



STAFF REPORT

AGENDA ITEM #: 21-91
COUNCIL MTG OF: July 20, 2021
FROM: Dave Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Mark A. Fleischer, Chief Financial Officer
SUBJECT: Transfer Funds from the Derry Recovery Expendable Trust Fund

INTRODUCTION: Transfer funds from the Derry Recovery Expendable Trust Fund to implement policy and budget decisions of the Town Council.

TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to approve the transfer of funds from the Derry Recovery Expendable Trust Fund representing anticipated revenue losses due to the COVID-19 pandemic as defined by the U.S. Department of Treasury.

BACKGROUND

Per Resolution #2021-025, the Town Council established an Expendable Trust for the Derry Recovery Plan to receive funds from the American Rescue Plan Act (ARPA) and disburse funds, as necessary.

DISCUSSION

Due to the anticipated negative financial impacts to the Town resulting from the Pandemic, staff developed a five-year operations outlook to utilize federal and other sources to support operations while local revenue sources recovered. When Congress approved ARPA, staff began to calculate the impact to Derry and the potential use of these funds.

The CFO, in consultation with NHMA and utilizing computer software from the Government Finance Officers Association, developed projections on the anticipated revenue losses beginning in 2020 and continuing through FY25. These projections identified a loss of approximately \$854,000 for 2020.

With Council concurrence, a portion of the funds are to be used to fund personnel costs over the next few years. Although FY22 CBA costs were by nature one-time payments and funded from other one-time revenue sources, the Town anticipated the use of ARPA funds to sustain some operating costs through FY25, including future CBA costs.

The most recent CBA negotiations envisioned utilizing \$1.269M over a multi-year period for this purpose; Resolution #2021-047 recommends transferring the first installment of \$362,596 to the CBA Implementation Trust to support FY 23 labor costs.

Also, during the course of the FY22 budget review, the Council expressed an interest in expanding the Health Officer's position to full-time, however, a satisfactory funding source could not be identified. Once the amount of ARPA funds to Derry was defined, the Council concurred to fund the f-t position by blending in ARPA funds over the next four years to transition the position to taxpayer funded by 2025. \$61,813 is required in FY22 from ARPA to fund the position.

FISCAL IMPACT

The State will be making the first ARPA transfer from the US Government to Derry in mid-July in the anticipated amount of \$1,752,766.00. Per Council direction, these funds will be deposited into the Derry Recovery Plan Expendable Trust, with Resolution 32021-053 transferring \$424,409 of that amount to the General Fund for the purposes set forth above. The part-time Health Inspector position was included in the FY2022 budget at a cost of \$26,393. Making this position full-time for FY2022 would cost \$88,206 for a full year. The increase amounts to \$61,813.

RECOMMENDED ACTION & MOTION BY COUNCIL

I move the adoption of Resolution #2021-047 (please read the motion).

Please see Resolution #2021-046