

Fiscal Year 2015 Budget
Executive Summary

REVENUE HIGHLIGHTS

Net revenues remain essentially flat to what was budgeted for in the prior fiscal year. We had some areas of success that are worth pointing out. Taxes from projected new growth, revenue from new permits, excise tax receipts, and parking ticket revenue all showed increases over prior years.

On the local aid front, unrestricted aid was up less than 3% for an increase of \$301,237. Also, Chapter 70 aid increased only about one-half of 1% for an increase of \$283,789. All indications are that this is indicative of what we should expect in the future.

The net effect of all of the revenue increases helped replace the significant one-time revenue utilized in the Fiscal Year 2014 (FY14) budget.

EXPENSE HIGHLIGHTS

In January, we began this year's budget process by meeting with each department, sometimes more than once, to discuss their departmental needs with an eye toward eliminating expenses. The result was a general trend to lower operating expenses and target staffing reductions largely through attrition.

Staffing Overview

Police Department:

The Police Department currently has 6 open positions. Three of these positions are in the process of being filled while the remaining 3 will not be backfilled to assist in achieving a balanced budget. This leaves the police with a total staffing level of 107 uniformed officers: 79 patrol officers, 27 superior officers, and the Chief.

Fire Department:

The Fire Department is budgeted at 104 uniformed firefighters for FY14. The proposed Fiscal Year 2015 (FY15) budget funds 110 firefighters and there are no layoffs. With the expiration of the SAFER grant in FY14, the city absorbed the cost of 6 firefighters for the remainder of the fiscal year. The proposed budget increases approximately \$300,000 over FY14 to continue the funding for the firefighters that were previously part of the grant. The budget does rely upon the aggressive and responsible management of overtime to continue this staffing level.

Public Works Department:

The FY15 Public Works Department budget funds 28 positions, the Director, 4 Supervisors, and 2 administrative positions. While this represents a reduction of 1 position (through attrition) from the FY14 budget, it is important to note that several of the 29 positions contained in the FY14 budget were not actually available to work due to injury. The most substantial change to the Public Works Department comes through the consolidation with Water Utilities. We believe this

merger will provide for better service to the residents through cross-utilization of staff, better work flow, and other efficiencies.

City Hall and Other Departments:

The budget proposes the following staff changes:

- An open position for a part-time clerk in the City Clerk's Office will not be backfilled.
- An open position for a gardener in the Cemetery Department will not be backfilled.

Non-Staffing Overview

Health Insurance:

Budgeted health insurance costs for the new fiscal year represent a decrease of \$2.482 million over FY14. This decrease reflects work done by the finance team to quantify the amount in the health insurance trust that could be used to reduce the current fiscal year's costs. This excess is due to positive claims experiences particularly in this fiscal year. The employees of the city who participate in the health insurance plan will also see a substantial benefit through a one year, one time reduction of 29% in health insurance premiums. Additionally, the health insurance budget reflects savings of \$43,000 as a result of the city offering an opt-out program for the first time.

Mayor's Office:

The budget recommends the transfer of one position from the Mayor's Office to the Malden Redevelopment Authority (MRA). The transferring of the Strategy and Business Development Officer to the MRA will help us start to achieve the goal of a better coordinated approach and vision for business and economic development.

Pensions:

The net appropriation for the new fiscal year represents a decrease of \$45,000 over FY14. This is largely the direct result of work done by the finance team to identify savings through the change in timing of our annual pension appropriation payment. This change resulted in a savings of approximately \$480,000 which is reflected in the FY15 appropriation. It is important to note that we have not extended our pension funding schedule and continue to maintain a payoff plan that is aggressive when compared to many of our peer cities.

Police Department Overtime:

This account is increased by \$100,000 in an attempt to more accurately budget for overtime based on historical run rates.

ROCA, Inc.:

The FY15 budget eliminates \$100,000 in funding for the ROCA intervention program through the Police Department. While this program is one I continue to believe is worthwhile and one I hope to be able to fund more in the future, it simply did not fit into this year's budget at the same level as last year.

School Department:

The FY15 School Department budget is \$62.3 million. This is an increase over FY14 of \$1.1 million which is less than 1.8%. On May 19th, the School Committee voted 6-2 to accept the budget as proposed. The School Department's budget can be viewed on the City's website.

Snow and Ice Removal Costs:

The FY15 snow and ice account is budgeted at \$500,000 which is an increase of \$300,000 over FY14. This is part of a longer term goal of fully funding this line item each year.

Water and Sewer Rates:

Attached you will find the detail behind the proposed water/sewer rates for FY15. These rates will be provided to the Public Works Commissioners for their review and approval. The step rate increases range from 2.8% to 4.7%.

Workers Compensation:

The workers compensation account for FY15 represents an increase of \$250,000 over FY14. This increase accounts for known settlements we have in the works as well as a general attempt to fully fund this account based upon actual run rates.

Policy Changes

In keeping with the theme of looking internally at all options to reduce operating expenses, the budget contains the following changes:

- Several employees who were receiving auto mileage allowances have had those removed in favor of a mileage reimbursement program that will be initiated. This is generally being applied to those employees for whom driving is incidental to their job and not a primary function.
- The clothing allowance received by several members of management has been eliminated. In general, these allowances do not seem warranted for these positions as they may be for laborer positions.

| CITY OF MALDEN WATERWORKS | | | | |
|--|----------------------|-----------------------|-------------------|-------------------|
| Current vs Proposed Rates & Charges | | | | |
| Combined Water & Sewer Division | | | | |
| | Current Rates | Proposed Rates | | |
| | FY 2014 | FY 2015 | Dollar | Percentage |
| | 3 Step | 3 Step | Difference | Increase |
| Cubic Feet Included in Minimum Charge | 150 | 100 | | |
| Minimum Charge | | | | |
| Up to 1" | \$6.00 | \$6.00 | \$0.00 | 0.00% |
| 1 1/2" | \$25.00 | \$25.00 | \$0.00 | 0.00% |
| 2" | \$36.00 | \$36.00 | \$0.00 | 0.00% |
| 3" | \$65.00 | \$65.00 | \$0.00 | 0.00% |
| 4" | \$100.00 | \$100.00 | \$0.00 | 0.00% |
| 6" | \$192.00 | \$192.00 | \$0.00 | 0.00% |
| THREE STEP RATE | | | | |
| 1st Step 101-800 CF | \$9.47 | \$9.74 | \$0.27 | 2.85% |
| 2nd Step 801-12,000 CF | \$18.45 | \$19.32 | \$0.87 | 4.72% |
| 3rd Step Over 12,000 CF | \$23.01 | \$24.09 | \$1.08 | 4.69% |