

# The Haverhill Plan - Overview (2nd Draft)

Take Haverhill to the Next Level

## John Michitson

Candidate for Mayor

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(H)978-373-2231

[www.michitson.com](http://www.michitson.com)

- A work in progress...
- To be updated periodically based on citizen input and when additional information is made available.
- Will be completed and acted upon when I take office.



# Outline

- Community Vision
- Budget History
  - Understanding the underlying fundamentals to help plan for future
- Haverhill Plan
  - Integrated Performance-Based Budgeting and Long Range Planning
  - Leadership in Public Safety
  - Leadership and Community in Education
  - Leadership in Economic Development
- About the Author
- Backup

# Community Vision

- **Key challenge:** Haverhill needs a strong community vision.
- **Michitson Administration response:**
  - Below are some of the elements that will drive my administration and help us all strive for and achieve the best for Haverhill and its residents.
    - Haverhill is viewed as a strong, safe and caring community where people and history connect.
      - The good work of past generations "refreshes/breathes fresh life" into Haverhill's community spirit.
      - Haverhill's physical and human resources are prized.
    - Haverhill is seen as rich in opportunity where ideas and "change for the better" flourish:
      - Strong principles and common sense are the cornerstones of every action. Hard work and decency are measures of success.
    - Haverhill is a proud community that respects and values its partnerships:
      - What is best for the community is a common goal of "team" effort. Concessions are not seen as weaknesses.
  - I will take action to preserve the environment
    - Implement city-wide single stream recycling, preserve open space and use renewable energy to extent possible
  - This is our Community. This is the essence of "Take Pride, Take Charge." Share the Vision.



# Budget History

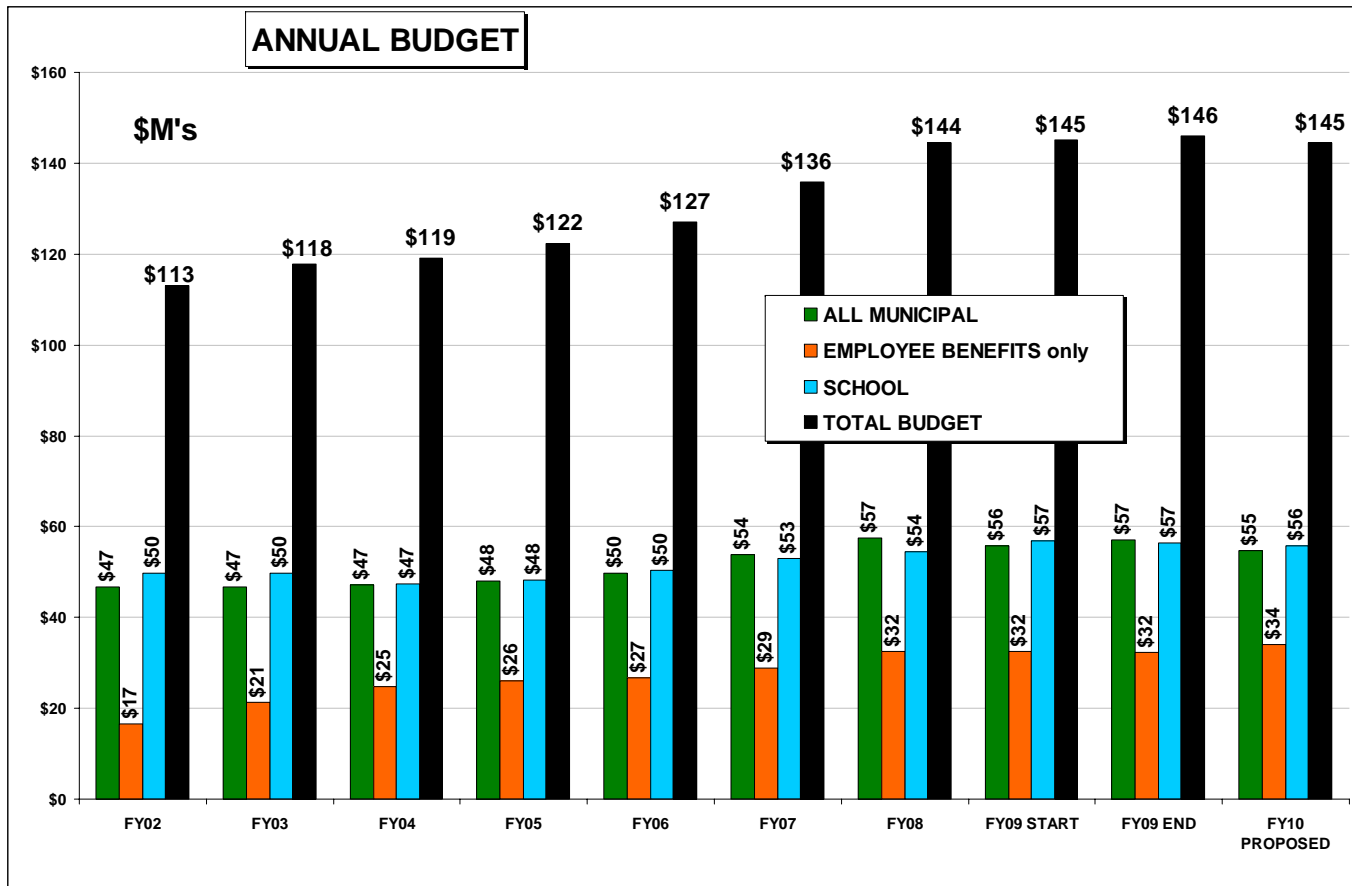
The underlying fundamentals...



# Budget & Revenue Summary

- Taxes have been at the proposition 2 1/2 max since at least FY02.
- In FY04, Mayor Guerin reduced the size of City Government by approximately 46 employees to downsize City for post-Hale era.
- From FY05-FY08, under Mayor Fiorentini, the following factors allowed us to maintain status quo and mask our financial problems until FY09/FY10:
  - Good economy w/supportive State Aid increases
  - One-time revenue (e.g. sold property, State's yearly Hale bailout stipend)
  - Deferred Hale Hospital debt payments.
- In FY09/FY10 – the mask on our financial problems lifted by global recession leading to reduction in State funding
  - Resulting in municipal lay-offs and draining of financial reserves.
- Recurring revenue has not kept pace with budget increases.
- Employee health insurance and pension costs continue to pose a long term fiscal risk.
- The Hale Hospital cost ramps up in 2010. It will reach over \$12.5M per year
  - Still no long range financial plan to address: huge Hale cost, Combined Sewer Overflow (CSO) (minimum of \$20M), Landfill Cap (~\$40M), Renovation of Hunking & Whittier Middle School facilities etc.

# ANNUAL BUDGET



## Key Takeaways

### 1. Employee Benefits have skyrocketed.

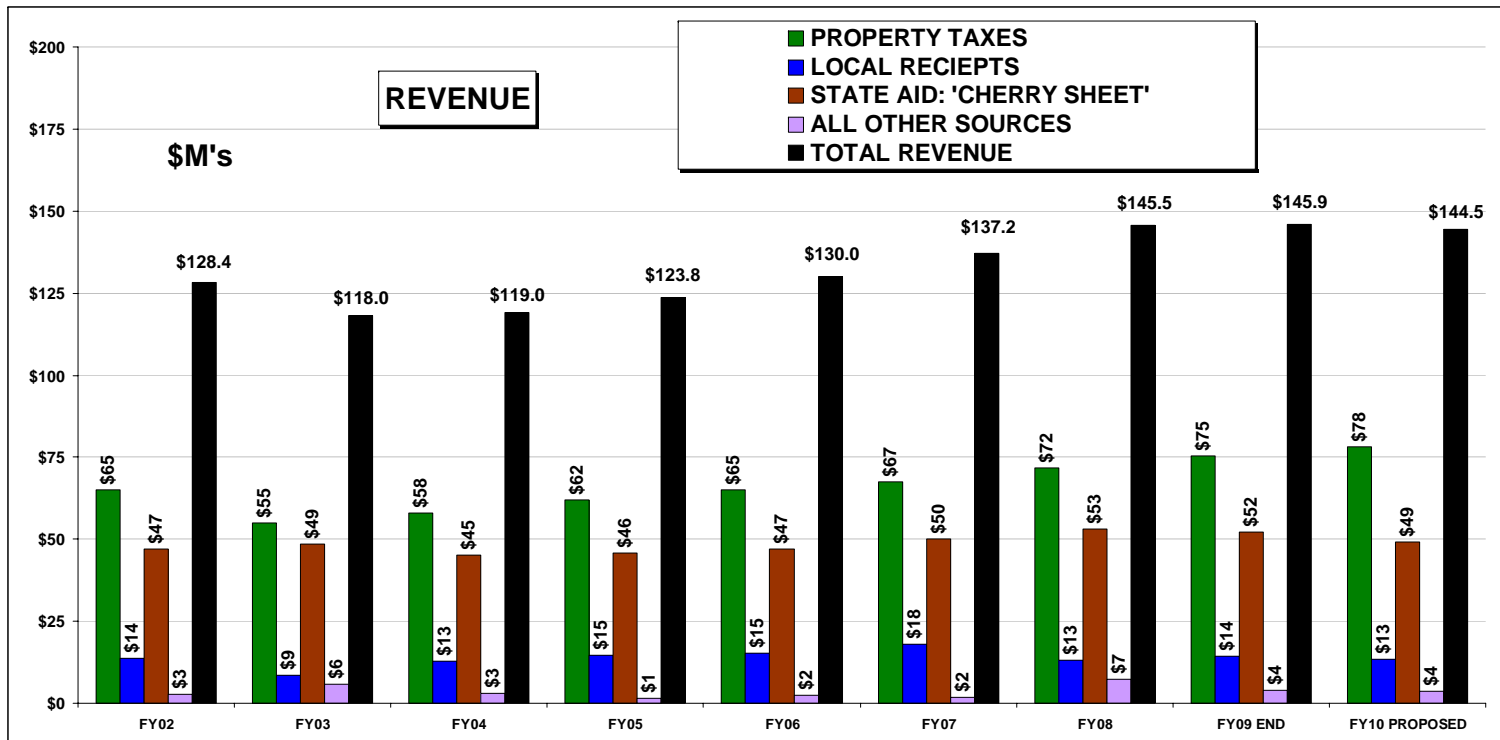
- Employee Benefits (% of Budget): 15% -> **24%**
  - Employee Benefits is for both Municipal & School

### 2. Municipal & School Budgets have been compressed.

- School (% of Budget): 44% -> 39%
- Municipal (% of Budget): 41% -> 38%

•Based on budget information provided by Chuck Benevento, City auditor.

# ANNUAL REVENUE



## Key Takeaways

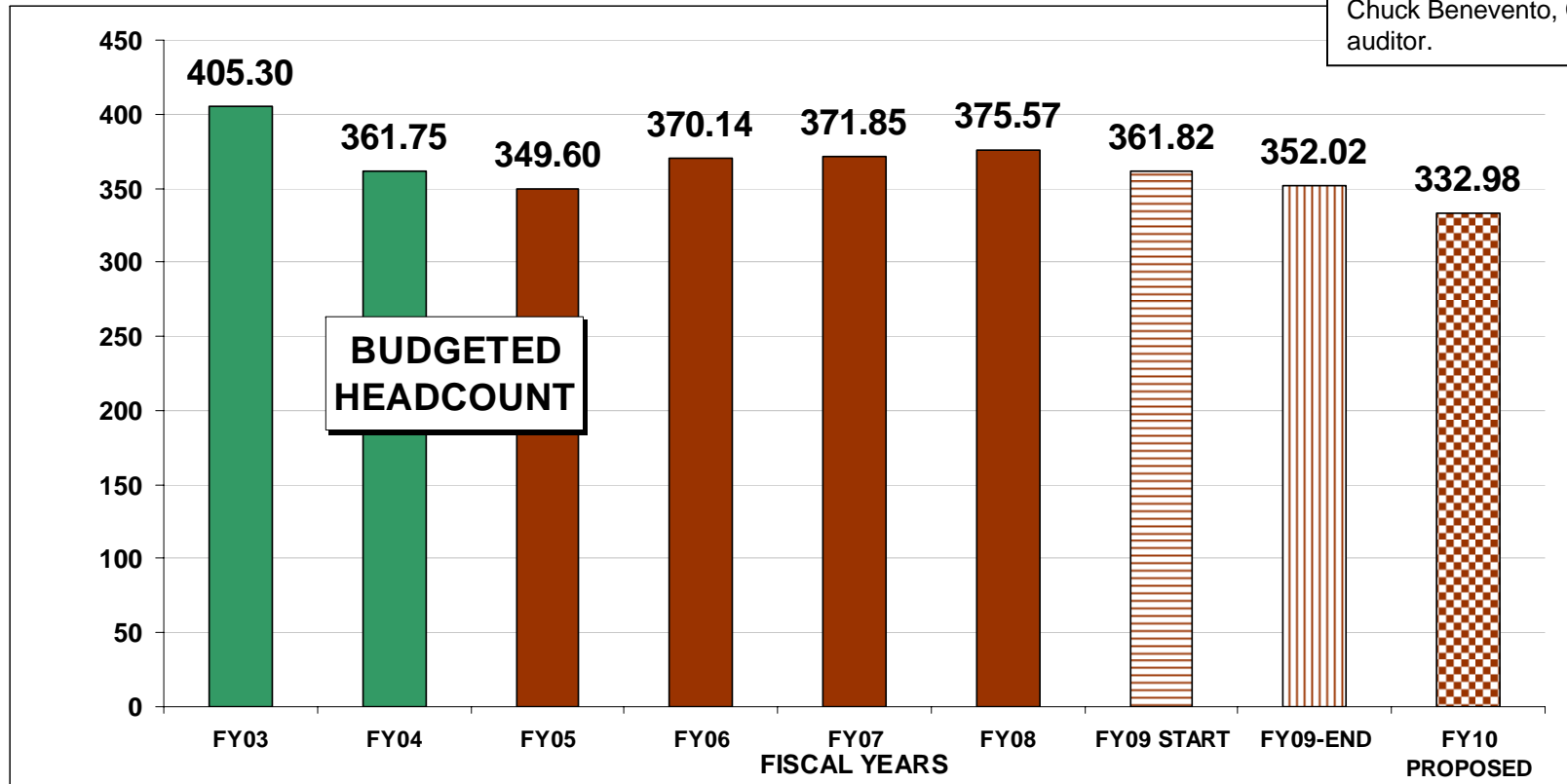
REVENUE has grown **\$16M or 13%** versus BUDGET growth of **28%**

- PROPERTY TAX Collections have Grown **21%**
- LOCAL RECEIPT Collections are **FLAT**
- STATE AID has Grown **5%**
- OTHER SOURCES have been erratic & unpredictable
  - One-time revenues

\* Based on budget information provided by Chuck Benevento, City auditor.

# BUDGETED HEADCOUNT

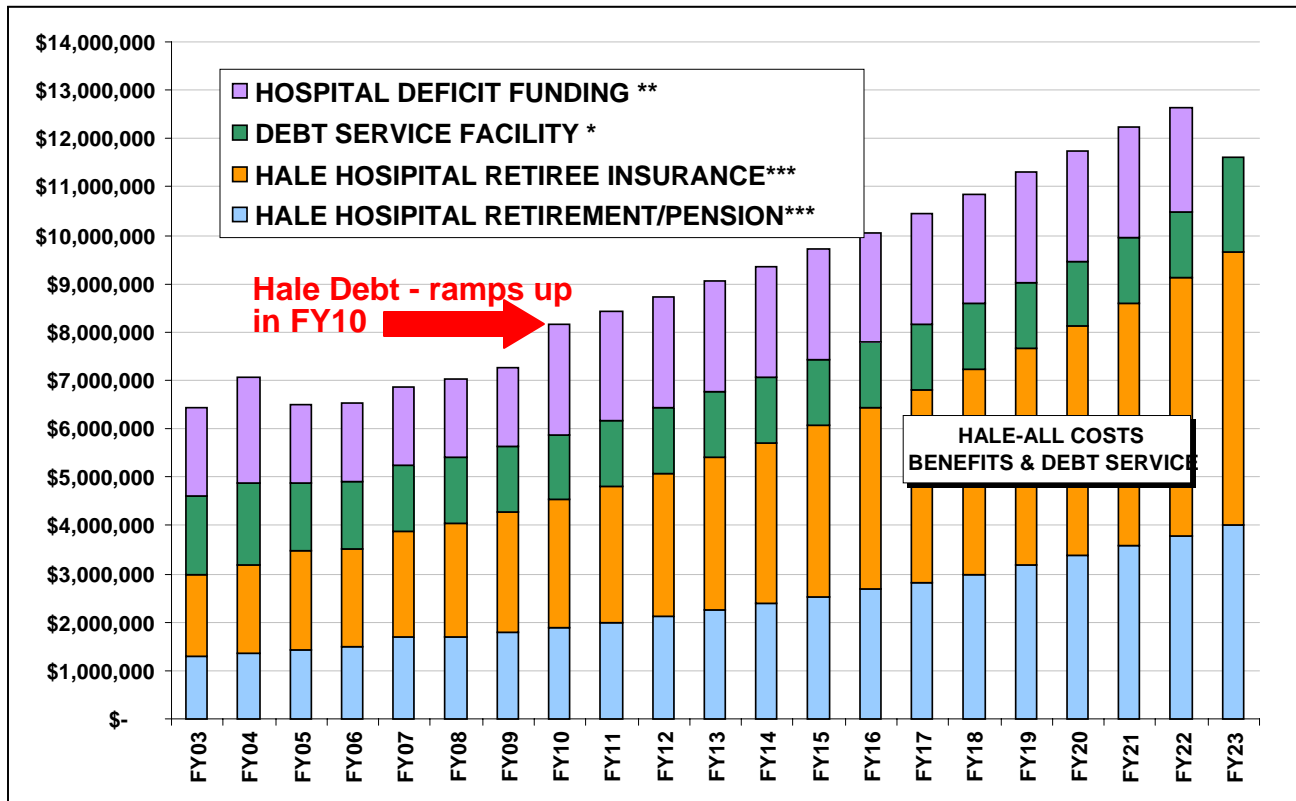
•Based on budget information provided by Chuck Benevento, City auditor.



## Key Takeaways

- Guerin Administration (FY03/04) resized City workforce for post-Hale era
- The budgeted headcount did not change significantly from FY05 – FY08 under Mayor Fiorentini, until the economic downturn in FY09 & FY10

# Hale Cost Actuals and Projections



\* Facility no longer operated or owned by the City. Building transferred to new hospital operator  
 Pension and Health Insurance costs now funded through General Fund not Enterprise Fund  
 \*\* Hospital Deficit reflects five year deferral one half of principal to be added into year 2022 and 2023  
 Deficit notes are not permanent debt and therefore subject to interest rate changes  
 \*\*\* Costs estimated to increase at 6% per year

- Will consume upwards of 5-6% of the annual budget through FY2023

**Hale Cost Ramps Up in FY2010**



# The Haverhill Plan – Overview

A work in progress.....



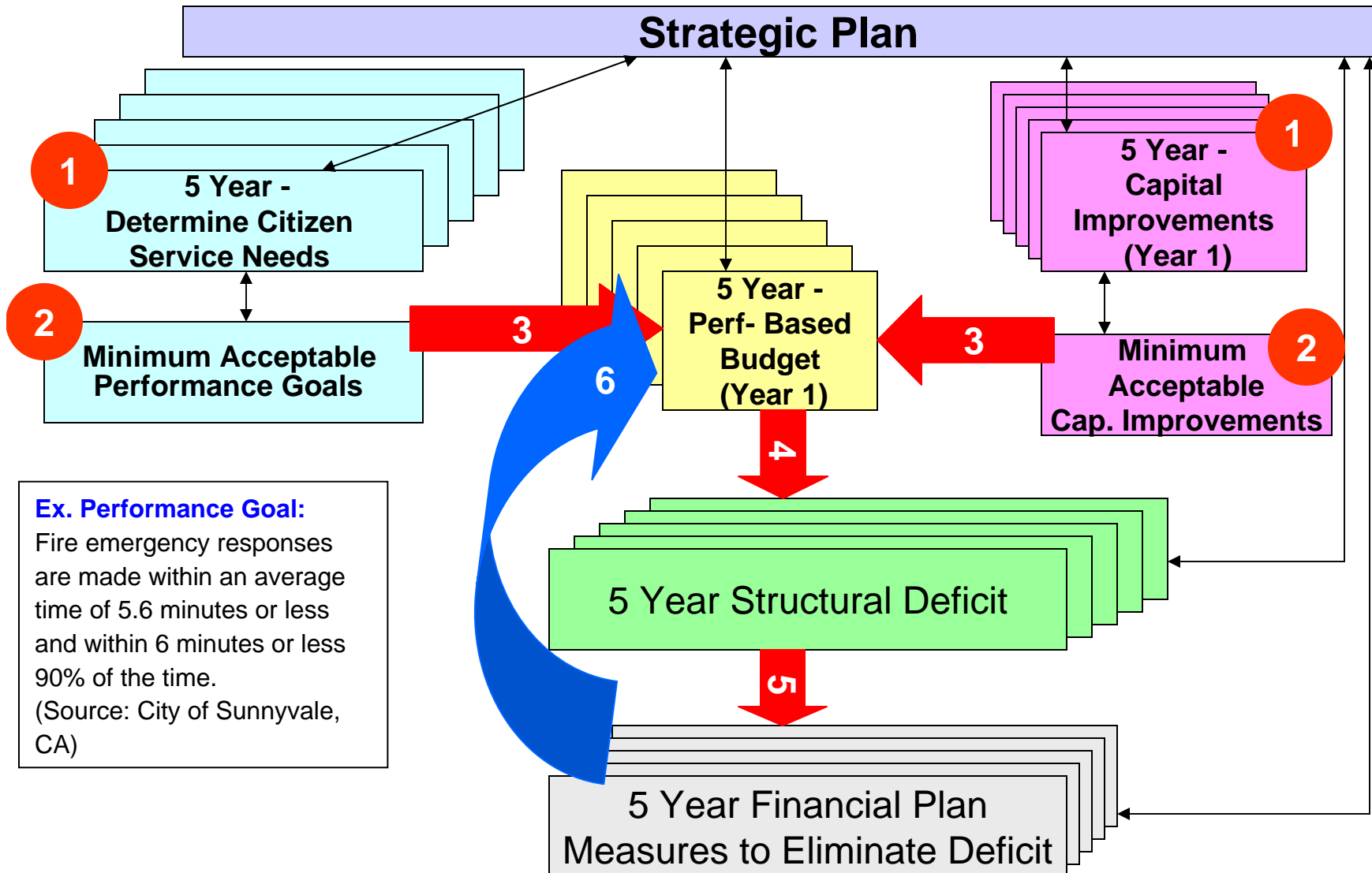
# Keys to Our Success

- You are taxed to the max now.
  - I will manage your money by measuring performance and planning for the future; the keys to our success.

# Performance-Based Budgeting and Long Range Planning

- **Key challenge:** There is no long term plan to meet the structural budget deficit resulting primarily from the Hale Hospital cost
- **Michitson Administration response:**
  - Formulate a performance-based budget by first defining citizen service, capital and maintenance needs, and the minimum acceptable performance goals
    - Focus on strong public safety, public works and education.
  - Determine the cost and refine the plan according to priorities if too expensive
    - Efficiency and effectiveness to minimize taxes are the goals.
  - Formulate a five year budget, where the first year is voted on
    - While the remaining years provide a perspective for prudent decisions.
  - Estimate the size of the 5 year structural deficit based on the essential performance goals.
  - Build a 5 year financial plan that includes measures to generate new recurring revenues and reduce cost – to address structural deficit.

# Long Range Financial Plan – General Approach



# Examples of Additional Revenue and Cost Reduction Measures

- Potential new Recurring Revenue sources
  - **Ramp-up efforts to increase industrial tax base – top priority**
  - Pay for parking in deck(s) and lots – use \$s for downtown improvements
  - City-wide single-stream curbside recycling
- Cost reduction measures
  - Lower cost of healthcare insurance and pension reform (new employees, State must lead) – negotiate in good faith
  - **Fiscal responsibility**
    - **Long range maintenance program (potential to save \$millions)**
    - **Do not defer Hale debt again– it extends crisis and raises overall cost!**
    - **Set aside % of new residential growth revenue for future services**
    - **Financial management**
  - Consolidation – assess systematically across the board
  - Regionalization – negotiate with neighbors to share services, facilities, equipment and costs when advantageous
- Big ticket costs currently in limbo – must reconcile
  - Combined Sewer Overflow (CSO) (minimum of \$20M) , Landfill Cap (~\$40M), Hunking and Whittier Middle School facilities etc.

**Take Systematic & Aggressive Aim at Structural Deficit – 5 Year Flexible Plan**

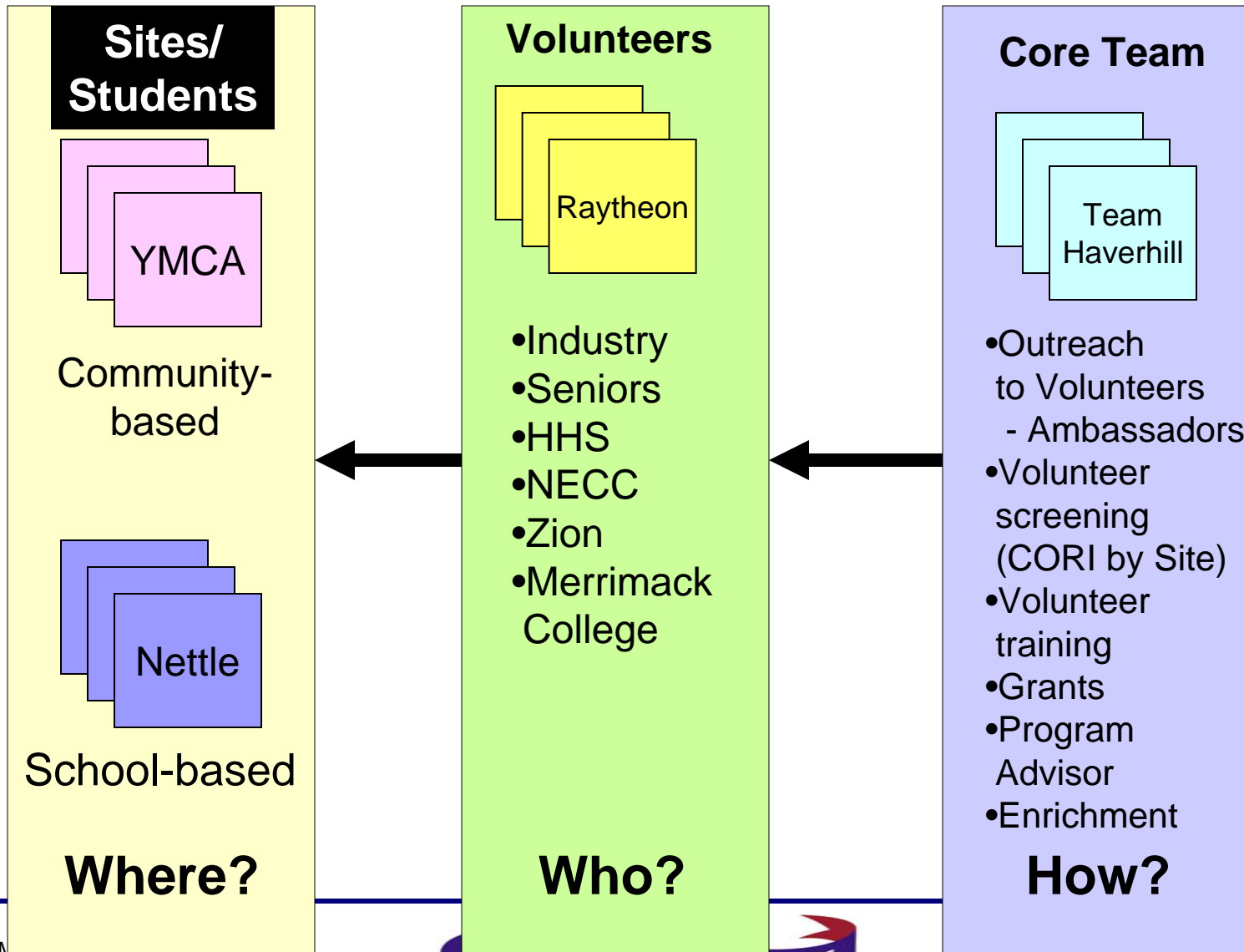
# Leadership in Public Safety

- **Key challenge:** To provide a safe and secure environment for all citizens of Haverhill
- **Michitson Administration response:**
  - Ensure a rapid and timely response to all Fire and Police emergencies
    - Along with sufficient capacity to handle total call volume
  - I will strive to enhance community policing and neighborhood participation
  - Practice performance-based budgeting and long range planning to provide needed funding for Fire & Police Departments

# Leadership in Education

- **Key challenge:** The school committee needs strong leadership to build a sense of community for education in Haverhill.
- **Michitson Administration response:**
  - As a strong and visionary School Committee Chair (a position held by the Mayor) I will bring renewed enthusiasm, vitality and a sense of hope and success to our schools.
    - I will encourage collaboration, build consensus, and seek solutions.
    - Schools will be at the center of the community.
    - Education will be a community goal!
  - Mentoring and tutoring will be the linchpin in bringing a strong sense of community and enduring success to our schools.
  - We will aggressively identify what is working and what is not in schools and establish measurable goals and accountability.
  - We will create partnerships between our schools and industry to expand our children's horizons about their possibilities.

# Haverhill Youth Mentoring Network

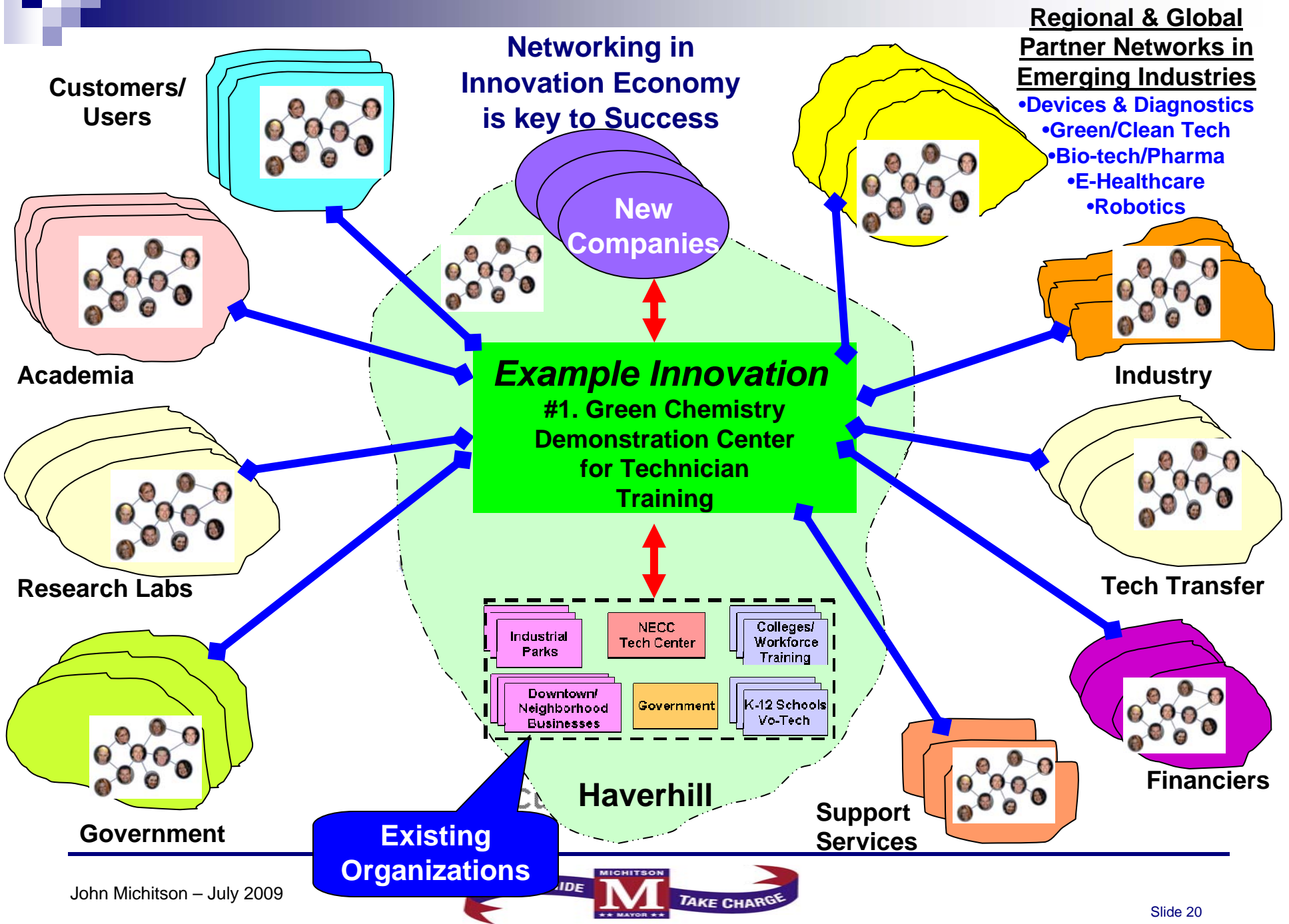
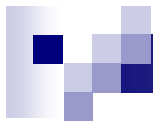


# Leadership in Economic Development

- **Key challenge:** Haverhill was not a proactive player in first round of emerging technology industry growth in Merrimack Valley.
- **Michitson Administration response:**
  - Surrounding communities have already managed to attract the businesses in this market that mean good jobs and tax dollars now and in future.
    - It is time for Haverhill to get its fair share.
  - We must begin to market ourselves on a regional level by building local, regional and even global partnerships.
    - Businesses small and large should be confident that the community is committed to this.
  - I will work proactively every day to bring my economic development plan to fruition.
    - I will drive a second to none marketing campaign and workforce development initiative to make Haverhill a leader in emerging industries, as well as retaining our traditional base by leveraging:
      - My business networking these last 5 years
      - My professional management skills
      - And my long standing commitment to our financial health.

# Creativity & Innovation Keys to Success

- Creativity and innovation are important factors in attracting emerging industries
  - Along with traditional factors, such as property, facilities and infrastructure, as well as financial incentives, skilled workforce and community attributes
- Example innovation proposed by Dr. John Warner, global expert in Green Chemistry, at a May business breakfast sponsored by my campaign committee:
  - Initiate a Green Chemistry Demonstration Center in Haverhill with the following capabilities:
    - Validate new products derived from Green Chemistry
    - Test existing products for toxicity
    - Provide a forum for companies and academia to share ideas
    - Perform community and regional outreach
- Green Chemistry can be applied to many industries (e.g. Pharmaceutical, Biotech, Building Materials, Printing & Ink, Textiles, Cosmetics, and Consumer Products)
  - Making it a catalyst for attracting other emerging and traditional industries to the area
  - Existing businesses in Haverhill could be the first to pilot new green products validated at the demonstration center, to give them an edge
- A LinkedIn Group called “Haverhill’s Green Chemistry Demonstration Center” has been formed to brainstorm its formulation - please join us ([john@michitson.com](mailto:john@michitson.com))



# Your Thoughts?

Contact:

[john@michitson.com](mailto:john@michitson.com)

(H)978-373-2231



# About the Author



# John Michitson Bio

- Born and raised in Riverside
- Attended Haverhill Schools/Graduated Haverhill High/Merrimack College
- Married to Heidi/3 children, Grace, John and Chelsea
- Professional Manager and engineer at Lucent, internet startups and currently at MITRE Corporation
- City Councilor for ten years /Council President for last two years
  - Urged colleagues to seek innovative approaches to City Government and Budget
  - Proud of record and accomplishments
- Long history of other Community involvement
  - Founder of Danny's Mentoring/Tutoring program
  - Chairman of the Board of Trustees at Hill View Montessori Public Charter School
  - Boys' Club homework help program founder and basketball coach
  - Former member of Citizens Against Substance Abuse (CASA)



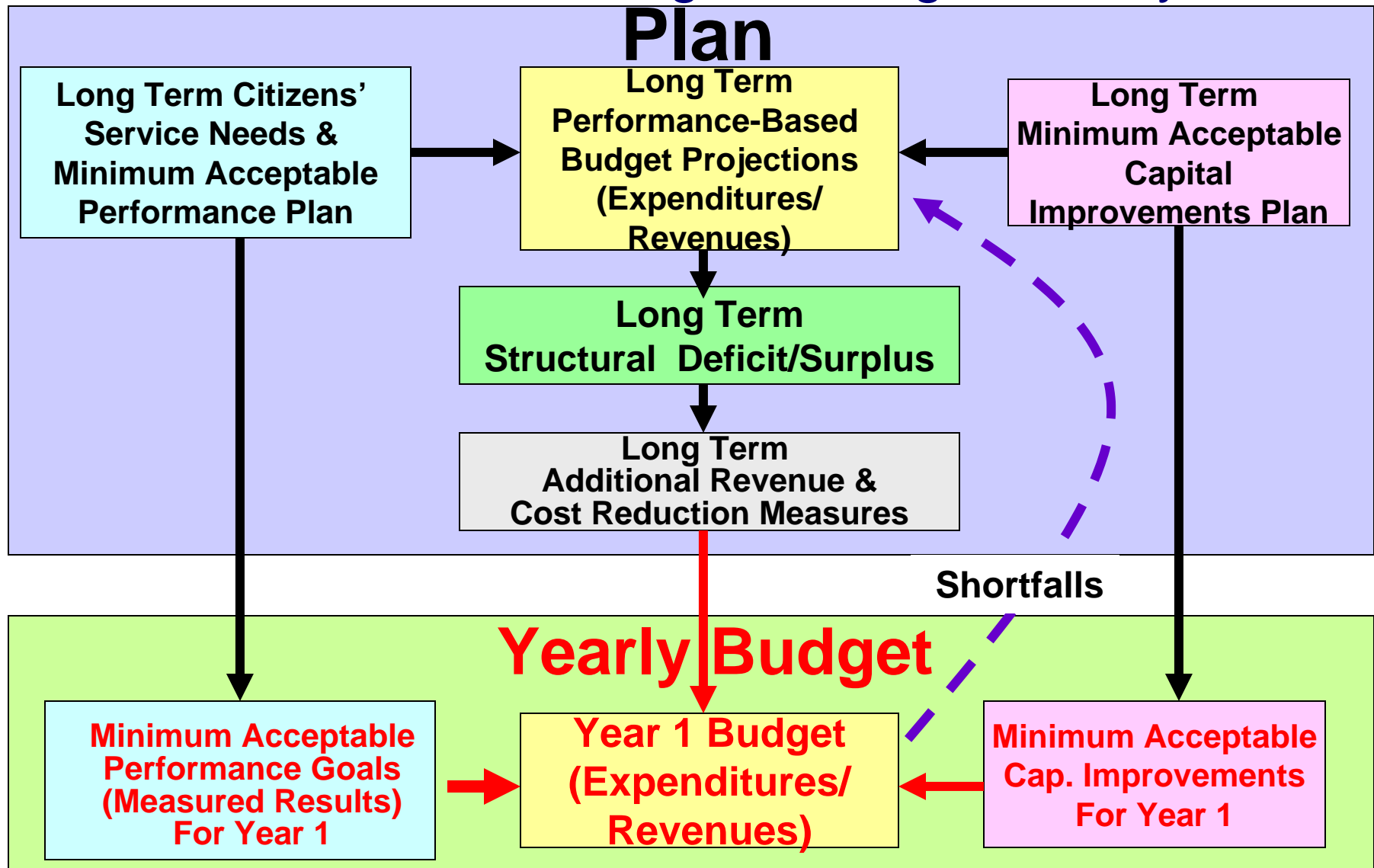
# Backup



# Five Year Capital Improvement Plan

- **Key challenge:** There is no comprehensive 5-year capital improvement plan that has been submitted to the City Council for action.
- **Michitson Administration response:**
- Planning has been a cornerstone of my platform since my very first campaign 15 years ago. These are concepts I live by and communities from all over the country have proven them to be successful.
- The City must have an active and published list of known problems with City-owned property and obligations.
- Known structural or infrastructure problems such as leaking School roofs, problematic heating systems, street repairs, etc. must be defined today to support future year planning and expected costs.
- All high-value property that have a limited life expectancy (re: Police Cars, Fire Trucks, Computer Equipment, etc) must be defined and understood as to when this equipment will require replacement or significant refurbishment.

# What's Needed - Planning & Management System



# Leadership in Economic Development

- Haverhill was not a major player in first round of emerging technology industry growth in Merrimack Valley (MV)
  - Most of activity in renewable energy and bio-tech has occurred all around us
  - We need a proactive marketing campaign to leverage next round of activity
    - Several industries are still being funded by Venture Capitalists (e.g. 1. Devices and diagnostics; 2. Clean tech; 3. Bio-tech; 4. E-Healthcare and 5. Robotics)
    - Other positive factors: Gov. Patrick allocated \$1B to bio-tech and \$100M to renewable energy for economic development
  - We need to attract and retain our current industrial base (e.g. Food Manufacturing)
  - Downtown space (e.g. Burgess Lang Center) to be targeted as feeder to industrial parks
    - Will help solve a missing piece of puzzle in downtown – innovative and creative jobs
    - Other ideas from citizens sought (e.g. downtown retail incubator)
- Workforce training opportunities key to success – make known to citizens
  - I'm collaborating with all levels of training available in MV from Vocational to PhD

# Leadership in Economic Development (Concluded)

- Leadership actions that I have taken to position Haverhill as thought leader in region:
  - Organized and Co-Chaired Green Chemistry Business Summit in Oct. 2007 <http://www.ivalley.org/content/the-green-chemistry-business-summit-summary-notes>
  - Invited by MV Planning Commission (MVPC) to serve on Comprehensive Economic Development Strategy (CEDS) committee in 2008
    - Helped to formulate economic development plan for region
    - Submitted to state to support funding
  - Invited and served as panelist at Congresswoman Tsongas' Green Conference in 2008
  - Invited and served as panelist at MV Venture Forum Green Tech conference in 2009
  - Developed economic development collaboration web site – [www.ivalley.org](http://www.ivalley.org)
  - Performed market research

# Our Green Chemistry Business Summit was a Major Success

c/net & NY Times Covered Green Chemistry Business Summit



The screenshot shows the cnet NEWS.com website interface. At the top, there is a search bar and navigation tabs for 'Today on CNET', 'Reviews', 'News', 'Downloads', 'Tips & Tricks', 'CNET TV', 'Compare Prices', and 'Blog'. Below these are sub-navigation links for 'Business Tech', 'Cutting Edge', 'Access', 'Threats', 'Media 2.0', 'Markets', 'Personal Tech', and 'News Blogs'. The main content area is titled 'Top technology news headlines' and is dated 'Nov 12, 2007 8:40 AM PT'. Three main headlines are featured: 'Green chemistry's 'race to innovation'', 'The Achilles' heel for Google's Android', and 'Intel's big hope for small circuits'. Each headline includes a small image, a brief description, and a timestamp. Below the headlines, there are two columns of 'Only on CNET' links.

**Green chemistry's 'race to innovation'**  
As with green-tech movement, the eco-spin on chemical science isn't just for tree huggers. Businesses, too, are betting on better materials.  
[News.com's Green Tech blog](#)  
5 hours, 57 minutes ago

**The Achilles' heel for Google's Android**  
**perspective** Can Google be a partner to cell phone makers? Only if the company can force itself to beg, beguile, and bluff, says CNET News.com's Michael Kanellos.  
5 hours, 57 minutes ago

**Intel's big hope for small circuits**  
With its new Penryn design, the chipmaker shifts to 45 nanometers and aims to put some distance between itself and AMD.  
21 hours, 57 minutes ago

**Only on CNET**  
Extra: Prosthetic works 7 times faster  
Microsoft IE patch eliminates extra step  
One Laptop Per Child--and one per me  
Microsoft readying a Flickr competitor

Crave: Super Mario Galaxy release party  
Music site Jango in public beta  
CNET News.com QuickCast, Nov. 12  
Oracle: Just say no to operating systems

