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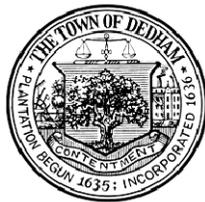
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February 17, 2011

The Honorable Members of the Board of Selectmen
26 Bryant Street
Dedham, MA 02026

Re: Fiscal 2012 Budget Message

Dear Honorable Board:

Enclosed are my recommendations for the Fiscal 2012 Dedham Town Budget.

In accordance with the Massachusetts General Laws, I am presenting this balanced budget to both you and the Finance Committee for your review and deliberation. I would like to thank the Director of Finance, Ms. Mariellen Murphy and Mr. William Marroncelli, Finance/Budget Assistant for compiling and adjusting the original budget along with my proposed recommendations which resulted in the document that is before you. I would also like to thank Mrs. Nancy Baker, Assistant Town Administrator, for her valuable input and insight into the budget process.

This Budget Message includes the use of the Long Range Forecasting (LRF) Model. The LRF encompasses all of the financial strengths of the Town's budget process and allows us the ability to forecast out five years to FY 2016. From a town management perspective this valuable tool allows us to take ideas, proposals, and new requirements and translate them into the most likely financial reality and forecast them into the future.

I appreciate the full cooperation I have received from all of the Town Departments and Committees who have provided information and input into this document. Over the next few pages, I will attempt to highlight the significant aspects of this budget proposal so that each of the respective Board and Committee members will understand the actions and philosophy used in developing the financial recommendations for the Fiscal Year 2012 Budget.

Fiscal 2012 Budget Strategy

Over the years, Dedham has maintained a conservative but progressive fiscal practice. This practice continues to serve the Town well within this challenging fiscal environment.

The Fiscal 2012 Budget is balanced and includes some new approaches on how operations will function into the next fiscal year and beyond. The theme for this year's budget is "*Resetting the Building Blocks of the Community*". Throughout this document you will see that new steps are being taken to (1) to redefine how we provide some municipal services and (2) to further position the Town for major capital improvements.

It is important to note that Dedham continues to move forward when many communities are forced to take steps back. This Administration remains committed to managing our way through some daunting fiscal obstacles. To the credit of many contributors in Dedham's local government, the Town has remained in the enviable position of providing quality municipal services to its residents while fiscal resources of the Town are further restricted. For the fourth year in a row State Aid to Cities and Towns is expected to be cut and Federal Stimulus Assistance is expected to nearly disappear all together.

While the Town will not be in a position to expand our service capabilities over the next fiscal year, we continue to take "green steps" to get the most out of existing services. We have focused our attention on energy expenses by investing in more efficient heating, ventilation and lighting equipment. We are now installing solar panels on town and school facilities to harness the strength of the sun in helping to power, cool and heat our buildings. We continue to explore other solar opportunities to help further expand this effort. Finally, we have continued to place a high emphasis on recycling to help stabilize the cost of disposing our household trash.

During challenging fiscal periods, we continue to believe that opportunities emerge for making our government more efficient. Through the process of evaluating options whenever a position in the organization becomes vacant, we explore new ways of providing modern municipal services.

New advocacy and advisory committees have formed over the past year with a mission of solving our challenges into the future. This type of planning will lead to sound fiscal policy and an ever evolving municipal government. During the past year the **Efficient Government Task Force** was formed to evaluate many aspects of Dedham's government to determine if many new approaches were viable. The Task Force later changed its name to the **Solutions Task Force** to reflect a more progressive sentiment to the committee's work. The issues that have been included in the evaluation so far are:

- The **Endicott Estate** Operations to determine if the current operational design will allow the Town to maximize the revenue potential at the Estate. The Task Force met with the Director of the Estate and has compiled performance data and information about the Estate to understand how the Estate currently functions. No conclusions have been reached yet from the Task Force on what model they would recommend but there was a general sentiment that the Estate could become more self-sufficient

from a revenue and expenditure perspective. Privatization of the management of the Estate was not ruled out as a possible option,

- The current **Canine Control** function to see if this service could be improved to address calls for service beyond the normal 7:00 A.M. to 3:00 P.M. work period. Regionalization options were considered as well as privatization of this function,
- **Maintenance Staffing** of the Dedham Parks and Recreation Department and the Department of Public Works to determine if any consolidation opportunities exist,
- The **Central Dispatch** function in Dedham to determine if this could be achieved on a regional basis. Regional Dispatch is performed successfully in other parts of the country and has recently been given strong consideration in Massachusetts,
- The **Payroll and Accounting** functions between the Town's Finance Department and the Dedham School Department to see if any consolidation options exist in these areas. These functions are not significantly different on either sides of government and this has been discussed as a consolidation opportunity in the past,
- **Technology Services** of the Town and School Departments to see if a collaboration of this service could be formed to further enhance technology services to the Town and School Departments as a whole,
- The possibility of establishing a centralized **Human Resources** function for both the School and the Town. This could include a staff level function or it could be outsourced to provide counsel and advice to the Town and School Administrative Staffs regarding HR and Labor Relations issues,
- Options to centralize **Facility Maintenance** for all Town and School facilities. During the past year, the Energy Performance Contracting (ESCO) Project has highlighted several areas where this type of central monitoring is essential to this function. Specific areas identified include HVAC maintenance, plumbing, electrical, roof and grounds maintenance.
- **Paperless Technologies** is a goal that should be pursued aggressively over the next year. Since Dedham is a "Leading by Example" Award winner and is one of the Commonwealth's newest "Green Communities", work should begin immediately on a town-wide strategy to significantly reduce the amount of paper correspondence and documentation used to conduct business throughout Dedham. Savings associated with the cost of producing documents and the storage of such documents should be relatively easy to achieve at this time. The costs of implementing paperless strategies through new technologies and business practices should have a 12 to 18 month return on investment. The initial goal should be to reduce the amount of paper that we copy, generate or store by 50% by this time next year.

Some important progress was made during the past year in evaluating many of the topic areas described above. The Task Force has also scheduled a Public Hearing for Wednesday, February 23, 2011 to seek further input and suggestions on how to address the listed topics above or to

identify further issues to be explored. I continue to maintain that it is never too late to consider new options or how we can approach our local government differently. The *Solutions Task Force* has adopted the philosophy that it needs to evaluate all new ideas to determine (1) whether the idea is feasible; (2) if so, what would be the action plan to implement it and (3) what is the realistic time frame to achieve implementation? Later in this document you will see that some of the topic areas that have been previously considered have already reached the “action plan” and “implementation” stages of development.

Last year another topic emerged that required further evaluation. Most people know by now that Dedham has undergone many changes in the past four years that some would argue will benefit the Town well into the future. However, there is another side to these changes that will also impact the Town during this same time frame. The construction of Newbridge on the Charles (HSL) and Legacy Place have each added new response scenarios to the Police, Fire, Dispatch and Ambulance services of Dedham. Our Public Safety Departments have been capturing data to determine how much these new developments are impacting public safety services. In May 2010, the Annual Town Meeting appropriated the sum of \$100,000 to perform a comprehensive evaluation of our Public Safety Services to determine how these services are being provided in this changing environment. The Study will evaluate the current operating procedures in the Fire, Police and Dispatch Departments. It will evaluate calls for service and then break down how each of the respective departments responded. It will take into consideration a number of factors in determining how well the Departments have been performing under each of the scenarios. Most importantly, it is our collective hope that the Study will provide the Town with a strategic plan for our Public Safety Departments. Input has been sought from each of the operating Departments in developing the specification for the study. Input has also been sought from the Board of Selectmen, and the Public Safety Unions (Police, Fire, and Dispatch). The specification was completed by the end of calendar year 2010 and bids are now being sought from regional and national experts who are interested in performing this study. Results of the Study should be available by the end of calendar year 2011.

Current State of the Economy

Over the past several fiscal years, this Administration anticipated many of the fiscal challenges that we now experience and took steps to brace the community for the inevitable downturn in the economy. Many of those same steps will remain in place for Fiscal 2012. These steps include the following:

- We have maintained a limited hiring freeze for all Town Departments. This limited hiring freeze means that not all positions are being filled when they become vacant. This does not mean that I have eliminated positions whenever this happens. Quite simply, it means that each position is subject to review by this Office to determine if the operation can continue to sustain services without the position being filled at this time; or to see if an alternative option could be enacted to continue to provide the service but from a more efficient approach; or to see if a reduced level of service can be sustained in this area for the foreseeable future until an alternative method of paying for the service can be achieved or the fiscal situation in the Town improves. There are certainly other considerations as well, but it is fair to say that a

careful evaluation is made of each hiring action to determine how the Town can best afford and sustain the position being considered.

- In terms of wages and salaries, I have included a 2% general salary adjustment for our union and non-union personnel in Fiscal 2012. The Town will also continue to honor its commitment to pay any step or longevity adjustments that employees are eligible to receive. All of the Town's executed collective bargaining agreements will be in the final year of those agreements starting on July 1, 2011. The only union that has remained unsettled throughout this last round of collective bargaining negotiations has been the Police Superior Officers. Their negotiation process has now been placed in the jurisdiction of the Joint Labor Management Committee in Boston. We remain hopeful that this process will yield a settlement for this final employee union.
- Finally, our strategy in developing this Budget included a 7.5% reduction in non-personnel related costs. This action was requested on top of last year's reduction in non-personnel related costs of 15%. As one might expect, there were a few individual budget situations where this cut could not be achieved without crippling the operation. In such cases, reasonable cuts were made or were alternatively taken from personnel lines if such cuts were achievable. Other expense considerations included the cost of fuel and the cost of Veteran's Benefits. To cut funding for fuel at a time when the cost of this supply is rising or to cut benefits for Veterans who are returning from active duty is just not realistic.

The above steps continue to be needed due to the remaining weakness in the National, State and Regional economies. Building Permit data in Dedham continues to indicate that new construction has slowed for three quarters of calendar year 2010; nevertheless, recent signs (within the past four months) have indicated that a turnaround is starting to develop. Activity at the Planning Board has revealed that two new building projects are nearing the final stage of approval and construction could start as soon as the Spring of 2011. Despite these hopeful signs, any new construction that would start this calendar year still has a 12- to 18-month lag time for consideration as new growth. This means that while new construction is just around the corner, the projection for tax growth for this new budget is relatively flat.

Revenue Considerations

This year, the view from Beacon Hill continues to be less than positive. Governor Patrick has released his budget proposal for Fiscal 2012 and the results of that document indicate that Dedham's overall allocation of State Aid would be reduced by 3% below Fiscal 2011 levels.

Heading into this budget cycle most cities and towns expected a cut in State Aid. This is because public officials and residents have been made aware of the State's fiscal budget gap of nearly \$1.5 billion going into Fiscal 2012. While overall State Revenues are starting to regain some momentum at this time, Fiscal 2012 also means the end of Federal Fiscal Stimulus dollars. These one-time funds were shared throughout the country to help bolster State Budgets during the 2008, 2009 and 2010 economic downturn.

If ever there was a silver lining in the projections of the current State budget gap it's that in 2010, this gap was expected to be as high as \$3 Billion dollars. Increased revenue collections throughout the State have contributed to this significant gap reduction.

This Budget proposal reflects a 3% reduction in State Aid. This reduction is in line with what the Governor has proposed in his State Budget. At this time, I have no reason to believe that Dedham will receive a lower amount from either the Senate or the House budget proposals. However, we will continue to monitor these numbers closely as the House and Senate file their budget packages over the course of the next few months. There is also an outside possibility that there will be an "early resolution" between both branches regarding a State Aid package. This would mean that we might have an earlier answer to the House and Senate recommendations for the next fiscal year. If not, history has shown that we would not have a final State Aid number until the last week of June 2011.

Locally, our projected revenues continue to be a mirror image of the regional and national economies. In the Fiscal 2011 Budget Message we predicted that our New Growth number would likely go down in Fiscal 2012 to a more normalized amount owing to the absence of any new major development projects in the pipeline. Based on preliminary indications from the Assessing Department our New Growth number is estimated to grow by only \$750,000 in Fiscal 2012. By comparison, this number in last year's budget estimate was \$1.8 Million dollars. This number directly correlates to the value of Building Permits issued in previous fiscal years. For example, in Fiscal Year 2009, the value of the Building Permits issued was \$2,153,680. By way of comparison, in Fiscal Year 2010 the same number of Building Permits were issued as in FY 2009 but the value of the permits was only \$666,506.

One other major revenue consideration that continues to surprise us is our motor vehicle excise tax collections. Based on our current observations we actually project this revenue to come in slightly ahead of our projections for Fiscal Year 2011. What is significant about this number is that it is a true reflection of how the local economy is currently operating. Motor vehicle excise collections are based on the value and age of the vehicles being taxed. If the value and age of the vehicles remains constant *or increases* this means that residents in the community are continuing to buy or lease new vehicles. During most economic downturns, the age of vehicles generally increases and the value decreases- resulting in lower tax collections. In Dedham our motor vehicle excise collections have remained relatively constant and have actually gone up in some instances. In addition, as was pointed out in last year's Budget Message, the number of "garaged" vehicles in Dedham has gone up in recent years due to the construction the new apartment complexes located off of Rustcraft Road and Elm Street and due to the addition of the Newbridge on the Charles complex.

Probably the most significant revenue component that must be mentioned this year is our *newest* revenue component. Everyone will recall that in Fiscal 2010 the State Legislature gave cities and towns the authority to approve a local meals tax and an increase in the local hotel and motel tax. The Town of Dedham evaluated both of these local option tax proposals and determined that it would be in the Town's best interest to adopt these tax increases- but with a specific purpose in mind. Planning has been on-going for the past six years on how the Town can either improve its existing public facilities or to develop new ones. Until now, the planning was helpful but the funding source always remained the biggest obstacle. In

Fiscal 2010, Town Meeting members approved an increase in the local meals tax by **.75%** and approved an increase in the hotel/motel tax by **2%**. More significantly, the intended purpose of this new revenue was to provide a funding source for the development of new public facilities. The specifics on how this funding would be spent was left to a newly formed committee. That committee began meeting in late 2010 and is now working on these important details. The decision to set aside these new funds for this purpose was a significant step forward toward realizing the long anticipated goal of developing new Town facilities. Even more significant was the amount of new revenue this step has realized in the first 10 months of collections. The combination of the new meals tax and the additional room occupancy tax has yielded nearly \$900,000. Projected through to a full year, this amount should easily exceed \$1 Million dollars annually. In time, if this amount were to remain relatively constant, this amount could be used to pay a bond issue for the purpose of building new public facilities without any impact on the tax rate.

Fiscal 2012 Budget Summary

The total Fiscal 2012 budget, including all sources and uses of funds, is **\$91,450,752**. Of this amount, the operating portion represents **\$80,994,020** or **88.6%** of the total amount. This is an increase of **\$2,179,918** over the current Fiscal 2011 operating budget. The **\$80,994,020** amount only reflects the proposed general operating expenses for the Town and the School Departments including fringe benefits and debt considerations. The non-operating amounts of **\$10,396,732** represents **11.4%** of the total amount and includes such items as the State, Local (non-discretionary) and MWRA assessments.

Specific changes planned for the operating budget in Fiscal Year 2012 are highlighted in the section entitled “Resetting the Building Blocks of the Community”.

The expenditures for the Fiscal 2012 Capital Plan are presently not reflected in the Operating Budget. I have only reported the requests that have been identified to date. The Capital Expenditures Committee and the Building Planning and Construction Committee will be meeting to prioritize the requests for funding. As a starting point to this discussion, the Mitigation Committee has recently completed its work and has recommended over \$722,000 in spending from the one-time mitigation payments made to the Town from Legacy Place and Hebrew Senior Life.

One of the most significant projects I plan to recommend for Fiscal Year 2012 is the bonding authorization for the Dedham Square Improvement Project. This is a \$6.1 Million dollar project that will include traffic and safety improvements for the roadways, streetscaping and lighting upgrades, new signalization and an overall beautification plan throughout the entire Square. During the past year, Dedham’s Economic Development Director, working with the Dedham Square Circle advocacy group and various Town and State Officials wrote a successful Public Works Economic Development Grant and were awarded \$1.3 Million for their efforts. This award from the Commonwealth will allow the Town to reduce its overall financial obligation to the project. The remaining amount of \$4.8 Million dollars would be paid for by the Town through its annual operating debt schedule and would not result in a specific tax increase that is normally associated with debt exclusions. Dedham Square has not seen any significant community improvements in over fifty years. This planned

improvement, along with the recently completed High and Harris Street Bridge Project, will result in significant refinement of Dedham Square. As we continue to reap the benefits of some of town's most recent economic development projects, it has become far more crucial to upgrade our existing town center. The purpose of this improvement is not to compete with the Route One revitalization but to compliment such development. The proposed improvements will help to recapture some the Dedham's early era and will allow pedestrians to move about the Square in a more safe and pleasant environment.

The Town's willingness to invest in its infrastructure, school and public facilities has caught the attention of the outside world and has rendered Dedham as more of a destination rather than just a pass through community to Boston. I view the Dedham Square Improvement project as one of the more significant improvements that this community could make. It signifies that the town as a whole wants to keep the "heart of the community" vibrant and active.

In addition to this significant project I plan to continue to recommend funding for the improvement of Dedham's roads and sidewalks as prescribed by the Pavement Management Program. Since the start of this Program, this effort remains highly successful and largely supported by Dedham's residents. One bright spot in the Governor's proposed spending plan for Fiscal 2012 is his proposal to increase the Town's Chapter 90 allocation – state reimbursement for the improvement of public ways. This would result in an increase of approximately \$152,000 that can be used toward road improvements throughout Dedham. Through the supportive efforts of the Public Works and Engineering Departments, Dedham has been able to maximize its infrastructure improvements by proposing the efficient use of public funds and by achieving quality results throughout the Community.

Fiscal 2012 Revenue Forecast

The following highlights of the Revenue Forecast are described in detail below:

Tax Levy: A projected Tax Levy of **\$73,732,855** is presented in the calculation, which includes **\$750,000** in new growth. As was pointed out earlier, this new growth is significantly lower than the current fiscal year amount of **\$3,465,622**. The new growth for FY2011 included both Newbridge on the Charles and Legacy Place. The amount included in the Levy for Exempt Debt is estimated at **\$3,180,856**. The Exempt Debt has decreased by a little less than \$83,000 since last year. A detailed listing of all Debt - exempt and non-exempt - is included with the expenditure details.

State Aid: We are projecting a net decrease in funding for State Aid by the amount of **\$199,457**. The total amount of State Aid is projected to be **\$6,512,896**. This number is based on the Governor's proposal at this time. State Aid represents approximately **7.1%** of the Town's total revenue base.

Local Receipts: We anticipate our Local Receipts to continue to remain relative stable for FY2011. The estimated local receipts amount for FY2011 is programmed at **\$5,120,000** or a

slight increase of \$20,000 over the final estimate of Local Receipts for the Fiscal Year 2011 Budget.

General Budget Considerations for Fiscal Year 2012

Wage Adjustments- I am including a general cost of living increase of 2% for Union and non Union employees. However, many salaries will continue to increase beyond this amount since we will continue to fund any step or longevity increases that have been previously committed to staff members. The 2% is part of the four-year collective bargain agreements that generally were 0%, 1%, 1% and 2% for FY2009-FY2012, respectively.

Vacant Positions- As a strategy for addressing lower revenue projections, I have continued to look at staffing situations throughout our organization over the past few years to determine if we should or should not fill certain vacancies until our revenue situation improves or if strategic options should be pursued. While this means that the Town's work forces may be smaller, it also means that we may have a more well-equipped and stable workforce into the future

New Staffing – There are no new staffing positions proposed in the Town Budget.

Evaluate Existing Programs - This proposes some new bold steps that are presented as options for the Community to consider. I have carefully considered many aspects of the Town's operation over the years and continue to see opportunities where we can continue to improve Town services. This budget proposal will begin to address some of these opportunities.

Resetting the Building Blocks of the Community

The following proposals are offered as options as part of this Budget proposal:

Endicott Estate- I propose in this Budget that the Endicott Estate be funded at its fully operational level for half of the next Fiscal Year. During the first half of the fiscal year, the Estate will continue to operate as it always has. However, during this same time frame a specification will be prepared through the Town Administrator's Office, with the assistance of industry experts, which would seek proposals for privatizing the management of the Estate. If, after the solicitation of the bids, it is determined that it is more beneficial to privatize this function, then it would be my intent to implement this change, effective January 1, 2012. At that point, it is conceivable that the current staffing level of three full-time and one-part time employee could be reduced to one-full-time position: the caretaker who would remain assigned to the Estate but be managed by the Public Works Department. More specifically, the Director's position, the Security Guard position and the part-time events coordinator position could be reduced by this change effective December 31, 2011. If more beneficial, the Estate would then be managed by a private company who would continue to honor the provisions of the Will of Katherine Endicott but would also promote increased use of the Estate while respecting the civic use of this property. Over the years, the Estate has

operated at a loss with only a limited marketing plan in place. The new goal would be to retain a professional management company who will operate the Estate with a business plan with the intent of becoming a self-supporting property. Based upon this proposal, revenues for the Estate have also been projected for only a half year.

Parks and Recreation - I would propose that the maintenance personnel employed under the Parks Department would be reassigned and designated as a new division of the Public Works Department. This will require further legislative action and work with the Unions to accomplish and those processes will be respected. I further propose that the funding for the Assistant Parks and Recreation Director position be eliminated from the Budget and that those funds be reassigned for improvement of the playing surfaces and park facilities throughout Dedham. This could be done by increasing the existing Parks supplies line items. Until the Parks personnel are actually redeployed to the Public Works Department, the maintenance and supplies budget items would remain in the Parks Department budget. As part of my consideration in evaluating this proposal, I have spoken to many towns in and around Dedham, and Dedham is one of the very few communities in this region that operates its Parks Maintenance division independent from the Public Works Department. The simple economy of scales suggests that this would be an overall operational and efficiency improvement.

Town Clerk - Over the course of the next year there are a number of retirements expected in this office. This significant change in personnel presents an opportunity to realign the office with the modern day needs of the information age. As such, I am proposing that as these positions transition out through retirement, each position's be redefined to incorporate increased use of technology. Currently the Town Clerk's Office is the hub of Town information. This new proposal would include such responsibilities as Public Information coordinator including Web Page updates, Meeting Posting and Space Coordination, Elections, Records Management, and traditional Town Clerk responsibilities as defined by Massachusetts State Law. In this instance we have the opportunity to redeploy existing resources to meet the modern information needs of our citizens.

These are three significant changes that I would propose for this Budget. As always, I remain open and willing to suggestions on how these proposals may be modified.

Highlighted Expenditures

Highlights of the expenditure side of the budget are detailed below:

General Government Budget: This Budget is recommended at **\$24,484,407** (excluding fixed costs such as debt service and employee benefits). This is an increase of **\$836,763** or **3.5%** over the current fiscal year's amount.

Education Budget: The recommended budget for Education is projected to increase by **\$960,170** over the current Fiscal Year, including Blue Hill Regional School District. The Fiscal 2011 Dedham School Budget is recommended to be **\$32,477,670**, an increase of **\$861,170** over the final Fiscal 2011 amount.

Debt Service: This expenditure is expected to increase by **\$25,026** for an obligation of **\$7,822,669**. This amount includes two new bond issues, \$8 million in the May of 2010 which included initial (partial) funding for Avery and the Athletic Fields, Roads, Departmental Equipment, Roof and Building Improvements. In November of 2010 we issued another \$8 million in Energy Savings Bonds for the ESCO project.

Fringe Benefits: These expenditures are expected to rise by **\$633,285** or an overall increase of **4.8%**. The increase in Employee and Retiree Health Insurance benefits is projected to stabilize somewhat and we are only projecting a **6%** increase in costs over Fiscal 2011. The funding schedule for the Retirement System was extended to allow for only modest increases in funding.

A Foundation for the Future

Despite the constant barrage of concerns associated with the State and National economies the Town has a lot to be proud of as we look beyond this budget planning season. There are several items listed below that will help to support our municipal services for many Fiscal Years and beyond. Dedham has a lot to be proud of.

These items are not listed in any particular priority:

ESCO - Consistent with the need to address our aging capital facilities, the Town initiated an Investment Grade Audit of all Town and School Buildings to determine if the Town should enter into Energy Services Performance Contract (ESCO) to improve the energy efficiency of each of the buildings. Over the last three years, the Town and School Departments have been working on this joint venture, consistent with the goals of the Board of Selectmen, to identify a series of energy efficiency improvements that could be self-funded by the energy savings in our Town and School budgets. A report generated in March 2010 indicated that a project could be authorized at the level of \$9 million that effectively pays for itself with the savings generated by more efficient energy systems over the life of the project. Based upon the recommendations, it was determined that further investigation be conducted to determine if a second phase of the project could be accomplished that would improve the windows at the Town Hall, the High School and at Greenlodge School. That investigation is still underway. In May of 2010, the Town Meeting authorized the start of a new Energy Services Contract (ESCO) with Siemens Corporation. The total project was authorized at \$12,350,000. Phase I of the project, the self funding portion, commenced in July of 2010 and is approximately 80% complete. The magnitude of the improvements to the Town and School Facilities has been significant – virtually every building has had some sort of improvement - and from a timing standpoint, accomplishing the boiler and related heating improvements before the winter months was challenging. The School Department, Building Department and all of the Operational Departments, along with our contractor, have demonstrated exceptional effort on this project. Weekly meetings are held with the Contractor and monthly meetings with all Departments Heads to have an opportunity to discuss the project with the contractor. A new roof has been installed on Town Hall and the Solar Project will begin on both the Town Hall and the High School in the Spring of 2011.

New Avery School and New Dedham High School Athletic Complex - Dedham voters cast their votes in 2009 to increase their taxes so that the Town's oldest and most outdated Elementary School, Avery Elementary, would be replaced. With the support of nearly 50% State funding, taxpayers showed their strong support to provide quality education for the children living throughout East Dedham. These same voters also agreed to support the construction of a new High School Athletic Complex. This new state of the art facility at the Dedham High School campus will include a new field turf playing surface for football, lacrosse, soccer and track and field events. Also included is a new running track, new bleachers, and new bathrooms as part of the overall complex. Work has been under way for over 6 months on both of these projects and they remain on schedule and within budget at this time.

Our Workforce, Volunteer Board's, Committees and our positive relationship with County Government - Dedham's employees and volunteers have done a remarkable job over the past year and have demonstrated their commitment toward the overall improvement of the community. Employee productivity has been steady and has improved on most levels of government. The Town is fortunate to have such a great group of individuals who work well together and who are determined to provide a high level of service to the residents of Dedham. This is one of Dedham's great qualities. It should also be noted that our cooperative relationship with Norfolk County Government has allowed the Town to gain financially and logistically. Over the past year, Norfolk County Government has continued to assist the Town when the alternative would have been to contract out for engineering services. The Town greatly appreciates the cooperative efforts of the County in assisting the Town in its efforts to address Dedham's infrastructure needs.

Legacy Place - Construction is complete at *Legacy Place*. Construction began in earnest in April of 2008 and was significantly complete by the Spring of 2010. This was one of the few projects of its kind in the Commonwealth that continued to move forward despite the concerns over the economy in 2008 and 2009. Legacy Place was only one of two new retail projects to be opened in the country in 2009. According to our Building Department and in conversation with the developer WS Weiner, of the 650,000 square feet of space available, 630,000 of the space had been leased. Nearly all of the businesses have been operational since June of 2010.

Hebrew Senior Life - The other major project that has been completed in Dedham is *Newbridge on the Charles* by Hebrew Senior Life. This \$450 Million dollar assisted living style complex is a state-of-the-art senior assisted-care facility with a high quality residential component. This project was largely finished by September of 2009. The Rashi School, which was added late in the development stage of the Newbridge project is now complete and was opened for classes in September of 2010.

Road and Sidewalk Improvements - Progress continued for the fourth full year on the Town's Pavement Management Program. Resident concerns regarding construction were almost nonexistent in 2010. In March of 2010, the Department of Public Works and the Infrastructure Engineering Department worked directly with the list of approved roads as generated through the Pavement Management Program. The two Departments went out to bid and selected the contractor(s) to perform the work. The full extent of the work is

described on the Town's website at www.dedham-ma.gov. The two Departments have maximized opportunities to achieve cost effective and efficient road improvements by utilizing Town employees to design, inspect and support our outside contractors while performing this work. We estimate that the savings achieved annually to be in the \$600,000-\$700,000 range. The savings achieved have been translated into a significantly greater return on our capital investment by injecting the savings back into road repairs and improvements. The savings achieved each year has resulted in a greater number of roads being addressed and a greater number of miles improved. While many of the Town's roads still require major improvement and investment, this systematic approach toward addressing one of Dedham's biggest challenges is now moving steadily toward one of the Town's most significant accomplishments.

Bond Rating - In November of 2008 the Town was notified of the news that we had been waiting to hear for many years. Standard and Poor's had increased our bond rating from Double A status to Double A+ status and we maintained our "Strong" rating for our management practices. Dedham's Bond Rating is now considered one of the highest in the Commonwealth with only the Triple A rated communities (of which there are less than 15 in the Commonwealth) separating us from the top. The Town has managed to maintain this very desirable rating throughout this very difficult financial climate. This favorable rating was reaffirmed again in November 2010.

Health Insurance - The action to negotiate the Town's health insurance contribution has over the past three years yielded some significant savings in this cost center. This current fiscal year the cost of providing this benefit to all employees, past, present and retired has nearly reached \$10,000,000. However, by reducing the Town's contribution from 90% to 80% and 75% (in some instances), the Town has now saved over \$1.2 Million.

Street Light Acquisition - We are now into the fourth year following the Town's action to acquire all of the Town's street lights. This action was taken to reduce our cost exposure with respect to the leasing of older and underperforming equipment and to help improve our overall service response to residents. Ever since the Town took this step, additional communities have followed suit. At the time of our action, over 65 communities throughout the Commonwealth have acquired their street lights. If we had not done so, the cost of providing this service would have continued to rise while service response would have continued to get worse. As part of the acquisition process, the Town has contracted with Republic ITS to service and replace street lights with more efficient fixtures. The Budget cost of this line item has stabilized and we are now experiencing real savings. In evaluating our past year's costs, the Town is now realizing an annual cost savings of \$150,000 per year.

Single Stream Recycling and Automated Trash Collection - In 2008, the Town went out to bid on its trash program to identify a more cost effective program. That action resulted in the Town achieving a contract with a new Trash Collector and a new contract with a regional disposal facility. Both actions resulted in major cost avoidance for the Town. This action also introduced the possibility of converting our more traditional trash program into a more environmentally friendly and more cost efficient trash solution known as Single Stream Recycling and Automated Trash Collection. This new program actually began in November of 2009 after a year of educational seminars and mass communication efforts to explain the

new program to residents. The advantage of the new program is that it teaches our residents to recycle more and to dispose of less trash into the waste stream. A ton of trash costs \$75.00 a ton to process versus \$17.00 a ton to process recyclables. By providing a limited capacity to dispose of trash and by making it easier to recycle, residents have significantly improved the recycling rate for the Town. At the same time, our trash program costs have stabilized and we have avoided major cost increases for disposing of trash. An added benefit is that our streets are cleaner, due to the method of collection that now occurs and we are improving the environment with this significantly more eco-friendly approach. This program to date has saved the Town over \$200,000 per year.

Sustainable Dedham - Finally, the Dedham Sustainability Committee has been working with the Environmental Coordinator to identify other possible energy improvements that the Town pursued through Federal and State funding sources. During the past year requests were approved with the assistance of Congressman Stephen Lynch to fund \$500,000 in solar energy and roof improvements at Town Hall and at the High School. A \$150,000 grant request was also approved through the new Green Communities Division at the State that helped the Town acquire the new energy monitoring technologies that could be installed Town wide. Both of these grant requests have garnered support at both the federal and state levels of government. In addition and during this past year the Town was named Small Community Recycling Community of the Year. The Town also received designation as a Massachusetts Green Community and was awarded Tree City designation.

Conclusion

As you read through the remaining Sections of this Budget Message, I will be readily available to answer any questions that may arise. I am pleased to be able to provide you with this important document. However, I do remind everyone that despite the conservative actions taken to prepare our revenue estimates; we must continue to watch the actions of the Governor and the Legislature as they address State Aid recommendations. I fully anticipate that further adjustments will be made in this document depending on any new information that will be made available to us between now and the Annual Town Meeting.

I continue to welcome input from residents, Board and Committee members on how this document can be instrumental in helping to shape Dedham's future.

Ladies and Gentlemen of the Board of Selectmen and the Finance Committee, I am pleased to present to you with my recommendations for the Fiscal 2012 Budget for the Town of Dedham.

Sincerely,

William G. Keegan, Jr.
Town Administrator

Cc: Director of Finance
Assistant Town Administrator