



CITY OF MELROSE

Office of Treasurer-Collector

Kathryn J Armata
Treasurer-Collector

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Treasurer - (781) 979-4162
Collector - (781) 979-4120
Fax - (781) 665-6877

MEMORANDUM

To: Melrose City Council
From: Kathryn Armata
Date: June 8, 2023
Re: **FY24 - Treasurer Collector budgets**

This memo provides a summary of the proposed FY24 budgets for the following categories:

145- Treasurer/Collector	711 – Municipal Debt
296 – Parking	751 – Municipal Interest
916 – Medicare City Portion	752 – Projected Debt and Temporary Interest

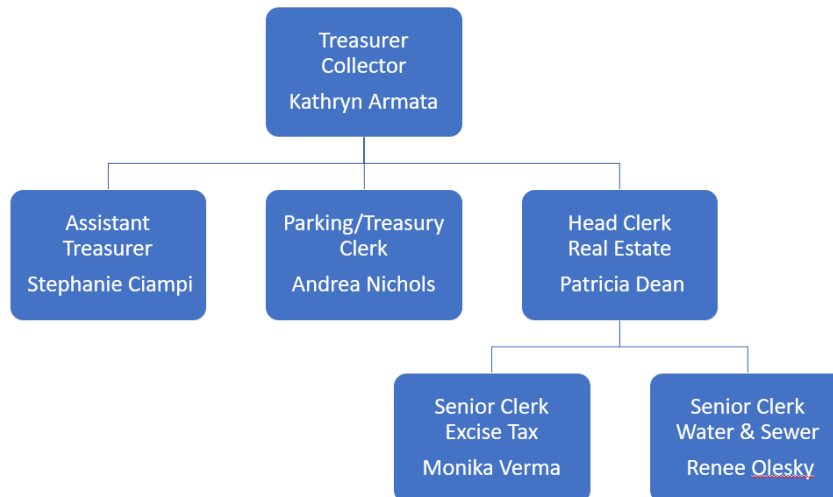
Each budget commentary will address the following questions put forward by the City Council, when applicable:

- Have there been any noteworthy changes or events that took place during FY23 in your department (staffing changes, technology upgrades, new regulations, or procedures, etc.)
- Do all your department’s salaries come from the same budget, if not, please identify the split among multiple budgets?
- Are there any significant changes to your FY24 budget compared to last year? Please explain.
- Any events or changes you anticipate in your department for FY24?
- If you have a Revolving Fund, please touch upon any significant utilization if relevant to your department’s operations.

145 – Treasurer Collector

The Treasurer Collector department has six team members. Each of the Collectors is the subject matter expert of their assigned desk and is also trained to act as a generalist on the other two desks for purposes of customer service inquiries. The Parking/Treasury Clerk is also trained as a generalist on the Collector’s desks for customer inquiries and covers the collections window or returns phone

calls when needed. She is also training to become a backup on payroll processing and processes deductions changes, payroll verifications and other requests. The Assistant Treasurer is responsible for the accounting of all monies received by the City, processing payrolls and funding all expenses. The Treasurer Collector performs daily cash management duties in the absence of the Assistant Treasurer and can backup payroll processing.



The majority of the team's salaries are paid from the Treasurer Collector budget. The Parking/Treasury Clerk salary is paid 23.5 hours per week from the Treasurer Collector budget and 6.5 hours per week from the Parking budget. The Collectors and Treasury/Parking Clerk are Union positions. The Treasurer and Assistant Treasurer are non-Union positions.

There is no intent to add to the team in FY24. We are fully staffed and will focus on enhancing our processes and cross-training during the year.

The Treasurer Collector department budget is \$512,335 or 4.7% higher than FY23. The major drivers of the increase include:

- Salaries – The salary increase is due to contractual step ups/COLA increases on a fully staffed team and an increase of the Collectors team hours from 30 per week to 35 per week for half the year. The additional hours will enable focused concentration on issues for more efficient resolution, manual processing and full cross training.
- Contractual
 - o Printing and Professional Services – The large positive and negative variances basically cancel each other out due to recategorizing the costs for City Hall Systems. For the FY24 budget and in the future, Printing includes newspaper ads and the W-2 forms. City Hall Systems will fall under Professional Services. A decrease to the Professional Services line is for our outside audit services. Upon full implementation of the Munis

cash management module, the CLA time needed for the monthly review of account reconciliations has been reduced by over 50%.

- Postage – Up 10% or \$5,000. The budget includes two elections, an increase in postage rates and higher mailing volume of the City Clerk’s office. Some savings will occur through the distribution of certain employee notifications via internal mail.
- Bank Fees - During FY23, our banking partner agreed to waive lockbox fees resulting in zero cost even in very low interest rate environments. Additionally, interest rates have increased over the period.

During FY23, the Treasurer Collector team addressed all our goals. Our accomplishments include:

- Full implementation and training on the Munis cash management module
- Addressed aged Personal Property accounts receivable by partnering with FH Cann.
- Fully utilized the services of D’Ambrosio LLP to address Tax Title accounts resulting in more efficient resolution and guidance in resolving longer-term issues
- Researched lockbox providers and held discussions with current provider to enhance processing capabilities; gained access to additional on-line bank system at no cost to improve process flow
- Enhanced Excise tax processing utilizing internal tools to more efficiently process large volume lockbox batches

Our goals for FY24 include full cross training on Collector processing procedures, addressing aged Excise Tax accounts account receivables, and collaborating with the Auditors department to implement electronic payments to larger vendors.

296 - Parking

The FY24 Parking budget is down 8.7% from FY23. The decrease is primarily driven by a reduction in processing fees due to both a change in vendor in late FY22 and a continued post-Covid reduction in volume driven fees at the train station parking lots.

The budget includes 6.5 hours per week of the Treasury/Parking Clerk’s salary and a stipend of \$25.00 per week for the three Collection Clerks for addressing parking issues at the collections window. The budget also includes the printing of parking stickers, lease of parking space at Grove & Myrtle Streets and the cost of professional services needed to support the operation. Printing of police traffic tickets also falls within the budget and a re-order will add approximately \$5,000 to the budget in FY24.

Professional services are provided by Kelley & Ryan. The services provided include entering ticket data into their proprietary system and maintaining the system, mailing notifications regarding fees and marking outstanding tickets at the registry of motor vehicles. The fees are driven by the number of parking tickets processed. Printing costs include parking tickets and parking stickers.

During FY23, the Parking Clerk conducted an analysis of overnight parking rates and parking rates at commuter rail lots in the metro-Boston area and west of Boston to compare to rates charged in

Melrose. The analysis and recommendations were presented to the Traffic Commission resulting in all but one recommendation voted as approved for implementation. As a result, the City adopted an increased but tiered rate pricing schedule for overnight parking permits and increased the rate at the commuter lots to \$5/hr until noon. Parking remains at no charge at the commuter rail lots after 12:00 p.m.

916 - Medicare City Portion

The City portion of Medicare expenses for FY24 is budgeted at \$920,000 which is an increase of 4.0% over prior year.

The budget is calculated at the mandated rate of 1.45% of Medicare wages. Medicare wages are defined as:

	Total Wages
Less:	FSA contributions
	Dental premiums
	Life Insurance premiums
	Health Insurance premiums
	Opt-outs of the City Health plan

The model assumes an overall increase in payroll due to contract revisions, budgeted headcount, step increases and COLA. It also assumes a 7.9% increase in health insurance expenses.

711 - Municipal Debt

751 - Municipal Interest

752- Projected Debt & Temporary Interest Payments

The debt issued by the City of Melrose is a contractual obligation taken on at the time the debt is issued. Failure to pay per the terms of the bond documents would result in default of the debt, reputational damage in the market and decline of the City's Standard & Poor's rating of AA+.

The issuance of Municipal Debt is the result of a rigorous process that includes the participation of the Mayor, Auditor/CFO, Treasurer Collector, Department Head in need of the funds, Debt Advisor (HillTop Securities) and Bond Counsel (Hinkley Allen) prior to presentation to and vote by the City Council to approve the issuance ¹.

¹ Each loan order must be passed at two separate meetings of the City Council by a two-thirds vote of all members of the City Council and must be approved by the Mayor after final passage. Pursuant to Section 2-9(c) of the City Charter, the loan order must be posted in full on the City bulletin board and made available in the office of the City Clerk at least 10 days prior to final passage. Prior to final passage of the loan order, the Treasurer Collector is required under Section 56-14 of the City Ordinances to provide each member of the City Council with a projection of the estimated principal

Total debt payments in FY24, including Projected Debt and Temporary Interest, will be \$5,307,714. The breakdown is as follows:

<u>Bonds</u>	<u>Principal (711)</u>	<u>Interest (751)</u>
Exempt	\$1,658,910	\$ 291,715
Non-exempt	<u>\$2,189,500</u>	<u>\$ 921,234</u>
Total	\$3,848,410	\$1,212,949

The Projected Debt & Temporary Interest payments are the amounts due on the maturity and re-issuance of Bond Anticipation Notes (BANS) issued during FY23 that are due in FY24.

	<u>Principal</u>	<u>Interest (752)</u>
Projected Debt & Temp Int	\$ -	\$ 245,815

Should you have any questions regarding the budgets in this memo, please direct them to Margot Fleischman at mfleischman@cityofmelrose.org who will coordinate the response to the City Council.

and interest payment schedule on the bonds. Bond Counsel must wait until the expiration of the 21-day referendum period after final passage of the loan order to approve the issuance of the bonds or notes authorized by the loan order, assuming no referendum petition challenging the loan order is filed.