



Town of Derry

FY18 Budget Overview



FY18 Budget – Executive Summary

- Fully Funds Collective Bargaining Agreements;
- Absorbs significant increase in retirement costs;
- Reduction of 3 FTE by outsourcing and efficiencies;
- Increases Veterans' Credit to \$500;
- Funds the Economic Development Office;
- Limits tax rate to \$8.46 as authorized by the Charter.
- Recommends systemic changes in how we do business.

FY18 Budget – The Numbers

<i>Projected Town Tax Rate</i>	
Gross Appropriations:	\$ 47,086,515.00
Less Estimated Revenues:	\$ (24,405,673.00)
ADD Veterans' Credits:	\$ 597,000.00
ADD Overlay:	\$ 300,000.00
To Be Raised:	\$ 23,577,842.00
Estimated Valuation:	\$2,786,186,486.00
Projected Town Tax Rate:	\$ 8.46

FY18 – Breaking Down the Numbers

Key Facts - FY 18 Budget

	FY17	FY18 Proposed	Change
General Fund Operating	\$ 35,874,925.00	\$ 36,558,451.00	1.9%
Capital Investments	\$ 2,711,262.00	\$ 4,833,330.00	78.3%
Water Fund	\$ 2,591,672.00	\$ 2,758,926.00	6.5%
Wastewater Fund	\$ 2,707,563.00	\$ 2,402,500.00	-11.3%
TIF Districts	\$ 322,316.00	\$ 533,308.00	65.5%
Revenues	\$ 22,009,146.00	\$ 24,405,673.00	10.9%
Tax Rate	\$ 8.30	\$ 8.46	1.9%
Annual impact to a \$250,000 home:			\$ 40.00

FY18 – Tax Cap Limit

<u>Calculation of Allowable Town Tax Rate</u>		
Prior Year Tax Rate (2016)		\$8.30
CPI Increase Allowed by Town Charter (1)	1.9%	0.16
Maximum Tax Rate Allowed by Charter		\$8.46

(1) Based on the Annual Average of the Northeast Region CPI (CPI-U) for 2016 as reported by the U.S. Department of Labor, Bureau of Labor Statistics.
(data.bls.gov)

https://www.bls.gov/regions/mid-atlantic/news-release/2017/consumerpriceindex_northeast_20170118.htm

Revenue Projections

Sustainable Revenues

- Defined as recurring revenues established by law, regulation, etc. and are relatively stable through varying economic conditions:

• FY18	\$ 18,374,963
• FY17	<u>\$ 17,508,817</u>
	\$ 866,146

Situational Revenues

- Revenues which are associated with a project, policy, grants, etc. such as fund balance, capital reserves, sale of town property:

• FY18	\$ 6,030,710
• FY17	<u>\$ 4,500,329</u>
	\$ 1,530,381

Revenue Variances

	FY17 BUDGET	FY18 ESTIMATED	CHANGE
TIF District Revenues	\$ 322,316.00	\$ 533,308.00	65.5%
Motor Vehicle Fees	\$ 5,234,500.00	\$ 5,385,500.00	2.9%
Reimbursables/Contracts (Dispatch Ctr.)	\$ 368,413.00	\$ 426,383.00	15.7%
Transfer Station	\$ 560,000.00	\$ 656,500.00	17.2%
Interest Revenue	\$ 206,000.00	\$ 234,610.00	13.9%
Reimbursables (Police Details)	\$ 233,411.00	\$ 21,960.00	-90.6%
Sale of Town Property	\$ 549,151.00	\$ 384,910.00	-29.9%
Transfer from Cable	\$ 100,000.00	\$ -	-100.0%
Bonds and Notes	\$ -	\$ 400,000.00	
Capital Lease Revenue	\$ 1,435,530.00	\$ 2,580,010.00	79.7%
Use of Fund Balance from All Sources	\$ 1,798,518.00	\$ 2,461,130.00	36.8%

Expense Variances

	FY 17 BUDGET	FY18 ESTIMATED	CHANGE
Wages	\$ 14,263,557.00	\$ 15,091,761.00	5.8%
Employee Benefits	\$ 4,314,416.00	\$ 3,864,974.00	-10.4%
NHRS	\$ 3,484,310.00	\$ 3,926,725.00	12.7%
Assessing Services	\$ 195,000.00	\$ 295,000.00	51.3%
Legal Services	\$ 236,000.00	\$ 169,000.00	-28.4%
Recycling Disposal	\$ 119,800.00	\$ 192,729.00	60.9%
Diesel	\$ 133,295.00	\$ 106,813.00	-19.9%
Debt/Leases	\$ 1,540,637.00	\$ 2,098,501.00	36.2%

Capital Projects

- \$1.6M Communications project for Public Safety
- Fire Department Medic, Staff Vehicle and Rehabilitation of Forestry Unit
- Various Building & Grounds Improvements through Trust Fund
- DPW Rotational Replacements of Vehicles and Facility Improvements



Capital Improvements Plan

Reorganize Plan during FY18

- More inclusive, collaborative process;
- Expand narratives to enhance transparency;
- Continue to strengthen revenue sources

Policy Change #1

Police Detail Revolving Fund - #2017-20

- Activity difficult to estimate;
- Services are not funded by property taxes;
- Revolving Fund allows all revenues and expenses to be managed without further Town Council action;
- Removes instability from budget.

Policy Change #2

Use of Unallocated Fund Balance - #2017-21

- Business needs support reduction from 12.5% to 8% of budget/tax collection obligations;
- Reprioritize investment of excess UFB to Capital Reserve/Trust Funds for:

Fire	Police	DPW
IT	Bldgs. & Grounds	
- Target annual investment to Capital Reserves/EMT at \$1.5M annually.

Policy Change #3

Establish Expendable Maintenance Trust for Buildings and Grounds - #2017-22

- Consolidate all building/grounds improvements into one fund;
- Prioritize improvements annually;
- Trust receives proportionate share of excess UFB;
- Initial seed money from Land and Buildings Fund (\$100K).

Policy Change #4

Adjust Transfer Station Fees and Accept Outside Construction and Demo Waste #2017-23

- Increase fee to reflect market conditions;
- Town has excess capacity to accept C&D;
- Surrounding towns do not have convenient disposal options;
- Opportunity to generate revenue from outside the community to assist with Transfer Station expenses.

Policy Change #5

Designate NHDES Water Line Reimbursement as Committed Fund Balance - #2017-24

- \$2.509M currently scheduled to reimburse Unallocated Fund Balance;
- Recommend \$1.972M to Committed Fund Balance to complete Town's obligation to the Exit 4-A project;
- Recommend \$500K for Economic Development Fund.

Policy Change #6

Establish Non-Capital Reserve Economic Development Fund – #2017-25

- Fund at \$500K for economic development, such as:
 - Replenish Revolving Loan Fund;
 - Economic Development Projects and Initiatives;
 - Other ED purposes such as RSA 162-G

UFB Transition to 8%

Unallocated Fund Balance

UFB as of 6/30/16	\$ 11,485,586.00			
LESS Water Line Extension	\$ (2,509,000.00)	→	To Be Reimbursed by NHDES:	\$ 2,509,000.00
Net Available	\$ 8,976,586.00		Commit to Exit 4A	\$ (1,972,289.00) Completes Town's Commitment to Exit 4A
				\$ 536,711.00
			Economic Development Fund	\$ (500,000.00) Replenish Derry RLF and Establish Fund for RSA 162-G
	\$ 36,711.00	←		\$ 36,711.00
	\$ 9,013,297.00			
Sawyer Conservation	\$ (250,000.00)			
	\$ 8,763,297.00			
	\$ 75,000.00	←	Net Return on Subdivision	\$ 75,000.00
	\$ 8,838,297.00			
			Brady Avenue Sewer Loan	\$ 487,000.00
			To be Repaid from Sewer	\$ (487,000.00)
	\$ -	←	L-T impact on UFB	\$ -
	\$ 8,838,297.00			
Rightsize Retainage Policy @ 8%	\$ (7,048,560.00)			
Available as of 6/30/16	\$ 1,789,737.00			
FY18 Budget Rate Stabilization	\$ (650,000.00)			
Net Available	\$ 1,139,737.00			
CIP Replenishment Target:	\$ 1,500,000.00			
UFB Available:	\$ (360,263.00)	←	Amount needed from FY17 to retain 8% and meet CIP Replenishment Target	

Policy Change #7

Amend Ash Street and Rte. 28N TIF Plans - #2017-26

- Economic Development Office staffed and funded;
- Commercial/Industrial facilities will benefit from and should support Office;
- Portion of Captured Assessed Value from each District to should contribute:
 - Ash Street \$ 4,246
 - Rte. 28 N \$ 10,600

Policy Change #8

Establish Revolving Fund for Cable Services - #2017-27

- Council previously established Special Revenue Fund;
- Need to convert to Revolving Fund per DRA and Town Counsel to continue segregation of Cable Fund Balance from UFB;
- Unlike Police Details, Cable Revolving Fund would be subject to annual budget review.



Budget Review Schedule

- April 4 Budget Overview
- April 11, 13, 18 Presentations
- April 25 Budget Review,
Preliminary Vote
- May 16 Budget & CIP
Hearing,
Budget Adoption