congresswoman Nikki Tsongas, and several members of our school committee—thank you, all of you, for coming here tonight.

Health care and budget

One year ago, I addressed you in the midst of the worst economic crisis in seventy years. We faced the Hale debt, and the upcoming series of local aid cuts to cities throughout the country.

To meet the challenge, I introduced a two part plan: I challenged our unions to work with us to cut costs, and I asked our city council to work with us to increase revenues.

I am happy to report tonight that the plan is working but there are even more challenges ahead.

Tonight, 74% of the employees who work for the city have accepted the new health care plan I proposed a year ago. They also agreed to pay a more of their health care premiums—and most of the unions also agreed to a series of reforms for new hires that if every union in the city agreed to them will allow us to weather all but the most severe financial storms.

The second step of this plan was to find a way to raise revenues without raising property taxes. Tonight, the average homeowner in Haverhill has the 6th lowest property tax in the entire Merrimack Valley, and we want to keep Haverhill affordable.

To raise revenues without increasing property taxes, we asked the city council to work with us to adopt a local option meals tax that added \$600,000 in revenues to keep our city going. I am happy to report tonight that the city council met the challenge I thank them for doing the right thing.

Because of the plan we put together a year ago, the Bradford Fire Station remained open, five school teachers were called back to work and two police school resource officers were spared from layoffs.

The plan is working, but to meet today's challenges, there is more to do.

We survived the largest municipal debt in the history of the State because so many people worked together.

Our State delegation came through with assistance to meet the Hale debt, and tonight I thank our legislative team, led by House Ways and Means committee Chairmen Rep. Brian Dempsey, and State Senator Steve Baddour for their help.

We have been meeting the challenge because we held the line on spending and copied the best management practices from other cities and from private industry. This year, we became the first community in the State to buy goods on line, in what is called a reverse auction, and saved our taxpayers nearly \$100,000.

And, we have been meeting the challenge because we tackled our number one budget problem: *health care costs for municipal employees.*

We worked with our unions over the years to consolidate our health care plans, and increase the amount employees paid for their health care costs. We instituted the Canadian drug plan, and saved our taxpayers \$1 million in health care costs.

Tonight, our health care costs are \$1.8 million a year lower than they would have been than if we had never instituted these changes and over the years, the reforms we have instituted saved our taxpayers **\$11 million.**

We have accomplished in health care what many said was impossible: but there is more to do.

Tonight only 1% of the school department employees have accepted the new health care plan and not a single school union has agreed to pay what our city workers pay, 25% of their health care premiums.

Tonight, I call for a renewed commitment by our school committee and our school unions to get the job done and put in place the changes and reforms we put in place in the city.

We've accomplished a lot, but we've also shown the limits of what can be without reforms to our State law. It is time for the State to take the handcuffs off local communities, and give us the same tools the State gives to itself, the power to control health care costs. We are encouraged with the bills that have been filed in the legislature by the Governor and we are encouraged by the leadership of the House Speaker, and we urge our legislative team to take action to move this forward.

Our employees

We have here in Haverhill, a fine group of employees that I am proud to lead. We have over one hundred employees who had perfect attendance last year and I thank them for their dedication.

When we cut 86 employees, or 26% of our work force, most of our citizens never noticed, because our employees used automation and mechanization, worked harder and

worked longer to keep our city safe and to keep our city running. We know that our employees are not our greatest liability: they are our greatest asset.

But we also know that there are problems. Our sick leave numbers were higher than we wanted them to be, and two years ago, we instituted a comprehensive plan to lower sick leave costs.

I am happy to report tonight that this plan is working and that our employees have stepped up to the plate and worked with us to lower sick leave costs. Throughout the city, sick leave usage is down by over 5,000 hours from where it was just two years ago, and in the fire department, sick leave is down by over 4,000 hours. The reforms we put in place and the hard work of our employees reduced sick time by 23%, and saved us over \$150,000 in reduced overtime costs.

We know there is more to do, and working with the fine men and women of that department, we will do it.

Economic Development

A key to Haverhill's future is to expand our tax base.

The Downtown Renaissance

A few half years ago, we had a vision of a new downtown and we embarked on a plan to recycle abandoned factory buildings into new places to live and new sources of tax revenue.

Tonight, I am proud to report that our plan is working.

The abandoned Hamel Leather Factory is now Hamel Mills Lofts. 5th Avenue Shoe is now the Cordovan Building, and the Hayes Building lives again on Granite Street. None of this happened by accident.

These once abandoned buildings now bring in an additional \$333,000 a year in tax revenue and provide a home to over 800 new residents.

These 800 residents frequent our downtown restaurants and tonight, we have 24 restaurants downtown in what a national internet firm called one of the best restaurant zones in the country.

These restaurants provide jobs to over 170 people.

Tonight, I am proud to introduce restaurant number 25: Boston Chowda, they started at Faneuil Hall and tonight, they are coming here to Haverhill.

The new parking garage

Every success story brings with it a new set of challenges. Tonight, parking lots that were vacant for decades are filled with customers and residents and they need a place to park.

I can report to you tonight that the parking garage is on schedule, and we expect it to open by Thanksgiving later this year with 315 parking spaces for our downtown.

But, for all our progress downtown, the best is yet to come.

This year, we will unveil our new streetscape plan for downtown. By this fall, thanks to a Federal grant, your downtown a new look and feel with new trees, new park benches, and new sidewalk dining. This year, we will unveil our new façade improvement loan program: to make it possible for the owners of downtown buildings to fix the facades of their buildings. We'll work with our cultural council to have concerts downtown and to make the creative economy a reality.

Economic Progress in Business Parks

The downtown is part of our success, but the key to job growth in Haverhill is in our business parks.

Magellan

Two years ago, we offered small tax incentive to bring Magellan Aerospace here. Tonight, I am happy to introduce to you tonight the executives of Magellan Aerospace who are expanding and adding additional 30-40 new jobs in our city.

Southwick

On the other side of the same once abandoned building off of Route 97, we worked hard to offer some incentives to Southwick Clothing to bring them to Haverhill. Tonight, I am proud to introduce the executives of Southwick Clothing, and they too are expanding, and bringing an additional 40 jobs to our city. Soon, every Brooks Brothers suit made in America will be made right here in Haverhill.

Swix Sports USA

Tonight, we are proud to introduce to you the latest company to join our business community: Swix Sports USA.

Swix is headquartered in Lillehammer Norway. Anyone that knows skis knows of Swix ski wax, Swix ski poles and Swix Nordic gear. A few months ago we began meeting with Swix to offer them some small incentives and to persuade them that "Haverhill means business" is our way of life.

Tonight, I am happy to announce that Swix will bring their entire United States operations here to Haverhill, and will bring with them 25-30 new jobs with more to come.

Please join me in welcoming the executives from Swix Sports USA.

These companies did not come here by accident. They came here because of the hard work of our economic development team Bill Pillsbury, and our Chamber of Commerce director, Jim Jajuga, and tonight I would like to recognize them for their hard work.

We are proud of what we have accomplished, but we also know that many of our citizens are still hurting. The economists tell us that the recession is over, but every day I meet people who tell me differently. They tell me that they used to work at Western Electric making \$50,000 a year, and now they are working for \$10-15 an hour, when they can find work at all.

Bringing jobs and to our city is a priority of this administration and next month, I'll be announcing a new CEO Ambassadors program, to bring the CEO's of the successful companies that are already here to join with us in reaching out to new companies to ask them to join us.

Parks and quality of life

Jobs and business are important but the center of Haverhill isn't downtown, and it isn't in our business parks. It is in our neighborhoods.

We've worked hard to make your neighborhoods cleaner, greener, and friendlier. Last year, we planted more trees than had been planted in decades, put in at Swasey field the first new playground in years, and for the first time in three decades, brought in bathrooms to some of our city parks.

This year, we start work on a new park in Bradford along the river, the first new park in decades.

A year ago, we made our curbside, single stream recycling program city wide, and I am happy to report tonight that our recycling rate, has had a 50% increase, and this year our taxpayers will save about \$150,000. I congratulate our recycling committee and all the volunteers who made this happen.

To make our recycling program shine later this year, we'll unveil our neighborhood recycling program. We'll ask volunteers to go door to door and spread the word about this great program.

Schools

The key to a great future is great schools. Despite our budget cuts, we have made education one of our top budget priorities. Tonight, we spend \$10 million a year more on education than we did the day I took office and from the day I took office until today, we have spent \$3 million more on education than the State required. Education is the key to our future and we need to do even more.

Progress at the High School

We made fixing our high school our top **capital** priority. Early in my terms as Mayor, I signed a \$29 million bond to fix our high school. Later, we expanded that plan to replace the electrical system so that our high school can be a high tech school of tomorrow, and we renovated the interior and exterior of the building.

Now it's time to fix some of our other schools.

We can do this by taking advantage of the new Green School Repair program which sets aside money to replace school roofs, school boilers, lighting systems and windows, and has the State pay a portion.

To pay for **our** portion I will ask the school committee and the city council to join me in selling off some of the unused school buildings, and use the funding to pay for our portion of capital improvements to our schools. Now, we know that in this tough economic environment there are things that are going to have to wait, but we can get started, and if the council and school committee join with me, we will.

Inside the schools

The most important part of what happens in schools isn't the building; it's what happens in the building.

A few years ago, when one of my children graduated from college, the President of the University said that the finest teachers in the world were right there on that Ivy League campus. No they aren't, my daughter told me. The finest teachers are in Haverhill. I believed that then and I believe that today.

Because of them, our schools have been making progress. The district wide drop out rate in the past 5 years dropped 44%, from 7.2% to 3.2: a remarkable achievement at any time, but particularly with the budget cuts they have had.

Most people believe that it is impossible to raise MCAS scores at the same time you lower drop out rates, but our school leaders and teachers managed to do exactly that: in 5 years, our math scores are up by 15.6 points, and our English, Language Arts scores are up by 9.7 points.

This year, under the fine leadership of Superintendent Jim Scully and his team and thanks to the fine work done at our high school by principal Bernie Nangle and the teachers there, student school attendance is up 5.5% and the number of suspensions is down by 9.4%-- more kids are going to school, and more kids are behaving themselves.

But for all of our progress, I am nowhere near satisfied. Massachusetts test scores are first in the nation, and our school MCAS scores are 3rd of all the Gateway cities in the state, but I won't be satisfied until we are number one, not just among Gateway cities, but for all cities.

Conclusion

As I look at our city, I see great challenges, but I also see many good people working hard to make Haverhill great. I see people who have stuck with us in the toughest downturn in 70 years. I see a city where population is expanding, and when people are leaving other areas of the State, they are coming here. I see a city where our business leaders are continuing to invest in Haverhill.

I see that the State of the city is our hands, and, for that reason, I see that the State of our city is strong.

Thank you for coming, and thank you for your commitment to Haverhill.