



CITY OF MELROSE

Legal Department

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To: Honorable Melrose City Council

From: Shannon Phillips, City Solicitor

Re: FY2024 Operating Budget- Office of the City Solicitor (151)

Date: May 9, 2023

Prior to my office's budget presentation scheduled to take place on May 15, 2023, this memorandum is being submitted in the hopes of providing additional insight into significant changes to our FY24 budget compared to last year, and events or changes anticipated in our department for this coming fiscal year.

1) Significant changes to this Office's FY24 budget compared to last year:

- *Increase in the Salary & Wages Line Item of 8.7%:*

The increase in this line item of the budget is the result of the implementation of the non-Union Compensation and Classification Study by the City, as well as the estimated cost of interim coverage this fiscal year while the City Solicitor is out on an anticipated maternity leave.

- *Decrease in Legal Subscription Services under line item entitled "Electronic Mass General Laws" of 27.6%*

After a three-year contract with the previous vendor, the City solicited written quotes, and contracted with a comparable vendor for the next three years at a significantly reduced rate through April 30, 2026.

- *Increase in Property/Liability Insurance coverage for the City of 15%*

A major driver in this higher insurance premium this fiscal year is an increase from \$260,191 in Fiscal Year 2023 to \$321,316 in Fiscal Year 2024 for Property Insurance coverage alone. This increase reflects a deterioration of the property re-

insurance market, and the resulting higher insurance premiums across the board for policyholders.

In the beginning of this calendar year, my office solicited competitive quotes from three different companies for the City's property and liability insurance coverage. The City received only one quote back (from our incumbent insurer) in response to this request. Property re-insurance and the unpredictability of the market was expressed as the reason for at least one of the companies deciding not to provide a quote at all.

This budget line amount reflects the total cost of the new premium, with no reduction in coverage from previous years, and an added \$5K to hopefully address additional costs to the premium that may come up this fiscal year if new vehicles or equipment are added to the policy.

2) Difference between Budgeted FY23 Property & Liability Insurance Coverage and Actual FY23 Property & Liability Insurance

There is a difference of \$31,700 between what was budgeted in the line item titled "Property & Casualty Insurance" for FY2023 and the actual FY2023 "year to date spent" for this fiscal year.

At the time the FY23 budget was approved by the City Council last year, my office was only able to supply an estimate for this line item reflective of a 5% assumed increase over all existing policies. Unfortunately, our insurance provider did not end up providing an actual premium amount for our new policy until the end of June 2023 and this number was higher than anticipated. The premium amount provided at that time increased the City's insurance premium for FY23 to \$739,700.20. My department will be submitting a request for free cash to cover this difference, as well as any year end auto endorsements (additional vehicles/equipment added to the policy and therefore the premium) for FY23.

While the total cost exceeds what was originally budgeted for FY23, absent a cancellation in the City's insurance policies this was unavoidable as a contracted amount the City was obligated to pay in order to continue coverage and avoid policy cancellation.

3) Major events/ Changes in the Office of Solicitor this Fiscal Year

The City Solicitor is expected to be out on a maternity leave beginning in August of 2023. The City anticipates having a retired City Solicitor from a neighboring community provide in-office coverage in a part-time non-benefits eligible capacity, working three days a week, 6 hours a day during this leave. Any off-hours work questions / emergencies, will be directed to the Assistant City Solicitor. Labor matters will be handled by the Assistant City Solicitor and/or outside counsel as/when necessary.