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Gary Christenson, Mayor

TO: The Malden City Council
FROM: Mayor Gary Christenson
RE: Free Cash Appropriation
DATE: November 26, 2024

We recently received notification from the Department of Revenue certifying our free cash at just over \$27 million dollars. While we are pleased to have grown this number significantly from last year, we are also mindful of several factors that led to this increase that are temporary in nature. Investment earnings benefited greatly from high interest rates; however, those rates have already decreased by 30% or more and are expected to continue to decline. Departmental spending provided some turn backs as we were able to utilize federal funds through ARPA and ESSER to provide some budgetary relief, however those funds are coming to an end. The variables that led to this significant increase in free cash will not be present in future years.

We continue to try to avoid borrowing for smaller capital needs because we have found in the past that debt dollars are the least flexible when budget strains come. We are working on putting together a request to address school roofs, which will be a substantial borrowing. The recommended free cash appropriations are items that all need to be addressed, and we think it's prudent to do so with this appropriation to avoid borrowing and maintain that capacity for other requirements.

There is no perfect answer when it comes to the right amount of free cash to allow us to get through the tough times. With this appropriation, we will be at the lower end of our peers. While \$20 million sounds like a lot, the truth is with the nature of municipal budgets and so many expenses being difficult to reduce, it really is the lower end of where we strive to be.

	<u>Free Cash/Stabilization</u>	<u>% of Budget</u>
Medford	\$ 34,241,981.00	17.49%
Salem	\$ 28,434,655.00	15.46%
Everett	\$ 44,426,133.00	14.80%
Chelsea	\$ 33,398,980.00	13.51%
Malden	\$ 20,242,000.00	9.39%
Revere	\$ 18,421,144.00	7.15%

Below is some very high-level background information on the line items in the requested free cash appropriations. I expect that discussion in Finance will provide whatever additional information is necessary to consider this request, and my team is fully prepared to address any questions you may have.

Road Repaving \$2.0 Million: Funds will allow us to continue to address roadwork citywide. This work has been very well received by our residents.

Maplewood Park \$2.5 Million: This playing surface has reached the end of its life. The field no longer passes the various applicable tests. This figure is a budget figure that will be further informed by a design. The scope is a ‘rip and replace’, not a complete park makeover.

Garage Improvements \$1.5 Million: As part of the continued work to address deferred structural work, these funds will allow our team to put together the next phase. This is a budget number that will allow us to address the next most pressing needs at CBD and Jackson Street as we continue to rehab these facilities that are vital to our downtown.

Salemwood Plaza \$500k: We have identified three options to address the settled plaza at Salemwood and we believe this amount will allow us to proceed with the option recommended by our consultants. This option attributes the settling to the initial construction and doesn’t call for additional structural support to the plaza. The plaza would be completely replaced with these funds.

Traffic Calming Initiatives \$300k: Funds will provide us with necessary resources to implement traffic calming initiatives at key locations citywide. The Neighborways initiative has provided us with key data to help make decisions regarding prioritization. With the hiring of a traffic planner, having funds available to implement some of the projects will be critical.

I thank you in advance for your work in considering these requests and look forward to continuing to move Malden forward with these initiatives.