

MUNICIPAL COMPLEX
DATE: WEDNESDAY, MAY 1, 2019

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

Absent: Mayor Blalock and Councilor Pearson

III. PUBLIC HEARING

A. PROPOSED FY JULY 1, 2019 THROUGH JUNE 30, 2020 BUDGET

Assistant Mayor Lazenby read the legal notice regarding the public hearing on the budget.

IV. PRESENTATION – JOHN P. BOHENKO, CITY MANAGER

City Manager Bohenko said the City Council is no longer using the Joint Budget Committee and has created a Committee of the Whole for the budget process. He discussed the 4 Work Sessions that were held in the fall prior to this public hearing. City Manager Bohenko stated that the departments have outlined their needs and infrastructure needs as requested by the City Council. He reviewed the initiatives for the Police Department, Fire Department, School Department, General Government and Public Works Department:

Police Department

- *Two (2) Sworn Officers (partial year)*
- *Part-Time to full-time Animal Control Officer (partial year)*
- *Part-time Evidence Technician*

Fire Department

- *One (1) Firefighter and one (1) Fire Prevention Officer*
- *Two (2) Firefighters (partial year)*

School Department

- *One (1) Elementary World Language Teacher*
- *One (1) Math Interventionist at the Middle School*
- *Counseling and behavioral support – Elementary level*

General Government

- *Renewable Energy Credits*
- *Information Technology costs to protect the City's network systems*
- *Human Resource Assistant*

Public Works

- *Additional trees and expanded green space for Parks and Cemeteries*
- *Heavy Equipment Operator (partial year)*
- *Administrative Assistant (.25 FTE)*

Proposed FY20 Operating Budget

General Government = \$20,383,714.00

Police = \$11,699,799.00

Fire = \$9,263,571.00

School = \$49,750,427.00

FY20 City Manager Recommended Budget

Total Department = \$91,097,511.00

Change from FY19 = \$3,329,662.00

% Change from FY19 = 3.78%

Collective Bargaining Contingency = \$1,120,000.00

Transfer to Indoor Pool = \$150,000.00

Transfer to Prescott Park = \$89,000.00

Total Operating = \$92,456,511.00

Change from FY19 = \$4,468,662.00

% Change from FY19 = 5.08%

City Manager Bohenko informed the City Council that there are 12 unsettled contracts for FY20. He reported that the projected Cost of Living Adjustment (COLA) is 2%. He spoke to NH retirement rates which are at \$8,543,977.00 or a 2.17% change from FY19. He said prior to FY10 the State of NH contributed 35% of employer contributions for teachers, police and fire personnel but that was reduced to 30% in FY10, 25% in FY11 and 0% in FY12. He stated the loss of State contribution cost taxpayers approximately \$17 million over 10 years (FY10 – Est. FY20). City Manager Bohenko spoke to the health insurance stabilization fund and stated the GMR makes the 10-year average rate increase 4.63%.

Worker's Compensation – Increase due to Recent Legislation

SB 541 states: An ACT establishing a fund to reimburse costs associated with firefighters who have cancer.

HB 407: preventive medical treatment started after an identified critical exposure or unprotected exposure in order to prevent infection and the development of disease.

Total FY20 Proposed Budget = \$764,487.00 or a 5.4% increase.

Total Salaries and Benefits = \$77,179,695.00
Net Increase = \$3,678,148.00 for a 5% increase

City Manager Bohenko reported the recommended General Fund Budget for FY20 is \$120,039,950.00:

- ✓ Operating represents 77% of the total budget
- ✓ Non-Operating represents 23% of the total budget
- ✓ % Change from FY19 is 5.03%

City Manager Bohenko spoke to the Non-Operating Budget. He reported the FY20 proposed budget total is \$27,583,439.00 that represents a percentage change of 4.85%. He spoke to the Rockingham County tax, which Portsmouth is the highest contributor and the FY20 Proposed Funding is \$5,741,466.00. He addressed the Vehicles and Equipment Replacement Plan for FY20 is \$945,010.00 which is a 21.5% change from FY19. City Manager Bohenko said the IT Equipment Replacement Program for FY20 is \$1,013,428.00 with a 36.8% change for FY19.

Capital Outlay

City Manager Bohenko reported that the policy is to budget no more than 2% of the prior year's (FY19) appropriation for Capital Outlay. He said he is recommending an appropriation of \$1.8 million which is 1.58% of the FY19 Budget.

Revenues

City Manager Bohenko said the Fee Committee and Fire Department are recommending a Fire and Life Safety Code Inspector. He said the anticipated fees from this position are \$90,000.00 on the projected revenue side. He said if the position is not moved forward the City Council would need to remove the \$90,000.00 in the projected revenue side of the budget.

Additional Estimated Revenues for FY20

- \$400,000.00 Investment income due to rising interest rates
- \$145,000.00 Building permit fees
- \$380,000.00 Increase in motor vehicle registrations
- \$90,000.00 Fire and Life Safety Code Inspection Fees

City Manager Bohenko addressed the use of fund balance, which does affect our bond rating. He said we have an AAA bond rating for the last 6 years.

Parking Revenue Distribution

Estimated FY19 Revenues

➤ Parking Meter Fees	\$3,306,000.00
➤ Parking Facilities	\$2,775,875.00
➤ Parking Space Passes	\$2,193,000.00
➤ Parking Violations	\$715,000.00
➤ Other Revenues	\$221,500.00
TOTAL	\$9,211,375.00

Revenue Distribution:

Retained in the General Fund	\$2,412,305.00	26%
Parking & Transportation	\$6,799,070.00	74%

City Manager Bohenko reported for the median single family home valued at \$424,200.00 \$.76 equates to a tax offset of \$322.39.

Long – Term Financial Planning

City Manager Bohenko addressed stabilizing costs and long-term planning assists in keeping the annual budget and tax rate stable and predictable.

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

City Manager Bohenko said if the proposed budget is adopted as presented, it will result in an estimated tax rate of \$16.58 which represents a \$.74 increase or 4.69%. He stated if the City Council chooses to reduce this proposed tax rate, it would require a reduction in expenditures, increase in revenue or a combination of both from the City Manager's recommended proposed budget keeping in mind that every \$.1 change in the tax rate equates to approximately \$55,000.00. He further stated that Portsmouth had the lowest equalized tax rate in Tax Year 2017 (Fiscal Year 2018) among New Hampshire's 13 Cities and the 37th lowest equalized tax rate in NH out of 232 communities.

V. PUBLIC COMMENT/INPUT

Mayor Blalock opened the public hearing and called for speakers to come forward.

Steve Little spoke to the conditions of streets and cracked sealing. He said utility companies come here cut our streets for their projects and do not repair them back to the state they found them in. He said funding needs to go towards repairing the roadways. Mr. Little said that Thornton and Dennett Streets need to be replaced.

Charlie Griffin complimented City Manager Bohenko for his budget message and presenting a budget that is thorough and easy to understand. He said a budget increase of 4.69% is simply too much. He said the Boston COLA is 3% but not 5%. He addressed the salaries and benefits that make up 63% of the budget. He advised the City Council that taxpayers do not want services to be cut. Mr. Griffin compared the City budget to Concord's budget. He said the City Council should contact their counterparts in Concord to see if there are efficiencies that could be put in place that would save money. He stated he would like the City Council take 30 days to review contracts and look at the COLA and see if it is appropriate to pay every person the same COLA.

Christina Lusky asked that the City Council do better with the budget and on the revenue and spending sides. She would like to see more effort with the cost of services. She feels that some school positions could be made part-time. Ms. Lusky said that the athletic fields will be used by other communities but paid by the City. She thanked Councilor Becksted and Councilor Perkins for trying to reduce the budget last year.

Mark Brighton said the increase to the budget is too high being at the rate of twice the inflation. He said the driver is the cost of living adjustments but there is no incentive to lowering it. He stated for the last 12 years the budget has increase the double rate of inflation. Mr. Brighton said the City cannot sustain these increases.

Brian LaChance thanked the City Council for their effort in transparency. He said he has a fixed retirement and pays the City over 20% of his retirement. Mr. LaChance said he does not receive the 2.8% cost of living adjustment and the City Council decisions affect his life.

Tom Nies thanked the City Council and City Manager for the budget preparation and the Finance Department for their transparency of information available on the website. He said this is a 6% increase from what the Council passed last year. He said we are facing a larger increase than what is being reported. Mr. Nies spoke to fund balance which has increased by \$4,000,000.00 to \$15,000,000.00 and said the City Council needs to consider how big they want that fund to be. He also addressed personnel costs and the need to take a stance on contracts. He asked that the City take a longer term approach and thought on dealing with budgets in the future. He stated residents can't afford a 5% increase time after time.

Erik Anderson spoke to the comprehensive budget and he would like to see the public process go forward during the work sessions. He would like the City Council to take a hard look at the budget and make some adjustments. Mr. Anderson stated the budget could stand a considerable amount of improvements. He spoke to the development in the City and that it has not sustained us on the revenue side and the increases are constant. He said the City Council needs to present more opportunity to allow for more public input.

Mary Lou McElwain said the sustainability issue is very difficult for many families. She said an increase of \$300.00 is a significant amount of money for families. She stated the City Council needs to look at the needs of the community because residents are looking at how they can stay in the City.

Jamie Beland said taxes increase and he understand that but with all the building downtown why is that not off-setting the taxes. He stated that a 5% increase is twice the rate of inflation. He said the development downtown was supposed to off-set taxes and it is not.

Assistant Mayor Lazenby called for additional speakers and with none, declared the public hearing closed.

Councilor Becksted said he would like to continue the public input for the work session and have cards available for individuals to write down questions to be answered by the Council or staff.

Assistant Mayor Lazenby said a motion like that would take place at a regular City Council meeting.

City Manager Bohenko said Mayor Blalock has indicated that he would follow the same process for public input with residents completing an index card with their questions to be answered by the City Council or staff.

Councilor Dwyer stated the public can also speak during Public Comment Session at regular meetings and not wait for just the work sessions.

Councilor Reynolds said he is supportive of public input on the budget. He said the City Council does accept emails as well with input on the budget or general thoughts.

VI. ADJOURNMENT

At 7:40 p.m., Councilor Perkins moved to adjourn. Seconded by Councilor Reynolds and voted.



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