



STAFF REPORT
Public Hearing 9-6-22

AGENDA ITEM #: 22-89
COUNCIL MTG OF: August 2, 2022
FROM: Michael A. Fowler, P. E., Public Works Director
OFFERED BY: Michael A. Fowler, P. E., Public Works Director
PREPARED BY: Michael A. Fowler, P. E., Public Works Director
SUBJECT: Receipt of Unanticipated Revenues – SB 401 Block Grant & Bridges

PURPOSE

The purpose of this document is request authorization from the Town Council to accept and spend additional funds provided to the Town of Derry through the Highway Block Grant program, made available after the adoption of the FY 2023 Town budget.

TOWN ADMINISTRATOR COMMENTS

The State Legislature has decided to share excess revenues from the State budget in the form of one-time fund supplements for roads and bridges. The Town is encouraged to accept these funds after the September 6, 2022, public hearing.

BACKGROUND

A pool of funds from fuel taxes is traditionally apportioned to communities via formulas set forth in the Highway Block Grant program. Derry traditionally receives approximately \$581,000 annually from this grant. These funds are booked as revenue into the annual DPW budget and used for the purpose of the pavement management program.

In the 2022 state budget cycle, an additional \$30 million from surplus was appropriated in SB 401 for the purpose of a one-time supplemental Highway Block Grant. Derry's share will be \$573,049.60.

A separate pool of \$18 million was created for the purpose of Bridge maintenance or construction. The Town of Derry will receive \$549,946 from this funding distribution.

DISCUSSION

Based on previous guidance received from NH Department of Revenue Administration, these funds are deemed to be unanticipated revenues and a public hearing must be set to accept and spend these funds pursuant to RSA 31:95 b II. Further, these funds must be spent on highway or bridge construction, reconstruction or maintenance.

Town Council has approved \$1,395,767 in the FY 23 budget for pavement management. These unanticipated revenues in the amount of \$573,049.60 will bring the new figure to \$1,968,816.60 in line 18422001 430014. The DPW Engineering division has compiled a list of streets originally scheduled for FY 23 and FY 24 to move forward in FY 23 in the amount of the additional state aid.

The additional \$549,946 for municipal bridge funding would be used to supplement/secure construction of two culverts on Sunset Avenue scheduled for bid in late 2022 for construction in summer 2023 and a third culvert on Franklin Street in 2024. Town Council has approved a bond

authorization for \$1.6 million for these projects. The additional funds would be utilized as a buffer should inflation drive bid prices higher in the next year. Line 20293200 730000 SUNS would be increased by \$549,946. If these three projects are unaffected by inflation, staff would then seek Town Council approval to repurpose the funds at a later date to assess conditions at the Cemetery Road culvert for a replacement structure.

FISCAL IMPACT

No impact to the tax rate. The new revenue and expenditure figures will offset.

RECOMMENDED ACTION BY COUNCIL

It is recommended that the Town Council, vote to accept these unanticipated funds for use to improve the Town's infrastructure.

RECOMMENDED MOTION

See attached Resolution #2022-061.