

THE STATE OF OUR CITY, 2010

By Mayor James J. Fiorentini

Elected officials, and fellow citizens—welcome!

INTRODUCTION AND THANK YOU

We have some of our excellent legislative delegation who took the time to come here this evening and I would like to introduce them:

Thank you to the entire city council for being here this evening and to your service to the city.

This past weekend, we experienced some major storm damage, with fallen trees, homeowners who were out of heat, out of electricity for up to two and half days. Our employees worked hard all through the storm, our police, our firefighters, our highway, parks and DPW workers, and all of the employees who worked hard to keep our citizens safe and well protected, to all of our employees, thank you.

NO ORDINARY YEAR AHEAD

Six years ago, I asked you to join with me in a journey to a new and better city. I told you then that here would be times along the journey when we would face heavy storms and rough seas.

Tonight, we stand in the midst of one of those storms: the worst recession in seventy years.

The economists tell us this recession is over, but everywhere I go, I meet people for whom this recession lingers on.

I meet them

- in Ayers Village, where a woman tells me she lost her life savings when Lucent stock crashed;
- in Bradford, a homeowner tells me he was laid off over a year ago and cannot find work;
- Downtown, where an unemployed carpenter reminds me that there is still a 30% unemployment rate in the building trades.

The recession lingers on for our residents, and it lingers on with dramatic revenue shortfalls in the State and city budgets.

Last year, the State was forced to cut local aid—the aid that goes to cities and towns. Altogether, in 2009 our State aid was \$6 million lower than it had been in 2008.

We survived that challenge by rolling up our sleeves and working together. We were not able to get the health care reforms we wanted, so we were forced to eliminate 29 full time jobs—all too many by layoffs. Over 100 of our employees had to take five unpaid furlough days to balance the budget.

This year, we have a great challenge ahead: our receipts are down, but our costs are up.

But if the challenges are great, so is our resolve to meet them. I know we can meet these challenges for precisely one reason: we've done it before.

Six years ago, we faced the largest municipal debt in the history of Massachusetts. Working together, we not only survived that debt, we brought in over \$100 million of new investment in our downtown and we thrived.

Working together, we can meet this latest challenge too, but make no mistake about it: it will not be easy. Our goal is clear: a trimmed down government that is structurally balanced, with the funds to meet the challenges of today, and repair our infrastructure, our highways, our parks our buildings and our schools, to fix tomorrow's problems before they ever happen. We can meet this challenge, if we work as a team for a common purpose.

Adequate Local aid is needed

Two critical team members for us are our State and Federal government partners. In the past, you have come through for us with money for the Hale debt, with money for a parking garage and with money for a rail trail. The people of Haverhill thank you for a job well done.

Tonight, the city asks once again for your help.

Work with us to help us gain the resources and tools we need to control health care costs, and we will control them. Work with us to help us gain the resources we need to improve our schools we will improve them. We all understand that the State budget has its problems, just as we have ours. We also understand that budgets are based upon values.

The Governor's budget clearly states his values: local aid. The Governor's budget recognizes that local aid means teachers in the classroom, cops on the beat and a reasonable local tax rate. Tonight, I call upon our State partners, the partners who have come forward for us so many times in the past, to join with the Governor to make local aid the top value in your budget. We ask our partners here tonight: **do not cut local aid.**

WHERE WE WERE SIX YEARS AGO

When we first faced the Hale debt seven years ago, we set out to relentlessly shrink our work force. At a time when every other government was increasing in size, we cut. From 2003 until today we downsized by over 100 employees, cutting staff by attrition in virtually every department in the city. Altogether, we've reduced staff by 25%, and in this building alone there are 23 fewer people than there were the day I took office.

To make this work, we outsourced some functions, introduced new technology, innovated, automated and reinvented government—and our hard working employees worked harder, longer and did more with less.

But reinventing government is a constant and changing process. This year, we intend to go even further. This year, we will introduce the next generation of software that allows you to log in from your home and do all your city hall business without ever entering city hall. Starting this summer, we will be the statewide leader in online permitting.

Controlling Sick leave costs

Now, part of our program to control costs was a program to manage and control sick leave and overtime.

Tonight we have the results. Over the past two years, sick leave dropped 44%. Last year the biggest drop was in the fire department, where sick leave dropped 26%.

To our employees, who worked hard with us to reduce overtime and sick leave: thank you for a job well done. And to the auditor's office, the economic development office, the public property department, the skating rink, the city council office and the Mayors office, all had perfect attendance for the entire year—congratulations.

New Health Care Plan

When times were good, and when health care costs were low, we set up a great benefits plan for our employees.

Things have changed. we now pay about \$23 million a year in health care costs: times have changed, but our health plan remains the same.

We still charge a \$5 co-pay for most doctors' visits; no co pays for inpatient or outpatient visits, and no deductibles of any type. We pay 80% of the employee's premiums and, once you work for us for ten years, we guarantee you health benefits from retirement for the rest of your life. I wish everyone in our great country had such a great plan.

But they do not. The vast majority of people listening tonight do not have benefits that come anything close to this.

The plain truth is this: unless we change health care benefits, we either have to raise taxes dramatically or we have to lay off and furlough more employees. But the tax option is not really an option at all. I will not ask the taxpayers to pay higher taxes in order to pay for an outmoded benefit package. Change is the **only** option.

The problem of runaway health care costs is not unique to Haverhill. The *Boston Globe* story this past Sunday and Monday, and the editorials and stories in the *Eagle Tribune* show that this is a national problem.

A year ago, I asked the municipal unions to join me in agreeing to a new health care plan called the Blue Cross Blue Shield Value Options plan. This new plan provides for slightly higher co pays, but still lower co pays than private industry and lower co pays than the 300,000 State employees and retirees now pay. Under the new plan, instead of paying \$5 for a doctor's visit, employees would pay \$15—still lower than the private industry average of \$25. The new plan is fair: fair to our employees and fair to the taxpayers who pick up most of the costs.

Tonight, I am happy to announce the first union to step up to the plate and agree to the new health care plan: the Police Superior Officer's Union—the police Sergeants, Lieutenants and Captains. They have agreed to forego raises for three years and they have agreed to join a new health care plan.

Please join me in welcoming and thanking, the finest of our finest, the Police Superior Officer's Union. Thank you for working with us.

A Challenge to other unions

But one union alone will not do it. If we are going to reach our goal of structural balance, we all need to be on the same health care page.

Tonight, I challenge the teachers, the firefighters, the patrolmen, the teamsters, and all the other unions—**take the card**. Take the card, and join with us for a new and better Haverhill—not out of charity, not out of the interests for our city, and I know that you do care about the city, but rather, out of **self interest**.

Take the card and help us achieve structural balance. Take the card and help us to avoid furlough days and layoffs. Take the card and help us to be what we all want: a fiscally solvent and vibrant city, where our employees are fairly and adequately compensated for the work they do, where there are no furloughs and no layoffs.

Take the card, and work with us to achieve what we wall want: city city with the resources to keep teachers in the classroom, firefighters in the stations and cops on the beat. If we work together for health care reform, we can get there.

A need for more revenues

We can reach our goal, a fiscally sound city with a great future, but only if we all work together and make the tough and difficult decisions that need to be made.

Now, the most important decisions are squarely in our own hands. If we are going to achieve our goals, we need to seize the moment and take strong and decisive action now.

We need to start by implementing a local option meals tax to bring in \$400,000. I know that this isn't popular with some, but we were elected to make difficult decisions, not just the easy ones. Over 70 cities have adopted the local option meals tax, and those that have tell it has had no affect on their local restaurants.

We have lots of tough decisions ahead: we need to examine pay for parking downtown and we need to outsource some of jobs now done by government. It won't be easy, but we can do this.

If we do all these things, if we work together with that common sense of purpose, then we will do much more than just survive this crisis: we will set the stage to thrive when the economy turns around.

Business

Now, a major part of the amazing recovery of our city over the past six years has been our efforts to broaden our tax base.

To do that, we streamlined permitting, and went all out to lure manufacturers to our city.

In the past, we've brought in some great businesses: the largest retail expansion in our history, and new manufacturing jobs for companies like Adamson Industries, Southwick Clothing and Magellan Aerospace. Tonight I am happy to announce that in the height of the recession these three companies are not only still with us, they are expanding.

Southwick Clothing is adding thirty more jobs.

In Ward Hill, Lightspeed Manufacturing has obtained an exclusive contract to enhance in-flight television monitors on every JetBlue plane made in America, and they anticipate doubling their work force this year. Join me in welcoming their CEO, Rich Breault.

Downtown, in the best restaurant zone north of the north end, we have three new restaurants: Han's Garden and Archie's Place and opening in the next few weeks, the Blue Finn restaurant.

Tonight, I am happy to welcome Pedros's, a bicycle accessory manufacturer that makes and distributes bicycle equipment all over the world including by racers in the Tour de France.

Pedro's brings with them fourteen (14) new R+ D jobs, and they help fill up one of our old factory buildings. Please join me in welcoming to Haverhill, Pedro's Inc. and their CEO Chris Zigmont.

If we are going to continue to attract new business, we have to continue to be innovative. Later this year, I will introduce a series of zoning amendments to expand our industrial parks into business parks, and allow more businesses to locate there as a matter of right.

Protecting our quality of life

We always recognized that just surviving as a city is not good enough. Our job as elected officials is to always look for ways to improve the quality of life of our residents.

Education

In education, we have worked hard to improve MCAS scores. Our math MCAS scores are up nearly 15% and our ELA scores are up. It is a good start, but we recognize we have more to do.

We know that quality of the building is one factor in education. I am pleased that 2010 will be the year in which we undertake the most significant site improvements to our High School since it opened. By the end of this year, our high school will truly be the flagship school of our city.

Police

To keep our streets safe, we instituted a new street crimes unit, put people on the streets in the downtown area, and used block grant money to increase our patrols.

Tonight I am proud to announce that last year, crime was down 2%. Narcotics offenses were down 8%, robbery was down 2%, and aggravated assaults were down 21%. The causes of crime are not clear, but two things are clear: First, Haverhill a safe place to live and safe place to visit. Second: our police department is doing an excellent job.

Recycling

Last year, we joined only a handful of cities in instituting curbside single stream recycling on a pilot basis.

Tonight, I am proud to announce that we have reached an agreement to extend curbside single-stream recycling by the end of this year to every neighborhood and every household in the city.

These negotiations were not easy, and when we started, it looked like recycling would cost us more money than we could afford.

But when two reasonable parties work together for a common solution, almost anything is possible. The final agreement will not cost us money, it will save us money: as much as a quarter of a million dollars a year by taking bulk items out of the waste stream. This agreement would not have happened without the hard work of the many people who worked so hard on this: our lead negotiators Mike Stankovich and Bob Defusco, our recycling coordinator Steve Clifford, Joe Ricupero from Capital Waste; and the people who supplied us with information and cheered us on: Team Haverhill, city councilors Colin Lepage and Sven Amirian, our recycling committee and the many citizens who worked with us to make this happen—please join me in recognizing them for a job well done.

Fixing up downtown

In the past few years, we've made a special effort fix up our downtown. Last fall the boardwalk we had talked about for decades finally opened, and starting this summer, we hope to break ground on a brand new 300 space parking garage.

Starting late this year or early next year, thanks to a Federal earmark obtained for us by Senator Kerry, we'll give Washington Street a new makeover, with new benches, new trees and a new look.

Protecting our neighborhoods

Now, downtown is important, but the heart of Haverhill is our neighborhoods and it is what I love best about our city.

When people say they are from Riverside, from Bradford, the Hill, Main Street or Ward Hill—they have a sense of pride to them that says that this is their home. I am in the neighborhoods every day, and this year our Coffee with the Mayor program will be in every neighborhood to meet with residents and see how we can serve them better.

The greatest risk to neighborhoods is the large number of foreclosures. This year, we'll be launching our neighborhood stabilization program, designed to identify abandoned houses, and fix them up and get them back on the market.

This year, thanks to State grants, we'll be adding some improvements to Swasey, Cashman and Riverside parks. We'll fix the Ferry Road Bridge in Ward Hill, and we'll put in new energy efficient street lights and make repairs to our citizen's center. In Bradford, Our "Friends of the Bradford Rail Trail" will start the clearing of the abandoned railroad land between the Basiliere and Comeau Bridges and our Bike Haverhill Committee will map out bike paths and routes to make Haverhill a destination for bicycling.

And everywhere, this April 24, with the help of newly revitalized Brightside Program, we'll have the best city wide annual cleanup program we have ever had. Please join us.

CONCLUSION

This year, just as economists tell us the recession is over, we face our greatest challenges.

But this is the start of a new term for me, and a new decade for Haverhill-- and this term brings with it a new sense of vitality, a new sense of optimism and new sense of determination to get things done.

As I look out, I see that the future is in the hands of people who are determined to work hard, work together and make Haverhill better. The future is our OUR hands.

For that reason, I can say as we stand here tonight, the state of our city is strong.

Thank you, and good evening.