



**WALPOLE**  
MASSACHUSETTS

# Town Administrator's

2019 Annual Budget Message

James A. Johnson – Town Administrator  
January 31, 2019

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## **Introduction**

It is my honor to present my fifth Town Administrator's Budget Message for the Fiscal Year 2020. I would like to start by thanking the people of Walpole, for entrusting me with the honor of being your Town Administrator. It is a humbling experience to serve such a great community.

Walpole has successfully managed our town over the last five years to its highest level of financial performance in its history. The proposed 2020 budget incorporates the latest information available to our finance team.

Over the coming weeks and months, there will be extensive public discussion and debate regarding the budget. I remain committed to a budget process that is transparent and informative. The message I offer you tonight is one of confidence for a bright future for our town. Many of the items outlined in this budget message continues to build upon some of the core principles that I adopted since assuming the role of Town Administrator. This budget keeps Walpole financially sound, safe, supports public education, maintains existing infrastructure and improves the quality of life for all Walpole residents.

## **Financial Foundation**

### **Revenue**

The proposed FY2020 budget is balanced and relies on revenue estimates based upon the latest information we have available at this time. The budget that is being presented this evening does not use reserves or one-time revenues to assist in the balancing process. This has been a longstanding practice in Walpole that I expect to continue for a long time.

The overall General Fund budget increase is 4.2%. The total amount anticipated to be raised from the tax levy for Fiscal Year 2020 is \$74,980,228. The proposed budget utilizes the full limits of proposition 2 ½. Over the last two years, Fall Town Meeting considered an article to reduce the overall limit raised though Proposition 2 ½. I continue to caution against reducing the tax levy without an established strategy that outlines what the plan will be for the budgeting process going forward. Any reduction in the tax levy has implications to the budget in subsequent years and may result in a dramatic impact on the services that are provided by the Town.

In addition to the funds derived from proposition 2 ½, local receipts make up a considerable portion of local revenue. It has been made clear that some feel as though



we are underestimating local receipts. I have heard those concerns and I want to let residents know that I am listening. To ensure that we have accurate information our finance team has reviewed all of the estimated receipts and compared them to the actual receipts. Furthermore, we compared the 7 year, 5 year and 3 year average of all receipts. As a result I have been less conservative in our revenue projections for FY 20 which has resulted in a greater increase in projected revenues than in previous years.

Local receipts make up just about \$7,434,000 of the FY 20 budget. Some of the major contributing factors to the total local receipts line include:

- Motor Vehicle Excise at \$4,280,000
- License and Permit fees (including building permit fees which are trending in a positive direction) are budgeted at \$1,250,000.
- Hotel revenue is set to see a moderate increase is conservatively budgeted for \$300,000.
- Net metering credits which was a new line last year is budgeted for \$200,000.

Over the last few years we have successfully pursued alternative revenue sources such as net metering credits and hotel room taxes to ensure that we are able to keep up with the ever-growing demands of the Walpole Community. We will continue to seek out other revenue sources and cost containment measures whenever possible.

New growth is another revenue source that contributes to the budget balancing process. Last year the Town budgeted \$750,000 and the final new growth figures came in at almost \$1.3 million however I am unable to guarantee that this trend will continue a year from now since it is dictated by how the economy is growing. Therefore, I have budgeted \$850,000 in FY 20.

I do not anticipate that our preliminary FY 2020 revenue projections will increase substantially over the coming weeks and months based upon the analysis that our finance team conducted.

#### **Expenses**

The expense side of the budget is also set to increase by 4.2%. The total amount requested for FY 20 surpassed \$95.4 million. After meeting with Department Heads and our Finance team it was determined that 1.7 million in cuts were necessary in order to balance the budget. The total amount requested for appropriation is \$93.7 million.



Areas on the expense side of the budget that I would like to call your attention to include:

**Vehicle Maintenance Division:**

The Vehicle Maintenance Division is set to see an increase of 12%. This increase is attributed to the addition of a new mechanic to keep up with Walpole's fleet of vehicles and equipment. The Vehicle Maintenance Department is responsible for equipment and vehicles for Police, Water, Sewer, Town, DPW and many Fire vehicles. Over last 15 years vehicles and equipment maintained by this division has grown from 90 to 145 and over that same time we have not increased the personnel in that department. This position will allow the Vehicle Maintenance Division to keep up with the needs of the various departments.

**Council on Aging:**

The COA is set to see an increase of 31% due to a new part time position and an increase in the expense line mostly for electricity. As the budget process is vetted, I will advocate for additional funding in this department to fund the additional services that will be delivered at the new facility.

**Parks Division:**

The Parks Division is set to see an increase of 7.8% due to the addition of a new position in the department. We have eliminated a few of the summer positions to try to offset the costs of this position. Over the last 10 years the space maintained by the Parks Department has grown with the addition of new playing areas at the Fisher School, Elm St. School, Jarvis Farm and new grounds in and around the South St. area. This new position will allow the Parks Division to keep up with the demands that come with taking care of more space.

**Debt Service:**

The proposed FY20 Debt budget provides for the payment of principal and interest costs for long and short term bonds issued by the Town for General Fund purposes. The FY 20 Debt budget is \$4,110,288. I am hopeful that the School Department will benefit from the foresight demonstrated in the development of this and previous budgets and that we may be able to use a portion of the debt budget to make some improvements to school buildings throughout the district over the next few years.

**Public Safety:**



The Police and Fire budgets are once again set to see moderate increases.

The Walpole Police Department Budget will increase by \$277k or just about 5%. I am pleased to report that the recommended budget adds one new Sargent position. This will increase the total number of budgeted sworn officers from 43 to 44. I would note that the FBI recommends that a community have a minimum of 2 officers per 1000 residents. While this addition does not get Walpole to recommended minimum of 50 officers, it does get us a bit closer.

Dispatch costs which are included in the Police Department budget is also set to see an increase with an addition of three new dispatchers allowing for a minimum of 2 dispatchers on shift 24 hours a day in order to provide full dispatch duties for both Police and Fire radio, log entry, 911 EMD, walk-ins, etc.

Last year we were able to successfully complete negotiations on a new contract for the Walpole Fire fighters. The new language allowed the Town to increase our minimum manning staffing levels from 7 firefighters per shift to 8. This change allows for better coverage and response throughout Town. The Walpole Fire Department budget is set to see an increase of \$167,000 or just about 4.1%. It is my hope that over the next few years that we will continue to grow the Walpole Fire Department to keep up with the community's growing population.

The number of calls and outreach responses from the both the Walpole Police and Fire Departments have increased substantially over the last few years. The Walpole Fire department has seen an increase in the number of calls from 2928 five years ago to 3499 for all of 2018. That is an increase of just about 20%. On the Police side over the last year alone 20,749 incidents have been investigated and dispatchers have logged over 40,000 calls.

I commend both the Police and Fire Departments for their daily efforts and protection, which keeps us all safe. I applaud Chief Bailey, Chief Carmichael, Deputy Chief Mackenzie and Deputy Chief Barry for their leadership over the last year. Both the Police and Fire Departments were able to successfully transition over to their new facilities with little to no issues. Walpole is fortunate to have dedicated Fire and Police personnel that continue to do an excellent job keeping Walpole residents safe.



**Public Education:**

Public education continues to be one of Walpole’s top priorities. FY 20 is no different from prior years. This year the public education line is recommended to be \$46,741,592.

At this time I am recommending a \$45,861,592 budget for The Walpole Public Schools, which represents an increase of 3.84% from FY 19 to FY 20. Norfolk County Aggie has suggested a level-funded approach at this time; while the Tri-County Superintendent has advised that based on his enrollment projections a conservative 17% increase is appropriate at this time. As enrollment projections become refined these figures will likely be adjusted.

I commend the School Committee for their ongoing efforts to enhance and improve the Walpole Public School system. As we traverse through the budgeting season I expect that there will be a considerable amount of discussions between the Finance Committee, Selectmen and School Committee. I am confident that we can work together to address the School Department’s needs as the budget process progresses.

I would be remiss if I did not recognize Superintendent Lincoln Lynch who has been working on his last budget here in Walpole. I wish the Superintendent the best of luck in retirement and I look forward to working with incoming Superintendent Bridget Gough. Superintendent Lynch is leaving the Walpole Schools in very good hands.

**Assessment and Fringe Benefits:**

The Assessment and Fringe Benefits portion of the budget which consists of the Other Post-Employment Benefits, Retirement Assessment, Unemployment and Insurance is budgeted at a 6.2% increase at this time.

I expect this line will see some changes over the next few months once the Town’s insurance carrier, finalizes their FY 20 projections for the Town. This year unlike previous years, we are receiving word that the Town should expect a slightly moderate increase in health care costs.

I would like to take this opportunity to recognize both the Town and School employees who once again agreed to modify the health insurance plan offered by the Town. This is the second such change in four years. The various employee bargaining groups were able to come together to work collectively with the Town to reach an agreement that allows the Town to modify the plans offered without drastically impacting the employees. This is a notable shift that will save the Town hundreds of thousands of dollars over the next few years and reduce the Town’s OPEB liability. I would like to personally commend and



thank the employee groups, and their representatives, for their hard work and dedication negotiating these changes.

The OPEB contribution has increased from \$300,000 to \$390,000. This recommendation maintains our ongoing OPEB funding with a moderate increase. This funding will allow the Town to increase that account which has a current market balance of \$3,235,791. The Town's recent actuarial study estimated Walpole's Unfunded Actuarial Accrued Liability is just over \$42 million. This past Fall the Finance Committee, Selectmen and School Committee held a joint meeting and agreed to a plan that would fully fund Walpole's OPEB liability by 2042. This is a long term plan that will require on-going discipline and commitment from Town officials.

I would also note that there is a new line titled transfers that will allow us to budget a set amount of \$300,000 going forward for Stabilization. Walpole's stabilization account currently has a balance of \$3,979,151.

It is important to note that the amounts budgeted in the various departments will, in some cases, need to be adjusted further as we get closer to Spring Town Meeting.

### **Reserves**

Over the last five years we have modestly grown our financial reserves and expanded Walpole's solid fiscal base. Our bond agency, maintains a solid AA+ bond rating for the Town. Maintaining a AA+ rating is important from a borrowing cost perspective. This is especially true in a rising interest rate environment where the Town has at least two major projects in the Rt. 1A fields facility and the middle school project pending in the near future.

The resources included in the Town's reserves include Free Cash, the Stabilization Fund, OPEB and the Finance Committee's reserve fund. As demonstrated in the previous section maintaining strong reserve levels have proven to be effective strategies in preserving Walpole's strong financial position.

Undesignated fund balance, better known as "Free Cash," was certified at \$6,331,794. The Fall Town Meeting appropriated \$6,132,700 for a variety of items. The following list breaks down the identified uses of free cash:

- Fall Town Meeting Capital appropriations      \$5,014,700
- School Appropriations                                      \$618,000



- Fall 2018 Stabilization Appropriation                   \$300,000
- Fall 2018 OPEB Appropriation                           \$200,000

### **Ongoing Growth in Walpole**

As many know, Walpole has seen a considerable amount of new municipal and private building projects over the last few years.

#### **Municipal Projects**

Because of our financial management and commitment to improving the Walpole’s municipal infrastructure, the Town undertook four new municipal projects within the limits of proposition 2 ½. Walpole was able to do this through careful planning, sound budgeting and solid leadership starting with the Board of Selectmen. We were able to do so by using one time funds, funds from completed projects, budgeted debt service and in the case of the South St. Center over \$1,200,000 in donations.

I am pleased to report that the Police station, Fire station, the South Street Center and the Vehicle Maintenance Garage all hosted ribbon cutting ceremonies in 2018.







**Walpole Police Station Dedicated May 12, 2018**



**Walpole Fire Station Dedicated June 2, 2018**



**Walpole Cooperative Bank South St. Center Dedicated  
December 20, 2018**



**Walpole Vehicle Maintenance Facility Dedicated  
December 31, 2018**



I am not aware of any other community in the Commonwealth that has successfully completed four brand new buildings in the same year without the need to further burden the taxpayers by requiring an override.

Walpole was fortunate to have an excellent team in place for all four buildings. The Town's project Manager Compass Project Management led by Bryan Jarvis did a first-rate job guiding the Town throughout the construction process. The Town also had four solid architectural firms that designed each of the buildings and four equally qualified general contractors to oversee the construction of each building. The Permanent Building Committee did an excellent job overseeing and coordinating all four projects.

Now that the municipal building projects are complete I expect that Walpole will turn its attention to the Route 1A Field facility and the MSBA Eligibility Period process for the study of the Middle Schools in Walpole.

The Route 1A Field Facility is set to be considered by Town Meeting this Spring. The 2008 field master plan identified a shortage of playing fields and urged the Town to look to other, undeveloped space in Walpole subsequently, Town Meeting voted to purchase a 64 acre parcel located just off of Route 1A in 2013 to develop new field space.

The Town has been working with Weston and Sampson to develop construction bid documents for this project. The most recent renderings detail a build-out of about 18-20 acres of the 64 acre parcel and allows for future expansion if necessary.



**Route 1A Design Development Layout**

It is expected that the Town will have the bids prior to Town Meeting this Spring which will enable officials to go to Town Meeting with firm numbers in hand. The Town has identified the following funding sources for this project:

- ❖ \$375,000 Gifts/funds on hand
- ❖ \$500,000 Fall 2017 Town Meeting appropriation
- ❖ \$1,500,000 Fall 2018 Town Meeting appropriation
- ❖ \$6.5-\$7 Million Spring 2019 borrowing authorization request
- ❖ \$168,000 Spring 2019 re-appropriation of prior appropriations

It is important to note that there is no override being proposed for this project. All of the funds identified for this project allow the Town to remain within the limits of proposition 2½. I encourage Walpole residents to attend some or all of the public meetings and outreach sessions that are scheduled for this Winter and Spring to learn all that you can about this project.

Finally, the Town was recently notified that the Massachusetts School Building Authority voted to accept Walpole's application into the Eligibility Period for the Bird Middle School and the study of a potential Town wide school consolidation for grades 6-8. This application was supported by the School Committee and the Board of Selectmen in 2018. Town Meeting wisely voted to appropriate \$1.5 million to last Fall in anticipation of being



accepted into the program. Over the next year I expect that the School Committee will be working hard to complete all of the milestones identified in the Eligibility Period. I am confident that the Walpole School Department will remain committed to a fair and transparent process that explores multiple sites and all options for Walpole middle school children. As more information becomes available we will continue to share it with the Board of Selectmen, the Permanent Building Committee and on the Town's website.

### **Private Development Projects**

Walpole continues to see a considerable amount of commercial and residential growth throughout Town. Residential construction continues throughout Town and home values continue to rise. On the commercial side I am pleased that we continue to see projects come into Town that have expanded and diversified the commercial and industrial businesses in Walpole. Some of the major projects that are ongoing or expected to begin soon include:

- Liberty Village/Foundry Project at intersection of East and Elm Streets
  - 152 market rate apartment units with 15k sq. of commercial/retail space.
  - 52 one-bedroom units and 100 two-bedroom units
  - Project fully permitted. Foundations are in the ground, floor steel and framing has started.
  - Occupancy expected to begin at the end of 2019/beginning of 2020.
  
- Corcoran/Walpole Station Project at 95 West Street
  - 192 market rate apartment units with approximately 5,000 s.f. of commercial/retail space on the ground floor;
  - 20 studio units, 83 one-bedroom units, 79 two-bedroom units and 10 three-bedroom units
  - Project fully permitted. Foundations are in the ground and 1st floor steel has started, framing at 20% Roof going on first section. Work beginning on interior parking garage.
  - Developer planning on leasing some units by September 2019.
  
- 40B Development at Moose Hill Road
  - Project completed Occupancy Issued and garage completed
  - 157 units, (25%/40 Units affordable),
  - 65 one-bedroom
  - 92 two-bedroom



- Commercial buildings located at 995 Old Post Rd near the Sharon line
  - Building 1 & 2 Dunkin Donuts & Fitness facility is open. Building 3 is being worked on.
- Siemens Expansion Project at the Coney Street facility
  - Siemens \$300 million expansion is about 60% complete. Building 6 is complete and occupied on the 1st and 2nd floors only. 3rd floor is for future buildout.
  - Work ongoing in buildings 3 and 4.
  - 275 jobs have been created to date.
- Age Qualified Village (55+) at 164 Pine Street
  - 30 market rate duplex-style units
  - Construction began in early 2017, still ongoing
  - Project is about 70% complete
- Olmsted Estates Subdivision Olmsted Lane and the beginning of Emerald Way
  - 11 Lots, single family homes, 3 to 4 bedroom,
  - Construction 95% complete.
- Roscommon Open Space Residential Subdivision
  - 30 Lots, single family homes, 3 to 4 bedrooms
  - Roadway and utilities constructed
  - Project is 50% complete
- Walpole Woodworkers
  - 186 1 & 2 bedroom AQV condos.
  - Project is fully permitted from Land Use Boards.
  - Demo permits issued and almost completed.
  - Building permit to be issued by the end of January for building 1.
  - Developer is planning to market units at the end of 2019/beginning of 2020.
- Eastover Road Condo Project
  - 12 attached single family condo units, 6 two-bedroom units and 6 three-bedroom units. Construction on going, 85% complete.
- Age Qualified Village (55+) at Renmar Avenue/West Street



- 103 proposed units proposed – Applicant is currently before the Planning Board.
- Hotel connected to Applebee’s
  - Proposed building to be split between Sharon and Walpole.
  - Coordination efforts with Sharon are ongoing.
  - Land Use filing expected soon.
- Burns Ave Comprehensive Permit
  - Proposed project to include 36 units
  - Site eligibility letter issued by the State.
  - Filing expected Winter 2019
- New Pond Village Expansion
  - New owners are requesting a moderate increase in the number of units at this facility.
  - An application for Site Plan to be submitted this Winter
- Ro Jo’s Carwash on Route 1
  - Project was approved by the Planning Board for the intersection of Pine St. and Route 1.
- Self-Storage Facility on Route 1
  - Public hearing before the Planning Board is ongoing.
- Chick-fil-A at the Walpole Mall
  - Permits have been approved by Land Use Boards.
  - Building Permit applications are expected soon.
- Urgent Care facility at the former site of Clare Acura on Route 1.
  - Permit expected to be issued in February
  - Developer plans to start project in the Spring of 2019.

### **Capital Investments/Infrastructure**

In the Fall of 2018 the Town considered the majority of the capital budget requests a bit earlier than we have in the past. This allowed many department heads to get a head start of some of the key projects that are set to begin and allowed the Town to proactively



order the various capital equipment that have recently seen a much longer lead time with than we have encountered in the past.

The Capital Budget requests this Fall exceeded \$9.6 million and Town Meeting voted to fund just over \$8.1 million in requests. I commend the Capital Budget Committee for their efforts overseeing the Capital Budget requests and the Town's long term capital planning process. Some of the major items that received funding included:

- \$25,000 for Appraisal Software for the Assessing Department
- \$85,000 for Parks Improvements
- \$170,000 for School Department Equipment
- \$359,000 for Police and Fire Equipment
- \$493,500 for Building Infrastructure Improvements
- \$533,200 for Equipment replacement for the DPW
- \$1,447,469 for Street & Drainage Improvements
- \$2,030,000 for water infrastructure improvement projects
- \$1,500,000 toward the School Department's Feasibility Report to study its secondary school buildings
- \$1,500,000 toward the construction of the Route 1A Field Project

### **Water and Sewer Enterprise Funds**

The recommended Water Enterprise Fund budget is \$6,220,673. The current Water Retained earnings balance is \$1,888,830. The recommended Sewer Enterprise budget is \$6,291,468. The current Sewer Retained earnings balance is \$2,267,879. Estimated revenue generated by the operations and retained earnings will provide for the increase in each budget.

### **Spring Town Meeting Warrant**

In addition to the aspects covered in this budget message I would like to highlight some of the anticipated articles set to be considered this Spring. A detailed description of the proposed warrant articles will be available on the Town's website soon.





At this time there are currently 22 Articles that are set to be considered. Some articles of note include:

- The FY 2019 in year budget article
- FY 2020 Budget
- An article to address any snow and ice deficit that may be encountered.
- Sewer and Water Budgets
- Articles to further address the Stabilization and OPEB
- Revolving Funds
- An article that will provide further tax relief for Walpole Seniors
- Multiple Zoning Articles
- One citizen's petition

### **Conclusion**

In conclusion, the FY 2020 proposed budget is balanced and ready for the Finance Committee's review.

We will continue to work on making improvements in the future and build upon many of the accomplishments that have been achieved. Walpole is a vibrant Town, with engaged citizens who volunteer countless hours serving on Boards and Committees.

I would like to take this opportunity to thank the members of the Financial Team— Cindy Berube, Marilyn Thompson, Jodi Cuneo, Dennis Flis, Val Donohue, Patrick Shield and all of the other dedicated public employees for their contributions throughout the year. The level of professionalism and sense of teamwork exhibited by the Town officials in Walpole is something I am proud to be a part of.

Finally, I would like to express my gratitude to the Board of Selectmen and the residents of Walpole for their continued confidence and support.