

Town of Dedham
FY2017 Proposed Budget
February 25, 2016



James A. Kern
Town Manager

Presentation Overview

- Revenue Estimates
- Early Pension Funding
- FY17 Changes/Issues
- Operating Expenditures Summary
- Capital Expenditures
- Tax Levy/Rate Impact



Revenue Estimates

- Property Taxes – identified later in presentation
- New Growth estimated at \$1,050,000
- State Aid - \$7,820,440 – increase of \$179,000 or 2.3%
- Local Receipts - \$7,541,000 – increase of 19%
- Local Option Taxes - \$2,040,000 – increase of 0.7%
- Sewer Receipts - \$7,800,000 – increase of 2.6%

Free Cash Balances

➤ Free Cash Balance

- June 30, 2015 - \$16,256,612
- June 30, 2014 - \$8,184,818
- June 30, 2013 - \$3,101,778
- June 30, 2012 - \$2,031,815

➤ Effective Free Cash Balance:

- June 30, 2015 - \$16,256,612
- June 30, 2014 - \$8,184,818
- June 30, 2013 - \$5,683,273
- June 30, 2012 - \$2,031,815



Free Cash Increases

- As the economy recovered, revenues exceeded estimates.
 - MV Excise
 - Permit Fees
- Two year lag between final data and present estimates.
- Smart to be cautious – downturns aren't always foreseeable and everything goes down together.
- Avery School Construction Account skewed numbers in 2014



Free Cash Uses

- Operational Capital
- One-time other Capital
- Snow Deficits



Early Pension Funding Proposal

- ▶ Existing Unfunded Liability in Pension plan is \$24 million.
- ▶ Use \$7,500,000 of Free Cash in FY17.
- ▶ Anticipate additional vote of Free Cash in FY18.
- ▶ Concurrent votes each year of \$1,500,000 to reduce property tax levy.
- ▶ Will accelerate the funding of the unfunded liability which will ultimately reduce the annual pension payment by approximately \$3,000,000 when fully funded.



Early Pension Funding Proposal

- ▶ Solicited input from residents over the previous 3-4 months.
- ▶ Desire to reduce property taxes in the short- and mid-term but use money wisely.
- ▶ Proposed approach would impact all taxpayers in Dedham.
- ▶ Unfunded Liability is an obligation that must be met. Not optional – set by independent retirement board.
- ▶ Does not affect pension status of employees



FY2017 Additions/Changes

- Six New Positions in General Government:
- Four Firefighters to bring staffing on the ladder truck from 2 to 3
- One new custodian in Facilities Budget
 - Bringing a Senior Center online/50,000 sf building
 - Not funded until April 2017
- Additional HVAC Technician in Facilities Budget
 - Previously provided under contracted service
 - Concerned about response times during high demand



Recent Fire Department Overtime

- FY13 Actual: \$782,333
 - FY14 Actual: \$695,650
 - FY15 Budget: \$628,177
 - FY15 Actual: \$523,824
 - FY16 Budget: \$547,360
 - FY17 Request: \$363,471*
- *Request adjusted because of timing.

FY2017 Additions/Changes

- Additional p/t inspector in Board of Health
 - Available on weekends and evenings
 - Significant increase in eating establishments
- Moved Administrative Assistant position from Veterans Service Office to Human Resources Office
 - Position was previously shared between offices. Evaluated need for 5 months
- Completed Department Head Compensation Study.
 - Adjusted Assistant Town Manager compensation and responsibilities
 - Other positions adjusted to reflect comparables
- Proposed I/T civilian employee in police department from present funds



Summary of Large Budget Segments

- General Government: \$974,492; 3.6%
- Education: \$1,354,295; 3.9%
- Facilities: \$41,058; 0.8%
- Benefits(OPEB, Health Insurance, Pension): \$581,724: 3.4%
- Debt Service not covered by RR Fund: \$583,378; 7.2%



Summary of Year over Year Growth

- Total Operating Expenditures: \$4,217,532;
4.42%
- Total without Debt Service: \$3,255,759;
3.75%
- Total without Debt Service and Operating
Capital: \$2,968,371; 3.48%



Operating Expenditures: Dedham Schools

- Increase of \$1,354,295 from FY16 to FY17, not including Blue Hills or Norfolk Agricultural budgets.
 - This Budget reduces the Department's request by \$315,777, resulting in a 3.9% increase not including school allocated facilities costs.
 - Continues funding phase-in of full-day kindergarten.
 - Supports Superintendent's intent to increase special education in-house programming.

Operating Expenditures: Benefits

- ▶ Insurance Advisory Committee has been meeting monthly researching options.
- ▶ Dedham represented on the steering committee of West Suburban Health Group.
- ▶ Health Insurance budgeted at an increase of \$496,500 from FY16 to FY17, an increase of 5%
- ▶ Rate Increases ranged from 0.6% to 8.5% with slight enrollment decrease
- ▶ Total Benefits budget increases by 3.4%



Operating Expenditures: Debt Service

- FY16 Debt Service \$9.42 million
- Non-Robin Reyes Debt Service is \$7.53 million, a decrease of \$583,378
- Non-Robin Reyes Debt Service projected at 7.6% of operating budget
- Non-excluded debt service 4.8% of operating budget



Capital Improvements Program

- ▶ Includes replacement of Gonzalez Field with a turf surface and lights at 2.4 million dollars
 - Natural field is nearly a million dollars with reduced use
 - Central location benefits school teams, rec teams, individuals
- ▶ Free Cash Capital: \$2,372,000
- ▶ Capital proposed for borrowing: \$4,700,000
- ▶ Operating Capital: \$1,893,222

Tax Levy/Rate

- ▶ The budget creates an unused levy of \$5,747,691
- ▶ Actual Levy will not be known until the Fall
 - FY16 Residential Tax Rate: \$15.49
 - FY17 Residential Tax Rate (Est): \$15.76
 - Average residential property value: \$420,216
 - Current Fiscal Year Property Tax: \$6,509
 - FY17 Taxes based on this budget: \$6,622
 - Increase of \$113.00 or 1.73%



Robin Reyes Transfers

- This budget proposal fully budgets the anticipated transfer to the Robin Reyes Special Stabilization Fund for FY17
- This budget proposal also budgets for 1.07 million dollars in transfers from revenues currently being received from the local options meals and hotel taxes
- Budgeted amounts for FY17 partially funded with Free Cash

Thank You

- Special Thanks to the Finance Team, Department Heads, Dedham School Administration, and everyone else who contributed to this Budget. I'm looking forward to working with the Board of Selectmen, Finance Committee, and Town Meeting Members throughout the rest of the process.

Jim Kern
Town Manager