

James A. MacDonald, Chairman
Brendan G. Keogh, Vice Chairman
Michael L. Butler
Dennis J. Teehan, Jr.
Dennis J. Guilfoyle

James A. Kern
Town Manager

Nancy A. Baker
Assistant Town Manager




TOWN OF DEDHAM
Board of Selectmen

DEDHAM TOWN HALL
26 BRYANT STREET
P.O. BOX 306
DEDHAM, MA 02027

TEL (781) 751-9100
FAX (781) 751-9109
TDD (781) 326-4946

WEB SITE
www.dedham-ma.gov

E-mail Address for Board of Selectmen
freshideas@dedham-ma.gov

To: Town Meeting Representatives
From: James Kern, Town Manager 
Cc: James MacDonald, Chairman, Board of Selectmen
Date: November 8, 2018
Subj: Funding for Future Capital Building Projects

I have requested that an identical article to Article 9 of the May 2018 Annual Town Meeting be considered at the upcoming Annual Town Meeting on November 26th. Article 6 proposes that \$700,000 be appropriated to the special purpose stabilization fund known as the Robin Reyes Fund.

I write to emphasize the importance of making this appropriation this year and initiate the process of investing in the fund going forward.

As you know, the town has voted in recent Town Meetings to authorize the purchase and renovation of the former Ames School building for municipal offices and a senior center, construction of an Early Childhood Education Center, and most recently the construction of a combined Public Safety Building.

Although the dedicated revenue stream from the hotel room tax and the meals tax has out-performed original estimates, the Robin Reyes fund was never intended to fund all of the building needs in for the Town of Dedham by itself. Its stated purpose was "to substantially reduce the need for debt exclusions to pay for new buildings". In order to pay the debt service for the previously authorized projects, and prepare for the need for future buildings, an additional stream of funding is required. By doing it now, the burden on any individual annual budget will be manageable. This concept has been described in many public presentations over the last several years. Specifically, during the process of considering the borrowing authorization for the public safety building in the fall of 2017, the plan to allocate funds from the general fund was clearly described. Please see the 3 slides attached (pg. 3 and 4), which were presented at the District Chairs' Warrant Review or "Mini" Town Meeting and at Town Meeting. They describe the proposal to borrow progressively less for the road program and re-direct the funds to this purpose.

This intent is also included in the November 2017 letter to Town Meeting members from the chairman of the Finance and Warrant Committee (attached, see pg. 9, Article Four). We are now able to spend less for the road program because after 12 years of heavy investment, about \$2,200,000 per year, the Town's roads are in a state of good repair (pg. 6) . Maintaining roads at the current level will cost about \$1,500,000 a year, or \$700,000 less than what the Town was spending.

Town Meeting members have voiced their concern that money that is voted into the Robin Reyes Fund can never be voted out and used for another use other than building construction. They are mistaken. A future Town meeting can always vote money out of a stabilization fund with a two-thirds vote. Town Counsel will provide an opinion on this question.

It is important to understand the ramifications for present debt obligations and future capital building decisions if Town Meeting defers investment in this fund now. I have attached two spreadsheets, A and B that illustrate the impacts on future years in the two scenarios. As you can see in spreadsheet A (pg. 7) the funds collected by the meals and hotel tax total about \$2,552,000 in FY21. Debt service in that year is estimated to be \$5,536,000. That means each year the ending balance decreases about \$3,000,000. By FY23 the balance will be zero. This means that in FY24 the meals and hotel tax money will be enough to pay for about 50% the debt service. Approximately \$2,603,000 will need to be raised via the property tax levy in order to meet the debt service.

In our planning, shown in Attachment B (pg. 8), we have put a placeholder for a future school recognizing that there will likely be a project of some kind in the next decade. In the spreadsheet (A) without the additional appropriation, I have not included a future school project. The effect of including it would increase the unfunded debt requirement significantly. The chart on page 5 compares annual appropriations through 2028 under the 2 options.

In short, in order to fund the projects that have been already approved and allow the town to plan ahead so that we manage our building needs proactively, we need to begin making these additional appropriations this year and have the discipline to continue to make them. By doing so we can ensure the long-term viability of our capital construction plans. I respectfully request your support of Article 6.

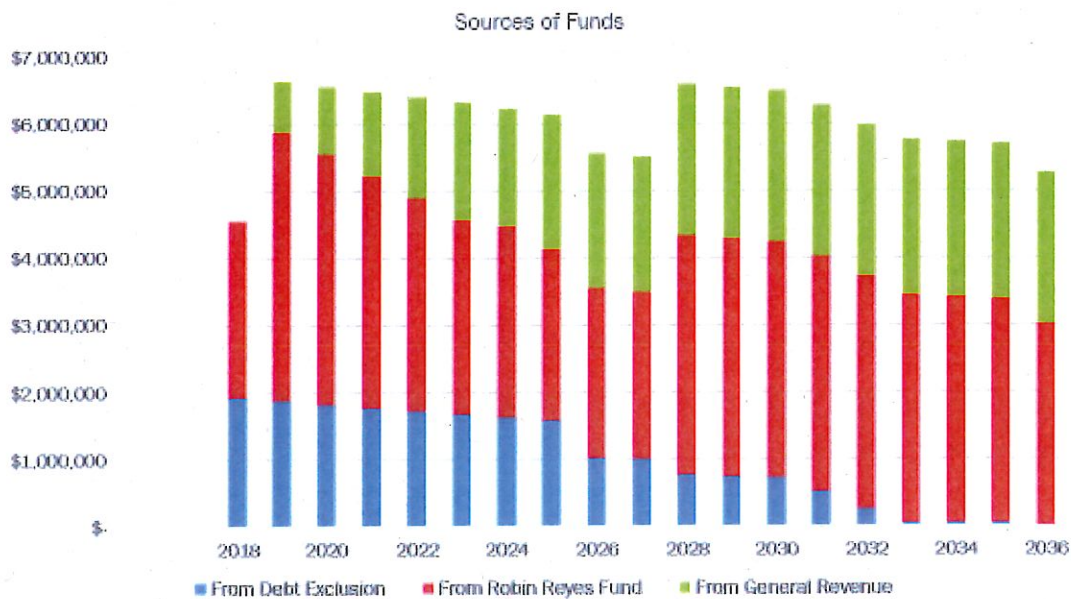
Paying for This Project

- ☞ Project's total cost: \$45.0 million, 49,500 square feet.
- ☞ Debt service will be paid from Robin Reyes Fund and regular appropriation
- ☞ Will not require a Debt Exclusion
- ☞ Hotel and Meals Tax -> Special Purpose Stabilization Fund (Robin Reyes Fund)
 - 2019 Revenue is approximately \$2.5 million
 - 2028 revenue is approximately \$3.1 million

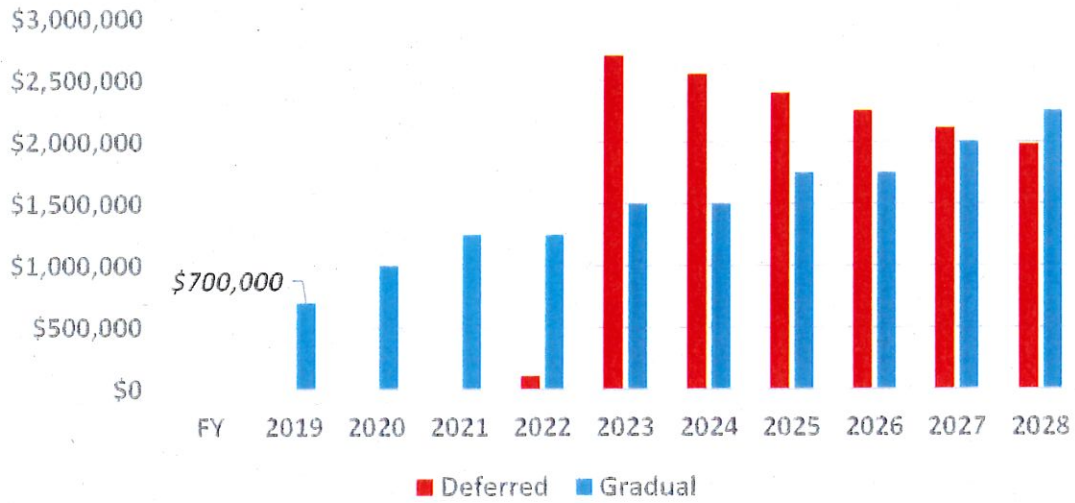
Sources of Funds for This Project

- ☞ Road program:
- ☞ After 11 years of sustained investment roads are in much improved condition
 - Pavement Condition Index (PCI) of 86 -
 - In addition to the \$700,000/yr Chapter 90 from the state,
 - \$2 million has been borrowed for the last 11 years.
 - Plan is to re-allocate a portion of the borrowing from roads to buildings.
- ☞ Other existing long term debt for infrastructure is rolling off which is also a source of funds

Sources of Funds to Support Building Plan

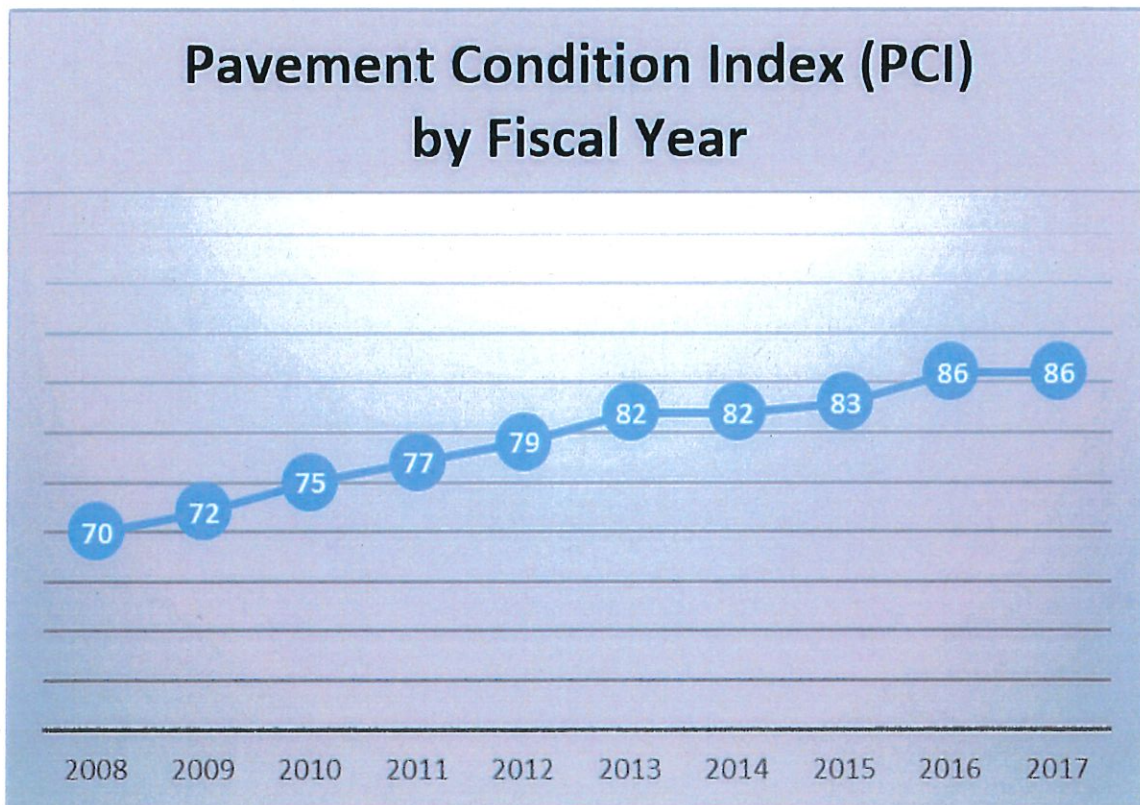


Article 6 -
2 Funding Options
Annual Appropriations



Roads (this was published in the October 2017 Financial Newsletter)

Dedham has made significant investments in roads since adopting a Pavement Management Program in 2007. Through FY2017 the Town has invested \$12.7 million in addition to \$6.9 million from the state—a total of \$19.6 million—in improvements in that time. The condition of the 80 miles of public roads is measured by a Pavement Condition Index (PCI) (graph below). Dedham committed to reversing years of underinvestment with a goal of maintaining the PCI in the low 80s. Over 30 miles have been rehabilitated through reclamation, 11 miles milled and overlaid or overlaid, and 52 miles received preventive or routine maintenance. Having reached the goal, we can reduce our annual expenditures and still maintain the PCI at an acceptable level.



ATTACHMENT A

In this option, additional funding to pay for building debt service will be delayed until FY22, when the Stabilization Fund Balance drops below \$1,000,000. The Fund Policy calls for a \$1,000,000 minimum balance. Starting in FY23 additional funding will be the difference between Total Debt Service and Total Sources. E.g. FY 23: \$5,357,461 - \$2,655,822 = \$2,701,639. FY 24 would be \$5,259,161 - \$2,655,822 = \$2,603,339.

TOWN OF DEDHAM
 PRO FORMA MAJOR BUILDING FUNDING
 MAJOR CAPITAL STABILIZATION FUND

ATTACHMENT A

FY	Funding Sources										Building Projects Debt Service					Stabilization Fund Balance
	Local Option Taxes		Roads/Other Revenue Sources	Total Sources	New		ECEC	Public Safety 1	Public Safety 2	Next School	Total Debt Svc.					
	Meals	Hotel			Town Hall	Town Hall										
2017	\$ 870,317	\$ 992,481	\$ -	\$ 1,862,798	\$ 1,659,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,659,987	\$ 9,302,363	
2018	\$ 887,723	\$ 1,264,275	\$ -	\$ 2,151,998	\$ 1,648,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,648,195	\$ 9,806,166	
2019	\$ 905,478	\$ 1,548,091	\$ -	\$ 2,453,569	\$ 1,627,745	\$ 1,358,017	\$ 1,064,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,050,189	\$ 8,209,546	
2020	\$ 923,587	\$ 1,579,053	\$ -	\$ 2,502,640	\$ 1,606,570	\$ 1,337,201	\$ 1,041,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,984,771	\$ 6,727,415	
2021	\$ 942,059	\$ 1,610,634	\$ -	\$ 2,552,693	\$ 1,584,270	\$ 1,305,251	\$ 1,016,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,536,661	\$ 3,743,448	
2022	\$ 960,900	\$ 1,642,847	\$ -	\$ 2,603,747	\$ 1,560,120	\$ 1,273,302	\$ 991,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,455,562	\$ 891,633	
2023	\$ 980,118	\$ 1,675,704	\$ -	\$ 2,655,822	\$ 1,518,570	\$ 1,241,751	\$ 966,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,357,461	\$ (1,810,006)	
2024	\$ 999,721	\$ 1,709,218	\$ -	\$ 2,708,939	\$ 1,477,020	\$ 1,210,001	\$ 941,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,259,161	\$ (4,360,228)	
2025	\$ 1,019,715	\$ 1,743,402	\$ -	\$ 2,763,117	\$ 1,436,145	\$ 1,178,251	\$ 916,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,161,536	\$ (6,758,647)	
2026	\$ 1,040,109	\$ 1,778,270	\$ -	\$ 2,818,380	\$ 1,402,605	\$ 1,146,501	\$ 891,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,071,246	\$ (9,011,513)	
2027	\$ 1,060,912	\$ 1,813,836	\$ -	\$ 2,874,747	\$ 1,375,213	\$ 1,114,751	\$ 866,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,987,103	\$ (11,123,870)	
2028	\$ 1,082,130	\$ 1,850,112	\$ -	\$ 2,932,242	\$ 1,347,160	\$ 1,089,351	\$ 846,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,913,651	\$ (13,105,278)	
2029	\$ 1,103,772	\$ 1,887,115	\$ -	\$ 2,990,887	\$ 1,323,885	\$ 1,066,301	\$ 831,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,852,326	\$ (14,966,717)	
2030	\$ 1,125,848	\$ 1,924,857	\$ -	\$ 3,050,705	\$ 1,299,885	\$ 1,043,955	\$ 817,500	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,792,480	\$ (16,708,492)	
2031	\$ 1,148,365	\$ 1,963,354	\$ -	\$ 3,111,719	\$ 1,274,435	\$ 1,021,141	\$ 803,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,729,716	\$ (18,326,490)	
2032	\$ 1,171,332	\$ 2,002,621	\$ -	\$ 3,173,953	\$ 1,247,315	\$ 998,091	\$ 788,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,664,546	\$ (19,817,082)	
2033	\$ 1,194,759	\$ 2,042,674	\$ -	\$ 3,237,432	\$ 1,219,975	\$ 974,805	\$ 772,500	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,598,420	\$ (21,178,070)	
2034	\$ 1,218,654	\$ 2,083,527	\$ -	\$ 3,302,181	\$ 1,191,910	\$ 955,403	\$ 756,750	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,535,203	\$ (22,411,092)	
2035	\$ 1,243,027	\$ 2,125,198	\$ -	\$ 3,368,225	\$ 1,163,120	\$ 935,883	\$ 740,750	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,470,893	\$ (23,513,760)	
2036	\$ 1,267,888	\$ 2,167,702	\$ -	\$ 3,435,589	\$ 771,400	\$ 915,245	\$ 724,500	\$ 1,631,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,042,285	\$ (24,120,456)	

ATTACHMENT B

In this option, additional funds will be added each year beginning in FY19 with \$700,000. Thereafter the annual amounts gradually increase, as shown in the column "Road/Other Revenue Sources". This avoids any sudden increase in the annual appropriation for debt service.

TOWN OF DEDHAM
 PRO FORMA MAJOR BUILDING FUNDING
 MAJOR CAPITAL STABILIZATION FUND

ATTACHMENT B

FY	Funding Sources										Building Projects Debt Service					Stabilization Fund Balance
	Local Option Taxes		Road/Other Revenue Sources		Total Sources		New			Public Safety		Next School	Total Debt Svc.			
	Meals	Hotel	Hotel	Revenue Sources	Total Sources	Town Hall	ECEC	Public Safety 1	Public Safety 2							
2017	\$ 870,317	\$ 992,481	\$ -	\$ -	\$ 1,862,798	\$ 1,659,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,659,987	\$ 9,302,363		
2018	\$ 887,723	\$ 1,264,275	\$ -	\$ -	\$ 2,151,998	\$ 1,648,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,648,195	\$ 9,806,166		
2019	\$ 905,478	\$ 1,548,091	\$ 700,000	\$ -	\$ 3,153,569	\$ 1,627,745	\$ 1,358,017	\$ 1,064,427	\$ -	\$ -	\$ -	\$ -	\$ 4,050,189	\$ 8,909,546		
2020	\$ 923,587	\$ 1,579,053	\$ 1,000,000	\$ -	\$ 3,502,640	\$ 1,606,570	\$ 1,337,201	\$ 1,041,000	\$ -	\$ -	\$ -	\$ -	\$ 3,984,771	\$ 8,427,415		
2021	\$ 942,059	\$ 1,610,634	\$ 1,250,000	\$ -	\$ 3,802,693	\$ 1,584,270	\$ 1,305,251	\$ 1,016,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,536,661	\$ 6,693,448		
2022	\$ 960,900	\$ 1,642,847	\$ 1,250,000	\$ -	\$ 3,853,747	\$ 1,560,120	\$ 1,273,302	\$ 991,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,455,562	\$ 5,091,633		
2023	\$ 980,118	\$ 1,675,704	\$ 1,500,000	\$ -	\$ 4,155,822	\$ 1,518,570	\$ 1,241,751	\$ 966,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,357,461	\$ 3,889,994		
2024	\$ 999,721	\$ 1,709,218	\$ 1,500,000	\$ -	\$ 4,208,939	\$ 1,477,020	\$ 1,210,001	\$ 941,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,259,161	\$ 2,839,772		
2025	\$ 1,019,715	\$ 1,743,402	\$ 1,750,000	\$ -	\$ 4,513,117	\$ 1,436,145	\$ 1,178,251	\$ 916,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,161,536	\$ 2,191,353		
2026	\$ 1,040,109	\$ 1,778,270	\$ 1,750,000	\$ -	\$ 4,568,380	\$ 1,402,605	\$ 1,146,501	\$ 891,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,071,246	\$ 1,688,487		
2027	\$ 1,060,912	\$ 1,813,836	\$ 2,000,000	\$ -	\$ 4,874,747	\$ 1,375,213	\$ 1,114,751	\$ 866,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 4,987,103	\$ 1,576,130		
2028	\$ 1,082,130	\$ 1,850,112	\$ 2,250,000	\$ -	\$ 5,182,242	\$ 1,347,160	\$ 1,089,351	\$ 846,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 4,913,651	\$ 1,844,722		
2029	\$ 1,103,772	\$ 1,887,115	\$ 2,500,000	\$ -	\$ 5,490,887	\$ 1,323,885	\$ 1,066,301	\$ 831,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 6,048,495	\$ 1,287,113		
2030	\$ 1,125,848	\$ 1,924,857	\$ 2,500,000	\$ -	\$ 5,550,705	\$ 1,299,885	\$ 1,043,955	\$ 817,500	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 6,048,495	\$ 849,169		
2031	\$ 1,148,365	\$ 1,963,354	\$ 2,500,000	\$ -	\$ 5,611,719	\$ 1,274,435	\$ 1,021,141	\$ 803,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,988,649	\$ 535,003		
2032	\$ 1,171,332	\$ 2,002,621	\$ 2,500,000	\$ -	\$ 5,673,953	\$ 1,247,315	\$ 998,091	\$ 788,000	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,925,885	\$ 348,241		
2033	\$ 1,194,759	\$ 2,042,674	\$ 2,500,000	\$ -	\$ 5,737,432	\$ 1,219,975	\$ 974,805	\$ 772,500	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,794,589	\$ 291,084		
2034	\$ 1,218,654	\$ 2,083,527	\$ 2,500,000	\$ -	\$ 5,802,181	\$ 1,191,910	\$ 955,403	\$ 756,750	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,731,372	\$ 361,892		
2035	\$ 1,243,027	\$ 2,125,198	\$ 2,500,000	\$ -	\$ 5,868,225	\$ 1,163,120	\$ 935,883	\$ 740,750	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,667,062	\$ 563,055		
2036	\$ 1,267,888	\$ 2,167,702	\$ 2,500,000	\$ -	\$ 5,935,589	\$ 771,400	\$ 915,245	\$ 724,500	\$ 1,631,140	\$ -	\$ -	\$ -	\$ 5,238,454	\$ 1,260,189		



TOWN OF DEDHAM
Finance and Warrant Committee

To the Town Meeting Representatives and the Citizens of Dedham

The Fall Town Meeting this year will consider what action should be taken on nineteen warrant articles. Eighteen of those articles fall within the jurisdiction of the Finance and Warrant Committee (hereinafter, FWC or Committee). Article 8 falls within the jurisdiction of the Planning Board. Presented here for your consideration are the recommendations of the FWC on those eighteen articles.

The Committee conducted public hearings at which we heard from proponents and opponents of each Article. In many instances, we sought further information from town officials, particularly the town manager, assistant town manager and finance director. In several cases, we sought assistance from town counsel. In each case, we received full cooperation.

The recommendation of the FWC on each of the eighteen articles is contained at the end of each article. There are three, however, that I would highlight, each of which would involve a significant capital expenditure.

- **Article Four** is a proposal for the town to construct a new combined public safety complex on the site of the current town hall, replacing the current police and fire stations. Together with the soon-to-be-opened new town hall and senior center, the complex would complete the Municipal Campus. The Town is being ask to authorize the expenditure of not more than \$45 million for this purpose. The FWC voted unanimously to recommend that Town Meeting approve this project. The FWC is satisfied that by utilizing a combination of the Robin Reyes Fund and redirecting a portion of the capital we spend annually on roads and sidewalks, the project can be funded with minimal impact on the tax levy. Dedham has been spending at an elevated level on roads and sidewalks in a successful effort to catch up on deferred work. Having done so, the town is now in a position to reallocate some of those resources (approximately \$1 million per year to support the financing of this project).
- **Article Five** proposes that the town meeting authorize and agree to pay Dedham's share of an \$84,862,768 renovation, reconstruction, and extraordinary repairs package to the Blue Hills Regional Vocational School. The total impact on member communities will be significantly reduced by the stated MSBA reimbursement of \$43, 438,247. The town's share is projected to be \$5,493,753. The current physical plant of the school is more than 50 years old. It is believed that this project will avoid significant capital costs for repair/replacement/upgrade

of HVAC, window and electrical infrastructure that would otherwise be needed and which would not be eligible for MSBA reimbursement. The FWC voted unanimously to recommend that the project be approved.

- **Article Six** is a \$14.5 million proposal by the Parks and Recreation Commission to design, construct and equip the property known as Manor Fields (formerly the Striar property). This long-awaited proposal was submitted while the Parks and Recreation Master Plan is in its final stages, but prior to any opportunity for the FWC or the public to read and digest it. The FWC expressed reservations about moving ahead on a major capital expenditure prior to finalization and publication of the master plan, given that this would be a major component of that plan. The FWC voted unanimously (with the concurrence of Parks and Recreation) to recommend that consideration of the proposal be postponed indefinitely. It is anticipated that this proposal will again come before the FWC and town meeting sometime in 2018.

Finally, I would be remiss if I did not note that John Heffernan decided to step down as chairman of this committee in July, after three years as chairman. On behalf of all the present and former members who have served with John, I want to express our appreciation for his leadership and commitment. Fortunately, John has agreed to stay on as a member of the committee and his continued presence has significantly eased the transition for Liz O'Donnell, the committee vice-chair, and for me.

Kevin Preston
Chairman of the Finance and Warrant Committee