

Fiscal Agreement between the Malden Public Schools and the City of Malden

The following agreement reflects the methodology that shall be used by the City of Malden in determining the costs incurred by the City of Malden, outside of the Malden Public Schools budget, in conjunction with the operation of the Malden Public Schools. If any of these expenditures become part of the school operating budget, then this agreement will need to be revisited and adjusted accordingly. These expenses are reported to the Department of Education as part of the End of Year Budget. Each year, the City Controller shall prepare the figures utilizing the agreed upon approach outlined below and provide the resulting figures to the school department business manager. Prior to the submission of each years budget and prior to the submission of the EOY report to the DESE, the City Controller and the School Business Manager shall meet to review the detail behind these calculations to agree on the figures to be submitted.

Administrative Services

These costs include accounting, auditing, human resources, central purchasing, central data processing (IT), and employee benefits administration services provided to the Malden Public Schools on an indirect basis. Specifically, the departments covered by this section are as follows:

Controllers Office, Human Resources, Treasurers Office, Purchasing, Data Processing

The parties recognize that accounting for the costs associated with services provided by these departments on an 'actual' basis would be difficult at best and create an unnecessary administrative burden in tracking each year the changing landscape with each. As such, the methodology that will be used to determine these costs is the most recent "per pupil cost allowance" as supplied by the DESE, multiplied by the district's foundation enrollment as provided to the DESE. The DESE school finance webpage contains the per pupil administrative cost average for each fiscal year and the correct districts enrollment to be used in the calculation.

Legal Expenses

These costs shall include only the actual costs incurred by the Legal department in providing services to the school department, in addition to the actual costs of any judgments paid out by the City of Malden on behalf of the Malden Public Schools.

Employee Benefits

These costs include the actual costs incurred for active and retired school department employees only for insurance premiums for (health, dental, life, etc), pensions, and/or pension assessments.

Costs for insurance premiums related to school department employees shall be documented each year with a memo provided by Human Resources, such memo being sent to both the School Business Manager and the City Controller. This memo should specify the actual premium costs being incurred for school department employees for each insurance type, including Medical, Dental, Life, Workers Compensation, Unemployment and Medicare insurance. The school department may request additional backup as required to support the costs provided.

Retirement costs for school employees who are part of the Malden Contributory Retirement System (generally those not part of the Mass Teachers system such as para-professionals, lunch, custodial, etc) shall be calculated by the systems actuary, Perac, in the same manner as similar 'component units' such as Malden Housing and Malden Redevelopment authority and provided annually in a letter to the City Controller and the School Department Business Manager. Such method utilizes salaries for covered employees of the component unit as a percentage of all eligible salaries to allocate a percentage of the annual appropriation to each component unit.

Non – Employee Insurance

These costs shall be those expenses incurred for premiums for school buildings, grounds, equipment and liability insurance. The parties recognize that insurance policies for school specific properties are not written on a building specific basis, but instead, are written on a city wide basis. This generally results in overall savings for both the City of Malden and the Malden Public Schools. Therefore, an allocation basis is not only appropriate but is the only way to determine a reasonable share of this expense to attribute to school related properties. The parties agree to allocate this expense on the basis of building square footage for all properties included in the insurance policies written. The parties agree that at the time of this agreement, based upon square footage of all public buildings in the City of Malden, that an allocation of 79% of the cost of insurance for all public buildings shall be attributable to the Malden Public Schools.

The overall insurance costs to be allocated should be fully documented and supported by invoices paid to the insurance provider.

Operations & Maintenance of School Facilities

These are costs incurred for salaries, materials, and contractual expenses for maintaining school facilities. These costs include: Public Facilities personnel, public facilities operating expenses, repairs to school buildings, water and sewer charges incurred by each school, telephone bills, and rubbish and trash pickup.

- Water and sewer- As calculated based upon actual school usage
- Landscaping of Public Schools- Actuals as per DPW Budget
- Telephone- Based upon actual costs incurred as provided by Telecommunications
- Rubbish and trash pickup- 4% of overall city expense

Public Facilities

The parties recognize that the City of Malden employs a centralized facilities maintenance department who provide services to all public facilities in the City of Malden. The parties recognize that the employees of this department are generally available at all times equally to all public buildings. As such, the allocation of the salaries for the employees in this department shall be done using the same square foot ratio as is referenced in the insurance section, except that prior to doing any such allocation, any employees who are 100% dedicated by design to non school buildings shall be removed from the equation prior to the allocation. Examples of this as of the time of this agreement include 2 employees dedicated to City Hall custodial services, and 1 employee dedicated to the Sr. Center custodial services. In addition to accounting for personnel expenses using the above approach, specific materials related to school maintenance, as well as other school specific projects, shall be accounted for in this category and should be fully documented.

Additionally, the school department utilizes space within City Hall. This space equates to approximately 10% of the square footage available in City Hall. As such, 10% of the costs of utilities, maintenance and general upkeep of City Hall shall be allocated as part of this exercise.

Stadium/Rec Department

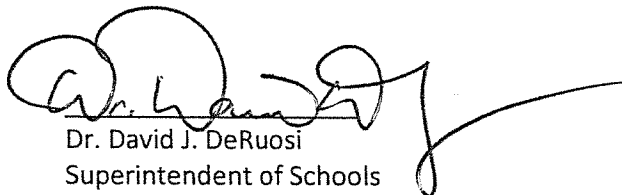
The parties agree to utilize a ratio of 50% of the budgeted and/or actual spend for the Recreation Department.

School Resource Officers

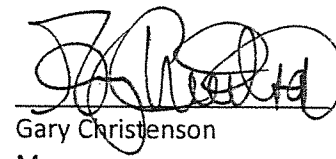
These costs shall include salaries of School Resource Officers who are assigned to the Malden Public Schools. As of the writing of this agreement, this constitutes two full time police officers who are assigned to Malden Public Schools. Salaries shall include base pay plus any applicable additions such as Quinn Bill and other contractual costs. It shall not include any overtime paid to Resource Officers for overtime or other work done unrelated to their school responsibilities, nor shall it include any fringe benefits.

Instructional Related Debt

These costs shall include principal payments made in any fiscal year on debt that was issued to purchase instructional related equipment, typically computers and related software. The parties agree this shall be effective with any debt entered into for fiscal years 2015 and after.


Dr. David J. DeRuosi
Superintendent of Schools
Malden Public Schools

05/05/2014
Date


Gary Christenson
Mayor
City of Malden

05/05/2014
Date

EOYR INDIRECT COSTS

1. There are a few expenses that are on the City Budget that relate to supporting the public schools operation. These costs are documented and are part of the indirect cost agreement between the City and Schools. This agreement should be reviewed on a yearly basis to ensure that these costs still apply to the school. Over the years, the City has shifted many costs onto the school budget and therefore it continues to be very important to review the agreement to make sure that all the indirect costs still apply.
2. Administrative Costs – The City and School department have agreed to use the per pupil cost average in determining these costs.
3. Public Facilities – Due to cost saving measures the City and Schools share a numbers of these employees. The allocation % used was determined by square footage. The maintenance employees that are shared are as follows:
 - a. Stephen Melanson – Director of Public Facilities (79% of his salary is charged to the schools). He is due to retire in June 2015 and the City is not sure if they will replace him. If no replacement is made, the school can reduce this cost from the indirects
 - b. Joseph LaPorte – Assistant Director (79% of his salary charged to the school)
 - c. Michael Sullivan – Maintenance (79% of his salary charged to the schools)
 - d. Robert Lombardi – Telecommunications (FY14 79% of his salary charged to the schools). He currently has accepted a position within the school district. If the City decides to not replace him, his salary can be reduced from the indirects
 - e. Richard Moore – Maintenance (79% of his salary charged to the school)
 - f. Henry Figueroa – Maintenance (79% of his salary charged to the school)
 - g. Claire Gorman – Clerk (79% of her salary charged to the school)
 - h. James Norton – Coordinator of Energy Initiatives (69% of his salary charged to school) He left his position at the end of September 2014 and the City has not decided to replace him. If he is not replaced, the school can reduce this cost from the indirects
 - i. Lawrence Lehane and Peter San Angelo- both are committed to City Hall and thus only 10% of their salary is charged to the schools. This percentage is based on the % of space that the school department's administrative and business office occupies at City Hall. When the schools administrative offices and business office move to a new location, these charges should go away
 - j. Edward Sarro – custodian who is dedicated to the Senior Center and his salary should not be included in the equation.
4. Public Facilities Operations and Maintenance – only costs relating to City Hall are used to calculate the % allocated to the school department. 10% is used to calculate the costs that relate to the administrative and business office. If the school department moves to a new location, these costs will disappear.
5. Grounds Maintenance – these costs are maintained by DPW Director Bobby Knox. When asking for the costs, please have him include all the paid invoices for your backup

6. Phone Bills – These costs are maintained through the City Controller's office. The account to review is 0010-134-5340 (Controller Telecommunication Costs). Use actuals from the prior year to estimate future costs
7. SRO Officers- these are school resource officers who are paid through the police department. The current officers are John Delaney and Gustavo Kruschewsky. Ask Mark Good (Treasurer) to run a payroll report from August 25-June 19 for their salaries. The school is only responsible for the weeks that school is in session and only base and Quinn should be included.
8. Repair to school buildings – Currently these costs is carried on the City Budget in account: 0010-195-5254. 100% of these charges relate to the school. Backup should be provided to support these charges. This amount will most likely be shifted to the school budget since the schools recently hired a building facilities Manager
9. Water and Sewer – This is actual water and sewer usage for each of the school building. The reports are run by Gina Sheridan in the Treasurer's office for billing starting from July-June (FY). There is a table used to calculate the actual usage by month.
10. Building Insurance – This cost is budgeted on the City Budget under Controllers City Property Insurance. The schools are 79% of the actual amount paid
11. Stadium – This cost is budgeted on the City Budget under Stadium. The schools is responsible for 50% of the actual amount spent
12. Rubbish removal – This cost is budgeted on the City budget under Solid Waste. The school is responsible for 4% of the actual amount spent