



CITY OF MELROSE

Office of Treasurer-Collector

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MEMORANDUM

To: Melrose City Council
From: Kathryn Armata
Date: May 2, 2024
Re: **FY25 - 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

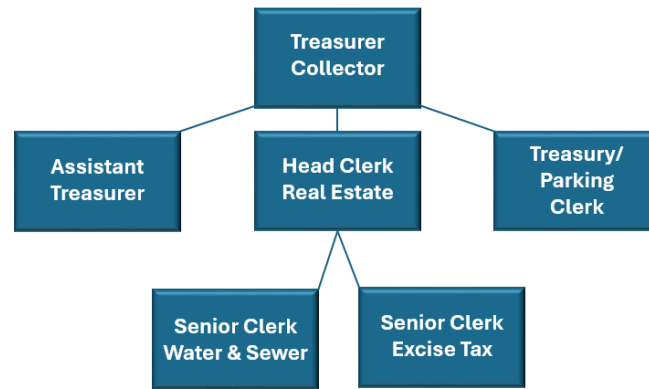
Each budget commentary will address the following questions put forward by the City Council, when applicable:

- Have there been any noteworthy changes or events that took place during FY24 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 FY25 budget compared to last year? Please explain.
- Any events or changes you anticipate in your department for FY25?
- 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 FY25. We are fully staffed and will focus on enhancing our processes and continued cross-training during the year.

The Treasurer Collector department budget is \$524,368 or 2.3% higher than FY24. The major drivers of the increase include:

- A salary increase of 4.3% is due to contractual step ups/COLA increases on the four union positions. Non-union positions are not budgeted for any increases
- Contractual costs are budgeted flat to FY24; increase in postage costs is offset by reductions in other contractual line items
- The software license line item (\$2,000 in FY24) was absorbed by the IT department

During FY24, the Treasurer Collector team addressed all our goals. Our accomplishments include:

- The Collector Team's cross training was put to the test and proven successful during a seven week leave of a team member
- The recommended list of abatements of aged Excise Tax accounts receivable was approved by the Board of Assessor and abatements are being processed
- An on-line payment exception process was implemented resulting in decreased processing time and paper flow

- A review of the process and requirements for an implementation of electronic payments to certain vendors was conducted as a first step

Our goals for FY25 include:

- Research the option of offering electronic delivery of tax and water & sewer bills
 - o Recognize changing demographics
 - o Reduce postage costs over time
- Finalize the review of collectable aged personal property accounts receivable
- Continue to work with the Auditor's Office to implement electronic payments to certain vendors

296 - Parking

The FY24 Parking budget is down 1.3% from FY24. The decrease is primarily driven by contractual salary step up/COLA and contract printing expenses. These are offset by a reduction in professional services due to a lower volume of parking tickets being processed.

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 is approximately \$5,500 of the budget in FY25.

Professional services are provided by Kelley & Ryan. The services provided include entering ticket data into their proprietary system and maintaining the system, mailing notifications of 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.

Our goals for FY25 include:

- Reviewing and updating parking ticket and parking permit processes and payment options

916 - Medicare City Portion

The City portion of Medicare expenses for FY25 is budgeted at \$920,000 which is flat to FY24.

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

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.

Total debt payments in FY25, including Projected Debt and Temporary Interest, will be \$5,955,224. The breakdown is as follows:

<u>Bonds</u>	<u>Principal (711)</u>	<u>Interest (751)</u>
Exempt	\$1,733,910	\$ 227,256
Non-exempt	<u>\$2,259,500</u>	<u>\$ 730,295</u>
Total	\$3,993,410	\$ 957,551

The Projected Debt & Temporary Interest payments are the amounts due on the maturity and re-issuance of Bond Anticipation Notes (BANS) that are due in FY25.

Projected Debt & Temporary Interest (752)

Projected Debt & Temp Int \$1,004,263

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 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.

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