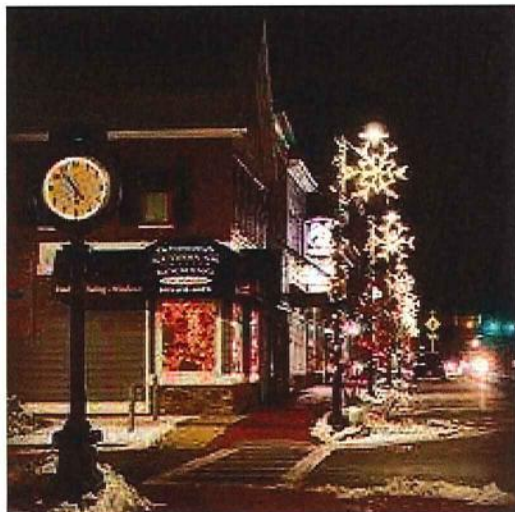




Town of Derry
FY23 Budget
Overview
April 5, 2022



FY23 Budget – Executive Summary

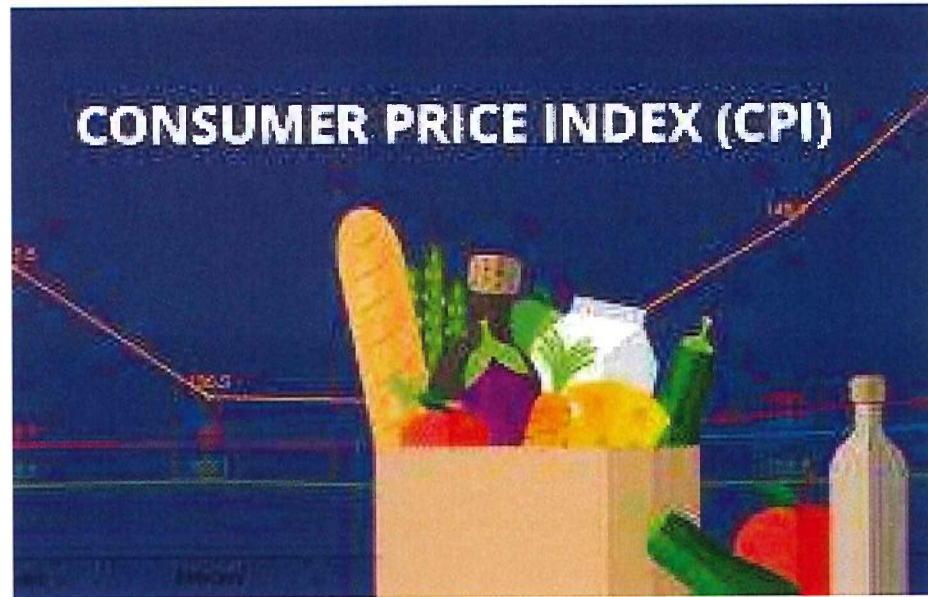
Executive Summary

- *Limits tax rate to \$7.43, half the potential increase authorized by the taxpayer-approved Tax Cap (Section 9.4 – Charter).*
- *Fully funds collective bargaining agreements approved in FY22.*
- *Adds no additional full-time positions unless funded outside of the property tax base.*
- *Adds one f-t Parks position beginning January 1 to sustain the community's \$2.0M investment into recreational facilities, funded by the DCC TIF and Alexander-Carr Park Trust.*
- *Continues to position Tax Increment Finance Districts for additional economic development growth and to fulfill service responsibilities.*
- *Maintains CIP funding transition from Fund Balance to a blend of Fund Balance/budget support at FY18 Debt Service Levels.*
- *Continues to utilize resources from the Derry Economic Recovery Trust for the multi-year stabilization of town finances.*
- *Absorbs \$489K in unanticipated inflationary increases in obligations and essential commodities.*
- *Although some minor revenue streams are trending toward pre-Pandemic levels, other major sources anticipate stagnation due to supply chain issues and other economic conditions.*

FY23 Budget – The Numbers

<i>Projected Town Tax Rate</i>		
Gross Appropriations:	\$	53,107,136.00
Less Estimated Revenues:	\$	(26,939,501.00)
ADD Veterans' Credits:	\$	533,667.00
ADD Overlay:	\$	300,000.00
To Be Raised:	\$	27,001,302.00
Estimated Valuation:	\$	3,636,174,466.00
Projected Town Tax Rate:	\$	7.43

FY23 Budget Perspective



Town Tax Rate History

FY	CPI	Allowable	Actual	%
23	5.9%	\$ 7.65	\$ 7.43	2.9%
22	1.4%	\$ 7.25	\$ 7.22	0.9%
21	1.9%	\$ 7.15	\$ 7.15	1.9%
20	1.7%	\$ 7.73	\$ 7.72	1.6%
19	1.7%	\$ 7.64	\$ 7.60	1.2%
18	1.9%	\$ 8.46	\$ 8.44	1.7%

FY23 Budget Challenges



Commodity	FY22	FY23	Delta	Budget Increase	Tax Rate Impact	% Impact
Trash Disposal	\$ 1,416,500.00	\$ 1,608,720.00	\$ 192,220.00	13.6%	\$ 0.05	0.7%
Recycling Revenues	\$ (652,000.00)	\$ (785,500.00)	\$ (133,500.00)	20.5%	\$ (0.04)	-0.5%
Fuel	\$ 220,813.00	\$ 283,766.00	\$ 62,953.00	28.5%	\$ 0.02	0.2%
Road Salt	\$ 181,500.00	\$ 254,100.00	\$ 72,600.00	40.0%	\$ 0.02	0.3%
EE Insurances	\$ 4,069,393.00	\$ 4,363,882.00	\$ 294,489.00	7.2%	\$ 0.08	1.1%
	\$ 5,236,206.00	\$ 5,724,968.00	\$ 488,762.00	9.3%	\$ 0.13	1.9%



FY23 Budget Options

Budget Stabilization Resources

CBA Trust	\$ 1,236,000.00
Derry Recovery Trust (ARPA I)	\$ 1,333,000.00
COVID-19 Trust	\$ 592,000.00
ARPA-II (May, 2023)	\$ 1,750,000.00

FY 23-27 Operating Budget Planning

FY23 CPI Allowable Increase: 5.9%

CPI Increase	2.00%	2.25%	2.50%	3.00%	4.00%	5.00%
FY23 Town Tax Rate	\$ 7.36	\$ 7.38	\$ 7.40	\$ 7.44	\$ 7.51	\$ 7.58
FY27 Town Tax Rate	\$ 7.84	\$ 7.85	\$ 7.87	\$ 7.91	\$ 7.99	8.07
Revenue Status (Prior to Stabilization Funds)						
FY23	\$ (785,265.76)	\$ (719,632.81)	\$ (653,999.86)	\$ (522,733.97)	\$ (260,202.17)	\$ 2,329.63
FY24	\$ (783,027.96)	\$ (715,970.94)	\$ (648,913.93)	\$ (514,799.90)	\$ (246,571.85)	\$ 21,656.21
FY25	\$ (905,275.68)	\$ (836,933.19)	\$ (768,590.70)	\$ (631,905.72)	\$ (408,535.76)	\$ (85,165.80)
FY26	\$ (919,852.13)	\$ (850,200.69)	\$ (780,549.25)	\$ (641,246.37)	\$ (362,640.60)	\$ (84,034.83)
FY27	\$ (904,000.06)	\$ (833,015.78)	\$ (792,031.49)	\$ (620,062.92)	\$ (336,125.78)	\$ (52,188.64)
Balance of Recovery Revenues after FY27:						
CBA Trust	\$ 56,000.00	\$ 143,000.00	\$ 293,000.00	\$ 446,000.00	\$ 538,000.00	\$1,236,000.00
Recovery Trust (ARPA I)**	\$ -	\$ -	\$ -	\$ -	\$ 417,000.00	\$1,333,000.00
COVID-19 Trust	\$ -	\$ -	\$ -	\$ 162,000.00	\$ 592,000.00	\$ 592,000.00
ARPA-II**	\$ 645,000.00	\$ 810,000.00	\$1,020,000.00	\$1,420,000.00	\$1,750,000.00	\$1,750,000.00

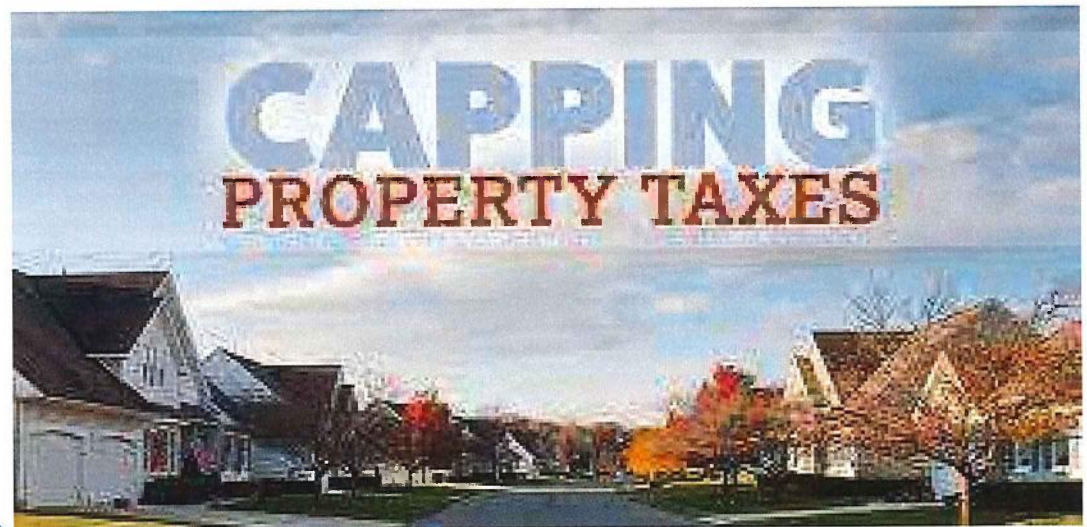
FY23 – Breaking Down the Numbers

<i>Revised Projected Use of One-Time Revenues</i>		
	<i>Revised</i>	<i>Initial</i>
FY21	\$ 8,523.05	\$ 8,523.05
FY22	\$ 818,000.00	\$ 818,000.00
FY23	\$ 525,000.00	\$ 410,000.00
FY24	\$ 515,000.00	\$ 230,000.00
FY25	\$ 623,000.00	\$ 160,000.00
FY26	\$ 620,000.00	\$ 75,000.00

FY23 Budget Groups			
	FY22	FY23 Proposed	Change
General Fund	\$ 46,842,571.00	\$ 42,300,005.00	-9.7%
Capital Investments	\$ 2,235,340.00	\$ 2,272,265.00	1.7%
Water Fund	\$ 3,459,442.00	\$ 3,726,094.00	7.7%
Wastewater Fund	\$ 2,626,116.00	\$ 2,820,060.00	7.4%
Cable Revolving Fund	\$ 633,229.00	\$ 682,226.00	7.7%
TIF Districts	\$ 1,664,077.00	\$ 1,307,394.00	-21.4%
Revenues	\$ 32,271,850.00	\$ 27,001,302.00	-16.3%
Tax Rate	\$ 7.22	\$ 7.43	2.9%
Impact on \$250 home			\$ 52.50

FY23 – Voter Approved Tax Rate Adjustment

Implementation of Town Charter Section 9.4 (A)		
Prior Year Tax Rate (FY 22 - 2021)		\$ 7.22
CPI Adjustment per Section 9.4 (A)	5.9%	\$ 0.43
Northeast Region CPI-U for CY2021		
Authorized Tax Rate for FY23 - 2022		\$ 7.65
Projected 2022 Town Tax Rate		\$ 7.43
Projected Tax Rate Adjustment	2.9%	\$ 0.21





Council Action Items – Wrapping Up FY21



- # 1 Hood Park Revitalization – Master Plan complete, financial plan in place, implementation ongoing.
- #2 Development At Abbott Court and #3 Downtown Zoning Changes – PB enacted zoning overlays; Development partner selected for Abbott Court and ZBA Approvals received – decisions appealed.
- #4 Collective Bargaining Agreements – In place with all seven units.
- #5 Development at West Running Brook – Zoning in place; several projects in design.
- #6 Public Safety Facilities.– Plan presented to Council
- #7 Senior Center – Under auspices of Marion Gerrish Committee.
- #9 Net metering increase – new law enacted; agreement for solar field at closed landfill
- #10 – Rail Trail – Segment by Hood Park completed

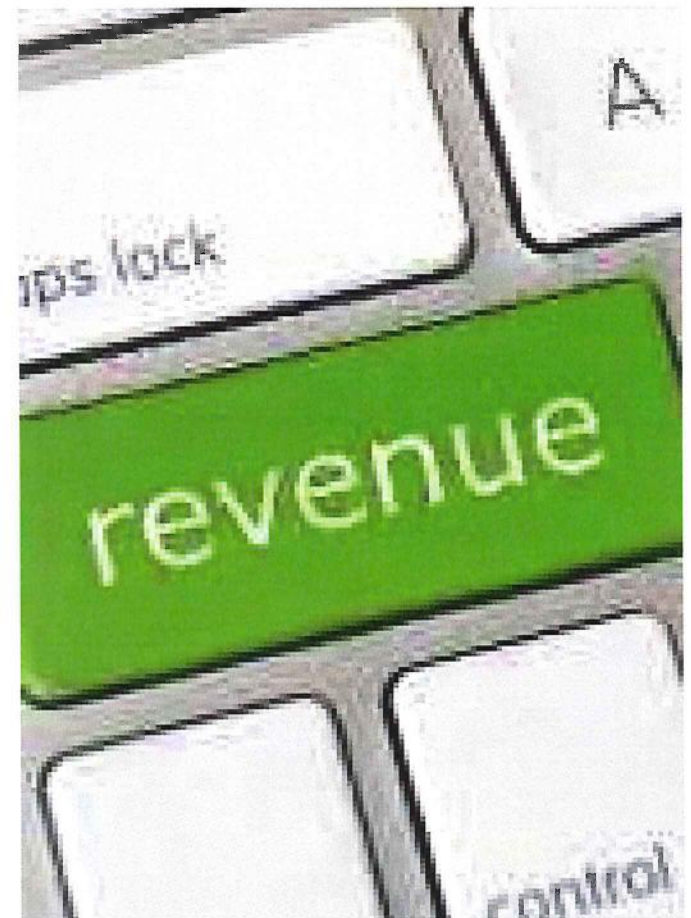
Council Action Items –FY22

- # 1 Opportunities with Exit 4A– Contract A to be bid shortly; Contract B design to support PD access and economic development underway.
- #2 Recreation Facility Development
 - Hood Park Redevelopment underway
 - Skateboard Park at Alexander Carr Park
 - New position to safeguard investment
 - New lights at various fields; paving at Rider.
- # 2 Abbott Court Development Ongoing & #3 Development Along West Broadway - DCC TIF Finances positioned and Zoning Amendments underway to accelerate downtown development.
- # 3 Public Safety Facility – Plan before Council for new Central Fire Station.
- # 6 Energy Efficiency Goals – New law allowing 5MW net metering – solar development at closed landfill.
- #7 Abbott Court - Development partner selected for Abbott Court and ZBA Approvals received – decisions appealed



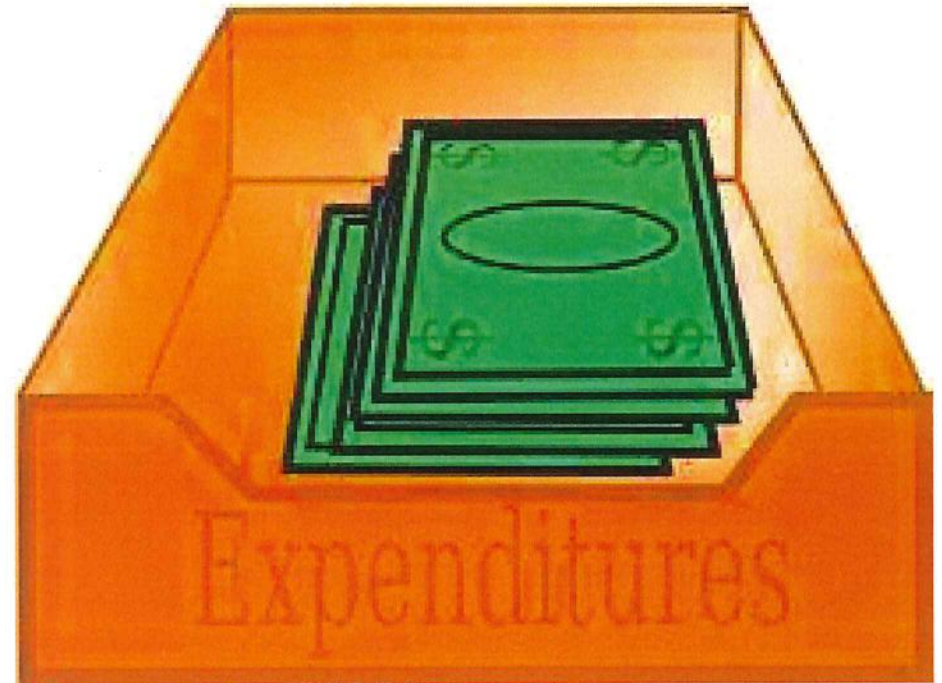
Revenue Variations

- Motor vehicle registrations showing no growth – supply chain issues;
- Interest income should be increasing in the next few years;
- Use of Derry Recovery Trust to stabilize operating budget;
- Recycling revenues rebounding due to oil prices;



Expense Variations

- Trash Disposal, Fuel, Salt, all driving expenses.
- New Parks Division position (1/2 year) to protect investment in recreation facilities – paid from A/C Trust and DCC TIF
- Isaiah 58 and Family Promises added to social services safety net at total cost of \$7,500
- Employee Health Insurance at 6.4% increase.



COVID-19



- Operations back to normal.
- Continue to disrupt traditional revenue stream trends.
- Town maintains multi-year budget planning horizon.
- Town will need to infuse operating budgets with COVID-19 Trust and Federal Stimulus Trust Funds over the next several years to maintain services under the Tax Cap.

Capital Improvements Plan



- Departments submit requests to Finance Department outlining capital needs for the next six years;
- Requests are reviewed in relation to existing services and available revenues;
- Town Administrator review draft plan;
- Plan presented to Planning Board for review and consultation;
- Town Council adopts plan with or without modification prior to June 1

Funding Structure

- Water and Wastewater projects are ultimately funded by customers;
- Cable projects are funded through franchise fees paid by cable customers;
- A vast majority of capital projects are funded through various capital reserve funds or trusts, which are replenished through a transfer from Unallocated Fund Balance (General Fund Surplus).



Capital Reserve Fund Projections

FY23-28

Current Investment Trends

CRF Fund	FY22 Balance	FY27 Balance	Largest Deficit	Largest Deficit Year
Police	\$ 913,812.00	\$ (41,515.00)	\$ (41,514.00)	FY27
Fire	\$ 1,915,865.00	\$ (432,470.00)	\$ (2,426,816.00)	FY32
Public Works	\$ 1,079,708.00	\$ (169,545.00)	\$ (606,561.00)	FY30
EMT/B&G	\$ 422,549.00	\$ 734,516.00	n/a	n/a
IT	\$ 94,645.00	\$ (76,152.00)	\$ (76,152.00)	FY27

Financial Projections with
Previous Investment Schedule

Capital Reserve Fund Projections

FY23-28

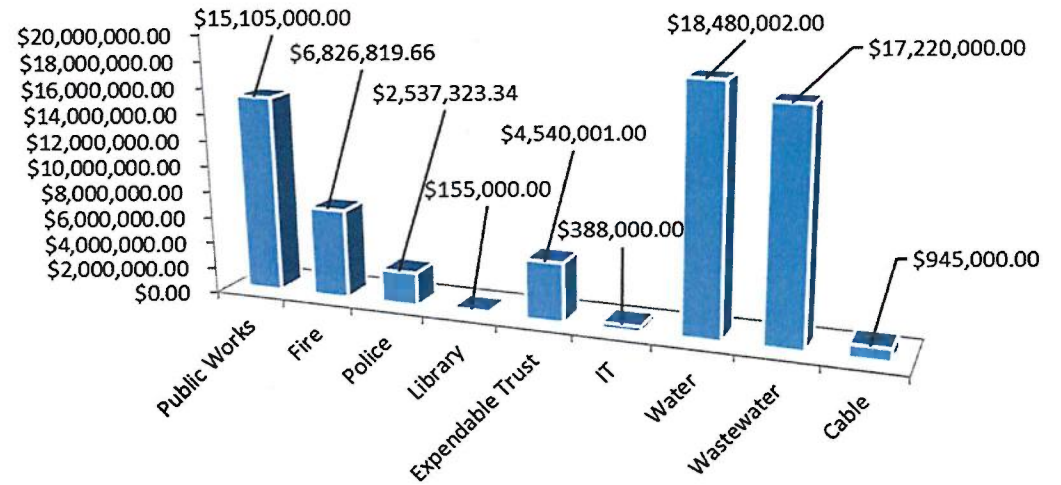
Town Administrator Recommendations

CRF Fund	FY22 Balance	FY27 Balance	Largest Deficit	Largest Deficit Year
Police	\$ 913,812.00	\$ 217,780.00	n/a	n/a
Fire	\$ 1,915,865.00	\$ 326,917.00	\$(1,087,879.00)	FY34
Public Works	\$ 1,079,708.00	\$ 231,420.00	\$ (17,818.00)	FY30
EMT/B&G	\$ 387,549.00	\$ 724,516.00	n/a	n/a
IT	\$ 94,645.00	\$ 88,964.00	n/a	n/a

Revised Capital Investment
Schedule

FY 23 – FY 28 Plan

Capital Improvements

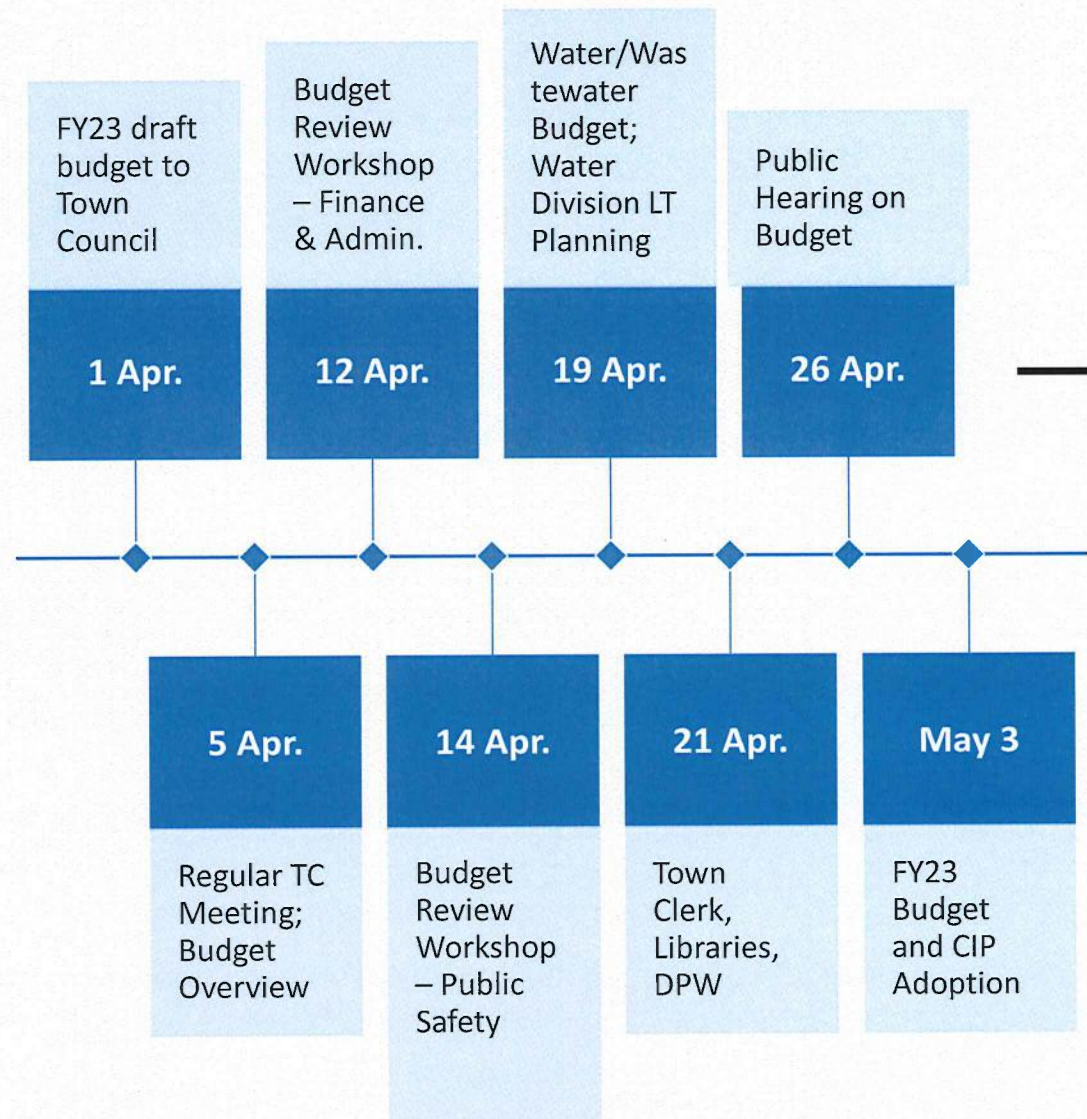


Major Projects – FY23

- Replacement of 10 of the Police Department's 17 marked cruisers.
- Upgrade Computer Aid Dispatch in the Fire Department.
- Continuation of the Town's Roadway Management Program.
- Replacement of a 1991 Fire Department tanker with a dual-purpose Pumper-Tanker.
- Replace various vehicles and pieces of equipment across various divisions in Public Works;
- Culvert replacements on Sunset Avenue and Franklin Street, funded from a bond issue to be discussed during the April 19 workshop;
- Continue four-year upgrade of traffic signal controls at various intersections;
- Major improvements at Hood Park, skateboard facility at Alexander-Carr and lighting enhancements at various playing fields throughout the community.
- Equipment and processing upgrades in the Cable Department.



Budget Schedule



Public Safety Facilities Implementation Plan

Project Challenge Statement - – To address aging and inefficient fire and police facilities, to decrease Fire/EMS response times to more populated areas in Derry, and to address service access concerns, all in a manner which understands and respects the fiscal impact upon Derry taxpayers.

- April 2021 – Council established Task Force to study public safety facilities
- June 2021 – Task Force reported out to Town Council
- Dec. 2021 – Town receives detailed cost estimates from architect
- Feb. 2021 - Council directed feasibility for use of Alexander-Carr Park surplus land.
- March 2021 – Council directs focus on fire facilities, preferably replacement of Central Fire

Fire Facilities Implementation Plan - Goals

- Address substandard conditions at Central Fire Station
- Enhance EMS response times to Southwest Derry
- Capitalize on low interest rates
- Present plan under taxpayer-approved tax cap



Fire Facilities Project Outline

New Central Fire Station

37,500 square feet on 4 acres situated on Rockingham Road

Close and sell existing central station on East Broadway

Timeframe

Currently – Town Counsel working with AG to secure concurrence to use A/C land

April 29 - NHMBB submittal for bonding

June 1 – Issue RFQ for architectural services

July - Oct. – Finalize Specs and Bid

Nov – Oct. 23 – Construction

Oct. – Dec. 23 punch list, commissioning, etc.

Dec. 23 - Operational

Fire Facilities Plan – Proposed Site



Fire Facilities Project Costs

a.	Construction costs with 3% contingency	\$16,900,000
b.	Architectural/Engineering contract @	\$ 1,690,000
c.	Clerk of the Works	\$ 100,000
d.	Furnishings, Equipment, IT, etc.	\$ 450,000
e.	Materials Testing during construction	\$ 75,000
f.	Land acquisition (to A/C Trust)	<u>\$ 300,000</u>
	Total Project Budget	\$19,515,000

Fire Facilities Project Financial Plan

- Funding Sources
 - \$1.0M in ARPA Funding
 - \$1.0M in Unallocated Fund Balance
 - \$500K from sale of Central Fire Station
- Bond Terms
 - 30 Year Term
 - Last NHMBB sale @ 2.36%
 - Option to bond all except \$1.0M ARPA funds to reduce immediate impact upon taxpayer
- Tax Impact
 - Estimated \$0.19 or \$47.50 on home valued at \$250,000

Fire Facilities
Project – Tax
Impact with
Retiring Debt
Service

Fire Headquarters Building Program					
Tax Impact					
First 14 years of 30 year bond					
Year	Tax Dollars	Tax Impact	W/M&R	Assessed Valuation	
2022	\$ 700,000.00	\$ 0.19	\$ 0.17	3,636,000,000.00	
2023	\$ 700,000.00	\$ 0.19	\$ 0.17	3,651,000,000.00	
2024	\$ 700,000.00	\$ 0.19	\$ 0.17	3,666,000,000.00	
2025	\$ 700,000.00	\$ 0.19	\$ 0.17	3,681,000,000.00	
2026	\$ 700,000.00	\$ 0.19	\$ 0.17	3,696,000,000.00	
2027	\$ 700,000.00	\$ 0.19	\$ 0.17	3,711,000,000.00	
2028	\$ 700,000.00	\$ 0.19	\$ 0.17	3,726,000,000.00	
2029	\$ 675,000.00	\$ 0.18	\$ 0.16	3,741,000,000.00	
2030	\$ 650,000.00	\$ 0.17	\$ 0.15	3,756,000,000.00	
2031	\$ 625,000.00	\$ 0.17	\$ 0.15	3,771,000,000.00	
2032	\$ 600,000.00	\$ 0.16	\$ 0.14	3,786,000,000.00	
2033	\$ 550,000.00	\$ 0.14	\$ 0.12	3,801,000,000.00	
2034	\$ 425,000.00	\$ 0.11	\$ 0.09	3,816,000,000.00	
2035	\$ 175,000.00	\$ 0.05	\$ 0.03	3,831,000,000.00	

Fire Facilities Project – Critical Path

- 1) Should the project proceed?
- 2) If so, should the project include a substation or new Central Fire?
- 3) Should construction costs only or all project costs be included in the bond?
- 4) When should the Town bond:
 - a. When interest rates are lower, prior to construction bids
 - b. When construction bids are received, with all indications of higher interest rates?



Questions?