

CITY COUNCIL WORK SESSION

Legislative Delegation

March 24, 2008 – 6:00 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburgh, Dwyer, Smith, Kennedy, Spear, Reynolds and Pantelakos

Officials Present: John P. Bohenko, City Manager; Robert Sullivan, City Attorney; Pat Remick, Coalition Communities Coordinator; Dr. Robert Lister, Superintendent of Schools; Dianna Fogarty, Human Resources Director; Thomas Flygare, Negotiator; and Kelli L. Barnaby, City Clerk

Others Present: State Representatives Jim Powers; Paul McEachern; James Splaine, State Senator Martha Fuller Clark; and Speaker of the House Terie Norelli via conference call

I. Call to Order

At 6:00 p.m., Mayor Ferrini called the work session to order and said that the Council will be receiving updates from our Legislative Delegation this evening regarding various bills of interest.

II. Introduction

City Manager Bohenko spoke to the information provided to the City Council outlining the various bills.

III. Legislative Delegation Items of Interest

- Costing an Adequate Education & Constitutional Amendment

State Representative Powers advised the City Council that State Senator Clark will be addressing this topic.

State Senator Clark touched upon the major points of this topic.

- SN539 reinstates Donor towns as of FY2010. The \$970 million plan includes \$48 million for “disparity aid” and \$9 million for “transition aid.” In total, it calls for nearly \$80 million more than this year. It would create 48 Donor communities paying \$15.6 million. Portsmouth does not appear to be a Donor town and could receive \$1.2 million unless the gap is raised through the Statewide Property Tax. Also, the Senate passed a plan to implement kindergarten statewide that calls for an additional \$20 million.
- SB539 calls for \$3,450 per pupil, plus additional differentiated aid for English language learners, students receiving special education services, and more money for schools with percentages of students eligible for free or reduced-price meals.

- The House Finance Committee will hold a hearing at 1:00 p.m. Wednesday on CACR34, a constitutional amendment that would not required the State to send the same base payment amount to each schoolchild. It needs 60 percent of the House, or 238 votes, to move it along for voters to decide in November and then two-thirds of the state's registered voters to become law.
- Coalition Communities will meet Thursday in Concord and the Governor is planning to come by to address us.

She reported that the court has indicated that NH must pay the first and last dollar for an adequate education.

Councilor Pantelakos advised the City Council that the House will work hard to ensure that there are no donor towns.

Representative Powers said the constitutional amendment requires the House to vote and then the voters would need to decide in November. He said we need to find a way to reform our tax structure.

Representative McEachern said that NH has a broad base tax which is based on property taxes. He said the tax structure needs to be fixed in order to address the school funding issues.

Councilor Novelline Clayburgh discussed how some communities used the funding received for items other than educational purposes.

Speaker of the House Norelli indicated that the constitutional obligation is to define cost and assure the adequate education. She advised the City Council that she feels we are on the right track at this point relative to this matter.

- Evergreen Provision "HB1436"

- The House passed the HB1436 "Evergreen Clause" bill, 180-126, requiring continuation of all provisions of a collective bargaining agreement if an impasse between public employers and employees are not resolved. Current law allows parties to negotiate an evergreen clause and specifically state which pieces of the contract will continue in effect after the expiration of the contract, including the pay plan. The bill now goes to the Senate. Opponents say it erodes local control by implementing pay raises without legislative body approval.
- The clause reads: *"For collective bargaining agreements entered into after the effective date of this section, if the impasse is not resolved at the time of the expiration of the parties' agreement, the terms of the collective bargaining agreement shall continue in force and effect, including but not limited to the continuation of a pay plan included in the agreement, until a new agreement shall be executed."* It takes effect upon passage.

City Manager Bohenko advised the City Council that this has a great impact on the City in FY10.

Negotiator Flygare spoke to the two components dealing with salaries for the step system and the other is the general adjustments to salary schedules. He said this bill was introduced to ensure that employees receive step increases if the contracts and unions meet an impasse. He said if the COLA adjustment just rolls out each year there would be no incentive for the unions to agree upon a contract.

Speaker of the House Norelli said that the bill would address step increases and not the general COLA adjustments.

Mayor Ferrini said he wants to ensure if this goes to the Senate that our concerns are addressed. Speaker Norelli said the Senate might want to clarify the language. State Senator Clark said if the City provides the language they wish to see made part of the bill she would introduce it to the floor.

- The New Hampshire Retirement System
 - The system has \$6 billion in assets and \$2.7 billion in unfunded liabilities.
 - The House, on a 259-60 vote, last week passed HB1645, the omnibus bill making changes to the Retirement System. It enacts provisions to preserve the medical subsidy for those currently eligible. The bill increases the employer contribution rates but transfers \$250 million from the Special Account to the Pension Fund to offset the increase, which also will increase the NHRS funding ratio. At the same time, the bill would contain overall costs by removing the 8 percent annual increase. The bill results from the work of the Retirement Study Commission.
 - Other provisions of HB1645 add investment/financial professionals to the NHRS Board of Trustees, establish commissions to design post employment health and COLA programs for future retirees, and require police officers and firefighters to work 25 years and be age 50 to collect a reduced retirement benefit as of 7/2/09.
 - The House also passed HB1643 to extend Group I eligibility for the retirement medical insurance subsidy (\$375 for singles, \$751 for two-person plan, increasing 8 percent annually). Currently, those retiring after July 1, 2008, are ineligible but the bill extends the deadline to July 1, 2009, as well as NHRS financial liability.

State Senator Clark said the bill is moving in the right direction but a full discussion has not taken place since the bill came from the House to the Senate. She said more education on the bill needs to be provided to the retirees and potential retirees. She said we need to ensure that retirement dollars are available with a long term commitment.

City Manager Bohenko said without this bill the retirement contributions would double in 4 years.

- Binding Arbitration
 - The House passed HB1127, allowing public employers to certify a bargaining unit of less than 10 members, but at least three. It goes to the Senate.

Representative Powers reported that there are two bills on this matter and one was referred to interim study. He advised the City Council that interim study is a way to improve or end a bill. He informed the Council that the other bill was killed.

- HB432 to Allow Alcohol Sales without Food Consumption
- The House voted to establish a tavern license for establishments that don't want to serve food or otherwise don't qualify as a restaurant. It passed with the provision Portsmouth requested to give local municipalities the ability to deny a tavern license. The bill creates two classes of licenses: large tavern license for establishments with over 50 seats (\$15,000 fee) and a small tavern license for fewer than 50 seats (\$12,000). A minimum of \$75,000 in annual food sales was set for seasonal establishments operating less than six months annually. It now goes to the Senate.

Councilor Pantelakos advised the City Council that the amendment we desired was added and now the bill will go before the Senate for action.

- SB511 Re: School Building Aid
- The Senate voted to send SB511 to "interim study." It would change the criteria for school building aid grants to pay for renovation; require projects to be consistent with a municipality's master plan and incorporate smart growth principles, and not restrict grants "contingent on any minimum amount of additional land adjacent to a school building renovation site."

State Senator Clark reported the time was not right to move the bill forward and there are other communities dealing with the same issues. She said that they will continue to work on the language over the summer and bring it forward next year.

- The Pease Development Authority & The Port
- The House voted to pass HB65 to expand the authority of the Pease Development Authority to appoint the director of the division of ports and harbors and to lease division property. Currently, approval is required by the governor and executive council not only to appoint the division director, but to lease or sell division land. This bill requires that before any property is offered for sale, the PDA is obligated to offer it to the town or city in which it is located and will still required approval of the governor and council. From 2002-2007 the unrestricted revenue derived from the division of ports and harbors was \$379,717.00. Under the proposed legislation, all future division revenue would remain with the PDA. In addition, any person holding the position of chief harbor master or deputy harbor master shall be a certified police officer. The bill now goes to the Senate.

Councilor Pantelakos advised the City Council that the bill passed the House last week.

Councilor Kennedy expressed concern relative to the bill. She said that the bill will take the rights away from the Executive Council and the Governor. She advised the City Council that there was a large turn out of individuals for the hearing on this bill at the House.

Councilor Pantelakos said that the bill would benefit the City, and the Governor has no problem with losing the appointment of the director.

City Manager Bohenko said he has assurances from the Governor and Council that any lease longer than 7 seven years would require a public hearing. He advised the City Council that he will continue to follow the bill.

Councilor Reynolds asked what the term of appointment would be for the director. Councilor Pantelakos said the term would be 5 years.

State Senator Clark said the bill has been worked on in the House and has not been brought to the Senate for discussion. She said that the Senate will listen to the City and its concerns on this matter. In addition, she suggested that the Pease Development Authority change the times of their meetings, from the mornings to the evenings, to allow for more public participation. City Manager Bohenko said he would raise the issue of changing the time of the meetings to the Board.

- Other Legislation of Interest

City Manager Bohenko informed the City Council that there was a bill regarding land takings. Senator Clark said it passed the Senate last week.

Mayor Ferrini thanked the Legislative Delegation for attending this meeting to provide updates to the City Council on various items of interest.

IV. Questions and Discussions

V. Adjournment

At 7:20 p.m., Mayor Ferrini closed the work session.

Respectfully submitted by:

Kelli L. Barnaby, CMC/CNHMC
City Clerk