

Fiscal Year 2019 Budget **Executive Summary**

REVENUE HIGHLIGHTS

Revenue as reported in the 2019 budget shows a drop of a little over 1 percent which results from two different realities. Revenues as traditionally defined remain strong but line items contained within revenues representing both the Massachusetts School Building Authority (MSBA) reimbursement and use of revenues dropped significantly. While we still have work to do to get to our end goal of no reliance on reserves, the decrease this year is a significant step in the right direction and largely the result of hard work put in by our budget team led by Ron Hogan, Chuck Ranaghan, Anthony Chiccuarelli, and Maria Luise.

In addition to the positive news of the decreased reliance on reserves, real estate taxes remain strong throughout Malden. This was evident in a recent article in the Boston Globe Magazine which stated that our city had the third biggest appreciation of single-family median home prices in Greater Boston for 2017. This growth was critical as our other sources of revenue such as State Aid and Local Receipts are expected to grow just about 1 percent in the new fiscal year.

As always, we build this year's budget with an eye toward next year as well. With Fiscal Year 2020, we expect to see the first of the annual mitigation payments from the Encore Boston Harbor project in the amount of \$1 million. In addition, with some debt falling off of our books related to the school construction, it is our hope that this year's budget lays the groundwork for a truly balanced budget next year and without the need to rely upon reserves as a revenue source.

EXPENSE HIGHLIGHTS

Staffing Overview

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

A Purchasing Agent has been added to the Controller's Office which has been recommended by the Department of Revenue and our outside auditor. Currently, our Controller is performing both the controller and purchasing functions. We are the only city of our size without a legitimate purchasing function and are confident that the money saved by having a professional focused on procurement will more than pay for the cost of this position.

The adopted budget also includes the addition of a recovery coach to help the city address the opioid crisis that continues to plague our community. This new addition represents a small investment in supporting our residents and is in line with other communities who are facing the same challenges.

Information Technology (IT)

In this budget we funded a contractor for six months to assist IT during the expected absence of a key employee and funded a part-time employee to further assist the department. We expect that with the move to a new City Hall next year, the consolidation of multiple locations back into

one, and the upgrading of our IT infrastructure, we will greatly reduce the pressure on the staff of five charged with maintaining our network and systems.

Non-Staffing Overview

Debt Service:

While debt service at the gross level shows a significant decrease, most of this is offset by a corresponding decrease in the MSBA reimbursement.

Health Insurance:

With negotiated changes to the Health Insurance plans finalized in Fiscal Year 2018, we were able to reduce this expense by \$1.5 million and keep next year's increase to 3 percent. This line item is one that will require continual monitoring and adjustment on a year-to-year basis as the health care landscape changes.

School Department:

The Fiscal Year 2019 School Department budget is \$71.4 million which represents an increase of 3 percent and maintains current services. This increase of \$2.2 million will also allow us to continue to meet Net School Spending as required by state law.

Snow and Ice Removal Costs:

We are now paid in full on the snow removal costs from the historic winter of 2015 and as a result that shaved off \$500,000 from this volatile expense.

Charter School Sending Tuition:

We were able to make significant progress working closely with the Department of Elementary and Secondary Education in both eliminating some of the year-to-year uncertainty and reducing the annual tuition charge for students attending charter schools. This had a positive impact in this year's budget of almost \$3 million and will pay dividends year after year.

Salary Reserve for Reclassifications:

We set aside funds for the purposes of potential salary reclassifications. This amount was in last year's budget but the process to effectuate any proposed changes had not been finalized. This next fiscal year, we will reestablish a Salary Review Committee as currently defined in our ordinances to continue the work that began this year.

Unclassified Accounts:

This budgeted line item decreases nearly 30 percent overall primarily from the reduction of the Salary Reserve which is attributable to new collective bargaining agreements being reached with most of our unions.

Water and Sewer Rates:

Attached you will find the detail behind the water/sewer rates for Fiscal Year 2019. The Massachusetts Water Resources Authority (MWRA) assessment will increase by approximately 3 percent. We also will maintain a Lead Line Replacement Program item in the amount of \$750,000. This will continue to 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
Water 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

Private Fire Protection - Annual Charge

2"

3"

4"

6"

8"

10"

	Current Rates FY 2018 3 Step	Recommended Rates FY 2019 3 Step
	0	0
Up to 1"	\$3.00	\$3.00
1 1/2"	\$20.00	\$20.00
2"	\$30.00	\$30.00
3"	\$55.00	\$55.00
4"	\$85.00	\$85.00
6"	\$170.00	\$170.00
THREE STEP RATE		
1st Step Minimum Allowed to 800 CF	\$4.43	\$4.56
2nd Step 801-12,000 CF	\$9.88	\$10.18
3rd Step Over 12,000 CF	\$13.36	\$13.76
Private Fire Protection - Annual Charge		
2"	\$85.00	\$85.00
3"	\$170.00	\$170.00
4"	\$265.00	\$265.00
6"	\$530.00	\$530.00
8"	\$850.00	\$850.00
10"	\$1,225.00	\$1,225.00

**CITY OF MALDEN WATERWORKS
Current vs Proposed Rates & Charges
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 2018 3 Step	Recommended Rates FY 2019 3 Step
	0	0
Up to 1"	\$3.00	\$3.00
1 1/2"	\$5.00	\$5.00
2"	\$6.00	\$6.00
3"	\$10.00	\$10.00
4"	\$15.00	\$15.00
6"	\$22.00	\$22.00
THREE STEP RATE		
1st Step Minimum Allowed to 800 CF	\$5.43	\$5.59
2nd Step 801-12,000 CF	\$10.56	\$10.88
3rd Step Over 12,000 CF	\$12.14	\$12.50

**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 2018 3 Step	Recommended Rates FY 2019 3 Step
	0	0
Up to 1"	\$6.00	\$6.00
1 1/2"	\$25.00	\$25.00
2"	\$36.00	\$36.00
3"	\$65.00	\$65.00
4"	\$100.00	\$100.00
6"	\$192.00	\$192.00
1st Step	\$9.86	\$10.15
2nd Step	\$20.24	\$21.06
3rd Step	\$25.25	\$26.26

**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 2018	Recommended Rates FY 2019	Increase FY 2019
	0	0	
0 CF - Single Family	\$6.00	\$6.00	\$0.00
50 CF - Single Family	\$10.93	\$11.08	\$0.15
100 CF - Single Family	\$15.86	\$16.15	\$0.29
150 CF - Single Step	\$20.79	\$21.23	\$0.43
200 CF - Single Family	\$25.72	\$26.30	\$0.58
500 CF - Single Family	\$55.30	\$56.75	\$1.45
800 CF - Single/Two Family	\$84.88	\$87.20	\$2.32
1,500 CF - Two Family	\$226.56	\$234.62	\$8.06
2,500 CF - Two/Three Family	\$428.96	\$445.22	\$16.26
4,600 CF - Business	\$854.00	\$887.48	\$33.48
7,000 CF - Condominium 1 1/2" Meter	\$1,358.76	\$1,411.92	\$53.16
10,000 CF - Business - 2" Meter	\$1,976.96	\$2,054.72	\$77.76
12,000 CF - Condominium 1 1/2" Meter	\$2,370.76	\$2,464.92	\$94.16
15,100 CF - Condominium 1 1/2" Meter	\$3,153.51	\$3,278.98	\$125.47
17,000 CF - Condominium 1 1/2" Meter	\$3,633.26	\$3,777.92	\$144.66
22,000 CF - Condominium 2" Meter	\$4,906.76	\$5,101.92	\$195.16
35,000 CF - Plaza 2" Meter	\$8,189.26	\$8,515.72	\$326.46
45,000 CF - Apartments 2" Meter	\$10,714.26	\$11,141.72	\$427.46
50,000 CF - Apartments 1 1/2" Meter	\$11,965.76	\$12,443.72	\$477.96
66,000 CF - Apartments 1 1/2" Meter	\$16,005.76	\$16,645.32	\$639.56
71,000 CF - Business 3" Meter	\$17,308.26	\$17,998.32	\$690.06
81,500 CF - Apartments 2" Meter	\$19,930.51	\$20,726.62	\$796.11
163,000 CF - Apartments 1 1/2" Meter	\$40,498.26	\$42,117.52	\$1,619.26