



STAFF REPORT
Public Hearing 6-20-17

AGENDA ITEM #: 17-74
COUNCIL MTG OF: June 6, 2017
FROM: David Caron, Town Administrator
OFFERED BY: Michael A. Fowler, P. E., Public Works Director
PREPARED BY: Michael A. Fowler, P. E., Public Works Director
SUBJECT: FY2017 Supplemental Appropriation – DPW Capital Reserve

PURPOSE

The purpose of this document is request approval by the Town Council for a supplemental appropriation and to transfer funds from the DPW Capital Reserve to the General Fund to cover unanticipated expenses.

TOWN ADMINISTRATOR COMMENTS

The Council is encouraged to schedule a public hearing for June 20 and approve the supplemental appropriation after the hearing.

BACKGROUND

The Department of Public Works was faced with addressing two unanticipated major repairs during the course of FY 2017. Under normal circumstances, unanticipated expenses are absorbed within the department bottom line budget. The FY 17 DPW budget has been strained by an abnormally active winter, leading to the need to seek a supplement appropriation to cover these expenses.

DISCUSSION

There were two unbudgeted capital items which required immediate attention due to the critical function of each piece of equipment.

Vehicle Lift - \$30,501 – The division’s lift (put into service in 1998) was deemed to be unsafe as a result of a routine annual inspection. There had been a number of repairs through the course of regular maintenance on the lift but the repair items were beyond what could be repaired economically. Without a lift, many repairs would have been outsourced at a significantly higher expense than if the repairs were done with DPW personnel. This was a critical piece of equipment to service department vehicles and equipment, particularly in the winter season when repairs must be conducted promptly. The new lift was approved by the Town Administrator and was placed into service in December 2016.

New Dump Body Truck #535A - \$30,990 – A routine inspection of Truck #535A, a 2006 10 wheel dump truck, revealed major safety issues due to corrosion of the existing dump body and spreader. Since the truck was not scheduled for replacement until FY 2022, a new dump body and slide-in spreader was purchased in order for the truck to be available for winter operations. This was a critical repair given that the Town only has three 10 wheel dump trucks in the fleet and a full replacement truck could not be purchased at a cost of \$200,000.

FISCAL IMPACT

No impact to the tax rate as the proceeds would be from the DPW Capital Reserve Fund. The DPW Capital Reserve Fund was established for the purpose of funding department capital needs. The department has been responsible in attempting to seek replacement equipment when warranted. In this instance, the replacement equipment was warranted and had to be addressed immediately for continuity of operations.

RECOMMENDED ACTION BY COUNCIL

It is recommended that the Council, vote to transfer \$61,491 from the DPW Capital Reserve Fund to cover supplemental appropriations in the Highway and Vehicle Maintenance divisions.

RECOMMENDED MOTION

The Derry Town Council moves Resolution #2107-040 as attached.