

## **SPECIAL CITY COUNCIL MEETING**

MUNICIPAL COMPLEX  
DATE: WEDNESDAY, MAY 11, 2016

PORTSMOUTH, NH  
TIME: 6:30PM

### **I. CALL TO ORDER**

Mayor Blalock called the meeting to order at 6:30 p.m.

### **II. ROLL CALL**

Present: Mayor Blalock, Assistant Mayor Splaine, Councilors Perkins (6:53 p.m.), Dwyer (6:50 p.m.) Lown, Pearson, Spear and Cyr

Absent: Councilor Denton

### **III. PUBLIC HEARING**

#### **A. PROPOSED FY JULY 1, 2016 THROUGH JUNE 30, 2017 BUDGET**

Mayor Blalock read the legal notice regarding the public hearing on the budget.

### **IV. PRESENTATION – JOHN P. BOHENKO, CITY MANAGER**

City Manager Bohenko provided a presentation on the FY17 budget. He recognized that the City has received 10 consecutive budget presentation awards. He said the budget was provided to the City Council on April 29<sup>th</sup> and the City Council would need to adopt the budget by June 30<sup>th</sup> or the City Manager's budget becomes law. He addressed the Joint Budget Committee (JBC) and how they recommended that the City Council set a goal for the Operating Budget of an increase of no more than 3% inclusive of budgeting for collective bargaining contingency. City Manager Bohenko said the General Fund budget for FY17 is \$104,967,043.00 representing an operating budget increase of 3% and a non-operating budget of 3.96% for a total increase of 3.22% over FY16. He reported that operating makes up 78% of the budget with 22% being Non-Operating. He addressed the various long-term financial planning & policies that are in place:

- Unassigned Fund Balance Ordinance
- Leave at Termination Stabilization Fund
- Health Insurance Stabilization Fund
- Debt Service Planning Policy
- Capital Improvement Plan
- Rolling Stock Replacement Program

He reviewed key factors of the budget:

- Salaries – COLA – Contractual Obligations
- Retirement Costs
- Workers Compensation
- Health Insurance Premiums

City Manager Bohenko reported that Collective Bargaining for the FY17 proposed budget is \$432,502.00 which represents a 38.35% change. He stated that salaries and benefits make up 83% of the budget and 17% is other operating expenditures. He said there are 16 Collective Bargaining Agreements with 8 unsettled. He addressed retirement rates that are at an increase of \$230,748.00 or 3.35% over FY16 and does not reflect any retirement increases associated with salary adjustments for the 8 collective bargaining agreements that will be expiring on June 30<sup>th</sup>. He advised the City Council that health insurance premiums with the 10-year average rate increase of 4.7% the City contribution would be 85% at \$11,832,309.00.

City Manager Bohenko spoke regarding the Proposed Non-Operating Budget and major impacts:

- Rockingham County Tax
- Capital Outlay
- Rolling Stock
- Debt Service

He reported that Portsmouth is the 4<sup>th</sup> most populous community in the county and we are making up 7.2% of the total county population. He said Portsmouth will pay an estimated 11.25% in FY17 and is the highest contributor in Rockingham County.

City Manager Bohenko spoke regarding rolling stock costs for the general fund is \$976,165.00. He reported one of the major expenses is the change in the Police Department vehicles going from crown victoria's to explorer's. He stated that the crown victoria's are no longer being made and the explorer's meet our needs better.

City Manager Bohenko reported if the proposed budget is adopted as presented, it will result in an estimated tax rate of \$17.10 which represents a \$.31 increase or 1.83%. He said that this is an annual increase of \$107.20 for the median single family residential home in Portsmouth. He advised the City Council if they choose to reduce this proposed tax rate, it would require a reduction in expenditures, increase in revenue or a combination of both keeping in mind that every \$.1 change in the tax rate equates to \$47,000.00. He further stated that Portsmouth ranks 42<sup>nd</sup> as having the lowest equalized tax rate out of all 234 taxable communities. He said that Portsmouth has the lowest equalized tax rate within NH communities with 20,000+ residents. He also indicated that \$1,773,500.00 is proposed to be utilized from committed fund balance to offset property taxes. He reviewed the unassigned fund balance history with the City Council and residents. City Manager Bohenko also spoke to the bond rating being AAA.

He reported on the parking revenues and that the total parking revenue estimated for FY17 is \$6,135,500.00 with 39% going to the General Fund and 61% to the Parking & Transportation Fund.

City Manager Bohenko reviewed the remaining FY2017 Budget Scheduled Dates:

Wednesday, May 18<sup>th</sup> @ 6:30 p.m. – Water and Sewer Proposed FY17 Budget

Monday, May 23<sup>rd</sup> @ 6:30 p.m. – Budget Review FY17

Wednesday, June 1<sup>st</sup> @ 6:30 p.m. – Budget Review FY17 (if necessary)

Monday, June 6<sup>th</sup> @ 7:00 p.m. – Adoption of FY17 Budget

## **V. PUBLIC COMMENT/INPUT**

Mayor Blalock declared the public hearing open and called for speakers.

Dan Zamarchi said the City Council should address the School Department budget as it is quite high. He said the School Department budget resembles the credits in a movie due to the amount of people in the Department. He said when a budget is built it should start at zero based and each amount in the budget should be justified.

Bob Bogardus asked how the capital needs are tracked and what method is used. City Manager Bohenko spoke to the appendix to the CIP and how all expenses are laid out for the 6 year plan. He said we work with various departments on updates and there are element sheets which describes each project. He further stated that the plan is available on the website for review and that each project is tracked by the Finance Department. He also spoke to life cycle costs of the projects and the various management software programs that track our sidewalk and street paving.

Paul Mannle thanked the City Council and staff for the budget process and asked them to remember the number 0.85%. He said the City needs to start owning the budget and its increase. He said the 0.85% is the rate of inflation and the budget is double the rate of inflation.

Mark Brighton expressed concern with the increase in the budget which is over the rate of inflation. He said the drivers of the budget are employee salaries and benefits. He said that all budgets are not created equal and the Fire Department is the most under funded budget in the City. He said he agrees with the Police Department numbers and said the School Department has a great deal of waste. He said you could eliminate 30 positions and save \$2.4 million in the School Department.

Eric Anderson said there should be more than one public hearing on the budget to allow for individuals that could not be here this evening the opportunity to speak. He said this is the highest budget in the City's history and another public hearing should be a must. He stated the increases to the budget have been accumulated and it is wearing on people's wallets. Mr. Anderson spoke to employee salaries and benefits and said that the contracts need to be more aligned with the private sector. He said the City seems to be spending more in bonding since our AAA rating.

Tom Niese asked for the difference between the tax years from the fiscal year. City Manager Bohenko explained our fiscal year goes from July 1, 2016 through June 30, 2017 and when new growth is shown in the tax bill. He spoke to the increase in values and said that is what comes from people's wallets. He stated that the budget needs to focus on smaller increases and we need to limit services to reduce the budget. He expressed concern with the 21% increase in rolling stock and said the City should be using its unassigned fund balance to keep the budget down.

City Manager Bohenko stated that financial statements are a snap shot in time. He said \$1.7 million in fund balance is used to reduce the tax rate. He explained the advantages to being an AAA bond rating.

With no further speakers, Mayor Blalock declared the public hearing closed.

## **VI. ADJOURNMENT**

**At 7:45 p.m., Councilor Spear moved to adjourn. Seconded by Councilor Lown and voted.**



KELLI L. BARNABY, MMC, CMC, CNHMC  
CITY CLERK