

Dimitria Sullivan, Chair
Sarah E. MacDonald, Vice Chair
James A. MacDonald
Dennis J. Teehan, Jr.
Kevin R. Coughlin

Leon I. Goodwin III
Town Manager

Nancy A. Baker
Assistant Town Manager



TOWN OF DEDHAM
Select Board

DEDHAM TOWN HALL
450 Washington Street
P.O. BOX 306
DEDHAM, MA 02026

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

WEB SITE
www.dedham-ma.gov

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

Honorable Select Board and Finance and Warrant Committee,

I hereby transmit to you the recommended FY2023 Operating and Capital Budgets and the FY2023-2027 Capital Plan. The total FY2023 General Fund Budget, including all sources and uses of funds, is \$129,447,798, an increase of \$5,691,356 or 4.60% over the total FY2022 budget. Of this amount, the operating portion represents \$124,085,881, an increase of \$5,981,596 or 5.96% over the FY2022 operating budget. Major budget drivers will be detailed below and in the budget presentation.

While we had all hoped that the FY2023 budget would reflect a return to normalcy, once again this budget has been formulated during a period of continuing economic uncertainty and volatility caused by the COVID-19 pandemic. That being said, with a vaccine now widely available, pandemic related metrics moving in a favorable direction, and both national and local economic indicators trending toward a recovery, we can assume with some confidence that our yearly budgets will stabilize, and we can return to pre-pandemic priorities.

Capital Budget:

Over the past several years, Dedham has made significant investments in its capital assets. We recently completed the new Town Hall/Senior Center, Early Childhood Education Center (also known as the ECEC), and are on track to occupy our new combined Public Safety Building in October of this year. The next major building project on the horizon is a replacement for the 120-year-old Oakdale Elementary School, which is currently in the feasibility phase of a multi-year process with the Massachusetts School Building Authority (known as the MSBA).

The Town's [Debt Management Policy](#) and [Overall Financial Management Policies](#) call for our annual capital debt service to fall between 5% and 10% of the five-year rolling average of the operating budget. This is exclusive of free cash and dedicated funding sources such as stabilization funds (Robin Reyes), enterprise funds, grants, and proposition 2 1/2 debt exclusion projects. Our current debt percentage calculated in accordance with Town policy is 7.7%, which is firmly within the recommended 5% to 10%.

As has been discussed in prior budget messages and budget hearings, a significant and anticipated increase in debt service occurs in FY2023¹. The total budgeted debt service for

¹ A smaller increase is projected in FY2024, where debt service is projected to peak before gradually falling off.

FY2023 is \$13,515,891, which represents a 10.33% increase from last year's budgeted debt service of \$12,250,550.

The total proposed capital project costs for FY2023 are \$6,607,591, and proposed funding is as follows:

Bonding: \$6,275,496 – This figure represents the debt principal which will be issued next spring, and which will impact the FY2024 budget.

Operating Capital: \$332,095 – The movement of certain capital into the operating budget has benefits to the taxpayer, including but not limited to avoidance of the costs of bonding (i.e., financing), which primarily come in the form of interest payments. Furthermore, the inclusion of operating capital in departmental budgets is consistent with our Town financial policies and [bylaws](#).

Free Cash: \$0.00

Other: \$0.00

Finally, this budget recognizes that the local option rooms and meals tax revenues that support the Major Facilities Capital Stabilization Fund (also known as the Robin Reyes Fund) are insufficient to fully fund all the recent major facilities capital debt service. As such, this budget continues to implement the plan by which the Robin Reyes Fund is augmented with a General Fund transfer which will lessen the future budgetary impact of this structural deficit. This year, that amount is \$500,000.

Education Budgets:

I am recommending an appropriation of \$46,496,576 for the Dedham School Department. This represents an increase of \$2,125,370 or 4.79% over the FY2022 appropriation. Major budget drivers include level service contractual increases of \$1,756,470 or 3.96%, the net addition of 3.0 educational FTEs, and a \$250,000 increase to the special education out of district budget. For more information, please see the [Superintendent's FY2023 Budget Presentation](#).

Blue Hills Regional Technical School and Norfolk County Agricultural School funding is \$175,710, an increase of 8.5% over FY2022.

Proposed Personnel Changes:

While the COVID-19 pandemic has created innumerable challenges for government at all levels, and that is certainly true for the Town of Dedham, a silver lining at the local level is the influx of State and Federal funds to address not only COVID-related issues, but unfunded needs that long predated the pandemic. Managing these grants and other funds will require more staff capacity than is currently available, and as such we are recommending the hiring of a professional grants/procurement administrator. This position will not only help us apply for and report on existing grants and other funding opportunities but will also allow us to centralize our purchasing

efforts. Centralized purchasing was one of the key recommendations of the 2015 Department of Revenue Division of Local Service's audit of Dedham's Finance Department, and this unrealized recommendation will have a significant impact on Town operations. For FY2023, the cost of this position will be covered by the American Rescue Plan Act (ARPA) funding and as such there is no appropriation in the general fund for this position.

Other personnel changes recommended in FY2023 are as follows:

- In furtherance of our return to an internal stand-alone Information Technology Department, I am recommending the addition of an IT Support Technician position that will be funded in part by a further decrease in outside professional services (approximately \$35,000). The estimated cost of this position for FY2023 is \$67,000.
- At the request of the Library Director and Board of Library Trustees, I am recommending the creation of a full-time Archivist position. This position will work to catalogue and preserve our documentary history, as well as creating programming to better share this resource with the public. In addition, it is expected that other Town departments, including but not limited to the Town Clerk's Office, will benefit from having this professional expertise in-house. The expected FY2023 cost of this position is \$62,632.
- The Facilities Department is requesting a full-time custodian for the new Public Safety Building, which we expect to occupy in October 2022. The 9-month cost for FY2023 is \$35,808.

Other Budget Items of Note:

- This budget fully funds the Dedham Retirement Board's required annual contribution while also allocating \$500,000 toward Other Post-Employment Benefits (OPEB). As you may recall, during FY2021 and FY2022, we zeroed out our contribution to OPEB to blunt the effect of decreased revenues and increased costs on our taxpayers. This is consistent with our goal of achieving full funding of OPEB over several years. If possible, we will use ARPA funding to expedite this timeline.
- As was forecasted during last year's budget presentation, debt service has continued to grow faster than the rest of the budget culminating in an FY2023 debt service appropriation of \$13,515,891, which represents a \$1,265,331 or 10.33% increase from last year's budgeted debt service of \$12,250,550. This is primarily attributable to recent major capital projects including the new Town Hall/Senior Center, ECEC, and Public Safety Building.

Property Tax Levy/Unused Levy Capacity:

The property tax levy represents approximately 78.9% of all general fund revenues before adjustments. The FY2023 property tax levy is \$102,137,280, an increase of \$5,038,906 or 5.2% over the FY2022 actual tax levy. This compares to the nearly \$3,744,787 million or 4.01% increase that FY2022 tax levy was over the actual FY2021 levy. Keeping with recent trends toward higher-than-normal new growth, the FY2023 budget plan assumes new growth revenue of approximately \$1,100,000.

The tax levy limit is calculated by increasing the FY2022 levy limit, exclusive of debt exclusions, by 2.5% and then adding a component for new growth. New growth is a function of the additional value generated by construction during the preceding year. The additional tax dollar amount for new growth is determined by the following equation:

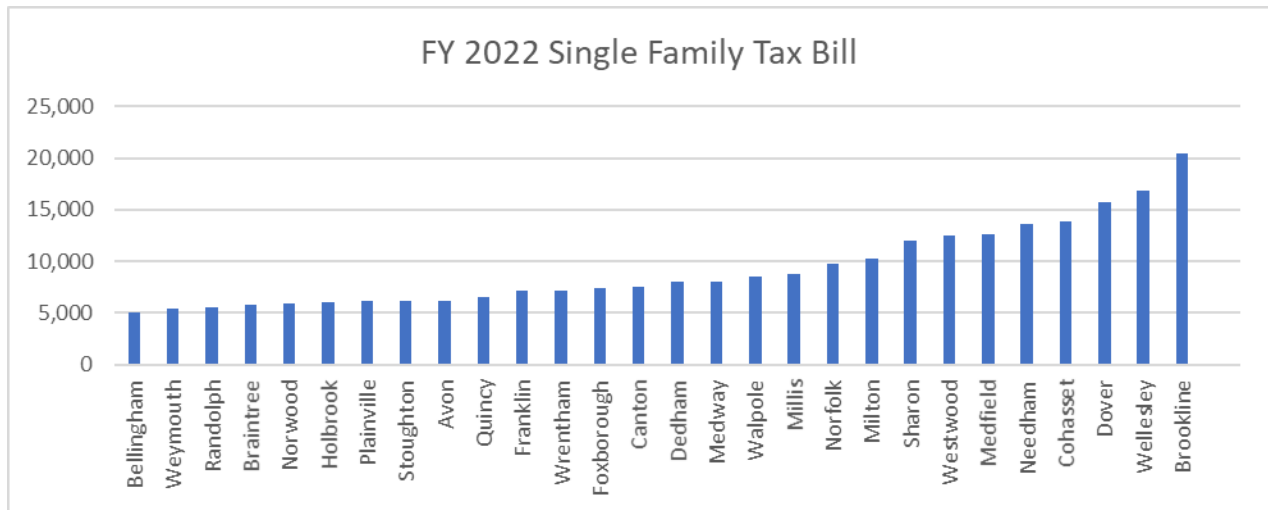
$$\text{Property value (based on assessment as of January 1)} \times \text{FY2022 tax rate} = \text{New Growth}$$

The difference between the projected FY2023 property tax levy and the tax levy limit, otherwise known as levy capacity, in FY2023 is \$7,530,406.

Tax Levy History	FY2019	FY2020	FY2021	FY2022	FY2023
PROPERTY TAXES					
Prior Year Levy Limit	89,441,008	93,000,263	96,531,276	100,171,350	104,010,191
2.5% Increase	2,236,025	2,325,007	2,413,282	2,504,284	2,600,255
New Growth	1,323,230	1,206,006	1,226,792	1,334,557	1,100,000
Subtotal	93,000,263	96,531,276	100,171,350	104,010,191	107,710,446
Debt Exclusion	2,720,355	2,525,746	2,447,974	2,368,872	1,957,240
Current Year Levy Limit	95,720,618	99,057,022	102,619,324	106,379,063	109,667,686
Levy Capacity (Unused)	(9,118,142)	(9,220,096)	(9,265,736)	(9,280,688)	(7,530,406)
PROPERTY TAX LEVY	86,602,476	89,836,926	93,353,588	97,098,375	102,137,280
Actual levy increase	2,065,264	3,234,450	3,516,662	3,744,787	5,038,905
Actual Levy Change	2.44%	3.73%	3.91%	4.01%	5.19%

Average Single Family Home Tax Bill:

The average single-family home (ASFH) property tax bill for FY2022 in the Town of Dedham was \$7,980. Based on the most current data from the Department of Revenue, Dedham's ASFH property tax bill remains in the middle of communities in Norfolk County (15th out of 28).



The ASFH tax bill for all communities in Norfolk County for FY2022 was \$9,243 (\$1,263 more than Dedham).

Thank you, and I look forward to working with the Select Board, Finance and Warrant Committee, and Town Meeting Members this year and in the years to come to continue building a sustainable financial plan for the future of Dedham.

Sincerely,

Leon I. Goodwin III
Town Manager