

TOWN OF DERRY, NH

To: The Citizens of Derry and the Derry Town Council
From: John P. Anderson, Town Administrator
Date: June 20, 2012
Re: Fiscal Year (FY) 2013 Approved Budget Message

The Town of Derry's FY 2013 budget and Capital Improvement Plan were unanimously approved by the Derry Town Council at a meeting on May 14, 2012.

The Council approved a budget of \$39,819,733 for Town services, which net of approved revenues is \$23,330,831, an increase of \$719,000 or 3.18% over the FY 2012 budget. This budget equates to an estimated tax rate for Town services (Administration, Public Works, Police and Fire) of \$9.69 per thousand dollars of value; a \$0.17 increase over the current \$9.52 tax rate set by the New Hampshire Department of Revenue Administration. This estimated tax rate is \$0.13 below the tax rate cap allowed under the Town's Charter.

The following are key points of the budget and areas of future concern.

Key Points of the FY 2013 Budget

- This budget utilizes \$0.17 of the \$0.30 tax rate increase allowable under the tax cap for FY 2013, after three years of essentially level-funding Town services.
- Full-time positions decreased due to the elimination of two Dispatchers that were approved in FY 2012 to provide Fire Dispatch services to the Town of Londonderry. The FY2013 budget includes the reduction of one Firefighter and the addition of one Police Officer. Part-time positions are unchanged.
- Unassigned fund balance of \$128,000 was used to cover the cost of reclaiming and repaving the Police Station parking lot.
- Restricted Fire fund balance of \$335,125 (of \$462,186) was used to support IT/Telephone infrastructure improvements and other capital improvements within the Fire Department.
- The first year's debt service payments for the Route 28 Tax Increment Financing (TIF) District bond, issued in November 2011, will be fully covered by the incremental valuation within the TIF District.

- Budgeted revenue from investment income increased to \$186,000 from \$101,000 in FY 2012, due to the combined efforts of the Town Treasurer and the Finance staff. Motor vehicle registration revenue is up 5.8% (to \$4.2 million) from FY 2012, reflecting a slowly improving economy.
- Two major Public Works projects are included in this year's budget.
 - First is \$3 million to be bonded to construct a state-of-the-art Transfer Station. The bond's debt service will be fully covered by the increased recycling revenues generated by the new facility.
 - Second is the \$1 million reconstruction of Rockingham Road from Shute's Corner to the Route 28 By-Pass, a project that will also be bonded and will be completed in conjunction with the extension of water and wastewater service on Route 28.

Concerns for the Future

- It is becoming increasingly difficult for the Council and the Town's management team to continue providing the same level of municipal services that has been provided in the past. Though demand for Town services during the local and national economic downturn has remained strong, the number of full-time employees delivering services has declined from 250 to 232.
- The FY 2013 budget includes funding of \$285,000 to cover settlements of five expired labor contracts. This amount is significantly below what was recommended by the Town's management. The challenge for all of us will be funding contracts in future years without having to further reduce staff and services, including public safety.
- The challenges presented by the weak local and national economy remain unclear. As the State deals with its own budget issues, we expect that revenues historically provided by the State may continue to decline, resulting in a further shifting of cost burden onto local municipalities' taxpayers.
- We will continue to consider increasing program service fees despite the potential unintended consequence of limiting access to activities to those with the scarcest resources.

As we move into FY 2013 and prepare for the development of the FY 2014 budget, we will face these challenges head on and do our best to continue to provide the highest levels of municipal services to you - the residents of Derry.

I would be remiss if I did not again thank the employees of the Town of Derry and the Town Council for the extraordinary effort that went into the preparation of this budget.