

Fiscal Year 2018 Budget
Executive Summary

REVENUE HIGHLIGHTS

Normal and recurring revenue in the form of real estate taxes, state aid, and local receipts grew a little more than 3 percent and this was so even with state aid increasing by just over 1 percent. As stated last year, this overall percentage increase was influenced by new growth which continues to be solid based on recent development and investment opportunities. This revenue source increased over \$4 million which serves as the real driver toward keeping us in the game and moving forward.

Despite this, we are still having difficulty avoiding the need to use reserves to balance. The fiscal year 2018 budget is no different as we use \$6.5 million. However, it's important to recognize that we project adding approximately \$5 million to free cash with the next certification in October. As a result, our usage will be a 'net' \$1.4 million. It's not an ideal situation but we see no other way until our fiscal climate improves in Fiscal Year 2020. This will be when the Wynn annual \$1 million mitigation payments start hitting our books and when our debt situation greatly improves with a significant portion of this annual expense decreasing substantially.

Again, using reserves is not ideal but we see no other way than to temporarily utilize this approach as we remain competitive with other cities and towns and continue to deliver core services to our residents and businesses.

EXPENSE HIGHLIGHTS

Staffing Overview

The staffing levels for Police, Fire, and Public Works remain the same.

We reorganized our Traffic Department which we believe will help lead to a more consistent and responsive system on parking related issues.

We also separated the Health Department function from the Permits, Inspections and Planning Department. This is something that we have discussed over the years and now with the position of Building Commissioner supervising plumbing and wiring we can accomplish this.

Finally, the adopted budget merges the Senior Center Director and Community Outreach Coordinator functions. This will save roughly \$40,000 at the outset and we believe the new role will better serve our seniors and the community at large.

Non-Staffing Overview

Health Insurance:

One of the primary budget busters, health insurance costs for the new fiscal year are set to increase by 11.5% based on claims and administrative costs. The year-over-year increase is

substantial and will continue in this direction under our current plan design. To address this and prevent cuts beyond not backfilling vacancies, we adopted Chapter 32B, Sections 21 – 23 so that we can bargain with our unions collectively and make plan design changes to closer reflect the coverage of the Group Insurance Commission (GIC) plan offered through the Commonwealth. This would create approximately a 5 percent savings to claims which is reflected in the adopted budget though not for the entire Fiscal Year as the process will take time. Other possible longer term changes we may consider are carrier changes, adding other plan options, possibly bargain employee portion percentage changes, and changing the HMO contribution for retirees.

School Department:

The Fiscal Year 2018 School Department budget is \$69.2M which represents an increase of 2.7 percent and will maintain current services.

Snow and Ice Removal Costs:

We are in year three which is the final year to pay off the amortization of snow removal costs from the historic winter of 2015.

Water and Sewer Rates:

Attached you will find the detail behind the water/sewer rates for Fiscal Year 2018. These rates were reviewed and adopted by the Public Works Commission. The preliminary Massachusetts Water Resources Authority (MWRA) assessment will increase by 1 percent which is slightly lower than the average MWRA increase of 3 percent.

We also added a Lead Line Replacement Program item in the amount of \$750,000. This will help us as we work toward replacing lead lines throughout the city and remain in compliance with the Massachusetts Department of Environmental Protection mandates.

**CITY OF MALDEN WATERWORKS
Current vs Proposed Rates & Charges
Combined Water & Sewer Division**

Cubic Feet Included in Minimum Charge

Minimum Charge

Up to 1"

1 1/2"

2"

3"

4"

6"

THREE STEP RATE

1st Step Minimum Allowed to 800 CF

2nd Step 801-12,000 CF

3rd Step Over 12,000 CF

	Current Rates FY 2016 3 Step	Proposed Rates FY 2017 3 Step
	50	0
	\$6.00	\$6.00
	\$25.00	\$25.00
	\$36.00	\$36.00
	\$65.00	\$65.00
	\$100.00	\$100.00
	\$192.00	\$192.00
	\$9.76	\$9.76
	\$20.24	\$20.24
	\$25.25	\$25.25

**CITY OF MALDEN WATERWORKS
Cubic Feet Allowed in Minimum Charge
Impact Analysis - Combined Water & Sewer**

Cubic Feet Included in Minimum Charge

0 CF - Single Family

50 CF - Single Family

100 CF - Single Family

150 CF - Single Step

200 CF - Single Family

500 CF - Single Family

800 CF - Single/Two Family

1,500 CF - Two Family

2,500 CF - Two/Three Family

4,600 CF - Business

7,000 CF - Condominium 1 1/2" Meter

10,000 CF - Business - 2" Meter

12,000 CF - Condominium 1 1/2" Meter

15,100 CF - Condominium 1 1/2" Meter

17,000 CF - Condominium 1 1/2" Meter

22,000 CF - Condominium 2" Meter

35,000 CF - Plaza 2" Meter

45,000 CF - Apartments 2" Meter

50,000 CF - Apartments 1 1/2" Meter

66,000 CF - Apartments 1 1/2" Meter

71,000 CF - Business 3" Meter

81,500 CF - Apartments 2" Meter

163,000 CF - Apartments 1 1/2" Meter

	Current Rates FY 2016	Proposed Rates FY 2017	Proposed Increase FY 2017
	50	0	
	\$6.00	\$6.00	\$0.00
	\$6.00	\$10.88	\$4.88
	\$10.88	\$15.76	\$4.88
	\$15.76	\$20.64	\$4.88
	\$20.64	\$25.52	\$4.88
	\$49.92	\$54.80	\$4.88
	\$79.20	\$84.08	\$4.88
	\$220.88	\$225.76	\$4.88
	\$423.28	\$428.16	\$4.88
	\$848.32	\$853.20	\$4.88
	\$1,353.08	\$1,357.96	\$4.88
	\$1,971.28	\$1,976.16	\$4.88
	\$2,365.08	\$2,369.96	\$4.88
	\$3,147.83	\$3,152.71	\$4.88
	\$3,627.58	\$3,632.46	\$4.88
	\$4,901.08	\$4,905.96	\$4.88
	\$8,183.58	\$8,188.46	\$4.88
	\$10,708.58	\$10,713.46	\$4.88
	\$11,960.08	\$11,964.96	\$4.88
	\$16,000.08	\$16,004.96	\$4.88
	\$17,302.58	\$17,307.46	\$4.88
	\$19,924.83	\$19,929.71	\$4.88
	\$40,492.58	\$40,497.46	\$4.88