



# City of Malden

Malden City Hall  
215 Pleasant Street  
Malden, MA 02148

## Meeting Minutes - Final Finance Committee

*Councillor-at-Large McDonald, Chair*  
*Councillor Condon, Vice-Chair*  
*Councillor O'Malley*  
*Councillor-at-Large Colon-Hayes*  
*Councillor Simonelli*  
*Councillor Linehan*

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Tuesday, May 30, 2023

5:30 PM

City Hall, Room #105  
215 Pleasant Street

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Please click the link below to join the meeting:  
[https://cityofmalden.zoom.us/j/95386138655?](https://cityofmalden.zoom.us/j/95386138655?pwd=R0FXcGIMRIY2OEQvMU1zTm1Za280dz09)  
[pwd=R0FXcGIMRIY2OEQvMU1zTm1Za280dz09](https://cityofmalden.zoom.us/j/95386138655?pwd=R0FXcGIMRIY2OEQvMU1zTm1Za280dz09)

### Roll Call

**Present:** 4 - Councillor at Large Carey McDonald, Councillor Paul Condon, Ryan O'Malley and Amanda Linehan  
**Absent:** 2 - Karen Colon Hayes and Chris Simonelli

Also Present: Council President Murphy, Councillors Crowe, Spadafora, Winslow  
Ron Hogan-Chief Strategy Officer  
Dan Grover-Treasurer  
Nate Cramer-Assessor  
Maria Luise-Mayor's Office

Councillor McDonald called the meeting to order at 5:37 PM.

### Minutes to be Approved

[226-23](#) Minutes of May 16, 2023 to be approved.

**A motion was made by Councillor Linehan, seconded by Councillor O'Malley, that the Committee Minutes of May 16, 2023. The motion carried by a unanimous vote.**

### Business

[219-23](#) Order: The Fiscal Year 2024 Annual Appropriation Order

**Sponsors:** Carey McDonald

**Attachments:** [Mayor's Transmittal Letter on FY24 Proposed Budget](#)

[FY2024 Proposed Budget](#)

[Final Paper: 219-23](#)

The Finance Committee will begin discussion on the Proposed FY24 Budget. The Chair will present the overall budget and discuss/revenue income. The committee will review budget priorities, health care costs, usage of city reserves and any other business that comes before them. Charles Ranaghan, CFO/Controller, Dan Grover, Treasurer, Nate Cramer, Assessor, Ron Hogan, Chief Strategy Officer and Maria Luise, Special Assistant to the Mayor will be in attendance.

*Councillor McDonald started the meeting and turned the discussion over to the group of Department Heads in attendance at the meeting.*

*Ron Hogan started with the revenue side, the one positive note in the budget this year is the increase in Chapter 78 which is the largest amount we have had in years which is good for the schools. The flip side is the student opportunity act is driving a requirement for a contribution at the local level which is going to be difficult for us to meet without some serious impacts to the rest of the budget. On the local receipt side last year in particular we had a really strong year being unclear of Covid and the recovery and what have you. This year we have seen a lot of that flattening out. We look at the year to date collections of this year and go to the remaining period left from the year before pull the two together and use that as our baseline. We have seen a slow down in excise tax because we are not showing any growth which is consistent with what we see in collections and people are not buying new cars right now. Nate says with interest rates being more volatile and with Covid we are seeing a dip now. He is not seeing as much new growth as in the past. Ron said this year on the parking side we had some bumps last year but that is all leveled off. Towards the latter part of this year we will be transitioning to different models for the garages we have been very judicious to get the folks back to downtown. A lot of the cases the retailers are competing with Melrose where parking is free. We have not have the return to the offices for monthly passes as we planned on which reflects on the revenue side. The big picture there is everything is slowing down. On the revenue side as far as the ARPA money we have done a lot of things to invest in things we typically haven't been payable to. We just ordered some new fire engines which has been relief but those funds will go away. Councillor Linehan said the lighting and the improvements are visible. Ron said with the businesses we can start driving some revenue but by making the improvements it will help but it has been a long process to get to that point. We have had a few lucky years with health services during Covid. This year the Health Insurance which has hurt us it is a self insured entity with elective services. We sit down with Cook & Co. and they make a recommendation which is conservative but we try to make the numbers work and we budgeted a 7.5% increase in health services which is lower than the recommendation by half of what they recommended we go up. Those are the kinds of trends that are out there that the claims rates will increase with double digits. This is something we can't control. Councillor McDonald asked if on the premium side is that negotiated on the union side or can we make adjustments to premiums? Ron you can re-open negotiations. If you look at our gross number it is not that bad. On the school side the flip side to the additional Chapter 70 funding there is a required amount that you must be funded to meet that schools spending if you fall more than 5% below it the state will reduce your aid by the amount it takes to make up for that. According to the states formula this year we should be able to afford 11.5mill more out of our budget to fund the schools. We would put 11.5mill in and 11.5mill would come out of Chapter 70. They say Malden is below its target local contributions by 12.5mill. They look at all our revenues and say they went up by 4.6% so at the very least your contribution has to go up by the same 4.6% but they say if your delta to your target yield is greater than 7.5% we will help you to get to that number quicker. They take last years contribution and increase it by the gross factor to try to bridge that gap. On the school side is also the Voke and funding for this project. The*

full run rate is 1.3mill. Schools have plenty of money this year to fill positions but they are having trouble to find people to fill them because they want more money. Councillor McDonald said he appreciates all the work from the Finance Team to put this all together and find something that balances at the end of the day. He feels we need to get our Long-Term Financial Planning Committee active again. On the Chapter 70 side there is not a solution that is not a state solution. We are probably due to re-engage with that. Long-term the local share portion of the formula needs to be re-visited. Ron said in this years budget the Lt. Governor put a pothole account in but there is no consensus but it is not enough money to solve it but it is part of the awareness project that there is a problem. Councillor McDonald asked about the new growth figure seems very low and he wants to know if there is a way to look at pier communities and what is a good scenario? Ron said if you looked at Revere it is 3mill this year 3x our new growth. They have more areas which are developable or are we more like Melrose which is fully built out. Councillor Murphy asked anyone who has been involved in the budget process with the Mayor to speak about today's budget and the ability of the department's to all function at the appropriate level staffing wise, performance wise, meeting constituents needs, etc. where are we?

Ron said when we introduced the Clear-gov platform three budgets ago, with that went the ability to involve dept head's in the request process which hadn't t happened before. It gives each dept head the ability to look at last years budget and create an ask for this year and provide backup for that. Part of the process is to evaluate those and we lean towards trying to fund those requests. From a department perspective most of the needs are met on the operating side the Mayor is differential to the department asks.

Councillor Murphy said her understanding we are not adding new positions to this budget. Ron said there are no new positions added except for the schools. ARPA positions have to be used by December of 2024. The expectation of anyone funded by ARPA those positions would go away. You hope over the course of the next year some of the ARPA employees may find permanent positions.

Councillor McDonald asks about Cannabis receipts?

Ron said the host community agreements are written to work is that the first payment due after the first year of operation. There is also the local excise tax which is built in which is 3%. There is nothing built into this budget. This is an upside which helps us build up free cash. There will be some money but it will represent a little cushion as opposed to something that is in this budget.

Councillor Murphy asked about the ARPA funding and the limited time that the money needs to be encumbered she assumes the ARPA team is looking at how to not leave any of that money on the table.

Ron said nobody should be concerned that there will be any money left on the table. We are not at risk of that happening. We could use some of the money to replace lost revenue. We are trying to balance the things we are doing in the community with the reality this is a funding source. Our revenues are going down and the cost of labor is going up which is a delayed impact from COVID. This money is available to respond to some of the effects of COVID. He said there will not be any money left on the table.

Councillor Murphy asked when we talk about the cost of employees and the fact that due to inflation folks are looking for more than a 3% how do you see that playing out in the future?

Ron said these things run in trends. On the employee side he feels that we are looking at people needing more money to keep up with the cost of living. He feels that this will hit us for a least five or six years.

Councillor O'Malley said when it comes to the money coming back on marijuana he looks at infrastructure, new lights, new lines and it should be used as a direct impact and that is what we are using the money on.

Ron said the state wants to make sure the Cannabis business owners are treated like any other businesses.

*Councillor McDonald asked if we budget for savings from opened positions*

*Ron said no because most of the openings are in the Fire and Police Departments but when they retire the payout basically uses up that money and then some that is why we don't budget for any turnover.*

*Councillor Condon asked about the plan for the garages*

*Ron said garages are awful and you could never stop with improvements. You could estimate 4mill which is better than replacement costs maintenance is to much. We have addressed the worst which is structural repairs.*

*Councillor Linehan asked about free cash and when do we worry about that?*

*Ron said this is the first year we are taking \$3mill out of free cash but also using ARPA money. The other thing to keep in mind there is a Police lawsuit that has an initial judgement that is being appealed. You can feel good about the number if money is needed for that half of the number is gone and we also use some of it for roads.*

*Councillor Spadafora asked where are we with union contracts?*

*Ron said there are a lot of unsettled contracts but they are in this years budget. We try to go forward and think about where we may be but it is budgeted for.*

## **Other Business**

## **Adjournment**

**Motion was made by Councillor Linehan, seconded by Councillor O'Malley, that this meeting be adjourned at 7:00 PM, The motion carried unanimously.**