

CITY COUNCIL WORK SESSION

Preliminary Budget Review Committee of the Whole

January 14, 2010 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Ferrini, Councilors Lister, Hejtmanek, Spear, Dwyer, Coviello, Kennedy and Smith

City Council Absent: Assistant Mayor Novelline Clayburgh

Staff Present: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Andrew Purgiel, Controller; Dianna Fogarty, Human Resources Director; Dave Ferland, Police Chief; Steve Dubois, Deputy Police Chief; Christopher LeClaire, Fire Chief; Steve Achilles, Assistant Fire Chief and Kelli L. Barnaby, City Clerk

School Board Members Present: Mitchell Shuldman; Dexter Legg, Leslie Stevens, Thomas Martin, Ann Walker, Carol Chellman, Lisa Sweet and Kent LaPage

School Board Member Absent: Rebecca Emerson

Fire Commissioners Present: Richard Gamester, Paul Wentworth and Michael Hughes

Police Commissioners Present: Gerry Howe, John Russo and John Golumb

Mayor Ferrini called the work session to order at 6:30 p.m.

City Manager Bohenko provided copies of the budget schedule to all in attendance and said if there are no further changes the schedule will be adopted by the City Council at the January 19, 2010 meeting and also be placed on the website to follow. He reviewed the schedule of various meetings relative to the budget with an anticipated adoption of the budget by the City Council at their meeting of June 7, 2010.

In addition, City Manager Bohenko provided a document to all members in attendance that was prepared in conjunction with the Finance Department with very preliminary projected budgets for FY2011, FY2012 and FY2013. These numbers anticipate all 15 bargaining units having contracts in place with cost of living increases (COLA). He reported that the 10 year rolling average for COLA for FY2011 is 2.8%. He also reported on the health insurance stabilization fund and addressed retirement costs. City Manager Bohenko reviewed various items which impact the budget and the amounts anticipated to affect the tax rate. In terms of the revaluation of property as required by law we are looking at a \$.16 tax rate increase due to the overlay account. Due to the use of one time revenues last year, we are also looking at an additional \$.28 onto the tax rate. City Manager Bohenko proceeded to review other items which will have an impact on the tax rate and further advised the City Council as a benchmark if we left items at level funding from FY10, we would still be looking at a \$.85 tax rate increase.

Mayor Ferrini said that the State and Municipalities are facing issues as outlined by City Manager Bohenko. Mayor Ferrini said we would need to be at 96% of operating expenses in order to stay level with last year. In addition, he said we may need to consider a 5% reduction in work force over the next three fiscal years. He further added the importance of looking at the impacts of such reductions and receiving public input from residents.

Fire Commissioner Gamester spoke to the one time revenue source which calls for a \$.28 increase to the tax rate. City Manager Bohenko explained once you use a one time revenue source you must make that up from the tax rate.

Councilor Lister said he appreciates being able to look at the budget three years out. He said in the future we will be looking at a loss in personnel which is of concern. He also spoke to taking care of maintaining our buildings and infrastructure.

Police Chief Ferland asked if the Council is looking for each department to come in with a budget of 96%. Mayor Ferrini said that this is a beginning of a discussion. He said that he appreciates that each department has different needs and said a full and open discussion must take place.

Councilor Kennedy inquired as to the new values following the revaluation. City Manager Bohenko said he would have a better handle on the new values in October and the DRA will set our tax rate. He suggested having Assessor Maurice-Lentz come and make a presentation regarding the revaluation for the City Council.

Fire Chief LeClaire urged the Council to be cautious with the numbers provided because they are not based on reality. City Manager Bohenko said this information provides a realistic view of what we would see over the next three years. He said we anticipate contracts to be settled in the next three years.

City Manager Bohenko advised the City Council if there were no contract increases in the budget you would still include steps, retirement and insurance costs and that represents \$.22 on the tax rate. He said this information has been provided for illustration purposes.

School Board member Kent LaPage said it is important departments received clarification to know what is expected.

Councilor Coviello asked why there is a 32% increase anticipated in FY12. City Manager Bohenko said it is due to retirement costs. Councilor Coviello said we will need to look at structural changes.

Councilor Smith spoke to the retirement figures and expressed his concerns. He said the budget affects how the City will operate. He suggested the combination of duties and services for the future. He said he would like to see a merging on the accounting system with the Fire Department.

Councilor Smith also suggested closing Fire Station 3 and the possibility of moving school administration offices to City Hall and the creation of one facilities manager. He said if there are layoffs there would be a cut in services. Councilor Coviello disagreed with Councilor Smith on facilities. He said we need a reduction in personnel because of increases with retirement and insurance. Councilor Smith suggested creating a separate retirement system.

Councilor Kennedy suggested everyone look deep in their budgets for savings and see what can be given up and perhaps consolidating services.

Police Chief Ferland asked if the 96% figure is based after contracts are settled. City Manager Bohenko said that is correct.

Fire Commissioner Gamester said that would require a reduction in force for the Fire Department. He urged residents to come out and speak during the budget public hearings if they would like their services to remain at present levels.

City Manager Bohenko spoke to the budget process as outlined within the Charter. He said he works closely with departments to see where we have efficiencies. He also advised the City Council that Portsmouth is in better shape financially than other communities.

Councilor Spear said we need to be cautious with our spending to ensure we don't end up with a government we cannot afford. He said these are some concerns for the future and we need to control costs now.

Police Chief Ferland said with a 96% budget the department would see the reduction of 12 personnel and level funding would be less than what the personnel was in 1983. He spoke to the items that that department has no control over, such as calls for service and events. Mayor Ferrini said this exercise allows the dialogue to show what the impacts would be. Councilor Kennedy said that Chief Ferland makes a valid point; we must look at all the data.

Mitchell Shuldman, School Board Chair advised the City Council that based on the discussions this evening, he will take the information in creating the budget for the School Department.

Mayor Ferrini requested if the Commissions and School Board have questions that they provide them to him within the next two weeks in order to have the departments answer them.

Commissioner Gamester questioned whether the discussion this evening has been tainted for contract negotiations. City Manager Bohenko said that was not the intent and all the numbers were based on entering into contacts.

At 8:15 p.m., Mayor Ferrini closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC/CNHMC
City Clerk