

## **CITY COUNCIL BUDGET REVIEW FY19 WORK SESSION**

MUNICIPAL COMPLEX  
DATE: WEDNESDAY, MAY 23, 2018

PORTSMOUTH, NH  
TIME: 6:30 PM

**PRESENT:** Assistant Mayor Lazenby, Councilors Roberts, Pearson, Dwyer, Denton, Perkins, Raynolds and Becksted

**ABSENT:** Mayor Blalock

**STAFF:** John P. Bohenko, City Manager; Nancy Colbert Puff, Deputy City Manager; Judie Belanger, Finance Director; Andrew Purgiel, Deputy Finance Director; David Moore, Assistant City Manager; Alan Brady, Information Technology Manager; Dianna Fogarty, Human Resources Director; Benjamin Fletcher, Parking Director; Roberta Orsini, Operations Manager; Kim McNamara, Health Officer; Rosann Lentz, Assessor; Ellen Tully, Welfare; Steve Achilles, Fire Chief; James Heinz, Deputy Fire Chief; Robert Merner, Police Chief; Peter Rice, Public Works Director; Nancy Carner, Economic Development Manager; Karen Senecal, Police Department; Robert Sullivan, City Attorney; Brian Goetz, Deputy Public Works Director; Jacob Levenson, Solid Waste Sustainability Coordinator; Steve Butzel, Library Director; Terry Desmarais, City Engineer, Steve Zadavec, Superintendent of Schools; Juliet Walker, Planning Director; Becky Benvenuti, Revenue Administrator/Tax Collector; and Kelli L. Barnaby, City Clerk

### **I. Call to Order**

Assistant Mayor Lazenby called the Work Session to order at 6:35 p.m.

### **II. Review of Pro Formas for June 4<sup>th</sup> City Council Meeting [Includes Fee Committee Revenues]**

City Manager Bohenko informed the Council they would be reviewing the pro forma Resolutions.

Finance Director Belanger explained the six resolutions that are required to be adopted to pass the budget. She reviewed the water and sewer resolutions and the rate tiers.

City Manager Bohenko said that the City Council can make adjustments to the resolutions during the adoption of the budget.

### **III. Review of General Fund Revenues**

Finance Director Belanger addressed the local fees and permits.

Deputy Finance Director Purgiel advised the City Council that all fees are outlined in Appendix 3 of the budget. He spoke to the Fee Committee which is comprised of two City Councilors and the City Manager and Deputy Finance Director. He explained that the Fee Committee meets to review the various City fees and suggested changes requested by departments. He reported that there are 470 City wide fees and 52% of revenues have been amended in the last 5 years. He informed the Council that the fees equal 1% of the General Fund.

Finance Director Belanger reported that motor vehicle registrations is one of the leading fees in the City. She stated there has been a 9% increase in those revenues in the last 5 years and in FY11 we collected \$3,000,000.00.

City Manager Bohenko explained the State statutes that allows us to collect fees in the Airport District at Pease.

Councilor Becksted asked who decides what is in the Airport District. City Manager Bohenko advised the Council it is the Pease Development Authority. Councilor Becksted spoke regarding the Municipal Services Agreement with the PDA and if we should renegotiate it. City Manager Bohenko advised against reopening the Agreement.

Finance Director Belanger advised the Council that Pease Tradeport equals 2% of total revenues and offsets the tax rate by \$.44. She reported that 30% of the Airport District is in Newington. She spoke to the second highest revenue we collect being school tuition and the introduction of kindergarten aid which is new this year. Finance Director Belanger stated we had two special appropriations in the last year with a net change in revenues equaling \$98,867.00.

#### IV. Review of Parking Fund

Public Works Director Rice and Parking Director Fletcher provided a presentation on the Parking and Transportation Division. Director Fletcher stated in FY19, services provided by parking will offset taxes by \$0.86. He reported the \$0.86 figure equates to a \$350.00 reduction in property taxes for the median Portsmouth household value of \$410,800.00.

Director Fletcher addressed the hourly rates for the two parking facilities - \$1.00 at the Foundry Garage and \$1.50 at the High Hanover Parking Garage. He stated the proposed increase for FY19 is \$1,490,543.00 with salaries and benefits representing 40% at \$2,665,434.00. He outlined the significant budget changes:

• Foundry Place Garage: Operations and Debt Service	\$873,985.00
• Capital Projects	500,000.00
• Parking Operations	345,055.00
• Public Transportation	16,503.00
• <u>Contingency</u>	<u>(245,000.00)</u>
<b>Total Budget Increase</b>	<b>1,490,543.00</b>

Director Fletcher reviewed additional services funded by Parking & Transportation:

- Downtown Snow & Trash Removal
- Senior Transportation
- Downtown Trolley
- Public Transit (COAST)
- School Bus Support
- Downtown Police Detail
- Zagster Bike Rentals
- School Crossing Guards
- Parking Lot Paving

- Wayfinding
- Studies/Pilot Programs
- Fire Department Support
- Partial salaries of nineteen non-parking City staff

Councilor Roberts asked about the \$300,000.00 for parking lot paving. He stated the funding for this in the Capital Improvement Plan has not improved the quality of the parking lots. Public Works Director Rice said it is to repair the function of the lots that are degrading and addresses the condition of the paving.

Councilor Pearson asked City Manager Bohenko to speak to what parking revenues can be used. City Manager Bohenko said the funds are for parking and transportation issues.

Councilor Raynolds asked if the money for wayfinding was not going to be spent this year could it be reallocated for turf fields. City Manager Bohenko said no, this would not be under the Special Revenue Fund.

Councilor Becksted said we could increase the General Funds. City Manager Bohenko said you cannot raise additional revenues only expenditures. He stated revenues are under the authority of the City Manager which is governed by the City Charter.

Councilor Roberts said if wayfinding is cut where are the funds going. City Manager Bohenko said the funds would stay in the Special Revenue Fund.

Councilor Dwyer said take some wayfinding money and have it put to the School Department for buses. She said there are 3 buckets of money to operate parking revenues and does not feel it is clearly presented.

City Manager Bohenko spoke to recommending a number of times to make Parking & Transportation an Enterprise Fund. He said you would not have \$2.4 million going into the General Fund and reducing the tax rate by \$0.50.

Councilor Raynolds said he does not support going to an Enterprise Fund.

Public Works Director Rice spoke to improvements needed at the High Hanover Parking Garage. Councilor Roberts said parking costs are going to increase by \$1.4 million and 60% is administration costs and the High Hanover Parking Garage. He said he does not see an increase in personnel. Director Rice said the Foundry Place Garage is a major increase in staffing which equal 8.2 staff members.

Councilor Roberts said parking revenue is increasing by \$300,000.00. Deputy Finance Director Purgiel said the surplus this year would be for construction easements.

City Manager Bohenko said we can ask for more Fund Balance rather than being aggressive with revenues.

Councilor Roberts said he would like to reduce the tax rate rather than spending money on one time projects.

City Manager Bohenko said he would rather take funds from Fund Balance and provided some examples.

Councilor Dwyer said she wants to make some adjustments from Fund Balance.

Councilor Becksted said he would like to see the City Manager make adjustments to Fund Balance.

City Manager Bohenko said if the City Council wants to come up with an amount and said changes can be made to Debt Fund Services.

Assistant Mayor Lazenby said he wants to know the differences in Fund Balance over the last several years. Finance Director Belanger said we used \$1.5 million in FY17 we used \$1.7million FY18. City Manager Bohenko said that Debt Revenue Services was increased by \$7 million last year.

Councilor Becksted asked about the parking spaces and the increases since FY12 to FY19. Deputy Finance Director Purgiel said those revenues would not be in that section of the fees, the fees are in parking.

Councilor Dwyer said we are talking about using funds from Committed Fund Balance but she thought there would be some funds coming from Unassigned Fund Balance.

Finance Director Belanger explained the Capital Outlay line item and the use above a one time expense.

City Manager Bohenko said we will be going into that funding this year for ballfields. Councilor Dwyer feels we should review that policy and it should not be just accepted without looking at what it means to us. City Manager Bohenko said we can bring that up in early fall.

Councilor Becksted said he would like to look at the costs of spaces for the garages and look at making more increases.

Councilor Dwyer said people paying these fees are from downtown or working downtown.

Councilor Becksted said maybe we look at raising the fees to prepare for the future.

## **V. Review of City Manager's Proposed Budget Reductions**

City Manager Bohenko spoke to his recommended reductions for Non-Operating:

Debt Service – Issue Bonds next fiscal year	(695,200)
Rolling Stock	
DPW F250	(40,000)
Police Fusion	(41,000)
School Utility Tractor	(35,000)
Fire SUV C-3	(50,000)
	(166,000)

Information Technology

Police Software	(100,000)	
Fire Software	(25,500)	
		(125,500)
Capital Outlay		
Various Items		(370,000)
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<b>TOTAL NON-OPERATING REDUCTION</b>		<b>(1,356,700)</b>
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<b>TOTAL REDUCTION</b>		<b>(\$1,616,700)</b>
<b>3.00% Budget Increase</b>		<b>2.75% Budget Increase</b>
<b>Estimated Tax Rate</b>		<b>Estimated Tax Rate</b>
<b>\$0.55</b>		<b>\$0.51</b>
<b>3.58%</b>		<b>3.32%</b>

City Manager Bohenko said the City Council needs to make the decision where they want the tax rate to be. He said at the end of the fiscal year if we have an operating surplus we would look to replenishing that fund.

Discussion followed various scenarios for reductions and a tax rate.

Councilor Perkins asked about the \$100,000 for Police Department software services and how that relates to personnel. City Manager Bohenko said the Police Department feels that could be pushed off for one year. He said we invested in hardware upgrades last year.

Councilor Becksted would like to push out costs for land use revisions for one year. He outlined costs he would like to see removed:

- Vaughan-Worth-Bridge Development
- Concept for Emergency Response Shelter
- Russell/Market Streets Intersection Upgrades

City Manager Bohenko said they are all in Appendix 2. He said it is the City Council's budget and we have already reduced the Capital Improvement Plan (CIP) significantly.

Councilor Perkins said all the proposed cuts by Councilor Becksted are one time expenditures. She expressed concern that we are not cutting any operating costs and would not support reducing the CIP any further.

City Manager Bohenko said he would not recommend going below the 3% if you look at operating.

Councilor Dwyer said she does not want to cut the Russell/Market Streets Projects from the CIP.

Councilor Raynolds said much work has gone into the CIP.

Councilor Perkins said she would not support reducing the Vaughan-Worth-Bridge Development Project.

Councilor Pearson said she is pleased with the recommended reductions. She said 20,000 residents are happy with the budget and she doesn't want any changes to services and programs.

Assistant Mayor Lazenby said the land use regulations are in line with where we are going. He would not support the reductions in the CIP.

Fire Chief Achilles spoke to the Emergency Support Shelter stating it is an opportunity to have warming or cooling center. He said we are trying to create a location outside of the schools. City Manager Bohenko said we may be able to get some grant monies.

City Manager Bohenko requested Public Works Director Rice to speak to the Market/Russell Streets Project. Public Works Director Rice said the project has been identified for upgrades for a number of years. He said we need to be prepared to get the design done. He recommended moving forward with the project.

Councilor Roberts asked if these are all from the General Fund. City Manager Bohenko said they are FY19 Capital Outlay items. Councilor Roberts said we may be missing an opportunity if Market Street was one lane rather than 4 lanes. He said it would calm traffic and add parking. Public Works Director Rice said he would look at the traffic patterns and designs. He said we need to make sure the right turn is not an issue in terms of safety.

City Manager Bohenko said any monies remaining at the end of the year we can carry over the funding. He said this would be Debt Service but if it was bonded items we would need to come back to the City Council.

Planning Director Walker said land use revisions are using the recommendations in the Master Plan. She said we have \$25,000.00 for ongoing work in writing zoning regulations. She said it would slow the progress of the Master Plan and slow down Site Review regulations.

Councilor Denton spoke in support of recycling, farm to school and compost program. City Manager Bohenko said we would not cut recycling. He said we would find the recycling funds from somewhere else.

Councilor Raynolds said he is comfortable eliminating the costs for the organic feed control program.

Councilor Becksted asked for the difference between the organic feed control and look at the steam option. Public Works Director said the steam option is \$20,000.00 for the equipment and he would like to do more research on the method. Councilor Becksted said he would like to see us go to a pilot program.

Councilor Dwyer said if we remove the program what would we be doing this year for the weed program. She stated that it would cost more labor wise to do the steam pilot program.

City Manager Bohenko advised that rolling stock changes could all be put off for one year for a savings of \$166,000.00. He said the IT Program for the Police Department could be put off as well as the Fire Department IT items.

Councilor Reynolds said he supports the last option City Manager Bohenko proposed using \$410,000.00 from Debt Service.

Councilor Roberts spoke in support of the drug counselor. Superintendent Zdravec said we have a grant that extends that for one more year but would need another \$25,000.00

Councilor Dwyer said this is not the year to do the supplemental requests. She said if we approve the supplemental requests for the School Department we put them in an unsustainable position for next year.

Councilor Pearson said she supports the City Manager's recommendations.

Councilor Denton said the farm to school is not just an idea it currently exists.

Assistant Mayor Lazenby said that the farm to school has done an excellent job and is a great program.

Councilor Dwyer said there is money in the School Department to fund the position for farm to school and it is in the energy costs.

Assistant Mayor Lazenby spoke in support of the drug counselor position as part of the budget. Councilor Denton said he agrees.

Councilor Becksted spoke in support of the Police and Fire Department supplemental positions request.

Councilor Dwyer said we don't want to just add people and then get rid of them because of costs. She said you need to think of these things more than one year at a time.

Councilor Roberts said the Police and Fire Departments made great presentations and does not feel this is the year to add personnel.

City Manager Bohenko said we would move forward with the \$1.6 million and \$422,000.00 increase in revenues which brings the increases to \$2 million for a tax rate of \$0.51. He said we would make those motions at the June 4<sup>th</sup> meeting.

Councilor Perkins said she supports the \$1.6 million and would like to see us get a reduction to operating costs.

City Manager Bohenko said you have diminishing returns beyond the 2.75%. He stated in the fall we should speak with the Police and Fire Departments regarding their budgets for FY20.

Councilor Dwyer said we are achieving the 2.75% budget increase by not reducing operating costs.

City Manager Bohenko said he recommends putting in \$422,996.00 from Fund Balance for an increase of 3.32% or \$.51.

Councilor Denton spoke to make recommended amendments during adoption of the budget.

Councilor Pearson said it is not easy to sit here and give the departments what they asked for.

Councilor Roberts said the \$1.6 million will put off some things.

Assistant Mayor Lazenby thanked the City Manager and staff for their hard work on the budget process.

Councilor Dwyer said we are not needing the May 30<sup>th</sup> Work Session so we will have a vote on June 4, 2018 to adopt the budget.

Councilor Becksted said he would like to allow for public comment on June 4<sup>th</sup> for the public to weigh in on the budget.

City Manager Bohenko said there would need to be a suspension of the rules to allow a Public Comment Session on June 4<sup>th</sup> because that is Public Dialogue night.

Councilor Becksted would like to have a consensus to allow for the Public Comment Session on June 4<sup>th</sup> and start the meeting at 7:00 p.m.

Councilor Dwyer said any one that wants to say anything has more persuasion in public dialogue.

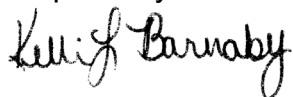
Councilor Becksted said the Council told the public they would have an opportunity to speak to the budget.

Councilor Denton said he would support the public dialogue at 6:15 p.m. and a suspension of the rules to allow for Public Comment Session during the meeting.

Following discussion, City Manager Bohenko indicated that the room will be set up for Public Dialogue.

At 8:50 p.m., Assistant Mayor Lazenby closed the meeting.

Respectfully submitted by:



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