

MINUTES
JOINT BUDGET COMMITTEE MEETING (JBC)
1 JUNKINS AVENUE
CITY OF PORTSMOUTH, NEW HAMPSHIRE

DATE: *Thursday, December 17, 2015*

TIME: *8:00 A.M.*

Eileen Dondero Foley Council Chambers

Municipal Complex

Present: Chair, Mayor Robert J. Lister, City Councilors Eric Spear and Brad Lown, School Board Members – Thomas Martin and Ann Walker, Fire Commission Member – Jennifer Matthes, Police Commission Member – Joseph Onosko

Non-voting Ex-officio Members, City Manager John P. Bohenko, Finance Director Judie Belanger, Superintendent of Schools Steve Zadavec, Fire Chief Steven Achilles and Acting Deputy Police Chief Frank Warchol

Also Present: Mayor Elect Jack Blalock, Councilor Chris Dwyer

I. Called to Order

Mayor Robert Lister, Chair, called the JBC meeting to order at 8:00 a.m.

II. Approval of Minutes of December 10, 2015

Councilor Spear moved to approve and accept the minutes of the December 10, 2015 Joint Budget Committee Meeting as amended. Seconded by Councilor Lown and voted.

III. Opportunity for Elected Officials' Comments (Non-JBC members)

There were no comments.

IV. Review of Preliminary 2017 Budget

City Manager Bohenko stated they have received the November to November CPI, the Worker's Compensation, Retirement and Health Insurance numbers. Regarding the CPI's, 1.7% was the average over the last 10 years, we will be using 2% for COLA adjustments. The Police and Fire Departments have not negotiated their agreements yet, so they will be budgeting the CPI in a separate line.

Finance Director Belanger presented preliminary numbers on the operating side of the budget in detail and a summary of the non-operating side of the budget. The slide presentation entitled "*Joint Budget Committee December 17, 2015 Fiscal Year 2017 Preliminary Information*" was distributed as a handout.

The Finance Director explained the 16 Collective Bargaining Units as shown on Page 2, Slide 2 of the attached handout. The School Department has settled all of their contracts, but there remained 8 unsettled contracts as of July 1, 2016.

The Finance Director stated the Nov-Nov CPI number came in at .84%. The 10 year average is 1.69% departments will use 2% for projecting salary increases (reference Page 3, Slide 1).

The Retirement rates stayed the same for FY17, but retirement appropriation increases due to step increases (Page 3, Slide 2 shows the rates and increases).

The Leave at Termination Stabilization Fund appropriation will be level funded for FY17. (Page 4, Slide 1).

Regarding the Health Insurance Stabilization Fund (Page 4 Slide 2), the Guaranteed Maximum Rate premium increase provided by the HealthTrust is 4.8%, but departments will use a 4.7% increase based on the 10 year average.

The overall increase for Workers' Compensation (Page 5, Slide 1) was 10.8%.

Dianna Fogarty, the Director of Human Resources clarified Workers Compensation (the premium calculation) and how it is calculated based on occupation.

The Finance Director Presented the Preliminary Budget numbers by department. General Government, (which includes all departments within City Hall, Recreation, the Library, and the Department of Public Works); the Police Department; the Fire Department; and the School Department preliminary numbers were presented. (Reference slides on Pages 6 and 7).

The Finance Director summarized the Non-Operating preliminary 2017 budget, with the preliminary total presented with a 7.9% increase (Page 8, slide 2).

The Total Preliminary Operating and Non-Operating Budget was presented with an increase of 4.19% (Page 9, Slide 1).

The Mayor gave the opportunity for discussion.

The Mayor asked how the 2% Collective Bargaining was determined.

The City Manager stated that the operating budget will budget a separate line for Collective Bargaining, and therefore the departments will not include salary increases in their budget for contracts that are not settled.

The Finance Director answered that it comes from the 10 year rolling average, but the contracts have a floor of 2%, with a ceiling of 5%.

The Mayor asked if the \$41,000 tuition was a special education cost.

Superintendent Zdravec answered yes, it is the cost for private providers to give services to special education students for out of district services.

Councilor Spear asked how the 4.19% estimated budget increase would translate into what the tax increase might be.

City Manager Bohenko answered probably 90 cents calculated on the new tax list, but on the operating side the rate is probably going up about 45 cents, however there could be additional revenues coming in.

Council Lown asked if there were any new items in this budget.

The City Manager said the boards and commissions have not deliberated on this budget yet so some adjustments may be made by them.

Councilor Spear stated he would like guidance regarding the collective bargaining column.

Councilor Spear stated that last year the JBC gave a number for the Overall Operating Budget in the form of a motion to “Recommend to City Council the FY16 Operating Budget be no more than an increase of \$3 million or 3.95%” and that motion passed.

Council Lown commented that there was a 0% increase in 2010, but that came with reductions, which was a stress for the community.

City Manager Bohenko reiterated that these are preliminary numbers, and that guidance on these numbers would be helpful. This provides a tool in presenting to the public what a smaller tax increase would look like in terms of loss of services.

Fire Chief Achilles commented that this is not a status quo budget and not the same services year to year because services were increasing with the growth and vitality of the city.

The City Manager and Finance Director will meet with the department heads on January 12, 2016.

V. Set Goals for Recommendation of Operating Budget Guidelines to the City Council

Councilor Spear moved to recommend that the City Council set a goal for the Operating Budget Overall of a percent change of 3%.

Councilor Lown seconded.

VI. Committee Discussion

The Mayor asked for discussion regarding the motion.

City Manager Bohenko stated that prior to the January 11, 2016 City Council meeting, they would do the same presentation on the budget process for the Council.

Council Lown commented that the 3% is a compromise, since 1-2% causes stress due to reductions, and 4.3% which is business as usual.

City Manager Bohenko asked if it was the intent that the number would include a collective bargaining number.

Councilor Lown answered yes.

Police Commission Member Onosko asked if that meant the Police Department would face the largest hit if they went with the 3% number.

City Manager Bohenko answered that the department may need to review practices, and that they could have that conversation.

Mayor commented that there is still a lot of time for discussions. He stressed that 3% is not being tied to the tax rate at this time, and this is the beginning of a process.

The motion passed unanimously.

VII. Opportunity for Public Comment

The Mayor gave the opportunity for public comment.

Mayor Elect Jack Blalock of 148 Brackett Road in Portsmouth thanked the JBC for this recommendation. Citizens of Portsmouth have expressed to him that they do not want to lose any services, they love Portsmouth as it is. Portsmouth is very lucky to have excellent Fire, Police and School Departments. The streets are plowed early. The Mayor Elect said they will look hard at finding more sources of revenue.

VIII. Other Business

If needed, another meeting of the JBC would be held at the discretion of the Mayor.

IX. Adjournment

The meeting adjourned at 8:55 a.m.

Respectfully submitted,

Marian Steinke
Recording Secretary