



**Town Manager Annual Report**  
**STATE OF THE TOWN ADDRESS**  
**KEVIN H. SMITH**  
**2019**

Members of the Town Council, the Budget Committee, other elected officials, Town employees, and citizens of Londonderry:

It is once again an honor to stand before you this morning to deliver the Annual State of the Town Address. It's hard to believe, but today's address marks my sixth year having done so; and we've made a lot of progress in that time: in 2013, our Town tax rate stood at \$5.19, today it is \$4.99; in six year's time our town-wide property valuation has grown by nearly \$436,000,000; and in 2013 major commercial and industrial developments like Pettengill Rd. and Woodmont Commons, were still just visions on paper; such is not the case today. On the residential side, Londonderry continues to be a desirable community to own a home, as is evidenced by the fact that for the second year in a row, we were the fastest growing Town in the state according to US Census figures. Indeed the State of our Town is thriving, but there is much work still to be done, and we cannot rest of our previous accomplishments.

Londonderry's growing commercial and industrial tax base continues to be a leading indicator of how well the Town is doing. Very favorable economic conditions nationally have given way to a slew of new commercial and residential development projects in

town, as well as redevelopments of old and tired sites. Construction on the first two buildings in the downtown section of Woodmont Commons is well underway, with occupancy of both buildings slated for this summer, which includes 603 Brewery's new Beer Hall and grille. At the same time, construction on the next two buildings along Main St. will also commence later this year. In addition, a high-end 290-unit independent living facility, known as the Baldwin, has been proposed in this area. It is currently in design-review with planning and engineering staff, and is expected to be approved by the Planning Board this fall if not earlier. Frankly, in most communities across New Hampshire, developments like the aforementioned would be a lot over multiple years, but in Londonderry, it is only the beginning. In 2018, the new owner of the Apple Tree plaza, George Vernet, began a multi-million dollar rehab of the square including repaving the parking lot, constructing a new roof, installing new and brighter lighting, and upgrading the look and style of the mall façade and signs, to give it a more contemporary look. George's investment is already paying off with new tenants having moved in, including a new family-entertainment business called XtremeCraze, featuring a massive inflatable air park, laser plex, and arcade – the first of its kind in New England. We're excited to see this mall being brought back to life and look forward to the future tenants that call it home.

Down the road from that plaza, in the area of the Londonderry Commons, a major redevelopment of the Citizens Bank site is planned, with plans for a new Convenient MD, a new and more contemporary Citizens Bank, as well as an additional retailer. Plans for this redevelopment were approved recently with construction slated for this spring. Speaking of the Londonderry Commons plaza, the restaurant scene continues to do very well in there, with the addition of two Asian-theme eateries, Hot Pot and the Crazy Noodle. Another new pub is slated to open this spring, Renegade's Pub, in the site of the former Café Theresa restaurant; meanwhile Gabi's Smokeshack BBQ has expanded their

operation from their small space along Rt. 28 to a larger sit down eatery in the former Harold Square location.

The town itself has also invested significant funds into improving existing infrastructure as well as new construction of such. Some of the projects include the ongoing roadway maintenance program which invests over a million dollars each year into re-construction and shim and overlays of existing roadways. The town is the midst of two major and critical sewer infrastructure projects: one is the replacement of the existing pump station and force main along portions of Rt. 28, Old Mammoth Rd, and Grenier Field Rd. The replacement of this sewer pipe was critical as the old pipe had broken on several occasions in recent years. The other major project is the construction of the South Londonderry sewer interceptor pipe which will bring much needed municipal sewer to major commercial areas like the building the currently houses Salon Bogar and Super Wok, the Workout Club, the movie theater, and the Apple Tree Plaza. It will also provide the opportunity to connect sewer to the Century Village homes, which has been long awaited.

Another area in which the Town has invested a significant amount of funding over the years has been in the widely popular Rail Trail. The first portion of the Rail Trail was installed in 2013 and since then, has been extended in both directions, toward Season's Lane to the east, and across Rt. 28 to the area of the old train station to the west. This has been accomplished through both taxpayer support as well as private donations both big and small. This year, the Town has the opportunity to take advantage of a major grant opportunity through the state totaling \$800,000, by supporting Warrant Article #24, which utilizes Undesignated Fund Balance as a funding mechanism to complete the north-western portion of the Rail Trail all the way to the Manchester city line. Manchester is

also in line to receive a grant from the state so that they too can connect their portion of the trail to Londonderry's. Needless to say, the Rail Trail, since its inception, has proven to be a unique and oft-used recreational amenity serving the young and old, runners, bikers, joggers, and families just out for a stroll. It is my strong belief that this warrant article is worthy of your consideration and support.

Finally, in talking about future infrastructure, I would be remiss if I did not provide a brief mention of the Exit 4A project. To recap, planning for the future 4A interchange began when I was in 5<sup>th</sup> grade at South School. It would seem though, that after 30+ years of planning, there may finally be a light at the end of the tunnel, or in this case, the exit ramp. After multiple years of working with NH DOT and the local engineering firm, CLD, the Environmental Impact Study, or EIS, is near completion with a Record of Decision expected from the EPA later this year. Once the ROD is concluded, design work and right-of-way acquisition will commence on the part of the New Hampshire Department of Transportation. With any luck, at the time next year construction will have just started on the new interchange, known as 4A, off I-93, which will open up hundreds of acres for commercial and industrial development in Londonderry.

Moving on to the Town's financial infrastructure, we continue to be in a very strong position. This notion was verified not only by the most recent audit of the Town's finances, by also by the Standard and Poors rating agency, which upgraded the Town's bond rating in 2018 to AA+, the second best rating a town can achieve. This new rating comes at an especially critical time as we sell the bonds for both the Central Fire Renovation project as well as funding obligated toward the Exit 4A project. Also in 2018, the Town finished its fiscal year with a surplus totaling \$2.2 million in the way of higher than projected revenues and unspent appropriations. And, despite using \$2.3 million

dollars of undesignated fund balance in 2018, the Town through prudent fiscal management still maintained a very healthy fund balance going into fiscal year 2019, to the tune of \$6.3 million dollars. As I mentioned at the forefront of my speech, our Town tax rate remains low at \$4.99 – that doesn't occur by happenstance though. As I've cautioned previously when giving this speech, despite higher than anticipated revenues and significant increases in town-wide valuation year over year, we must reign in our appetite to then also increase operational spending at a concurrent or worse, faster rate. Doing so will almost guarantee higher tax rates in the future when the economy eventually flat-lines and development levels off. Rather, our spending increases should be frugal and modest in nature during these times, which will allow us to continue to build up our undesignated fund balance account while simultaneously provide tax relief to the residents of our great community.

Finally, while I believe we have done a great job of managing the Town's finances, the success of doing so has been a team effort, and in fact, since 2014 I have had a steady and reliable hand at the financial tiller, that being our Finance Director, Doug Smith. Doug, who has been with the Town in the Finance Department since 2011, recently announced his impending departure as he seeks the greener pastures of retirement life. I cannot overstate how critical it is as a Town Manager to have Department Heads who are reliable, trustworthy, competent, and dependable, and I was fortunate to have every one of those qualities in Doug over the last five years. Doug, thank you for your steadfast service to the Town – you will be greatly missed by myself and the staff.

Which is a good segue into the last matter I wish to address this morning: as Councilor Farrell often likes to say, our number one goal is to build a great community; "We're in the business of building a great community." But great communities don't just happen by

chance or coincidence. So how are they built? How is it that organizations, whether they're public sector institutions (police and fire departments, town halls), or privately held companies become consistently successful day in and day out? In a word, it's intentional. And perhaps one need look no further than down the road a bit in Foxboro, MA, home of the now 6-time World Champion New England Patriots.

Shortly after their win last Sunday, our Asst. Manager, Lisa Drabik sent me an email she received from a local attorney titled "Ten HR lessons from the NE Patriots' Winning Ways" and how almost any organization can apply these lessons to their own workplace. Some of these lessons included things like there being no substitute for hard work, leading by example, yesterday's success is no guarantee of success tomorrow, and so on. But there was one particular lesson that caught my eye, and I'd like to share it with you as I believe it captures everything we're trying to do here in Londonderry. It's titled:

**A shared vision is required/ Buy in from top to bottom can't be over-estimated:**

A boat can't move forward if people row in different directions. In order to successfully complete a play or game plan players need to understand and follow the play and game plan. Of equal importance is that every member of the team understand, buy in and act in accord with the team vision. In order for that to happen the vision must be well thought-out, communicated and reinforced. The Patriots have always had one vision. That is communicated from the top from day one and all are held accountable.

Here in Londonderry, we're all a part of the same of the same team, and when I say "we" I literally mean every one of us: the staff, Department Heads, Management, the Council, the School District, and all of you – the residents and citizens of this town, especially the ones who got up at 9am to go to deliberative session.

And we all share in the same one vision, which is to make Londonderry the greatest community not just in New Hampshire, but in the entire country. Yes, we may have disagreements from time to time on how to get there, and that's ok, the ability to openly disagree in any democracy is healthy; in doing so though, don't lose sight of the fact that we're all in this together and we all share that common goal and vision for our great community.

Thank you as always for your time and indulgence this morning, it continues to be an honor to serve you as your Town Manager. God bless.