



City of Malden

Malden City Hall
215 Pleasant Street
Malden, MA 02148

Meeting Minutes - Final Finance Committee

Tuesday, May 26, 2020

7:30 PM

Remote Meeting

Roll Call

Present: 5 - David Camell, Paul Condon, Neal Anderson, Amanda Linehan and Barbara Murphy

Absent: 1 - Deborah DeMaria

Also Present: Councillors Crowe, O'Malley, Spadafora, Sica and Winslow
Kate Fallon-Solicitor
Ron Hogan-Parking Director
Charles Ranaghan-Controller
Dan Grover-Treasurer

144-20

In accordance with Governor Baker's 3/12/20 Order Suspending Certain Provisions of the Open Meeting Law, G.L.c.30A,ss18, and the Governor's 3/23/20 Revised Guidance on Order by the Governor Prohibiting Assemblage of More than Ten People, this meeting will be conducted via remote participation.

In person attendance by members of the public is prohibited, and all effort will be made to permit public attendance of this meeting, in the manner specified below, via remote access by internet, telephone, and if available via public broadcast of the meeting by Malden Access Cable Television on public access television channels.

Public access will also be provided by posting draft minutes, and/or a transcript, recording, or record of the meeting on the city of Malden website at cityofmalden.org as soon as practicable after the meeting.

Additional information/guidelines for the public can be found here:

<https://www.cityofmalden.org/DocumentCenter/View/2487/Public-information-on-Public-Meetings-and-Hearings-during-the-Declared-State-of-Emergency-related-to-COVID19PDF>

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Please click the link below to join the webinar:

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Password: 185608

Or iPhone one-tap :

US:

+13017158592,,94135298595#

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Dial (for higher quality, dial a number based on your current location):

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Minutes to be Approved

Minutes from February 4, 2020 Meeting to be approved.

Minutes from Joint Finance and Citizens Engagement Meeting on February 18, 2020 to be approved.

A motion was made by Councillor Paul Condon, seconded by Councillor Amanda Linehan, that the minutes of February 4, 2020 be approved.. The motion carried unanimously.

A motion was made by Councillor Paul Condon, seconded by Councillor Amanda Linehan, the the minutes of the Joint Finance and Citizen Engagement Meeting February 18, 2020 be approved. The motion carried unanimously.

Business

[132-20](#)

Order: Annual Appropriation Order for the FY2021 (City Budget).

Sponsors: David Camell

Councillor Camell calls the meeting to order at 8:17 P.M. he announces that the meeting is being filmed. He explains that there is serious impact on the budget due to the present times and the loss of revenue at several levels but most specifically at the State level and our anticipation of losing State Aid. Members of the Finance team, Ron Hogan-Parking Director, Charles Ranaghan-Controller and Dan Grover-Treasurer are present at the meeting. He hands the floor over to the them.

Ron Hogan has a presentation for the committee (see attached). He explains this is certainly a different year than the past eight or nine years largely because we find ourselves having to create a budget with great uncertainty of what the revenues are going to look like for the fiscal year. His presentation will show some important points that are important and some outstanding in the budget. The year started out like any other year the Governor made their budget public in January which included the little over \$2mill increase in Chapter 70 increase and the typical 3% change in local aid and then Covid-19 hit and everything stopped. The last thing done is what the Governor proposed in his budget and we don't know when the State will get back we have been told they don't have a timeframe but we were thinking September /October to continue the reality is for the State to get an idea what to base their budget on they need to see how it will impact their budget to see how it will impact us from a local perspective. We do know the scale of the State impact \$6-8 Billion for F/Y 21 Budget and is the state budget is usually \$60 Billion it's a big number which includes money that hasn't been spent which will be short at the end of the year like the challenge during the recession. The State rainy day fund is not enough to make up for the impact. We need to make adjustments that will help us to live with a level of somewhat normalcy. He explains the last recession in unrestricted aid in 2009 was \$16mill and never went back to that in 2019 only to \$12mill. Chapter 70 also acts as an equalizer it increased from 2009 to 2019. He then speaks of controllable vs. non-controllable explained on page 6. The approach taken for F/Y 21 they call responsible planning where we tried to make some allowances for what is coming not knowing what is coming. Last year's appropriation was \$179.6mill and this year is \$184.3 mill but it's only spending \$180.1 Mill. This budget is putting \$4.2 mill is set aside as a down payment for what we anticipate to be state cuts and we are appropriating \$184.3 we propose that \$4.17 be set aside which is called a budget stabilization account which when that round of cuts come we have a starting point and we are not sitting here having to come up from scratch. If you look at Health/Pension increase total of \$1.7mill the actual budgeted spend is a decrease from a little over a million dollars. He says their model throughout this budget is to ask many employees to give a little so a few don't have to give a lot. The next slide is Revenue Impacts then Uncontrollable expenses. He mentions some positive budget impacts. This year we will be able to build in casino payments. There are leases in the City which will go away when we relocate City Hall. Health Care costs are a reasonable 4% increase we are heading in a good direction. Thinking outside the box which explains some offsets to get to where we are

trying to get to. He summarizes by saying we have put ourselves in a decent position with a good starting point to balance the budget. He feels it is a huge step in the right direction and says this presentation is used as a baseline and shows how they got to what was put in front of them. We came up with a fully balanced budget based on what the state told us for revenues first then we tracked every change we made to account for putting this \$4.2mill into a budget contingency fund the logic being so if the state comes back and its only half as bad as we planned for we know where we took the money from and we have the opportunity to re-fund back to where the sources they came from. This budget contingency fund in place instead of making cuts this allows us to maintain the integrity of a starting point when we have the next dialogue whether is better or worse and it will be helpful when we see where this is all headed. Councillor Linehan asks about the Cares Act and how does the student opportunity act affect this and explain the wage freeze and if there is a hiring freeze. Ron speaks to the student opportunity act and explains that this year proposed budget from the Governor wasn't as much for us as we hoped and says it's not a bad thing but this may cause some stretching out from the state of how this gets implemented or delaying it. On the wage freeze side they are proposing that all departments with the exception of the Fire and Police Departments which are working during this pandemic. We are asking all other departments to forego a wage increase for F/Y 21. We are not asking for a hiring freeze across the board because that is thoughtless we will try to take each individual opening and see if we can live without it. Councillor Winslow asks about Real Estate and Property Tax. Ron says some of the property tax may be delayed if people can't pay and have balance sheet offsets but the meals tax you are not going to get. The increase in Real Estate is 2.5% plus \$1.1mill in new growth. Councillor Condon he sees the committee being proactive by creating this stabilization fund. He feels being proactive will save us from being reactive. Councillor Murphy she feels they have done a good job and made us think about what the future will be and is impressed by not using any of the reserve funds it's imperative that when we grapple what we will face in the fall we do not use the reserve funds. We are in this for the long-haul this is for probably for the next ten years and feels this will be a harder hit than before. Councillor O'Malley he mentions combining offices if possible to find efficiencies in our operation to save as much money now so in the future we are prepared. Councillor Spadafora says he likes the fact we are not burying our head in the sand and realize this is not a short-term problem. His company is asking for employees to take a pay cut not lay off employees they are not cutting employees as to not leave them with no insurance during a pandemic. We have to ask all of us to take cuts to save jobs. Unlike the Federal Government States do not have the ability to create their own cash flow we have to balance the budget at the end of the year, either raise revenue (taxes) or cut our capital spending. We are forcing these discussions now if there is any cutback we will look at every department and see if we can share personnel and combine certain functionality gradually. We are taking all revenue and using it to cover some of our expenses

to backfill the revenue shortage. We hope this will cover us and not have to see names attached to cuts. Councillor Camell says these work from home changes which may be going forward lessens square footage per employee going forward which may be permanent even as the economy swings back. Ron explains when the Cares Act Program was passed allows funds for Massachusetts \$2.7 Billion to deal with Covid-19 related costs based on population. The state took 25% of this funding and allocated it down to cities and towns based on population to deal with costs that are not eligible for some of the other funding sources. So Malden's ceiling is money we have to ask for eligible expenses which are \$5.4mill which is air marked for Malden. Three main criteria expenses used for Covid-19, something that is not budgeted and they have to be incurred between March 1st and December 30th. There are two rounds of funding one in F/Y 2020 with a June 5th deadline and the second in F/Y 2021. Cities are subject to a Federal Audit to make sure the funds are used properly. The Mayor submits the request of the funds. They cannot be used for revenue replacement but this may change. There is active discussion at the Federal level for use of these funds. Councillor Camell speaks of having a Finance zoom meeting with on overall view of what it costs to run Malden. Councillor Spadafora asks if there is any requirement for the money such as health costs. Ron says no there is no requirements to use the money for x or y. Councillor Winslow asks of the revenues they are going down a bit and are we thinking of Cannabis revenues. Ron says the state wants to see a prior year and we have nothing this time but hopefully next year. Chuck says this budget does not have the City using any of its reserves he says it's important to point out after 2007 when the recession hit in 2011 Malden had a negative free cash certification we had negative \$670,000 it took ten years to get \$10mill in free cash every penny we use with the recession coming it will be hard to get back to where we are at we are below our own policy right now we try to maintain 7.5% of our reserves we are below that. Councillor Condon asks how much OT has been reduced: Police \$200,000 Fire\$150,000 DPW \$75,000. Councillor O'Malley mentions the new trash program. Ron explains the money is allocated with grants and may not be there next year so they are trying to move forward to use the money which is available and not incur more costs.

Other Business

Adjournment

A motion was made by Councillor Paul Condon, seconded by Councillor Amanda Linehan, that the meeting was adjourned at 9:27 P.M. The motion carried unanimously.