

MINUTES
SPECIAL CITY COUNCIL MEETING
PROPOSED FY 23 BUDGET PUBLIC HEARING

MUNICIPAL COMPLEX
DATE: MONDAY, MAY 9, 2022

PORTSMOUTH, NH
TIME: 6:30 PM

I. CALL TO ORDER

Mayor McEachern call the Special City Council meeting to order at 6:30 p.m.

II. ROLL CALL

PRESENT: Mayor McEachern, Assistant Mayor Kelley, Councilors Tabor, Denton, Bagley, Lombardi, Blalock (6:40 p.m.) and Cook.

ABSENT: Councilor Moreau

III. PRESENTATION – Karen Conard, City Manager and Judie Belanger, Director of Finance and Administration

City Manager Conard gave a brief opening statement and thanked the Finance Department and all of the staff involved in putting together the budget. She stated that the budget is a statement of values and those values are determined by working together amongst staff and with the Council to establish strategic goals which they did beginning in January. She summed up the 7 goals as follows (see page 33):

1. *Invite and Honor Input from the Community, and Encourage Increased Participation and Engagement of Youth.*
2. *Identify and Promote Strategies for Local Business Retention and Preservation of Affordable Commercial Spaces.*
3. *Leverage Local Resources and Partnerships to Improve and Support Needs of Residents, Nonprofits, Arts and Culture Community.*
4. *Proactively Pursue the Integration of Sustainability, Resilience and Climate Change Mitigation Actions Throughout City Government and Community.*
5. *Diversify and Enhance the Supply of Housing Choices.*
6. *Continuously Enhance City Council Best Practices to Deliver a Trusted, Transparent and Responsive Process.*
7. *Consistently Communicate with Community Members and Stakeholders, Respecting Channels of Communication They Prefer and Keeping Them Informed.*

She continued that the although we continue to have uncertainty with inflation, supply chain issues, utility increases and other challenges, we have the pragmatic philosophy and careful budgeting that the city has had for years that we continue to flatten the curve.

She then reviewed the several one-time items that will impact the FY23 budget including; Community Campus, PortsmouthNH 400 celebration, McIntyre Settlement, IT reorganization,

additional staffing, parks and fields maintenance costs and several others that will be addressed further.

She continued to review the proposed changes to the Operating Budget which includes 2.05% COLA for the six unions that have a previously settled contract for FY23. She further discussed the issue of the Police and Fire Departments of being able to recruit and maintain qualified personnel which is being addressed in this budget as well.

She discussed the Retirement Rates and the impact of the loss of State contributions stating that there are currently 2 bills in the legislature that may have an impact.

Finance Director Belanger gave a brief slide presentation regarding the Health Stabilization Funds and the history of how this was budgeted in the past versus how it is done now resulting in the Health Insurance Reserve Funds and avoiding spikes. She then discussed the Leave at Termination Fund which is similar to the Health Insurance Fund in that it eliminates spikes in the budget.

Next, City Manager Conard addressed the Non-Operating Budget, Capital Investments, Rockingham County Tax obligation, and Rolling Stock vehicle and equipment replacement plan. She also reviewed the use of ARPA funds.

Finance Director Belanger reviewed the Estimated Revenues which are estimated to increase 4.2% from FY22 and include projected increase in vehicle registrations, Pease Development Authority Airport District and Water/Sewer overhead. There is an estimated increased in School Revenues from tuition, Use of Fund Balance, and State Revenues estimated Rooms and Meals Tax and one time Adequate Education Grant. She referred to page 141 for further information regarding the history of Use of Fund Balance. She concluded by discussing the tax levy which is set by subtracting the estimated revenues from the adopted budget amount and that is used by the State of NH Department of Revenue Administration to set the tax rate.

City Manager Conard clarified that the tax levy amount won't change but what will change is the way it is distributed.

City Manager Conard stated that the Proposed Budget as presented will result in an estimated tax rate of \$15.71, an increase of 68 cents or 4.51% over FY22. The estimated tax rate would result in an annual increase of \$324, or \$27 per month, for the median single family residential home valued at \$478,050.00. She continued that tax rate is set by the New Hampshire Department of Revenue Administration in the Fall, once all state revenues, property valuation, and county tax obligation are finalized. The City typically announces the final tax rate for the Fiscal Year in November and issues tax bills for the first half of the Fiscal Year due in December. She concluded that there is a potential offset with the variables previously discussed including contributions from the state to the retirement funds; Rockingham County tax obligation coming in a 2% or lower; and the Feds recently raising the Interest basis to 50 and could go as high as 100, so the interest income will need to be re-evaluated as well.

IV. PUBLIC HEARING

A. PROPOSED FY JULY 1, 2022 THROUGH JUNE 30, 2023 BUDGET

Mayor McEachern opened the public hearing:

James Parkington – stated he wants the funding for the skateboard park design to be kept on the front burner. He continued that design, construction and material costs continue to go up and this needs to get done for the many kids that need a place to go.

Seeing no one else wishing to speak at the public hearing in person or via zoom, Mayor McEachern closed the public hearing.

Mayor McEachern stated that although a public hearing doesn't usually have feedback, because there was one speaker with a specific issue, he addressed the funding of the skateboard park stating last year we funded \$2.2 million through fund balance but we will only have completed 30% of the design by this fall so \$200,000 remains for the design and the \$2 million remains in the CIP for construction to begin hopefully next year.

V. REVIEW OF BUDGET WORK SESSION MEETING SCHEDULE

Tuesday, May 10th at 6:30 p.m. – Public Safety / Police & Fire Departments

Wednesday, May 11th at 6:30 p.m. – School Department

Thursday, May 12th at 6:30 p.m. – General Government & Parking Departments

Wednesday, May 18th at 6:30 p.m. – Water, Sewer & Stormwater Departments

Thursday, May 19th – Public Dialogue Budget Sessions at the following locations:

5:30 p.m. – 6:30 p.m. at Portsmouth Middle School (Stokel Student Commons),

7:00 p.m. – 8:00 p.m. at Senior Center (Activity Room 1), and

7:00 p.m. to 8:00 p.m. at Fire Station 2 (George Pierce Training Room)

Monday, May 23rd at 6:30 p.m. – Budget Review

VI. ADJOURNMENT

At 7:13 p.m., Mayor McEachern adjourned the meeting.

Valerie A. French,
Deputy City Clerk