CITY OF MELROSE

APPROPRIATIONS & OVERSIGHT COMMITTEE

AGENDA● DECEMBER 8, 2022

Council Chamber, First Floor, Melrose City Hall Committee Meeting **7:00 PM**
562 Main Street, Melrose, MA 02176

I. CALL TO ORDER

Jen Grigoraitis	Chair
Leila Migliorelli	Vice Chair
Shawn M. MacMaster	
Jack Eccles	
Mark Garipay	
Maya Jamaleddine	
Robb Stewart	
Manjula Karamcheti	
John Obremski	
Ryan Williams	
Christopher Cinella	President, ex oficio

II. PUBLIC COMMENT

Remote Link for Public Comment:
https://cityofmelrose-org.zoom.us/j/99081483447?pwd=Nm1hT3R1Z3l2cWJ3bTZkdVBzbW1Kdz09

Meeting ID: 990 8148 3447

Password: Melrose

III. ORDERS

1. **APP-2023-10:** Community Prevention and Wellness Initiative

   Sponsored by: Health Director Anthony Chui

   From: City Council ASSIGNED TO COMMITTEE

IV. INFORMATION ITEMS

1. **INFO-2023-10:** Request for American Rescue Plan Act (ARPA) funding update

   Sponsored by: Robb Stewart, Mark Garipay, Vice Chair Leila Migliorelli

   From: City Council ASSIGN TO COMMITTEE

2. **INFO-2023-11:** Update on the Status of the City of Melrose's Finances

Sponsored by: Vice Chair Leila Migliorelli, Chair Jen Grigoraitis, Maya Jamaleddine, Jack Eccles, Manjula Karamcheti

From: City Council ASSIGN TO COMMITTEE

3. **INFO-2023-12:** An Update on the Status and Usage of Free Cash in the City of Melrose

Sponsored by: Vice Chair Leila Migliorelli, Chair Jen Grigoraitis, Maya Jamaleddine, Ryan Williams

From: City Council ASSIGN TO COMMITTEE

V. ADJOURNMENT

8410 Education, Public Safety and Substance Abuse Stabilization Fund Proposal

City of Melrose Health and Human Services

Prevention and Wellness

The City of Melrose Health and Human Services (HHS) Department proposes to utilize the revenue in the stabilization fund for citywide public health prevention and wellness initiatives, including cannabis education, public safety, and recovery coaching.

The staff person who will lead this work and is proposed to be paid out of this fund beginning January 2023, is a 15-year HHS employee, Kara Showers. Kara is a Certified Health Education Specialist with a Masters Degree in Public Health. As the Prevention and Wellness Coordinator in HHS, Kara is responsible for:

- Leading and managing chronic disease prevention and community health initiatives, using a public health lens.
- Coordinating prevention grants.
- Assessing the public health needs of the Melrose community.
- Supporting prevention service programs related to substance use and mental health.

In Massachusetts, cannabis & marijuana use are on the rise from youth to senior citizen populations. *(The word "cannabis" refers to all products derived from the plant*

Cannabis sativa. The cannabis plant contains about 540 chemical substances. The word "marijuana" refers to parts of, or products from, the plant Cannabis sativa that contain substantial amounts of tetrahydrocannabinol (THC). CBD, or cannabidiol, is the second most prevalent active ingredient in cannabis. While CBD is an essential component of medical marijuana, it is derived directly from the hemp plant, a cousin of marijuana, or manufactured in a laboratory. Cannabidiol (CBD) is a compound found in marijuana. CBD is not impairing, meaning it does not cause a "high." [1],[2]*).*

According to the most recent administration of the Youth Risk Behavior Survey (YRBS), Melrose high school youth report the following:

- 25% have tried marijuana at least 1 time in their life
- 10% reported using marijuana at home and 16% reported using at a friend's house
- 28% thought that their friends feel marijuana is *not wrong at all*, 23% thought their friends thought it was a *little bit wrong*
- 50% of youth reported getting marijuana from a friend

Research shows that heavy cannabis users are more likely to report thoughts of suicide than non-users and regular cannabis use is likely to increase the risk of developing a social anxiety disorder[3]. Increased awareness of the health effects of marijuana and how THC impacts the brain and mental health is imperative for Melrose youth. Collaborating with the Melrose Health and Wellness Coalition (*formerly the Melrose Substance Abuse Prevention Coalition*), and the Melrose Public Schools administration, faculty and staff, this information, as well as refusal skills and social norming campaigns, can be presented using available evidence-based marijuana toolkits[4]. Secondly, this funding could support the development and implementation of healthy coping mechanisms for students, which are an essential outlet in a young person's life. Finally, partnering with local organizations (i.e., PTO's) and parents to host events like "In Plain Sight" show family members how and where to look for early cannabis use signs.

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[1] CBD: What You Need to Know (cdc.gov)

[2] Cannabidiol (CBD): What we know and what we don't - Harvard Health

[3] Mental Health - The Health Effects of Cannabis and Cannabinoids - NCBI Bookshelf (nih.gov)

[4] Cannabis Awareness & Prevention Toolkit | Cannabis Awareness and Prevention Toolkit | Stanford Medicine

It is not only important to educate our youth about marijuana but support our adult and elderly populations. Thirteen percent of Melrose adult respondents from the COVID Community Impact Survey (CCIS) data[5] said they have used marijuana in the past 30 days. Since recreational use is legal among adults, an assumption can be made that use is even higher than that. Further, both Melrose adults and senior citizens could benefit from more dialogue and education on this topic. With this funding, HHS, in partnership with COA, can host meetings and other events to provide information on cannabis/marijuana/CBD, identify resources and present subject matter experts.

For those residents struggling with substance use, this funding can also bring recovery coaching services to the City. A peer recovery coach or community health worker can assist individuals by finding the necessary recovery resources, establishing accountability as well as another level of support. Recovery coaching services are expanding in surrounding communities as its importance is being recognized across all ages.

According to the 2019 MelroseWakefield Healthcare Community Needs Assessment, 8.2% of Melrose residents died of chronic ischemic heart disease, making it one of the top 3 causes of death in the City [6]. A large study led by researchers at Stanford Medicine stated that p[7]. Of course, these heart disease cases cannot all be attributed to marijuana use. However, all residents young and old could benefit from healthy heart prevention initiatives—from more opportunities for the community to connect to ways to increase daily physical activity.

To make Melrose an even healthier community, and to support overall resident wellness, this funding will provide increased services community-wide. It will provide supplies, staffing, facilities, etc. to offer projects such as:

- Councilor-led community health forums in wards across the City 1-2x year. *Health topics could include CBD/cannabis/marijuana, heart disease, lung cancer, COVID, and/or others*.
- Yoga, Tai Chi, Mindfulness, Art Classes, StoryBook Walks etc. in our passive City parks and other designated City spaces.
- Healthy aging and dementia risk reduction initiatives.

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[5] CCIS Data
[6] Melrose-Wakefield Hospital 2019 Community Data Profile
[7] Marijuana linked to heart disease; supplement may mitigate risk, study reports | News Center | Stanford Medicine

- Recovery coaching services.
- Open space and recreation support.
- Blood pressure screenings for adult and older adult populations.
- Healthy food security partnerships with our local faith-based organizations/food pantries and food rescue organizations.
- Space to hold events and classes for the community.

BUDGET ESTIMATE: *(January 2023-December 2023, initial start-up investment costs)*

Item	~$	MUNIS Category
Prevention and Wellness Coordinator (part-time)	$51,456 $7,246	Salary, Wages, Benefits
Evidence-based marijuana prevention downloadable toolkits (topics: cognitive function, refusal skills and social norming campaigns) & short policymaker trainings	$1,000	Supplies, Printing, Professional Services, Training
Healthy coping classes (art, exercise classes: mindfulness, yoga, tai chi, walks)	$14,000	Contract, Supplies, Professional Services
Recovery Coaching Services/Community Health Worker with addiction specialist training	$25,000	Contract
Community Connectedness Space for events & classes ("In Plain Sight", Community Health Forums, speakers to discuss CBD/ cannabis/marijuana)	$16,000	Contract, Supplies, Professional Services
Healthy Aging/Dementia-Friendly initiatives	$8,000	Supplies, Professional Services
Open Space/Recreation support	$9,000	Supplies
Blood Pressure Screenings	$2,000	Supplies, Professional Services
Healthy Food Security (i.e. mini food pantries)	$13,000	Supplies, Contract
Trainings & Continuing Education	$2,000	Training

Advertising	$1,500	Advertising
TOTAL	**$150,202**	

Ghobrial, Andrew

From:	Fleischman, Margot
Sent:	Monday, December 5, 2022 3:57 PM
To:	City Council
Cc:	*Mayor Brodeur; Dello Russo, Patrick
Subject:	Materials for December 8 A&O meeting
Attachments:	ARPA Update to City Council December 2022.pdf; ARPA Update Slides December 8, 2022.pdf; Finance Report to the City Council Slides December 8 2022.pdf; FY22 Free Cash update.pdf; 10 year General Fund Debt Plan.pdf; ARPA Approvals by Dept to date 10.18.22.pdf

Good afternoon Councilors,
Please find attached the following presentation materials and memos provided in advance of the A&O meeting this Thursday, December 8:

- **INFO-2023-10:** Request for American Rescue Plan Act (ARPA) funding update
  - **ARPA Update memo and slide presentation; ARPA approvals spreadsheet**
- **INFO-2023-11:** Update on the Status of the City of Melrose's Finances
  - **Finance Report slide presentation and 10-year General Fund Debt Plan**
- **INFO-2023-12:** An Update on the Status and Usage of Free Cash in the City of Melrose
  - **Free Cash update memo**

As always, should you have any questions, please do not hesitate to reach out.
Best,
Margot

Margot Fleischman
(She/Her/Hers)
Chief of Staff
& Director of Strategic Initiatives and Communications
Office of Mayor Paul Brodeur
Melrose City Hall
562 Main St
Melrose, MA 02176
(781) 979-4440

CITY OF MELROSE

OFFICE OF THE MAYOR

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

PAUL BRODEUR
Mayor

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on use of American Rescue Plan (ARPA) funds
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a further update on the use of Melrose's ARPA funds, including funds that have been spent or committed for specific projects. As you know, the City of Melrose has received total of $8,374,174 in federal ARPA grant dollars. All ARPA grant funds must be spent or encumbered by December 31, 2024.

Approved ARPA projects

Since the last update to the Council, the following ARPA projects have been approved by the Mayor and CFO Patrick Dello Russo. Together with projects previously approved, this represents $7.3 million investments in COVID-19 response, critical infrastructure, and organizational capacity.

- Schools Asbestos Abatement $90,000
- Community Conversations Initiative $25,000
- COVID-19 Sanitization-Custodial $65,000
- COVID-19 Disinfection (Schools) $128,000
- Labor Costs/Additional Cleaning and Sanitizing of Public Buildings $40,000
- HVAC Study and Implementation of A/C addition at MVMMS $1,050,000
- Tremont Fire House Update $151,205
- ARPA - Administration $4,500
- Addressing Food Insecurity $75,000
- Small Business/Non-Profits/Cultural Sector Support $150,000
- Police Department Vehicles $256,000
- Fire Department Vehicles $120,000
- Replacement Vehicle to Deliver Services (DPW) $23,000
- School Department Closing FY22 Budget $774,697
- Address COVID-19 Backlog of IT Infrastructure and Cybersecurity Projects $26,000

A complete list of all ARPA project approvals is attached to this memo and is also available on the City of Melrose webpage at: **www.cityofmelrose.org/mayor/pages/ARPA**

Budgetary Adjustments

As part of our regular tracking of ARPA project expenditures, Assistant Auditor Kerri Golden and I have periodically reviewed approved projects and, in consultation with the relevant department heads, have made budgetary adjustments as appropriate.

In cases where the amount originally budgeted exceeded what was necessary, those excess funds have been released back to available ARPA funds to be used for another project subject to the Mayor's review and approval. All budget adjustments have been reflected in the budget documents provided to the Council and posted on the City of Melrose website. The following projects have been adjusted since our last update to the Council:

	Original	Revised
• Social Services Coordinator	$213,847	$200,330
• Economic Recovery Director	$417,000	290,000
• At-Home COVID tests	$30,000	$1,824

ARPA expenditures to-date

As of November 30, 2022, the City has expended $3,189,685 of our ARPA allocation and has encumbered a further $392,804.

Temporary moratorium on new ARPA allocations

Given the current financial uncertainty, including the potential impact of rising inflationary pressure on both labor and material costs, as well as the School Department structural deficit, the Mayor has chosen to reserve the remaining $1.05 million in order to provide for maximum flexibility in the year ahead. However, it remains a high priority for the City to spend or allocate all ARPA funds by the December 2024 deadline.


jul
aug
sep
oct
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dec
feb
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154,568
56,845
110,000
150,000
95,054
97,511
99,011
99,216
101,090
101,684
124,500
125,000
154,000
95,000
154,200
110,000
89,000
50,000

ARPA Update

ARPA Basics

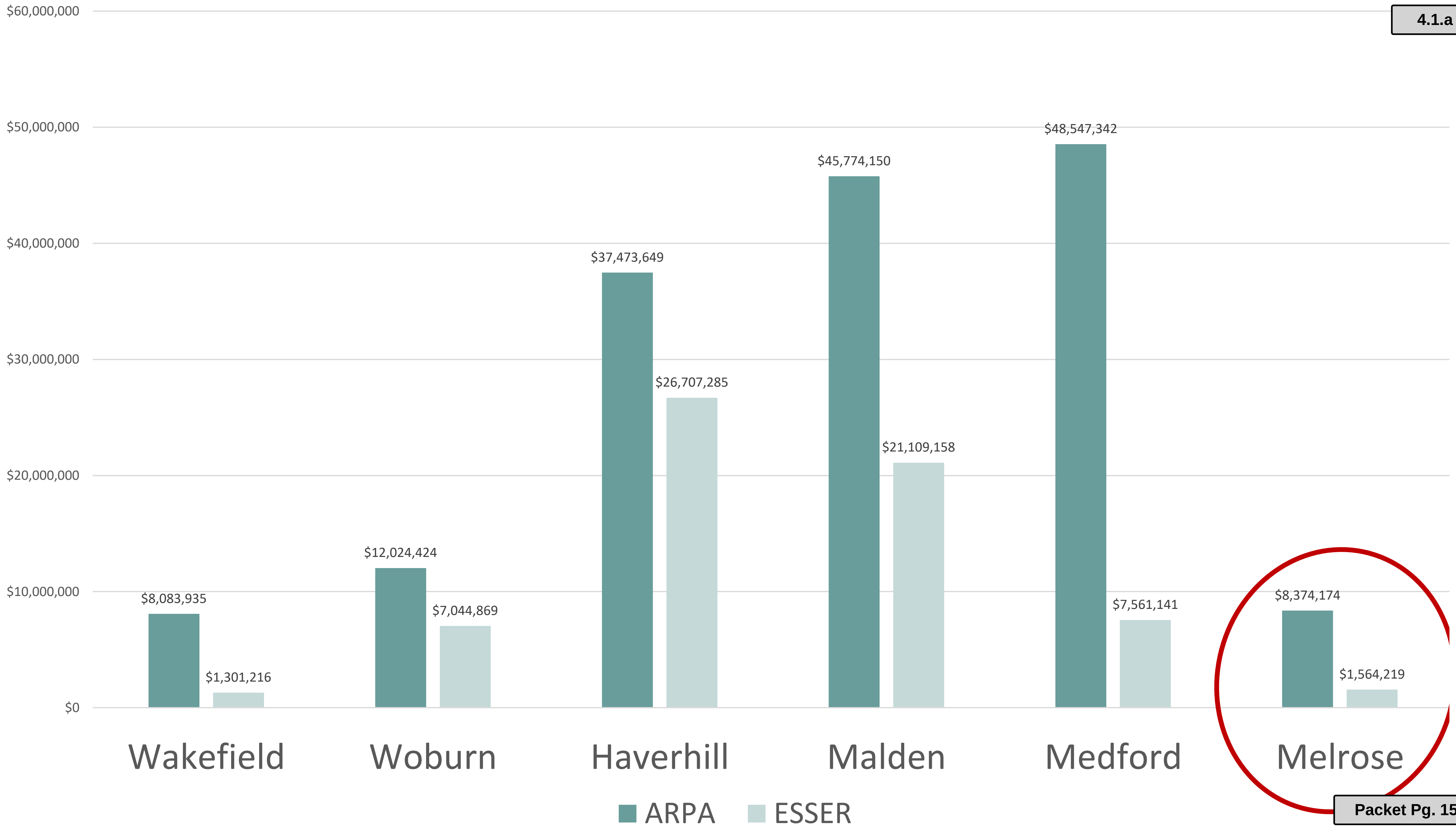
- Federal grant to the City in the amount of $8,374,174 – based primarily on population.
- All funds must be spent or encumbered by December 31, 2024.
- Administered by the Mayor in consultation with CFO and staff taskforce.
- Advised by consultants from the accounting firm of Clifton Larson Allen, LLP.
- Audited as part of the City’s annual single audit and subject to future federal audit.

Members of the Mayor's ARPA Staff Taskforce

- Patrick Dello Russo (CFO)
- Kathryn Armata (Treasurer/Collector)
- Kerri Golden (Auditor's Office)
- Denise Gaffey (OPCD)
- Chief Ed Collina (Fire)
- Chief Mike Lyle (Police)
- Allan Alpert (Emergency Management)
- Margot Fleischman (Mayor's Office)
- Neal Ellis (IT)
- Elena Proakis Ellis (DPW)
- Jim Troup (DPW)
- Jay McNeil (DPW)
- Anthony Chui (HHS)
- Leia Secor (School Finance Dept)

Federal Relief Aid Regional Comparisons

Community	Population	ARPA	ARPA per capita	ESSER	ESSER per student
Wakefield	27,045	$8,083,935	$299	$1,301,216	$392
Woburn	40,228	$12,024,424	$299	$7,044,869	$1,640
Haverhill	64,014	$37,473,649	$585	$26,707,285	$3,451
Malden	60,470	$45,774,150	$757	$21,109,158	$3,460
Medford	57,341	$48,547,342	$847	$7,561,141	$1,879
Melrose	**28,016**	**$8,374,174**	**$299**	**$1,564,219**	**$417**


$60,000,000
$50,000,000
$40,000,000
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$8,083,935
$1,301,216
$12,024,424
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$37,473,649
$26,707,285
$45,774,150
$21,109,158
$48,547,342
$7,561,141
$8,374,174
$1,564,219
Wakefield
Woburn
Haverhill
Malden
Medford
Melrose
ARPA
ESSER

Mayor’s Priorities

- Identifying the areas of greatest need and relevance for Melrose’s economic and public heath recovery, including mental health and wellness
- Making much needed investments in City infrastructure
- Maintaining financial stability

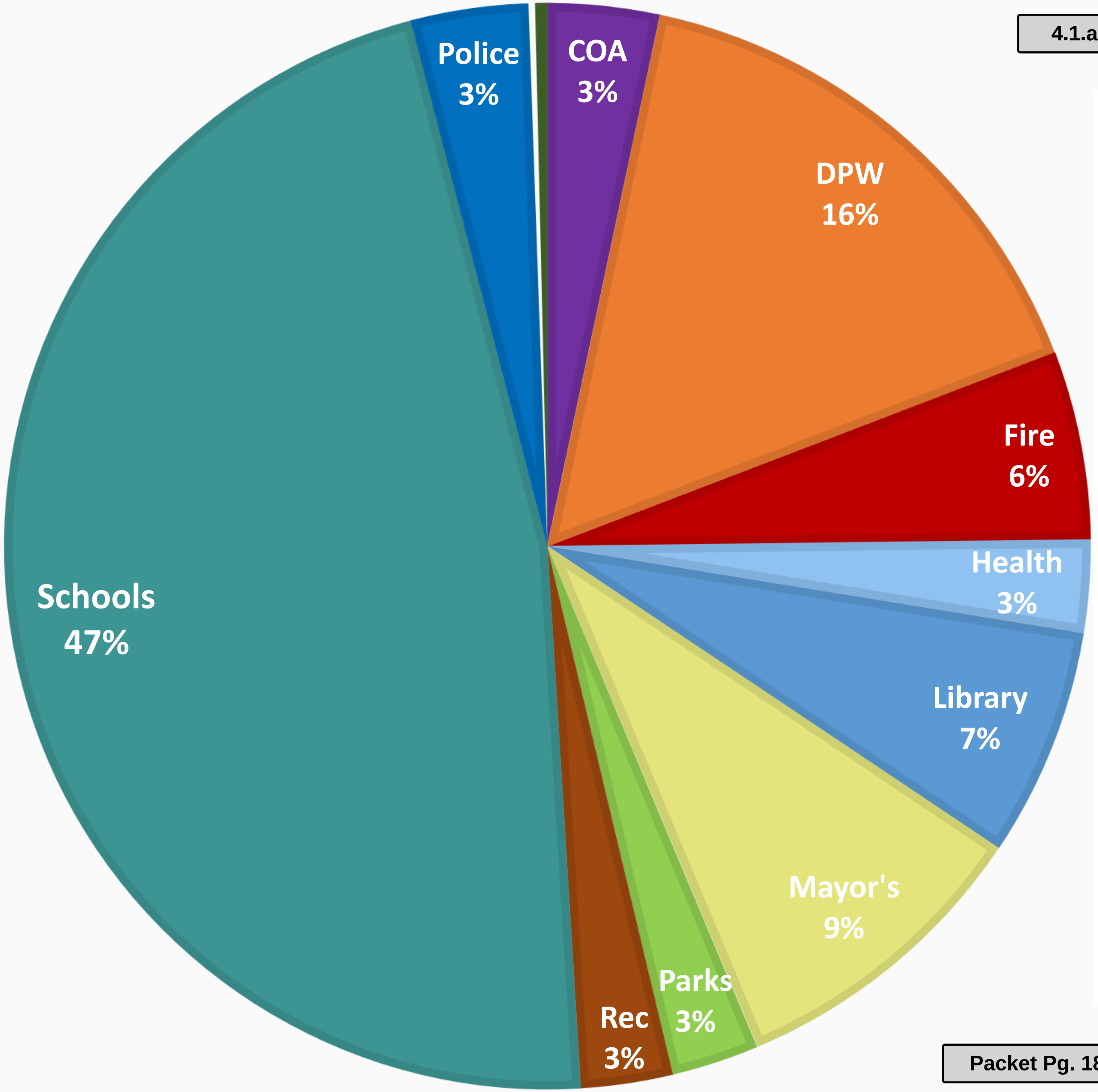
ARPA Approvals To-Date

34 projects from 12 departments

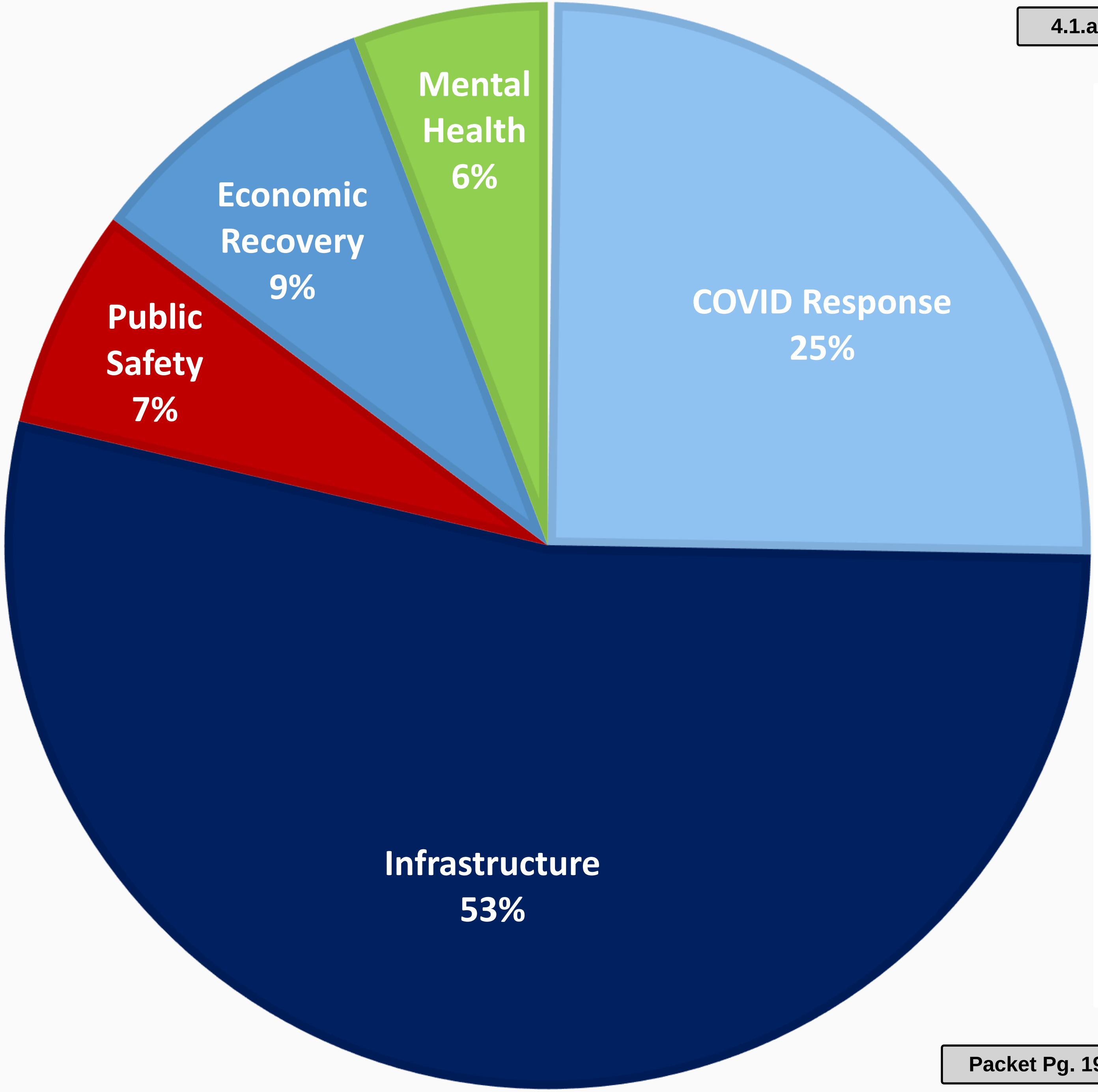
$7.3M allocated

$1.05M unallocated

ARPA Allocations By Department

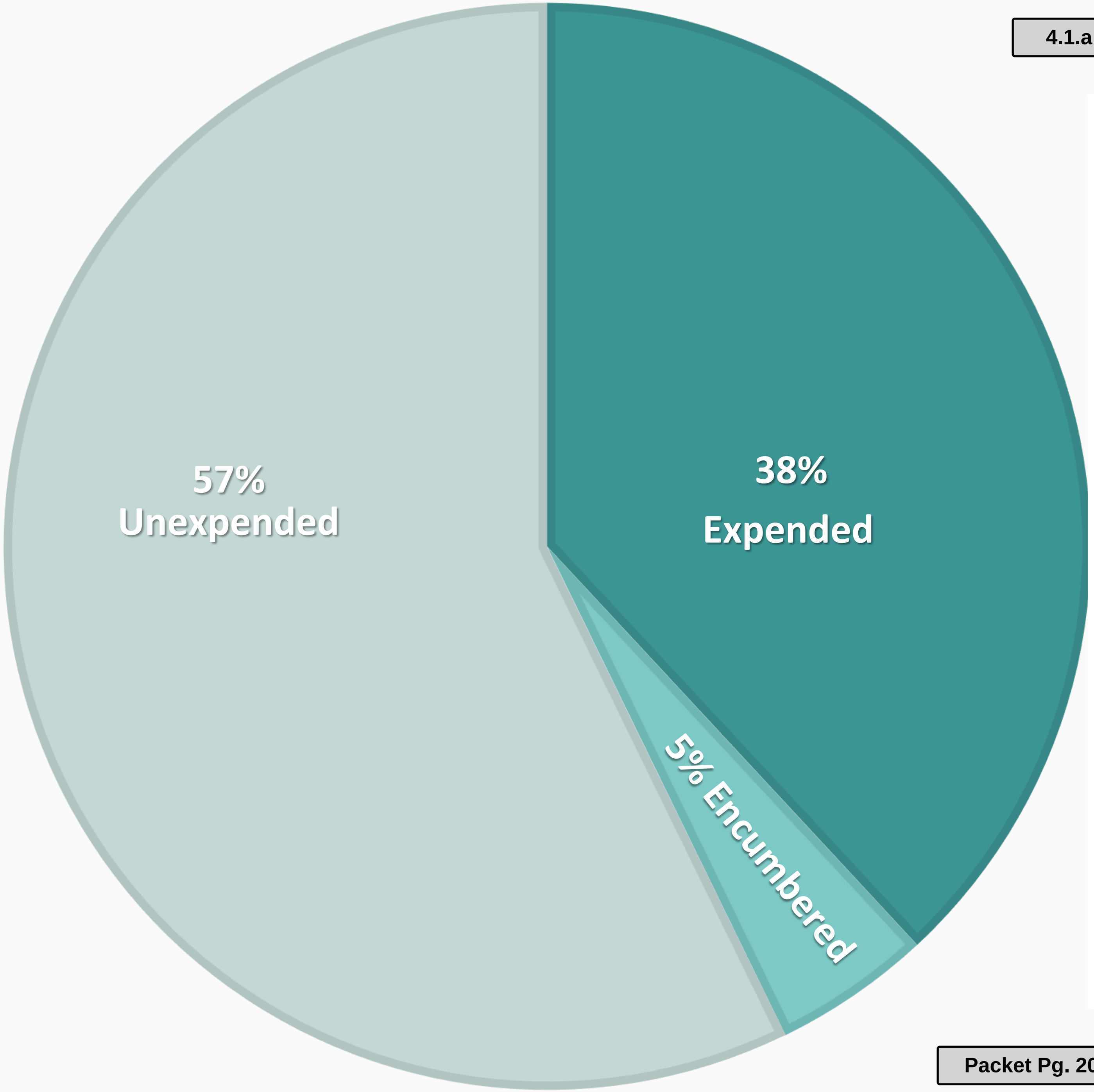


ARPA Allocations By Type



ARPA Expenditures To-Date:

43% Expended or Encumbered



$3.4 million ARPA funds invested in Melrose Public Schools

Schools Revenue Loss Replacement	$	802,000.00
COVID-19 Disinfection/Custodial Needs	$	128,000.00
HVAC Study and Implementation of A/C at MVMMS	$	1,050,000.00
Schools Asbestos Abatement	$	90,000.00
School Department Closing FY22 Budget	$	774,697.00
High School and Middle School Complex Elevators	$	594,000.00

Thank you!

www.cityofmelrose.org/mayor/pages/ARPA

Financial Update

MELROSE CITY COUNCIL APPROPRIATIONS & OVERSIGHT COMMITTEE MEETING

DECEMBER 8, 2022

Patrick Dello Russo

CFO and City Auditor

Kathryn Armata

Treasurer/Collector

Sarah MacLellan

Chief Assessor

Kerriann Golden

Assistant Auditor

City of Melrose Finance Team

What we will cover tonight:

- Budget Snapshot
- Impact of Proposition 2 ½
- New Growth & Free Cash
- Impact of School Department deficit
- Tax Levy Limit
- Capital Needs
- Debt Model

Some terms and what they mean:

Tax Levy – The revenue a community can raise through rea[l and] personal property taxes.

Prop. 2 ½ – A Massachusetts law enacted in 1980 that places strict limits on the amount of property tax revenue a community can raise through real and personal property taxes.

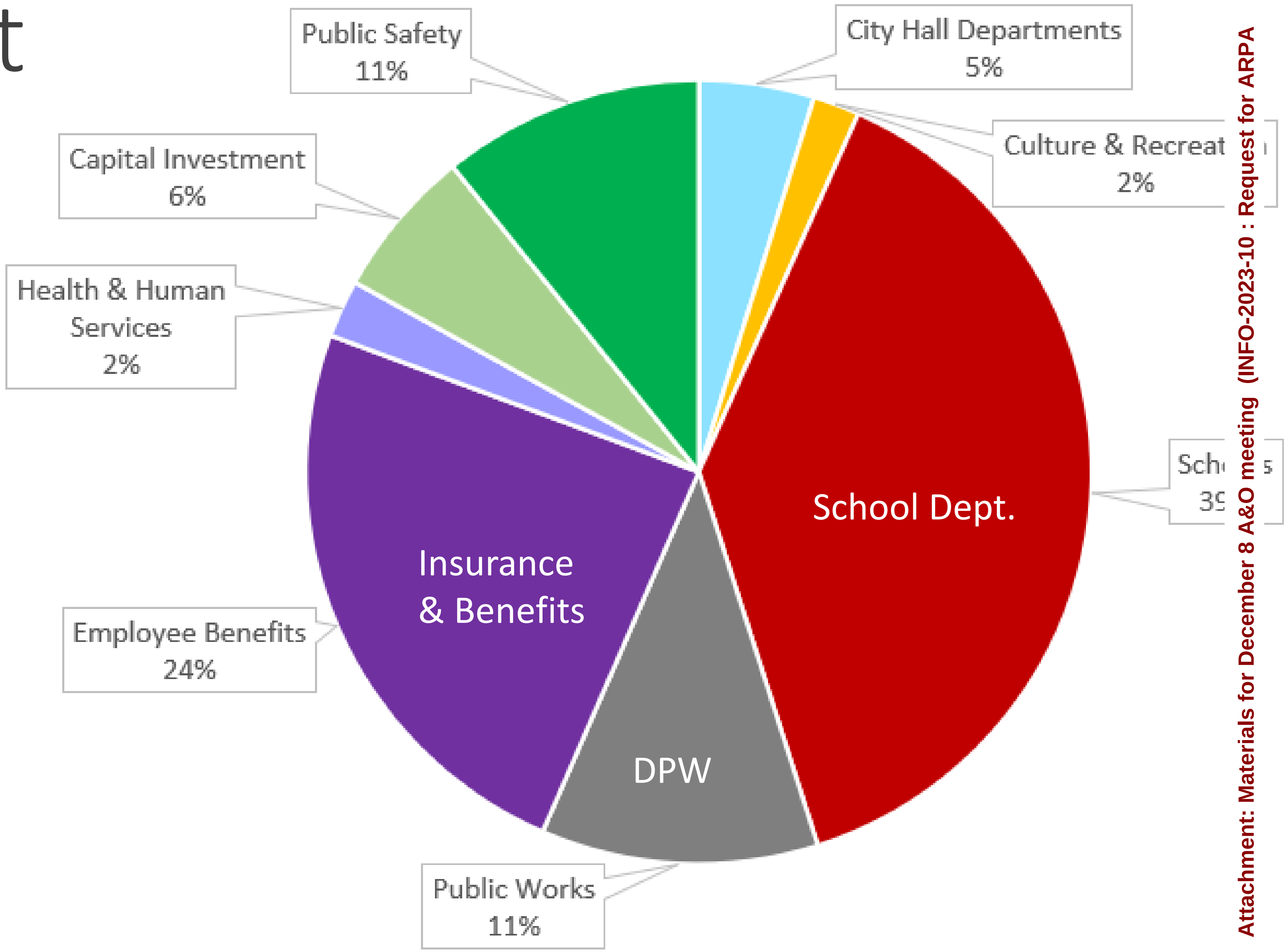
Tax Levy Limit – The maximum amount a community is allowed to raise through property taxes in a given year, based on 2.5% growth of the prior year's Levy Limit plus new growth.

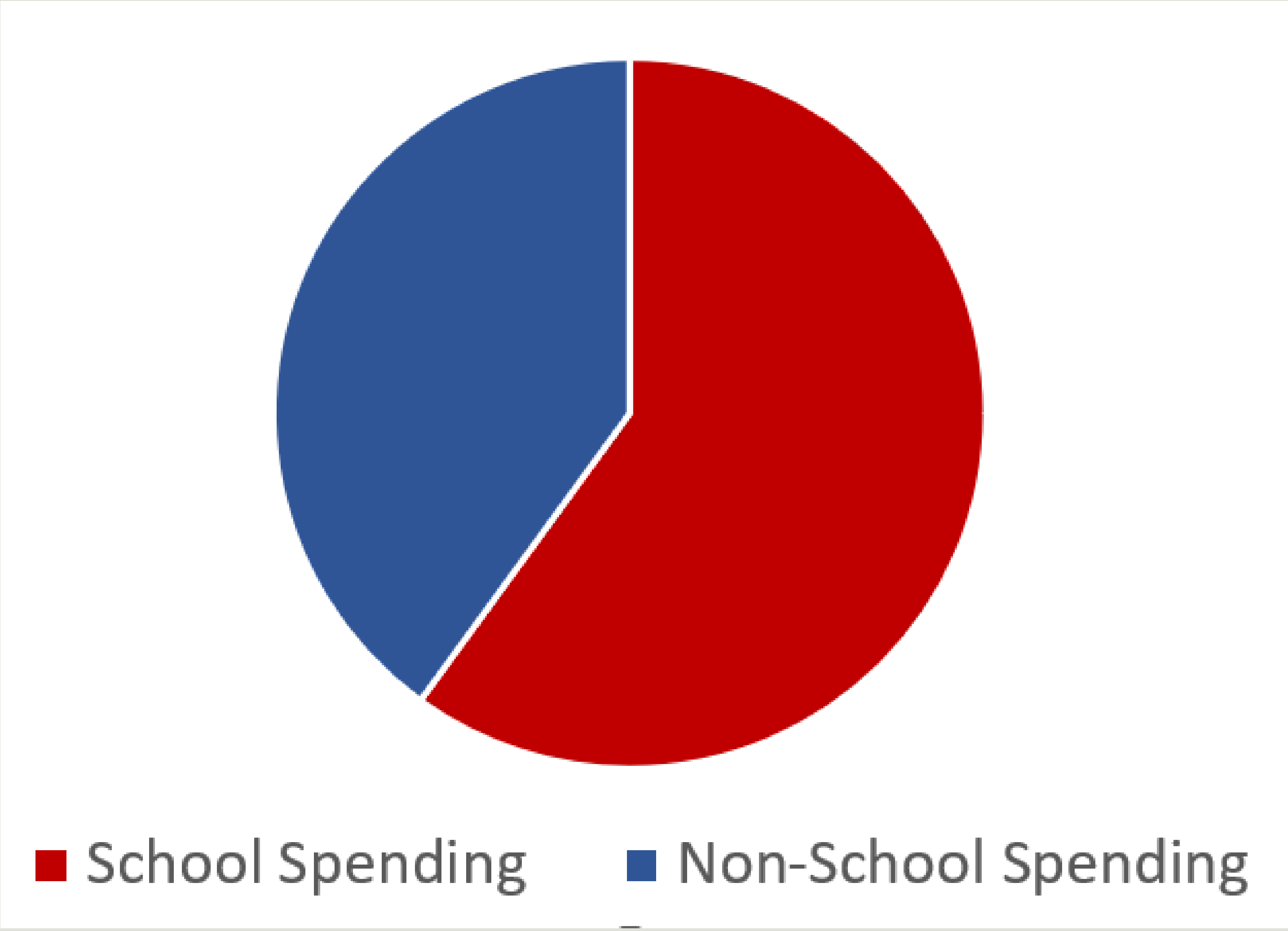
New Growth – The increased value of new development and other growth in the tax base that is <u>not the result of revaluation</u>. A portion of this value is applied to the levy limit.

Override – A permanent increase in the Levy Limit of a community above the allowable 2.5% growth. Requires a majority vote at the ballot.

Free Cash – Funds certified annually by the state that come from municipal revenues being greater than expected and/or expenses being less than budgeted.

Budget Snapshot





School spending includes costs carried within City budgets:

- Facilities Division of DPW supporting the Schools
- Insurance and Benefits for School Employees
- Debt service for School facilities

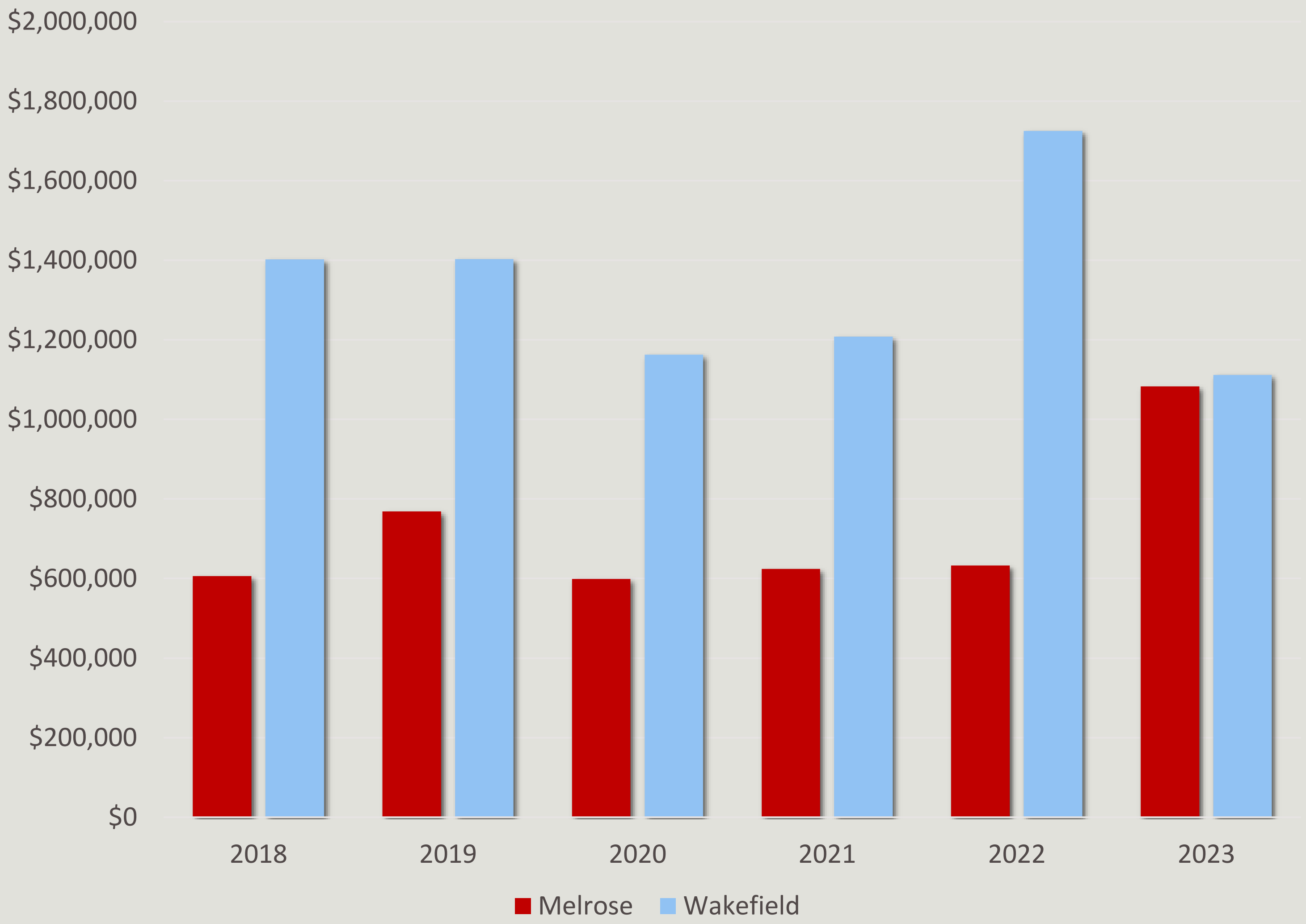
How does Prop. 2 ½ affect our finances?

We can only increase our tax revenue by 2.5% of last year's Levy Limit + New Growth

We tax to the Levy Limit so we cannot increase taxes beyond that without an override

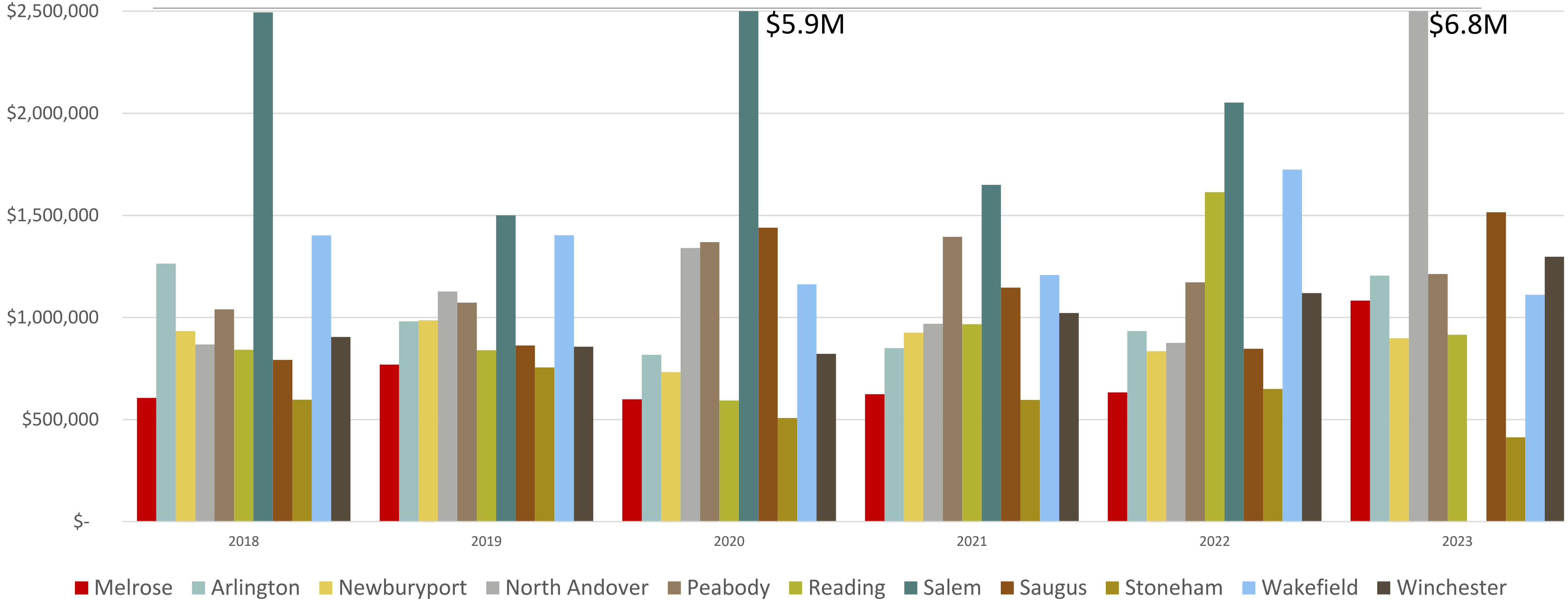
Annual operating budget increases must fit within next year's Levy Limit

The majority of year-over-year budget increases are non-discretionary costs



New Growth Comparison to Wakefield

10 Community New Growth Comparison

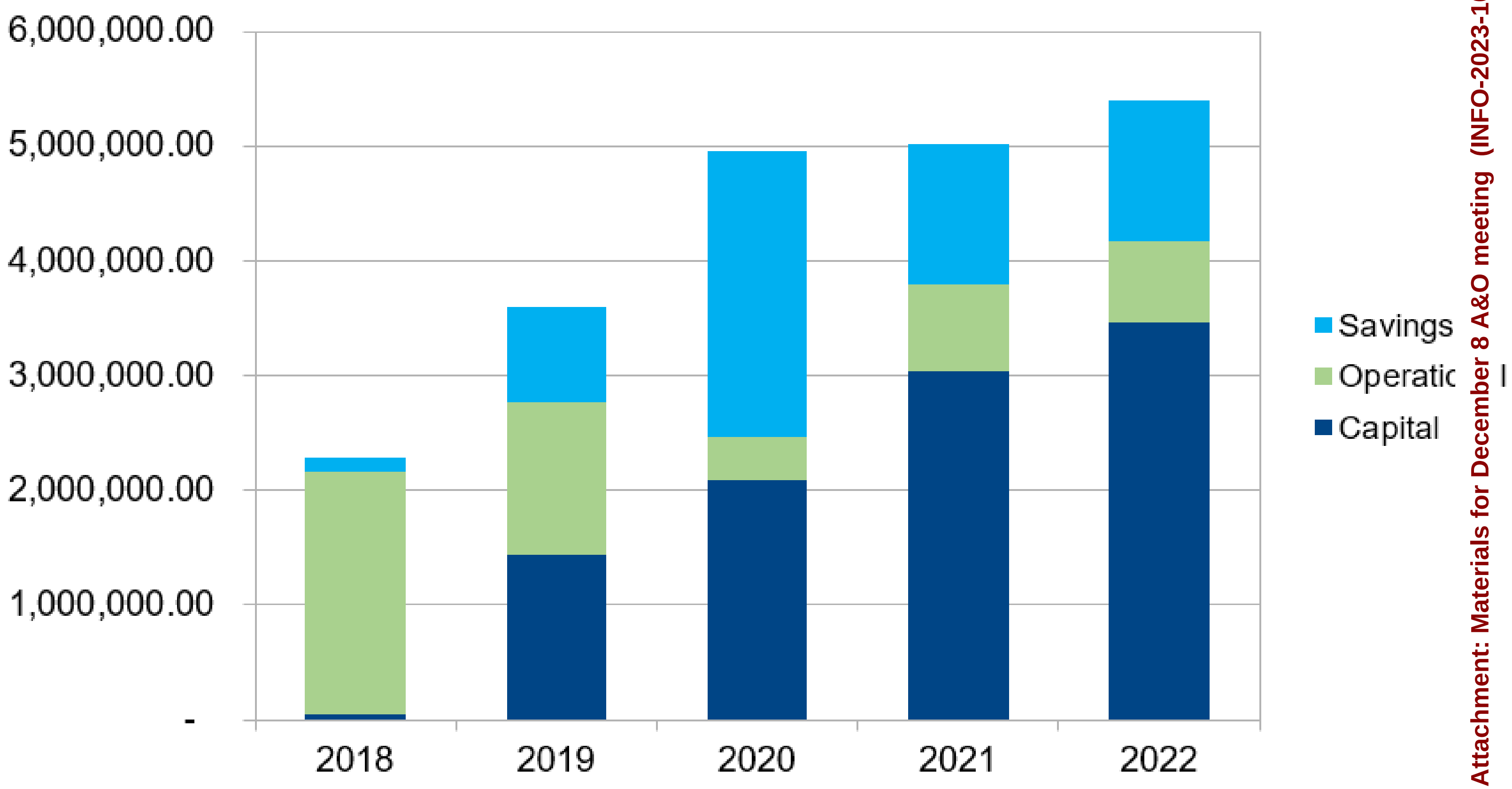


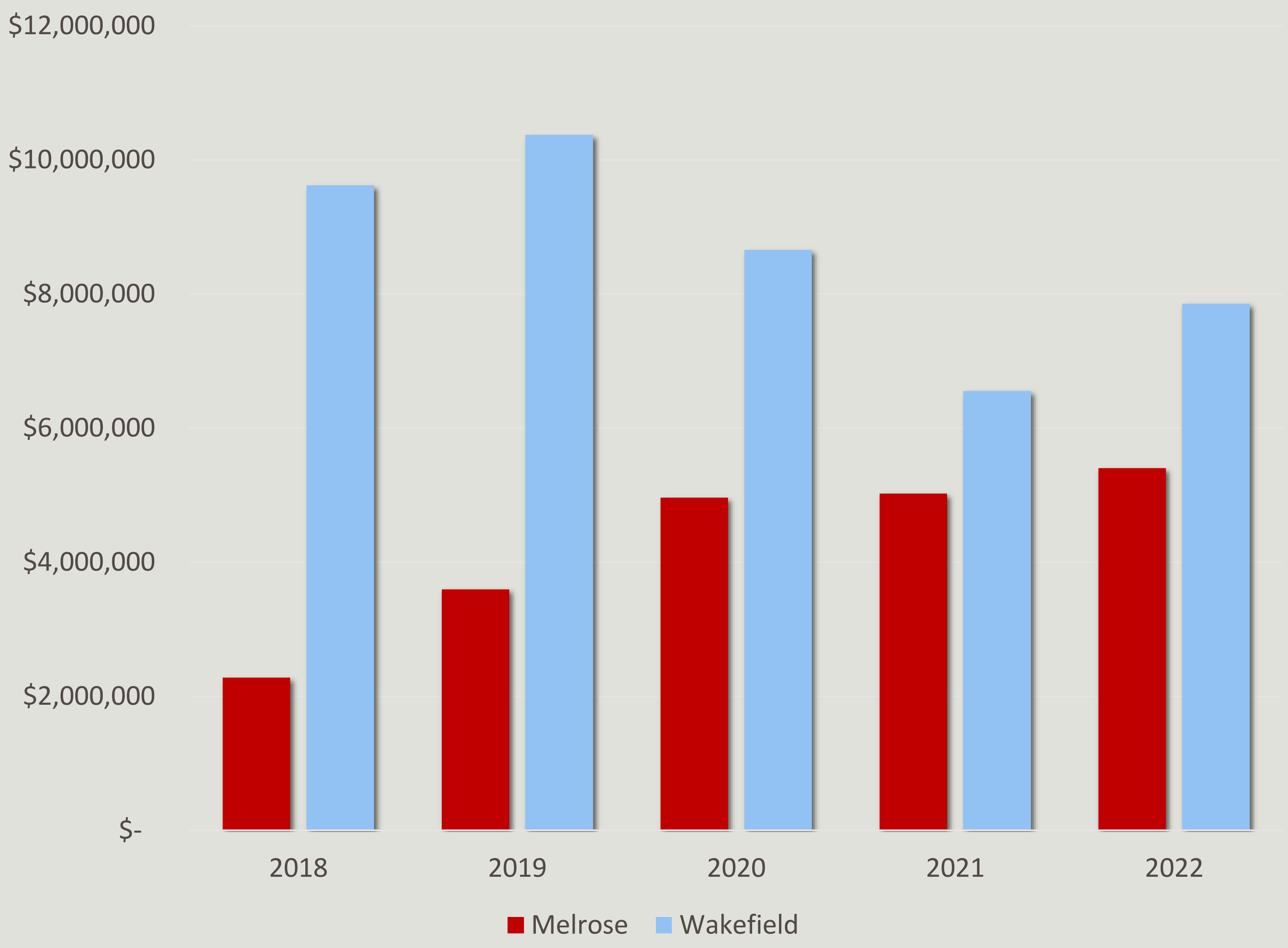
Melrose Free Cash – past 5 years

SAVINGS: stabilization funds, affordable housing trust

OPERATIONAL: snow/ice, software, trainings, etc.

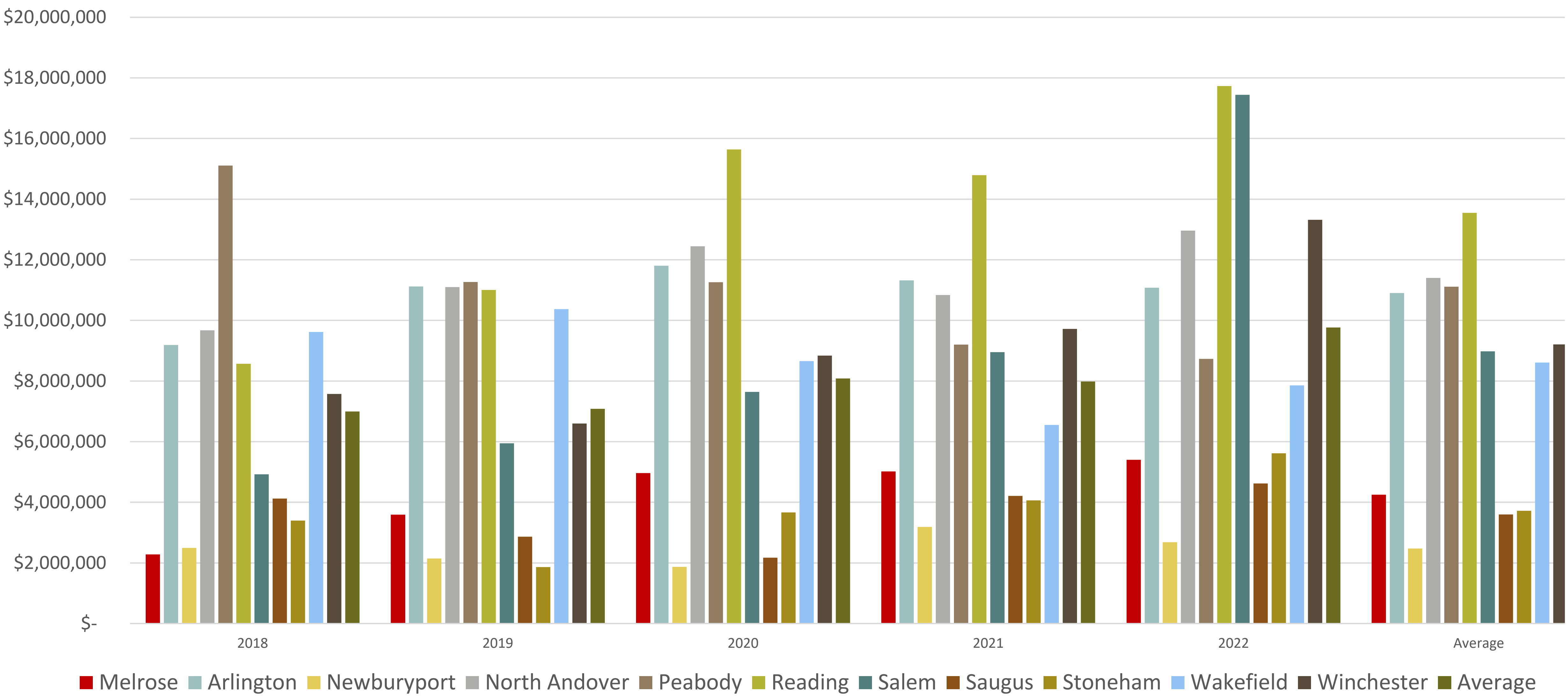
CAPITAL: buildings, vehicles, playgrounds, trees, equipment, etc.



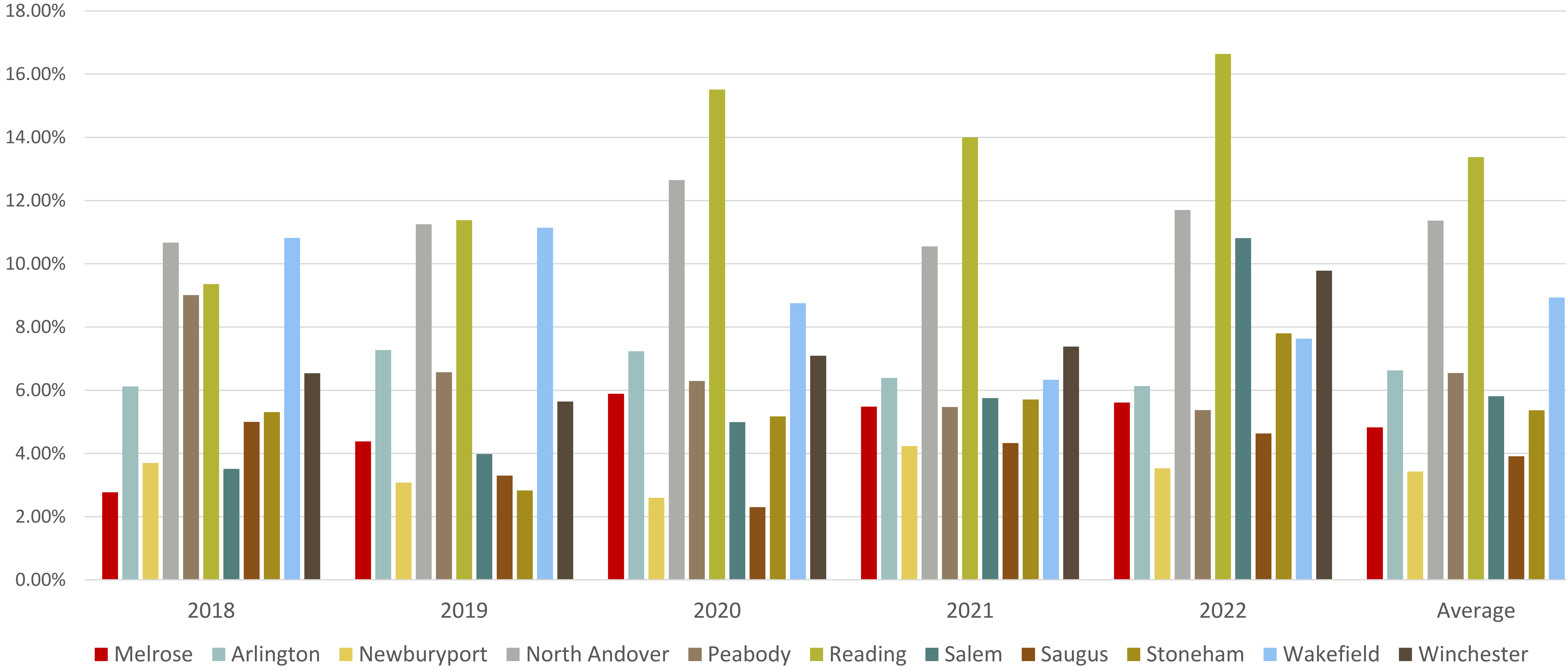


Free Cash Comparison to Wakefield

5 Year Free Cash Comparison ($)



5 Year Free Cash Comparison (%)



FY22 School Department Deficit

Major Cost Overrun Drivers, according to CLA Consultants:

- $2.1 million of Special Ed cost overruns
  - $700K – Transportation
  - $1.48 million – Tuitions
- Remainder can be accounted for by the teacher coverage costs that wer charged to paraprofessional lines. Teachers were required to stay home up to 10 days after contracting COVID-19 and the district had to provide coverage.

FY22 deficit closed using federal education relief and ARPA funds

School Department structural deficit expected to continue

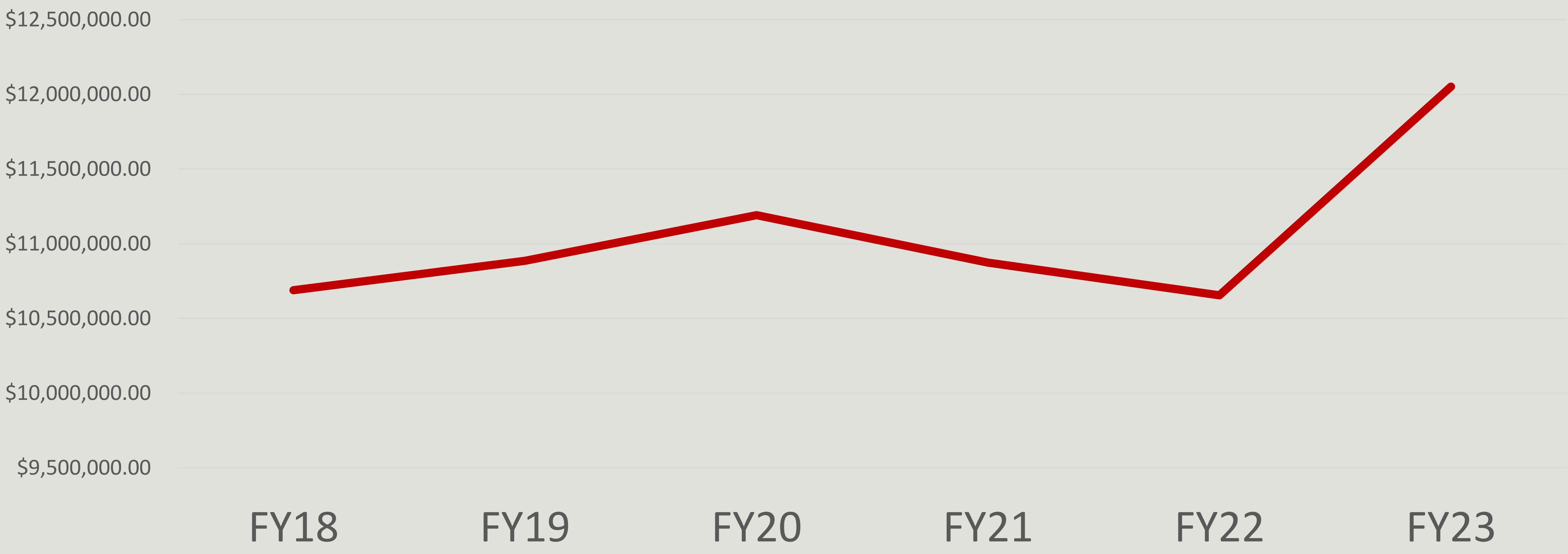
Potential funding sources:

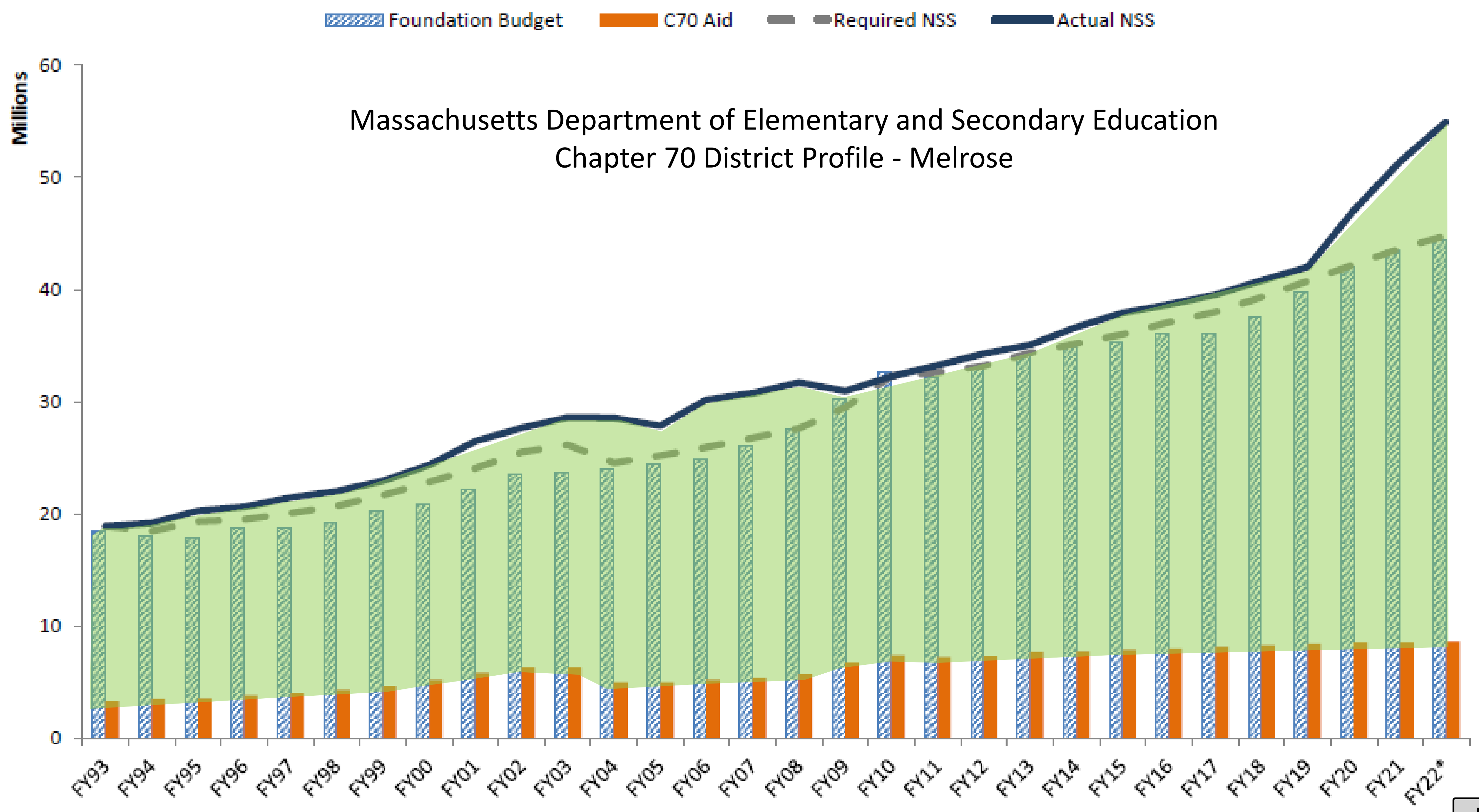
- Free Cash
- Contract Stabilization Fund/Special Education Stabilization Fund
- ARPA
- Other funding sources if available

Potential increased revenue sources:

- State aid (Student Opportunity Act)
- Comprehensive fee study
- Continued re-development to support new growth

Net State Aid





Foundation Budget
C70 Aid
Required NSS
Actual NSS
Millions
Massachusetts Department of Elementary and Secondary Education
Chapter 70 District Profile - Melrose
60
50
40
30
20
10
0
FY93
FY94
FY95
FY96
FY97
FY98
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FY00
FY01
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FY12
FY13
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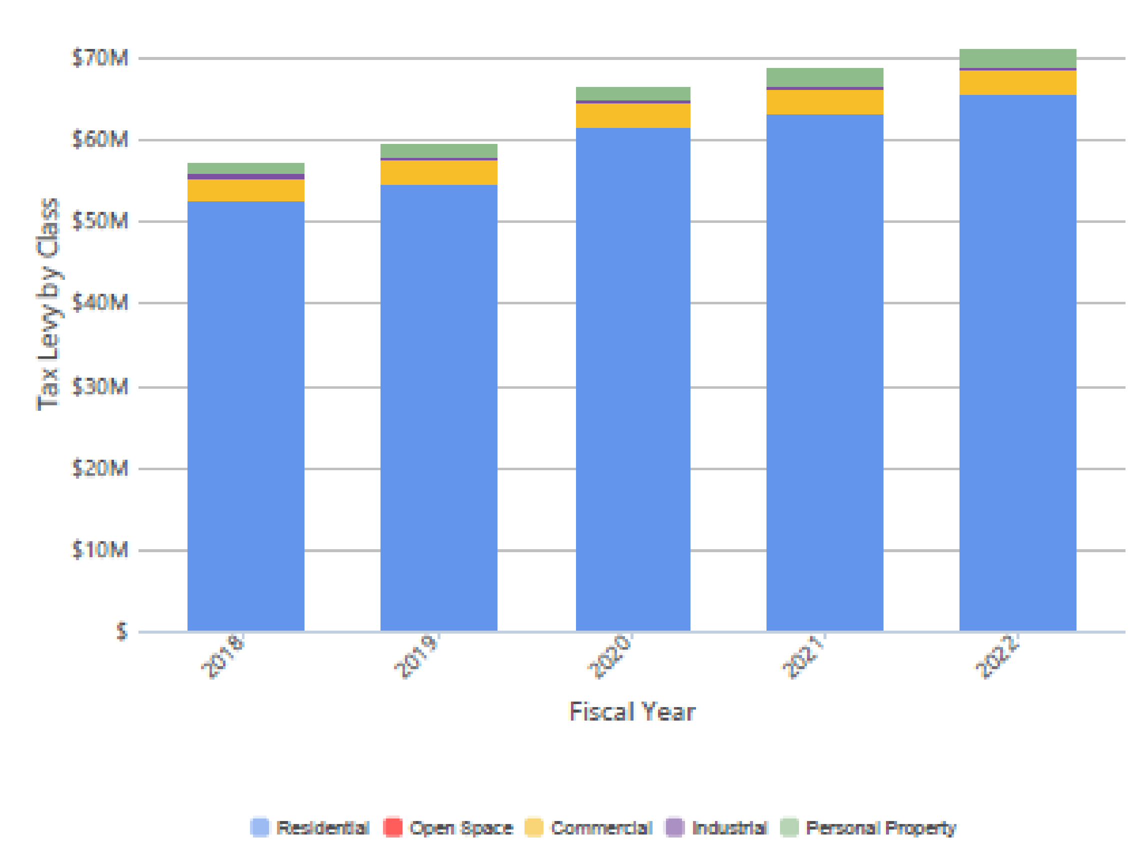
FY16
FY17
FY18
FY19
FY20
FY21
FY22*

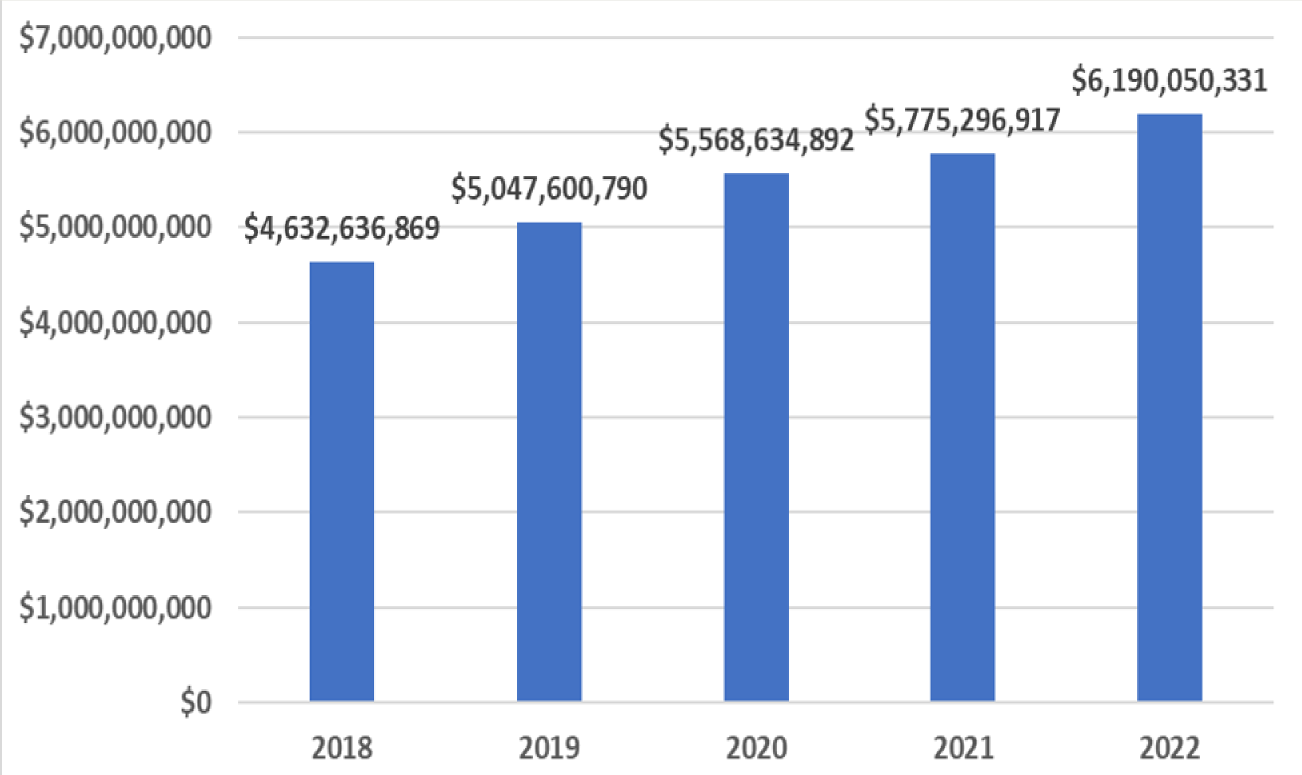
Fiscal Year	Levy Limit w/o Debt & Capital Exclusions	Maximum Levy Limit	Total Tax Levy	Excess Levy Capacity	Excess as a % of Maximum Levy
2019	$57,521,943	$59,397,799	$59,375,238	$22,560	0.04%
2020	$64,738,724	$66,629,218	$66,627,306	$1,911	0.00%
2021	$66,981,117	$68,878,709	$68,877,944	$765	0.00%
2022	$69,288,556	$71,196,790	$71,171,656	$25,134	0.04%

We continue to tax to the maximum allowed by law

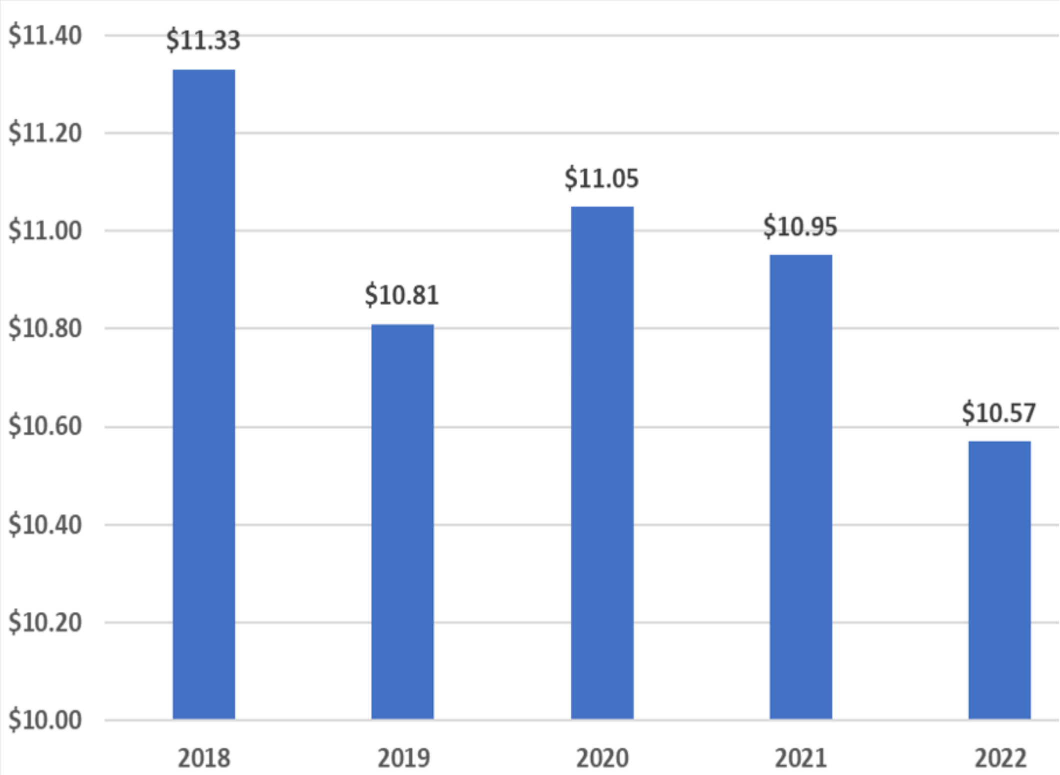


In Melrose, 92% of taxes are paid by residential property owners

As property values rise, tax rates fall



Total Value of Residential Properties in Melrose



Residential Property Tax Rate (per $1K assessed value)

FY24 Tax Levy Limit Estimate (excluding debt exclusion amount):

Based on Prop. 2 1/2, Melrose's tax levy will grow approximately **$2.3 M next year**:

FY23 Tax Levy Limit:	$72 million
2.5% Increase:	$1.8 million
New Growth*:	$500,000

This is the additional amount we will have next year to support all departments across both City and Schools.

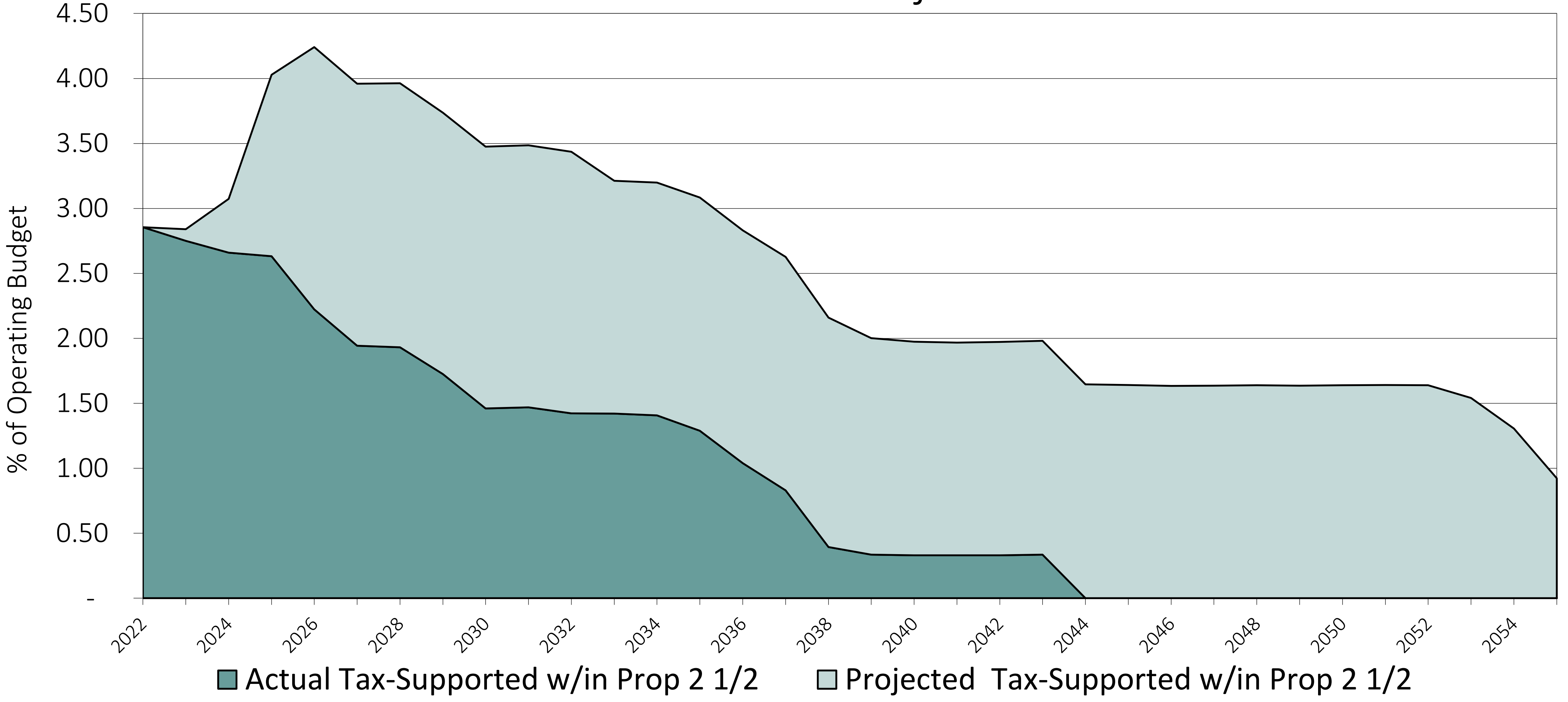
Capital Needs

- FY24-FY28 capital planning process has just kicked off with department heads
- Collins Center consultants will work with our Finance team to determine the City's financial capacity to fund capital and will create a multi-year Capital Investment Strategy
- School Department structural deficit will be factored into this plan
- In FY24 will prioritize most urgent capital needs (e.g., Police/Fire radios and antenna system)

Debt Management

- We continue to project new non-exempt debt will stay below our limit of 5% of operating budget.
- In the fiscal years ahead, we will still have borrowing capacity to bond necessary projects
- Any new exempt debt for a large project (e.g., Public Safety Buildings) would be outside of the Prop. 2 ½ limitation and would require a "debt exclusion" vote at the ballot.

Tax-Supported ("non exempt") debt within Proposition 2 1/2
Actual vs. Projected



The Finance Team looks forward to returning in January to provide:

- Mid-year FY23 Budget update
- FY23 Free Cash (assuming certified by DOR)
- Mid-year update on Local Receipts
- Any updates regarding state funding

QUESTIONS?

CITY OF MELROSE

OFFICE OF THE MAYOR

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

PAUL BRODEUR
Mayor

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on FY22 Free Cash appropriations
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a status update on the use of Fiscal Year 2022 Free Cash appropriations, as follows:

Order 2022-77: Memorial Hall Building Envelope ($1,500,000)

The Memorial Hall Building Envelope Restoration Project is well underway. Construction is currently occurring simultaneously on all three primary elements of the project: the roof replacement, the window restoration, and the masonry repointing. The current projection is that the construction will be completed by June of 2023. So, in terms of expending the free cash portion of the funding for this project, the expectation is that the funding will be spent by the end of Fiscal Year 2023.

Order 2022-87: Police Chief Search ($30,000) – complete

Order 2022-89: Police - Replacement hire cost ($151,200)

Police Salary and Wages	$63,000.00	**complete**
Police Firearms and Ammunition	$3,600.00	**complete**
Police Uniforms	$65,000.00	remaining balance is 24,422.87
Police Academy Tuition and Training	$19,600.00	**complete**

Order 2022-108: Replacement Fred Green Turf ($600,000)

There has been a delay at Weston and Sampson, due to the consultant who was working on the RFQ for Fred Green Field having retired. As of the end of November, Weston and Sampson has committed to delivering the pricing and RFQ to the City by the end of this week. Based on that timeframe, DPW would expect the bidding process to be moving forward promptly, with the objective for the field to be ready by the beginning of September 2023.

Order 2022-114 – DPW Easement ($48,000) – complete

Order 2022-132 – Stabilization Balances ($1,225,000) – complete

Order 2022-130 – Snow and Ice – ($341,621.03) – complete

Order 2022-134 IT Phone System, Cameras & Social Media Archiving ($270,000)

1. School VoIP project: $100,000 of this cost is for the School Telephone Replacement project. Additionally, there were $60,000 of implementation and engineering costs that were slated for this project. IT has not paid for all expenses related to this project.

2. Middle School Camera system: This project is in process. It is about 80% complete. IT just paid an invoice for roughly $64,000 and will pay the rest after completion (roughly $40,000).

3. Social Media Archiving: IT is working with City Solicitor Phillips and other Department Heads and School Admin staff who have social media accounts to get control of them and get them archived in our new system. $20,000 of this has been paid to Jatheon for the software.

Order 2022-135: DPW

1. New Vehicles ($482,000.00) – This funding, along with another $90K in free cash from the Sewer Enterprise Fund, was for replacement of six vehicles: Roll-off (#17), three light dump trucks (#33, 55, and 57), and two pick-up trucks (#39 and 46). To date, we have ordered the new roll-off vehicle, with expected delivery in spring 2023, as well as the two pick-up trucks. Following extensive research on electric and hybrid vehicle options, we determined that the only vehicle that could be electric was one of the pick-up trucks that will not be used for plowing snow. Therefore, one of the two pick-up trucks we have ordered is a Ford Lightning. For the remaining three light dump trucks, we have been working with multiple state vendors to identify available new vehicles that meet our specifications and hope to successfully complete those orders within the next two months.
2. Trees ($70,000) – This money is for tree planting in spring 2023 and thus has not yet been spent. We planted about 100 trees in fall 2022 using most of the remainder of the prior free cash allocation.
3. Traffic Calming ($70,404.57) – we have ordered RRFBs for the first list of locations that we prioritized, which totaled about $50K of the approx. $70K allocation. We are awaiting delivery.
4. MHS Bathrooms Design ($150,000) – we are working on an RFQ to hire a design consultant, which we hope to have out by January 2023.
5. Cemetery lowering device ($10,620.65) – this item has been purchased and the allocation is spent.

Order 2022-136: Recreation – Vehicle, Software, Community Services ($75,967.40)

1. Rec Vehicle ($47,077.40) – Rec Department is in the process of having its order filled for a 2023 Ford F-150 Lightning. Ford is currently completing a custom build and delivery is expected in February or March of 2023. Upon delivery we will be paying the invoice in full. After the disbursement for the recreation vehicle all funds will be exhausted.

2. Recreation Online Registration Software ($10,000) – These funds have been expended and Rec has launched our new online registration system called Civic Rec. You can view the new system on the Recreation website.

3. COA fobs and media repair ($13,890) – COA Director Minchello is working to repair the speaker; the latest attempt is in the final stages with an upcoming repair date. She is coordinating on the

media equipment and the fobs with the IT Department and has options and quotes for listening devices but is waiting to purchase in case it is best to tie into the virtual technologies.

4. Memorial Hall elevator controls ($5,000) – The elevator software upgrade groundwork was completed in November (10% of the project). The software had technical issues so the installation of the software is anticipated to start in January 2023.

Order 2022-137: School – Medicaid reimbursement ($75,000); Microscopes, Curriculum, Uniforms, Golf Cart ($192,000)

1. Medicaid Reimbursement $75,000 – **complete** – These funds were received and applied to the general FY22 operating budget as an offset as budgeted.
2. Literacy Curriculum (Savvas) ($100,000) – $99,980.39 has been expended – Elementary English language Arts materials have been purchased and received. The total program cost is $449,883.61. MPS was awarded a competitive grant in the amount of $179,943.74. The District will request an additional contribution from the City in the amount of $169,959.48 for FY24.
3. Microscopes ($30,000) – In progress, funds have been encumbered based on a quote for $28,716.75.
4. Utility Vehicle ($12,000) – In progress, gathering three quotes from vendors.
5. Uniform Replacement ($50,000) – In progress, approximately $24,695.77 has been encumbered based on quotes/invoices.

Order 2022-138 Various Departments ($76,400)

1. Health and Human Services Department (rodent control $28,000) – grant funds were received to allow this project to move forward without using City funds.
2. City Solicitor (professional services $25,000) – funds have been expended.
3. Auditor's Office (office equipment $10,000) - $ 556.74 has been expended to-date, with the remaining amount available for this Fiscal Year for any department(s) with a need for new furniture.
4. Fire Department (mattresses $10,000) – The Fire Department ordered the replacement of 20 bedding materials throughout all 3 fire stations from Mattress Firm. At the end of the week of November 14th, all materials were received and distributed throughout the stations. According to the FD Finance Administrator, the firefighters are very grateful that we were able to do this for them. She is awaiting the invoice from Mattress Firm which will be paid upon receipt.
5. Elections Department (equipment and banner $3400) – $3,93.94 was expended for election banners. They were ordered, invoiced/paid and used in the last two elections. According to the City Clerk, these have been very well received by voters.

Order 2022 – 133 Pine Banks Parking Lot paving ($34,010.35)

Per the funding agreement between Malden and Melrose, the City of Malden has made an equal appropriation for this project; the Pine Banks Trustees are working with their engineering firm to finalize the project design based on this budget. They anticipate that the project will be done in Spring 2023.

CHART - 1		City of Melrose			
DRAFT	**Ten Year General Fund Debt Plan Review**				
12/5/2022		**Department of Finance**			
				Projected	
	Year	**Net Debt**	**5% Limit**	**Budget**	**Percent**
	2022	**$2,855,696**	**$4,550,026**	**$91,000,522**	**3.14%**
	2023	**$2,839,293**	**$4,762,804**	**$95,256,080**	**2.98%**
	2024	**$3,074,059**	**$4,905,688**	**$98,113,762**	**3.13%**
	2025	**$4,028,867**	**$5,052,859**	**$101,057,175**	**3.99%**
	2026	**$4,241,587**	**$5,204,445**	**$104,088,891**	**4.07%**
	2027	**$3,959,412**	**$5,360,578**	**$107,211,557**	**3.69%**
	2028	**$3,963,531**	**$5,521,395**	**$110,427,904**	**3.59%**
	2029	**$3,735,853**	**$5,687,037**	**$113,740,741**	**3.28%**
	2030	**$3,474,755**	**$5,857,648**	**$117,152,963**	**2.97%**
	2031	**$3,486,111**	**$6,033,378**	**$120,667,552**	**2.89%**
	Totals:	**$35,659,166**	**$52,935,857**		
	Average:	**$3,565,917**	**$5,293,586**		
	Variance:		**$1,727,669**		
Note(s):	**1. It is the current policy of the City of Melrose that the G/F net**				
	non-exempt debt budget equate to approx. 5% of the Operating Budget.				
	2. The figures proposed can only be "estimates". Actual figures				
	will be developed as interest rates are locked in.				

CHART - 2		City of Melrose - 5% Debt Limit			
DRAFT	Ten Year General Fund Debt Plan Review				
		Department of Finance			
12/5/2022			**5% Limit**		
	Year	**Net Debt**		**Variance**	
Projected					
	2022	**$2,855,696**	**$4,550,026**	**$1,694,330**	
	2023	**$2,839,293**	**$4,762,804**	**$1,923,511**	
	2024	**$3,074,059**	**$4,905,688**	**$1,831,629**	
	2025	**$4,028,867**	**$5,052,859**	**$1,023,992**	
	2026	**$4,241,587**	**$5,204,445**	**$962,857**	
	2027	**$3,959,412**	**$5,360,578**	**$1,401,165**	
	2028	**$3,963,531**	**$5,521,395**	**$1,557,864**	
	2029	**$3,735,853**	**$5,687,037**	**$1,951,184**	
	2030	**$3,474,755**	**$5,857,648**	**$2,382,893**	
	2031	**$3,486,111**	**$6,033,378**	**$2,547,267**	
	Totals:	**$35,659,166**	**$52,935,857**		
	Average:	**$3,565,917**	**$5,293,586**		
	Variance:		**$1,727,669**		
Note(s):	**1. It is the current policy of the City of Melrose that the G/F net**				
	non-exempt debt budget equate to approx. 5% of the Operating Budget.				
	2. The figures proposed can only be "estimates". Actual figures				
	will be developed as interest rates are locked in.				

Attachment: Materials for December 8 A&O meeting (INFO-2023-10 : Request for ARPA update)

ARPA Project Name	PROJECT TOTAL	FY22	FY23	FY24	FY25	Department	Type
ARPA - Consultant	$ 10,000.00	$ -	$ -	$ -	$ -	Auditors	Admin
ARPA - Administration	$ 4,500.00	$ -	$ 4,500.00	$ -	$ -	Auditors	Admin
Milano Center Health, Wellness, Accessibility	$ 25,000.00	$ 25,000.00	$ -	$ -	$ -	COA	Infrastructure
Milano Center HVAC	$ 218,729.00	$ 218,729.00	$ -	$ -	$ -	COA	Infrastructure
City Sidewalk Improvements - Ashland/Bay State/Burnett/Sycamore	$ 750,000.00	$ 250,000.00	$ 250,000.00	$ 250,000.00	$ -	DPW	Infrastructure
Covid Sanitization-Custodial	$ 65,000.00	$ 65,000.00	$ -	$ -	$ -	DPW	COVID Response
Labor Costs/Additional Cleaning and Sanitizing of Public Buildings	$ 40,000.00	$ 40,000.00	$ -	$ -	$ -	DPW	COVID Response
Lead Water Service Inventory and Replacement Design	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -	DPW	Infrastructure
Traffic Calming Toolkit	$ 28,300.00	$ 28,300.00	$ -	$ -	$ -	DPW	Infrastructure
Asset Management Software	$ 106,000.00	$ 106,000.00	$ -	$ -	$ -	DPW	Infrastructure
Replacement Vehicle to Deliver Services	$ 23,000.00	$ -	$ 23,000.00	$ -	$ -	DPW	Infrastructure
Fire Department Vehicles	$ 120,000.00	$ 120,000.00	$ -	$ -	$ -	Fire	Public Safety
Public Safety Training Equipment	$ 105,308.00	$ 78,308.00	$ -	$ -	$ 27,000.00	Fire	Public Safety
Fire Headquarters HVAC	$ 35,000.00	$ 35,000.00	$ -	$ -	$ -	Fire	Infrastructure
Tremont Fire House Update	$ 151,205.00	$ -	$ 151,205.00	$ -	$ -	Fire	Infrastructure
At-Home COVID tests	$ 1,824.00	$ 1,824.00	$ -	$ -	$ -	Health	COVID Response
FT Social Service Coordinator*	$ 200,330.00	$ 12,235.00	$ 72,900.00	$ 75,789.00	$ 39,406.00	Health	Community Mental Health and Wellness
IT Intern to Address COVID-19 Backlog of IT Infrastructure and Cybersecurity Projec	$26,000	$ -	$26,000	$ -	$ -	IT	COVID Response
Melrose Public LIbrary HVAC Upgrades	$ 500,000.00	$ 500,000.00	$ -	$ -	$ -	Library	Infrastructure
Economic Recovery Director*	$ 290,081.00	$ 31,762.00	$ 101,785.00	$ 103,930.00	$ 52,604.00	Mayor's	Economic Recovery
Community Conversations Initiative	$ 25,000.00	$ -	$ 25,000.00	$ -	$ -	Mayor's	Community Mental Health and Wellness
Small Business/Non-Profits/Cultural Sector Suport	$ 150,000.00	$ -	$ 50,000.00	$ 50,000.00	$ 50,000.00	Mayor's	Economic Recovery
Addressing Food Insecurity	$ 75,000.00	$ -	$ 25,000.00	$ 25,000.00	$ 25,000.00	Mayor's	Economic Recovery
Utility Arrearages	$ 141,000.00	$ -	$ 141,000.00	$ -	$ -	Mayor's	Economic Recovery
Foss Park Basketball and Playground Upgrade	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -	Parks	Infrastructure
Amazing Grace Basketball Court	$ 41,106.00	$ -	$ 41,106.00	$ -	$ -	Parks	Infrastructure
Police Department Vehicles	$ 256,000.00	$ 256,000.00	$ -	$ -	$ -	Police	Public Safety
Community Mental Health Initiative	$ 200,000.00	$ 50,000.00	$ 50,000.00	$ 50,000.00	$ 50,000.00	Rec/Health	Community Mental Health and Wellness
Schools Revenue Loss Replacement	$ 802,000.00	$ 802,000.00	$ -	$ -	$ -	Schools	COVID Response
COVID-19 Disinfection	$ 128,000.00	$ 128,000.00	$ -	$ -	$ -	Schools	COVID Response
HVAC Study and Implementation of A/C addition at MVMMS	$ 1,050,000.00	$ -	$ 1,050,000.00	$ -	$ -	Schools	Infrastructure
Schools Asbestos Abatement	$ 90,000.00	$ 90,000.00	$ -	$ -	$ -	Schools	Infrastructure
School Department Closing FY22 Budget	$ 774,697.00	$ 774,697.00	$ -	$ -	$ -	Schools	COVID Response
High School and Middle School Complex Elevators	$ 594,000.00	$ 594,000.00	$ -	$ -	$ -	Schools	Infrastructure
TOTAL	**$ 7,327,080.00**						
REMAINING UNCOMMITTED ARPA FUNDS	**$ 1,047,094.00**						
**Personnel costs are inclusive of health insurance and benefits*							

Attachment: Materials for December 8 A&O meeting (INFO-2023-10 : Request for ARPA update)

Ghobrial, Andrew

From: Fleischman, Margot
Sent: Monday, December 5, 2022 3:57 PM
To: City Council
Cc: *Mayor Brodeur; Dello Russo, Patrick
Subject: Materials for December 8 A&O meeting
Attachments: ARPA Update to City Council December 2022.pdf; ARPA Update Slides December 8, 2022.pdf; Finance Report to the City Council Slides December 8 2022.pdf; FY22 Free Cash update.pdf; 10 year General Fund Debt Plan.pdf; ARPA Approvals by Dept to date 10.18.22.pdf

Good afternoon Councilors,
Please find attached the following presentation materials and memos provided in advance of the A&O meeting this Thursday, December 8:

- **INFO-2023-10:** Request for American Rescue Plan Act (ARPA) funding update
  - **ARPA Update memo and slide presentation; ARPA approvals spreadsheet**
- **INFO-2023-11:** Update on the Status of the City of Melrose's Finances
  - **Finance Report slide presentation and 10-year General Fund Debt Plan**
- **INFO-2023-12:** An Update on the Status and Usage of Free Cash in the City of Melrose
  - **Free Cash update memo**

As always, should you have any questions, please do not hesitate to reach out.
Best,
Margot

Margot Fleischman
(She/Her/Hers)
Chief of Staff
& Director of Strategic Initiatives and Communications
Office of Mayor Paul Brodeur
Melrose City Hall
562 Main St
Melrose, MA 02176
(781) 979-4440

CITY OF MELROSE

OFFICE OF THE MAYOR

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

PAUL BRODEUR
Mayor

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on use of American Rescue Plan (ARPA) funds
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a further update on the use of Melrose's ARPA funds, including funds that have been spent or committed for specific projects. As you know, the City of Melrose has received total of $8,374,174 in federal ARPA grant dollars. All ARPA grant funds must be spent or encumbered by December 31, 2024.

Approved ARPA projects

Since the last update to the Council, the following ARPA projects have been approved by the Mayor and CFO Patrick Dello Russo. Together with projects previously approved, this represents $7.3 million investments in COVID-19 response, critical infrastructure, and organizational capacity.

- Schools Asbestos Abatement $90,000
- Community Conversations Initiative $25,000
- COVID-19 Sanitization-Custodial $65,000
- COVID-19 Disinfection (Schools) $128,000
- Labor Costs/Additional Cleaning and Sanitizing of Public Buildings $40,000
- HVAC Study and Implementation of A/C addition at MVMMS $1,050,000
- Tremont Fire House Update $151,205
- ARPA - Administration $4,500
- Addressing Food Insecurity $75,000
- Small Business/Non-Profits/Cultural Sector Support $150,000
- Police Department Vehicles $256,000
- Fire Department Vehicles $120,000
- Replacement Vehicle to Deliver Services (DPW) $23,000
- School Department Closing FY22 Budget $774,697
- Address COVID-19 Backlog of IT Infrastructure and Cybersecurity Projects $26,000

A complete list of all ARPA project approvals is attached to this memo and is also available on the City of Melrose webpage at: **www.cityofmelrose.org/mayor/pages/ARPA**

Budgetary Adjustments

As part of our regular tracking of ARPA project expenditures, Assistant Auditor Kerri Golden and I have periodically reviewed approved projects and, in consultation with the relevant department heads, have made budgetary adjustments as appropriate.

In cases where the amount originally budgeted exceeded what was necessary, those excess funds have been released back to available ARPA funds to be used for another project subject to the Mayor's review and approval. All budget adjustments have been reflected in the budget documents provided to the Council and posted on the City of Melrose website. The following projects have been adjusted since our last update to the Council:

	Original	Revised
• Social Services Coordinator	$213,847	$200,330
• Economic Recovery Director	$417,000	290,000
• At-Home COVID tests	$30,000	$1,824

ARPA expenditures to-date

As of November 30, 2022, the City has expended $3,189,685 of our ARPA allocation and has encumbered a further $392,804.

Temporary moratorium on new ARPA allocations

Given the current financial uncertainty, including the potential impact of rising inflationary pressure on both labor and material costs, as well as the School Department structural deficit, the Mayor has chosen to reserve the remaining $1.05 million in order to provide for maximum flexibility in the year ahead. However, it remains a high priority for the City to spend or allocate all ARPA funds by the December 2024 deadline.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154,568
56,845
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150,000
95,054
97,511
99,011
99,216
101,090
101,684
124,500
125,000
154,000
95,000
154,200
110,000
89,000

ARPA Update

ARPA Basics

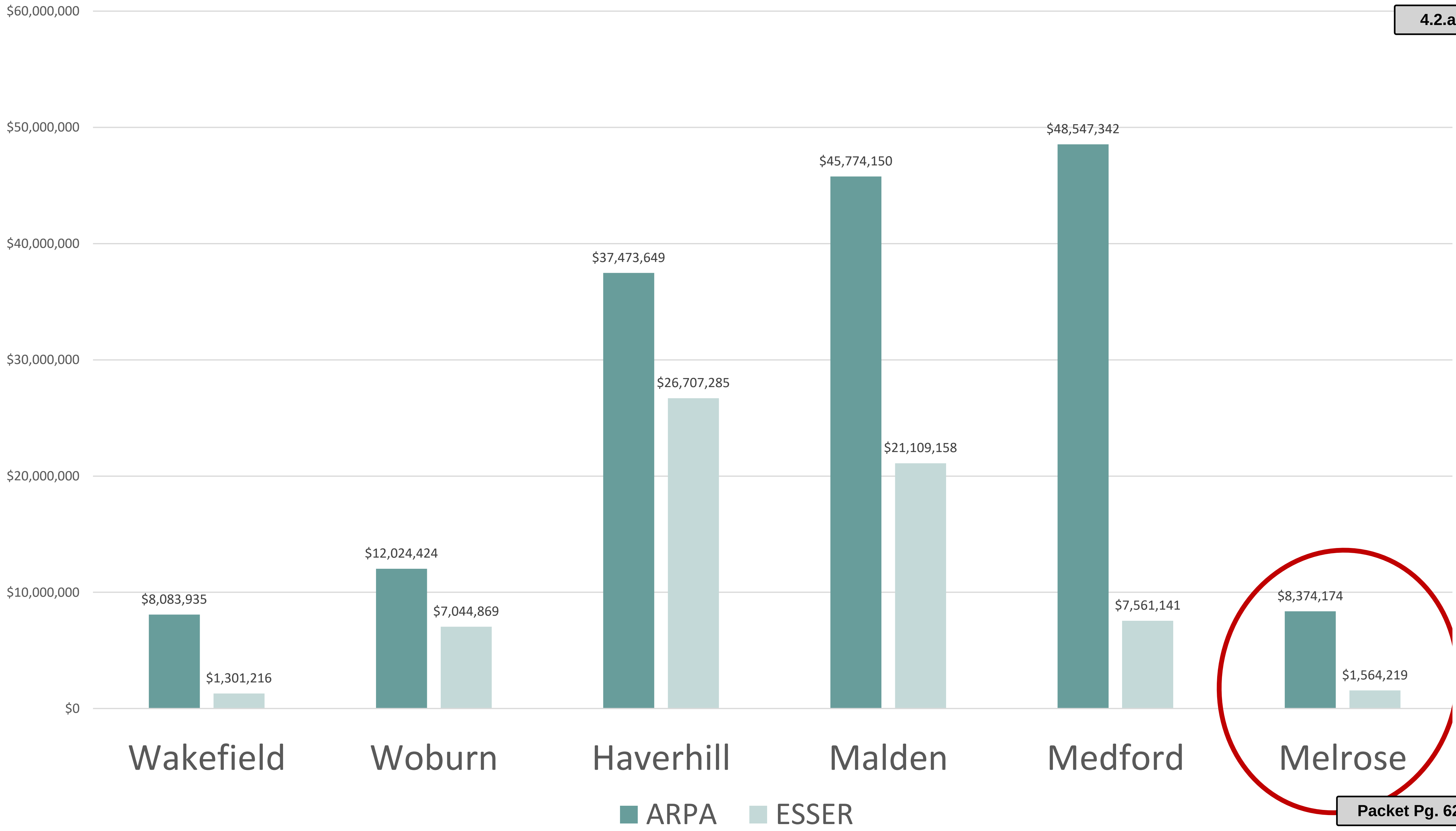
- Federal grant to the City in the amount of $8,374,174 – based primarily on population.
- <u>All funds must be spent or encumbered by December 31, 2024.</u>
- Administered by the Mayor in consultation with CFO and staff taskforce.
- Advised by consultants from the accounting firm of Clifton Larson Allen, LLP.
- Audited as part of the City’s annual single audit and subject to future federal audit.

Members of the Mayor’s ARPA Staff Taskforce

- Patrick Dello Russo (CFO)
- Kathryn Armata (Treasurer/Collector)
- Kerri Golden (Auditor’s Office)
- Denise Gaffey (OPCD)
- Chief Ed Collina (Fire)
- Chief Mike Lyle (Police)
- Allan Alpert (Emergency Management)
- Margot Fleischman (Mayor’s Office)
- Neal Ellis (IT)
- Elena Proakis Ellis (DPW)
- Jim Troup (DPW)
- Jay McNeil (DPW)
- Anthony Chui (HHS)
- Leia Secor (School Finance Dept)

Federal Relief Aid Regional Comparisons

Community	Population	ARPA	ARPA per capita	ESSER	ESSER per student
Wakefield	27,045	$8,083,935	$299	$1,301,216	$392
Woburn	40,228	$12,024,424	$299	$7,044,869	$1,640
Haverhill	64,014	$37,473,649	$585	$26,707,285	$3,451
Malden	60,470	$45,774,150	$757	$21,109,158	$3,460
Medford	57,341	$48,547,342	$847	$7,561,141	$1,879
Melrose	**28,016**	**$8,374,174**	**$299**	**$1,564,219**	**$417**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Wakefield
Woburn
Haverhill
Malden
Medford
Melrose
ARPA
ESSER

Mayor’s Priorities

- Identifying the areas of greatest need and relevance for Melrose’s economic and public heath recovery, including mental health and wellness
- Making much needed investments in City infrastructure
- Maintaining financial stability

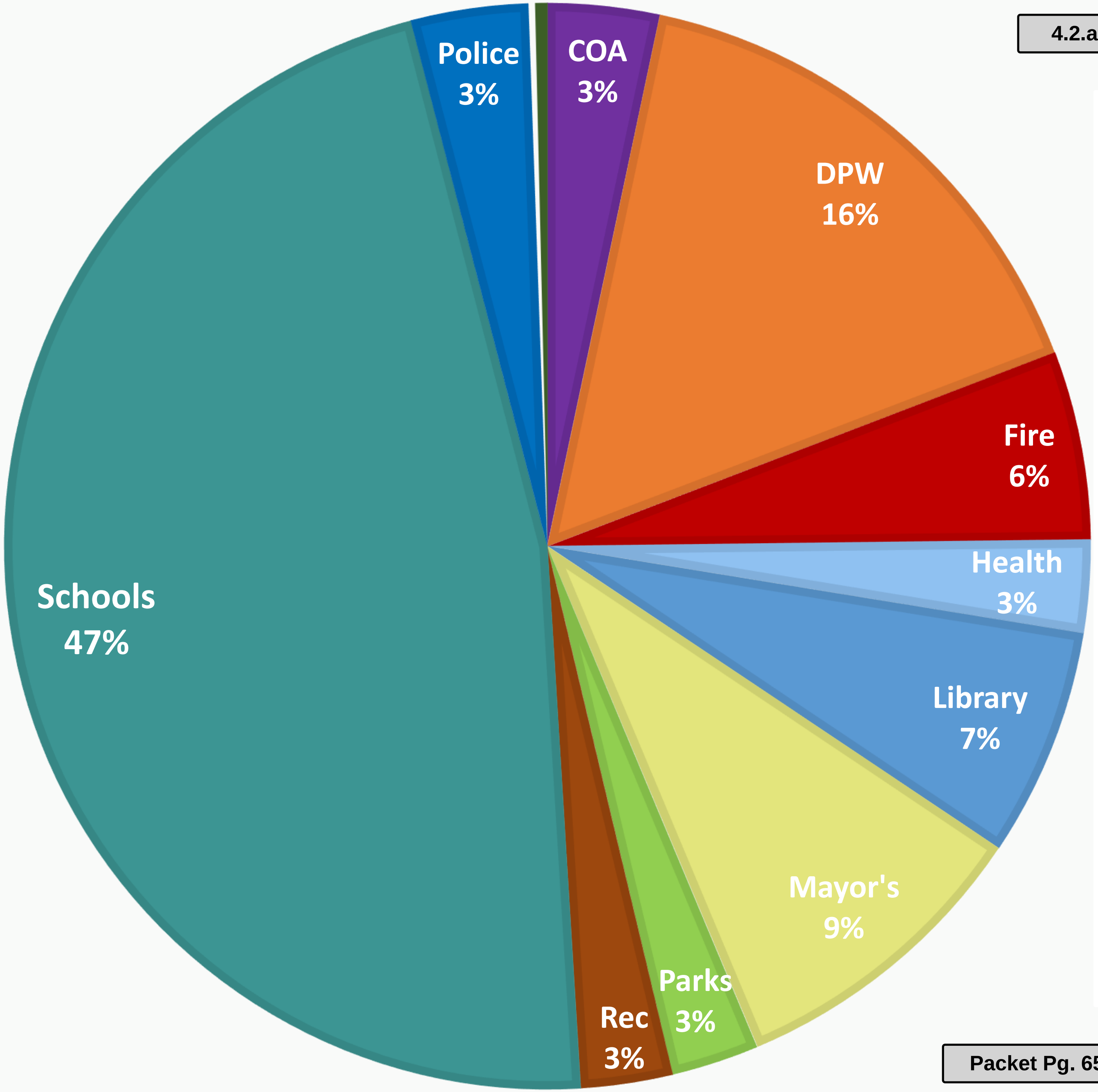
ARPA Approvals To-Date

34 projects from 12 departments

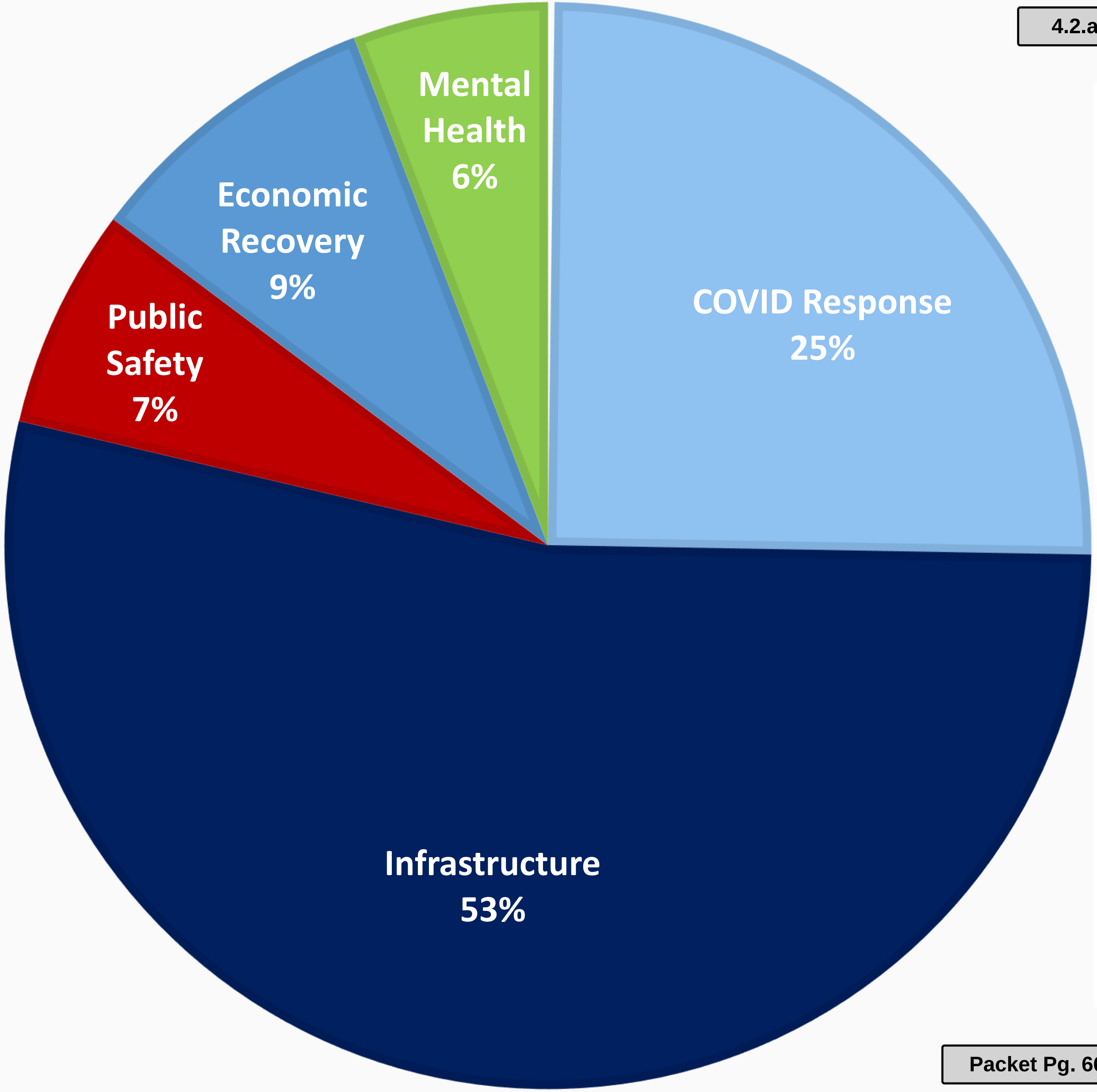
$7.3M allocated

$1.05M unallocated

ARPA Allocations By Department

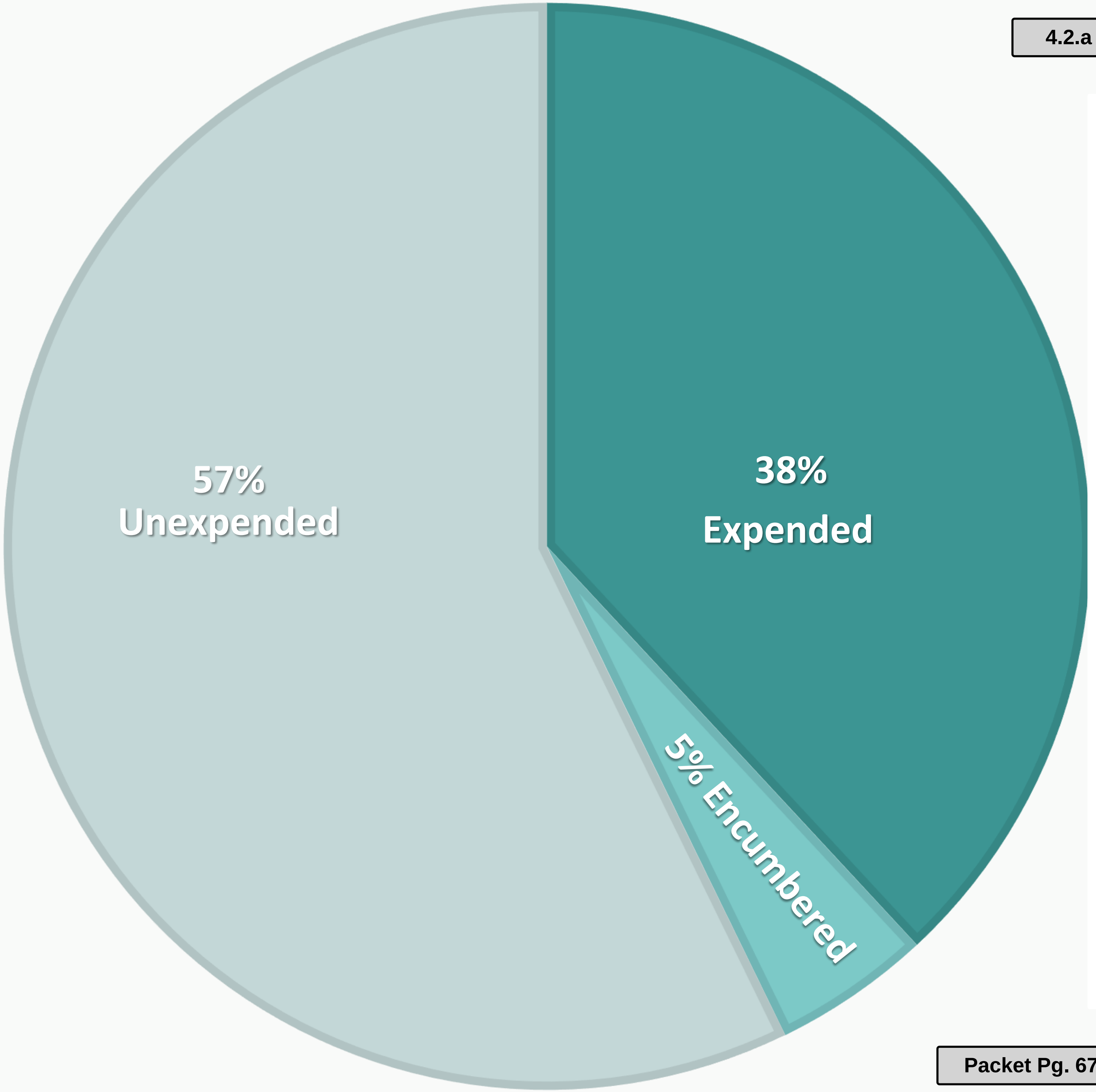


ARPA Allocations By Type



ARPA Expenditures To-Date:

43% Expended or Encumbered



$3.4 million ARPA funds invested in Melrose Public Schools

Schools Revenue Loss Replacement	$	802,000.00
COVID-19 Disinfection/Custodial Needs	$	128,000.00
HVAC Study and Implementation of A/C at MVMMS	$	1,050,000.00
Schools Asbestos Abatement	$	90,000.00
School Department Closing FY22 Budget	$	774,697.00
High School and Middle School Complex Elevators	$	594,000.00

Thank you!

www.cityofmelrose.org/mayor/pages/ARPA

Financial Update

MELROSE CITY COUNCIL APPROPRIATIONS & OVERSIGHT COMMITTEE MEETING

DECEMBER 8, 2022

Patrick Dello Russo

CFO and City Auditor

Kathryn Armata

Treasurer/Collector

Sarah MacLellan

Chief Assessor

Kerriann Golden

Assistant Auditor

City of Melrose Finance Team

What we will cover tonight:

- Budget Snapshot
- Impact of Proposition 2 ½
- New Growth & Free Cash
- Impact of School Department deficit
- Tax Levy Limit
- Capital Needs
- Debt Model

Some terms and what they mean:

Tax Levy – The revenue a community can raise through rea[l and] personal property taxes.

Prop. 2 ½ – A Massachusetts law enacted in 1980 that places strict limits on the amount of property tax revenue a community can raise through real and personal property taxes.

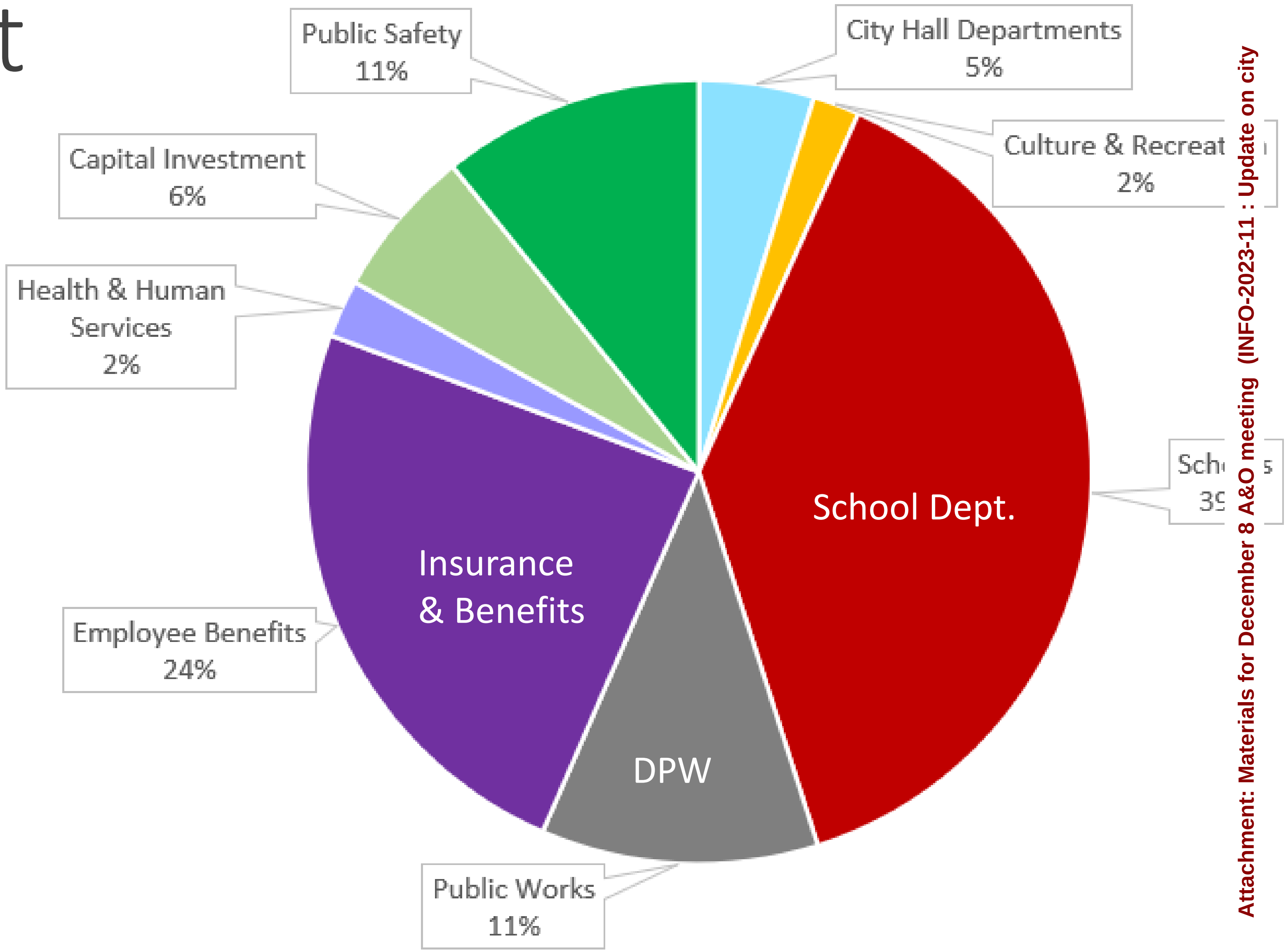
Tax Levy Limit – The maximum amount a community is allowed to raise through property taxes in a given year, based on 2.5% growth of the prior year's Levy Limit plus new growth.

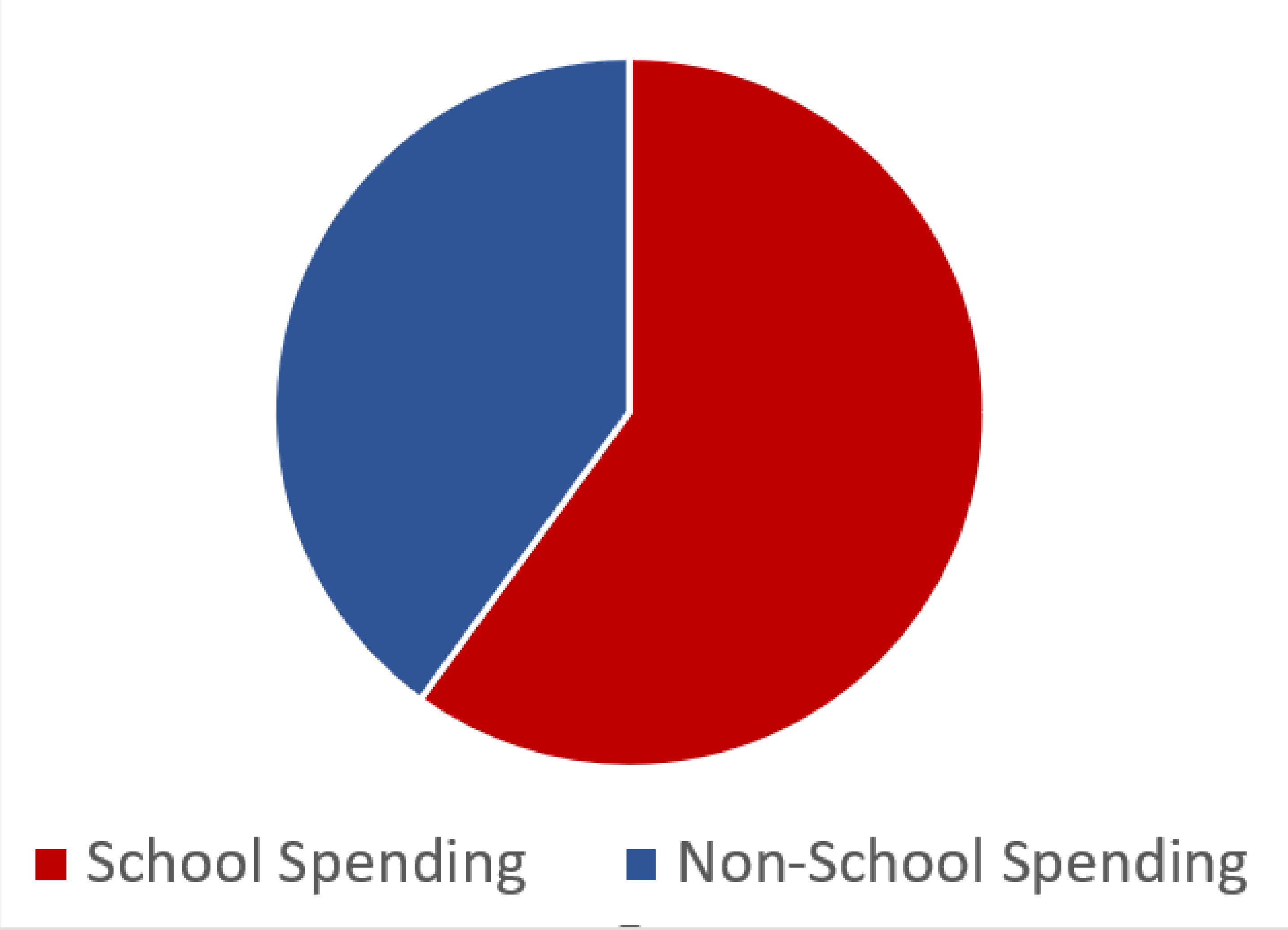
New Growth – The increased value of new development and other growth in the tax base that is not the result of revaluation. A portion of this value is applied to the levy limit.

Override – A permanent increase in the Levy Limit of a community above the allowable 2.5% growth. Requires a majority vote at the ballot.

Free Cash – Funds certified annually by the state that come from municipal revenues being greater than expected and/or expenses being less than budgeted.

Budget Snapshot





School spending includes costs carried within City budgets:

- Facilities Division of DPW supporting the Schools
- Insurance and Benefits for School Employees
- Debt service for School facilities

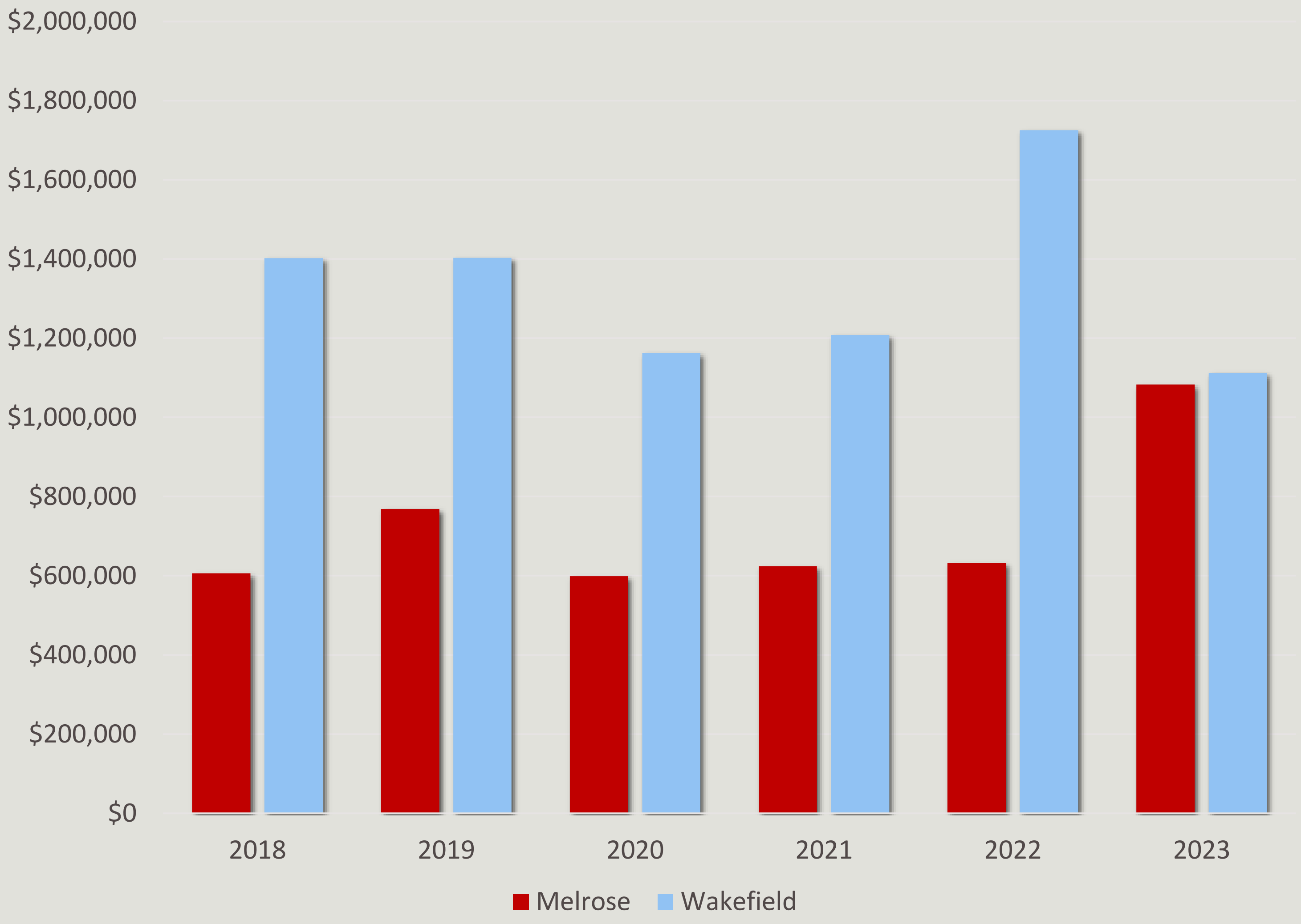
How does Prop. 2 ½ affect our finances?

We can only increase our tax revenue by 2.5% of last year's Levy Limit + New Growth

We tax to the Levy Limit so we cannot increase taxes beyond that without an override

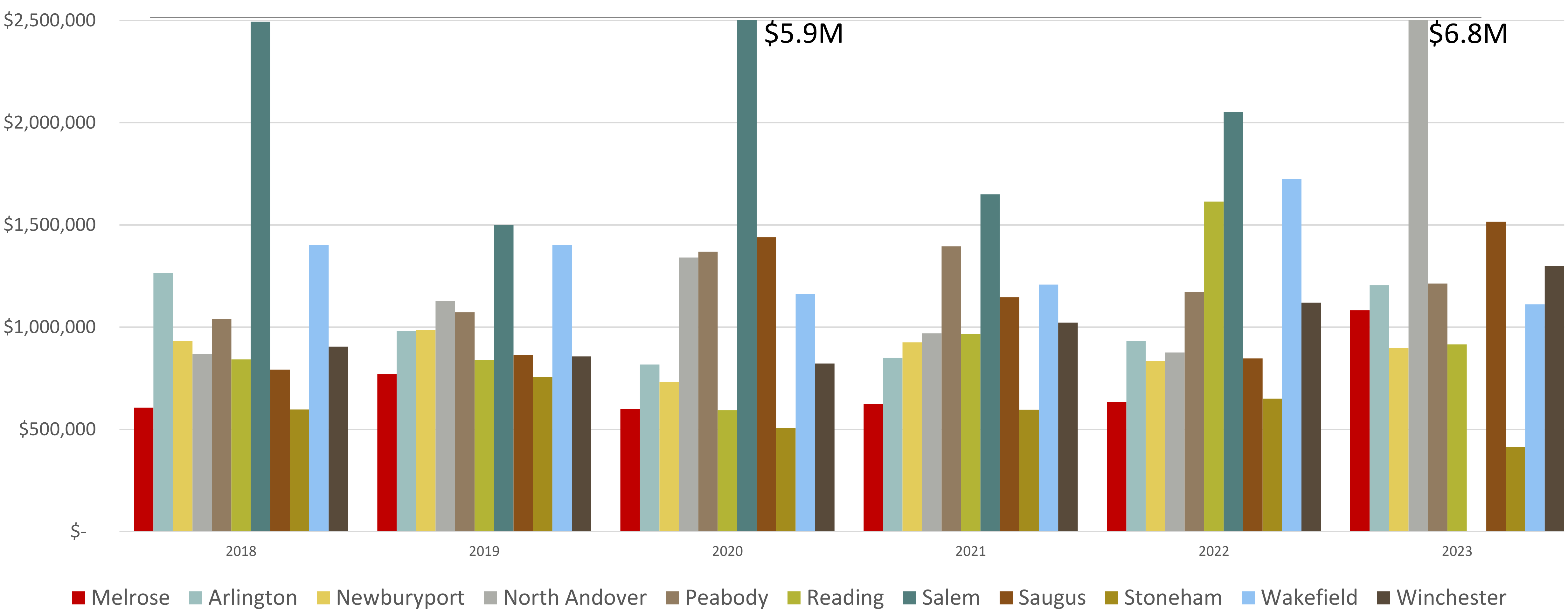
Annual operating budget increases must fit within next year's Levy Limit

The majority of year-over-year budget increases are non-discretionary costs



New Growth Comparison to Wakefield

10 Community New Growth Comparison

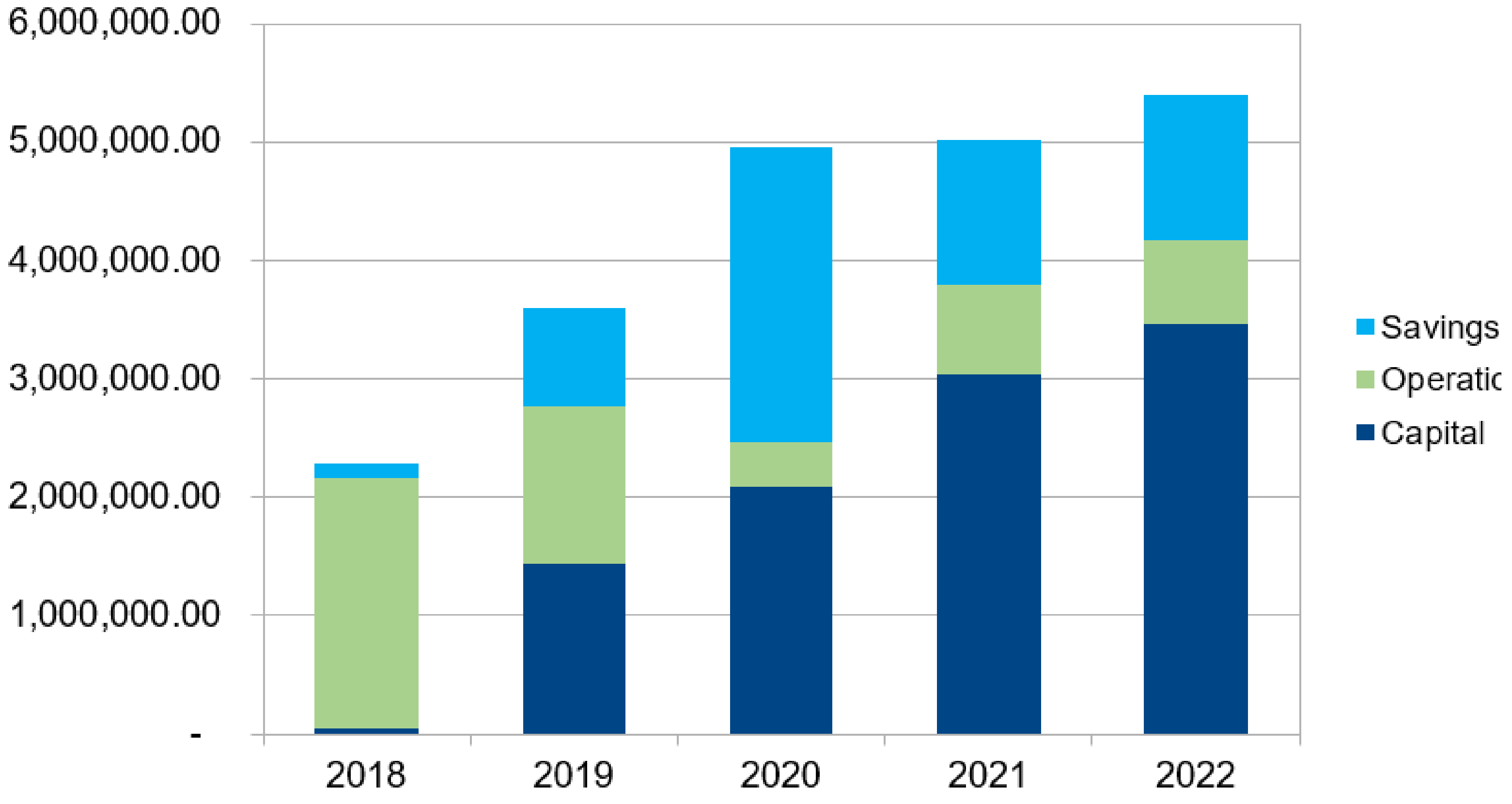


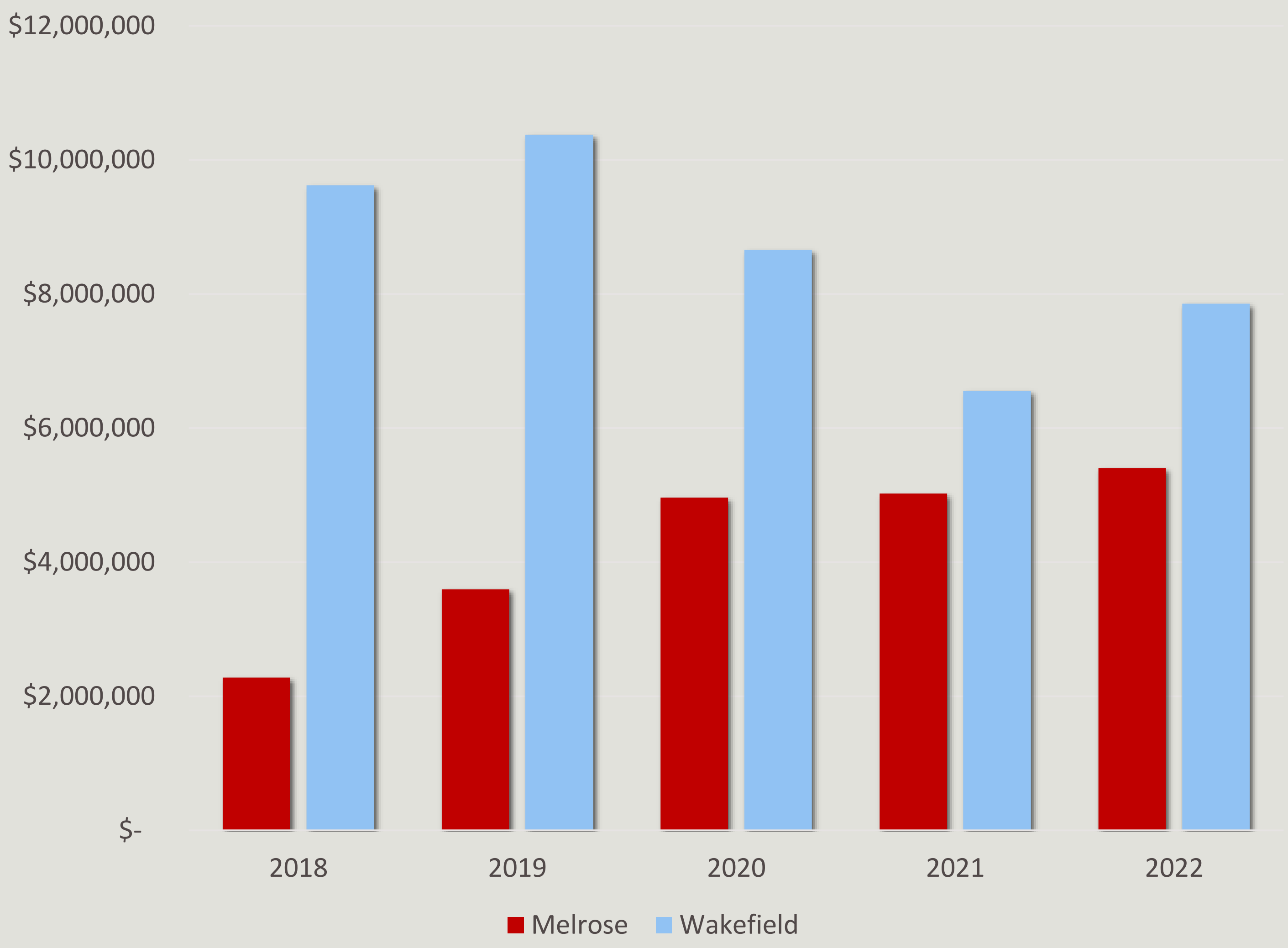
Melrose Free Cash – past 5 years

SAVINGS: stabilization funds, affordable housing trust

OPERATIONAL: snow/ice, software, trainings, etc.

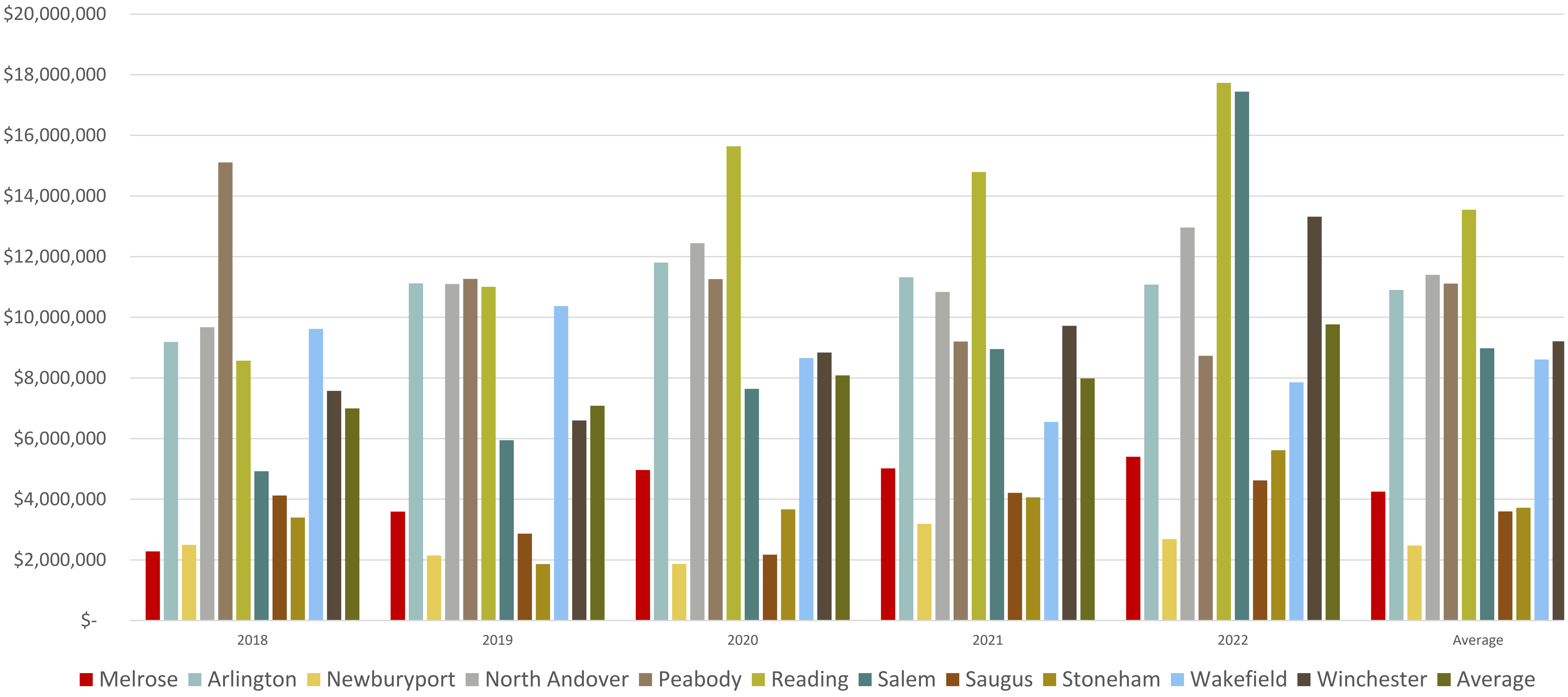
CAPITAL: buildings, vehicles, playgrounds, trees, equipment, etc.



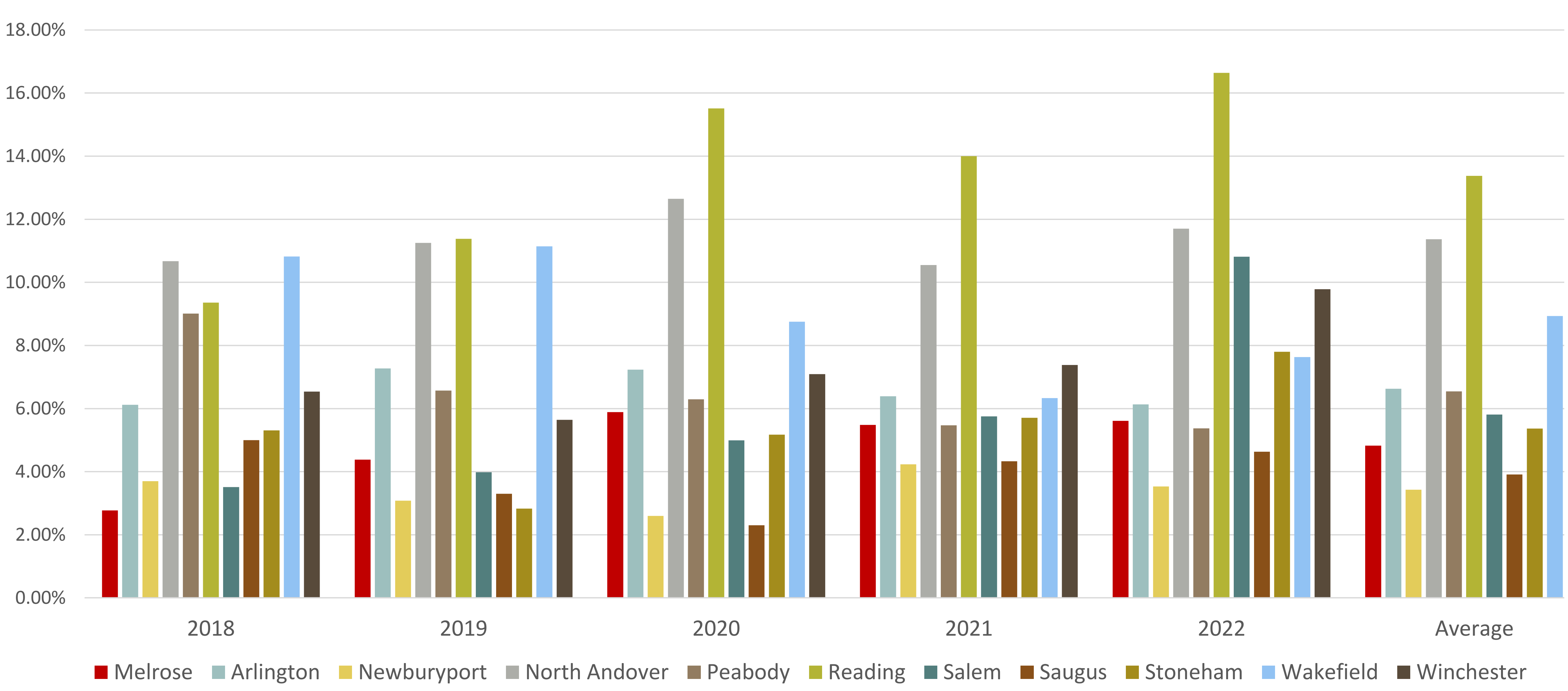


Free Cash Comparison to Wakefield

5 Year Free Cash Comparison ($)



5 Year Free Cash Comparison (%)



FY22 School Department Deficit

Major Cost Overrun Drivers, according to CLA Consultants:

- $2.1 million of Special Ed cost overruns
  - $700K – Transportation
  - $1.48 million – Tuitions
- Remainder can be accounted for by the teacher coverage costs that wer charged to paraprofessional lines. Teachers were required to stay home up to 10 days after contracting COVID-19 and the district had to provide coverage.

FY22 deficit closed using federal education relief and ARPA funds

School Department structural deficit expected to continue

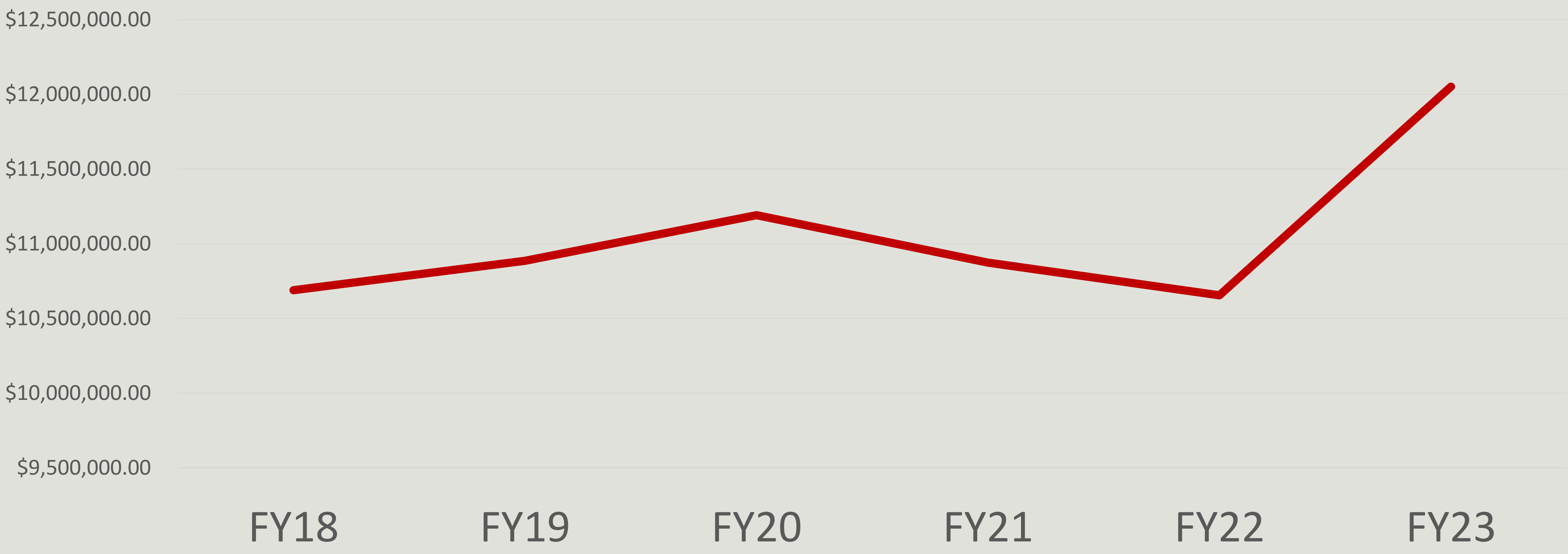
Potential funding sources:

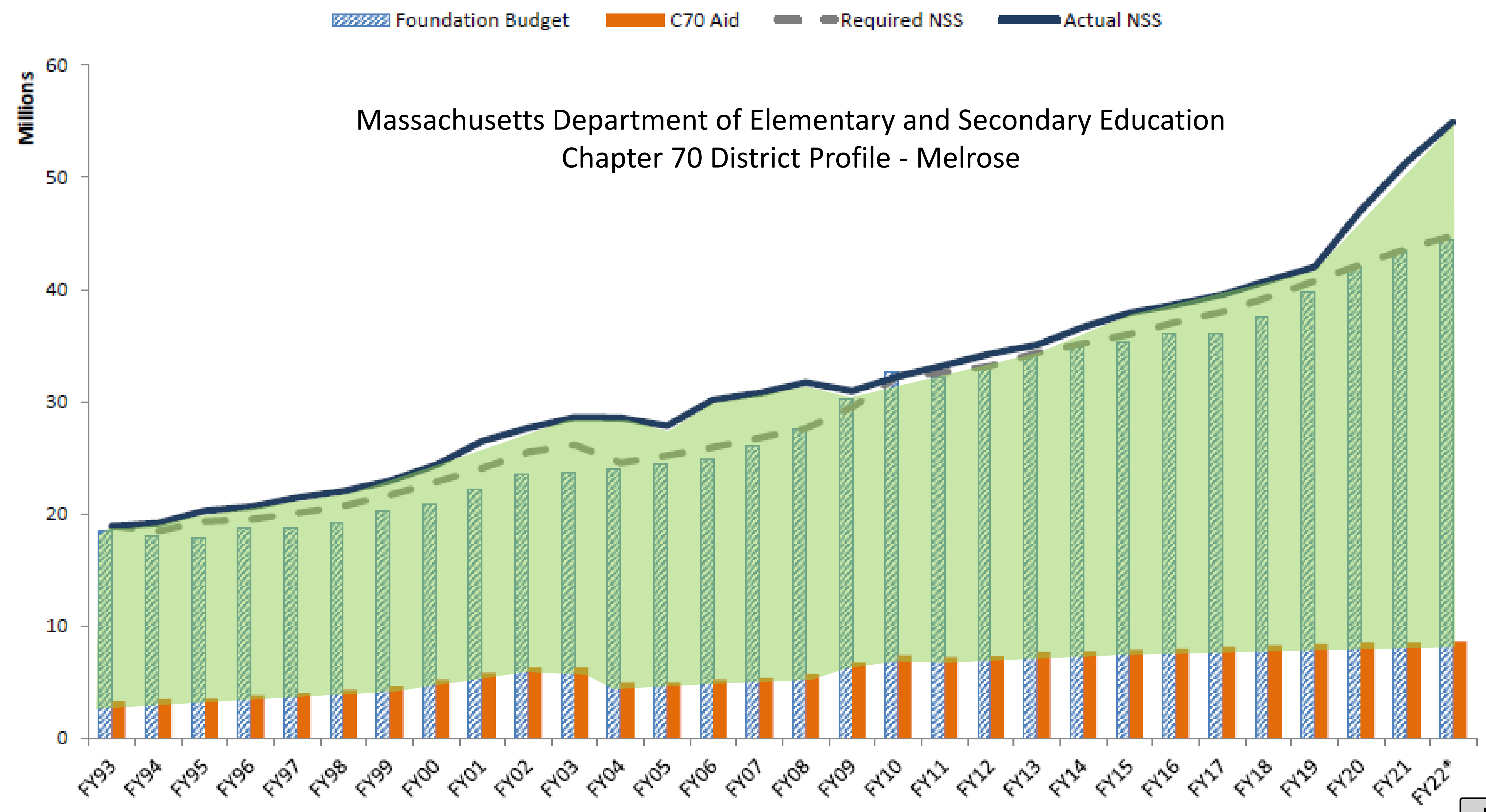
- Free Cash
- Contract Stabilization Fund/Special Education Stabilization Fund
- ARPA
- Other funding sources if available

Potential increased revenue sources:

- State aid (Student Opportunity Act)
- Comprehensive fee study
- Continued re-development to support new growth

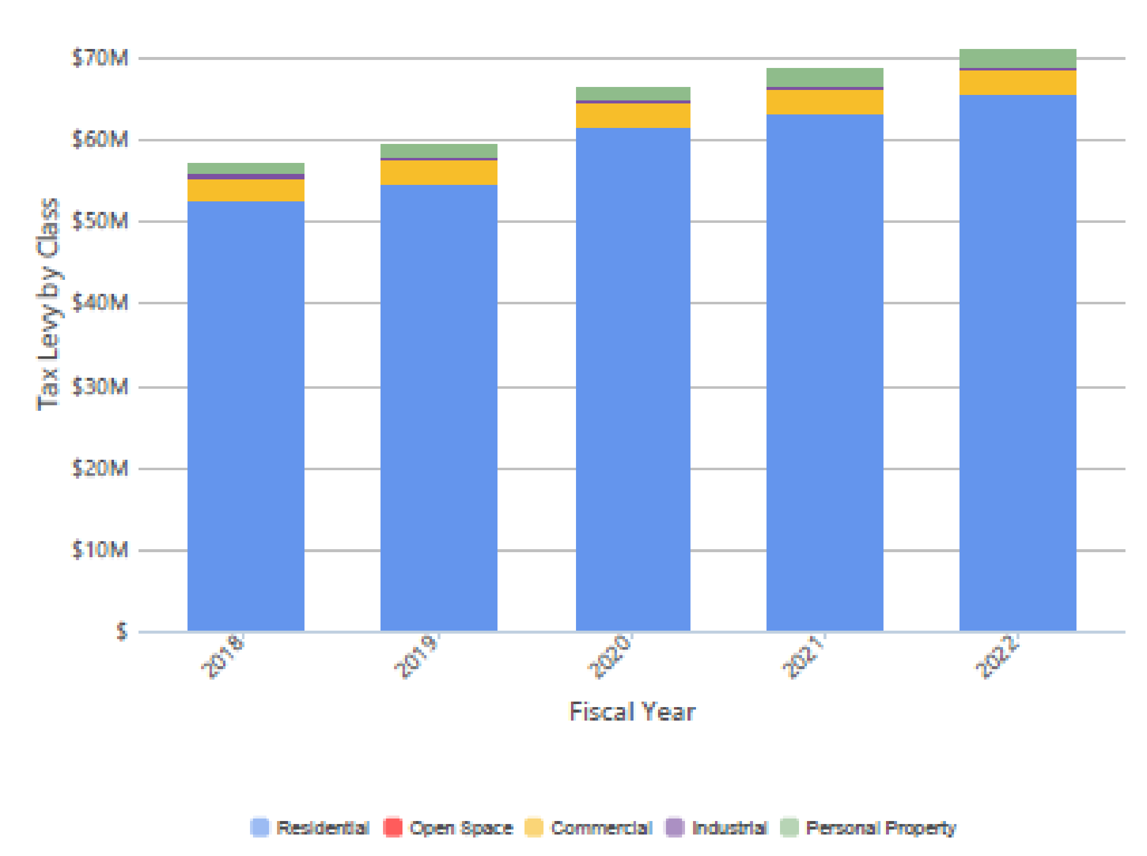
Net State Aid




Foundation Budget
C70 Aid
Required NSS
Actual NSS
Millions
60
50
40
30
20
10
0
Massachusetts Department of Elementary and Secondary Education
Chapter 70 District Profile - Melrose
FY93
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03
FY04
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22*

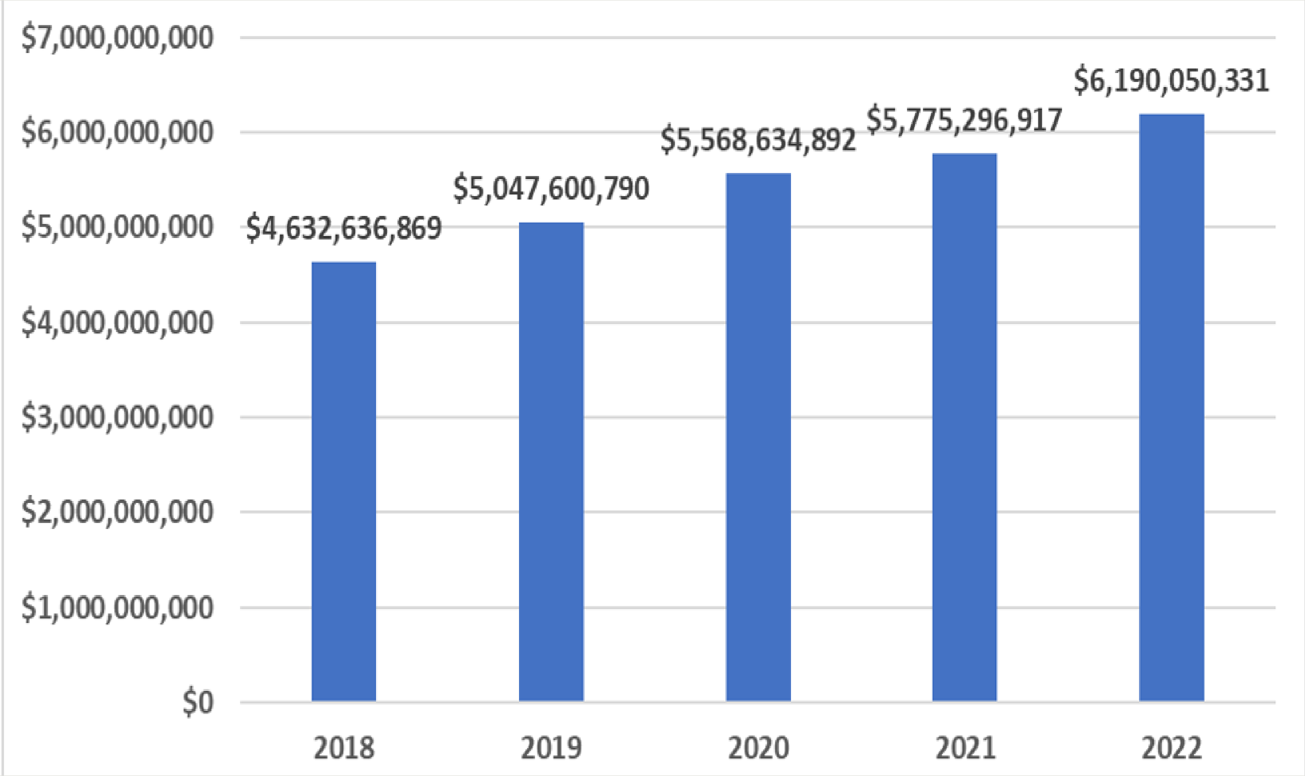
Fiscal Year	Levy Limit w/o Debt & Capital Exclusions	Maximum Levy Limit	Total Tax Levy	Excess Levy Capacity	Excess as a % of Maximum Levy
2019	$57,521,943	$59,397,799	$59,375,238	$22,560	0.04%
2020	$64,738,724	$66,629,218	$66,627,306	$1,911	0.00%
2021	$66,981,117	$68,878,709	$68,877,944	$765	0.00%
2022	$69,288,556	$71,196,790	$71,171,656	$25,134	0.04%

We continue to tax to the maximum allowed by law

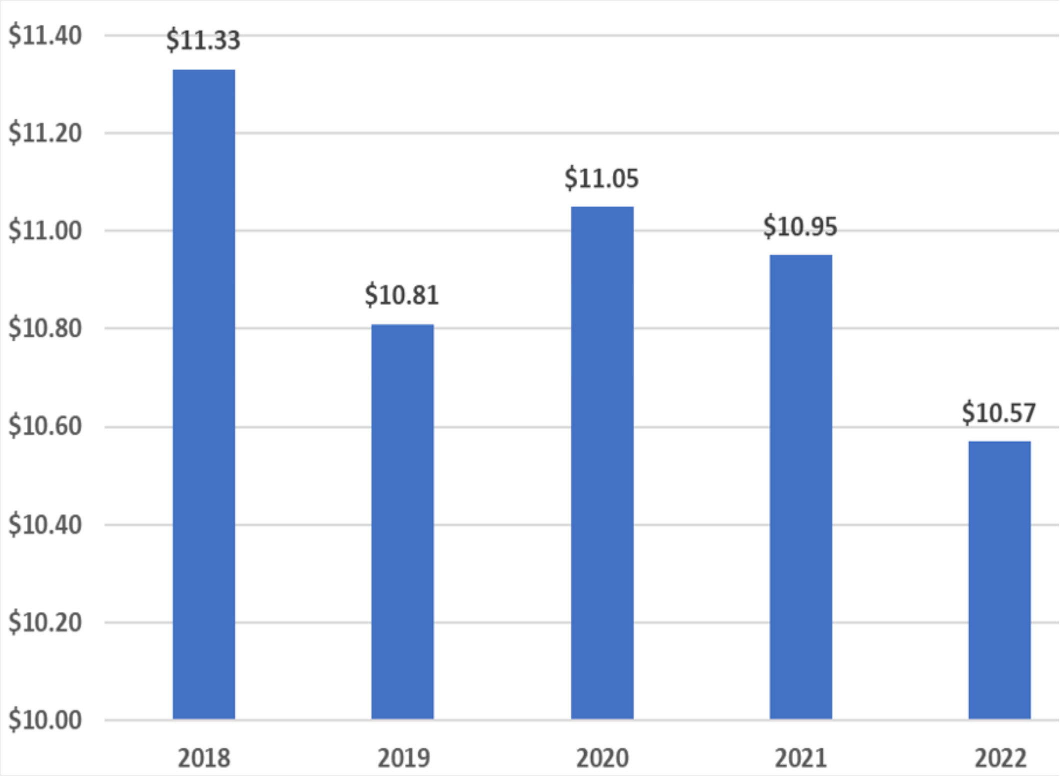


In Melrose, 92% of taxes are paid by residential property owners

As property values rise, tax rates fall



Total Value of Residential Properties in Melrose



Residential Property Tax Rate (per $1K assessed value)

FY24 Tax Levy Limit Estimate (excluding debt exclusion amount):

Based on Prop. 2 1/2, Melrose's tax levy will grow approximately **$2.3 M next year**:

FY23 Tax Levy Limit:	$72 million
2.5% Increase:	$1.8 million
New Growth*:	$500,000

This is the additional amount we will have next year to support all departments across both City and Schools.

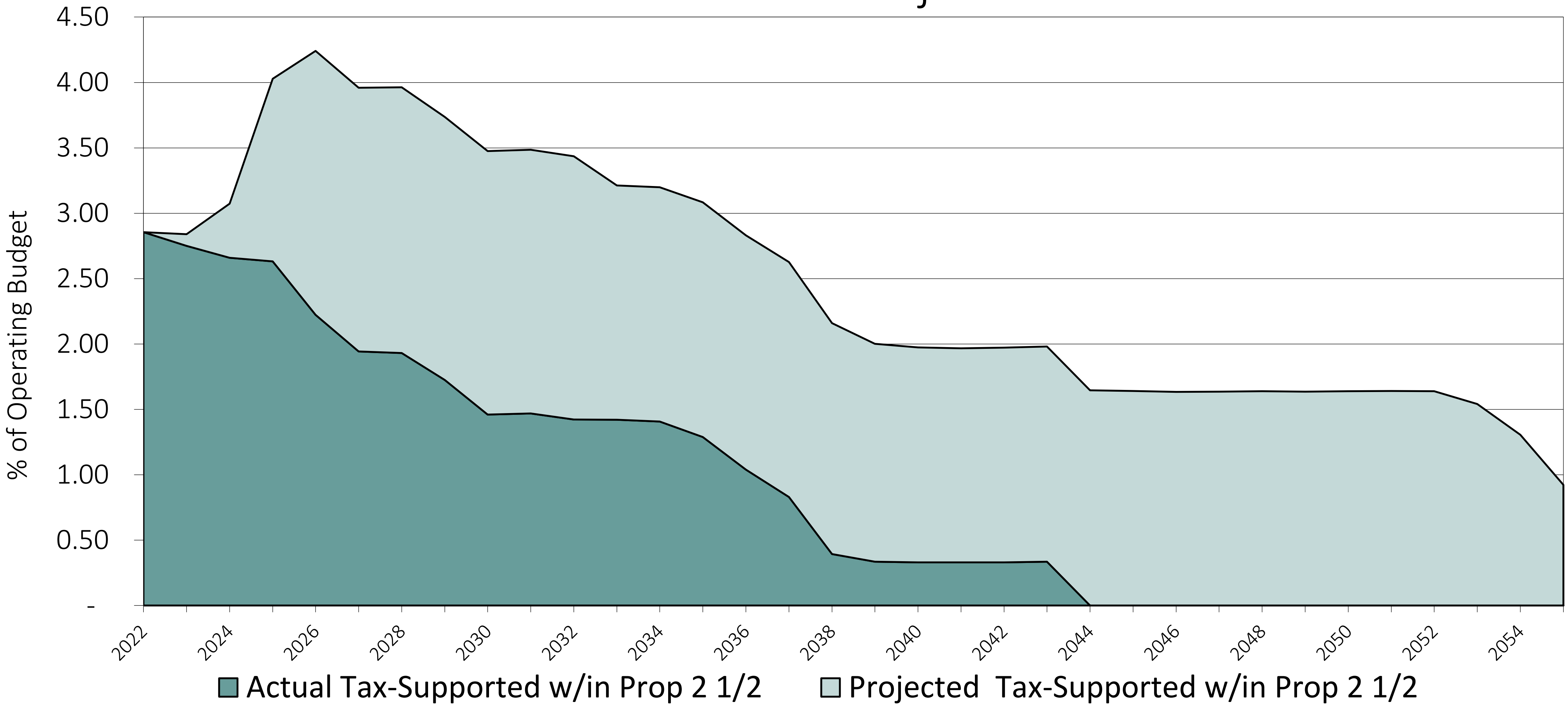
Capital Needs

- FY24-FY28 capital planning process has just kicked off with department heads
- Collins Center consultants will work with our Finance team to determine the City’s financial capacity to fund capital and will create a multi-year Capital Investment Strategy
- School Department structural deficit will be factored into this plan
- In FY24 will prioritize most urgent capital needs (e.g., Police/Fire radios and antenna system)

Debt Management

- We continue to project new non-exempt debt will stay below our limit of 5% of operating budget.
- In the fiscal years ahead, we will still have borrowing capacity to bond necessary projects
- Any new exempt debt for a large project (e.g., Public Safety Buildings) would be outside of the Prop. 2 ½ limitation and would require a “debt exclusion” vote at the ballot.

Tax-Supported ("non exempt") debt within Proposition 2 1/2
Actual vs. Projected



The Finance Team looks forward to returning in January to provide:

- Mid-year FY23 Budget update
- FY23 Free Cash (assuming certified by DOR)
- Mid-year update on Local Receipts
- Any updates regarding state funding

QUESTIONS?

CITY OF MELROSE

OFFICE OF THE MAYOR

PAUL BRODEUR
Mayor

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on FY22 Free Cash appropriations
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a status update on the use of Fiscal Year 2022 Free Cash appropriations, as follows:

Order 2022-77: Memorial Hall Building Envelope ($1,500,000)

The Memorial Hall Building Envelope Restoration Project is well underway. Construction is currently occurring simultaneously on all three primary elements of the project: the roof replacement, the window restoration, and the masonry repointing. The current projection is that the construction will be completed by June of 2023. So, in terms of expending the free cash portion of the funding for this project, the expectation is that the funding will be spent by the end of Fiscal Year 2023.

Order 2022-87: Police Chief Search ($30,000) – complete

Order 2022-89: Police - Replacement hire cost ($151,200)

Police Salary and Wages	$63,000.00	**complete**
Police Firearms and Ammunition	$3,600.00	**complete**
Police Uniforms	$65,000.00	remaining balance is 24,422.87
Police Academy Tuition and Training	$19,600.00	**complete**

Order 2022-108: Replacement Fred Green Turf ($600,000)

There has been a delay at Weston and Sampson, due to the consultant who was working on the RFQ for Fred Green Field having retired. As of the end of November, Weston and Sampson has committed to delivering the pricing and RFQ to the City by the end of this week. Based on that timeframe, DPW would expect the bidding process to be moving forward promptly, with the objective for the field to be ready by the beginning of September 2023.

Order 2022-114 – DPW Easement ($48,000) – complete

Order 2022-132 – Stabilization Balances ($1,225,000) – complete

Order 2022-130 – Snow and Ice – ($341,621.03) – complete

Order 2022-134 IT Phone System, Cameras & Social Media Archiving ($270,000)

1. School VoIP project: $100,000 of this cost is for the School Telephone Replacement project. Additionally, there were $60,000 of implementation and engineering costs that were slated for this project. IT has not paid for all expenses related to this project.

2. Middle School Camera system: This project is in process. It is about 80% complete. IT just paid an invoice for roughly $64,000 and will pay the rest after completion (roughly $40,000).

3. Social Media Archiving: IT is working with City Solicitor Phillips and other Department Heads and School Admin staff who have social media accounts to get control of them and get them archived in our new system. $20,000 of this has been paid to Jatheon for the software.

Order 2022-135: DPW

1. New Vehicles ($482,000.00) – This funding, along with another $90K in free cash from the Sewer Enterprise Fund, was for replacement of six vehicles: Roll-off (#17), three light dump trucks (#33, 55, and 57), and two pick-up trucks (#39 and 46). To date, we have ordered the new roll-off vehicle, with expected delivery in spring 2023, as well as the two pick-up trucks. Following extensive research on electric and hybrid vehicle options, we determined that the only vehicle that could be electric was one of the pick-up trucks that will not be used for plowing snow. Therefore, one of the two pick-up trucks we have ordered is a Ford Lightning. For the remaining three light dump trucks, we have been working with multiple state vendors to identify available new vehicles that meet our specifications and hope to successfully complete those orders within the next two months.
2. Trees ($70,000) – This money is for tree planting in spring 2023 and thus has not yet been spent. We planted about 100 trees in fall 2022 using most of the remainder of the prior free cash allocation.
3. Traffic Calming ($70,404.57) – we have ordered RRFBs for the first list of locations that we prioritized, which totaled about $50K of the approx. $70K allocation. We are awaiting delivery.
4. MHS Bathrooms Design ($150,000) – we are working on an RFQ to hire a design consultant, which we hope to have out by January 2023.
5. Cemetery lowering device ($10,620.65) – this item has been purchased and the allocation is spent.

Order 2022-136: Recreation – Vehicle, Software, Community Services ($75,967.40)

1. Rec Vehicle ($47,077.40) – Rec Department is in the process of having its order filled for a 2023 Ford F-150 Lightning. Ford is currently completing a custom build and delivery is expected in February or March of 2023. Upon delivery we will be paying the invoice in full. After the disbursement for the recreation vehicle all funds will be exhausted.

2. Recreation Online Registration Software ($10,000) – These funds have been expended and Rec has launched our new online registration system called Civic Rec. You can view the new system on the Recreation website.

3. COA fobs and media repair ($13,890) – COA Director Minchello is working to repair the speaker; the latest attempt is in the final stages with an upcoming repair date. She is coordinating on the

media equipment and the fobs with the IT Department and has options and quotes for listening devices but is waiting to purchase in case it is best to tie into the virtual technologies.

4. Memorial Hall elevator controls ($5,000) – The elevator software upgrade groundwork was completed in November (10% of the project). The software had technical issues so the installation of the software is anticipated to start in January 2023.

Order 2022-137: School – Medicaid reimbursement ($75,000); Microscopes, Curriculum, Uniforms, Golf Cart ($192,000)

1. Medicaid Reimbursement $75,000 – **complete** – These funds were received and applied to the general FY22 operating budget as an offset as budgeted.
2. Literacy Curriculum (Savvas) ($100,000) – $99,980.39 has been expended – Elementary English language Arts materials have been purchased and received. The total program cost is $449,883.61. MPS was awarded a competitive grant in the amount of $179,943.74. The District will request an additional contribution from the City in the amount of $169,959.48 for FY24.
3. Microscopes ($30,000) – In progress, funds have been encumbered based on a quote for $28,716.75.
4. Utility Vehicle ($12,000) – In progress, gathering three quotes from vendors.
5. Uniform Replacement ($50,000) – In progress, approximately $24,695.77 has been encumbered based on quotes/invoices.

Order 2022-138 Various Departments ($76,400)

1. Health and Human Services Department (rodent control $28,000) – grant funds were received to allow this project to move forward without using City funds.
2. City Solicitor (professional services $25,000) – funds have been expended.
3. Auditor's Office (office equipment $10,000) - $ 556.74 has been expended to-date, with the remaining amount available for this Fiscal Year for any department(s) with a need for new furniture.
4. Fire Department (mattresses $10,000) – The Fire Department ordered the replacement of 20 bedding materials throughout all 3 fire stations from Mattress Firm. At the end of the week of November 14th, all materials were received and distributed throughout the stations. According to the FD Finance Administrator, the firefighters are very grateful that we were able to do this for them. She is awaiting the invoice from Mattress Firm which will be paid upon receipt.
5. Elections Department (equipment and banner $3400) – $3,93.94 was expended for election banners. They were ordered, invoiced/paid and used in the last two elections. According to the City Clerk, these have been very well received by voters.

Order 2022 – 133 Pine Banks Parking Lot paving ($34,010.35)

Per the funding agreement between Malden and Melrose, the City of Malden has made an equal appropriation for this project; the Pine Banks Trustees are working with their engineering firm to finalize the project design based on this budget. They anticipate that the project will be done in Spring 2023.

CHART - 1		City of Melrose			
DRAFT	Ten Year General Fund Debt Plan Review				
12/5/2022		Department of Finance			
				Projected	
	Year	Net Debt	5% Limit	Budget	Percent
	2022	$2,855,696	$4,550,026	$91,000,522	3.14%
	2023	$2,839,293	$4,762,804	$95,256,080	2.98%
	2024	$3,074,059	$4,905,688	$98,113,762	3.13%
	2025	$4,028,867	$5,052,859	$101,057,175	3.99%
	2026	$4,241,587	$5,204,445	$104,088,891	4.07%
	2027	$3,959,412	$5,360,578	$107,211,557	3.69%
	2028	$3,963,531	$5,521,395	$110,427,904	3.59%
	2029	$3,735,853	$5,687,037	$113,740,741	3.28%
	2030	$3,474,755	$5,857,648	$117,152,963	2.97%
	2031	$3,486,111	$6,033,378	$120,667,552	2.89%
	Totals:	$35,659,166	$52,935,857		
	Average:	$3,565,917	$5,293,586		
	Variance:		$1,727,669		
Note(s):	1. It is the current policy of the City of Melrose that the G/F net non-exempt debt budget equate to approx. 5% of the Operating Budget.				
	2. The figures proposed can only be "estimates". Actual figures will be developed as interest rates are locked in.				

Attachment: Materials for December 8 A&O meeting (INFO-2023-11 : Update on city finances)

CHART - 2		City of Melrose - 5% Debt Limit		
DRAFT	Ten Year General Fund Debt Plan Review			
		Department of Finance		
12/5/2022			**5% Limit**	
	Year	**Net Debt**		**Variance**
Projected				
	2022	$2,855,696	$4,550,026	$1,694,330
	2023	$2,839,293	$4,762,804	$1,923,511
	2024	$3,074,059	$4,905,688	$1,831,629
	2025	$4,028,867	$5,052,859	$1,023,992
	2026	$4,241,587	$5,204,445	$962,857
	2027	$3,959,412	$5,360,578	$1,401,165
	2028	$3,963,531	$5,521,395	$1,557,864
	2029	$3,735,853	$5,687,037	$1,951,184
	2030	$3,474,755	$5,857,648	$2,382,893
	2031	$3,486,111	$6,033,378	$2,547,267
	Totals:	$35,659,166	$52,935,857	
	Average:	$3,565,917	$5,293,586	
	Variance:		$1,727,669	
Note(s):	1. It is the current policy of the City of Melrose that the G/F net			
	non-exempt debt budget equate to approx. 5% of the Operating Budget.			
	2. The figures proposed can only be "estimates". Actual figures			
	will be developed as interest rates are locked in.			

ARPA Project Name	PROJECT TOTAL	FY22	FY23	FY24	FY25	Department	Type
ARPA - Consultant	$ 10,000.00	$ -	$ -	$ -	$ -	Auditors	Admin
ARPA - Administration	$ 4,500.00	$ -	$ 4,500.00	$ -	$ -	Auditors	Admin
Milano Center Health, Wellness, Accessibility	$ 25,000.00	$ 25,000.00	$ -	$ -	$ -	COA	Infrastructure
Milano Center HVAC	$ 218,729.00	$ 218,729.00	$ -	$ -	$ -	COA	Infrastructure
City Sidewalk Improvements - Ashland/Bay State/Burnett/Sycamore	$ 750,000.00	$ 250,000.00	$ 250,000.00	$ 250,000.00	$ -	DPW	Infrastructure
Covid Sanitization-Custodial	$ 65,000.00	$ 65,000.00	$ -	$ -	$ -	DPW	COVID Response
Labor Costs/Additional Cleaning and Sanitizing of Public Buildings	$ 40,000.00	$ 40,000.00	$ -	$ -	$ -	DPW	COVID Response
Lead Water Service Inventory and Replacement Design	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -	DPW	Infrastructure
Traffic Calming Toolkit	$ 28,300.00	$ 28,300.00	$ -	$ -	$ -	DPW	Infrastructure
Asset Management Software	$ 106,000.00	$ 106,000.00	$ -	$ -	$ -	DPW	Infrastructure
Replacement Vehicle to Deliver Services	$ 23,000.00	$ -	$ 23,000.00	$ -	$ -	DPW	Infrastructure
Fire Department Vehicles	$ 120,000.00	$ 120,000.00	$ -	$ -	$ -	Fire	Public Safety
Public Safety Training Equipment	$ 105,308.00	$ 78,308.00	$ -	$ -	$ 27,000.00	Fire	Public Safety
Fire Headquarters HVAC	$ 35,000.00	$ 35,000.00	$ -	$ -	$ -	Fire	Infrastructure
Tremont Fire House Update	$ 151,205.00	$ -	$ 151,205.00	$ -	$ -	Fire	Infrastructure
At-Home COVID tests	$ 1,824.00	$ 1,824.00	$ -	$ -	$ -	Health	COVID Response
FT Social Service Coordinator*	$ 200,330.00	$ 12,235.00	$ 72,900.00	$ 75,789.00	$ 39,406.00	Health	Community Mental Health and Wellness
IT Intern to Address COVID-19 Backlog of IT Infrastructure and Cybersecurity Projec	$26,000	$ -	$26,000	$ -	$ -	IT	COVID Response
Melrose Public LIbrary HVAC Upgrades	$ 500,000.00	$ 500,000.00	$ -	$ -	$ -	Library	Infrastructure
Economic Recovery Director*	$ 290,081.00	$ 31,762.00	$ 101,785.00	$ 103,930.00	$ 52,604.00	Mayor's	Economic Recovery
Community Conversations Initiative	$ 25,000.00	$ -	$ 25,000.00	$ -	$ -	Mayor's	Community Mental Health and Wellness
Small Business/Non-Profits/Cultural Sector Suport	$ 150,000.00	$ -	$ 50,000.00	$ 50,000.00	$ 50,000.00	Mayor's	Economic Recovery
Addressing Food Insecurity	$ 75,000.00	$ -	$ 25,000.00	$ 25,000.00	$ 25,000.00	Mayor's	Economic Recovery
Utility Arrearages	$ 141,000.00	$ -	$ 141,000.00	$ -	$ -	Mayor's	Economic Recovery
Foss Park Basketball and Playground Upgrade	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -	Parks	Infrastructure
Amazing Grace Basketball Court	$ 41,106.00	$ -	$ 41,106.00	$ -	$ -	Parks	Infrastructure
Police Department Vehicles	$ 256,000.00	$ 256,000.00	$ -	$ -	$ -	Police	Public Safety
Community Mental Health Initiative	$ 200,000.00	$ 50,000.00	$ 50,000.00	$ 50,000.00	$ 50,000.00	Rec/Health	Community Mental Health and Wellness
Schools Revenue Loss Replacement	$ 802,000.00	$ 802,000.00	$ -	$ -	$ -	Schools	COVID Response
COVID-19 Disinfection	$ 128,000.00	$ 128,000.00	$ -	$ -	$ -	Schools	COVID Response
HVAC Study and Implementation of A/C addition at MVMMS	$ 1,050,000.00	$ -	$ 1,050,000.00	$ -	$ -	Schools	Infrastructure
Schools Asbestos Abatement	$ 90,000.00	$ 90,000.00	$ -	$ -	$ -	Schools	Infrastructure
School Department Closing FY22 Budget	$ 774,697.00	$ 774,697.00	$ -	$ -	$ -	Schools	COVID Response
High School and Middle School Complex Elevators	$ 594,000.00	$ 594,000.00	$ -	$ -	$ -	Schools	Infrastructure
TOTAL	**$ 7,327,080.00**						
REMAINING UNCOMMITTED ARPA FUNDS	**$ 1,047,094.00**						
**Personnel costs are inclusive of health insurance and benefits*							

Ghobrial, Andrew

From: Fleischman, Margot
Sent: Monday, December 5, 2022 3:57 PM
To: City Council
Cc: *Mayor Brodeur; Dello Russo, Patrick
Subject: Materials for December 8 A&O meeting
Attachments: ARPA Update to City Council December 2022.pdf; ARPA Update Slides December 8, 2022.pdf; Finance Report to the City Council Slides December 8 2022.pdf; FY22 Free Cash update.pdf; 10 year General Fund Debt Plan.pdf; ARPA Approvals by Dept to date 10.18.22.pdf

Good afternoon Councilors,
Please find attached the following presentation materials and memos provided in advance of the A&O meeting this Thursday, December 8:

- **INFO-2023-10:** Request for American Rescue Plan Act (ARPA) funding update
  - **ARPA Update memo and slide presentation; ARPA approvals spreadsheet**
- **INFO-2023-11:** Update on the Status of the City of Melrose's Finances
  - **Finance Report slide presentation and 10-year General Fund Debt Plan**
- **INFO-2023-12:** An Update on the Status and Usage of Free Cash in the City of Melrose
  - **Free Cash update memo**

As always, should you have any questions, please do not hesitate to reach out.
Best,
Margot

Margot Fleischman
(She/Her/Hers)
Chief of Staff
& Director of Strategic Initiatives and Communications
Office of Mayor Paul Brodeur
Melrose City Hall
562 Main St
Melrose, MA 02176
(781) 979-4440

CITY OF MELROSE

OFFICE OF THE MAYOR

PAUL BRODEUR
Mayor

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on use of American Rescue Plan (ARPA) funds
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a further update on the use of Melrose's ARPA funds, including funds that have been spent or committed for specific projects. As you know, the City of Melrose has received total of $8,374,174 in federal ARPA grant dollars. All ARPA grant funds must be spent or encumbered by December 31, 2024.

Approved ARPA projects

Since the last update to the Council, the following ARPA projects have been approved by the Mayor and CFO Patrick Dello Russo. Together with projects previously approved, this represents $7.3 million investments in COVID-19 response, critical infrastructure, and organizational capacity.

- Schools Asbestos Abatement $90,000
- Community Conversations Initiative $25,000
- COVID-19 Sanitization-Custodial $65,000
- COVID-19 Disinfection (Schools) $128,000
- Labor Costs/Additional Cleaning and Sanitizing of Public Buildings $40,000
- HVAC Study and Implementation of A/C addition at MVMMS $1,050,000
- Tremont Fire House Update $151,205
- ARPA - Administration $4,500
- Addressing Food Insecurity $75,000
- Small Business/Non-Profits/Cultural Sector Support $150,000
- Police Department Vehicles $256,000
- Fire Department Vehicles $120,000
- Replacement Vehicle to Deliver Services (DPW) $23,000
- School Department Closing FY22 Budget $774,697
- Address COVID-19 Backlog of IT Infrastructure and Cybersecurity Projects $26,000

A complete list of all ARPA project approvals is attached to this memo and is also available on the City of Melrose webpage at: **www.cityofmelrose.org/mayor/pages/ARPA**

Budgetary Adjustments

As part of our regular tracking of ARPA project expenditures, Assistant Auditor Kerri Golden and I have periodically reviewed approved projects and, in consultation with the relevant department heads, have made budgetary adjustments as appropriate.

In cases where the amount originally budgeted exceeded what was necessary, those excess funds have been released back to available ARPA funds to be used for another project subject to the Mayor's review and approval. All budget adjustments have been reflected in the budget documents provided to the Council and posted on the City of Melrose website. The following projects have been adjusted since our last update to the Council:

	Original	Revised
• Social Services Coordinator	$213,847	$200,330
• Economic Recovery Director	$417,000	290,000
• At-Home COVID tests	$30,000	$1,824

ARPA expenditures to-date

As of November 30, 2022, the City has expended $3,189,685 of our ARPA allocation and has encumbered a further $392,804.

Temporary moratorium on new ARPA allocations

Given the current financial uncertainty, including the potential impact of rising inflationary pressure on both labor and material costs, as well as the School Department structural deficit, the Mayor has chosen to reserve the remaining $1.05 million in order to provide for maximum flexibility in the year ahead. However, it remains a high priority for the City to spend or allocate all ARPA funds by the December 2024 deadline.


jul
aug
sep
oct
nov
dec
feb
mar
apr
may
jun
jul
aug
sep
oct
nov
dec
154,568
56,845
110,000
150,000
95,054
97,511
99,011
99,216
101,090
101,684
124,500
125,000
154,000
95,000
154,200
110,000
89,000

ARPA Update

ARPA Basics

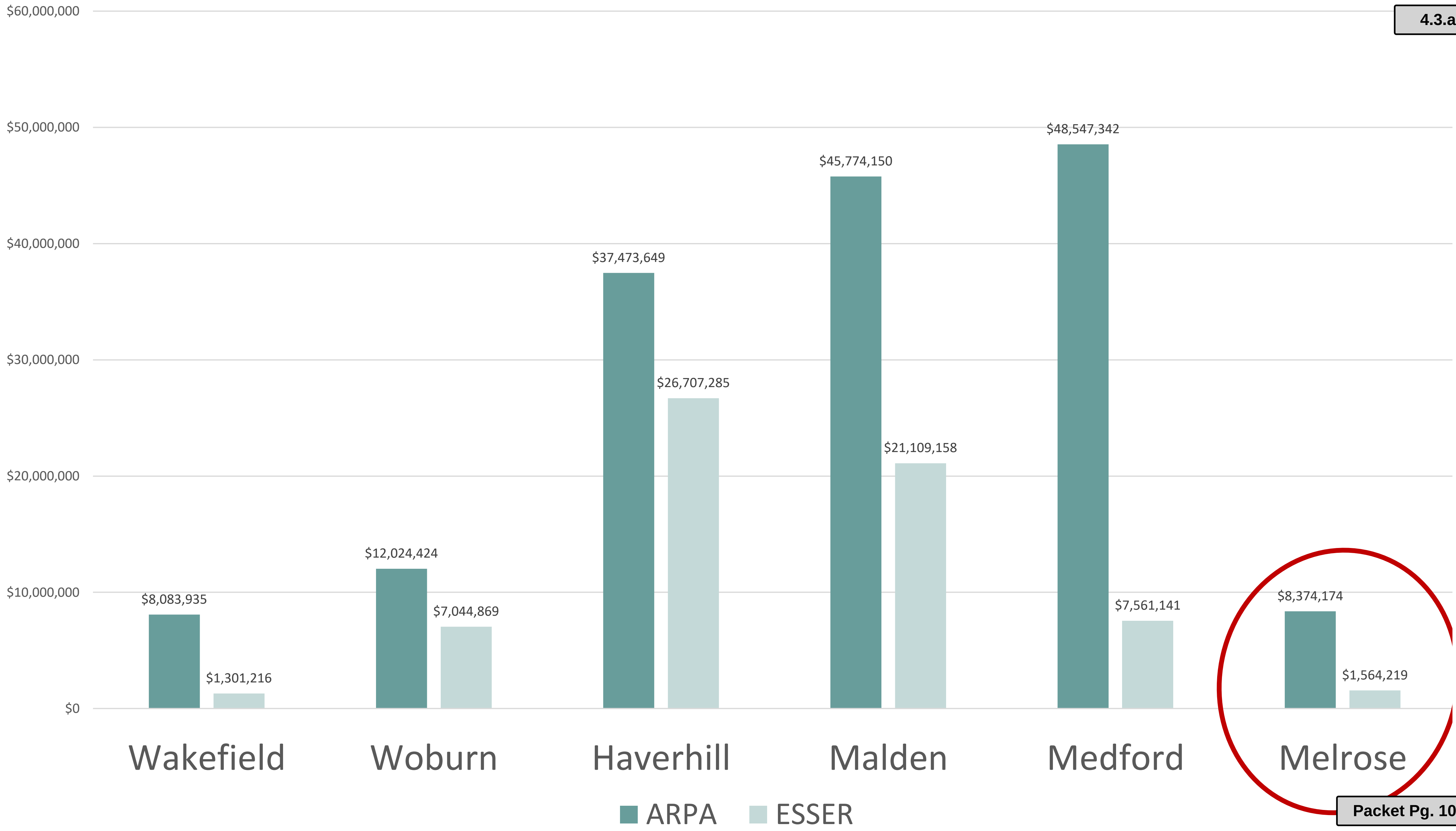
- Federal grant to the City in the amount of $8,374,174 – based primarily on population.
- All funds must be spent or encumbered by December 31, 2024.
- Administered by the Mayor in consultation with CFO and staff taskforce.
- Advised by consultants from the accounting firm of Clifton Larson Allen, LLP.
- Audited as part of the City’s annual single audit and subject to future federal audit.

Members of the Mayor’s ARPA Staff Taskforce

- Patrick Dello Russo (CFO)
- Kathryn Armata (Treasurer/Collector)
- Kerri Golden (Auditor’s Office)
- Denise Gaffey (OPCD)
- Chief Ed Collina (Fire)
- Chief Mike Lyle (Police)
- Allan Alpert (Emergency Management)
- Margot Fleischman (Mayor’s Office)
- Neal Ellis (IT)
- Elena Proakis Ellis (DPW)
- Jim Troup (DPW)
- Jay McNeil (DPW)
- Anthony Chui (HHS)
- Leia Secor (School Finance Dept)

Federal Relief Aid Regional Comparisons

Community	Population	ARPA	ARPA per capita	ESSER	ESSER per student
Wakefield	27,045	$8,083,935	$299	$1,301,216	$392
Woburn	40,228	$12,024,424	$299	$7,044,869	$1,640
Haverhill	64,014	$37,473,649	$585	$26,707,285	$3,451
Malden	60,470	$45,774,150	$757	$21,109,158	$3,460
Medford	57,341	$48,547,342	$847	$7,561,141	$1,879
Melrose	**28,016**	**$8,374,174**	**$299**	**$1,564,219**	**$417**


$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
$8,083,935
$1,301,216
$12,024,424
$7,044,869
$37,473,649
$26,707,285
$45,774,150
$21,109,158
$48,547,342
$7,561,141
$8,374,174
$1,564,219
Wakefield
Woburn
Haverhill
Malden
Medford
Melrose
ARPA
ESSER

Mayor's Priorities

- Identifying the areas of greatest need and relevance for Melrose's economic and public heath recovery, including mental health and wellness
- Making much needed investments in City infrastructure
- Maintaining financial stability

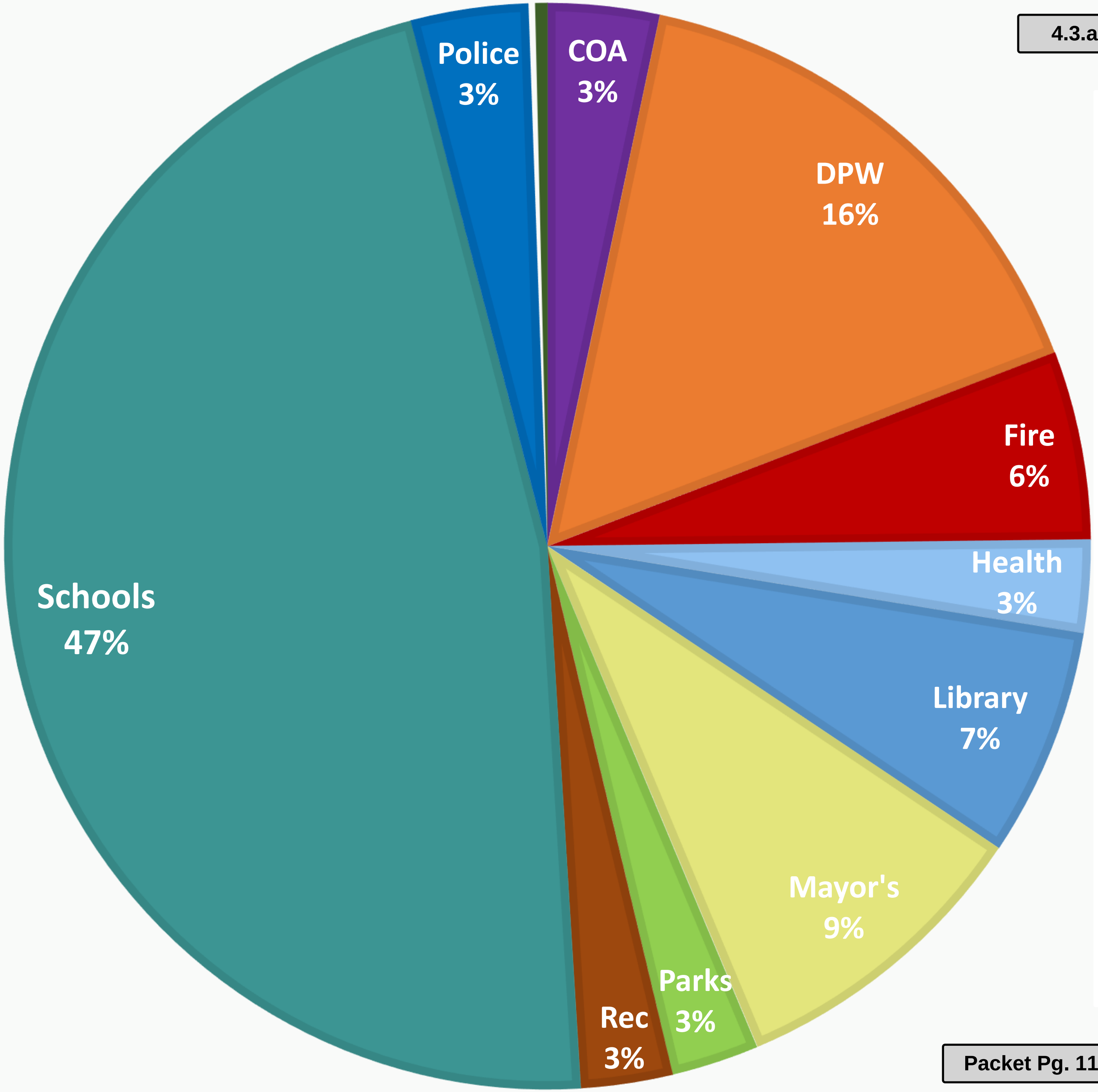
ARPA Approvals To-Date

34 projects from 12 departments

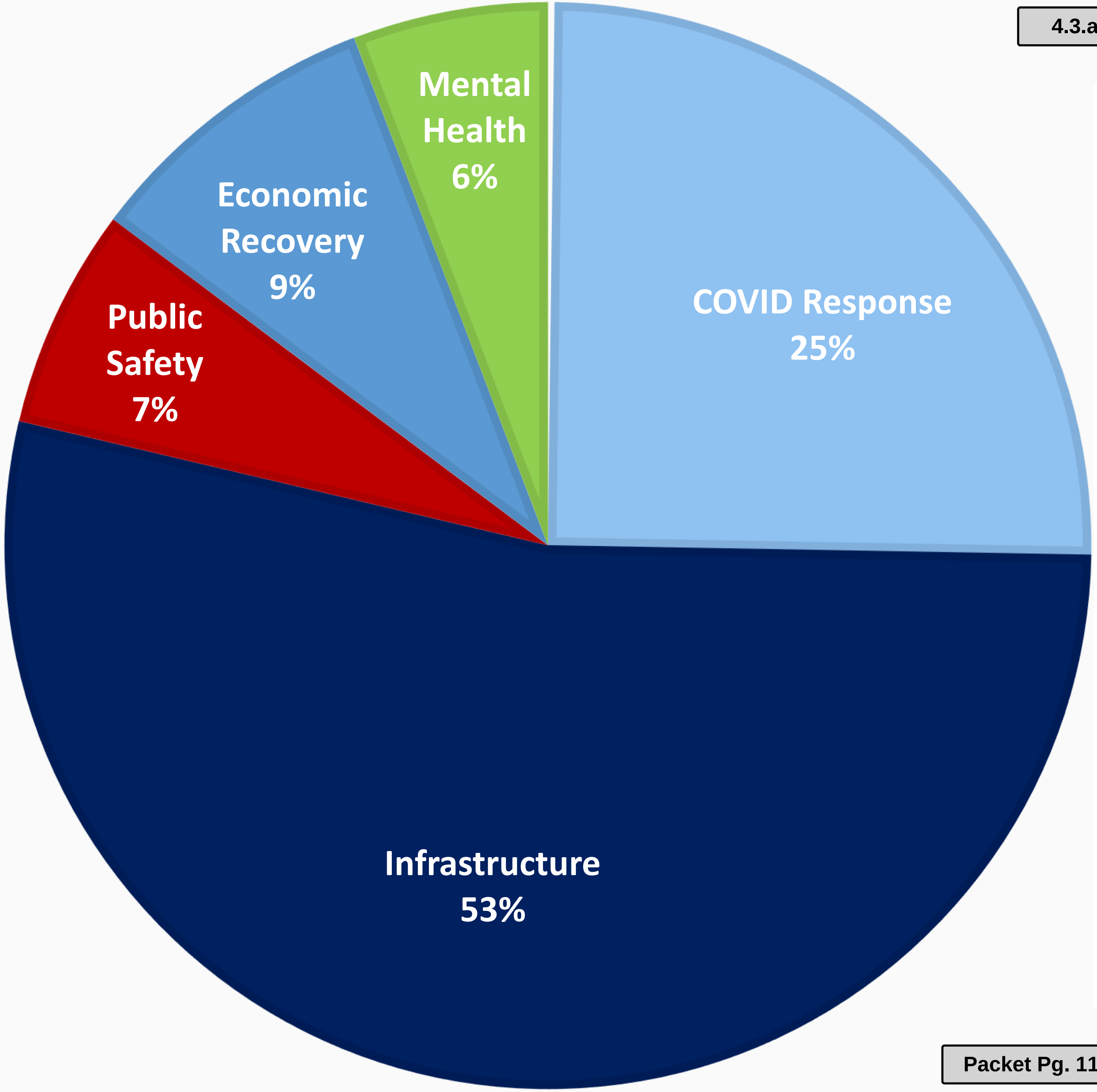
$7.3M allocated

$1.05M unallocated

ARPA Allocations By Department

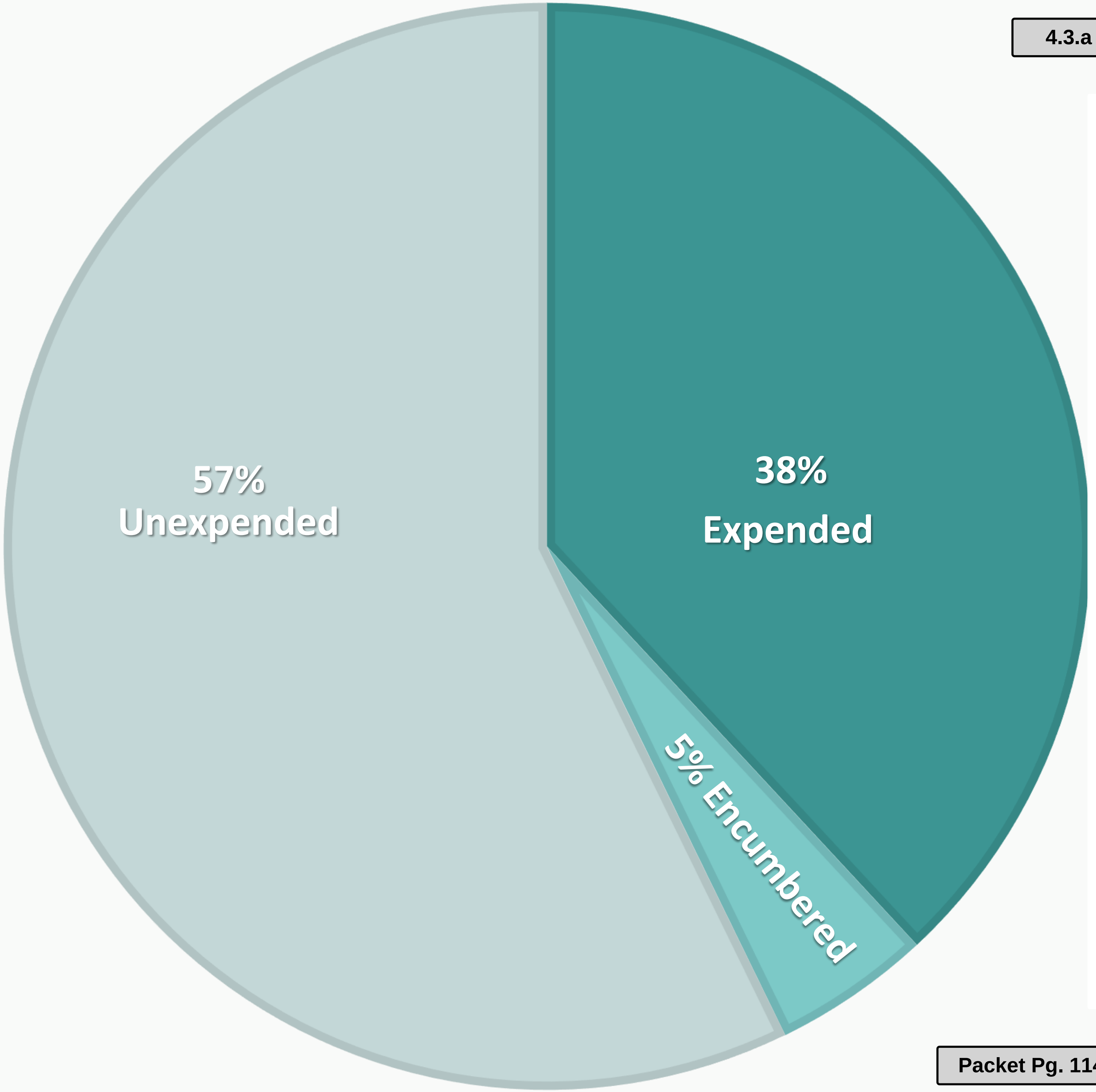


ARPA Allocations By Type



ARPA Expenditures To-Date:

43% Expended or Encumbered



$3.4 million ARPA funds invested in Melrose Public Schools

Schools Revenue Loss Replacement	$	802,000.00
COVID-19 Disinfection/Custodial Needs	$	128,000.00
HVAC Study and Implementation of A/C at MVMMS	$	1,050,000.00
Schools Asbestos Abatement	$	90,000.00
School Department Closing FY22 Budget	$	774,697.00
High School and Middle School Complex Elevators	$	594,000.00

Thank you!

www.cityofmelrose.org/mayor/pages/ARPA

Financial Update

MELROSE CITY COUNCIL APPROPRIATIONS & OVERSIGHT COMMITTEE MEETING

DECEMBER 8, 2022

Patrick Dello Russo

CFO and City Auditor

Kathryn Armata

Treasurer/Collector

Sarah MacLellan

Chief Assessor

Kerriann Golden

Assistant Auditor

City of Melrose Finance Team

What we will cover tonight:

- Budget Snapshot
- Impact of Proposition 2 ½
- New Growth & Free Cash
- Impact of School Department deficit
- Tax Levy Limit
- Capital Needs
- Debt Model

Some terms and what they mean:

Tax Levy – The revenue a community can raise through rea personal property taxes.

Prop. 2 ½ – A Massachusetts law enacted in 1980 that places strict limits on the amount of property tax revenue a community can raise through real and personal property taxes.

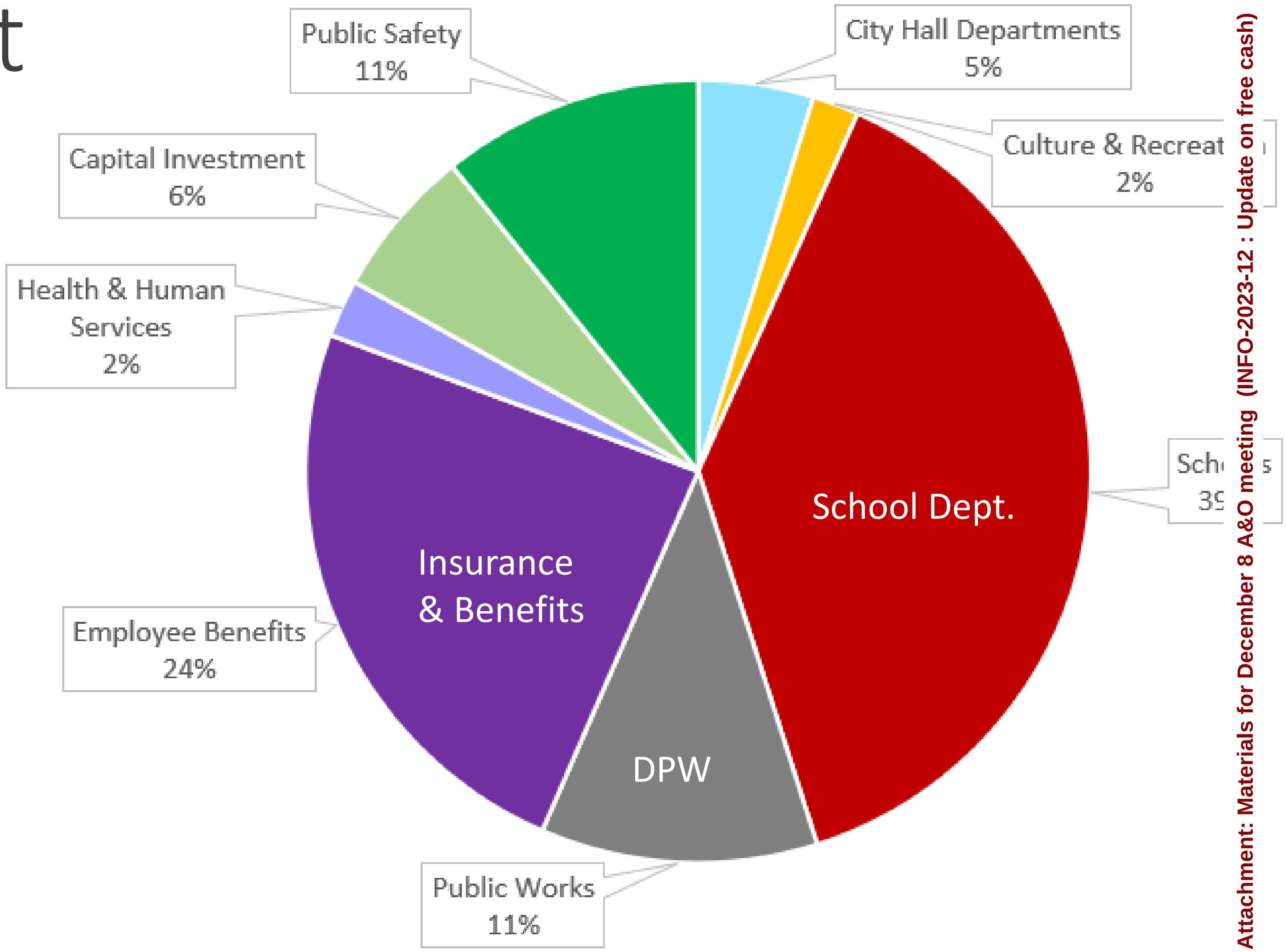
Tax Levy Limit – The maximum amount a community is allowed to raise through property taxes in a given year, based on 2.5% growth of the prior year's Levy Limit plus new growth.

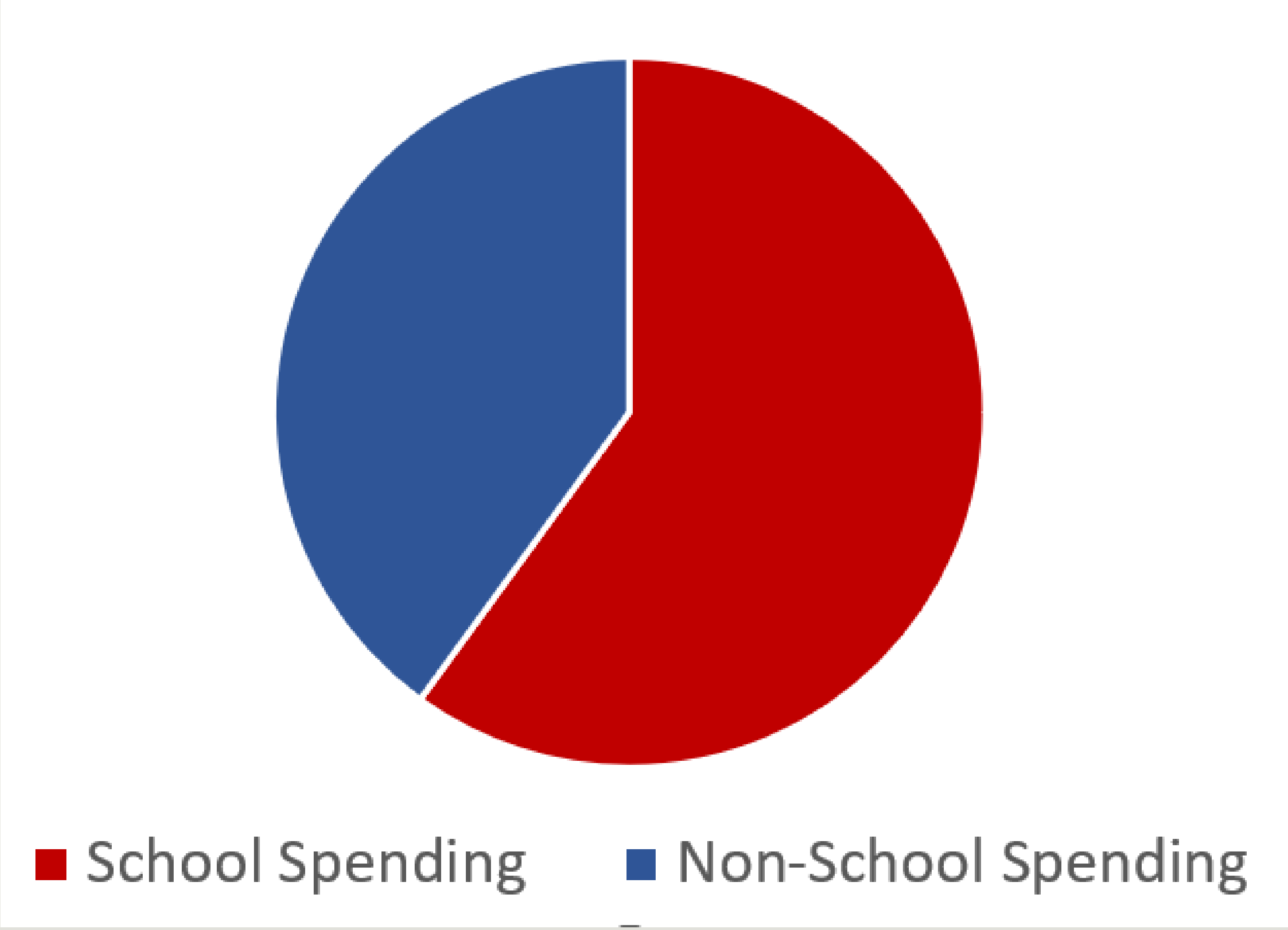
New Growth – The increased value of new development and other growth in the tax base that is <u>not the result of revaluation</u>. A portion of this value is applied to the levy limit.

Override – A permanent increase in the Levy Limit of a community above the allowable 2.5% growth. Requires a majority vote at the ballot.

Free Cash – Funds certified annually by the state that come from municipal revenues being greater than expected and/or expenses being less than budgeted.

Budget Snapshot





School spending includes costs carried within City budgets:

- Facilities Division of DPW supporting the Schools
- Insurance and Benefits for School Employees
- Debt service for School facilities

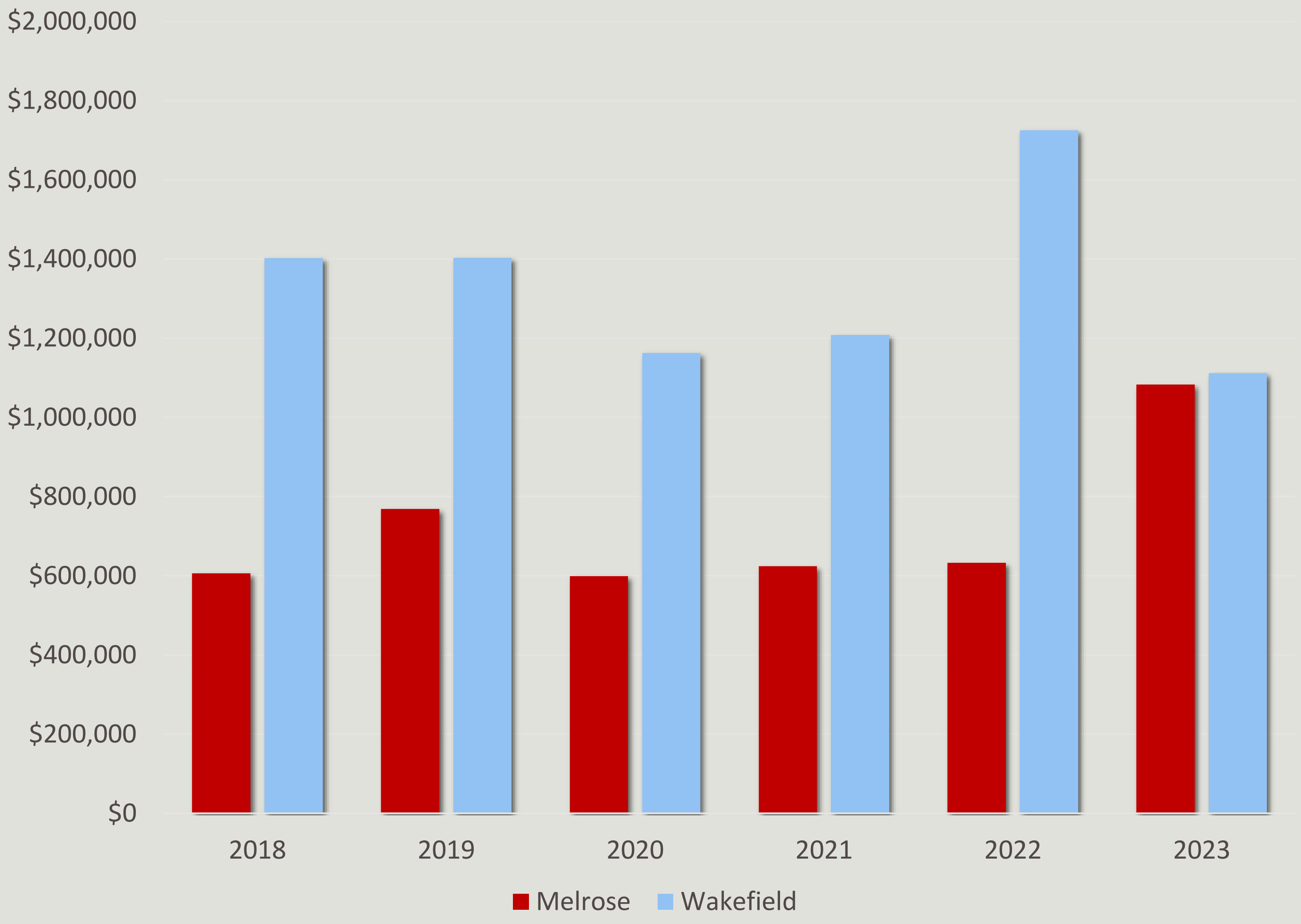
How does Prop. 2 ½ affect our finances?

We can only increase our tax revenue by 2.5% of last year's Levy Limit + New Growth

We tax to the Levy Limit so we cannot increase taxes beyond that without an override

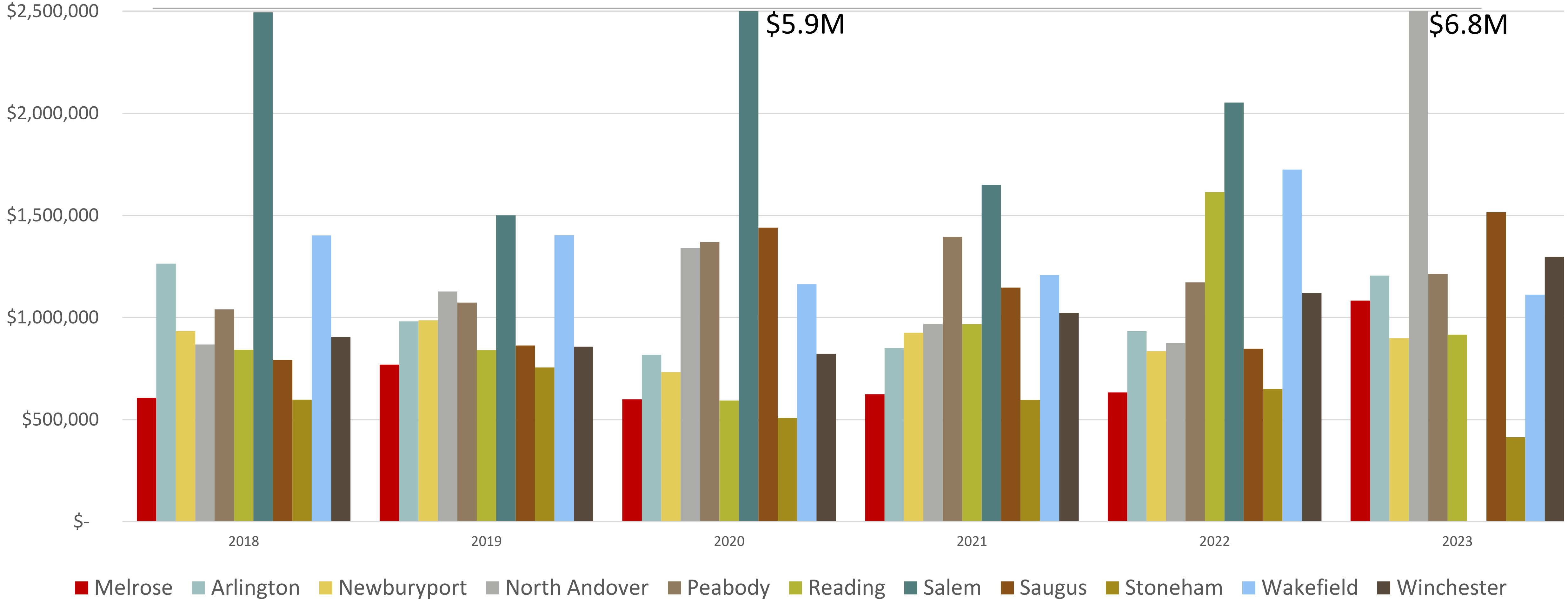
Annual operating budget increases must fit within next year's Levy Limit

The majority of year-over-year budget increases are non-discretionary costs



New Growth Comparison to Wakefield

10 Community New Growth Comparison

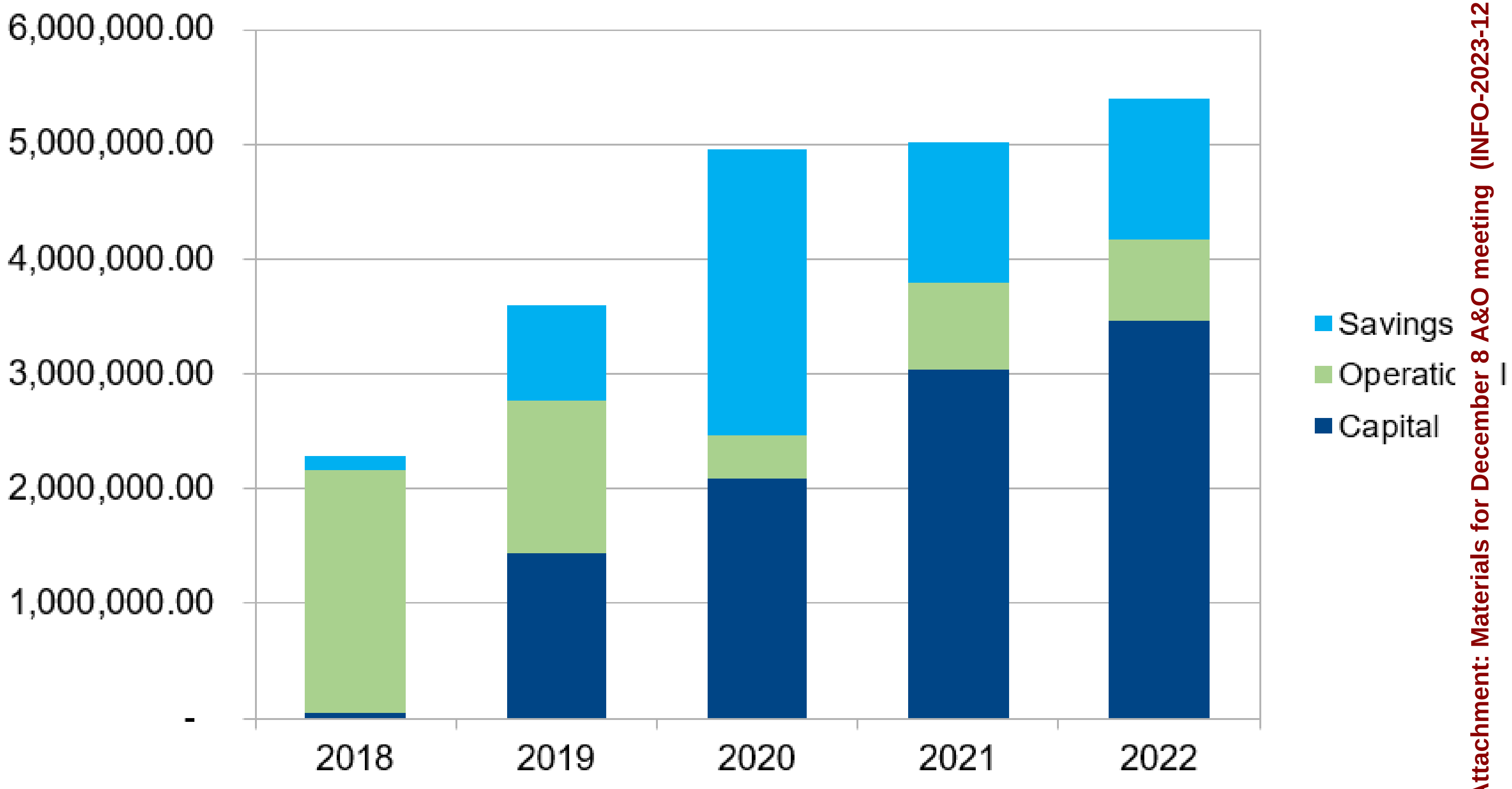


Melrose Free Cash – past 5 years

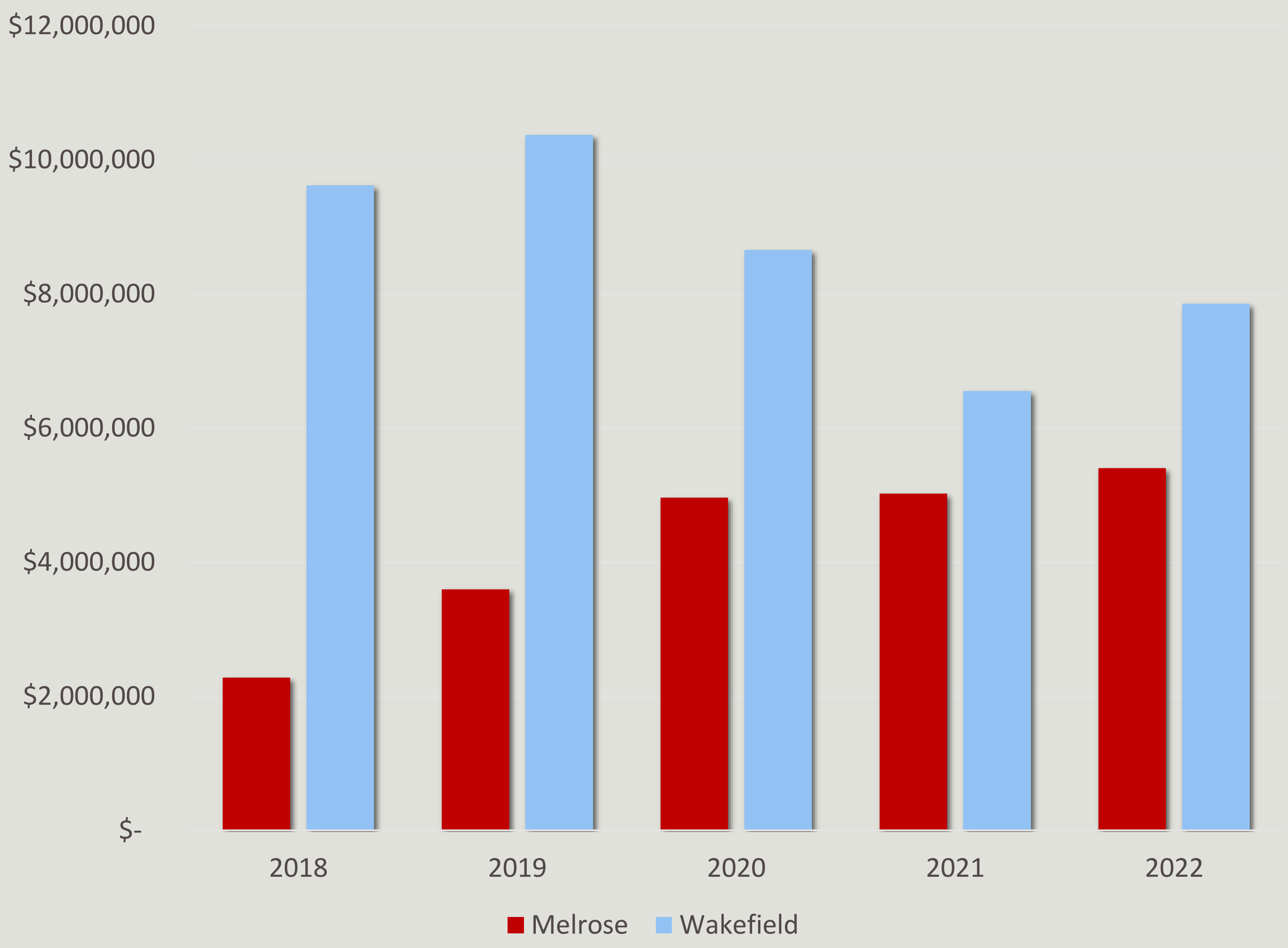
SAVINGS: stabilization funds, affordable housing trust

OPERATIONAL: snow/ice, software, trainings, etc.

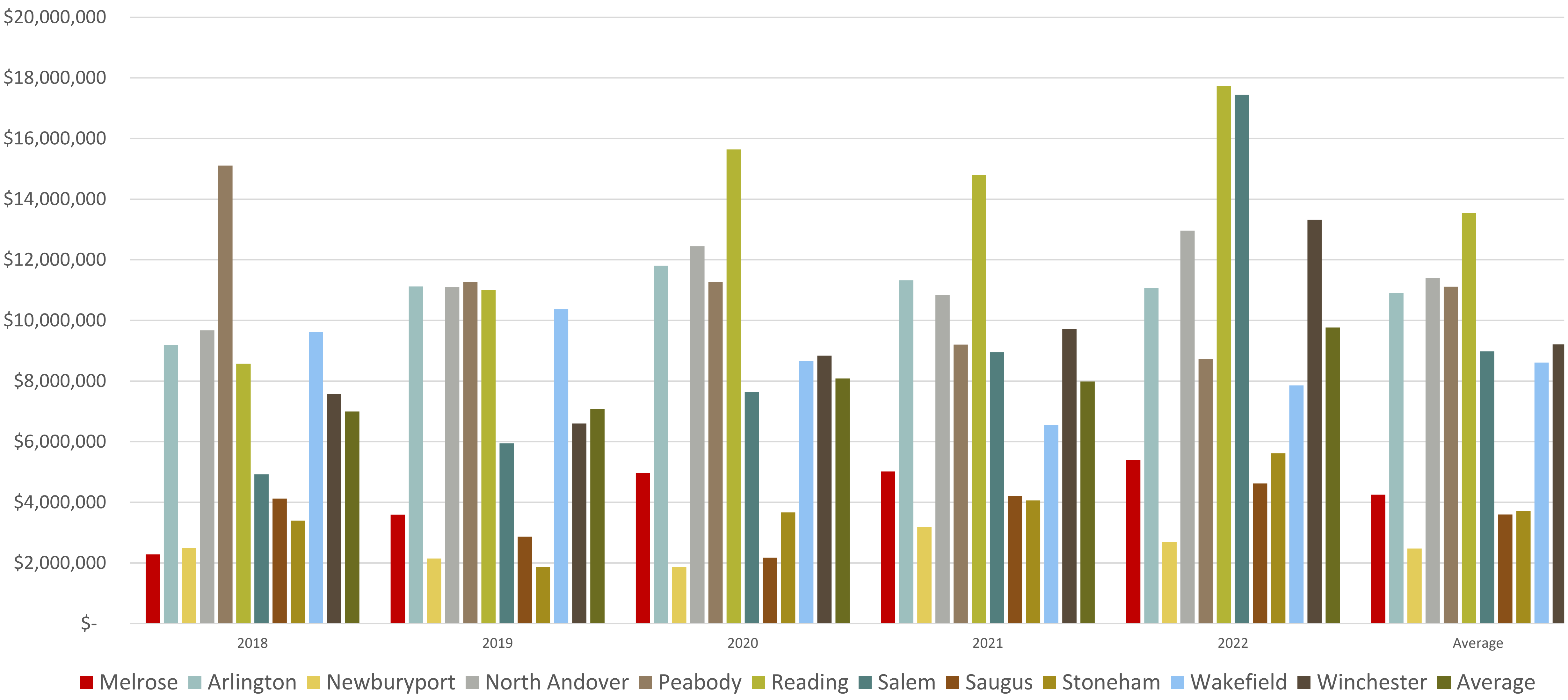
CAPITAL: buildings, vehicles, playgrounds, trees, equipment, etc.



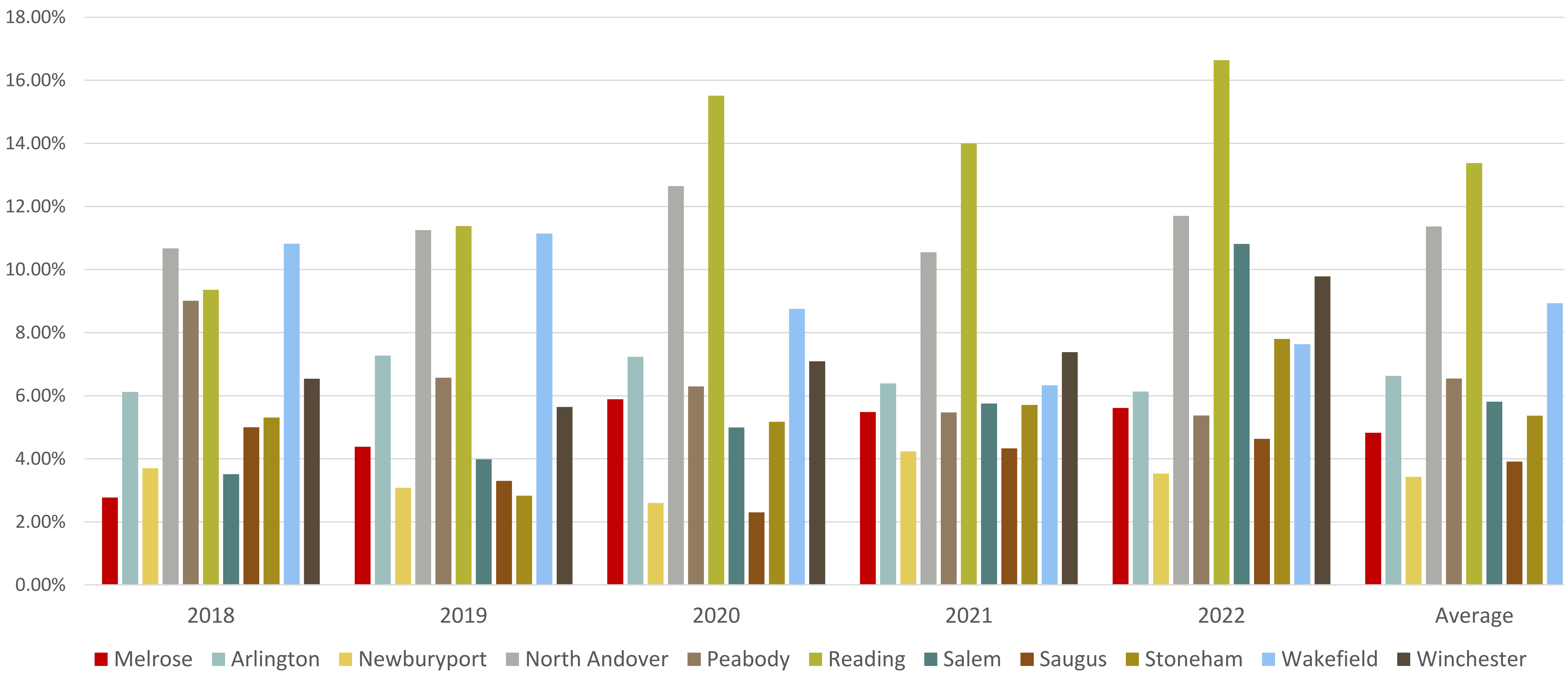
Free Cash Comparison to Wakefield



5 Year Free Cash Comparison ($)



5 Year Free Cash Comparison (%)



FY22 School Department Deficit

Major Cost Overrun Drivers, according to CLA Consultants:

- $2.1 million of Special Ed cost overruns
  - $700K – Transportation
  - $1.48 million – Tuitions
- Remainder can be accounted for by the teacher coverage costs that wer charged to paraprofessional lines. Teachers were required to stay home up to 10 days after contracting COVID-19 and the district had to provide coverage.

FY22 deficit closed using federal education relief and ARPA funds

School Department structural deficit expected to continue

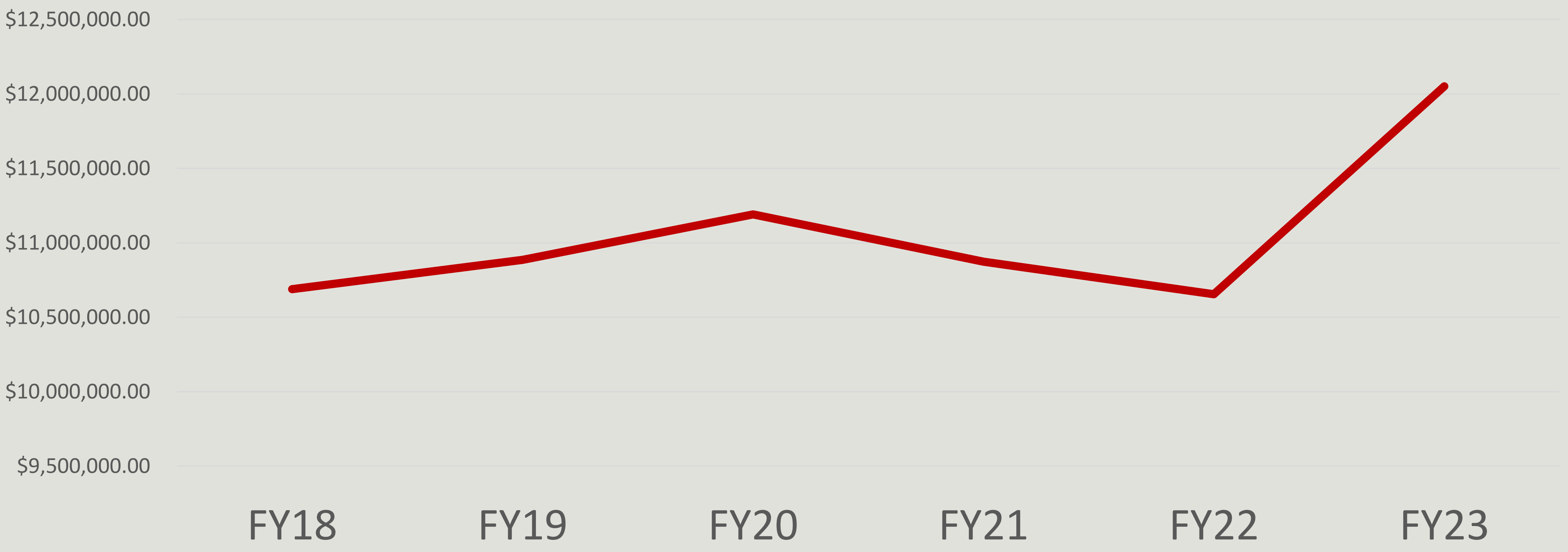
Potential funding sources:

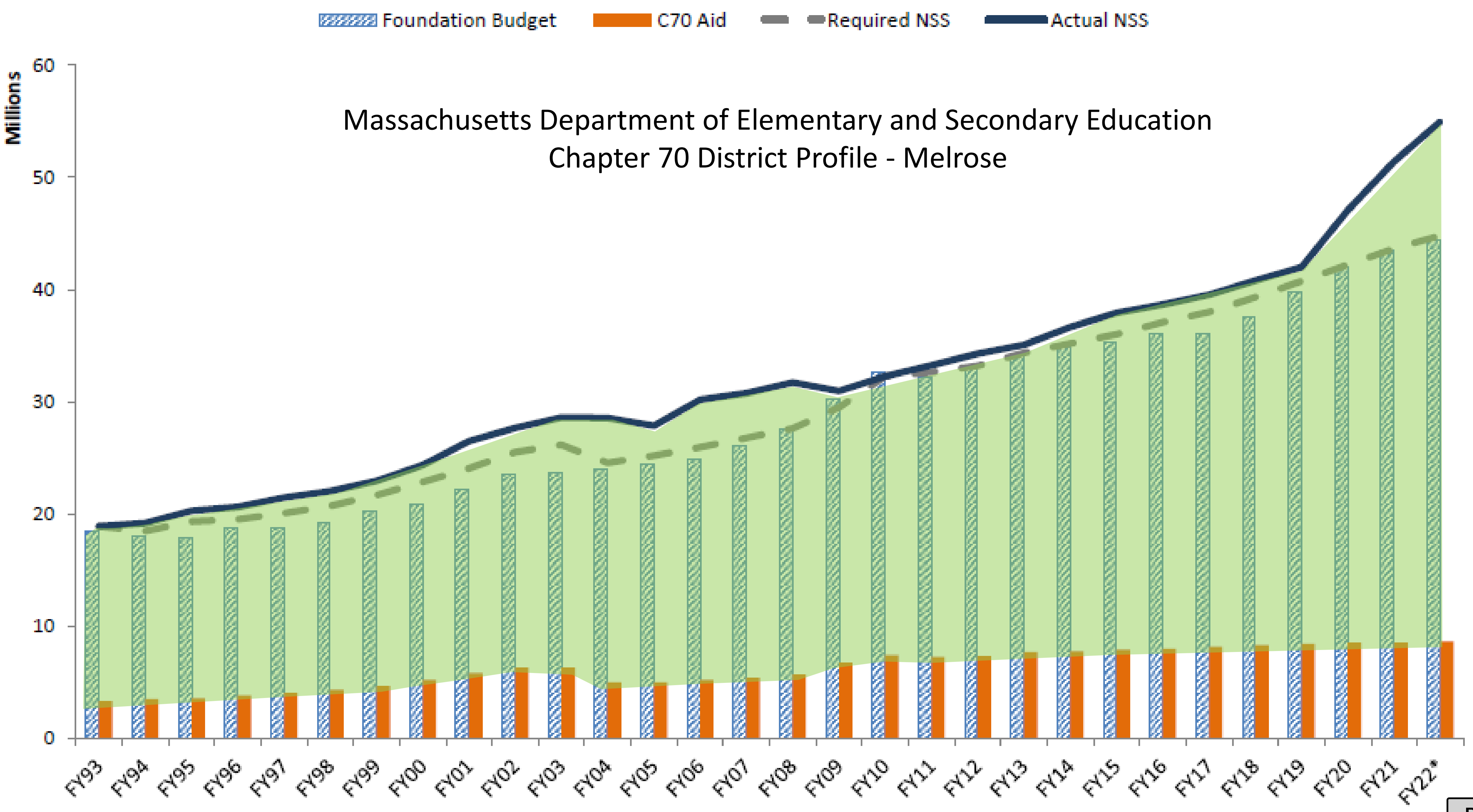
- Free Cash
- Contract Stabilization Fund/Special Education Stabilization Fund
- ARPA
- Other funding sources if available

Potential increased revenue sources:

- State aid (Student Opportunity Act)
- Comprehensive fee study
- Continued re-development to support new growth

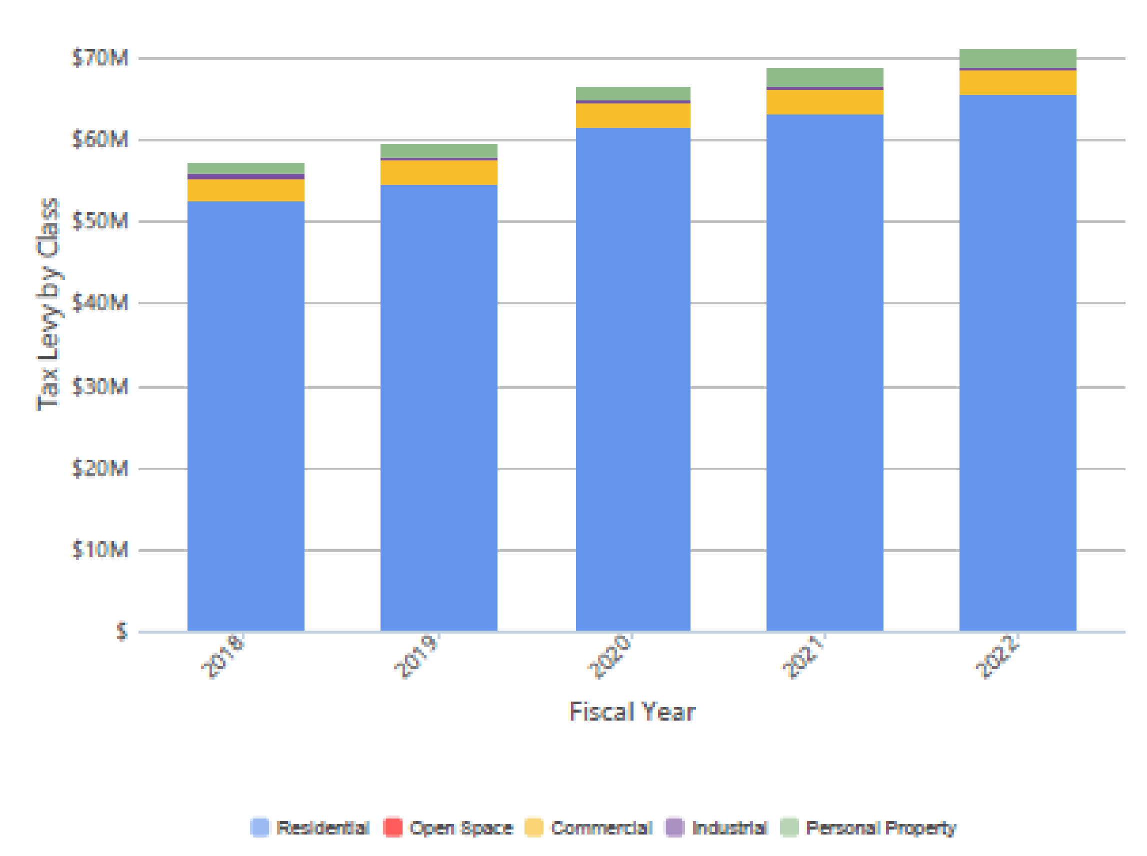
Net State Aid




Foundation Budget
C70 Aid
Required NSS
Actual NSS
Millions
60
50
40
30
20
10
0
Massachusetts Department of Elementary and Secondary Education
Chapter 70 District Profile - Melrose
FY93
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03
FY04
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22*

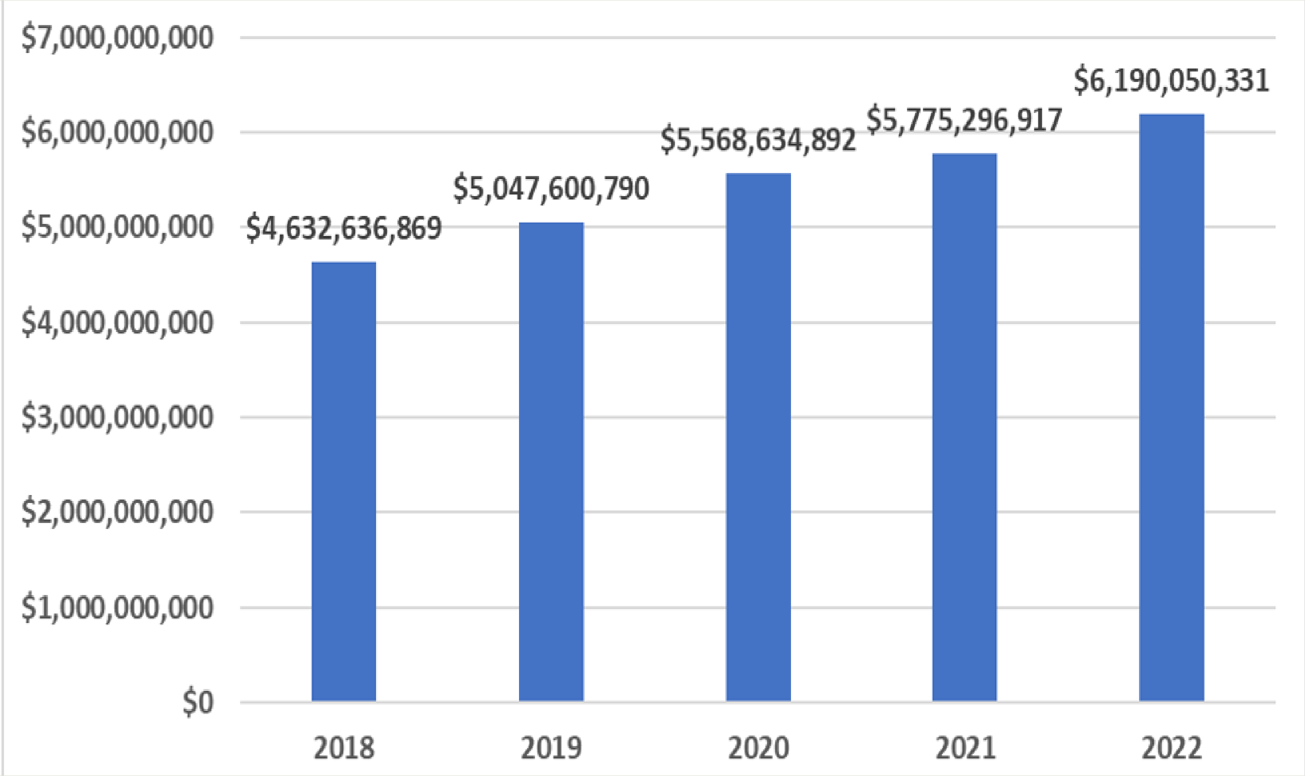
Fiscal Year	Levy Limit w/o Debt & Capital Exclusions	Maximum Levy Limit	Total Tax Levy	Excess Levy Capacity	Excess as a % of Maximum Levy
2019	$57,521,943	$59,397,799	$59,375,238	$22,560	0.04%
2020	$64,738,724	$66,629,218	$66,627,306	$1,911	0.00%
2021	$66,981,117	$68,878,709	$68,877,944	$765	0.00%
2022	$69,288,556	$71,196,790	$71,171,656	$25,134	0.04%

We continue to tax to the maximum allowed by law

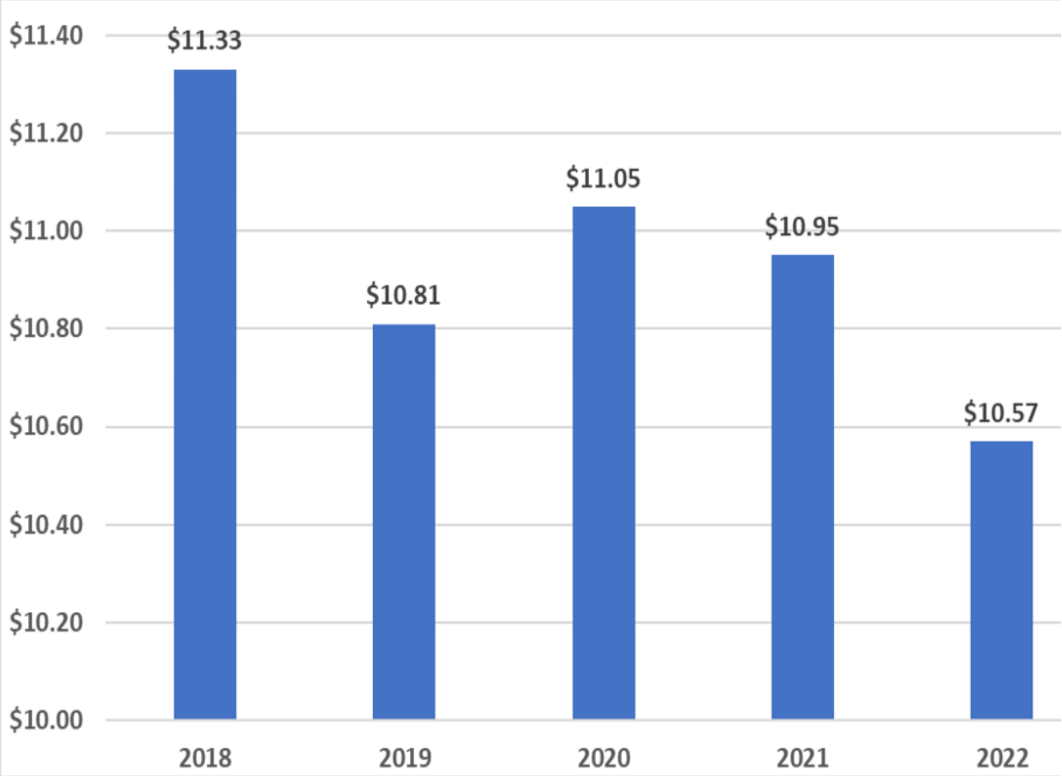


In Melrose, 92% of taxes are paid by residential property owners

As property values rise, tax rates fall



Total Value of Residential Properties in Melrose



Residential Property Tax Rate (per $1K assessed value)

FY24 Tax Levy Limit Estimate (excluding debt exclusion amount):

Based on Prop. 2 1/2, Melrose's tax levy will grow approximately **$2.3 M next year**:

FY23 Tax Levy Limit:	$72 million
2.5% Increase:	$1.8 million
New Growth*:	$500,000

This is the additional amount we will have next year to support all departments across both City and Schools.

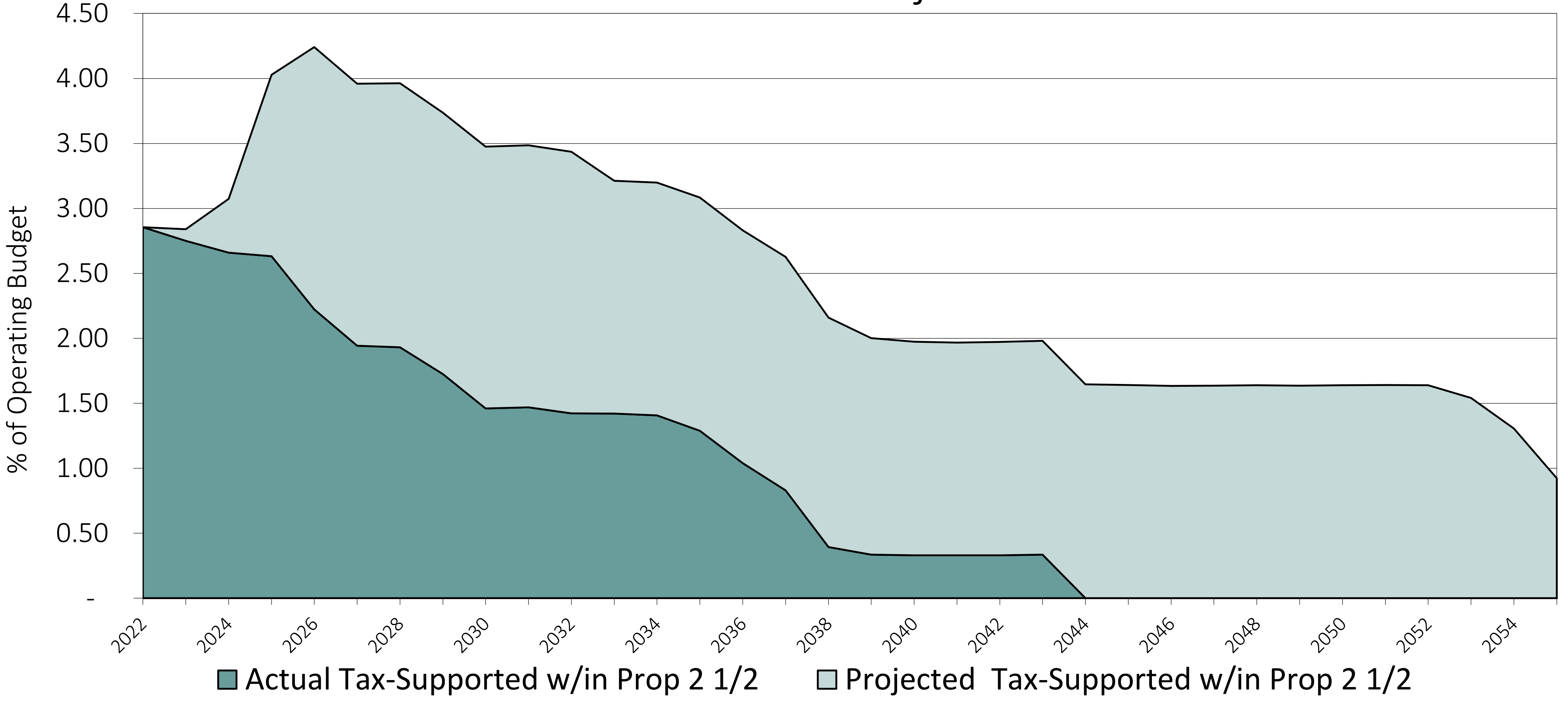
Capital Needs

- FY24-FY28 capital planning process has just kicked off with department heads
- Collins Center consultants will work with our Finance team to determine the City's financial capacity to fund capital and will create a multi-year Capital Investment Strategy
- School Department structural deficit will be factored into this plan
- In FY24 will prioritize most urgent capital needs (e.g., Police/Fire radios and antenna system)

Debt Management

- We continue to project new non-exempt debt will stay below our limit of 5% of operating budget.
- In the fiscal years ahead, we will still have borrowing capacity to bond necessary projects
- Any new exempt debt for a large project (e.g., Public Safety Buildings) would be outside of the Prop. 2 ½ limitation and would require a “debt exclusion” vote at the ballot.

Tax-Supported ("non exempt") debt within Proposition 2 1/2
Actual vs. Projected



The Finance Team looks forward to returning in January to provide:

- Mid-year FY23 Budget update
- FY23 Free Cash (assuming certified by DOR)
- Mid-year update on Local Receipts
- Any updates regarding state funding

QUESTIONS?

CITY OF MELROSE

OFFICE OF THE MAYOR

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

PAUL BRODEUR
Mayor

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on FY22 Free Cash appropriations
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a status update on the use of Fiscal Year 2022 Free Cash appropriations, as follows:

Order 2022-77: Memorial Hall Building Envelope ($1,500,000)

The Memorial Hall Building Envelope Restoration Project is well underway. Construction is currently occurring simultaneously on all three primary elements of the project: the roof replacement, the window restoration, and the masonry repointing. The current projection is that the construction will be completed by June of 2023. So, in terms of expending the free cash portion of the funding for this project, the expectation is that the funding will be spent by the end of Fiscal Year 2023.

Order 2022-87: Police Chief Search ($30,000) – complete

Order 2022-89: Police - Replacement hire cost ($151,200)

Police Salary and Wages	$63,000.00	**complete**
Police Firearms and Ammunition	$3,600.00	**complete**
Police Uniforms	$65,000.00	remaining balance is 24,422.87
Police Academy Tuition and Training	$19,600.00	**complete**

Order 2022-108: Replacement Fred Green Turf ($600,000)

There has been a delay at Weston and Sampson, due to the consultant who was working on the RFQ for Fred Green Field having retired. As of the end of November, Weston and Sampson has committed to delivering the pricing and RFQ to the City by the end of this week. Based on that timeframe, DPW would expect the bidding process to be moving forward promptly, with the objective for the field to be ready by the beginning of September 2023.

Order 2022-114 – DPW Easement ($48,000) – complete

Order 2022-132 – Stabilization Balances ($1,225,000) – complete

Order 2022-130 – Snow and Ice – ($341,621.03) – complete

Order 2022-134 IT Phone System, Cameras & Social Media Archiving ($270,000)

1. School VoIP project: $100,000 of this cost is for the School Telephone Replacement project. Additionally, there were $60,000 of implementation and engineering costs that were slated for this project. IT has not paid for all expenses related to this project.

2. Middle School Camera system: This project is in process. It is about 80% complete. IT just paid an invoice for roughly $64,000 and will pay the rest after completion (roughly $40,000).

3. Social Media Archiving: IT is working with City Solicitor Phillips and other Department Heads and School Admin staff who have social media accounts to get control of them and get them archived in our new system. $20,000 of this has been paid to Jatheon for the software.

Order 2022-135: DPW

1. New Vehicles ($482,000.00) – This funding, along with another $90K in free cash from the Sewer Enterprise Fund, was for replacement of six vehicles: Roll-off (#17), three light dump trucks (#33, 55, and 57), and two pick-up trucks (#39 and 46). To date, we have ordered the new roll-off vehicle, with expected delivery in spring 2023, as well as the two pick-up trucks. Following extensive research on electric and hybrid vehicle options, we determined that the only vehicle that could be electric was one of the pick-up trucks that will not be used for plowing snow. Therefore, one of the two pick-up trucks we have ordered is a Ford Lightning. For the remaining three light dump trucks, we have been working with multiple state vendors to identify available new vehicles that meet our specifications and hope to successfully complete those orders within the next two months.
2. Trees ($70,000) – This money is for tree planting in spring 2023 and thus has not yet been spent. We planted about 100 trees in fall 2022 using most of the remainder of the prior free cash allocation.
3. Traffic Calming ($70,404.57) – we have ordered RRFBs for the first list of locations that we prioritized, which totaled about $50K of the approx. $70K allocation. We are awaiting delivery.
4. MHS Bathrooms Design ($150,000) – we are working on an RFQ to hire a design consultant, which we hope to have out by January 2023.
5. Cemetery lowering device ($10,620.65) – this item has been purchased and the allocation is spent.

Order 2022-136: Recreation – Vehicle, Software, Community Services ($75,967.40)

1. Rec Vehicle ($47,077.40) – Rec Department is in the process of having its order filled for a 2023 Ford F-150 Lightning. Ford is currently completing a custom build and delivery is expected in February or March of 2023. Upon delivery we will be paying the invoice in full. After the disbursement for the recreation vehicle all funds will be exhausted.

2. Recreation Online Registration Software ($10,000) – These funds have been expended and Rec has launched our new online registration system called Civic Rec. You can view the new system on the Recreation website.

3. COA fobs and media repair ($13,890) – COA Director Minchello is working to repair the speaker; the latest attempt is in the final stages with an upcoming repair date. She is coordinating on the

media equipment and the fobs with the IT Department and has options and quotes for listening devices but is waiting to purchase in case it is best to tie into the virtual technologies.

4. Memorial Hall elevator controls ($5,000) – The elevator software upgrade groundwork was completed in November (10% of the project). The software had technical issues so the installation of the software is anticipated to start in January 2023.

<u>Order 2022-137: School – Medicaid reimbursement ($75,000); Microscopes, Curriculum, Uniforms, Golf Cart ($192,000)</u>

1. Medicaid Reimbursement $75,000 – **complete** – These funds were received and applied to the general FY22 operating budget as an offset as budgeted.
2. Literacy Curriculum (Savvas) ($100,000) – $99,980.39 has been expended – Elementary English language Arts materials have been purchased and received. The total program cost is $449,883.61. MPS was awarded a competitive grant in the amount of $179,943.74. The District will request an additional contribution from the City in the amount of $169,959.48 for FY24.
3. Microscopes ($30,000) – In progress, funds have been encumbered based on a quote for $28,716.75.
4. Utility Vehicle ($12,000) – In progress, gathering three quotes from vendors.
5. Uniform Replacement ($50,000) – In progress, approximately $24,695.77 has been encumbered based on quotes/invoices.

<u>Order 2022-138 Various Departments ($76,400)</u>

1. Health and Human Services Department (rodent control $28,000) – grant funds were received to allow this project to move forward without using City funds.
2. City Solicitor (professional services $25,000) – funds have been expended.
3. Auditor's Office (office equipment $10,000) - $ 556.74 has been expended to-date, with the remaining amount available for this Fiscal Year for any department(s) with a need for new furniture.
4. Fire Department (mattresses $10,000) – The Fire Department ordered the replacement of 20 bedding materials throughout all 3 fire stations from Mattress Firm. At the end of the week of November 14th, all materials were received and distributed throughout the stations. According to the FD Finance Administrator, the firefighters are very grateful that we were able to do this for them. She is awaiting the invoice from Mattress Firm which will be paid upon receipt.
5. Elections Department (equipment and banner $3400) – $3,93.94 was expended for election banners. They were ordered, invoiced/paid and used in the last two elections. According to the City Clerk, these have been very well received by voters.

<u>Order 2022 – 133 Pine Banks Parking Lot paving ($34,010.35)</u>

Per the funding agreement between Malden and Melrose, the City of Malden has made an equal appropriation for this project; the Pine Banks Trustees are working with their engineering firm to finalize the project design based on this budget. They anticipate that the project will be done in Spring 2023.

CHART - 1		City of Melrose			
DRAFT	Ten Year General Fund Debt Plan Review				
12/5/2022		Department of Finance			
				Projected	
	Year	Net Debt	5% Limit	Budget	Percent
	2022	$2,855,696	$4,550,026	$91,000,522	3.14%
	2023	$2,839,293	$4,762,804	$95,256,080	2.98%
	2024	$3,074,059	$4,905,688	$98,113,762	3.13%
	2025	$4,028,867	$5,052,859	$101,057,175	3.99%
	2026	$4,241,587	$5,204,445	$104,088,891	4.07%
	2027	$3,959,412	$5,360,578	$107,211,557	3.69%
	2028	$3,963,531	$5,521,395	$110,427,904	3.59%
	2029	$3,735,853	$5,687,037	$113,740,741	3.28%
	2030	$3,474,755	$5,857,648	$117,152,963	2.97%
	2031	$3,486,111	$6,033,378	$120,667,552	2.89%
	Totals:	$35,659,166	$52,935,857		
	Average:	$3,565,917	$5,293,586		
	Variance:		$1,727,669		
Note(s):	1. It is the current policy of the City of Melrose that the G/F net				
	non-exempt debt budget equate to approx. 5% of the Operating Budget.				
	2. The figures proposed can only be "estimates". Actual figures				
	will be developed as interest rates are locked in.				

CHART - 2		City of Melrose - 5% Debt Limit			
DRAFT	Ten Year General Fund Debt Plan Review				
		Department of Finance			
12/5/2022			**5% Limit**		
	Year	**Net Debt**		**Variance**	
Projected					
	2022	$2,855,696	$4,550,026	$1,694,330	
	2023	$2,839,293	$4,762,804	$1,923,511	
	2024	$3,074,059	$4,905,688	$1,831,629	
	2025	$4,028,867	$5,052,859	$1,023,992	
	2026	$4,241,587	$5,204,445	$962,857	
	2027	$3,959,412	$5,360,578	$1,401,165	
	2028	$3,963,531	$5,521,395	$1,557,864	
	2029	$3,735,853	$5,687,037	$1,951,184	
	2030	$3,474,755	$5,857,648	$2,382,893	
	2031	$3,486,111	$6,033,378	$2,547,267	
	Totals:	$35,659,166	$52,935,857		
	Average:	$3,565,917	$5,293,586		
	Variance:		$1,727,669		
Note(s):	1. It is the current policy of the City of Melrose that the G/F net				
	non-exempt debt budget equate to approx. 5% of the Operating Budget.				
	2. The figures proposed can only be "estimates". Actual figures				
	will be developed as interest rates are locked in.				

ARPA Project Name	PROJECT TOTAL	FY22	FY23	FY24	FY25	Department	Type
ARPA - Consultant	$ 10,000.00	$ -	$ -	$ -	$ -	Auditors	Admin
ARPA - Administration	$ 4,500.00	$ -	$ 4,500.00	$ -	$ -	Auditors	Admin
Milano Center Health, Wellness, Accessibility	$ 25,000.00	$ 25,000.00	$ -	$ -	$ -	COA	Infrastructure
Milano Center HVAC	$ 218,729.00	$ 218,729.00	$ -	$ -	$ -	COA	Infrastructure
City Sidewalk Improvements - Ashland/Bay State/Burnett/Sycamore	$ 750,000.00	$ 250,000.00	$ 250,000.00	$ 250,000.00	$ -	DPW	Infrastructure
Covid Sanitization-Custodial	$ 65,000.00	$ 65,000.00	$ -	$ -	$ -	DPW	COVID Response
Labor Costs/Additional Cleaning and Sanitizing of Public Buildings	$ 40,000.00	$ 40,000.00	$ -	$ -	$ -	DPW	COVID Response
Lead Water Service Inventory and Replacement Design	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -	DPW	Infrastructure
Traffic Calming Toolkit	$ 28,300.00	$ 28,300.00	$ -	$ -	$ -	DPW	Infrastructure
Asset Management Software	$ 106,000.00	$ 106,000.00	$ -	$ -	$ -	DPW	Infrastructure
Replacement Vehicle to Deliver Services	$ 23,000.00	$ -	$ 23,000.00	$ -	$ -	DPW	Infrastructure
Fire Department Vehicles	$ 120,000.00	$ 120,000.00	$ -	$ -	$ -	Fire	Public Safety
Public Safety Training Equipment	$ 105,308.00	$ 78,308.00	$ -	$ -	$ 27,000.00	Fire	Public Safety
Fire Headquarters HVAC	$ 35,000.00	$ 35,000.00	$ -	$ -	$ -	Fire	Infrastructure
Tremont Fire House Update	$ 151,205.00	$ -	$ 151,205.00	$ -	$ -	Fire	Infrastructure
At-Home COVID tests	$ 1,824.00	$ 1,824.00	$ -	$ -	$ -	Health	COVID Response
FT Social Service Coordinator*	$ 200,330.00	$ 12,235.00	$ 72,900.00	$ 75,789.00	$ 39,406.00	Health	Community Mental Health and Wellness
IT Intern to Address COVID-19 Backlog of IT Infrastructure and Cybersecurity Projec	$26,000	$ -	$26,000	$ -	$ -	IT	COVID Response
Melrose Public LIbrary HVAC Upgrades	$ 500,000.00	$ 500,000.00	$ -	$ -	$ -	Library	Infrastructure
Economic Recovery Director*	$ 290,081.00	$ 31,762.00	$ 101,785.00	$ 103,930.00	$ 52,604.00	Mayor's	Economic Recovery
Community Conversations Initiative	$ 25,000.00	$ -	$ 25,000.00	$ -	$ -	Mayor's	Community Mental Health and Wellness
Small Business/Non-Profits/Cultural Sector Suport	$ 150,000.00	$ -	$ 50,000.00	$ 50,000.00	$ 50,000.00	Mayor's	Economic Recovery
Addressing Food Insecurity	$ 75,000.00	$ -	$ 25,000.00	$ 25,000.00	$ 25,000.00	Mayor's	Economic Recovery
Utility Arrearages	$ 141,000.00	$ -	$ 141,000.00	$ -	$ -	Mayor's	Economic Recovery
Foss Park Basketball and Playground Upgrade	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -	Parks	Infrastructure
Amazing Grace Basketball Court	$ 41,106.00	$ -	$ 41,106.00	$ -	$ -	Parks	Infrastructure
Police Department Vehicles	$ 256,000.00	$ 256,000.00	$ -	$ -	$ -	Police	Public Safety
Community Mental Health Initiative	$ 200,000.00	$ 50,000.00	$ 50,000.00	$ 50,000.00	$ 50,000.00	Rec/Health	Community Mental Health and Wellness
Schools Revenue Loss Replacement	$ 802,000.00	$ 802,000.00	$ -	$ -	$ -	Schools	COVID Response
COVID-19 Disinfection	$ 128,000.00	$ 128,000.00	$ -	$ -	$ -	Schools	COVID Response
HVAC Study and Implementation of A/C addition at MVMMS	$ 1,050,000.00	$ -	$ 1,050,000.00	$ -	$ -	Schools	Infrastructure
Schools Asbestos Abatement	$ 90,000.00	$ 90,000.00	$ -	$ -	$ -	Schools	Infrastructure
School Department Closing FY22 Budget	$ 774,697.00	$ 774,697.00	$ -	$ -	$ -	Schools	COVID Response
High School and Middle School Complex Elevators	$ 594,000.00	$ 594,000.00	$ -	$ -	$ -	Schools	Infrastructure
TOTAL	**$ 7,327,080.00**						
REMAINING UNCOMMITTED ARPA FUNDS	**$ 1,047,094.00**						
**Personnel costs are inclusive of health insurance and benefits*							

Attachment: Materials for December 8 A&O meeting (INFO-2023-12 : Update on free cash)

CITY OF MELROSE

OFFICE OF THE MAYOR

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 979-4440

PAUL BRODEUR
Mayor

MEMORANDUM

To: Melrose City Council/A&O Committee
From: Margot Fleischman, Director of Strategic Initiatives and Communication
Re: Update on FY20 and FY21 Free Cash appropriations
Date: December 8, 2022

On behalf of Mayor Brodeur, I am pleased to present the Honorable City Council with a status update on the use of Free Cash appropriations from Fiscal years 2020 and 2021, as follows:

Of the Free Cash appropriations approved by Council in FY 2020 the follow appropriations remain open:

2020-70 Fire - SCBA Equipment (\$110,000) – awaiting final invoicing

2020-103 City Hall Generator (\$105,000.00) – design is complete and construction is in progress (see 2021-109)

2020-103 School Door update (\$300,000) – about half of this appropriation has been spent, and more of it committed for several other doors in the next few months, as well for new fob reader installations.

2020-103 Sylvan Street Drainage (\$129,000) – all funds have been encumbered for design and the project will be completed with FEMA approval as part of the TIP project.

2020-108 IT - Capital investments (\$295,104.60) – partially complete; used to pay for a projector replacement project at the Winthrop School that was completed and paid for. The \$225,000 was used to pay for a server upgrade project that we are only now implementing. There will be a remaining amount in the amount of \$56,601.43 that is being used for the Hoover projector replacement project in summer of 2023.

2020-109 DPW - Traffic Calming (\$75,000.00) – all funds have been encumbered for traffic controls and signalization upgrades at intersections throughout the City; a number of items, including 6 rapid flashing beacons, are on order and DPW is awaiting delivery.

2020-109 DPW - Cemetery Upgrades (\$50,000) – a portion of this appropriation funded the Cemetery records digitization project and the balance is going towards paving that will be done at various streets inside the Cemetery; DPW was awaiting FEMA feedback on a drainage issue and FEMA concerns have delayed a portion of the project; the remainder will be done in the spring.

2020-109 DPW- Sidewalk Repairs (\$151,676.55) –funds are encumbered; the paving company just finished the fall round of sidewalk repairs and will continue in the spring when all funds will be expended.

Of the Free Cash appropriations approved by Council in FY 2021 the follow appropriations remain open:

2021-109 DPW City Hall Generator ($400,000) - project is in progress; concrete pad has been installed; most of the interior work will be done between now and when the generator arrives; lead times on the generator was in excess of 20 months; we are hoping to receive the generator by July 2023.

2021-131 HR - DEI initiative ($100,000.00) – funded staff anti-discrimination training, managers investigations training, and ADA training for all department heads; HR is finalizing RFP for internal equity audit of City's employment policies, procedures, benefit programs, department-specific practices; RFP will be issued in early January 2023 and remaining funds will be expended by the end of the Fiscal Year.

2021-130 Fire Department – Ambulance ($265,000.00) – awaiting delivery

2021-133 Park Upgrades - Lebanon, Pickleball & Ell Pond ($502,500) – Parks projects nearing completion with outstanding invoices remaining to be paid; landscaping, playground equipment and basketball court painting will happen in the spring; Ell Pond treatment is seasonal next treatment will be done in late June 2023

2021-134 Planning - Wayfinding Upgrades ($50,000) – OPCD is on track to finalize the design, locations and text to be included on the signs for a spring 2023 installation. The funds will be spent before the end of FY2023.

2021-135 Police Vehicles & Radios ($255,000.00) – vehicle has been purchased; remaining funds will be expended by the end of the Fiscal Year.

2021-136 DPW - Tree Plantings, Traffic Calming, Ell Pond Feasibility Study (480,243.00) - Ell Pond feasibility study is complete; traffic calming projects are moving ahead and funds are encumbered for traffic equipment; tree plantings are ongoing on a seasonal basis.

2021-138 School Improvements MSBA Hoover, Roosevelt Upgrades, High School Upgrades ($825,000) - in progress, MSBA grant received and projects moving forward.