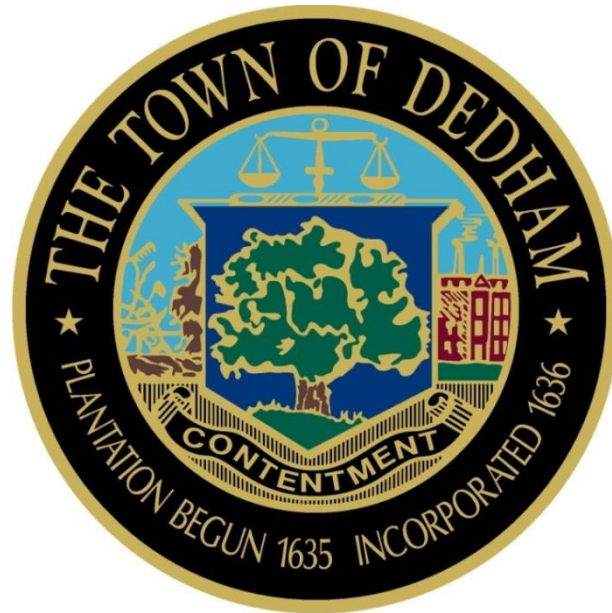


Town of Dedham
FY2015 Budget Message
March 6, 2014



*The Evolution of Dedham:
Rebuilt, Redefined, Sustainable, Continuously Improving*

William G. Keegan, Jr.
Town Administrator

Presentation Overview

- ▶ FY2014 Highlights and Initiatives
- ▶ Expenditure Recommendations
 - Operating Budget
 - Capital Improvement Plan (CIP)
 - Special Articles
- ▶ Revenue Estimates
 - Property Taxes
 - Option Taxes
 - State Aid, Local Receipts, Sewer
- ▶ New Initiatives for FY2015

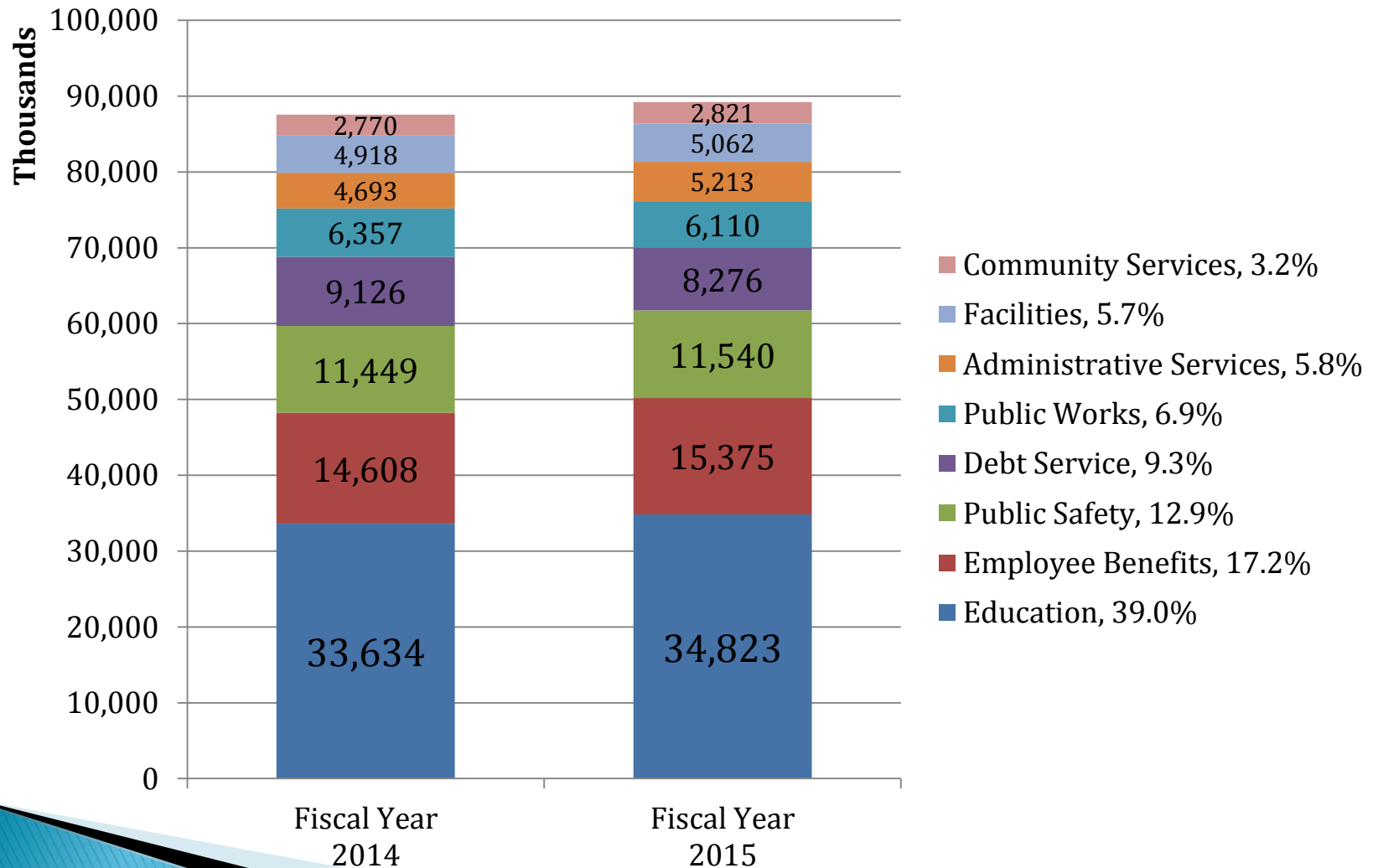
FY2014 Highlights & Initiatives

- ▶ Transitions in the organization
- ▶ New Human Resources Department
- ▶ Potential Municipal Campus discussions underway
- ▶ Dedham one of three communities recognized at the Mass. Municipal Association's annual conference for financial accomplishments
 - Full annual funding of OPEB liability, AAA bond rating

Expenditures

- ▶ Continued focus on limiting tax impact while maintaining services at sustainable cost levels
- ▶ Operating budget recommendation of \$89.2 million, = 1.9% increase from FY14
- ▶ Capital improvement plan of \$7.4 million
- ▶ Transfers to stabilization
 - General Stabilization Fund, \$500,000
 - Robin Reyes Fund, \$1.4 million
 - Contemplates additional 1% of Hotel/Motel revenue, approximately \$180k

Proposed Operating Budget



Education: Dedham Public Schools, Blue Hills Regional, Norfolk Agricultural

- ▶ Total increase of \$1.19 million = 3.5%
- ▶ Dedham Schools requested increase \$911,000 = 2.8%
 - Town Administrator's recommended budget increase of \$711,000 = 2.2% increase
- ▶ Blue Hills Regional School District requested increase of \$479,000 = 49.3%
 - Increase due to growth in enrollment
 - 56 Dedham students enrolled in FY14, increasing to 77

Employee Benefits: Town & Schools

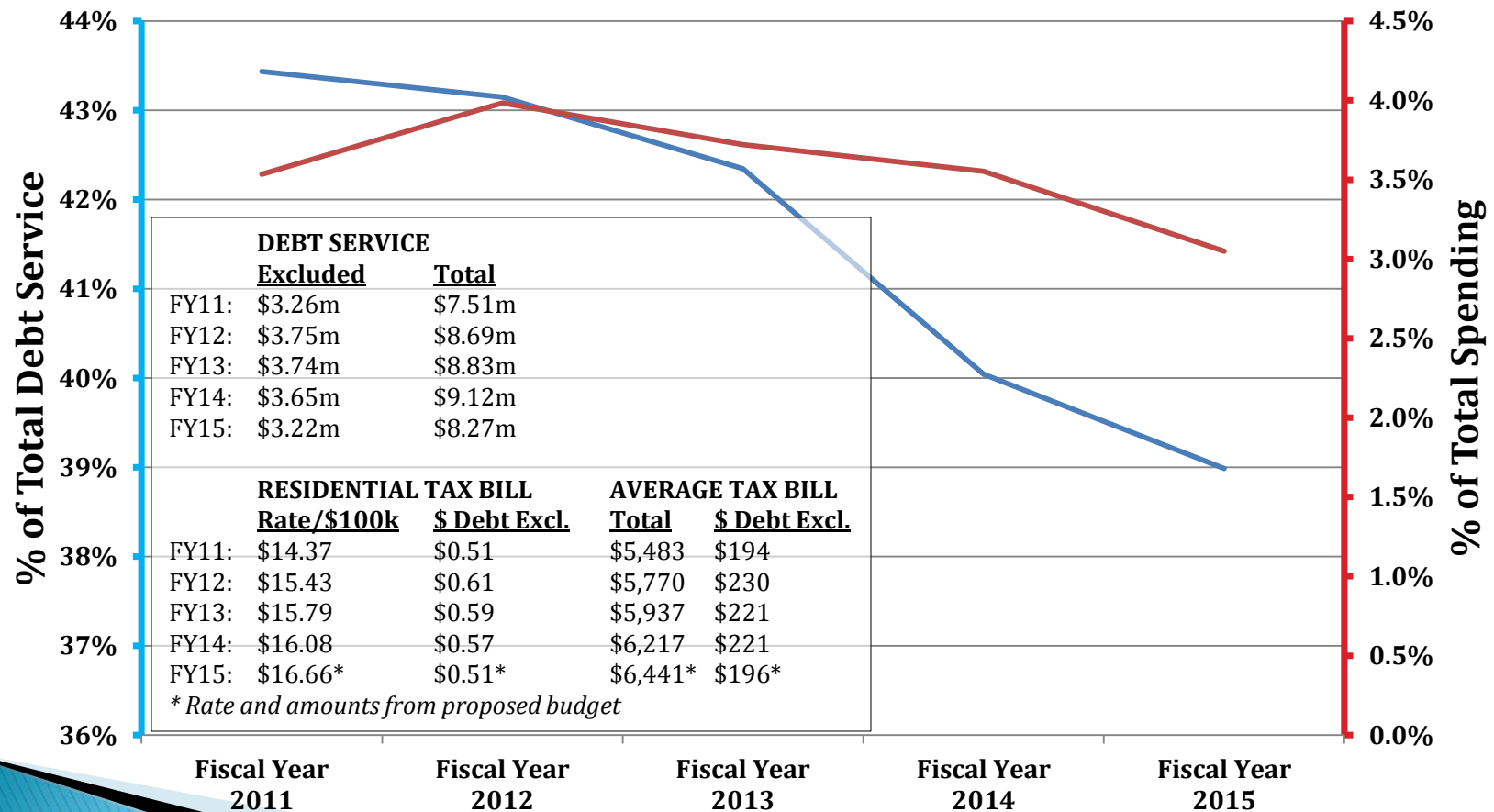
- ▶ Increase of \$767,000 = 5.3%
- ▶ Health insurance plans' cost increase average of 9%, range from 1.6% to 17.8%
 - Current enrollment rate increases would add cost of \$600,000
 - Human Resources Director plans education initiative to encourage migration to lower cost providers
 - Projected 15% migration, for cost avoidance of \$270,000 but still an increase of \$325,000
- ▶ \$200,000 increase in pensions, Medicare tax
- ▶ Budget includes salary reserve for unsettled contracts
- ▶ Full funding of scheduled FY2015 payment of actuarial accrued OPEB liability, \$1.67 million

Debt Service: Town & Schools

- ▶ FY15 debt schedule \$8.19 million, decrease \$850,000
- ▶ Levy for debt exclusion decrease of \$427,000
- ▶ Debt service projected at 9.3% of operating budget
 - Non-excluded debt service 5.5% of operating budget
 - Financial policy is to maintain non-excluded debt service between 2% and 10% of operating budget
- ▶ The decrease in debt service is not a decrease in our commitment to infrastructure maintenance
 - New debt funding source, the Robin Reyes Fund
 - Debt service schedule reduction from FY14 to FY15 enabled increase in capital budget

Levy for Debt Exclusion, 2011-2015

- Debt Exclusion Levy / Total Debt Service
- Debt Exclusion Levy / Total Spending



Other Operating Expenditures

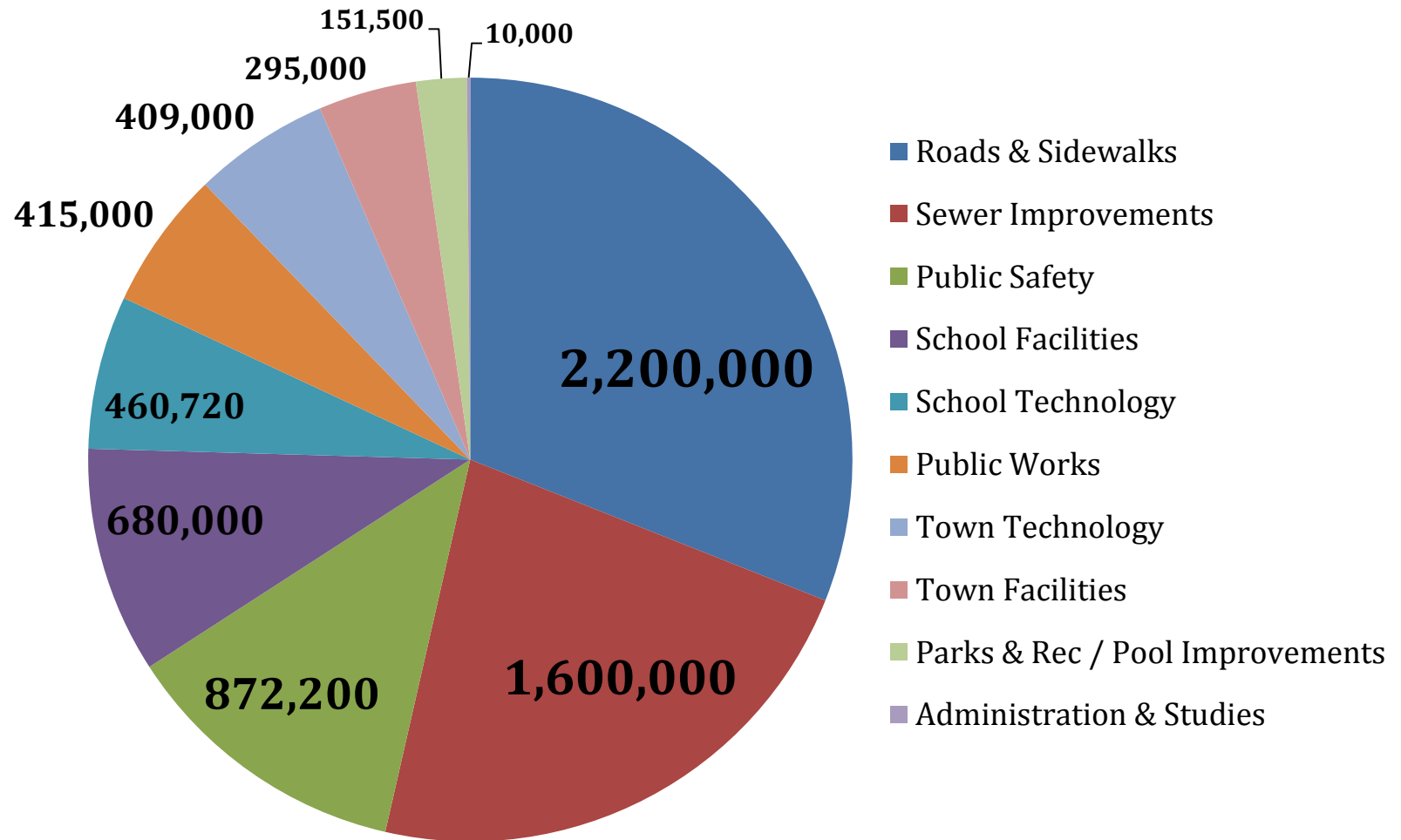
- ▶ Combined Facilities Department
 - Operating budget \$5.06 million
 - Increase of \$144,000 = 2.9%

- ▶ All Town Departments
 - Total operating budgets \$25.68 million
 - Increase of \$414,000 = 1.6%

Expenditures: Capital Improvements

- ▶ Initial recommendation for a CIP of \$7.44 million, an increase of \$1.8 million from FY14 capital appropriations
 - \$4.07 million proposed for new borrowing
- ▶ Capital Expenditures Committee recommendation to Finance Committee for \$7.09 million

FY15 Capital Improvement Plan



FY15 New Initiatives

- ▶ Rubbish & Recycling: new contract with Waste Management budgeted at \$254,000 decrease
 - CNG vehicles more cost-effective, more eco-friendly
- ▶ Human Resources: HRIS implementation, Performance evaluation system
- ▶ Potential Municipal Campus under discussion

FY15 New Initiatives

- ▶ Maintaining Sustainability Advisory Committee's environmental programs, \$10,000 cost increase to Parks & Recreation
- ▶ Substance Abuse Coalition, \$15,000 pilot program
- ▶ Endicott Estate, propose to adopt Enterprise Fund accounting. New FTE for Event Planner position will provide billable service to offset salary and benefits
- ▶ Additional firefighter position in anticipation of retirement in June 2015

Revenue Estimates

- ▶ Sewer Enterprise Fund revenues estimated at \$7.525 million, maintaining level sewer rates
- ▶ State Aid, estimated at \$7.15 million, level with FY14
 - Governor proposed increase of approximately \$250,000
- ▶ Local option tax revenues, \$2.016 million
 - \$1.43 million for transfer to Robin Reyes Fund
 - Meals tax projected 2% increase, \$847,000 total
 - Room occupancy projected level as a whole, but transferring one additional percent (from 2% to 3% of 6% total) to Robin Reyes Fund increases recommendation to stabilization
 - \$1.16 million total, \$580,000 to Robin Reyes Fund
- ▶ Motor vehicle excise tax, \$2.0 million

Revenue Estimates: Property Tax

- ▶ Town officials aware of property tax impact on residents and businesses
- ▶ Revenue estimates include the allowed 2.5% growth in property tax = \$1.9 million
- ▶ New growth estimated at \$750,000, confirmed by Assessors
- ▶ Property tax levy for debt exclusion decreasing by \$427,000
- ▶ Total property tax levy \$82.6 million = 78.0% of \$105.8 million total

Property Tax in the Balanced Budget

- ▶ Town Administrator's recommended budget is balanced: \$105.8 million Revenues = Expenses

Budget impact on single-family property tax bills*

FY15 Budgets	% Incr.	Residential Property Tax			Reduce to Balance	Excess Capacity
		Rate /\$100k	\$ Incr. /\$100k	% Incr.		
\$105,834,263	2.88%	\$16.66	\$0.58	3.6%	\$0	\$479,007
\$104,910,091	1.90%	\$16.47	\$0.39	2.5%	\$924,172	\$1,403,179
\$103,983,505	1.00%	\$16.29	\$0.21	1.3%	\$1,850,758	\$2,329,765
\$102,872,655	0.00%	\$16.08	\$0.00	0.0%	\$2,961,608	\$3,440,615

* Assumes no change in values or proportional classification.

Options to Limit Property Tax Increases

Increased revenues

Alternative revenue sources:

- ▶ State Aid, increase \$253,154 to match Governor's proposal

Conservative estimates in other areas could be adjusted:

- ▶ Motor vehicle excise, increase \$200,000
- ▶ Local receipts, increase \$75,000
- ▶ Sewer revenues, increase \$75,000

Options to Limit Property Tax Increases

Reduced expenditures

- ▶ OPEB: \$1.67 million
- ▶ Defer transfers to stabilization
 - \$1.4 million to Robin Reyes Fund
 - \$500,000 to General Stabilization
- ▶ Capital improvements: CEC recommendation \$343,500 less than proposed CIP
- ▶ Salary reserve for unsettled contracts
- ▶ Service reductions?

Conclusion

- ▶ This budget proposal is balanced and maintains a responsible commitment to maintaining services at sustainable costs
- ▶ However, the proportion of the budget supported by property tax is an option for policy discussion
- ▶ The Town is required to authorize a balanced budget, with estimated revenues equal to recommended expenditures

Thank You to All of Dedham

- ▶ As this is my final budget presentation to the Town of Dedham, I give my sincere thanks to the Board of Selectmen, the Finance Committee, Town employees, and all of the residents and businesses of Dedham.

- William G. Keegan, Jr.
Town Administrator