

Fiscal Year 2017 Budget **Executive Summary**

REVENUE HIGHLIGHTS

Normal and recurring revenue in the form of real estate taxes, state aid, and local receipts grew at a rate of nearly 3 percent. This was influenced by new growth which continues to be solid based on recent development and investment opportunities. Local receipts showed a strong increase largely due to new permits which are a direct result of the surge in economic activity as well as motor vehicle excise tax growth.

It is the fourth and final revenue source which is finally catching up to us. In past years, we were able to utilize other funding sources such as \$1.5M from the sale of the Emerson School, \$1M from the initial Wynn casino mitigation payment, and several million dollars each year from reserves. These funds kept us afloat and as a result of their one-time nature we have had to use similar type revenues in this year's budget to support our expenses but the availability of these types of sources are nearing an end.

To help close the gap between projected revenues and expenses for Fiscal Year 2017, we once again propose utilizing reserves which have been increased by nearly \$1M since the original submission of \$4M in April. This is primarily due to our initial proposal of shifting the Cemetery Department expenses worth nearly \$500,000 off-budget to the Perpetual Care Interest fund no longer being an option because the interest remaining was transferred to principal in the most recent reconciliation. Principal funds cannot be expended per Massachusetts state law. We continue to advocate for the reallocation of all remaining mitigation funds worth roughly \$500,000 to the budget.

On the surface, one might think an overall 3 percent increase in normal and recurring revenue would be sufficient to support expenses. However, it simply is not enough when the expense base was initially projected to grow over 5 percent or nearly \$8M for Fiscal Year 2017. This proposed budget represents work done since December to achieve a balanced budget while minimizing any detrimental impacts to the delivery of core services.

EXPENSE HIGHLIGHTS

In addition to the use of reserves, our original proposal relied on a personnel reduction incentive for ten employees in the amount of \$10,000 per employee. We were hopeful that we could achieve a \$450,000 savings as a result of the program which would require that the position of anyone taking the incentive not be backfilled. The end date to participate was Friday, May 27th and we have updated our figures to reflect the actual number of employees participating.

Staffing Overview

Police Department:

The Police Department is maintained at the same current staffing levels of 106 uniformed officers: 78 patrol officers, 27 superior officers, and the Chief. The proposal does eliminate a

vacant police cadet's position and the overtime account is reduced to help with the city's overall budget deficit.

Fire Department:

The proposal reduced the current force by one vacant position to 108 firefighters and the overtime account is reduced to help with the city's overall budget deficit.

Public Works Department:

The Public Works Department budget maintains 27 positions, the Director, 3 Supervisors, and 2 administrative positions.

Non-Staffing Overview

Health Insurance:

Budgeted health insurance costs for the new fiscal year ballooned by nearly 15 percent or \$2.5M. This increase reflects the fact that in previous years we were able to offset increases with excess funds in the Health Insurance Trust Fund. With that no longer being possible, the year-over-year increase is substantial. We will also be looking in the near future at changing the HMO contribution for retirees.

School Department:

The proposed Fiscal Year 2017 School Department budget is \$67.3M which represents an increase of 2 percent. This denotes a flat budget with the exception of increases in expenses associated with special education which are fully funded. This budget hasn't formally been submitted to nor passed by the School Committee. The School Committee and Superintendent David DeRuosi will work from here to create a line-item level school budget.

Snow and Ice Removal Costs:

We took advantage of last year's change in state law which allowed cities and towns to amortize snow removal costs over three years. This was done in an effort to balance the current budget although the amortization payback coupled with another winter like last year would have been disastrous. With the mild winter we had, we are projecting that we will only be required to fund a \$450,000 deficit in the Fiscal Year 2017 budget for snow removal. This is in addition to the second year amortization payback of \$581,000 for Fiscal Year 2015 snow removal costs.

Water and Sewer Rates:

Attached you will find the detail behind the water/sewer rates for Fiscal Year 2017. 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 3.2 percent which is slightly lower than the average MWRA increase of 3.5 percent. The proposed rates also represent the final step in a multi-year plan to eliminate the cubic feet of water included in the base charge each month.

**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
Cubic Feet Included in Minimum Charge	50	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
THREE STEP RATE		
1st Step Minimum Allowed to 800 CF	\$9.76	\$9.76
2nd Step 801-12,000 CF	\$20.24	\$20.24
3rd Step Over 12,000 CF	\$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
Cubic Feet Included in Minimum Charge	50	0	
0 CF - Single Family	\$6.00	\$6.00	\$0.00
50 CF - Single Family	\$6.00	\$10.88	\$4.88
100 CF - Single Family	\$10.88	\$15.76	\$4.88
150 CF - Single Step	\$15.76	\$20.64	\$4.88
200 CF - Single Family	\$20.64	\$25.52	\$4.88
500 CF - Single Family	\$49.92	\$54.80	\$4.88
800 CF - Single/Two Family	\$79.20	\$84.08	\$4.88
1,500 CF - Two Family	\$220.88	\$225.76	\$4.88
2,500 CF - Two/Three Family	\$423.28	\$428.16	\$4.88
4,600 CF - Business	\$848.32	\$853.20	\$4.88
7,000 CF - Condominium 1 1/2" Meter	\$1,353.08	\$1,357.96	\$4.88
10,000 CF - Business - 2" Meter	\$1,971.28	\$1,976.16	\$4.88
12,000 CF - Condominium 1 1/2" Meter	\$2,365.08	\$2,369.96	\$4.88
15,100 CF - Condominium 1 1/2" Meter	\$3,147.83	\$3,152.71	\$4.88
17,000 CF - Condominium 1 1/2" Meter	\$3,627.58	\$3,632.46	\$4.88
22,000 CF - Condominium 2" Meter	\$4,901.08	\$4,905.96	\$4.88
35,000 CF - Plaza 2" Meter	\$8,183.58	\$8,188.46	\$4.88
45,000 CF - Apartments 2" Meter	\$10,708.58	\$10,713.46	\$4.88
50,000 CF - Apartments 1 1/2" Meter	\$11,960.08	\$11,964.96	\$4.88
66,000 CF - Apartments 1 1/2" Meter	\$16,000.08	\$16,004.96	\$4.88
71,000 CF - Business 3" Meter	\$17,302.58	\$17,307.46	\$4.88
81,500 CF - Apartments 2" Meter	\$19,924.83	\$19,929.71	\$4.88
163,000 CF - Apartments 1 1/2" Meter	\$40,492.58	\$40,497.46	\$4.88