

# End of the Year Report, 2014

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## Introduction

At the end of 2014, we continue what I hope is the yearly tradition started last year, of giving a year-end report to the residents of the city.<sup>1</sup>

Overall, the city had a very good year in 2014. Crime was down fairly dramatically. Unemployment was also down—to numbers we had not seen since prior to the recession. MCAS scores, property values and tax receipts were all up.

## Police and Crime

Overall crime was down 12% in 2014—a very significant reduction. There were no homicides in the city, and crime in most categories fell as well as falling overall. In the Mt. Washington area of the city, where we targeted additional resources, crime fell by over 20%.

2014 began with a concern about gang violence. The city worked hard to solve the problem. Over two years, we budgeted for eight (8) additional police officers.

The city also applied for and received a municipal staffing grant to add two additional officers—for a total of ten (10) new police officers.

We also received money for additional overtime and targeted patrols. The staffing grant would not have been possible without the assistance of State Rep. Brian Dempsey and the city thanks



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<sup>1</sup> Since the year was not over when the reports were compiled, many of the statistics are based upon the one year period of November 30, 2013 to November 30, 2014. Financial data is from the fiscal year which ended on July 1.

him for his assistance.

The Police Department, along with State and Federal law enforcement agencies, formed an anti-gang task force.

The task force identified 14 active gangs along with over 300 gang members and associates. The police used their new predictive analysis software to pinpoint where crime was most likely to occur and instituted saturation patrols, arrested and prosecuted known gang members and drug dealers. They cracked down on quality of life crimes like public intoxication.

Gang members were relentlessly arrested and prosecuted. Two gangs were completely dismantled, and numerous gang members and drug dealers were arrested and prosecuted. Citywide, 1,888 arrests were made. 839 arrests involved 100 known gang members and associates. 37 arrests were made for dangerous weapons charges.

The results have been nothing short of spectacular. So far this year, overall crime was down 12% in the city. **Crime in the Mt. Washington area, where we targeted patrols, was down by over 20%.** Today, our citizens feel and are safer, and gang violence has been greatly reduced.

But crime is a little bit like disease, you tackle one problem and another one comes up. Our challenge in 2015 is the heroin epidemic. In 2014, we put narcan into every police vehicle and trained every officer on its use. We'll do even more in 2015.

## Education

### Hunking School

In my inaugural address at the start of 2014, I indicated that our biggest challenge in 2014, was the Hunking School.



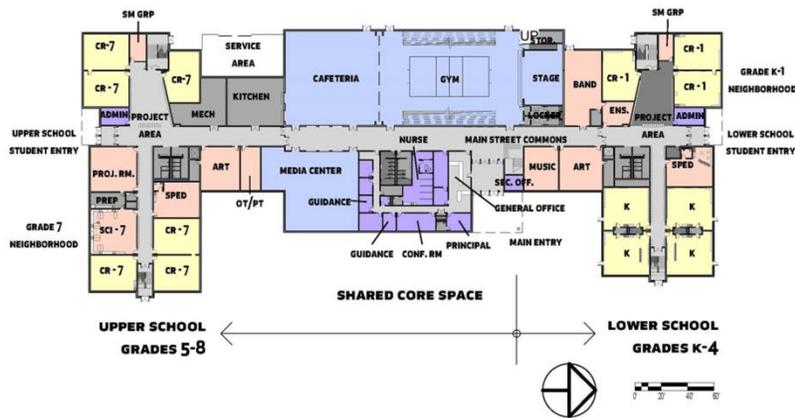


The citizens of Haverhill stepped up to the plate and by an overwhelming margin approved a debt exclusion on June 10<sup>th</sup> to build a new Hunking school. This project would not have passed without the grass roots campaign by the Haverhill for Hunking committee, and I want to thank them tonight for their role. Each of you here on the City Council and the School Committee should also be proud of the role you played—every single elected official in the city endorsed this project.

The new Hunking School will seat 1,005 students. Construction is scheduled to begin in the spring of 2015 with completion scheduled for the end of 2016. The school is estimated to cost \$61M, and the State will reimburse us for approximately \$40M.

This new school could not happen without the generosity of the voters of this city. I thank them here tonight.





## MCAS Scores

The most important thing in education is what happens inside the classroom. The State rates schools by levels, with Level 1 being the highest and level 5, the lowest. Up until this year, no Haverhill school other than charter schools had ever been rated as level 1. Level 1 is not just about performance, it is also about effort, subgroups and improvement in performance.

In 2014, we had **four** level one schools, Nettle, Pentucket Lake, Bradford Elementary and the Silver Hill Horace Mann Charter School. At a time when the number of level one schools state wide went down, it is impressive indeed. Congratulations to Superintendent Scully, the principals, teachers and the entire School Department for a job well done.

## Parks/Playgrounds

For the past few years, we have made improving the quality of life of our citizens a priority. We've brought back swings and outdoor ice skating to our parks, replaced playground equipment, and reopened parks like the Route 110 Park and added new parks like the George Washington Landing Park in Bradford. We had a very successful year using our block grant money to plant 100 trees and fix playgrounds.

## Swasey Field

This year, thanks to a series of great State programs to improve inner city parks and our own block grant money, we were able to make major improvements to GAR Park and Swasey field.



At Swasey Park, we started a couple of years ago by installing a new playground. This year, we received a \$1.1M State Parks Grant which we matched with \$100k in Community Development funding to open a spray park. Next year, phase two of the project will include a new perimeter walking path, new basketball courts and new baseball fields. Next year, we will open a new sledding area.

### New Spray Park at Swasey Field



### GAR Park

Thanks to another State grant and our match, GAR Park is in the process of undergoing a \$250,000 facelift. The facelift will include a new playground, new benches, new trees and flowers and better lighting. It will also include a temporary outdoor ice skating rink

behind the citizen's center. Eventually, I am hoping to get the money to make this a refrigerated unit so that we have people ice skating in the park for 5-6 months of the year.

### Riverside Park

In 2014, we also improved Riverside Park. We added new playground equipment and a 430 linear dog park. Last winter we added an outdoor ice rink and as soon as the weather is cold enough, that will be back next year.



### Portland Street and other parks and playgrounds

In 2014 we also made improvements to other parks and playgrounds—we added part time help, opened more of the Rte. 100 Park, partnered with Team Haverhill to improve the Portland Street playground, and added new bathrooms and other improvements to Winnekenni and Plugs Pond.



## Rail Trail

But the biggest park news in 2014 was the rail trail. The Bradford Rail Trail project was fully permitted in 2014—and I want to thank all those who worked on it, and construction is set to begin in the spring of 2015.



## Financial

Of course, all of these improvements—new police, better parks, better schools, are only possible if you have the money to do it. Our overall financial numbers were positive in fiscal 14 with one exception.

### Local Receipts

Excise tax receipts are up, even up over our budget projections-- a sure sign that the economy is improving and people are buying more cars.

Our receivables were also up. We allocated some money in 2014 to have more land court takings for back taxes. We did more collection letters, hired an outside collection agency, and generally made a stronger effort to collect our receivables. The outside collection agency did not work out as well as we hoped, but the other steps we took worked out even better than we anticipated. To date the Treasurer/Collector has collected 99.33% of the Personal Property and Real Estate Taxes due for FY14. The land court takings will exceed our expectations, and the stepped up efforts in

receivables will give us some much needed one time money when the free cash report comes in early 2015. Stepping up receivables doesn't generate extra money, it is money you would get eventually anyway, but it does give you the money more quickly.

## Health care costs

A key part of our financial success has been controlling spending in general. A key element of spending, and one that I have spoken about many times, is health care costs. Fiscal stability requires that health care costs be controlled and this year they were. From fiscal 2013 to fiscal 2014 health care costs went up \$22,601,657 in fiscal 13 to \$23,650.81 in fiscal 14 an increase of 4.64%.

Our projection, now that we have joined MIAA, is that the costs will go down in FY 15 to \$21,049,943 or a 10.99% **decrease**. Since many communities are seeing double digit increases in health care, we are thrilled.

None of this happened by accident. It happened because the legislature gave us the tools we needed to negotiate a fair health care plan with our employees, tools we lacked previously. It also happened because our unions and our employees were willing to work with us to control costs and I publicly thank them tonight.

## Free Cash

All of this, and particularly the increase of one time receivables, will mean that Haverhill will have Free Cash—which is a technical term for a type of reserve—when free cash is certified in February.

The only negative in our financial picture is that for many years we have relied upon \$2.4M a year to help us pay the Hale debt. Unfortunately, this year the Governor took away our Hale debt relief money. This caused us to drain our reserves down far below where they should be. It is critical that this money be replaced in 2015. I know that Representative Dempsey is working hard to restore it.

## Taxes

The big news on the financial front concerns residential taxes. The residential tax **rate** went down 4.6%, the first time that the rate has gone down in several years. But most people care about their tax bill, not their tax rate.

This year, people are rediscovering Haverhill. They are hearing about the great restaurants we have the great downtown, the improving schools, the improving safety record and people are buying homes here. People have read the Money Magazine article rating us as one of the top five communities in Massachusetts to live.

In 2014, residential property values were up 9.13%, the 4<sup>th</sup> largest increase in all of the 35 communities in Essex County. Unfortunately, commercial and industrial values, while they went up, did not go up by as much.

While overall property values going up is good, when residential values go up faster than commercial values, residential taxes go up faster than commercial taxes too.

But residential taxes went up, largely because values went up.

In November, I announced that unless we took action, our residential taxpayers would face an increase of about \$250 per year for the average residential taxpayer-- an increase that I called unacceptable.

We took action. We used some of our reserves to stabilize the tax rate, and adjusted what is called the tax stabilization rate, the rate that sets how much business is taxed versus residents. Taxes are still going up, but our strong action prevented taxes from going up as much as we feared. What you are getting for it is a safer and cleaner city with improving and better schools, an improving quality of life and a tax rate that is going down, not up.

## Health and Inspectional Services

Keeping our city safe, affordable, and clean are key priorities.

The cleanliness part is divided between the Highway Department and Health and Inspectional Services.

Last year we patched 900 potholes, a few more than we patched the year before, but 63% more than we patched two years ago. We planted 150 trees, about 4 times more than we had the year before. We swept 1850 miles of roadway, more than we ever had in the past, and repaved 33 streets.



In Health and Inspectional Services, they had a very active year with a new Director, Richard Macdonald. We added to our clerical staff, increased inspectors, and brought back our code team. This year, our emphasis was on abandoned buildings.

### Abandoned Buildings Program

We were able to get an Abandoned Building Ordinance passed about a year ago to require that abandoned properties be registered with the city. Despite predictions by some that the ordinance would not work, it did work. We registered 217 properties, collected \$74,750 in registration fees. We put four properties into receivership, have referred four more for receivership, and working now with the owners to repair 5 properties, demoed 5 properties, and had 17 fixed and restored to active use.

5<sup>th</sup> Ave



Garden Street



## Water Street



### Code Team

In 2014 the code team was revived. They performed 124 inspections, issued 113 violation reports, done 178 re-inspections for progress, and filed 14 cases in court.

Now, fixing buildings is important but who moves into the abandoned buildings is even more important. This year, we started a new first time home buyer program to encourage home ownership in the Lower Acre and the Mt. Washington area. We had five new first time homeowners move into these areas.

### ECONOMIC DEVELOPMENT

In economic development, we had a great year, with many of our abandoned commercial buildings being scheduled for reuse. Over the years we have rezoned downtown to eliminate red tape and regulatory barriers to make it easier to redevelop these old buildings as mixed use developments.

Downtown, the Surplus Office Supply Building and the Haverhill Music Center building were both approved for reuse. On both buildings, we expect construction to start in the spring. Both projects will take advantage of the new State HDIP tax incentive program 2014. The vacant Whittier Hotel Building reopened as the Casa Blanca Mexican restaurant. The old Gazette/Eagle Tribune building on Merrimack Street reopened as Beach Pizza. Archie's Place on Washington Street reopened as Wang's Table, with Wang's moving down from Merrimack Street to make room for Harbor Place. There are

still too many vacant store fronts, but as the economy improves, we expect more of them to fill up.

### **Vacant Buildings Being Filled**

In some of those buildings, there has been a lot of activity and we are optimistic that some of them will be filled in 2015. The abandoned Chen Building on Essex Street is under agreement, as is the old Glynn Memorial Hospital Building in Riverside.

On Hilldale Avenue, another abandoned building, which once housed “Cerratani’s Market “is now under agreement and is scheduled to reopen in 2015 as a medical office. Finally, on Winter Street, the long abandoned Winter Street school is has sold and is slated to become affordable housing.

### **Southwick/ Lowes and Joseph’s Gourmet Pasta**

Two buildings that are not abandoned, and which we worked very hard to keep occupied, are Joseph’s Gourmet Pasta, formerly called Nestlé’s, on Primrose Street, and Southwick on Route 97.

Last week, I appeared before the State and helped them to obtain state tax incentives so that they would remain there. We were able to keep 279 jobs at Joseph’s Pasta, most of them for Haverhill residents. At Southwick, we were able to keep 488 jobs with a promise to add a minimum of an additional 75 jobs at least 30% of which must be for Haverhill residents.



Southwick



New Location

## Waterfront

Along the waterfront, in 2014 we passed our Comprehensive Waterfront Zoning Ordinance. I expect to see at least one major waterfront development and possibly several more come before you in 2015 as a result of this rezoning.

## Harbor Place

The most important thing that happened in 2014 was the exciting announcement about the Harbor Place project. This \$70 million project will bring in a new boardwalk and walkway and reuse the Woolworth building, which has been vacant for nearly a half century. This project would not have happened without the money from the State which Rep. Dempsey helped to arrange.

In 2014, the city also did its part. We negotiated a tax incentive agreement with the company, worked out a parking arrangement, and worked out easement agreements all but one abutter and used our eminent domain powers to do a taking with the last remaining abutter. We are proud to be part of the team working on this project.

Our goal is that Harbor Place is the start of bringing the Haverhill Renaissance to the eastern part of downtown. In 2014 we rezoned that area to encourage more development. A week or two ago, the State designated the northern end of Merrimack Street as one of the ten transformative development districts in the State. There is no question about it; **in 2014 Haverhill was on the move!**



Aerial photo courtesy of Al Pereira



Before



Proposed After

## The Look Ahead to 2015

For all our progress in 2014, there is much to do in 2015. Here are some of the priorities.

### Heroin Epidemic

First is what the British Magazine, the Economist, calls the United States' national relapse, the heroin epidemic. We've lost over 20 people, most of them young people who died before they ever lived. We tackled the gang violence issue, it did not disappear but it did get a lot better. We will use the same tactics to target our resources and tackle the overdose epidemic. But this isn't just about police. It is also about education, and about treatment and about public health. We have formed a Drug Task Force and will be having public forums throughout the city to tell people their options if someone in their family may be addicted.

### Improving our schools

In our schools, our top priority in education is to close the education gap, so that the poorest kid has an equal chance of succeeding as the wealthiest kid.

Our challenge is the Tilton School where we have not achieved as well as we hoped we would.

If we are going to improve the Tilton School, we need to start with the simple and common sense idea that if you work harder and longer, you will do better. Mayor Marty Walsh of Boston got it right earlier this week when he proposed extended learning time in the Boston Public Schools. This is what I have proposed as a turnaround plan for the Tilton School – extended learning time-- and ultimately it is the only thing that will work.

But extended learning times comes with cost. I have told the Superintendent that if he comes in with a proposal for extended learning time, I will propose to the City Council that, if we can find a way to fund it, that we do so.

## **Conclusion**

But, despite our challenges, 2015 is shaping up to be a great year. We will have at least one major waterfront development, several downtown buildings will be redone, we are scheduled to break ground on the Hunking School in the spring, we are scheduled to break ground on the rail trail in the summer or fall. Starting in just a few weeks, we are scheduled to start on the demolition of the Woolworth building to make way for Harbor Place.

I am very optimistic about our future, and I look forward to working with all of you next year.

Thank you.