



City of Malden

Malden City Hall
215 Pleasant Street
Malden, MA 02148

Meeting Minutes - Final Finance Committee

Councillor McDonald, Chair
Councillor Colon-Hayes, Vice-Chair
Councillor Condon
Councillor Crowe
Councillor Spadafora
Councillor Winslow

Tuesday, March 11, 2025

6:00 PM

City Hall
215 Pleasant Street
Room 108
Malden, MA 02148

Watch the meeting with Teams: <https://tinyurl.com/4m96b2dc>

Roll Call

Present: 5 - Councillor Carey McDonald, Councillor Karen Colon Hayes, Peg Crowe, Craig Spadafora and Stephen Winslow
Absent: 1 - Paul Condon

Also Present:

Charles Ranaghan,-CFO Controller
Dan Grover-Treasurer
Zaheer Samee-Assistant Solicitor

Councillor McDonald called the meeting to order at 6:15 PM.
This meeting is being recorded by Teams.

Business

[144-25](#)

The Finance Committee will continue the conversation with Charles Ranaghan, CFO/Controller to present recent years' financial data for the city and discuss long term financial trends.

Attachments: [Recent Financial Data Presentation March 4 2025](#)

Councillor McDonald said we got through a lot of this presentation last week and will proceed with the discussion and talk about reserves.

Chuck continued with the presentation he prepared for the Finance Committee. (see attached) He noted that the current balance of free cash reserves is just over \$20 million, down from the last certification of \$27 million due to recent appropriations and emphasized the importance of maintaining reserves for financial stability and cautioned against relying on them to support the annual operating budget, which is not a fiscally smart initiative.

Councillor McDonald explains this is the certified appropriated money for road paving, traffic initiatives and garage improvements.

Chuck broke down the recent appropriations from the reserves which included \$2.5 million for Maplewood Salem Wood Plaza, \$500,000 for traffic calming initiatives, \$300,000 for road repaving, and \$2 million for garage improvements. Chuck reviewed the historical usage of free cash reserves, highlighting that in 2017, \$6.6 million was used, in 2018, \$2.6 million, in 2020, just under \$3 million, in 2021, \$5.3 million, in 2022, \$1.8 million, in 2023, \$7 million, and in 2024, \$2.5 million. He noted that \$20 million is not a lot of money for a municipality of their size, emphasizing the need to be cautious with reserve usage to avoid financial instability.

He clarified the calculation of free cash usage, explaining that it includes both budgeted amounts and net impacts at the end of the year. They discussed the importance of maintaining a balance between budgeted and actual usage. Chuck discussed the option of creating stabilization accounts for specific purposes, such as capital projects. They noted that while stabilization accounts require a higher threshold for appropriation, they can provide dedicated funding for important initiatives. Everett has north of \$20 mill in free but also \$20 mill in stabilization accounts. Malden has \$20 in free cash and 0 in stabilization. He discussed the option of creating stabilization accounts for specific purposes, such as capital projects. They noted that while stabilization accounts require a higher threshold for appropriation, they can provide dedicated funding for important initiatives. Free Cash plus stabilization funds is definitely a percent of the budget and we are not doing as well as other communities.

Councillor Colon Hayes asked how do we build our free cash

Chuck answered its two things revenues coming in higher than the budgeted and expenses coming in lower than the budgeted. He explained that in the past year, \$7 million in revenue came in higher than anticipated, and unspent money at the end of the fiscal year from departmental budgets reverts back to free cash. It's a simple combination of those two factors that build the free cash.

Councillor McDonald mentioned looking at the stats here as our expenses go up the proportion for the amount of reserves also goes up. He assumes stabilization funds are also public.

Chuck said if we have a subsequent meeting on that he would get those statistics for the committee.

Councillor McDonald noted that the impact of ARPA funding has helped build reserves and support capital projects without additional debt.

Chuck said we were able to get a lot of capital purchases without having to go out to bond. Had it not been for ARPA we would have to go out to bond or appropriate free cash. He continues with grants and expressed concerns about the uncertainty of federal and state grant funding, particularly for the school department. They emphasized the potential impact of losing grant funding on the city's budget and service. The potential loss of grant funding could have a severe impact on the city's budget and services, particularly in areas like school funding, park grants, and community development projects. He noted that ARPA funding has helped build reserves and support capital projects without additional debt. He explained the importance of planning for the end of ARPA funding and the need to find alternative revenue sources.

Councillor Crowe asked about the City Grants. OSPCD is not the only one who receives

them or are they?

Chuck said the Police and Fire Staffing grants, Board of Health receives grants there are grants citywide and every year the amounts are different.

Councillor McDonald said he would like to see which ones of these grants are awarded. He feels that most of the Police and Fire are what the state will pay for which is pretty much established.

Chuck said with Police and Fire they request through this competitive grant program. Most of the grants are driven and we get what we get. The Municipal Empowerment Act has not taken effect as of yet. He highlights the Municipal Empowerment Act which would allow the city to increase the local option on hotel tax from 4% to 7%, generating an additional \$100,000 per year. The act would also allow the city to increase the local meals tax from 0.75% to 1%, generating an additional \$250,000 per year and also includes a new surcharge of up to 5% on motor vehicle excise bills, which could generate approximately \$300,000 per year for local stabilization funds. Overall, the Municipal Empowerment Act could generate an additional \$650,000 per year for the city, providing much-needed revenue to support financial needs.

He explains the last two slides sum up how the last fiscal year ended and what next year will look like. We went from \$27 mill to \$20mill in free cash. Tax Title is something the state does not allow you to budget for which came in above budgeted number. Building permits above \$1.1 mill. Excise Collections above budgeted \$1.4 mill. Investments income \$2.1 mill above budget. Unexpended funds within the general fund budget. If the school has unexpended funds they don't go back into the budget. They have the ability within the three months of the following year to use the money for transportation and can still try to catch up.

He explained what the FY2026 Budget might look like when it comes down. He noted that ARPA funding has helped build reserves and support capital projects without additional debt. They discussed the importance of planning for the end of ARPA funding and the need to find alternative revenue sources. This is most likely to be the last year to use ARPA funds towards the fiscal year budget. The council discussed the decline in new growth revenue and the impact of inflationary pressures on wages and building costs. They emphasized the need to monitor these trends and adjust the budget accordingly. Finally, he discussed the need for a long-term resolution to the Chapter 70 school funding formula, noting that they are hopeful for future improvements but recognize that it will take time to see significant changes. Inflationary pressures are increase in costs of materials and upkeep of buildings. We will also be at the full run rate for the added debt for the new Northeast Regional Vocational School which is \$1.3mill per year which we will be paying for the next thirty or forty years which is something else which relates to the FY2026 Budget.

Councillor McDonald thanks Chuck and said this has been very informational. They talk about the possibility of discussing the CDBG paper regarding St. Paul's Church which was tabled next week.

Tabled Papers

[84-25](#)

Minutes of December 10, 2024 to be approved.

[120-25](#)

Minutes of December 3, 2024 to be approved.

[438-24](#)

Minutes of October 29, 2024 to be approved.

Adjournment

A motion was made by Councillor Colon Hayes, seconded by Councillor Crowe, that this meeting be adjourned at 6:56 PM. The motion carried unanimously.

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