

**CITY COUNCIL WORK SESSION RE: FY18 BUDGET PROCESS AND PROPOSED
BUDGET GUIDELINES**

MUNICIPAL COMPLEX
DATE: MONDAY, JANUARY 16, 2018

PORTSMOUTH, NH
TIME: 6:15PM

City Council Present: Mayor Blalock, Assistant Mayor Lazenby, Councilors Roberts, Pearson, Dwyer, Denton, Perkins, Raynolds and Becksted

Staff: John P. Bohenko, City Manager, Judie Belanger, Finance Director; Robert P. Sullivan, City Attorney and Kelli L. Barnaby, City Clerk

City Manager Bohenko said that the Joint Budget Committee (JBC) was set up years ago by the City Council to work with the School Board, Police and Fire Commissions on the budget. He said two meetings were held one in November and one in December. He informed the City Council that these are preliminary numbers and do not include the revenues. City Manager Bohenko reviewed the budget schedule with the City Council and spoke to the first Work Session which is on the Capital Improvement Plan on January 29, 2018 at 6:30 p.m. with the public hearing on the budget taking place on May 2, 2018. He addressed fixed costs and said he would like the City Council to provide some guidelines to take action this evening under his name on the agenda. He stated that the JBC has not voted on a specific number for a guideline.

Finance Director Belanger said each year there are a number of challenges that the City Council meets. She spoke to stabilization items and funds that have been put in place for planning and policies. She reported that the operating budget makes up 77% of the budget with non-operating consisting of 23%. She spoke to the 16 Collective Bargaining Units in the City with 9 units remaining unsettled. She addressed the cost of living adjustments (COLA) is determined by the rolling ten (10) year average of the November-November Boston-Brockton-Nashua CPI. Finance Director Belanger informed the City Council that a 10 year rolling average is used for the health insurance and the appropriation this year is 5.47%. She reported that there is no increase from FY18 for the Leave at Termination Fund. She addressed the workers' compensation change of 4.9% and that there are no changes in the NH Retirement rates. She spoke to the continued downshift in costs for the County tax obligation. She reported since 2007 we have contributed \$2.3 million. She also spoke to the potential cost impact with the weed control and turf management, by going to non-toxic products it will increase the Public Works Department budget by \$111,800.00.

Councilor Roberts said \$540,000 is ten cents on the tax rate and \$54,000 is an increase of one cent on the budget.

Finance Director Belanger reviewed the preliminary numbers of various budgets:

- General Government 3.18% increase
- Police Department 4.55% increase
- Fire Department 3.1 increase
- School Department 5.30 increase
- Total Proposed Operating Budget 4.5% increase
- Non-Operating Preliminary Budget 10.2% increase
- Collective Bargaining 5.8% increase

City Manager Bohenko reported the recommendation of the Joint Budget Committee is to submit a budget that does not increase or decrease services.

Councilor Dwyer spoke to the School Department budget percentage increase and to the non-operating preliminary budget numbers. She said operating should come in at 3.25% and 3.5% with an overall budget increase not to exceed 4%.

City Manager Bohenko spoke to the Capital Improvement Plan (CIP) and said that this is a gross number and that we try to stay under 10% of the CIP. He said we restructured the CIP projects and made some changes. He said we are having a department head meeting on Thursday and will report that the operating budget shall not be more than a 3.25% increase.

At 6:55 p.m., Mayor Blalock closed the Work Session.

Respectfully submitted by:

Kelli L. Barnaby, MMC, CMC, CNHMC
City Clerk