

Town Manager Proposed 2011/12 Budget Presentation

Presented to the
Merrimack Town Council
December 2, 2010

Budget Preparation Approach

- The Town Council directed the Town Manager to develop a budget with a supporting tax rate of \$4.34, the same tax rate supporting the 2010/11 budget.
 - The Council also asked the Manager to identify additional budget cuts if the State of NH eliminates Room and Meal revenue to communities and does not increase retirement contribution for police and fire employees.
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2011/12 Proposed Budget Comparison by Fund

<u>Fund</u>	<u>2011/12 Proposed Budget</u>	<u>2010/11 Approved Budget</u>
General	\$23,652,337	\$23,400,186
Wastewater	4,127,979	4,449,802
Outside Police Detail	693,941	650,735
Outside Fire Detail	9,000	9,000
Fire Protection Area	87,080	87,080
Summer Day Camp	198,579	179,679
Media	313,303	537,177
Total Appropriations	<u>\$29,082,219</u>	<u>\$29,313,659</u>

Issues Impacting Proposed Budget

- ❑ Reduction in State Revenues
 - ❑ Stagnant Motor Vehicle Permit Revenues
 - ❑ Interest Rates of less than 1% on deposits
 - ❑ Retirement Rate Increases
 - ❑ Health, Dental, Property/Liability and Workers Compensation Insurance Rate Increases
 - ❑ Property Valuation was increased \$16.4 million to recognize the outlet mall property coming out of current use and being fully taxed.
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Town Manager's Proposed Budget

- ❑ The proposed budget eliminates 3 police officers, 4 firefighters, 1 DPW employee and reductions/eliminations of part time employees.
 - ❑ The Library is proposed to be funded at \$50,000 less than the 2010/11 budget. Library Trustees have indicated the library will reduce hours, programs and staffing.
 - ❑ There are no wage increases for all non union employees.
 - ❑ Five of the six union agreements will have expired June 30, 2011 if successor agreements have not been reached. No costs have been included in the budget in anticipation of agreements being reached.
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Anticipated Impact on Proposed Budget Reductions

- ❑ Police Staffing - Detectives and school resource officers will be used, when needed, to provide adequate patrol staffing
 - ❑ Fire Staffing - Require the relocation of the South Station staff to the Central Station on a much more frequent basis
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Other Proposed Staffing Changes

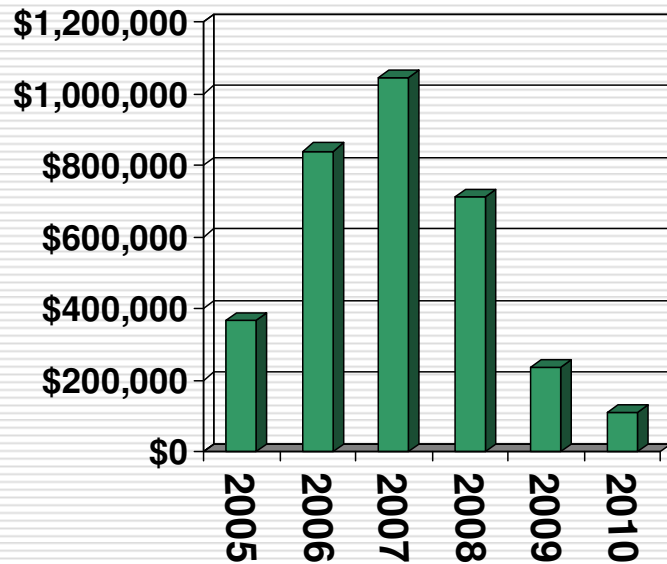
- ❑ Consolidation of Parks Maintenance with the Highway Division, eliminating the Parks Foreman
 - ❑ Move Parks and Rec. Maintenance Manager to Highway creating an Equipment Operator I position
 - ❑ Reduction of hours for P&R Waterfront Director, Secretary and elimination of part time Maintainer and reduction of part time position in Wastewater
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Outstanding Items that May Impact the Budget

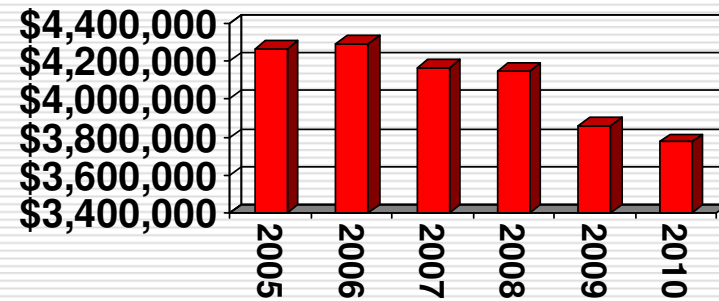
- ❑ Currently, bids are being accepted for health, dental, property/liability and workers compensation insurance. Those bids are due December 30th.
 - ❑ Bids are also being accepted for janitorial services at the Town Offices and Police Departments as well as park maintenance. Those bids are due December 10th. The Finance Department will bring their recommendations on the awarding of those bids as soon as possible.
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Annual Revenues Related to Growth

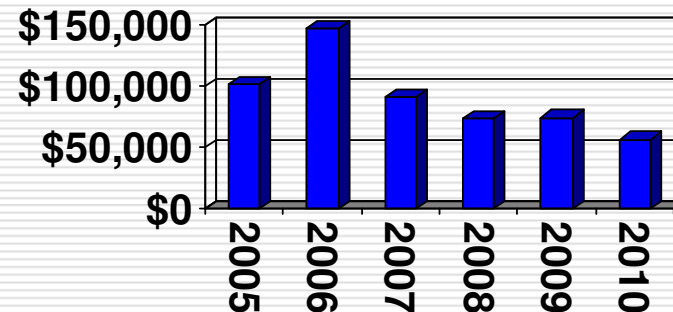
Interest Earnings



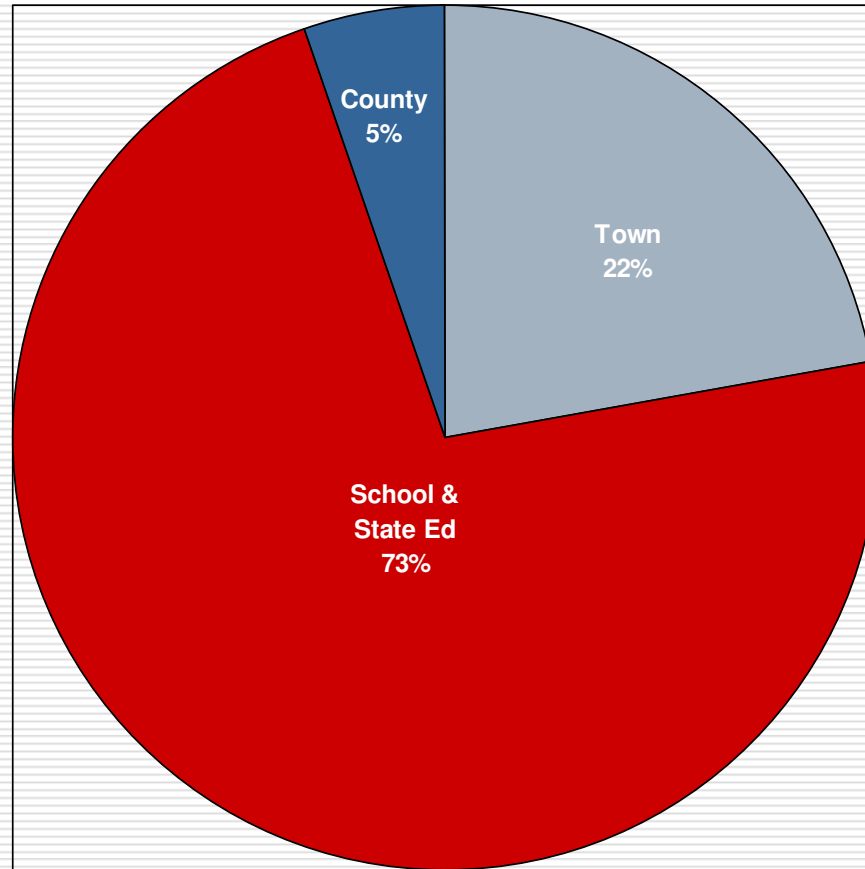
Motor Vehicle Revenue



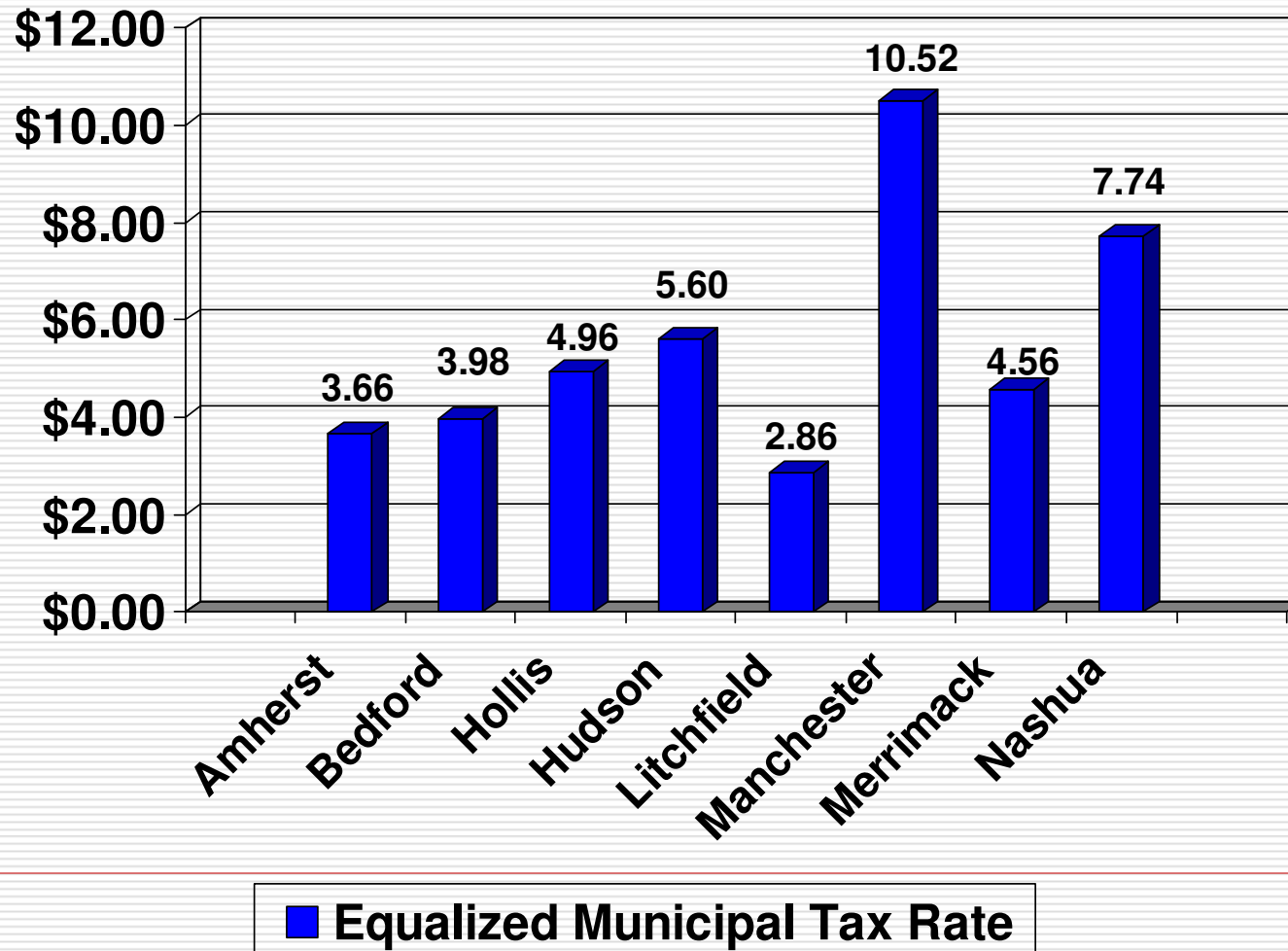
Building Permits



Breakdown of 2010 Property Tax Rate



How Does Merrimack's 2010 Municipal Tax Rate Compare to Other Communities



Analysis of Comparable Homes by Town
 4 Bedroom, 3 Bath, 2 Car Garage House, 5 -12
 Years Old
 Sold Between March and July 2010

Town	Sales Price	Town Taxes 2009	30 Year Mortgage at 4.5% Interest	Tax Bill	Total Yearly Cost
Hollis	\$460,000	\$4.99	\$27,969.00	\$2,295.40	\$30,264.40
Nashua	\$414,000	\$7.91	\$25,172.16	\$3,274.74	\$28,446.90
Bedford	\$435,000	\$3.99	\$26,448.96	\$1,735.65	\$28,184.61
Amherst	\$385,000	\$3.38	\$23,408.88	\$1,301.30	\$24,710.18
Hudson	\$375,000	\$4.97	\$22,800.84	\$1,863.75	\$24,664.59
Goffstown	\$339,000	\$8.68	\$20,611.92	\$2,942.52	\$23,554.44
Merrimack	\$354,375	\$4.23	\$21,546.84	\$1,499.01	\$23,045.85
Milford	\$331,000	\$4.47	\$20,125.56	\$1,479.57	\$21,605.13
Litchfield	\$337,000	\$2.28	\$20,490.36	\$768.36	\$21,258.72

Analysis of Comparable Homes by Town
 3 Bedroom, 2 Bath, 2 Car Garage House
 15-35 Years Old
 Sold Between March and August 2010

Town	Sales Price	Town Taxes 2009	30 Year Mortgage at 4.5% Interest	Tax Bill	Total Yearly Cost
Nashua	\$ 315,000.00	\$7.91	\$19,152.72	\$2,491.65	\$21,644.37
Bedford	\$ 300,000.00	\$3.99	\$18,240.72	\$1,197.00	\$19,437.72
Hollis	\$ 282,000.00	\$4.99	\$17,146.20	\$1,407.18	\$18,553.38
Amherst	\$ 266,000.00	\$3.38	\$16,173.36	\$899.08	\$17,072.44
Litchfield	\$ 266,000.00	\$2.28	\$16,173.36	\$606.48	\$16,779.84
Goffstown	\$ 234,000.00	\$8.68	\$14,227.75	\$2,031.12	\$16,258.87
Hudson	\$ 245,000.00	\$4.97	\$14,896.56	\$1,217.65	\$16,114.21
Merrimack	\$ 243,000.00	\$4.23	\$14,782.20	\$1,027.89	\$15,810.09
Milford	\$ 227,000.00	\$4.47	\$13,802.16	\$1,014.69	\$14,816.85

Proposed Capital Projects

- Repaving of a portion of the DW Highway from Greeley Street intersection to the south abutment of the Chamberlain Bridge at an estimated cost of \$677,000, completely offset by a withdrawal from a Capital Reserve account.
 - Work will include:
 - cold planing the existing surface
 - paving a new wearing course
 - Intersection improvements in the area of Columbia Circle and Wright Avenue introducing a double left-turn lane in the center of the road.
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Other Proposed Improvements

- Drainage improvements have been funded in the proposed budget in the amount of \$230,000, all offset by a Capital Reserve withdrawal. This amount was recommended to the Town Council when the DPW Director reviewed the drainage master plan with the Council in October.
 - Sewer Extension Capital Reserve Funds in the amount of \$939,500 are included in the proposed budget to be used to identify the most critical areas of town in need of municipal sewer and extending existing sewer lines to the extent funding allows.
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Other Budget Highlights

- ❑ \$66,750 is included in the Assessing budget for the required five year property tax valuation update. That cost includes update oversight, property owner hearing and a conversion to new assessing software.
 - ❑ Included in the Town Clerk/Tax Collector budget is \$30,000 for new property tax software. Total cost of the software is \$60,000 and is proposed to be paid for over the next two fiscal years.
 - ❑ Both software packages would be provided by Avitar Associates of New England and would use a shared database with each department using individual modules. This proposed change will address existing compatibility issues that occur with the current software.
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Default Budget Calculation

	2010~11	2011~12
	Voted	Default
	<u>Budget</u>	<u>Budget</u>
General Town operations and charges ~ Article	29,336,898	29,313,659
Teamsters Local 633 CBA ~ Article 3 (2010~11	(\$23,239)	23,646
Union Contract Benefit Increases		545,057
State Mandated Retirement Increase		272,995
Solid waste disposal tipping fees		(17,095)
2010/11 Approved Capital Projects/Purchases		(2,565,335)
Debt service:		
2010~11		(975,305)
2011~12	<u> ~</u>	<u>922,749</u>
Total	29,313,659	27,520,371
Proposed 2011~12 Budget		<u>29,082,219</u>
Difference between proposed budget and Default		1,561,848
Less: 2011/12 Proposed Capital Projects/Purchases		<u>(2,418,287)</u>
Amount of Proposed 2011/12 Budget Over Default Budget		<u>(856,439)</u>

PROPOSED 2011-12 CAPITAL RESERVE FUND TRANSFERS***INCLUDED IN MUNICIPAL OPERATING BUDGET***

	Balance *	Budget	Est. Expend	Balance **
	<u>7/1/2011</u>	<u>2011-12</u>	<u>2011-12</u>	<u>6/30/2012</u>
Ambulance	202,622	50,000	(50,000)	202,622
Athletic Fields	173,168	-	-	173,168
Communications Equipment	57,066	-	-	57,066
Computer Equipment	32,047	-	(30,000)	2,047
Daniel Webster Highway	638,780	25,000	(638,780)	25,000
Fire Equipment	261,555	100,000		361,555
Highway Equipment	262,680	176,960	(300,000)	139,640
Land Bank	410,956	-	-	410,956
Library Building Maint Fund	32,652	2,000	-	34,652
Playground Equipment	41,906	-	-	41,906
Property Revaluation	6,752	-	-	6,752
Road Improvements	649,740	-	-	649,740
Salt Shed	20,361	-	-	20,361
Sewer Line Extension	938,851	-	(75,000)	863,851
Solid Waste Disposal	160,651	-	(32,000)	128,651
Fire Station Improvements	134,752	-	-	134,752
Traffic Signal Pre-emption	25,395	-	-	25,395
Road Infrastructure CRF	<u>787,159</u>	<u>185,000</u>	<u>(390,000)</u>	<u>582,159</u>
Total GENERAL FUND	4,837,093	538,960	(1,515,780)	3,860,273
Sewer Infrastructure Improve.	<u>544,462</u>	<u>225,000</u>	<u>(193,500)</u>	<u>962,962</u>
Total Capital Reserve Activity	5,381,555	763,960	(1,709,280)	4,823,235

Budget Adjustments needed if State Contribution to NH Retirement Remains at 25% for Police and Fire

The current state contribution toward police and fire retirement costs were reduced from 35% to 25%. That is scheduled to revert back to 35% July 1, 2011. If the state does not fund their contribution at 35% and a level tax rate is still desired, additional budget adjustments will need to be made in the amount of \$160,032. My recommendation on those cuts are shown below:

DW Highway Capital Reserve Deposit	\$25,000
Paving	66,213
Eliminate Patrol Vehicle	28,000
NEPBA Education	3,000
Mandated Highway Street Sign Improve	15,000
Police Patrol Overtime	8,000
Fire Overtime	4,819
Reduction in Pavement striping	10,000

Loss of Rooms and Meals Revenue

It is anticipated that Merrimack would receive \$1,166,429 in Rooms and Meals revenue in Fiscal 2011/12. If the State were to eliminate that revenue, I would propose the following budget changes.

Institute Pay as You Throw	\$788,000
Eliminate second Patrol Vehicle	28,000
Eliminate Parks and Rec. Secretary	5,457
Reduce Winter Sand and Salt	22,972
Use of Unreserved Fund Balance	
Cable Fund	275,000
General Fund	47,000

Questions/Comments