

SPECIAL CITY COUNCIL MEETING

MUNICIPAL COMPLEX
DATE: WEDNESDAY, MAY 2, 2018

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 Lazenby, Councilors Roberts, Pearson, Dwyer, Denton, Perkins, Raynolds and Becksted

III. PUBLIC HEARING

A. PROPOSED FY JULY 1, 2018 THROUGH JUNE 30, 2019 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 detailed presentation on the FY19 Budget. He spoke to the two meetings held by the Joint Budget Committee with their recommendation to set a goal of no more than a 3.25% increase for all departments in the Operating Budget. He outlined the budget scheduled dates:

- May 9, 2018 6:30 p.m. Public Safety (Police & Fire) Budget Review
- May 10, 2018 6:30 p.m. School Department Budget Review
- May 14, 2018 6:30 p.m. General Government Depts. Budget Review
- May 16, 2018 6:30 p.m. Water/Sewer Departments Budget Review
- May 23, 2018 6:30 p.m. Budget Review
- May 30, 2018 6:30 p.m. Budget Review (if necessary)

City Manager Bohenko said he anticipates the adoption of the budget to be done at the June 4, 2018 City Council meeting. He said that the budget document tells you everything you need to know about the City of Portsmouth and it is not just financial information. He addressed planning and policies that help us to be predictable and stable with the formation of the budget. He spoke to the detailed goals outlined in the budget. He reported that 77% of the budget is for operating and 64% of the budget comprise of salaries and benefits. He reported that there are 16 bargaining units in the City and the employees are scheduled to receive a 2% COLA with this budget. He addressed retirement rates and a loss of State contributions with a percentage change of 2.01%. City Manager Bohenko informed the City Council that utilities represents a decrease of 7.8% from FY18.

City Manager Bohenko spoke to the Rockingham County tax obligation that has increased over 45% since Fiscal Year 2010. He stated that Portsmouth paid 11.64% of the tax obligation in FY18 and that Portsmouth is the highest contributor in Rockingham County. He reported on the CIP budget that is at \$2,005,000.00 and the rolling stock for vehicle and equipment replacement plan is at \$943,720.00.

City Manager Bohenko reported as a part of deregulation, NH Public Utilities Commission ordered Eversource (formally PSNH) to sell, by auction, all its power generation assets in NH. He informed the City Council that the sale was in October 2017.

City Manager Bohenko reviewed the additional estimated revenues for FY19:

- \$165,000.00 Kindergarten State Aid for the First time
- \$415,000.00 Investment income due to rising interest rates
- \$100,000.00 Building permit fees due to continued construction
- \$210,000.00 Increase in motor vehicle registrations
- \$146,968 School Tuition

City Manager Bohenko reported in FY19, the use of \$1,850,000.00 is schedule to be utilized from committed fund balance to help offset the use of property taxes. He stated if the proposed budget is adopted as presented, it will result in an estimated tax rate of \$16.26 which represents a \$.88 increase or 5.73%. He informed the City Council that Portsmouth ranks #37 as having the lowest equalized tax rate out of all 230 taxable communities as compared to the previous year when ranked #39. He stated that there are several department supplemental budget requests and they're as follows:

General Government Supplemental Request

- The Health Department - \$28,525.00
 - Increase of a Health Inspector position from 25 hours/week to full-time;
- The Public Works Department - \$250,000.00
 - Utilization of the Organic Material Curbside Pickup Subsidy
 - Aid in winter roadway damage repair
 - Additional public space recycling/trash bins
 - Offset the change in tipping fees for recycling, and fund an additional staff person;

Public Safety Supplemental Request

- Police Department - \$247,235.00
 - Four (4) additional positions
 - Increase of an existing position from part-time to full-time
- Fire Department - \$311,000.00
 - Four (4) additional Firefighters
 - Fire Prevention Officer
 - Increase of an existing position from part-time to full-time
- School Department - \$225,481.00
 - Drug and Alcohol Counselor
 - Preschool Opportunities Position
 - Part-Time Farm to School Coordinator

Mayor Blalock and City Council thanked the City Manager and staff for their work on the budget.

V. PUBLIC COMMENT/INPUT

Mayor Blalock opened the public hearing and called for speakers.

Christina Lusky said she would like to see tough love when it comes to the budget. She said you can't drive residents out of their homes. She stated perhaps we need to have more volunteers. She said there are too many consultants working in the City. Ms. Lusky said it is wrong to raise the budget every time and it is time to make due with less.

Charlie Griffin said that Portsmouth ranks 13th in terms of population in New Hampshire however, we rank 2nd for the highest budget and we have a 7% greater budget than Dover and their population is over 30,000. He addressed the number of employees the City has and maybe it is time to ask if we can continue to pay for all these employees. He said we need to look into how other communities provide services at a less cost than Portsmouth. Mr. Griffin suggested that the City not provide COLA's or step increases this year in order to lower the budget.

Steven Little said there are limits to what residents can afford and asked if we really need supplemental requests. He asked that the City look further into short term rentals which will allow some residents to remain in the City.

David Hudlin said it is stressful to read about the proposed tax increase. He stated the City has the gall to present a 5.7% increase on the heels of the revaluation. He said the City Council needs to have empathy for the middle class. Mr. Hudlin said that the City is not sustainable any longer and another revaluation could cause a shift in values so it is time to hold the line on spending.

Arthur Clough said the Council needs to make the City more livable as it relates to taxes. He asked the City Council to look at expenditures and said we don't need public relation employees. He said residents can no longer make large investments in their homes because the taxes will increase.

Roy Helse spoke against the parking services moving to the new Foundry Parking Garage. He recommended that a study be conducted on the number of employees that we have and whether there should be reductions made. He asked how much revenue the City receives from Pease.

Mike McCann said the proposed budget increase is outrageous and there should be a 3% cut. He said the tax rate and valuations keep on increasing and you are starting to lose the middle class. He recommended the City go back and review every position and look at what we can afford. He stated that the time for action is now.

Glen Hamon said with the amount of development that is going on, residents should see a reduction in their taxes. He stated that his taxes increased 28% with the revaluation and something needs to change.

Erik Anderson said once again the taxpayers are seeing another increase in taxes with no relief. He said the budget is not in control and that the supplemental requests should have never seen the light of day. He asked why the parking revenues do not go entirely into the general fund. He spoke to the increase in employees since 2012 there are 50 addition employees. Mr. Anderson said does the City has a revenue problem or a spending problem. He requested the City Council take a closer look into impact fees. He suggested that the City Council have a detailed list of property at Pease and who pay taxes and the amounts. He further stated that the operating budget is the elephant in the room.

Mark Brighton said it is a relief to see more people here this evening. He said revenues have never been a problem in the City. He stated that the Assessor and valuations are not the problem, spending is the problem and that not all departments are created equal. He asked the City Council to ask the School Department for a study on class sizes.

Wayne Lehman spoke regarding the need for cost control when it comes to budgeting and that now is the time.

Paige Trace said another 5.7% increase is too much. She stated the City has 50 employees in the Parking Department and we are increasing that number and moving them to the new Foundry Parking Garage. She said the residents are being asked to approve a new parking garage. She expressed concern with the request of \$900,000.00 to move the parking services down to the new garage. Ms. Trace said the budget is constantly climbing and residents need relief.

Paul Mannle said the City Council should be improving communication between residents and the City Council. He said it is the first time that the budget public hearing was held before the budget work sessions. He stated you only gave the public 5 days to review the budget before receiving it. He suggested that a Budget Committee be created on July 1st that would include residents to start creating next year's budget.

Bill St. Laurent said it is not the resident's job to stop the increases in the budget. He said there should be a budget citizen committee to review the budget. He stated something needs to be done because it is not working and there are too many chiefs and not enough Indians. He asked the City Council not to approve the supplemental requests from departments. He said the budget should be a zero increase.

Petra Huda said she questions why we spend \$180,000.00 for a new fire boat. She addressed the cost for moving the parking services to the new Foundry Garage. She spoke opposed to the supplemental budget requests and said taxes are getting out of control. She informed the City Council that her assessment increased by 49% with the last revaluation. Ms. Huda said the City Council should start with a zero percent budget and they need to start looking at what departments are spending before making new requests.

Marylou McElwain asked for a breakdown of the costs in the Parking & Transportation Department. City Manager Bohenko said that the parking fund is a special revenue fund and he would be happy to review the expenditures and revenues with her.

Esther Kennedy questioned why the City Council did not look into the loss in revenues for the Schiller Plant before now when it has been on the radar to close for some time. She addressed the water and sewer system and asked the Council to think big and what we can afford.

City Manager Bohenko said the Schiller plant must stay open for the next 18 months. He spoke to the values for the plant and the deregulation of the facility. He spoke to the City Council going back to an older budget work session format because the Council wanted more time to review the budget.

Mayor Blalock read the dates of the City Council upcoming work sessions and stated that index cards will be available for residents to ask questions of the City Council that they will in turn answer.

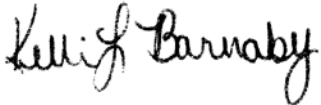
Councilor Becksted asked if we could put the third quarterly reports on the web site. City Manager said that he would make sure the reports are posted.

Councilor Perkins said the Joint Budget Committee made efforts to make sure that this was more of a public process and having the public ask questions of the Council.

Councilor Dwyer said the public's chance to weigh in again on the budget would be at the June 4, 2018 City Council meeting.

VI. ADJOURNMENT

At 8:45 p.m., Mayor Blalock adjourned the meeting.



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