

## **Introduction**

Thank you Mr. President and members of the City Council. I do appreciate you giving me the chance to talk briefly about the State of the City and to give a preview of the year ahead.

## **The COVID-19 Pandemic**

I think when we were here last year, lamenting the difficult 2020 we had just been through, all of us had a hope that 2021 would be much different kind of year, especially with large-scale vaccination efforts about to commence.

And, although we did make tremendous progress here in Chelsea in getting our residents vaccinated, it not did bring an end to the pandemic.

And honestly, I think most sensible belief about the future of COVID is that it is not going away and will be with us a constant, probably seasonal respiratory virus that we will need to live with and adapt to, much as we have done with many other viruses.

But, that by no means portends some bleak picture. In fact, we are in a much different, much improved place than we were just year ago.

- As noted, more than 89% of our residents are fully vaccinated, a number higher than the state average and far higher than most other equity communities.
- We continue to operate a vaccine clinic every weekend here in the heart of the City at the Senior Center for those seeking first vaccines and booster shots.
- We have testing here in the City 7 days a week, and although the lines were especially long during the Holiday Omicron surge, these days tests are readily accessible.
- And, we have distributed and will distribute to our residents a substantial number of rapid antigen tests, over 30,000 within the next few weeks.

It is quite possible that as COVID moves to the endemic stage, this virus may still surprise us and require us to pivot in ways that we can't always predict. But, if past experience is a guide, this City will effectively respond.

### **The Recovery – Financially Healthy**

So now, what we are looking at, what we need to focus on this year and beyond is the *recovery* from COVID –

- by recovery here I mean getting us back to, and regaining, the strong economic momentum we had as a City *prior* to the onset of COVID.

Thankfully, we are in a good position to start that recovery.

Despite all the pandemic related spending that we did to help our constituents – and remember, we probably spent locally over \$12 million in pure COVID related assistance to our residents – we still remain financially secure.

- We still have General Stabilization Reserves of over \$17 million.
- We expect to have, in the next few weeks, a final Certified Free Cash number of likely well over \$10 million.
- And, we have \$40 million in American Rescue Plan Act money.

That is a healthy financial balance sheet.

### **ARPA Spending**

Of course, task number one for us this year is making effective use of this one time infusion of this \$40 million in Federal Assistance.

For \$15 million of that funding, we hope to invest in social services, and we have entrusted the decision-making to our resident-led ARPA Community Advisory Committee.

This is probably the most robust resident engagement process related to ARPA in the entire Commonwealth.

Recommendations are going to emerge from that group very shortly, but given the well-documented needs in the community, I think we can reasonably expect a large focus of that funding is likely to end up in areas of which we are well aware -- food insecurity, investment in affordable housing, small business assistance, and, of particular interest to me, behavioral health supports.

The balance of the ARPA funding, another \$20+ million, will be used to support and expand upon our Capital Improvement Program. Remember, investment in our neighborhoods through the CIP was a hallmark of our spending priorities before COVID, and that will continue post-COVID.

As you can see from the document that is before you this evening, this year's CIP is the City's most aggressive proposal ever. It includes a total commitment of over \$24 million in spending for FY23, with half of that, a bit over \$12 million, funded by ARPA.

Projects that will benefit the community include complete renovation of Highland Park, a dramatic overhaul of the open playground space at the Williams School complex, full reconstruction of Cary Avenue, continued restoration at the Garden Cemetery, and comprehensive rehabilitation of the E-911 building next to City Hall.

But, what I feel particularly proud about in this CIP Plan is its inclusion of projects on climate resiliency and clean energy.

As you know, we are really leading the region in this climate change effort with our new North Suffolk Office of Resilience and Sustainability. In just its first year, that regional office has helped push forward substantial climate resilience efforts.

And, this FY23 CIP reflects a lot of the climate resiliency goals of that office.

Assuming this Plan is funded by the Council, and I hope it is, we will commence work on:

- a cloud-based microgrid project with solar panels and battery storage at City Hall and the Police Station;
- advance our final design for full climate protection of the Island End River watershed;
- and begin the process of fortifying the Mill Creek area from increased intensity of coastal storms

Our goal is to protect ourselves as best as possible from the inevitable increase in weather related emergencies that will bear down on this City in the next few decades.

## **The Challenges Ahead**

So, we stand at the start of 2022,

- \* with good financial health;
- \* with a robust CIP Plan;
- \* with COVID somewhat in *retreat* and transitioning from a dangerous

and a threatening pandemic into something less worrisome.

Then, what are our major challenges?

Well, I would recognize three.

### **The Housing Crisis**

I think the first remains the housing crisis, which certainly isn't limited to Chelsea, but definitely looms large in Chelsea.

I've long said the best way to address this problem is to build more housing. And thankfully we are doing that, including some major developments that will see real progress this year.

And some of them will add significantly to our affordable housing stock.

- 1005 Broadway, the old Midas site across from Beth Israel, now under construction for 38 new affordable units.

- 25 Sixth Street, about to commence construction this Spring with 62 affordable units, including 6 homeownership units.
- The Salvation Army site on Broadway, 28 affordable units, including 10 that are home-ownership.
- The Innis Apartments, which will finally break ground this Spring, 330 units of affordable and workforce housing.
- A new affordable and workforce development proposal at 361 Broadway, with 43 proposed new units.
- And this list doesn't even include the mostly market rate units coming on line or under construction, including over 400 in the first phase of the Vero development across from the high school, 20 under construction at 25 Second St. and 30 starting at the old St. Stanislaus church on Chestnut St..

Of course, I still advocate that we need to do more – and I will be pushing two initiatives this year that I hope provide some further help.

First, I haven't given up on my desire to make density changes in the R1 and R2 District to generate more housing. I did promise that, before pursuing any revised zoning change to the Council, I would complete a community engagement effort. That effort will begin shortly, helped by some funding from CHAPA, a statewide affordable housing non-profit.

I really hope that we can come to some compromise among residents, advocates and Councilors on increasing density in these neighborhoods, because honestly I simply don't think our current zoning is reasonable in a community that has such pressing housing needs.

The second thing I plan is to recommend that the City do some acquisition of selected vacant parcels on our own that we can develop through our Affordable Housing Trust Fund Board into affordable homeownership units, even if it means doing so through eminent domain takings. And, I hope to have a plan for at least two parcels this Spring.

That of course will require Council approval of what is likely to be hefty acquisition costs. But I think this kind of effort is necessary if we are to chip away at this housing problem, and I'll be advocating for Council approval.

### **Economic Development**

A second challenge we have is restoring developer interest in the City.

While we've done a decent job of nurturing the development of housing in the City, we just have not had the same success with commercial/industrial projects.

Now, clearly, some of this can be attributed to COVID.

Prior to the pandemic, there was decent commercial developer interest in the City.

We now need to take some steps to restore that interest. And I think we can.



The three areas that I want to prioritize this year are the Waterfront, the Downtown and what I'll call the Market Basket District, what some refer to as "West Chelsea."

### Waterfront

With respect to the Waterfront, I do think we will finally see some progress this year.

The major redevelopment of 22 Willow is already permitted, and we've just learned that the demolition of that building will likely take place as soon as the final tenants depart, which should be in June. The development is attractive because it will bring modern industrial space to the City.

A similar large-scale, state of the art industrial building is planned for the Waterfront at 295 Eastern. That developer has already started the state MEPA permitting process. . But, this project is of particular benefit to the City because not only will it generate significant tax dollars on a currently vacant parcel, but it will also improve waterfront access in the City through the construction of a new, fully accessible public walkway along the shoreline.

Of course we can't really free up all the development potential on our waterfront until the Municipal Harbor Plan gains final state approval. But, I'm actually

optimistic that this arduous permitting process is finally coming to an end. The hope is that we will have State approval by Summer.

### *The Downtown*

Another area of my attention – no surprise to the Council -- is the Downtown.

There, we have put a lot of effort in trying to ensure that this commercial corridor doesn't suffer long-term damage from the pandemic.

Two of the housing projects I've already mentioned -- the Salvation Army site and 361 Broadway -- should help by creating the kind of density and activity that supports a vibrant business district. So, that is a step in the right direction.

In addition to these housing projects, that City also plans its own further and direct investments in the Downtown:

- We will be doing more public art, hopefully with the kind of impact the Fifth St. mural has had;
- We intend to continue our City support for outdoor dining;
- We'll be commencing some infrastructure improvements, including the major renovation of Cherry Street and the downtown portion of Second Street;

- And, we hope to do more events in the Downtown to make it an attractive place for our residents.

Of course, what I've outlined will demand financial support, and so you will be seeing from me, probably as soon as Free Cash is Certified, a request for another round of Downtown funding. As in the past, I hope you will support that request because it is the way to bring vitality to our downtown business district.

### *The Market Basket Area*

The final area that we will focus attention on this year is the commercial area around Market Basket. I'm really hoping that the opening of the new Commuter Rail Station might be the impetus for some renewed developer interest in this area. But, I also have two efforts by the City to create some incentive.

First, with a new grant from the State, we are about to embark upon an economic development study of this entire commercial area. The goal is to engage all of the property owners, better understand their development plans, help remove any remaining barriers to redevelopment and perhaps jump-start some commercial activity in the area.

I'm reasonably optimistic that at least one of these parcels will be the subject of major redevelopment before the end of the year.

The second effort will be a recommendation to expand our new Mixed Use Overlay District. If you remember last year, we created this District in response to the planned redevelopment of the Stop & Shop site. We were hoping that, by changing our Zoning, we might end up with some development on the small Chelsea portion of that mostly Everett site.

This year, we have a different problem facing us. We are under a new state mandate to create zoning that meets new Housing Choice regulations applicable to MBTA communities.

Under these new regulations, if you are an MBTA community and you fail to meet these new zoning requirements for housing, the penalties are severe. Specifically, you will be no longer eligible for capital grants from the Commonwealth, including MassWorks grants that we have relied upon heavily.

For a community like Chelsea that has a rapid bus transit station, the new zoning requirement means having a Zoning District around a station that allows housing by right of more than 15 units per acre and is more than 50 acres in size. Believe it or not, despite being what I consider a very housing friendly municipality, Chelsea doesn't have a Zoning District that currently meets this requirement. So, we have to take steps to comply or forfeit our ability to seek these major grant opportunities.

My recommendation to the Council will be to remedy the problem by taking this existing Mixed Use Overlay District at the Stop & Shop site and expanding it to encompass the Market Basket area, the nearby hotel area and the One North development. That is 50+ acres.

Not only will this allow us to comply with the new housing regulations for MBTA communities, but this more permissive zoning will hopefully be another tool in our arsenal for enticing the repositioning of some of these underdeveloped commercial parcels in this area.

As I've said many times, it is development, and particularly commercial/industrial development, that offers the best hope of reducing the tax burden on our homeowners and allows a City to prosper despite the constraints of Proposition 2 ½.

### **The Schools**

I see the final great challenge for the City within its School Department.

I will say that the City's relationship with our School Department has never been stronger. We've collaborated with the School Department

- in pandemic relief;
- in vaccinations;

- in testing;
- in communications to our residents.

We've really had a great partnership with Dr. Abeyta and her leadership team.

And, we certainly don't need to worry about School Department operations.

Under the capable hands of Dr. Abeyta and the School Committee, we can feel confident that decisions will always be made in the best interests of our children.

But, where this School Dept. needs help, I think where every School Dept. perhaps in the nation needs help, is in the non-academic area of mental and behavioral health.

The isolation, the stress, the mental health deterioration brought about by the pandemic is a crisis for all age groups, but it's been particularly acute for our school age population.

And, this is a place where the City can help.

We already done some good work by partnering with the School Department on a new Children's Cabinet, which, similar to the HUB, brings together children's service providers on a regular basis to work collaboratively on the problem and identify gaps that exist in the service world.

But, once those gaps are identified, and once some specific needs are prioritized, the City needs to step in.

Now, I don't yet have the specifics of how we will tackle this mental health crisis. It is not a problem with easy solutions. But, assuming we can come to consensus on some specific service models that can help, the City will bring the necessary resources to implement, likely with ARPA dollars,

### **Summary**

So, this is where we stand at the start of 2022.

Again, all of these challenges, whether in housing, economic development, behavioral health – none of them are new -- but all have been exacerbated by COVID.

Unfortunately, COVID is going to be with us for the foreseeable future in one form or another. And, in this post pandemic COVID environment, we'll have our difficulties.

But, conquering big challenges has been this City's narrative for the past two decades, since it emerged from Receivership. I have every expectation that this decade will be no different.

I do feel confident that the years ahead will bring the same progress and success we had pre-COVID. And, I'm personally excited to lead this effort in the two remaining years I have as your City Manager.

I look forward to working with the City Council on those efforts.

Thank you.