

Fiscal Year 2016 Budget **Executive Summary**

REVENUE HIGHLIGHTS

Net revenues have improved over the prior fiscal year. New growth continues to be strong and we project that trend to continue based on the recent development and investment opportunities taking place in our city most notably in the downtown area. Additionally, revenue generated from local receipts, in particular new permits, excise tax, and parking tickets, showed strong year-over-year improvements.

The initial \$1M mitigation payment from Wynn Resorts as provided for in our Surrounding Community Agreement played an important role in building the budget as well. However, we remain mindful that this payment was one-time in nature and that our next payment will not be realized until the Casino is up and running which is expected to be sometime in Fiscal Year 2018.

Local aid was also helpful in building the budget. This was particularly evident in the 2.5% or \$1.2 million increase in Chapter 70 aid. When factoring in the offset in state assessments of \$580k, our net increase was an additional \$1 million in local aid.

EXPENSE HIGHLIGHTS

Our proposal achieves a balanced budget while adhering to our policy of keeping 7.5% in reserve at all times.

Staffing Overview

Police Department:

The Police Department currently has 4 open positions. Two of these positions will be backfilled while the remaining 2 will be left vacant to help achieve a balanced budget and fund an initiative that will allow for the continued restructuring of the organization. This leaves the Police Department with a total staffing level of 106 uniformed officers: 78 patrol officers, 27 superior officers, and the Chief.

Fire Department:

The Fire Department is budgeted at 109 uniformed firefighters for FY16. This upholds the Chief's request to maintain staff at this level. The budget also continues to rely upon the assumption for the responsible management of overtime.

Public Works Department:

The Public Works Department budget funds 27 positions, the Director, 3 Supervisors, and 2 administrative positions. While this represents a reduction of 1 position and 1 Supervisor (through attrition) from the FY15 budget, it is important to note that the department was supported by additional personnel through the consolidation with the Water Utilities Department. This merger has provided for better service to the residents through cross-utilization of staff and better work flow.

City Hall and Other Departments:

It is proposed that Steven Fama be transferred from the Engineering Department to the Assessors Department to help fill the position left open when longtime Assessor and Director Bob Donnelly retired mid-fiscal year. Steve has a prior background in the Assessing area and can provide support to the office while continuing to lead the city's GIS efforts.

Non-Staffing Overview

Health Insurance:

Budgeted health insurance costs for the new fiscal year represent an increase of \$770k over FY15. However, both last year and this year, we benefited by a positive claims experience as compared to budget. We carry that positive experience into the subsequent year to decrease the current year's costs.

School Department:

The FY16 School Department budget is \$65.6 million. This is an increase over FY15 of \$2.5 million or 3.9%. The School Department has further requested additional funding to their budget. The Department's budget may be viewed on the City's website once it has been submitted by Superintendent DeRuosi to the School Committee which is expected to happen within the next week.

Snow and Ice Removal Costs:

We propose taking partial advantage of the recent change in state law which allows cities and towns to amortize this year's costs over three years. We are proposing amortizing our costs over a two period to provide some budget relief in next year's budget. We are also applying for reimbursement from the Federal Emergency Management Agency (FEMA) for the January 26-28 storm. The exact amount we may be able to recover is unknown at this time.

Water and Sewer Rates:

Attached you will find the detail behind the proposed water/sewer rates for FY16. These rates will be provided to the Public Works Commissioners for their review and approval. The step rate increases range from .21% to 4.8% while also continuing to decrease the cubic feet of water included in the base charge each month. Also, in the operating budget there is a line item of \$1.4 million which we propose to help pay for the restoration of roads that underwent recent water infrastructure improvements.

Policy Changes

We have provided for a \$30,000 salary reserve in this year's budget to provide the opportunity for us to address employees who are not properly classified or who are otherwise not compensated appropriately for their position and responsibilities. Currently, we do not have an appropriate process in place to accompany this line item. We anticipate proposing a new procedure for handling these requests and would hope to review with the Council upon return from summer recess.

CITY OF MALDEN WATERWORKS	Current	Proposed
Current vs Proposed Rates & Charges	Rates	Rates
Combined Water & Sewer Division	FY 2015	FY 2016
	3 Step	3 Step
Cubic Feet Included in Minimum Charge	100	50
Minimum Charge		
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
THREE STEP RATE		
1st Step Minimum Allowed to 800 CF	\$9.74	\$9.76
2nd Step 801-12,000 CF	\$19.32	\$20.24
3rd Step Over 12,000 CF	\$24.09	\$25.25
1st Step Increase		0.21%
2nd Step Increase		4.76%
3rd Step Increase		4.82%
CITY OF MALDEN WATERWORKS	Current	Proposed
Cubic Feet Allowed in Minimum Charge	Rates	Rates
Impact Analysis - Combined Water & Sewer	FY 2015	FY 2016
	3 Step	Scenario #2
Cubic Feet Included in Minimum Charge	100	50
0 CF - Single Family	\$6.00	\$6.00
50 CF - Single Family	\$6.00	\$6.00
100 CF - Single Family	\$6.00	\$10.88
150 CF - Single Step	\$10.87	\$15.76
200 CF - Single Family	\$15.74	\$20.64
500 CF - Single Family	\$44.96	\$49.92
800 CF - Single/Two Family	\$74.18	\$79.20
1,500 CF - Two Family	\$209.42	\$220.88
2,500 CF - Two/Three Family	\$402.62	\$423.28
4,600 CF - Business	\$808.34	\$848.32
7,000 CF - Condominium 1 1/2" Meter	\$1,291.02	\$1,353.08
10,000 CF - Business - 2" Meter	\$1,881.62	\$1,971.28
12,000 CF - Condominium 1 1/2" Meter	\$2,257.02	\$2,365.08
15,100 CF - Condominium 1 1/2" Meter	\$3,003.81	\$3,147.83
17,000 CF - Condominium 1 1/2" Meter	\$3,461.52	\$3,627.58
22,000 CF - Condominium 2" Meter	\$4,677.02	\$4,901.08
35,000 CF - Plaza 2" Meter	\$7,808.72	\$8,183.58
45,000 CF - Apartments 2" Meter	\$10,217.72	\$10,708.58
50,000 CF - Apartments 1 1/2" Meter	\$11,411.22	\$11,960.08
66,000 CF - Apartments 1 1/2" Meter	\$15,265.62	\$16,000.08
71,000 CF - Business 3" Meter	\$16,510.12	\$17,302.58
81,500 CF - Apartments 2" Meter	\$19,010.57	\$19,924.83
163,000 CF - Apartments 1 1/2" Meter	\$38,632.92	\$40,492.58