



TOWN OF DURHAM  
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The Durham Town Council  
Durham, New Hampshire 03824

Re: **Administrator's Proposed 2018 Operational & Capital Budgets**  
**Administrator's Proposed 2018-2027 Capital Improvement Plan**

Dear Honorable Members of the Council:

I am pleased to present for your review and consideration the Administrator's proposed 2018 Budget, which includes the General Fund, Water Fund, Sewer Fund, Library Fund, Parking Fund, Depot Road Lot Fund, Churchill Rink Fund, Stone Quarry TIF Fund, and Downtown TIF Fund budgets, as well as the Administrator's proposed 2018-2027 Capital Improvement Plan incorporating the FY 2018 Capital Fund budget utilizing a ten-year time horizon. The proposed budget allocates limited resources and supports funding for targeted initiatives consistent with Town Council goals. It is once again intended to be a steady state budget to ensure our operations remain ready to accomplish needed tasks as efficiently and effectively as possible for a community of our size and demographics, and taking into consideration the reality that Durham hosts UNH, the State of New Hampshire's flagship public university.

As is the case each year, the development of the proposed budget was part and parcel of a rigorous, yet inclusive process. The Business Manager and I have evaluated (and modified as necessary) each budgetary line item utilized by the municipality in an effort to assure ourselves, and thereby the Council and the community, that requests are justified and reflect meaningful efforts on the part of our boards, committees, commissions, trustees, and departments, as well as our various external partners, to accomplish the broader goals and objectives articulated by the Town Council and the community as a whole. Our effort was intended to eliminate unnecessary requests altogether, identify and take advantage of new efficiencies where possible, and align spending to the extent possible with the 2017-2018 (and beyond) Town Council goals thereby allowing the Council to focus its limited time on broader policy issues impacting the overall community.

This year there will in effect be three possible budget scenarios for the Council to consider:

1. Proposal 1, which would meet the Town Council goal of maintaining the 2015, 2016, and 2017 local tax rate of \$8.48 for 2018.

2. Proposal 2, which is the Administrator's official budget proposal for FY 2018 per the Town Charter, equating to a 2% local tax rate increase over 2017;
3. An a la carte menu of additional budgetary requests, that were not included in either Proposal 1 or Proposal 2 by the Administrator, but which the Council will want to evaluate in order to understand competing spending requests for the Town as part of our ongoing effort to meet the needs of various constituencies and goals.

Significant progress has been made in our collective efforts over the last several years in making Durham a better place in which to live, work, raise a family, and play. We have endeavored to spend the taxpayers' money wisely and have provided the maximum number of desired services possible within the limited constraints of the Town budget. Every effort continues to be made to stabilize the cost of, and find new efficiencies within, the various services the municipality provides. Like many other communities throughout the state, the tax rate is significant and places a particularly heavy burden on the property taxpayer, particularly those on a fixed income.

I note again what I have made plain in prior budget transmittals -- unless additional means of financing the requirements of NH local government can be found, this burden will continue to increase for Durham property owners, especially amidst a general environment of downshifted costs from the state, additional Federal regulations, and limited revenue streams available to New Hampshire municipalities.

A primary driver within Durham's municipal budget is personnel-related costs that accounts for 62.3% of total spending as part of the proposed 2018 budget.

### **Fiscal Year 2018 Budgetary Proposal**

This year's budget cycle has resulted in a proposed 2018 General Fund budget (Proposal 2) totaling \$15,613,980 -- a spending increase of \$1,155,080 or 7.99% compared to FY 2017. Increases are due to required wages and benefits as a result of collective bargaining contracts, a 2% COLA for non-union personnel, adequately budgeting overtime for the police and fire department based upon historical actual usage, insurance increases, increased legal costs to reflect our average 3 year expenditure trend, a required 5-year statistical assessing update, a plan to pave Cedar Point Road as requested by residents, addressing deferred and future municipal infrastructure, additional staffing within the Public Works Department, temporarily ramping up building inspection services for the anticipated Riverwoods project on Stone Quarry Drive, increased debt service, additional Library and Parks & Recreation Dept. costs, the inclusion of the Land Stewardship Coordinator contract position, and NH State Retirement System downshifted costs to the local community. Non-property tax revenues are expected to *increase* in FY 2018 by \$849,450 or 14% to \$6,913,450.

***In total, this year's budgetary proposal is projected to increase the 2018 local municipal portion of the tax rate by 2% from \$8.48 to \$8.65, an increase of 17 cents. The tax rate has remained at \$8.48 for 2015, 2016, and 2017. The proposed increase would cost***

***the average Durham property taxpayer with a home valued at \$350,000 an additional \$59 in taxes for 2018.***

Revenue projections do continue to include an annual \$260,950.00 payment from UNH to Durham, which began in 2009 to compensate the community for the University's financial impact upon the Town in areas such as roadways, traffic, and policing services. At this time, UNH also supports 50% of the Fire Department operational and capital budgets, 2/3 of the cost of joint water and wastewater capital projects, and a pro rata (rolling 36 mo. average) share of the shared water and wastewater operating budgets for Durham and UNH (currently at 58.3% UNH and 41.7% Durham). Budgetary projections take into account this additional revenue, growth in the tax base as a result of economic development efforts, setting Overlay at \$125,000 to address potential abatement requests, no use of fund balance, and recommended expenditures.

The proposed Sewer (Wastewater) Fund budget reflects a 19.45% increase in user fees in 2018 (a rate of \$8.96 per hundred cubic feet), while the proposed Water Fund budget carries an anticipated 7.9% increase in user fees (a rate of \$6.05 per hundred cubic feet) for FY 2018.

The twelve-month September 2016 to September 2017 Consumer Price Index (CPI-U) numbers are: U.S. City Index – 2.2%, Northeast Urban – 1.9% and Boston-Brocton-Nashua-MA-NH-ME-CT – 2.7%.

*Once again, the proposed FY 2018 budget is a steady state budget intending to ensure municipal operations remain in conformance with Town Council goals while also meeting the ongoing daily needs of the community.* Details associated with the budget can be found within this FY 2018 budget book, the 2018-2027 Capital Improvement Program document, or within a separate informational booklet being prepared by the Business Office that will offer some high level analysis concerning the proposal per Town Council request.

I look forward to talking more with the Council and the community concerning the FY 2018 proposed budgets and the proposed 2018-2027 Capital Improvement Program.

Very truly yours,



Todd I. Selig  
Administrator

Enclosures