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A. Adoption of Budget Resolutions for Fiscal Year July 1, 2014 through June 30, 2015 (FY2015)

- Resolution #6-2014 - Municipal Fees (**Sample motion – move to adopt Resolution #6 – Municipal Fees**)
- Resolution #7-2014 - General Fund Expenditures (**Sample motion – move to adopt Resolution #7 – General Fund Expenditures**)
- Resolution #8-2014 - Sewer Fund Expenditures (**Sample motion – move to adopt Resolution #8 – Sewer Fund Expenditures**)
- Resolution #9-2014 - Water Fund Expenditures (**Sample motion – move to adopt Resolution #9 – Water Fund Expenditures**)
- Resolution #10-2014 - Special Revenues, Debt Service Fund and Committed Fund Balance for Necessary Expenditures (**Sample motion – move to adopt Resolution #10 – Special Revenues and Committee Fund Balances for Necessary Expenditures**)
- Resolution #11-2014 - Investment Policy (**Sample motion – move to adopt Resolution #11 – Investment Policy**)

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\*Indicates Verbal Report


**B: CFA5HCB5 @H9AG**

*(There are no items under this section of the agenda)*

*NOTICE TO THE PUBLIC WHO ARE HEARING IMPAIRED: Please contact Dianna Fogarty at 603-610-7270 one-week prior to the meeting for assistance.*

# CITY OF PORTSMOUTH PORTSMOUTH, NH 03801

## Office of the City Manager

**Date:** June 5, 2014  
**To:** Honorable Mayor Robert J. Lister and City Council Members  
**From:** John P. Bohenko, City Manager   
**Re:** City Manager's Comments on June 9, 2014 City Council Agenda

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### ***City Manager's Items Which Require Action:***

1. **Adoption of Budget Resolutions for Fiscal Year July 1, 2014 through June 30, 2015 (FY2015).** On Monday evening, the City Council will meet at 6:30 p.m. in a special meeting to act on the FY15 Budget for the City.

During the City Council meeting on June 2, 2014, a general consensus was reached to reduce the FY15 proposed expenditure budget and increase revenues resulting in a net adjustment of \$300,000. The net adjustment is as follows:

#### Expenditures

I am recommending that 4 capital projects totaling \$100,000 be removed or reduced in the FY15 Capital Outlay appropriation:

- |                                     |          |
|-------------------------------------|----------|
| 1. Fire Station 3 Space Needs Study | \$25,000 |
| 2. Park and Playground Improvements | \$25,000 |
| 3. Longmeadow Road Extension        | \$25,000 |
| 4. Capital Contingency              | \$25,000 |

#### Revenues

As recommended, Capital Outlay projects totaling \$200,000 will be funded through the use of unassigned fund balance.

The net effect of \$300,000 will result in an estimated tax rate of \$18.12. This is a reduction of 8 cents from the recommended submitted budget and increase of 21 cents or 1.17% from the FY14 tax rate. If the revised FY15 proposed budget is adopted as is, this will result in and increase of \$66.48 to the median single residential home valued at \$316,600. Please keep in mind that the tax rate is set the New Hampshire Department of Revenue Administration in

October once all state revenues, property valuation, and the county tax obligation are finalized.

*Tax Rate History*

	Tax Rate	\$ Rate Increase
FY 11	17.41	
FY 12	17.27	(0.14)
FY 13	17.55	0.28
FY 14	17.91	0.36
<u>FY 15 (Proposed (1.17% over FY14))</u>	<u>18.12</u>	<u>0.21</u>

Four-year average of 18¢ or 1% per year

Attached are the following documents regarding the FY15 Budget:

- A General Fund Proposed Budget Summary for FY15.
- A revised Capital Improvements Plan with the \$100,000 reduction.
- **Resolution No. 6-2014** adopts Municipal Fees that have been recommended by the Fee Committee. The total revenue generated from these fees is estimated at \$990,750 or 1% of the total FY15 General Fund Revenues.
- **Resolution No. 7-2014** is pertinent to General Fund expenditures. In this Resolution the proposed appropriations for the General Government, Police, Fire, School, Collective Bargaining, Indoor Pool as well as non-operating appropriations are listed separately.
- **Resolution No. 8-2014** establishes the annual appropriation, cash requirements and user rates for the Sewer fund. The annual appropriation and cash requirements for FY15 include \$50,000 funded by use of unrestricted net position to implement a new Sewer Assistance Program to provide a discount and or temporary financial relief for seniors, individuals and families in need. Sewer charges are based on water consumption. The adoption of this resolution includes a two step, inclining block rate structure. This means the first 10 units based on water consumption (1 unit equals 100 cubic feet or 748 gallons) per month will be charged at \$11.21 per unit, all consumption over 10 units per month will be charged at \$12.34 per unit. This increase translates to an approximate monthly increase of \$2.65 to the average residential user using 5 units of water per month. Eighty percent (80%) of all residential customers fall in the 10 units or less tier.
- **Resolution No. 9-2014** establishes the annual appropriation, cash requirements and user rates for the Water fund. The annual appropriation and cash requirements for FY15 include \$50,000 funded by use of unrestricted net position to implement a new Water Assistance Program to provide a discount and or temporary financial relief for seniors, individuals and families in need. Similar to Sewer, the adoption of this resolution will include a two step, inclining block rate structure. The first 10 units (1

unit equals 100 cubic feet or 748 gallons) of water consumed per month will be charged at \$4.15 per unit, all consumption over 10 units per month will be charged at \$5.00 per unit, both rates are unchanged from the previous fiscal year. Eighty percent (80%) of all residential customers fall in the 10 units or less tier.

- **Resolution No. 10-2014** allows for the expenditure of Special Revenues, Debt Service Fund, and Committed Fund Balance. This allows the City to expend from donations, Federal and State Grants as they are accepted and received, pay debt service associated with Betterment Assessments, to include principal and interest, from a Debt Service Fund, and expend from committed fund balance.
- **Resolution No. 11-2014** deals with the adoption of an annual investment policy. State law requires the annual adoption of such a policy by every city and town.

*I would ask the City Council to vote on each Resolution separately. The City Council will have adopted the FY15 Budget once the Council has voted on each Resolution separately.*