



Information for Capital Projects Planning Workshop

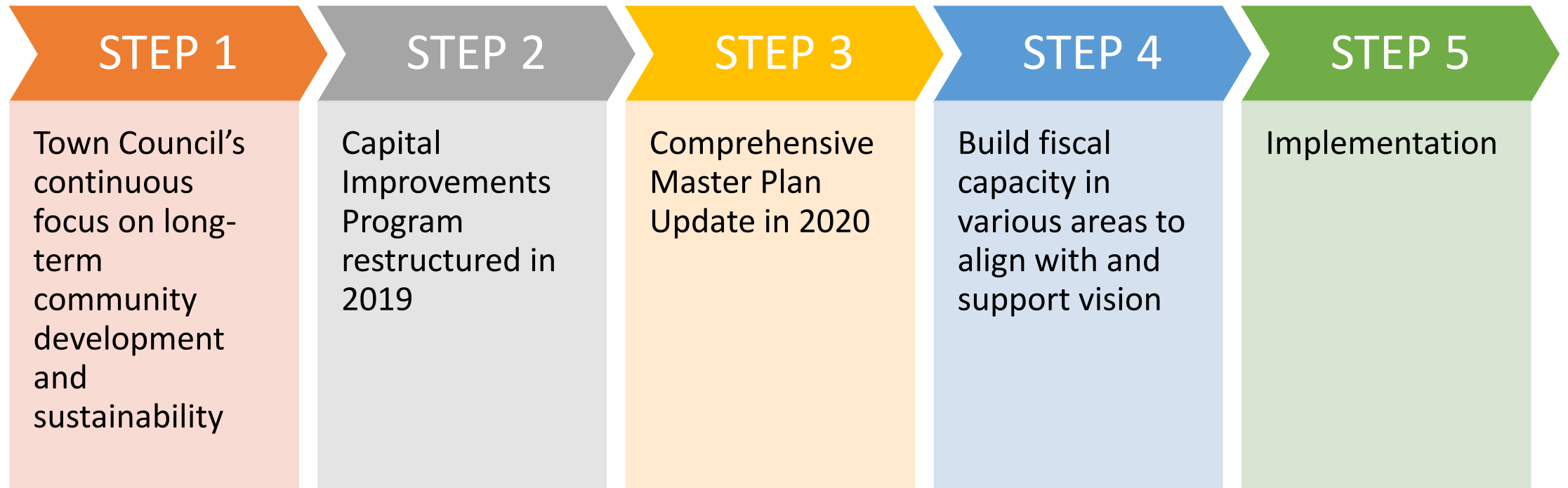
September 7, 2021

Derry Municipal Center

Follow-up from Council's June 22 Goals Workshop

- Proceed with Hood Park revitalization – Decision needed on funding.
- Water Wheeling Legislation – Proceed with Rte. 28 South sewer?
- ARPA Funding Finalized – Plan future investments.
- Public Safety Facility – Long-term strategy needed.

Stepping Stones for Economic Development Success





Building Fiscal Capacity

- Derry Commerce Corridor Tax Increment Financing District:
 - Established Trust for DCC Redevelopment and Infrastructure Activities.
 - Maintain TIF Fund Balance for Corridor investments per Development Plan.
- Gateway Tax Increment Financing District (Exit 4A Corridor):
 - Established Trust for Gateway Redevelopment and Infrastructure Activities.
 - Build TIF Fund Balance for District investments per Development Plan.
- Water Wheeling Legislation:
 - Legislation allowing no more than 50% of wheeling revenues for economic development.
- Derry Revolving Loan Fund:
 - Assist start-up Derry businesses.

Fiscal Opportunities Thrust Upon Derry

- State FY20-21 Infrastructure Grants – Transferred balance to COVID-19 Response, Mitigation and Recovery Trust.
- CARES ACT Funding – Federal dollars managed by State; balance to COVID-19 Response, Mitigation & Recovery Trust.
- ARPA – Two main objectives:
 - Stabilize finances and operations impacted by COVID-19 over a multi-year period.
 - Provide funding for infrastructure investments to promote long-term sustainability.
- State FY 22 Budget – FINALLY funded Meals & Rooms distribution to towns and cities = increased revenues.

Capital Projects In Process/Under Consideration

- Recreation Facilities – Council authorized bond and prioritized work plan. ***Master Plan Goal #5***
- Public Safety Facilities – Feasibility study underway; if to proceed, long-term strategic financial plan required.
Master Plan Key Capital Investment
- Rte. 28 South Sewer Extension – Wheeling Revenues, additional state ARPA grant funds may become available.
Master Plan Goal #2
- Downtown Redevelopment – Infrastructure improvements; density enhancements; revitalize downtown businesses.
Master Plan Goal #1
- Gateway District – Plan for Exit 4-A impacts & opportunities; infrastructure/transportation enhancements
Master Plan Goal #3

Building Capacity – Revenue Summary

- Covid-19 Response, Mitigation & Recovery Trust – With Pandemic expenses addressed, Trust designed to support operations through 2024 as traditional revenues recover.
- Recreation Bond - \$1.64M remains available.
- Coronavirus State and Local Fiscal Recovery Funds (ARPA):
 - \$3.51M in receipts
 - \$1.42M earmarked for budget stabilization through 2024.
 - Balance of \$2.09M is classified as revenue replenishment by the US Department of Treasury and thus is available for operating and capital needs.

Building Capacity – Revenue Summary

- DCC TIF Redevelopment and Infrastructure Trust - \$290K
- DCC Restricted Fund Balance - \$2.8M
- Alexander-Carr Trust - \$300K excess earnings – restricted to maintenance/upgrades at Park.
- Gateway TIF Redevelopment and Infrastructure Trust - \$270K
- State Meals and Rooms increase – estimated at \$579K in FY 22 and \$655K beginning in FY23.
- Wheeling Revenues – 51% to water fund; balance available for economic development. Annual available – Approximately \$240K increasing to \$740K upon Phase II completion of regional water project.

Community Investments - Options

- Recreation Facilities
- Public Safety Facilities
- Water/Sewer Extensions
- Capital Equipment Funding – CRF Holiday
- Derry Revolving Loan Fund
- Broadband Connectivity
- Targeted tax relief
 - Elderly Exemptions

Recreation Facilities – Bond Proceeds

- Available resources - \$1.64M
- Identified projects -
 - Hood Park implementation \$ 500K
 - Don Ball Lights \$ 75K
 - Rider Field Lights \$ 200K
 - Vet's/O'Hara Lights \$ 75K
 - WRB Field Expansion \$2.40M
 - SUBTOTAL \$3.25M

Recreation Facilities – Other Funded Projects

- Alexander-Carr Park – Courts, playground and landscaping improvements (\$100K); support skate park efforts - funded by excess earnings in A/C Trust - \$300K
- Rail Trail Phase II – Appropriation (\$792K) currently before US Congress; Recommended for inclusion in State's Ten-Year Highway Plan @80% funding. Gateway TIF District Funding available
- WRB Field Expansion – Search for additional funding continues:
 - ARPA funding?
 - Bond?
 - Grant availability?

Public Safety Facilities

- Council received Committee report on June 15, 2021.
- Council concurred to proceed with space needs study.
- Anticipate study completion in November.
- If project proceeds to construction, resources above the tax cap will be required to fund.
- Council discussed non-binding referendum question to voters in March.
- May be an opportunity to repurpose additional Meals & Rooms revenues to soften fiscal impact.

Public Safety Facilities – What If?

- New public safety facility may impact tax rate by: \$0.50
 - Meals and Rooms offset could reduce that impact by: (\$0.18)
 - In FY25, existing debt service to be retired, impact of: (\$0.03)
 - In FY27, more debt service retired, impact of: (\$0.02)
 - In FY31, more debt service retired, impact of: (\$0.02)
 - In FY34, more debt service retired, impact of: (\$0.07)
- Thus, after Yr. 10 of 30-year bond term, actual impact is: \$0.18

Water/Sewer Extension

- Municipal Water extended to Windham town line as part of regional water interconnection project.
- Advantageous to extend municipal wastewater on Rte. 28 South from Berry Road to Ryan's Hill.
- Provide service to 105 acres of commercial property.
- \$4.14M cost
- State is planning to provide ARPA grants for Wastewater.
- Should the Town pursue State grant funding?

Broadband Enhancements

- Owen working on proposal.

Capital Equipment Funding

- Most of General Fund capital funded from surplus.
- Only \$267K raised for capital annually from the operating budget.
- Full implementation of CIP has only resumed recently; program was curtailed for the last two years to due potential COVID impact on revenues.
- Any infusion of ARPA Funds into capital equipment will strengthen long-term viability of capital reserve funds.

Derry Revolving Loan Fund



Broadband Connectivity for Derry New Hampshire Initial Plan Overview

ARPA allows for investments in broadband infrastructure.
Broadband speeds in most of Derry exceed ARPA targets.
Some areas in Derry underserved.

1. Allocation Of Exploration/Execution Fund (Sourced: Leveraging ARPA)

Immediate Action Plan

2. Comprehensive Assessment To Identify:

Current Status Infrastructure/Needs
Short and Long-Term Goals
Optimal Models/Actions To Support
Derry's Goals

Broadband Connectivity for Derry New Hampshire Initial Plan Overview

3. Link Anchor Institutions

4. Install Required Infrastructure

Position Derry Future-Forward by Improving:

- Community/Economic Development
- Cultural Enhancement
- Support Public Health/Safety

Targeted Tax Relief



Council has established subcommittees in the past to study relief levels for Elderly Exemption.



Town typically compares itself with surrounding towns (7) and ten largest communities in NH.



Town provides well above minimum requirements as required by state law.



Measured in terms of per capita income, assessed value per capita and amount of value exempted – “equalizes” impacts upon local tax revenues.

Elderly Exemption Program – Getting In

Derry 2nd most accessible income requirements compared to PCI when looking at surrounding towns, but 3rd most stringent compared to 10 largest communities.

Derry 3rd most relaxed in terms of assets allowed compared to PCI both locally and with the 10 largest communities.

Derry provides 2nd largest exemption amount locally compared to average assessment per capita, and 6th among the largest communities.

Elderly Exemption – Derry's Challenge

- Town recertifies recipients every five years.
- Income includes Social Security, which increases most years.
- Without an adjustment in the income limits for the Elderly Exemption, a number of recipients become ineligible at recertification due to excessive income.
- FOR CONSIDERATION – Increase asset limit by 8% to account for past four years of S.S. COLA adjustments. (Anticipated annual recurring cost is \$65K per year.)

- Funding for Hood Park (\$500K)
 - Rec Bond - \$1.64M available
 - DCC TIF Fund Balance - \$2.8M available
 - Combination thereof?
- Pursue Wastewater Grant for Rte. 28 South?
- Meals and Rooms Additional Revenue - Unless assigned as General Fund revenue permanently during the 2021 Tax Rate setting process:
 - Council needs to approve a first read on September 21.
 - Council needs to adopt a Supplemental Resolution (2/3 vote) on October 5 (to assist with the timely setting of the tax rate).
 - Should Council preserve community options to invest these funds into capital needs (public safety, WRB field bond) at least temporarily until a sense of the community is obtained?

Council Policy Direction

- Should Town use a portion of the ARPA funding to recapitalize the Derry Revolving Loan Fund (typically in \$250K increments)?
- Should the Town use a portion of the ARPA funding to replace the State Infrastructure Grant of which approximately \$750K was repurposed to COVID-19 Trust funds?
- Other thoughts/ideas on the investment of ARPA Funds:
 - Based upon projected revenue stream, Town fully expects to designate all \$3.51M as revenue replenishment.
 - Based upon CY20 results, Town has confirmed revenue disruption of \$854K.
 - To date, Council approved transfers of \$424,409 from the Derry Recovery Trust.
 - Broadband expansion/anchor institutions connectivity

Other Council Policy Matters



September 14 Capital Projects Planning Workshop

- Provide policy direction for formal implementation at Sept. 21 meeting.
- What other information can be provided for the workshop?