



STAFF REPORT

Public Hearing 7-11-23

AGENDA ITEM #: 23-72
COUNCIL MTG OF: July 11, 2023
FROM: Dave Caron, Town Administrator
OFFERED BY: Michael A. Fowler, P. E., Public Works Director
PREPARED BY: Michael A. Fowler, P. E., Public Works Director
SUBJECT: FY2024 Supplemental Appropriation – HB 2 Block Grant & Bridge Aid

PURPOSE

The purpose of this document is to request approval by the Town Council for a supplemental appropriation required 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 2024 Town budget.

TOWN ADMINISTRATOR COMMENTS

The State Legislature in the FY24 State Budget has provided bridge and highway aid above what has been historically appropriated; these funds will be used to supplement the Town’s road reconstruction program and further accelerate the rehabilitation of bridges and culverts in the community. The Council is urged to accept these funds after the July 20 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 2023 state budget cycle, an additional \$10 million from surplus was appropriated in HB 2 for the purpose of a one-time supplemental Highway Block Grant. Derry’s share will be \$190,424.

A separate pool of \$10 million was created for the purpose of Bridge maintenance or construction. The Town of Derry will receive \$152,720 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 \$1,500,000 in the FY 24 budget for pavement management. The supplemental appropriation in the amount of \$190,424 will bring the new figure to \$1,690,424 in line 18422001 430014. The DPW Engineering division will review appropriate projects to be pulled forward using the supplemental funds.

An additional \$152,720 for municipal bridge funding would be used to supplement/secure construction of three culvert projects. Two culverts on Sunset Avenue are scheduled for bid shortly and construction to follow in summer 2024. A third culvert on Franklin Street is scheduled for bid in July 2023 and construction in 2024. Town Council has already 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 would be increased by \$152,720. 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 Resolution #2023-045.



RESOLUTION

Number 2023-045

To Accept and Expend Unanticipated Highway and Bridge Revenues from the State of
New Hampshire

WHEREAS, Section 9.15 of the Town Charter authorizes the Town Council to accept grant funding; and

WHEREAS, The State Legislature included additional one-time funding in the FY24-25 Biennium Budget for highway and bridge aid; and

WHEREAS, the Town plans to use these funds to accelerate its road reconstruction and bridge rehabilitation schedules; and

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL, pursuant to RSA 31:95-b, that the Town Administrator is hereby authorized to accept \$190,424 in Highway Aid to be added to the Highway Division Budget;

FURTHER, to authorize acceptance of \$152,720 in Bridge Aid to be placed in the Bridge Fund to supplement the culvert replacement program approved in the FY23 budget and, should funds be available, to begin the process to address the Cemetery Road culvert.

This Resolution shall take effect immediately upon its passage.

Adopted: July 11, 2023

Attest:

X _____

Charles Foote, Council Chair

Date: _____

Cristina Guilford, Town Clerk

Date: _____