

Fiscal Year 2020 Budget **Executive Summary**

REVENUE HIGHLIGHTS

Real estate taxes and new growth remain very strong. Malden has experienced four consecutive years of new growth of over \$1 million each year. This along with strong building permits has been instrumental in moving the City forward.

Moreover, the Fiscal Year 2020 budget does not account for the \$1 million annual mitigation payment from Encore Boston Harbor. We are expected to receive the first payment 90 days after the opening which could be September 2020. Once received, this payment will further increase the City's free cash and become part of the annual budget moving forward.

This year's budget also includes the positive impact to Chapter 70 aid from the ongoing effort to modernize the foundation budget formula. The Senate, led by Senator Jason Lewis, has proposed what they have termed the "Promise Act," which represents the most aggressive approach to addressing the inequities in the current Chapter 70 formula. This initiative should result in additional aid for our school system over a 7-year implementation period.

EXPENSE HIGHLIGHTS

Staffing Overview

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

In the Engineering Department, a Transportation Planner is being proposed to pro-actively research, assess, plan and oversee transportation systems throughout the City.

To further address the opioid crisis, the proposed budget includes an increase of part-time resources to help support the Addiction Recovery Resource Specialist who works within the Health Department.

We also annualized the cost of converting our part-time electrician to full-time in the Permits, Inspections, and Planning Services Department. This took place during the current fiscal year to help address a backlog of permit requests.

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 Massachusetts School Building Authority reimbursements.

Engineering Department:

A new account has been added to address stormwater costs resulting from new regulations issued by the Department of Environmental Protection.

Health Insurance:

With negotiated changes to the Health Insurance plans finalized in Fiscal Year 2018, we were once again able to continue to minimize the impact of this volatile expense.

Library Department:

Funding was added to Operating and Maintenance Costs to help us meet state certification requirements.

School Department:

The Fiscal Year 2020 School Department budget is \$74.2 million which represents an increase of nearly 4 percent. This increase of \$2.7 million will allow us to continue to meet Net School Spending as required by state law and allow for the hiring of 10 additional teachers in a concerted effort to reduce class size. It's worth mentioning that this proposal is made possible thanks to our State Delegation leading the way on increasing educational aid to our City. We hope this is the beginning of a sustained effort by the state to address the widening gap in our educational system. The Department's proposed Fiscal Year 2020 budget still requires review and vote of the School Committee.

Snow and Ice Removal Costs:

This unpredictable expense came in at \$600,000 which is slightly below our average cost at \$750,000 resulting in a benefit when crafting next year's budget.

Charter School Sending Tuition:

Last year's effort to eliminate some of the year-to-year uncertainty and reducing the annual tuition charge for students attending charter schools continues to bear positive results in this year's budget.

Salary Reserve for Collective Bargaining Negotiations:

We are once again setting aside funds to address any union contract that has yet to be settled as well as have funds to provide our non-union employees with a COLA in Fiscal Year 2020.

Salary Reserve for Reclassifications:

We once again are proposing to set aside funds for the purpose of potential salary reclassifications. Now that the City has completed its review of all employees in regard to the recently enacted Massachusetts Equal Pay Act, I have requested that Human Resources Director Anthony Chiccuarelli begin to address potential misclassifications of current employees.

Information Technology

Our current financial management software that houses several modules including accounts payable, budget, purchasing, treasury management and billing and collecting is being discontinued. This will result in the City having to convert to a new, state-of-the-art financial management software package. This is a very time consuming and costly conversion but is imperative to ensure the City has proper safeguards in place. Chuck Ranaghan and Anthony Rodrigues have been involved in preliminary discussions with vendors and I anticipate sending a proposal to the City Council in the fall to allow us to move forward with this important initiative.

Water and Sewer Rates:

Attached you will find the detail behind the water/sewer rates proposed for Fiscal Year 2020. These rates will be reviewed by the Public Works Commission prior to the start of the new fiscal year. The preliminary Massachusetts Water Resources Authority (MWRA) assessment will increase by approximately 2.7 percent. We also propose maintaining a Lead Line Replacement Program 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
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 1- 800 CF

2nd Step 801-12,000 CF

3rd Step Over 12,000 CF

| | Current Rates FY 2019 3 Step | Recommended Rates FY 2020 3 Step |
|--|---|---|
| | 0 | 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 |
| | | |
| | \$10.15 | \$10.15 |
| | \$21.06 | \$21.06 |
| | \$26.26 | \$26.26 |

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

| | Current Rates FY 2019 3 Step | Recommended Rates FY 2020 3 Step |
|--|---|---|
| Cubic Feet Included in Minimum Charge | 0 | 0 |
| Minimum Charge | | |
| 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 1- 800 CF | \$4.56 | \$4.56 |
| 2nd Step 801-12,000 CF | \$10.18 | \$10.18 |
| 3rd Step Over 12,000 CF | \$13.76 | \$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 |

Sewer Division

| | Current Rates FY 2019 3 Step | Recommended Rates FY 2020 3 Step |
|--|---|---|
| Cubic Feet Included in Minimum Charge | 0 | 0 |
| Minimum Charge | | |
| 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 1- 800 CF | \$5.59 | \$5.59 |
| 2nd Step 801-12,000 CF | \$10.88 | \$10.88 |
| 3rd Step Over 12,000 CF | \$12.50 | \$12.50 |

Exhibit 2

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

| | Current Rates FY 2019 | Recommended Rates FY 2020 | Increase FY 2020 |
|--------------------------------------|--------------------------------------|--|-----------------------------|
| 0 CF - Single Family | \$6.00 | \$6.00 | \$0.00 |
| 50 CF - Single Family | \$11.08 | \$11.08 | \$0.00 |
| 100 CF - Single Family | \$16.15 | \$16.15 | \$0.00 |
| 150 CF - Single Step | \$21.23 | \$21.23 | \$0.00 |
| 200 CF - Single Family | \$26.30 | \$26.30 | \$0.00 |
| 500 CF - Single Family | \$56.75 | \$56.75 | \$0.00 |
| 800 CF - Single/Two Family | \$87.20 | \$87.20 | \$0.00 |
| 1,500 CF - Two Family | \$234.62 | \$234.62 | \$0.00 |
| 2,500 CF - Two/Three Family | \$445.22 | \$445.22 | \$0.00 |
| 4,600 CF - Business | \$887.48 | \$887.48 | \$0.00 |
| 7,000 CF - Condominium 1 1/2" Meter | \$1,411.92 | \$1,411.92 | \$0.00 |
| 10,000 CF - Business - 2" Meter | \$2,054.72 | \$2,054.72 | \$0.00 |
| 12,000 CF - Condominium 1 1/2" Meter | \$2,464.92 | \$2,464.92 | \$0.00 |
| 15,100 CF - Condominium 1 1/2" Meter | \$3,278.98 | \$3,278.98 | \$0.00 |
| 17,000 CF - Condominium 1 1/2" Meter | \$3,777.92 | \$3,777.92 | \$0.00 |
| 22,000 CF - Condominium 2" Meter | \$5,101.92 | \$5,101.92 | \$0.00 |
| 35,000 CF - Plaza 2" Meter | \$8,515.72 | \$8,515.72 | \$0.00 |
| 45,000 CF - Apartments 2" Meter | \$11,141.72 | \$11,141.72 | \$0.00 |
| 50,000 CF - Apartments 1 1/2" Meter | \$12,443.72 | \$12,443.72 | \$0.00 |
| 66,000 CF - Apartments 1 1/2" Meter | \$16,645.32 | \$16,645.32 | \$0.00 |
| 71,000 CF - Business 3" Meter | \$17,998.32 | \$17,998.32 | \$0.00 |
| 81,500 CF - Apartments 2" Meter | \$20,726.62 | \$20,726.62 | \$0.00 |
| 163,000 CF - Apartments 1 1/2" Meter | \$42,117.52 | \$42,117.52 | \$0.00 |