

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 will be no different as we suggest using \$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 with the Wynn annual \$1 million mitigation payments hitting our books and our debt situation greatly improving when a significant portion of this annual expense decreases substantially.

Again, using reserves like we propose is not ideal but we see no other way than to temporarily utilize this approach as we compete with other cities and towns to remain competitive by being able 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 are recommending a reorganization of our Traffic Department which we believe will help lead to a more consistent and responsive system on parking related issues.

We also propose separating out 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, our plan contains the merger of 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 percent 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 combat this and prevent cuts, we propose adopting Chapter 32B, Sections 21 through 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 Budget proposal though not for the entire Fiscal Year as the adoption 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, moving to the GIC, and changing the HMO contribution for retirees.

School Department:

The proposed Fiscal Year 2018 School Department budget is \$69.2M which represents an increase of 2.7 percent and we believe will maintain current services. This budget hasn't formally been passed by the School Committee.

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. It is expected that these rates will be reviewed and adopted by the Public Works Commission before June 30th. 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 propose adding 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