

City of Portsmouth, New Hampshire

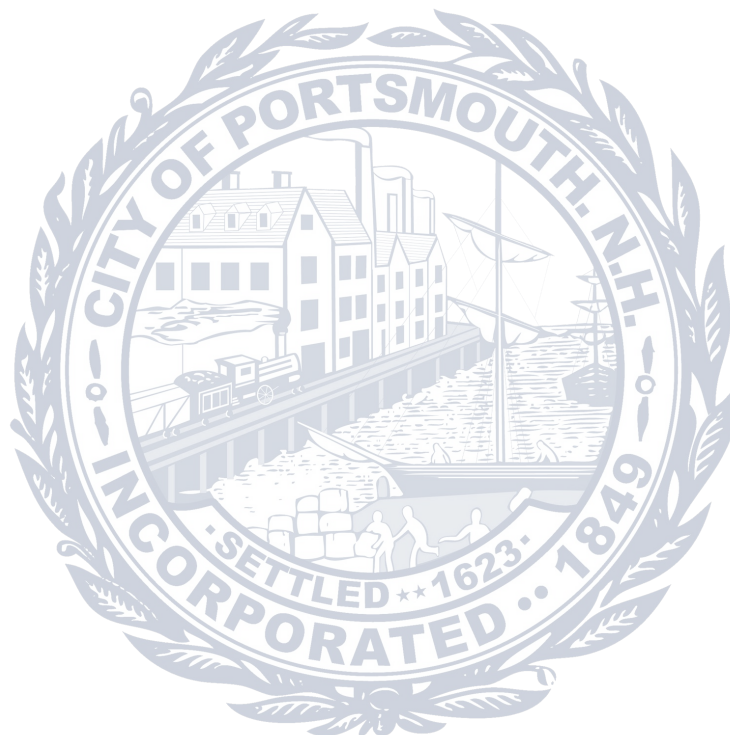
Fiscal Year 2027

Proposed Annual Budget

July 1, 2026 - June 30, 2027



Fiscal Year 2027 Proposed Annual Budget



Budget Work Session – Thursday, May 28, 2026

Budget Timeline

Completed (Fall 2025 – Spring 2026)

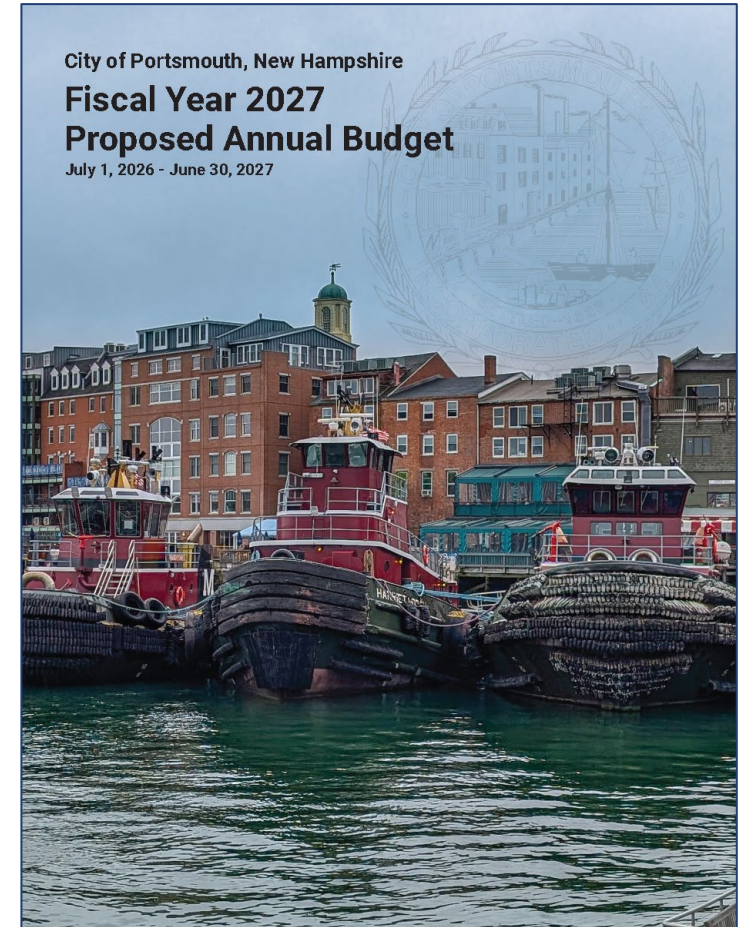
- ✓ Capital Improvement Plan – Adopted December 8, 2025
- ✓ January 15 – City Council Budget Planning Work Session
- ✓ Charter Departments Public Hearings – February
- ✓ May 11 – Budget Work Session – General Fund
- ✓ May 13 – Budget Work Session – Enterprise and Special Revenue Funds
- ✓ May 18 – Public Hearing on the Budget Opened

Tonight (May 28)

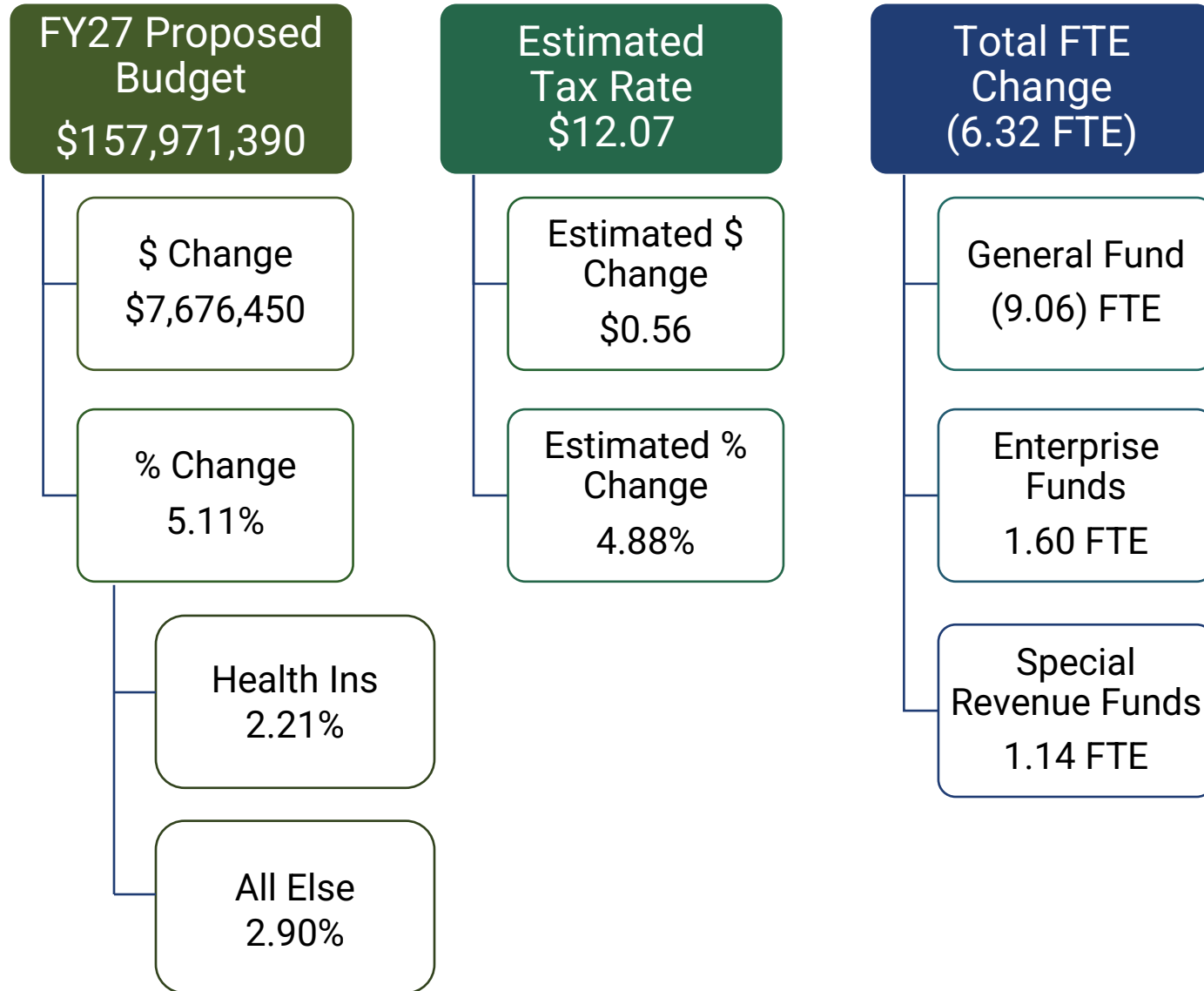
- May 28 City Council Work Session – Budget Review

Upcoming

- June 8 City Council Meeting – Continuation of Public Hearing on the Budget and adoption of the Proposed Budget



Executive Summary



Proposed FY27 Budget Summary

FY27 PROPOSED GENERAL FUND	FY26 REVISED BUDGET	FY27 CITY MANAGER RECOMMENDED	\$ CHANGE FROM FY26	% CHANGE FROM FY26
Salaries and Benefits				
Salaries/Stipends/Holiday/OT	\$65,738,974	\$67,270,466	\$1,531,492	2.33%
Health Insurance	15,515,686	18,838,652	3,322,966	21.42%
Leave at Termination	900,287	900,287	0	0.00%
Retirement	12,395,897	12,790,057	394,160	3.18%
Other Benefits	7,293,869	7,420,520	126,651	1.74%
Collective Bargaining Contingency	-	460,000	460,000	0.00%
<i>Total Salaries and Benefits</i>	<i>\$101,844,713</i>	<i>\$107,679,982</i>	<i>\$5,835,269</i>	<i>5.73%</i>
Other Operating				
Energy / Fuels	\$2,673,227	\$2,662,693	(\$10,534)	-0.39%
Welfare - Direct Assistance	371,750	330,250	(41,500)	-11.16%
Pupil Transportation	2,216,324	2,657,515	441,191	19.91%
Special Ed Tuition & Services	4,464,648	4,503,419	38,771	0.87%
Other Non-Salary	10,778,455	11,379,731	601,276	5.58%
<i>Total Other Operating</i>	<i>\$20,504,404</i>	<i>\$21,533,608</i>	<i>\$1,029,204</i>	<i>5.02%</i>
Transfers				
Transfer to Indoor Pool	\$200,000	\$200,000	\$0	0.00%
Transfer to Prescott Park	\$271,370	\$284,463	13,093	4.82%
Transfer to Community Campus	\$470,911	\$491,187	20,276	4.31%
<i>Total Transfers</i>	<i>\$942,281</i>	<i>\$975,650</i>	<i>\$33,369</i>	<i>3.54%</i>
Subtotal Operating	\$123,291,398	\$130,189,240	\$6,897,842	5.59%
Non-Operating				
Debt Service & Related Expenditures	14,311,948	14,327,355	15,407	0.11%
Rockingham County Tax	6,000,870	6,225,610	224,740	3.75%
Contingency	300,000	300,000	-	0.00%
Rolling Stock	789,000	836,500	47,500	6.02%
IT Equipment Replacement	1,091,250	1,197,150	105,900	9.70%
Capital Outlay	1,560,000	1,560,000	-	0.00%
Other Non-Operating	2,550,474	3,335,535	785,061	30.78%
Prof Service - Outside Counsel	400,000	-	(400,000)	-100.00%
Subtotal Non-Operating	\$27,003,542	\$27,782,150	\$778,608	2.88%
Total Proposed FY27 Budget	\$150,294,940	\$157,971,390	\$7,676,450	5.11%

Salaries and Benefits

Salaries and benefits represent 76.0% of the total FY27 budget increase

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Budget Highlights – Page 19

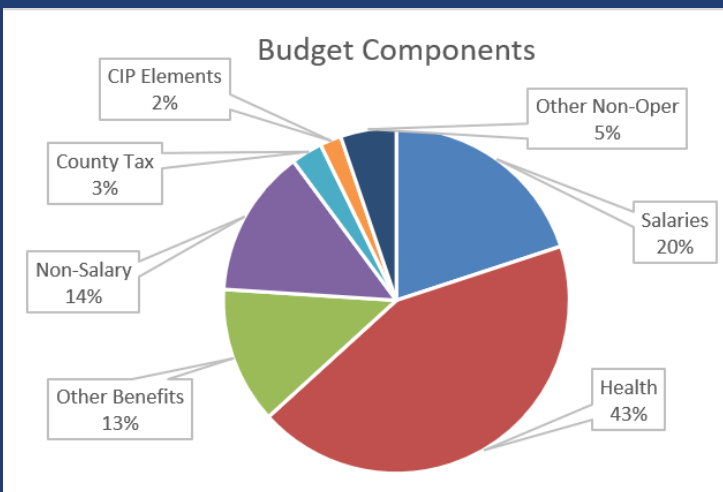
Total of all Salaries/Wages in FY27 General Fund

- Increasing \$1.5 million
- Change of 2.33% from FY26

Budgeted salaries reflect:

- COLA of 3.03% across settled contracts
- Net of the reduction of 9.06 FTE positions

Beyond the proposed staffing changes detailed on next slide, the budget represents contractual obligations in salaries



General Fund Net Reduction of Staff (-9.06 FTE)

● Inspection Department: +0.60 FTE

- Increase Electrical Inspector from part-time to full-time

● Fire Department: +1.00 FTE

- Add Deputy Fire Chief – Training

● Department of Public Works: -3.10 FTE

- Reduce 1.0 FTE Custodian position
- Allocate 0.5 FTE to Parking Fund
- Allocate 0.8 FTE to Water Fund
- Allocate 0.8 FTE to Sewer Fund

● School Department: -7.56 FTE

- Reduce 2 Central Office positions
(Asst Business Administrator, Clerical position)
- Add Assistant Special Education Director
- Net reduction of 1 Teaching position
(including addition of PMS RISE teacher)
- Net reduction of 2.5 Paraeducator positions
- Reduce 2 Tutor positions
- Net reduction of 1 HS Clerical position

General Fund reduction in FY26 was -10.71 FTE plus FY27 proposed -9.06 FTE = **-19.77 FTE** (-21.43 FTE All Funds)

Additions: **+1.60 FTE** | Reductions: **-10.66 FTE** | **Net Change: -9.06 FTE**

Wage/Salary Change, COLA, Collective Bargaining

Salary schedules are a matrix of

- Grades (position/level)
- Steps (reflecting experience)

Each year, the schedule is increased by the City's COLA (10-yr avg CPI)

Employees advance a Step if one is available to them

- schedules start at lower amounts
- offer 5% steps in early years
- then steps require longer service
- become smaller increases as base amounts are larger

GRADE POSITION		SUPERVISORY MANAGEMENT ALLIANCE SALARY SCHEDULE JULY 1, 2025-JUNE 30, 2026							
		Hire - 12 Mo	12 - 24 Mo	24 - 36 Mo	36 - 48 Mo	48 - 60 Mo	7.5 years	10 years	15 years
		STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	STEP G	STEP H
12	Annual	\$ 64,886.05	\$68,130.36	\$71,536.87	\$75,113.72	\$78,869.40	\$79,658.10	\$81,052.11	\$82,673.16
	Bi-Weekly	\$2,495.62	\$2,620.40	\$2,751.42	\$2,888.99	\$3,033.44	\$3,063.77	\$3,117.39	\$3,179.74
	Hourly	\$31.20	\$32.75	\$34.39	\$36.11	\$37.92	\$38.30	\$38.97	\$39.75
			5.00%	5.00%	5.00%	5.00%	1.00%	1.75%	2.00%
13	Annual	\$ 68,072.34	\$71,475.96	\$75,049.76	\$78,802.25	\$82,742.36	\$83,569.78	\$85,032.26	\$86,732.90
	Bi-Weekly	\$2,618.17	\$2,749.08	\$2,886.53	\$3,030.86	\$3,182.40	\$3,214.22	\$3,270.47	\$3,335.88
	Hourly	\$32.73	\$34.36	\$36.08	\$37.89	\$39.78	\$40.18	\$40.88	\$41.70
			5.00%	5.00%	5.00%	5.00%	1.00%	1.75%	2.00%
14	Annual	\$ 71,439.17	\$75,011.13	\$78,761.68	\$82,699.77	\$86,834.76	\$87,703.10	\$89,237.91	\$91,022.67
	Bi-Weekly	\$2,747.66	\$2,885.04	\$3,029.30	\$3,180.76	\$3,339.80	\$3,373.20	\$3,432.23	\$3,500.87
	Hourly	\$34.35	\$36.06	\$37.87	\$39.76	\$41.75	\$42.16	\$42.90	\$43.76
			5.00%	5.00%	5.00%	5.00%	1.00%	1.75%	2.00%
15	Annual	\$ 74,982.33	\$78,731.44	\$82,668.01	\$86,801.42	\$91,141.49	\$92,052.90	\$93,663.83	\$95,537.10
	Bi-Weekly	\$2,883.94	\$3,028.13	\$3,179.54	\$3,338.52	\$3,505.44	\$3,540.50	\$3,602.45	\$3,674.50
	Hourly	\$36.05	\$37.85	\$39.74	\$41.73	\$43.82	\$44.26	\$45.03	\$45.93
			5.00%	5.00%	5.00%	5.00%	1.00%	1.75%	2.00%

Proposed Budget includes both Steps and COLA for positions covered by settled not-expiring union contracts

For expiring contracts, the Proposed Budget includes the Collective Bargaining Contingency

- Salary in FY26 Budget may have increased by COLA, then in FY27 advanced a Step plus the new COLA
- Ex. Salary in FY26 Budget Book increased 2.84%, then in FY27 Budget Book advanced a 5.00% step with a 3.03% COLA

Current Vacancies – Municipal

Listed below are the current General Fund vacancies in General Government departments

<u>Position</u>	<u>Location</u>	<u>Union</u>	<u>Status</u>	<u>Notes</u>
Administrative Assistant I	City Clerk	Non-Union	Conditional Offer	
Accountant III	Finance - Accounting	PMA	Posted	Specialty position
Human Resources Generalist	Human Resources	Non-Union	Final Steps (References Check)	
Custodian	DPW - Highway - City Hall	1386A	Conditional Offer Made/In Background	
Custodian	DPW - Highway - City Hall	1386A	Re-posted	Finalist backed out
Equipment Mechanic Technician (.3 FTE)	DPW - Highway - Equipment Maintenance	1386A	Posted	Split funding (Water/Sewer/Parking)
Equipment Mechanic Technician (.3 FTE)	DPW - Highway - Equipment Maintenance	1386A	Posted	Split funding (Water/Sewer/Parking)
Custodian	DPW - Highway - Facilities Administration	1386A	On Hold	WC hold
Utility Mechanic	DPW - Highway - Facilities Administration	1386A	Not Posted	Under consideration for role change
Sanitation Laborer	DPW - Highway - Solid Waste	1386A	Conditional Offer Made	
Laborer	DPW - Highway - Street/Snow Removal	1386A	Not Posted	Under consideration for role change
Utility Mechanic	DPW - Highway - Tree Program	1386A	Posted	Specialty position

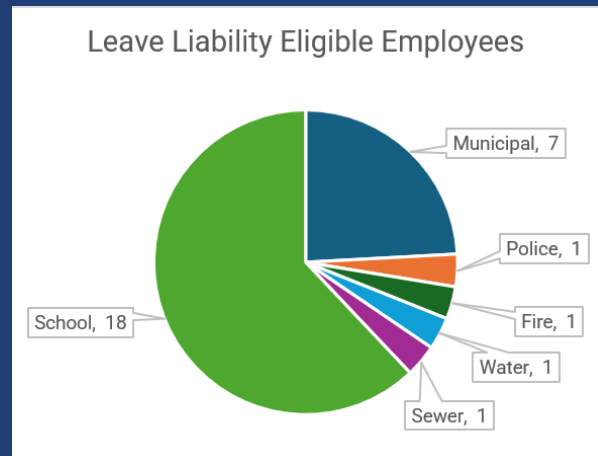
Current Vacancies – School

Listed below are the current position vacancies in the Portsmouth School Department

<u>Position</u>	<u>Location</u>	<u>Union</u>	<u>Status</u>	<u>Notes</u>
School Department				
Custodian (3)	Portsmouth High School	Cust/Café	Active Recruitment	High-turnover category; continuous recruitment. Count excludes upcoming retirements. Existing staff are working overtime to cover vacant duties; custodial standards remain below district expectations.
Custodian	Portsmouth Middle School	Cust/Café	Active Recruitment	
Custodian	Little Harbour School	Cust/Café	Active Recruitment	
Custodian	New Franklin School / RJLA	Cust/Café	Active Recruitment	
Paraprofessional (3)	Dondero School	Paraeducators	Active Recruitment	High-turnover category; IEP-mandated student support positions.
Paraprofessional (2)	Portsmouth High School	Paraeducators	Active Recruitment	High-turnover category; includes legally required 1:1 student support.
Food Service (3)	Portsmouth High School	Cust/Café	Active Recruitment	High-turnover category; positions supported by food service program revenue. No new hires anticipated until summer for fall placement. Building managers are currently working additional overtime to cover staffing shortages.
Food Service	Little Harbour School	Cust/Café	Active Recruitment	
Food Service	Dondero School	Cust/Café	Active Recruitment	
Food Service	New Franklin School	Cust/Café	Active Recruitment	
Administrative Support	Central Office	Non-Union	Active Recruitment	Central office admin role in active recruitment. Separate from eliminated personnel position.
CTE Extended Learning Opportunities Coordinator	Portsmouth High School / CTE	APT	Posting Pending CTE Director Hire	Duties absorbed during interim transition. Position reopens after permanent director appointment.

Benefits

Increasing employer contribution rates (premiums) for Health Insurance coverage represent a 2.21% increase in the overall FY27 Budget – added cost of over \$3.32 million



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Budgeted benefits represent contractual obligations

Health Insurance coverage for FY27

- School employees – SchoolCare (Cigna) – up 26.2%
- Municipal employees – HealthTrust (Anthem) – up 11.4%
- Stabilization Reserve since 2001
- Reminder – SchoolCare Assessment is not part of FY27 budget

Leave at Termination – also a Stabilization Reserve

- Established in 1999 – manages impact on annual budgets
- Currently 29 employees remain eligible from before 1996

NH Retirement System

Participation in the NH Retirement System is mandatory for full-time City employees

- Employees in all categories contribute to the NHRS a percentage of eligible earnings
- Employers also contribute into the mandatory defined benefit program

Rates are historically fixed for two-year fiscal cycles

- Contribution rates are unchanged for FY27

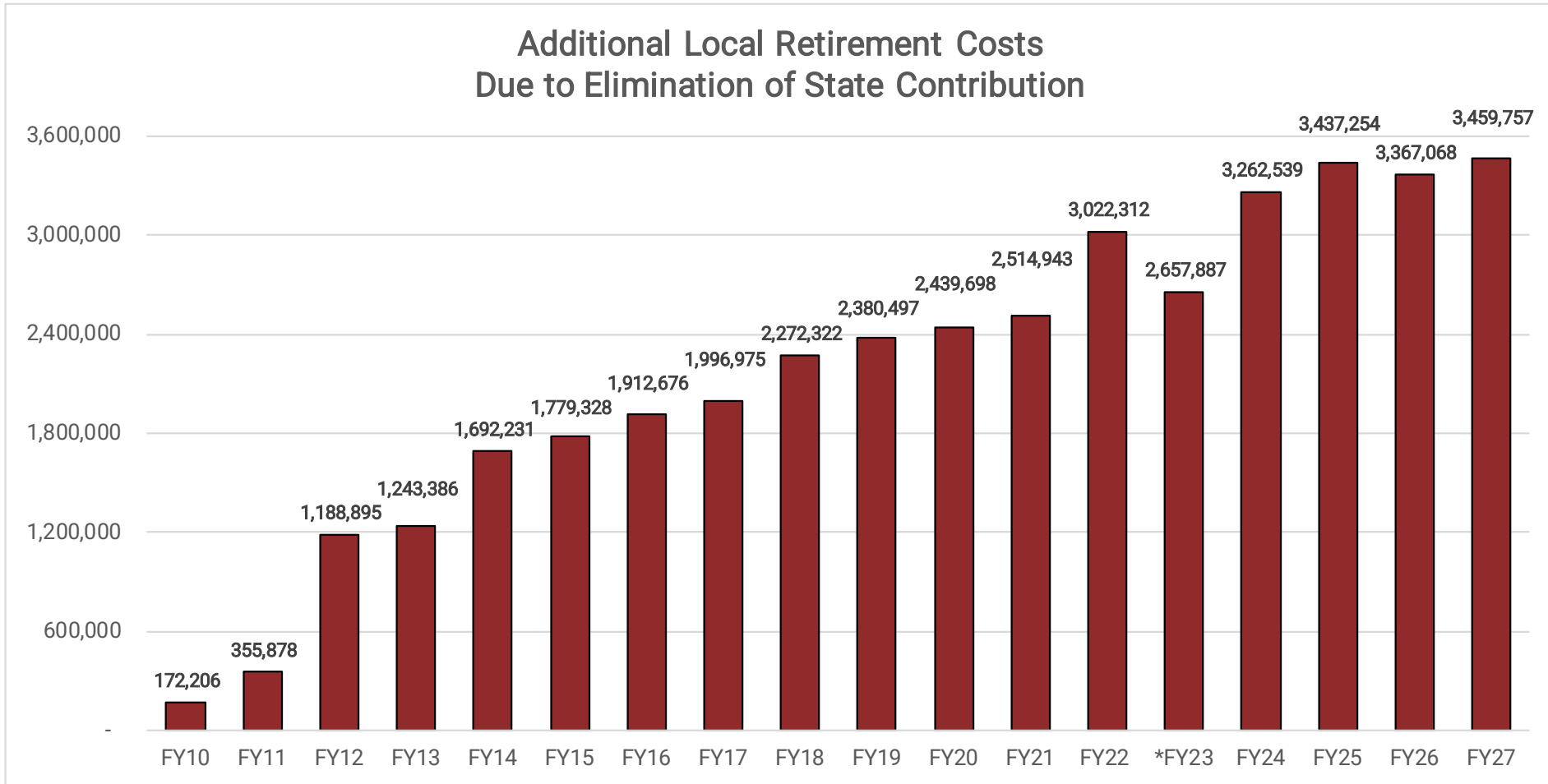
Great news for FY28!! NH Retirement System has announced rates for FY28 and FY29

- Employer contribution rates will be lower for all categories
- Employee contribution rates will not change

RETIREMENT - EMPLOYER CONTRIBUTION RATES				
	FY26 & FY27	FY28 & FY29	Rate	%
	Rates	Rates	Change	Change
GROUP I				
Employees	12.75%	11.51%	-1.24%	-9.7%
Teachers	19.23%	18.26%	-0.97%	-5.0%
GROUP II				
Police	30.95%	26.71%	-4.24%	-13.7%
Fire	29.15%	24.62%	-4.53%	-15.5%

EMPLOYEE CONTRIBUTION	
	Rates
GROUP I	
Employees	7.00%
Teachers	7.00%
GROUP II	
Police	11.55%
Fire	11.80%

Local Cost since loss of State Contribution to NH Retirement



* The projected FY23 State contribution "loss" of \$3,282,083 was offset (reduced) by a one-time State payment of \$624,196.

Total of lost State Contributions over 18 years = \$39.16 million

Other Benefits

Payroll Expenses – Social Security & Medicare

- Large portion of Other Benefits is employer contributions to Social Security and Medicare
- Employer share of SSA is 6.2% and of Medicare is 1.45% for eligible employees

Dental Insurance

- Municipal employees are covered by HealthTrust / Delta Dental – FY27 rates are up 4.4%
- School employees are covered by School Care / Cigna Dental – FY27 rates are up 4.0%
- Rate change is driven primarily by cost increases for dental care, claims, and inflation
- Rates for FY27 also reflect surcharges to support risk pool reserves

Life Insurance & Disability Insurance

- Eligible employees are provided Group Term Life Insurance – FY27 rates are unchanged
- Eligible employees are provided Disability Insurance – FY27 rates are unchanged
- Total expenditure for coverage is dependent upon covered salary amounts
- Municipal employees are covered by HealthTrust / Madison National Life Insurance Co.
- School employees are covered by Mosse & Mosse / Sun Life Financial Inc.
- Rate change is driven by workforce demographics, claims history, industry economics

Other contractual items – continuing education, flex spending, retirement savings

Additional Insurances – Primex³

Primex (NH Public Risk Management Exchange) is another NH public risk pool serving the City

- The City participates in Primex for Workers' Compensation and Property & Liability coverages

Workers' Compensation – increase for General Govt, Police, and School; decrease for Fire

- Primex reports that rate change is driven by:
 - Member payroll increases and claims experience
 - Rising costs of reinsurance and medical payments
 - Increased pool contingency reserves
 - Discontinuance of multi-year CAP rate controls
- Fire decrease was due to reassessment of risk

<i>WORKERS' COMPENSATION</i>	FY26 BUDGET	FY27 PROPOSED BUDGET	\$ CHANGE	% CHANGE
GENERAL GOVERNMENT	189,835	251,831	61,996	32.7%
POLICE	146,781	198,435	51,654	35.2%
FIRE	597,418	403,013	(194,405)	-32.5%
SCHOOL	148,048	231,370	83,322	56.3%
TOTAL GENERAL FUND	\$1,082,082	\$1,084,649	\$2,567	0.2%

Property & Liability – Municipal increase 33%, School 7.58%

- Primex reports that rate change is driven by:
 - Member exposure changes and claims experience
 - Rising costs of reinsurance and medical payments
 - Increased pool contingency reserves
 - Discontinuance of multi-year CAP rate controls

<i>PROPERTY & LIABILITY</i>	FY26 BUDGET	FY27 PROPOSED	\$ CHANGE	% CHANGE
GENERAL GOVERNMENT	508,005	675,950	167,945	33.06%
SCHOOL	174,236	187,448	13,212	7.58%
TOTAL	682,241	863,398	181,157	26.55%

Both coverages do offer a discount for CALEA Accreditation

Insurance Costs – for reference

Insurance Coverage	General Government	Police Department	Fire Department	School Department
Health	Increase of \$262,396 +11.4%	Increase of \$203,231 +11.4%	Increase of \$106,026 +11.4%	Increase of \$2,751,313 +26.2%
Dental	Decrease of 1,157 -0.60%	Increase of \$10,124 +7.71%	Increase of \$930 +1.13%	Increase of \$2,862 +0.45%
Life	Increase of \$1,668 +8.05%	Increase of \$1,205 +8.28%	Increase of \$162 +1.39%	Increase of \$1,908 +2.0%
Disability	Increase of \$3,054 +8.05%	Increase of \$1,943 +8.15%	Increase of \$277 +1.39%	Increase of \$2,672 +2.0%
Workers' Compensation	Increase of 61,996 +32.66%	Increase of \$51,654 +35.19%	Decrease of \$194,405 -32.54%	Increase of \$83,323 +56.28%
Property & Liability	Increase of \$167,945 +33.06%			Increase of \$13,945 +7.58%

Collective Bargaining Contingency

\$460,000 budgeted for FY27

Budgeting for cost items that result from negotiated successor agreements for 5 of 15 City unions (shaded)

Funds are transferred to impacted departments after final approval by the City Council

General Government	Expires
Professional Management Association (PMA)	6/30/2027
Supervisory Management Alliance (SMA)	6/30/2028
Public Library Employees	6/30/2028
AFSCME Local 1386 Public Works	6/30/2026

Police	Expires
Ranking Officers Association	6/30/2027
Portsmouth Patrolman Association	6/30/2027
Civilians	6/30/2027

Fire	Expires
Fire Officers Association	6/30/2026
Firefighters Association	6/30/2026

School	Expires
Principals/Directors	6/30/2029
Association of Portsmouth Teachers (APT)	6/30/2028
Clerical Employees (PACE)	6/30/2028
Custodial and Cafeteria Employees	6/30/2028
Paraeducators	6/30/2026
Custodial Supervisors	6/30/2026

Other Operating

Non-Salary Operating expenditures represent 13.6% of the overall FY27 Budget and 13.4% of the proposed budget increase

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Overall reduction in Energy – Electricity, Natural Gas, Gasoline, Fuel

- Multiple departments called for added contingency
- Departments will manage impacts as necessary

Welfare – reduction in Direct Assistance budget

- \$41,500 reduction in Shelter and Emergency Shelter
- Savings are the result of greater case management efforts and social work supports contributing to more effective services and fewer calls for more expensive emergency needs

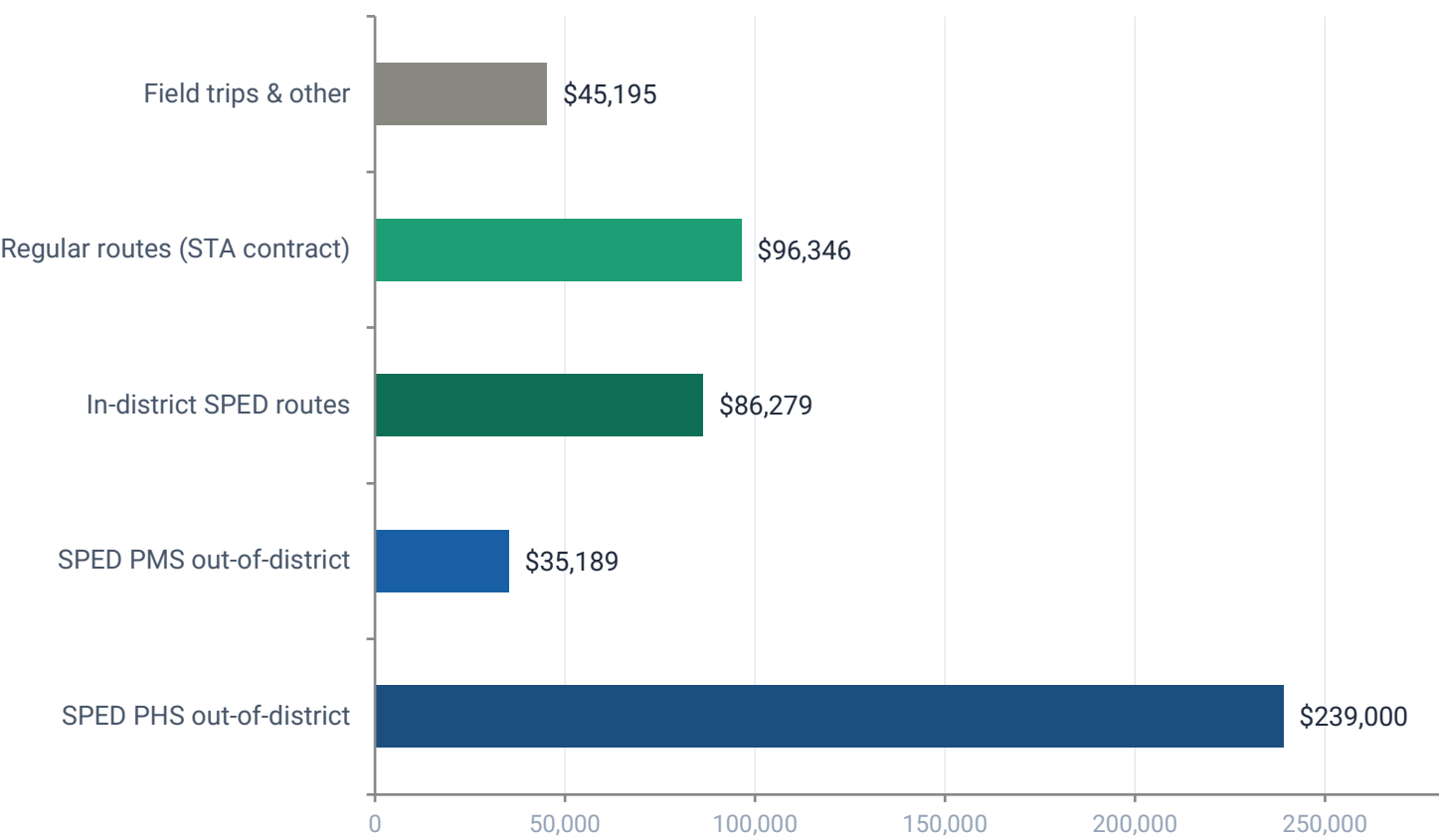
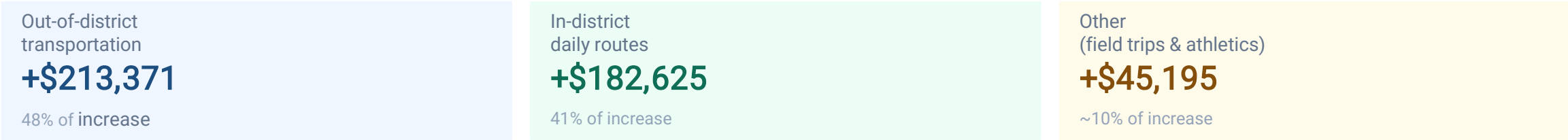
Recreation – Electricity and Rentals

The observed jump in **Electricity** within the Recreation budget was in fact the transfer of two budget lines from the **Summer Camps** division of Recreation into the **Administration** division.

RECREATION DEPARTMENT					
ADMINISTRATION					
01-785-610-51-134-439					
011001	REGULAR SALARIES	-	-	368,879	405,972
014041	OVERTIME	-	-	2,000	2,000
015001	LONGEVITY	-	-	1,074	1,898
022001	SOCIAL SECURITY	-	-	23,061	25,412
022501	MEDICARE	-	-	5,393	5,943
023001	RETIREMENT	-	-	47,424	52,258
034103	TELEPHONE	-	-	3,200	2,600
041002	ELECTRICITY	-	-	-	59,000
044002	RENTAL OTHER EQUIPMENT	-	-	-	30,000
054050	TRAINING	-	-	500	500
055050	PRINTING	-	-	500	500
056001	DUES PROFESSIONAL ORGANIZ	-	-	1,000	1,000
057101	TRAVEL AND CONFERENCE	-	-	900	900
057102	TRAVEL REIMBURSEMENT	-	-	2,000	2,000
			-	455,931	589,983
SUMMER CAMPS					
01-785-740-00-131-439					
012001	PART TIME SALARIES	59,000	59,637	1,676	-
022001	SOCIAL SECURITY	3,658	3,697	104	-
022501	MEDICARE	856	865	24	-
041002	ELECTRICITY	59,000	65,855	59,000	-
044002	RENTAL OTHER EQUIPMENT	30,000	30,200	30,000	-
		152,514	160,254	90,804	-

Schools – Pupil Transportation Increase

Total increase: \$441,191 | +19.91% year over year | Budget: \$2,216,324 → \$2,657,515



STA Contract
Multi-year contract with Student Transportation of America (STA) includes a 4.5% annual escalator. Fuel surcharges and insurance increases add further pressure on all route lines.

SPED Drivers
In-district SPED transportation rose from \$354k to \$441k due to more students requiring service, an additional dedicated bus, and increased use of wheelchair-accessible vehicles.

OOD Concentration
SPED PHS out-of-district (OOD) transportation alone increased \$239,000 (77%), driven by students placed in out-of-district programs with individualized transportation requirements.

Efficiencies Ahead
Route optimization software has been deployed. Route consolidation savings are projected to materialize beginning FY28 with the next STA contract cycle.

Other Non- Salary

Category	Change	Notes
Training / Education / Conferences	increasing \$35,190 or 9.82%	State mandated training for the Police Department is 2/3 of this increase
Outside Social Services	increasing \$11,500 or 4.59%	\$250,500 to \$262,000
Contracted Services	increasing \$52,280 or 2.41%	Impacting multiple departments – contractors face similar inflationary realities
Software / Computer Maintenance	increasing \$99,371 or 11.10%	Largely related to Police and School systems
Road Maintenance & Striping	increasing \$11,721 or 6.84%	Public Works
Recycling	flat year over year	Public Works
Solid & Yard Waste	decreasing \$20,900 or -3.65%	Public Works
Student Books & Teaching Materials	increasing \$40,361 or 28.83%	Nearly 2/3 of this increase is new curriculum materials at PMS
Other Operating	increasing \$354,307 or 6.75%	Includes repairs and maintenance, supplies, equipment, printing, rentals Increases are driven by vendor pricing, inflation, and notable new initiatives - School +\$170,764 - Public Works +\$131,170 - Fire +\$39,220

Non-Operating

The Non-Operating Budget represents 17.6% of the overall FY27 Budget and 10.1% of the proposed budget increase

FY27 PROPOSED GENERAL FUND	FY26 REVISED BUDGET	FY27 CITY MANAGER RECOMMENDED	\$ CHANGE FROM FY26	% CHANGE FROM FY26
Non-Operating				
Debt Service & Related Expenditures	14,311,948	14,327,355	15,407	0.11%
Rockingham County Tax	6,000,870	6,225,610	224,740	3.75%
Contingency	300,000	300,000	-	0.00%
Rolling Stock	789,000	836,500	47,500	6.02%
IT Equipment Replacement	1,091,250	1,197,150	105,900	9.70%
Capital Outlay	1,560,000	1,560,000	-	0.00%
Other Non-Operating	2,550,474	3,335,535	785,061	30.78%
Prof Service - Outside Counsel	400,000	-	(400,000)	-100.00%
Subtotal Non-Operating	\$27,003,542	\$27,782,150	\$778,608	2.88%

Debt Service is essentially flat year-over-year at 0.11% growth

- Early bond sale in April 2026 to accommodate refunding
- S&P Global Ratings Group affirmed City's **AAA** rating
- Refunding of \$8.12 million bonds issued June 2014
- Interest savings of \$417,600 over remaining 8 years
- Retired BAN and bonded balance for Community Campus
- Average interest cost of the bonds issued = 3.456%

<u>Account Title</u>	<u>Adopted FY26 Budget</u>	<u>Proposed FY27 Budget</u>	<u>\$ Change</u>
PROF SERVICE-BANK SERVICE	120,000	120,000	-
PRINCIPAL-BONDED DEBT	9,711,000	8,719,500	(991,500)
PRINCIPAL-BAN	258,000	-	(258,000)
PROJECTED NEW BOND PAYMNT	83,860	2,003,090	1,919,230
INTEREST-BONDED DEBT	4,139,088	3,484,765	(654,323)
	<u>\$ 14,311,948</u>	<u>\$ 14,327,355</u>	<u>\$ 15,407</u>

Update on Marine #1 – Fire Boat / Marine Patrol

- Debt Service for the Fire Boat does not impact the FY27 Budget
- Debt Service would begin in FY28 Budget
- \$600,000 purchase bonded for 5 years
- Average annual debt service of \$132,600
- Tax impact = 1.3 cents per thousand (\$10.10 impact each year for five years on the Median Single-Family Home)

Properties along Portsmouth's waterfront represent approximately \$860 million in assessed value or 8.5% of the City total

VE-25-FD-02: Vehicle Replacement – Marine #1

Department(s)	Fire Department
Project Location	Citywide
Project Justification	Capital maintenance/rolling stock
Project Website	N/A
Planning Documents/Studies	N/A

Project Description: This project is the replacement of Marine #1. The Coast Guard is looking at its staffing challenges and subsequently lifesaving missions and may require more assistance from local partners. This project would increase the safety of the operating platform for crews on the water. The Fire Department is working regionally to address potential coverage issues in the marine environment, and this project will address any shortfalls. Funding for FY27 has changed from \$250,000 to \$900,000 due to the change of style of desired boat to one with a safer, enclosed platform.

Impact on the Operating Budget	Negligible (<\$5,001)
Personnel	N/A
Non-Personnel Line-Items	N/A

Notes of Changes in Funding Plan from FY26-31 CIP:

Project Funding		FY27	FY28	FY29	FY30	FY31	FY32	Totals 27-32
Capital Outlay (GF)	0%							\$0
Federal/State	0%							\$0
Bond/Lease	100%	\$900,000						\$900,000
Other	0%							\$0
Revenues	0%							\$0
PPP	0%							\$0
Totals		\$900,000	\$0	\$0	\$0	\$0	\$0	\$900,000

Vehicles and Equipment: Vehicles



Evaluation Criteria & Prioritization		
Priority: A (needed within 0 to 3 years)		
CORE FUNCTION	Responds to Federal or State Requirement	
	Addresses a Public Health or Safety Need	Y
	Alleviates Substandard Conditions or Deficiencies	Y
FINANCIAL BENEFIT	Eligible for Matching Funds with Limited Availability	
	Timing or Location Coordinate with Synergistic Project	
	Reduces Long-Term Operating Costs	Y
COMMUNITY PLAN OR IMPROVEMENT	Identified in Planning Document or Study	
	Improves Quality of or Provides Added Capacity to Existing Services	
	Provides Incentive for Economic Development	
	Responds to a Citywide Goal or Submitted Resident Request	

Policies Compliance	
Percent for Art	
Cultural Plan	
Community Health Plan	
Complete Streets	
Climate Action Plan	
Green Building Policy	

Capital Budget CIP 27-32

These elements of the capital plan are not contractual obligations of the City – they are included in budget development and then revised as needs and wants are balanced against affordability

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Subtotal Non-Operating	\$27,003,542	\$27,782,150	\$778,608	2.88%

Rolling Stock – vehicle and heavy equipment inventory replacement program

- Department request totaled \$1,181,300 – reduced by \$344,800
- Includes trucks, tractors, lifts, mowers, vans, plows, cruisers, motorcycles

IT Equipment Replacement – technology replacement program

- Adopted CIP included \$1,357,150 – reduced by \$160,000
- Includes desktop, laptop, and server devices, network infrastructure, access control

Capital Outlay – “pay as you go” capital investment program

- Adopted CIP included \$1,950,000 – reduced by \$390,000 to level funding

Other Non- Operating

Property & Liability Insurance – discussed previously (notable increase)

Landfill Closure Monitoring – Coakley and Jones Ave costs

Professional Services for Revaluation – annual appropriation for periodic revaluation

Hydrants – Annual hydrant service fees to Water Division for 845 City hydrants

SBITA (Subscription Based Information Technology Agreements)

- Details of new and increasing solution costs provided on next slide

Major Solution Initiatives identified and listed separately from SBITA

- Police Body Camera/Taser subscription – second year, with \$65K grant offset
- PortEdge ERP subscription – first of three years graduated annual costs
 - ✓ Solution will replace nearly \$200K in legacy systems cost by FY28
 - ✓ PortEdge is cloud-based, adding savings from data center reduction
 - ✓ Efficiencies already impacting staffing – two positions reduced in Schools
- Police CAD/RMS – Computer Aided Dispatch/Records Management System
 - ✓ Upgrade of core operational systems after more than 25 years

SBITA Increases – New and Growing

Solution / Utility	Description	Primary Stakeholder	FY27 Budget Impact
Valuebase	New – AI-assisted property valuation platform – replacing Power-BI tool implemented during last revaluation	Assessing	\$16,000
Thomson Reuters CoCounsel	New – Legal-domain AI platform – research, analysis, drafting	Legal	\$30,000
Versa Networks	New – SD-WAN/SASE network platform – increase reliability, reduce dependence on leased dark fiber	Information Technology	\$30,000
Door Access	Cost increase reflects expanded footprint + ongoing support	Facilities, in general	\$18,000
Tenable	Vulnerability management platform – Cost increase reflects vendor price increase + increased license count	Information Technology	\$8,000
Microsoft Azure	Cost increases for storage, compute, Microsoft Sentinel, server replication and disaster recovery	Citywide	\$70,000
Microsoft 365 & Defender	Cost increase reflects vendor license price + user growth	General Government	\$28,000
VMware	New cost reflects elimination of perpetual license model and replacement Broadcom subscription model	General Government	\$50,000
Total	Total increase is \$261,900 – remaining \$11,900 is inflationary price increase distributed across multiple solutions		\$250,000

Contractual vs Increasing Costs vs New Costs

Contractual/Legal Obligations of the City	Continuing Services / Increased Costs	New Initiatives / Costs
▪ Salaries & Wages – Steps & COLA increases ▪ Employee Benefits ▪ Elections PT Wages – increase to cover impact of additional election in FY27 ▪ Police Training (State mandated) – up \$23,260 ▪ Police Clothing & Clothing Allowance – up \$8,579	▪ Independent Audit – up \$5,000 ▪ Inspection code books – \$9,000 (published every 3 years) ▪ IT operating costs – up \$25,000 ▪ Chamber tourism partnership – up \$10,000 ▪ City Hall postage – up \$9,000 ▪ Fire vehicle repairs – up \$35,000 ▪ SBITA – increasing \$185,900	▪ Off-site records storage for Assessing – add \$5,000 ▪ +0.6 FTE Inspector ▪ +1.0 FTE Fire Deputy – Training ▪ Outside Social Services – add \$11,500 ▪ SBITA – New items add \$76,000

Reducing Tax Impact to 3.5%

Reducing the estimated Tax Levy amount by \$1,675,000 would limit the tax impact to 3.5% over FY26

- This could be accomplished through reductions in the Proposed Budget or increases in Estimated Revenues
- Some ideas require lead-time to implement – this challenge will require quick turnaround to impact this year
- Commitment to core City functions means that optional programs/services are more likely opportunities for savings

Budget reductions for consideration:

- Solid Waste could discontinue separate Recycling collection to avoid the more expensive tonnage fees
- The Library could curtail some programming and reduce staffing levels as a result
- Recreation could fund facility supervisory staff in Special Revenues with increased program fees

Additional revenues for consideration:

- The City could abandon its conservative approach to estimating revenues and accept greater risk
- Solid Waste could move to a Pay-as-you-throw model with retail bags and generate new revenues
- The City could introduce new fees for traditionally free programs and services across the City

Enterprise & Special Revenue Funds

Public Works Staffing Changes	General Fund Highway	Special Revenues Parking	Enterprise Funds		Net
Position			Water	Sewer	
Operations Manager	0.25	0.25	(0.25)	(0.25)	-
Project Manager	0.20		(0.10)	(0.10)	-
Facilities Foreman	(0.75)	0.25	0.25	0.25	-
Master Carpenter	(0.60)		0.30	0.30	-
Utility Mechanics	(1.20)		0.60	0.60	-
Custodian	(1.00)				(1.00)
Totals	(3.10)	0.50	0.80	0.80	(1.00)

The Department of Public Works is responsible for the greatest portion of both Enterprise and Special Revenue staffing.

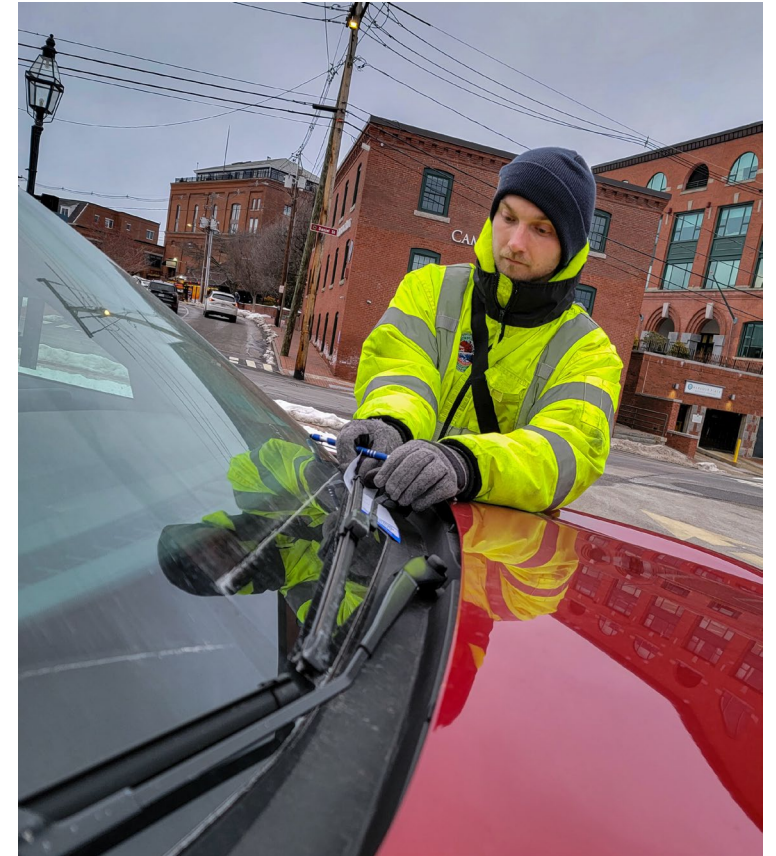
Above is a summary of the reallocation of staffing between elements of Public Works.

The net result is the reduction of 3.10 FTE in General Fund and the net reduction of 1.0 FTE overall.

Current Vacancies – Enterprise & Special Revenues

	<u>Position</u>	<u>Location</u>	<u>Union</u>	<u>Status</u>	<u>Notes</u>
Enterprise Funds					
Water	Equipment Mechanic Technician (.3 FTE)	DPW - Water - Administration	1386A	Posted	Split funding (Water/Sewer/Parking)
	Equipment Mechanic Technician (.3 FTE)	DPW - Water - Administration	1386A	Posted	Split funding (Water/Sewer/Parking)
	Utility Mechanic	DPW - Water - Administration	1386A	Posted	
	Heavy Equipment Operator II L2	DPW - Water - Distribution	1386A	Internal hire pending	
	Laborer	DPW - Water - Distribution	1386A	Conditional Offer Made/In Background	
	Plant Operator - L2 - Madbury (.5 FTE)	DPW - Water - Supply and Treatment	1386A	Posted	} This is one role
	Plant Operator - L2 - Madbury (.5 FTE)	DPW - Water - Funded by the Airforce	1386A	Posted	
Sewer	Equipment Mechanic Technician (.3 FTE)	DPW - Sewer - Administration	1386A	Posted	Split funding (Water/Sewer/Parking)
	Equipment Mechanic Technician (.3 FTE)	DPW - Sewer - Administration	1386A	Posted	Split funding (Water/Sewer/Parking)
	Utility Mechanic	DPW - Sewer - Administration	1386A	Posted	
	Laborer - L2	DPW - Sewer - Collection	1386A	Posted	
	Utility Mechanic - L2	DPW - Sewer - Collection	1386A	Posted	
	Foreman IV	DPW - Sewer - Treatment Facilities	SMA	Posted	Licence and experience requirements
	Plant Operator - L2 - Pease	DPW - Sewer - Treatment Facilities	1386A	Conditional Offer Call	
	Plant Operator - L2 - Pierce Island	DPW - Sewer - Treatment Facilities	1386A	References	
Special Revenue Funds					
Stormwater	Laborer	DPW - Stormwater	1386A	Posted	
	Laborer - L2	DPW - Stormwater	1386A	Posted	
Parking	Equipment Mechanic Technician (.1 FTE)	DPW - Parking - Administration	1386A	Posted	Split funding (Water/Sewer/Parking)
	Equipment Mechanic Technician (.1 FTE)	DPW - Parking - Administration	1386A	Posted	Split funding (Water/Sewer/Parking)
Prescott Park	Utility Mechanic	DPW - Prescott Park Building/Grounds	1386A	Posted	

Parking



Growth of Support from Parking

Parking revenue retained in the General Fund has remained essentially level, but the overall support provided by the Parking Fund for the General Fund has steadily risen over the past five years.

Services Provided by the Parking Fund which would be typically funded in the General Fund

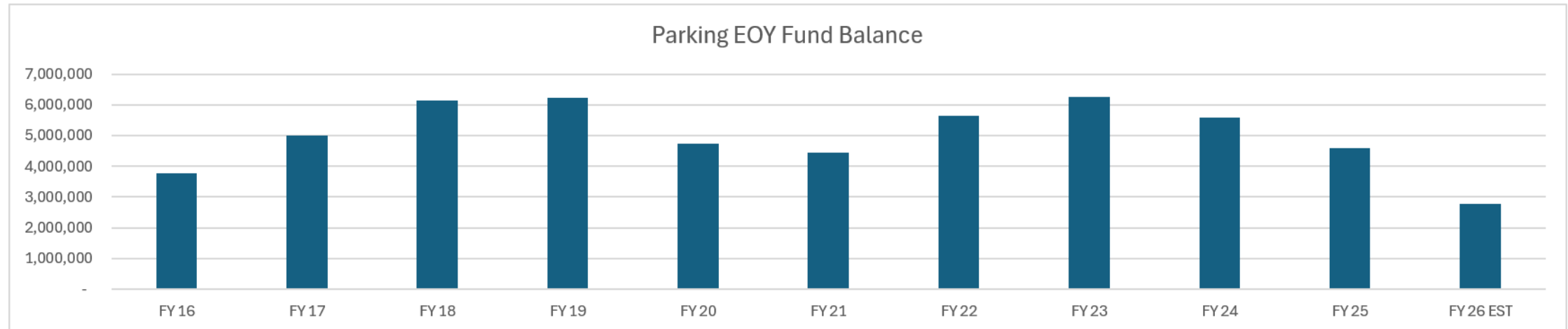
	FY22	FY23	FY24	FY25	FY26	FY27
Revenues Retained in the General Fund	2,412,305	2,412,305	2,500,000	2,500,000	2,500,000	2,500,000
Transportation Programs	510,344	553,097	647,229	817,782	910,790	998,257
Salaries & Benefits	637,013	631,424	1,263,003	1,533,623	1,562,802	1,781,797
Paving Parking Lots	-	150,000	-	-	-	-
Snow Removal	300,000	300,000	300,000	300,000	300,000	300,000
Downtown Maintenance				349,307	354,739	358,168
Transportation Services	100,000	100,000	-		-	-
School Bus Support	50,000	50,000	50,000	50,000	50,000	50,000
Police Services Support	60,000	60,000	60,000	60,000	60,000	60,000
Fire Services Support	25,000	25,000	25,000	25,000	25,000	25,000
Transfer - Prescott Park				60,000	60,000	60,000
Transfer - Recycling				100,000	100,000	100,000
Plan Studies			100,000			-
Bike/Ped Plan Implementation		50,000	50,000	50,000	50,000	50,000
Traffic Calming				50,000	50,000	50,000
EV Charging Stations				50,000	50,000	50,000
Parking Lot Leases		22,000	22,000	22,500	35,000	41,000
Parking Lot Paving					150,000	150,000
Rolling Stock				340,000	352,000	290,000
Total	\$4,094,662	\$4,353,826	\$5,017,232	\$6,308,212	\$6,610,331	\$6,864,222

Year-over-Year % Change **6.33%** **15.24%** **25.73%** **4.79%** **3.84%**

<i>Tax Rate Offset</i>	64¢	67¢	70¢	95¢	65¢	66¢
<i>Per Household Tax Offset</i>	\$303.90	\$320.54	\$365.45	\$456.39	\$500.94	\$512.17

History of Parking Fund Balance

PARKING	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26 EST
Beginning Fund Balance	2,890,179	3,776,513	4,993,479	6,136,521	6,230,567	4,733,669	4,439,566	5,644,303	6,265,481	5,588,309	4,602,080
Revenues	4,140,168	4,863,686	6,007,916	6,035,046	5,209,937	5,311,725	7,336,318	7,715,211	7,859,911	8,824,130	10,016,449
Expenditures	<u>(3,253,833)</u>	<u>(3,646,721)</u>	<u>(4,864,874)</u>	<u>(5,941,000)</u>	<u>(6,706,835)</u>	<u>(5,605,829)</u>	<u>(6,131,581)</u>	<u>(7,094,033)</u>	<u>(8,537,084)</u>	<u>(9,810,359)</u>	<u>(11,837,667)</u>
Ending Fund Balance	<u>3,776,513</u>	<u>4,993,479</u>	<u>6,136,521</u>	<u>6,230,567</u>	<u>4,733,669</u>	<u>4,439,566</u>	<u>5,644,303</u>	<u>6,265,481</u>	<u>5,588,309</u>	<u>4,602,080</u>	<u>2,780,862</u>



Proposed FY27 Budget

**City Council Budget Work
Session – May 28, 2026**

Questions?