



AGENDA ITEM #: 17-70
COUNCIL MTG OF: June 6, 2017
FROM: David Caron, Town Administrator
OFFERED BY: Michael Fowler, Public Works Director
PREPARED BY: T. Carrier, Public Works Deputy Director
SUBJECT: FY2017 Supplemental Appropriation – Sewer Enterprise Fund (92)

STAFF REPORT
Public Hearing 6-20-17

PURPOSE

The purpose of this document is to request approval by the Council for a supplemental appropriation for the FY2017 Sewer Fund budget.

TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to schedule a public hearing for June 20, 2017 and ultimately approve the Supplemental Resolution after the hearing.

BACKGROUND

In May 2016 the Derry Town Council adopted an FY2017 Sewer Enterprise Fund budget of \$2,220,563. As of 5/22/2017 there is a remaining balance of \$348,900. After debt service payments and payroll to year end as well as utilities and other essential operating expenses, we are projecting a \$40,000 over-expenditure of the Sewer Enterprise Fund (92) bottom line.

DISCUSSION

FY2017 Sewer Fund expenses included an unanticipated 10% increase in pumping and aeration electrical costs of \$20,000 and an additional \$20,000 in repair costs to replace a 500 hp WWTP aeration blower motor drive. As a result, and in accordance with Section 9.6 of the Town Charter, a supplemental appropriation of \$40,000 is requested to offset those expenses and to balance the budget.

FISCAL IMPACT

Commensurate with the over expenditures are \$40,000 in revenue surpluses in billed sewer usage and new sewer connection fees. These surpluses will offset the full amount of the supplemental appropriation requested. Therefore there is no net impact to the budget.

RECOMMENDED ACTION BY COUNCIL

It is recommended that the Council, in accordance with Section 9.6 of the Derry Town Charter, approve a supplemental appropriation of \$40,000 to the Sewer Fund FY2017 Budget. *(A two thirds majority of the Council is required to approve a supplemental appropriation.)*

RECOMMENDED MOTION

Please see Resolution #2017-038