

PORTSMOUTH NH
P400
HISTORY LIGHTS OUR WAY
1623 - 2023

FY 2023

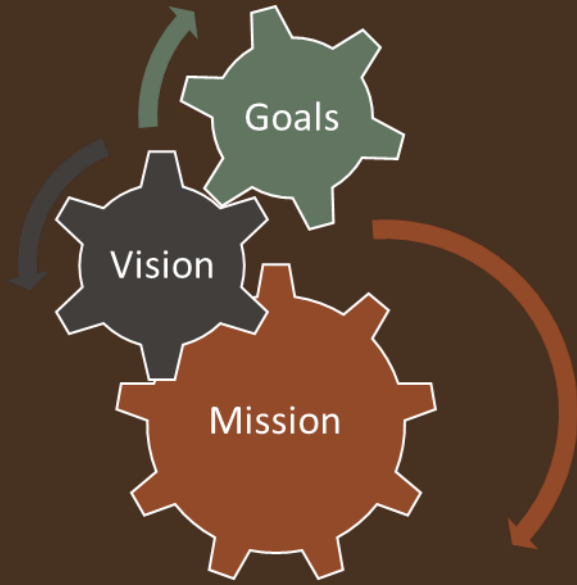
Fiscal Year 2023
(July 1, 2022 - June 30, 2023)
Proposed Annual Budget
City of Portsmouth, New Hampshire

FY23 Proposed Budget Public Hearing May 9, 2022

Agenda

- Presentation
- Public Hearing

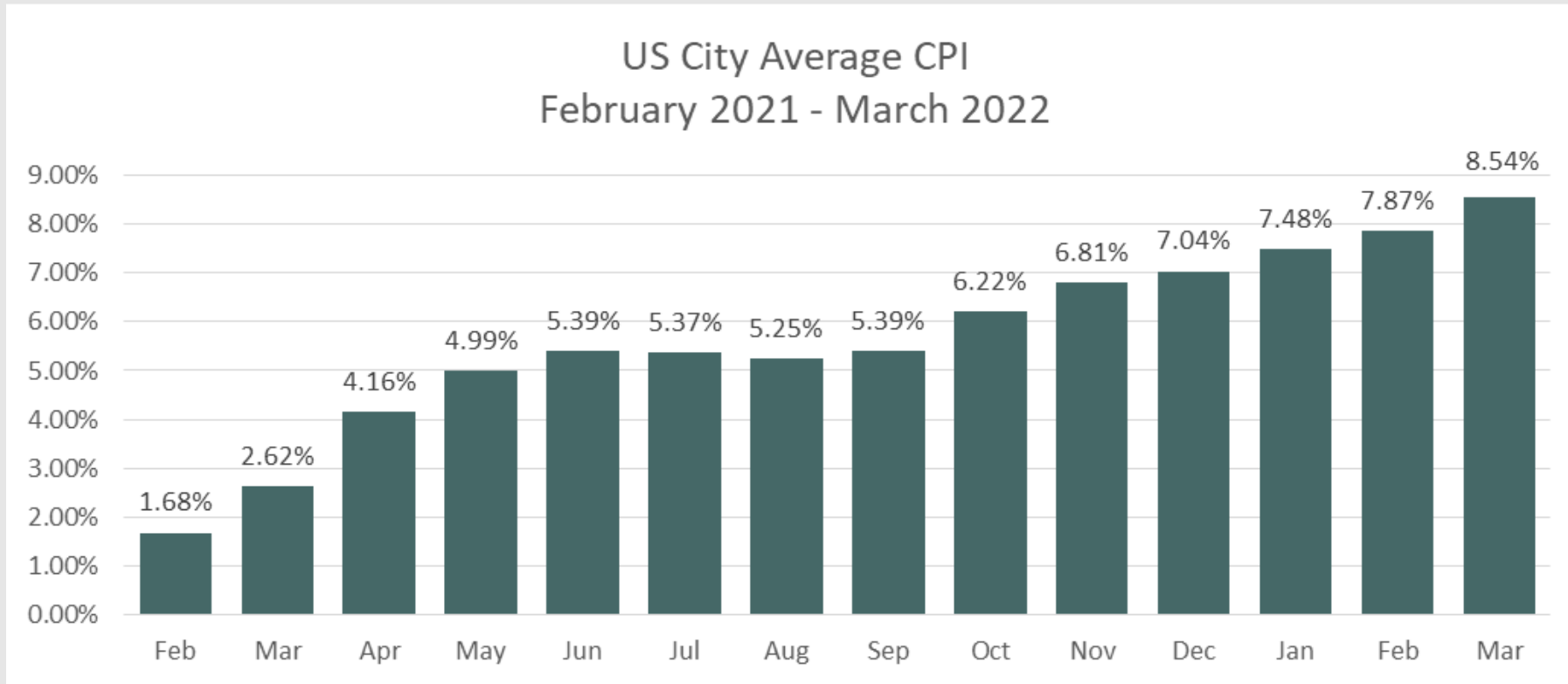
Long-Term Strategic Planning



*February 22, 2022
City Council voted
on 7 new Goals*

- 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.*

*Bureau of Labor Statistics,
Consumer Price Index (CPI)
for U.S. City Average, All Urban Consumers*



Initiatives and Impacts

1. Community Campus
2. Regulatory Compliance
3. Economic Development
4. McIntyre Settlement
5. IT Re-organization
6. PortsmouthNH 400
7. Maintenance of Additional Parks & Fields
8. Chemical & Lab Costs



Personnel Staffing

General Fund



- School Department
 - COVID Related and Special Ed Needs
 - Athletic Director
 - Reading/Language
 - Paraeducator Support
- Police Department
 - 2 Patrol Officers
 - Crime Analyst
- General Government
 - Communication & Digital Services Specialist
 - 4 Information Technology Department
 - Assistant Foreman
 - Assistant Building Inspector
 - Health Inspector
 - Economic Development



Personnel Staffing

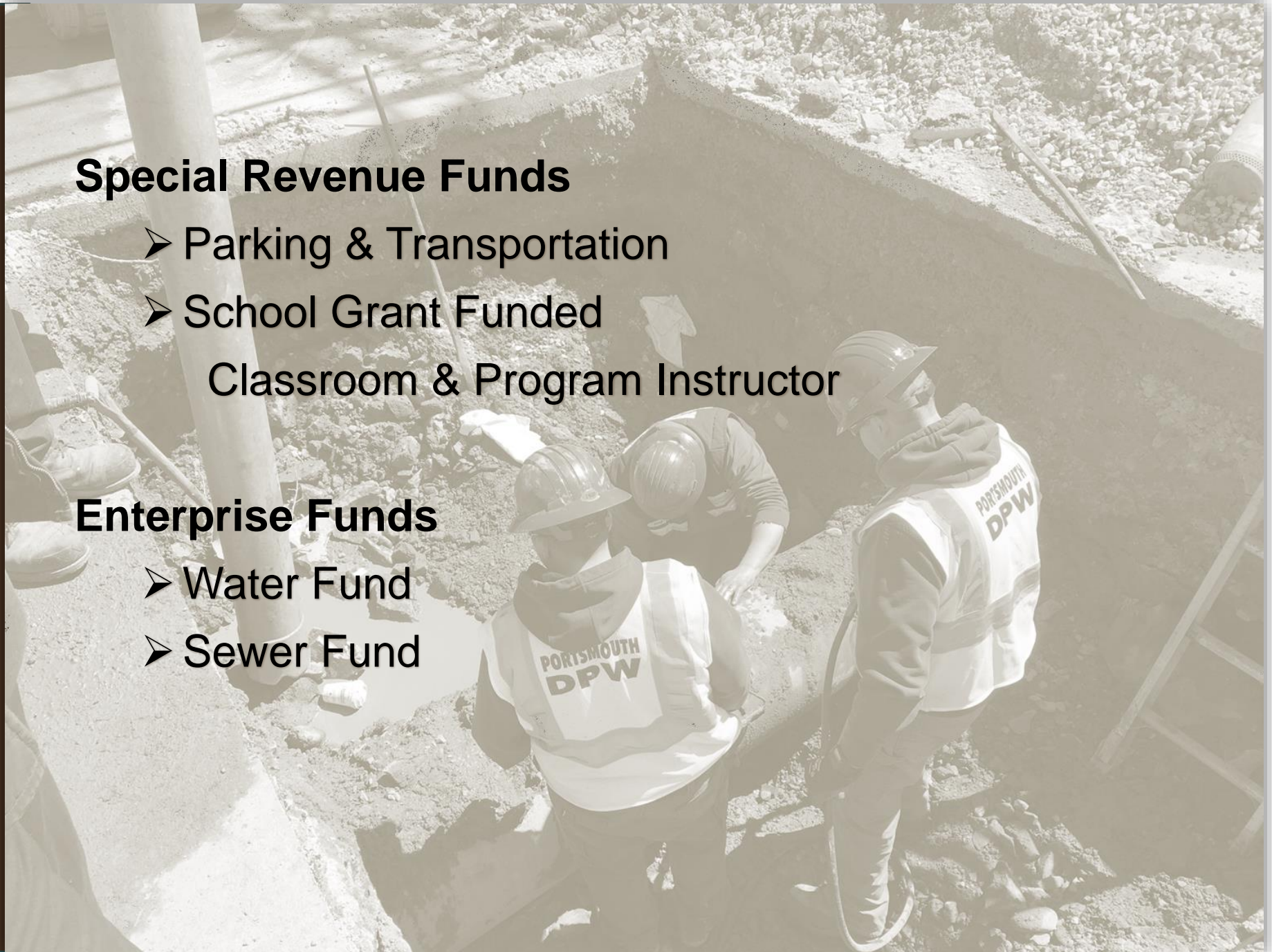
Special Revenue & Enterprise Funds

Special Revenue Funds

- Parking & Transportation
- School Grant Funded
Classroom & Program Instructor

Enterprise Funds

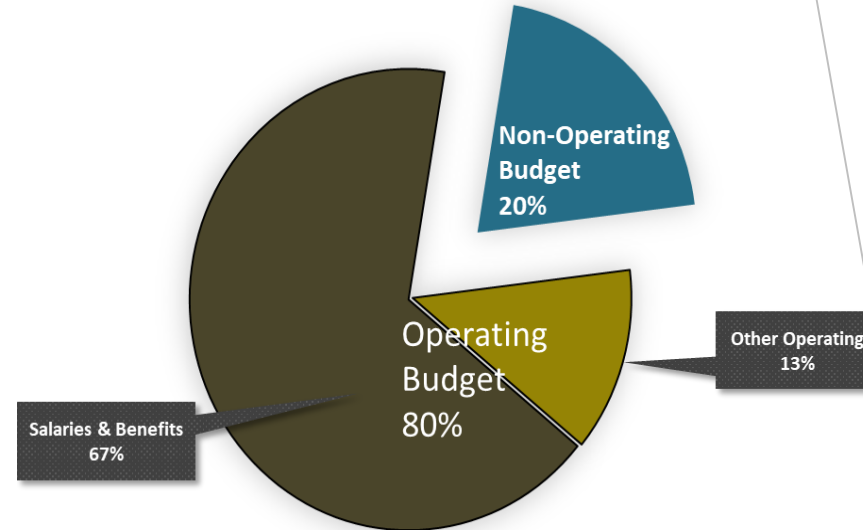
- Water Fund
- Sewer Fund



General Fund Fiscal Year 2023 Proposed Budget

Operating Budget – Expenditures associated with the day-to-day services provided by General Government, Police, Fire and School Departments.

Non-Operating – Expenditures associated with Debt Service, Capital Outlay, Rockingham County Tax Obligation, Overlay and other General Non-Operating Expenditures.



	FY22 BUDGET	FY23 BUDGET REQUEST	\$ CHANGE FROM FY22	% CHANGE
<i>Operating</i>	\$98,352,553	\$106,976,463	\$8,623,910	8.77%
<i>Non-Operating</i>	\$28,072,480	\$26,232,413	(\$1,840,067)	-6.55%
<i>Total Proposed Budget</i>	\$126,425,033	\$133,208,876	\$6,783,843	5.37%
Increase of FY21	7,309,695			
% Increase of FY21	6.14%			



Operating Budget

- *Salaries*
- *Health/Dental Premiums*
- *Retirement*
- *Leave at Termination*
- *Collective Bargaining*

Cost of Living Adjustment - COLA

Collective Bargaining Agreements state the COLA adjustment percentage shall be determined by the rolling ten (10) year average of the November-November Boston-Cambridge-Newton, MA-NH

CONSUMER PRICE INDEX	
CPI-U (NOV. TO NOV. BOSTON-CAMBRIDGE-NEWTON, MA-NH)	
FY 14	2.00%
FY 15	0.92%
FY 16	1.60%
FY 17	0.84%
FY 18	1.26%
FY 19	2.86%
FY 20	3.15%
FY 21	2.12%
FY 22	0.40%
FY 23	5.31%
10 Year Average	2.05%

Per contract provisions, salaries for the six settled contracts will increase 2.05%.

Social Security COLA for Calendar 2022 is 5.9%

Salaries and Benefits

General Government	Expires
Professional Management Association (PMA)	6/30/2022
Supervisory Management Alliance (SMA)	6/30/2022
AFSCME Local 1386B Library & Clericals	6/30/2022
AFSCME Local 1386 Public Works	6/30/2022

Police	Expires
Ranking Officers Association	6/30/2023
Portsmouth Patrolman Association	6/30/2023
Civilians	6/30/2023

Fire	Expires
Fire Officers Association	6/30/2023
FireFighter Association	6/30/2023

School	Expires
Principals/Directors	6/30/2022
Association of Portsmouth's Teachers	6/30/2022
Clerical Employees	6/30/2022
Custodial	6/30/2021
Cafeteria	6/30/2022
Paraeducators	6/30/2023
Custodial Supervisors	6/30/2022

16 Collective Bargaining Agreements

Funds set aside in Collective Bargaining Contingency for the Ten (10) unsettled contracts for FY23

FY23 Departmental Proposed Budget

<i>Departmental Budget</i>	FY22 BUDGET	FY23 PROPOSED BUDGET	\$ DIFFERENCE	% CHANGE
General Government	\$21,483,756	\$23,036,820	\$1,553,064	7.23%
Police Department	12,553,495	13,156,399	602,904	4.80%
Fire Department	9,816,421	10,149,433	333,012	3.39%
School Department	53,551,766	56,202,146	2,650,380	4.95%
Total	\$97,405,438	\$102,544,798	\$5,139,360	5.28%

	FY22 Budget	FY23 Budget	\$ Change from FY22	% Change from FY22
Salaries and Benefits	\$82,149,820	\$85,918,609	\$3,768,789	4.59%

- ✓ Increased costs associated with Health, Dental, Life & Disability premiums, as well as Federal and Retirement obligations;
- ✓ Additional Personnel of 22.41;
- ✓ Step increase for all personnel not yet on top step; and
- ✓ 2.05% COLA for the six (6) unions that have a previously settled contract for FY23.

4% Salary Adjustments – Police and Fire Personnel

- *To recruit and retain the best qualified and motivated personnel*
- *To pay fair and reasonable salaries based on economic conditions and labor market*

PROPOSED BUDGET WITH SALARY ADJUSTMENT REQUEST							
	FY23 Proposed Budget	\$ Change From FY22	% Change From FY22	4% Salary Adjustment with Benefits	Total Proposed Budget with Adjustment	\$ Change From FY22	% Change From FY22
Police Department	13,156,399	602,904	4.80%	287,278	13,443,677	890,182	7.09%
Fire Department	10,149,433	333,012	3.39%	223,894	10,373,327	556,906	5.67%

NH Retirement Rates – No Rate Increase for FY23

RETIREMENT-EMPLOYER	
	FY22 & FY23
	Rates
GROUP I	
Employees	14.06%
Teachers	21.02%
GROUP II	
Police	33.88%
Fire	32.99%

Increased costs associated with:

- ✓ Additional Personnel of 22.41;
- ✓ Step increase for all personnel not yet on top step; and
- ✓ 2.05% COLA for the six (6) unions that have a previously settled contract for FY23.

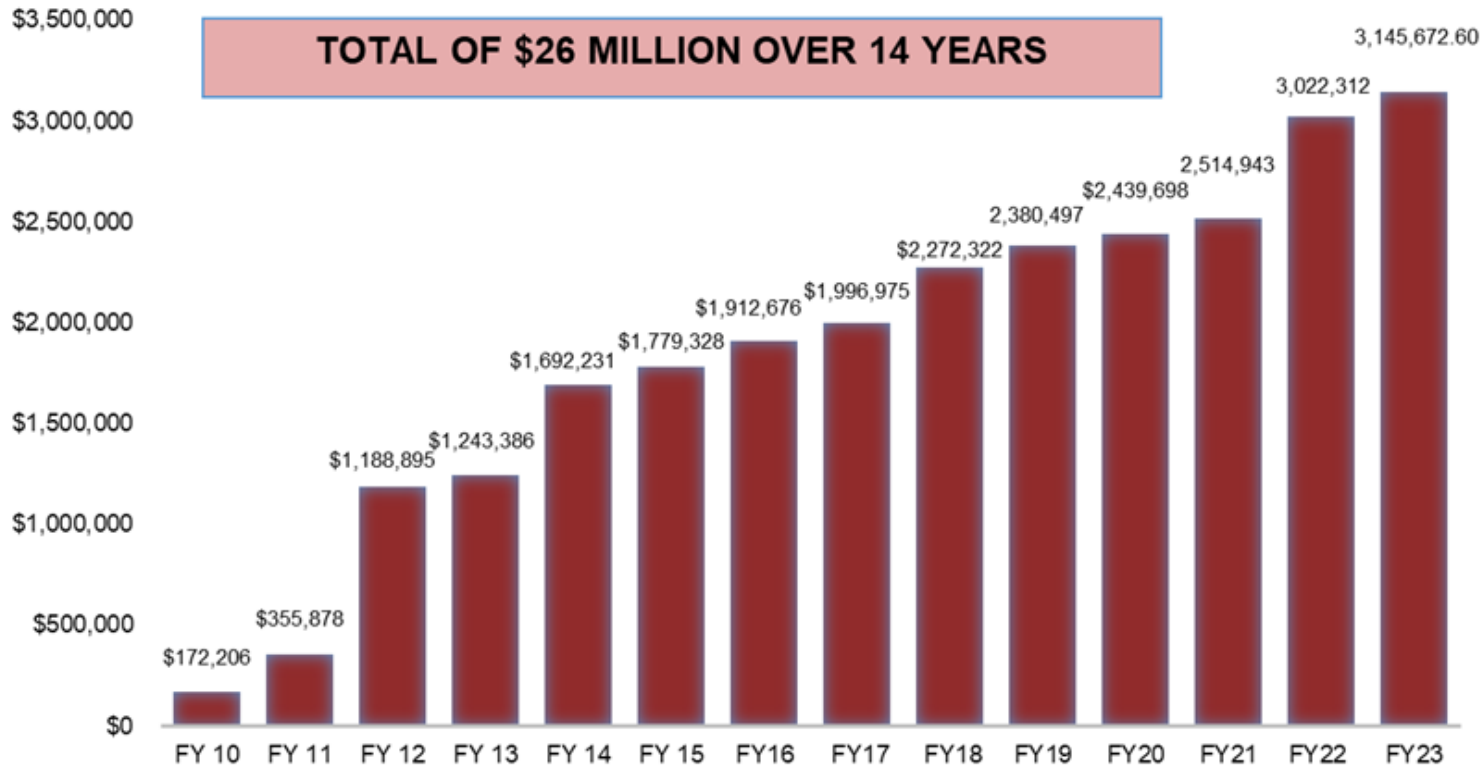
RETIREMENT APPROPRIATION				
	FY22	FY23	\$	%
	Budget	Proposed	Change	Change
		Budget	From FY22	From FY22
General Government	\$1,321,440	\$1,439,652	\$118,212	8.95%
Police Department	2,126,317	2,227,905	101,588	4.78%
Fire Department	1,792,086	1,861,863	69,777	3.89%
School Department	5,498,631	5,699,846	201,215	3.66%
	\$10,738,474	\$11,229,266	\$490,792	4.57%

Excludes Uniform Police & Fire Salary Adjustment and Collective Bargaining Contingency

Retirement Rates – Loss of State Contribution

ADDITIONAL RETIREMENT COSTS AS A RESULT OF THE ELIMINATION OF STATE CONTRIBUTION

TOTAL OF \$26 MILLION OVER 14 YEARS



Prior to FY10 the State of NH contributed 35% of employer contributions for Teachers, Police and Fire personnel.

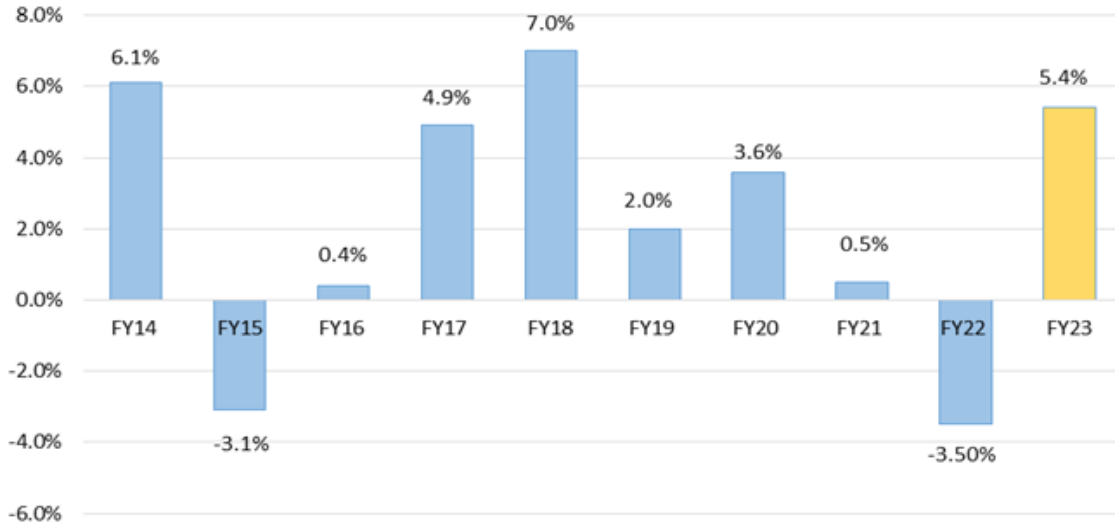
FY10 – State reduced its obligation to 30%

FY11 – State reduced its obligation to 25%

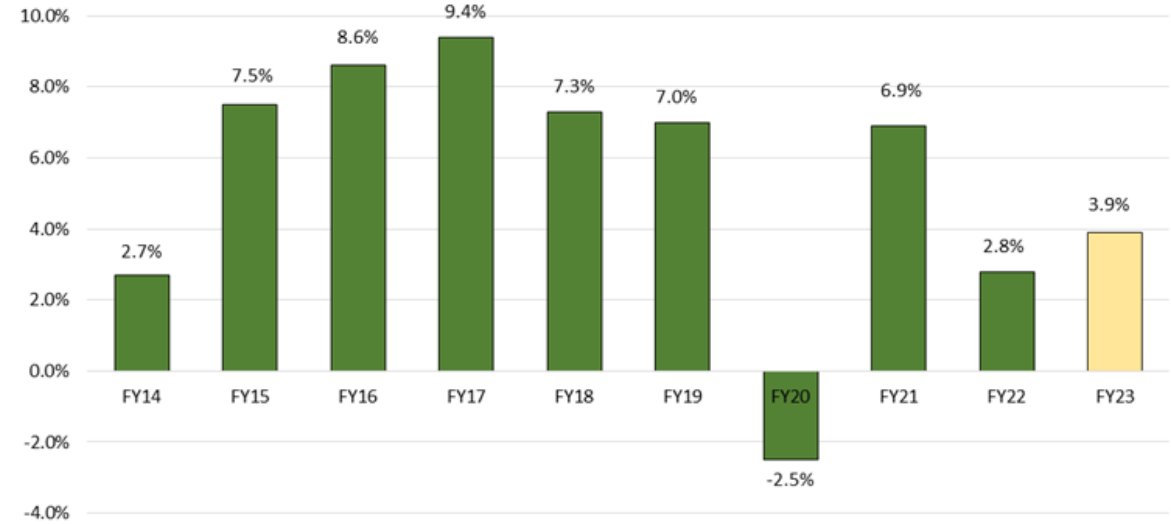
FY12 – State reduced its obligation to 0%

Health Insurance – HealthTrust & SchoolCare

HEALTHTRUST PREMIUM RATE CHANGE HISTORY
10-YEAR ROLLING AVERAGE 2.3%



SCHOOLCARE PREMIUM RATE CHANGE HISTORY
10-YEAR ROLLING AVERAGE 5.4%



HEALTH INSURANCE			FY23 Change	FY23 Proposed Budget	FY23 Estimated City Cost	Health Ins Stabilization Reserve
	% Change	FY22 Budget				
General Government	2.30%	2,096,570	48,221	2,144,791	2,275,731	(130,940)
Police Department	2.30%	1,654,004	38,042	1,692,046	1,747,248	(55,202)
Fire Department	2.30%	1,086,917	24,999	1,111,916	1,183,318	(71,402)
School	5.40%	8,173,354	441,361	8,614,715	9,289,685	(674,970)
Total General Fund		13,010,845	552,623	13,563,468	14,495,982	(932,514)

Leave at Termination Stabilization Fund

City established two methods to address:

- **The significant growing liability and**
 - **Negative budgetary impacts to the operating budget**
1. Eliminated Future Growth in this liability by negotiating in all labor agreements that new employees can no longer accumulate unlimited sick leave.
 2. The Creation of the Leave at Termination Fund (in 1999) to eliminate spikes which negatively impact the department's operating budget. Each department annually budgets a fixed amount determined by an actuarial study which is transferred into this fund where this liability is paid.

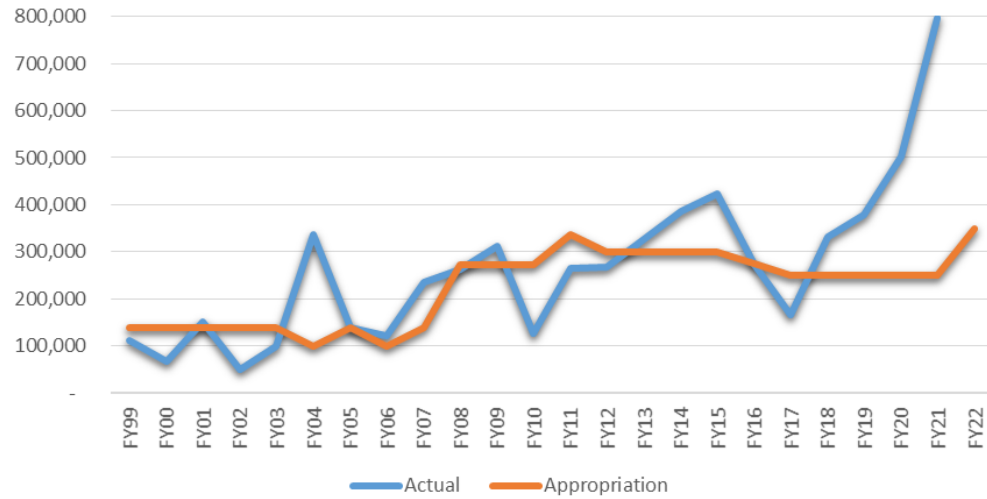
**LEAVE AT
TERMINATION
STABILIZATION
FUND**

**Leave Pay Owed To
Employees When
They Leave
Municipal Services**

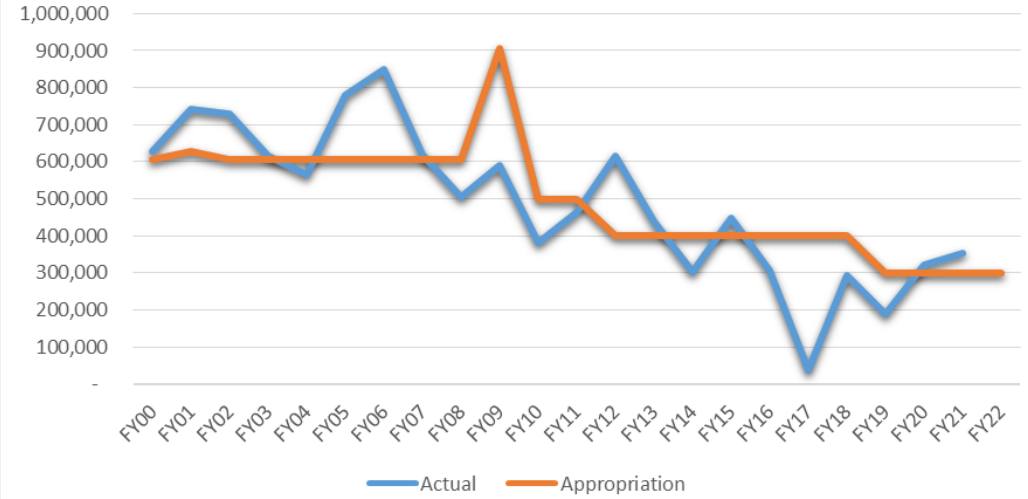
Actual Leave Payout vs. Annual Appropriation

As of June 30, 2021

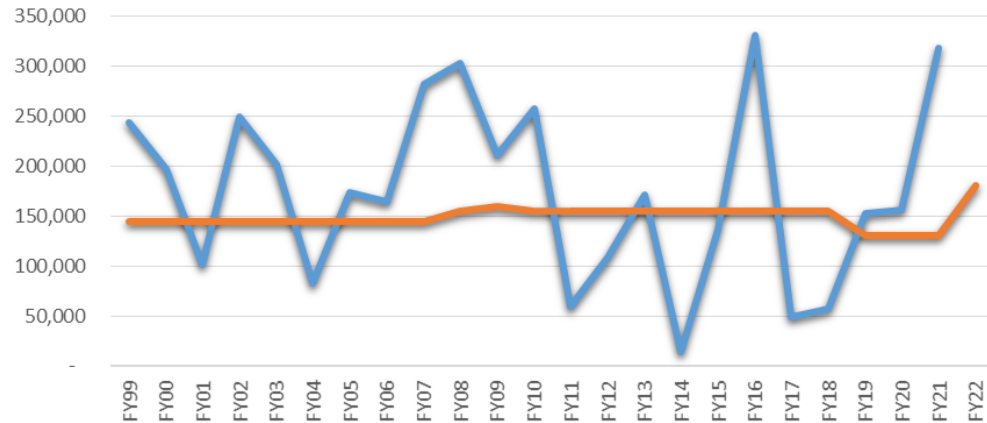
General Government



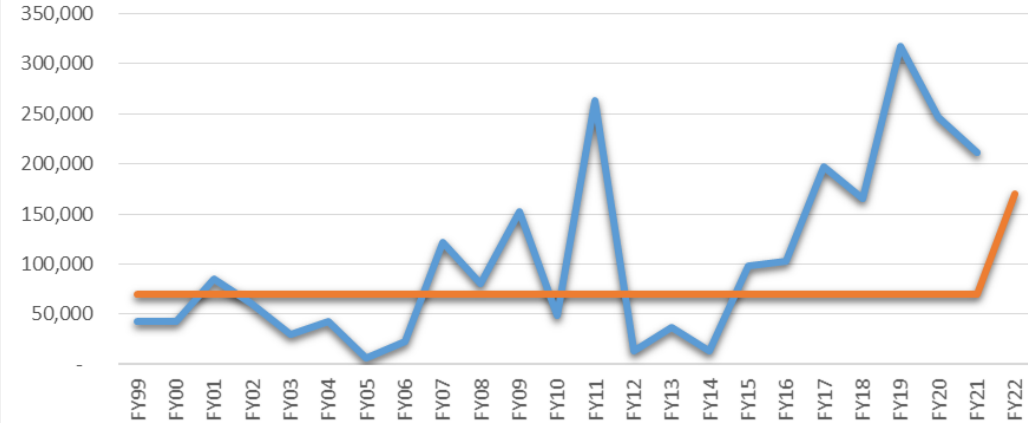
School Department



Police Department



Fire Department



Leave at Termination Annual Appropriation

Departments annually budget a fixed amount for each fiscal year which is transferred to the Leave at Termination Stabilization fund where leave liability due to employees upon termination is paid. (General Fund Only)

As of June 30, 2021	FY22 and FY23 Appropriation
General Government	\$350,000
Police	\$180,203
Fire	\$170,084
School	<u>\$300,000</u>
Total	\$1,000,287

% of Employees Eligible for Sick Leave Payout	Increase/Decrease from Previous Year	FTE Eligible for Sick Leave Payout
10.82%	↓ from 14%	19
6.67%	↓ from 9.57%	6
10.45%	↓ from 14.93%	7
7.6%	↓ from 9.15%	<u>33</u>
		65 or 8.48%

FY23

Proposed
Operating
Budget

As Presented by
Departments

<i>FY23 PROPOSED OPERATING BUDGET</i>	FY22 BUDGET	FY23 CITY MANAGER RECOMMENDED BUDGET	\$ CHANGE FROM FY22	% CHANGE FROM FY22
General Government	\$21,483,756	\$23,036,820	\$1,553,064	7.23%
Police Department	12,553,495	13,156,399	602,904	4.80%
Fire Department	9,816,421	10,149,433	333,012	3.39%
School Department	53,551,766	56,202,146	2,650,380	4.95%
Collective Bargaining Contingency	23,629	3,137,450	3,113,821	
Uniform Police Salary Adjustment	-	287,278	287,278	
Uniform Fire Salary Adjustment	-	223,894	223,894	
<i>Total Department</i>	\$97,429,067	\$106,193,420	\$8,764,353	9.00%
Transfer to Indoor Pool	150,000	150,000	-	0.0%
Transfer to Prescott Park	177,486	272,255	94,769	53.4%
Transfer to McIntyre Building Maintenance	480,000	-	(480,000)	-100.0%
Transfer to Community Campus	116,000	360,788	244,788	211.0%
<i>Total Other</i>	\$923,486	\$783,043	(140,443.00)	-15.2%
<i>TOTAL OPERATING</i>	\$98,352,553	\$106,976,463	\$8,623,910	8.77%



Non-Operating Budget

*Debt Service
Rockingham County Tax
Rolling Stock
Capital Outlay*

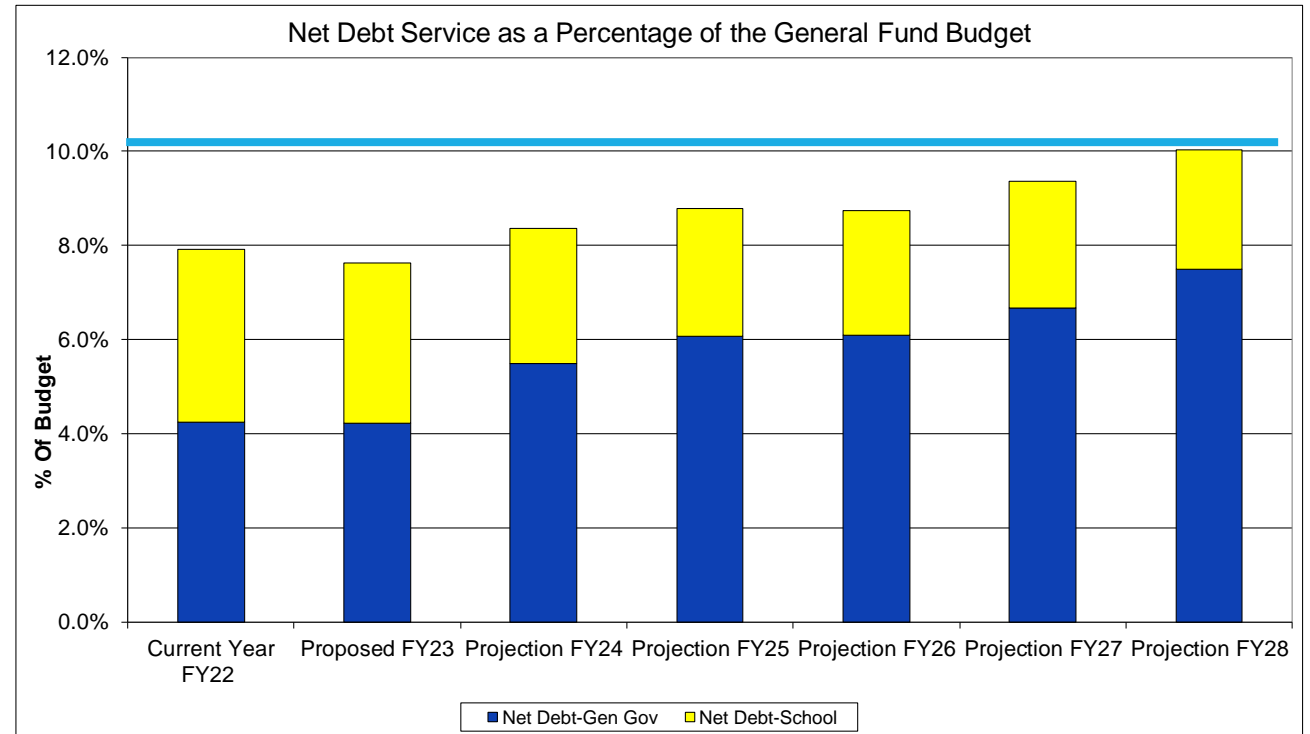
Debt Service-

The City's policy to use no more than 10% of annual appropriations toward net debt service payments to keep debt manageable.

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Existing Debt Service-School	6,407,958	6,154,444	4,302,169	4,168,569	3,959,669	3,778,644	3,658,744
Existing Debt Service-Gen Gov	7,151,372	6,201,028	5,752,403	4,834,252	4,295,103	3,206,853	2,330,978
Projected Debt Service-School	-	144,000	419,800	500,400	759,000	1,191,600	1,254,200
Projected Debt Service-Gen Gov	110,560	1,130,350	3,340,420	5,332,590	6,263,000	8,699,570	11,278,184
Total Gross Debt Service	13,669,890	13,629,821	13,814,791	14,835,811	15,276,771	16,876,666	18,522,105
Net Debt-School	4,650,762	4,541,248	3,980,995	3,927,995	3,977,695	4,229,270	4,171,970
Net Debt-Gen Gov	5,361,932	5,631,378	7,592,823	8,766,842	9,158,103	10,506,423	12,376,775
Total Net Debt	10,012,694	10,172,625	11,573,817	12,694,837	13,135,797	14,735,692	16,548,744
%age Net Debt Service of Budget:	7.92%	7.64%	8.37%	8.79%	8.74%	9.36%	10.03%

**Building Aid
\$1,757,196**

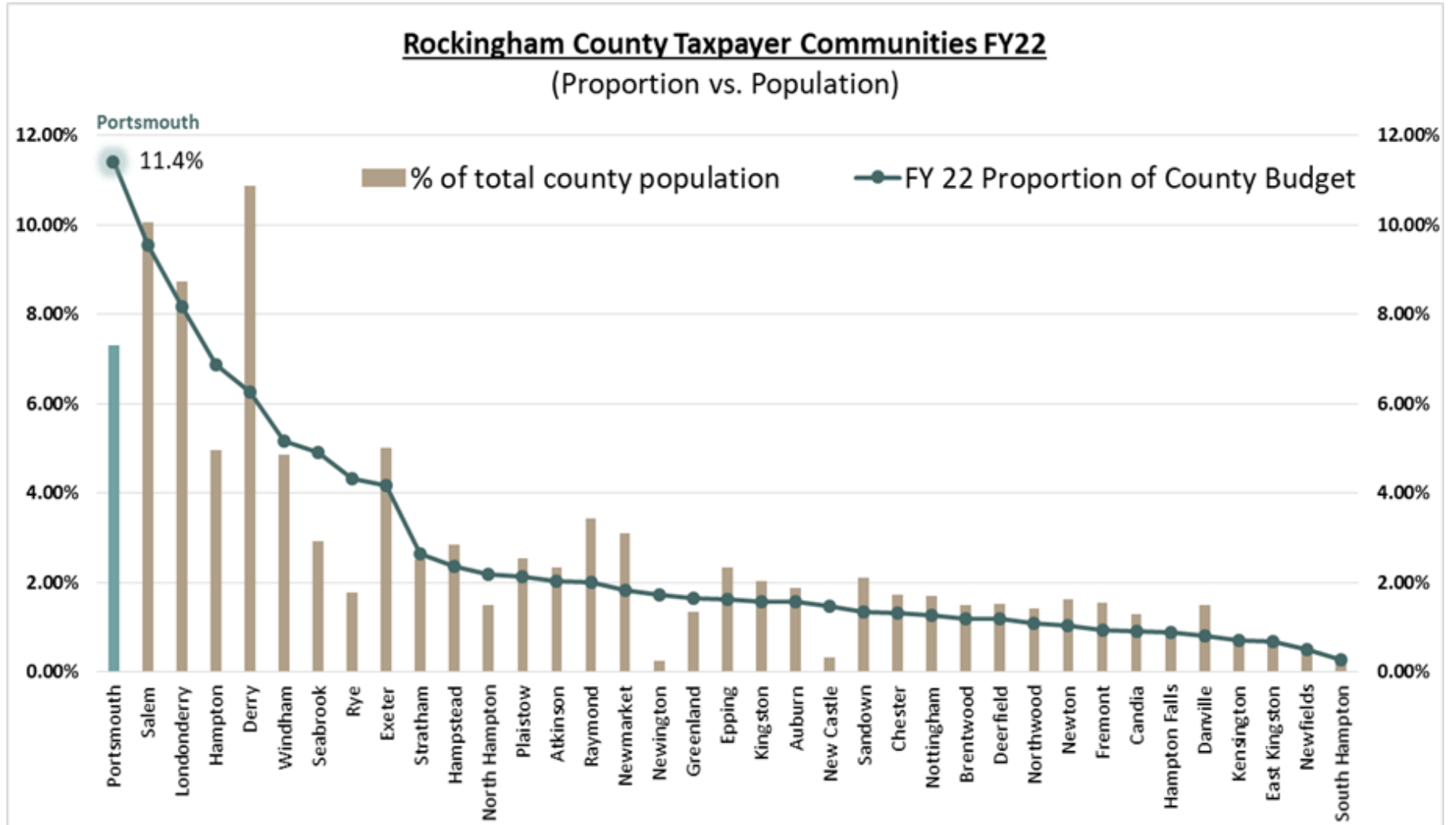
**Use of Debt
Service
Reserve
\$1,700,000**



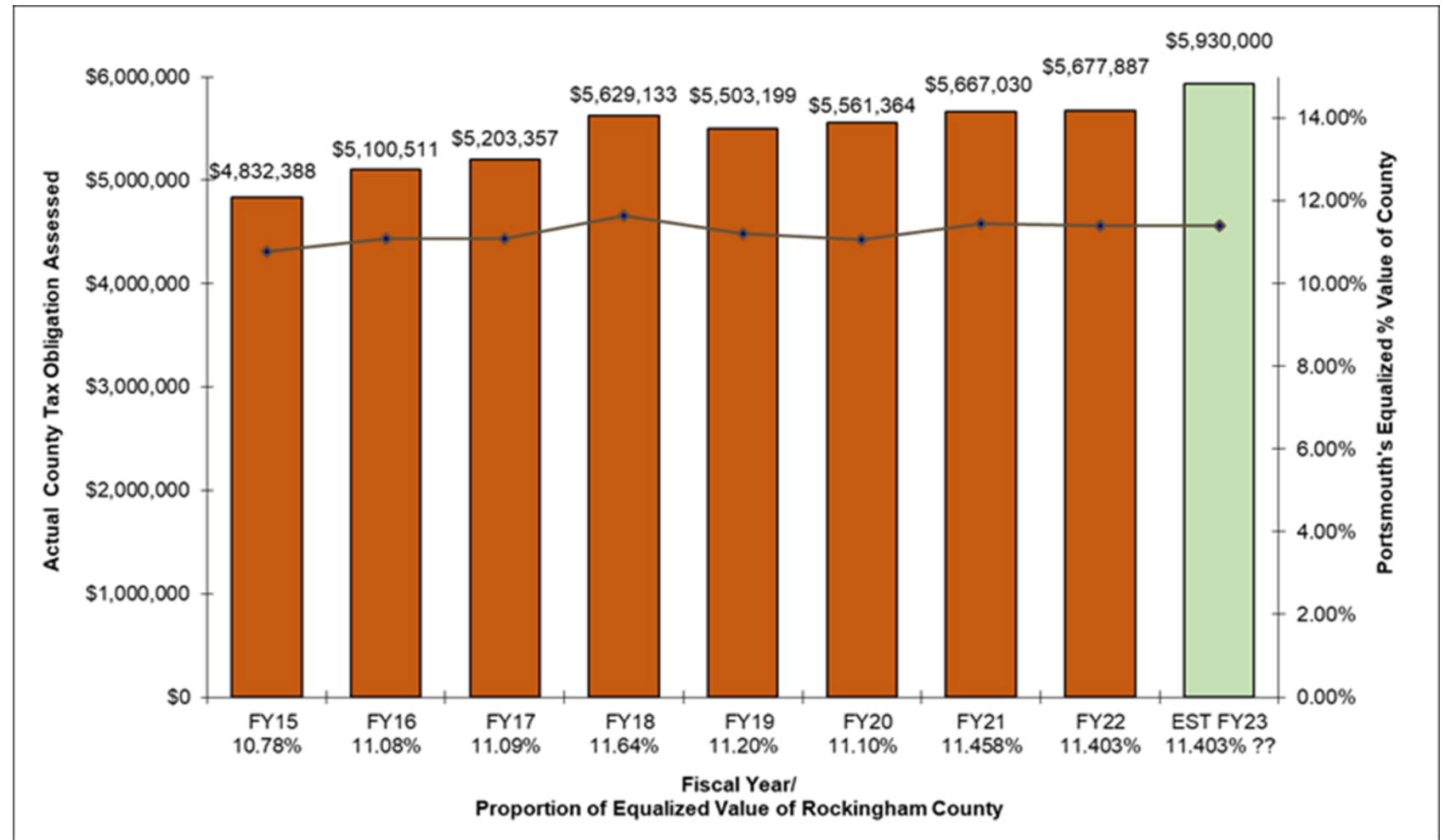
Rockingham County Tax Obligation Comparison

County Tax Obligation is calculated by:

1. Proportion of all 37 communities in Rockingham County based on equalized value, and
2. The County's Adopted Budget.



Rockingham County Tax Obligation



FY22 BUDGET	FY23 PROPOSED	\$ CHANGE	% CHANGE
\$5,813,878	\$5,930,000	\$116,122	2%

Rolling Stock

Vehicle and Equipment Replacement Plan

\$601,000

Use of ARPA

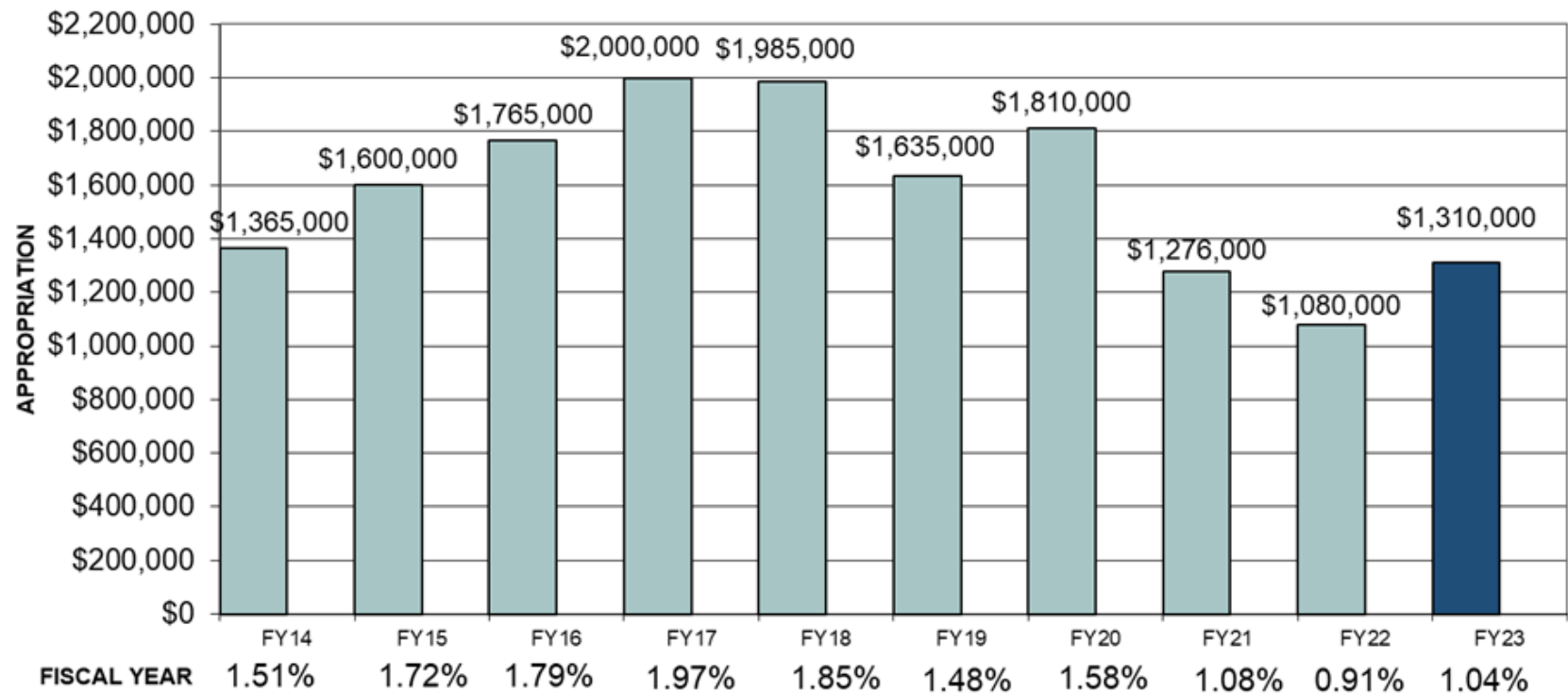
\$382,600

	FY 22 Budgeted	FY 23 Department Request	\$ Change from FY22	% Change from FY22	Use of ARPA Grant FY23
<u>Public Works</u>					
4 x 4 Utility body		70,000			
F550 4x4 1Ton Dump (yellow) w/plow		85,000			
7400 Packer (Year 1 of 3)		95,000			
7400 Packer (Year 2 of 3)		95,000			
F550 4x4 1Ton Dump (yellow) w/plow		30,000			
Total Public Works	350,000	375,000	25,000	7%	0
<u>Police</u>					
Explorer					46,900
Explorer					46,900
Explorer					46,900
Explorer					46,900
Total Police	89,500	0	(89,500)	-100%	187,600
<u>Fire</u>					
SUV					55,000
Ambulance (Year 3 of 3 funding)					140,000
Total Fire	85,000	0	(85,000)	-100%	195,000
<u>School</u>					
F350 1 ton 4x4 w/ plow		48,000			
F350 1 ton 4x4 w/ plow		48,000			
Total School	60,000	96,000	36,000	60%	0
General Fund 50% of Stormwater	0	130,000	130,000		0
TOTAL GENERAL FUND	584,500	601,000	16,500	3%	382,600

Capital Outlay

Recommended policy to keep in pace with inflation is to appropriate up to 2% of the prior year's General Fund Budget for annual Capital Outlay projects identified in the CIP.

FY23 Requested Capital Outlay is \$1,310,000 or 1.04% of the prior year appropriations.



The average expenditure for Capital Outlay over a 10-year period including the proposed FY23 Budget is \$1,582,600 per year.

Capital Outlay

Budget Page		City Council Adopted 03-07-22	City Manager Adjusted	Use of ARPA Funds	City Manager Recommended	
II	29	Durable Medical Equipment	\$135,000	(\$50,000)	(\$85,000)	\$0
II	30	Personal Protective Clothing Replacement (Fire)	\$70,000		(\$70,000)	\$0
II	39	Permanent/Historic Document Restoration, Preservation and Scanning	\$100,000			\$100,000
II	40	Trail Development Projects	\$25,000			\$25,000
II	41	McIntyre Federal Office Building Redevelopment	\$25,000			\$25,000
II	42	Climate Action Plan	\$100,000		(\$100,000)	\$0
II	43	Greenland Road Recreation Facility	\$200,000	(\$200,000)		\$0
II	44	Citywide Playground Improvements	\$50,000			\$50,000
II	46	Community Campus	\$100,000			\$100,000
II	48	Citywide Park & Monument Improvements	\$200,000			\$200,000
II	53	Bow Street Overlook	\$50,000			\$50,000
II	55	Historic Cemetery Improvements	\$40,000			\$40,000
II	56	Sound Barriers in Residential Area Along I-95	\$100,000	(\$100,000)		\$0
II	77	Elwyn Park Traffic Calming and Pedestrian Improvements	\$160,000			\$160,000
II	79	Citywide Traffic Signal Upgrade Program	\$100,000			\$100,000
II	80	Traffic Calming (formerly) South St. at Middle Rd. Pedestrian Accomodations & Traffic Calming	\$300,000			\$300,000
II	106	Edmond Avenue	\$60,000			\$60,000
II	108	Citywide Storm Drainage Improvements	\$150,000		(\$150,000)	\$0
II	22	Capital Contingency	\$100,000			\$100,000
Total Capital Outlay FY23		\$2,065,000	(\$350,000)	(\$405,000)	\$1,310,000	

Use of ARPA Funds

Capital Outlay projects identified in the CIP- Eligible for ARPA funding **FY 23 Budget**

1)	Durable Medical Equipment	85,000
2)	Personal Protective Clothing Replacement (Fire)	70,000
3)	Climate Action Plan	100,000
4)	Citywide Storm Drainage Improvements	150,000
	Total	405,000

Rolling Stock items Requested- Eligible for ARPA funding **FY 23 Budget**

1)	Police-Explorers (4)	187,600
2)	Fire-SUV	55,000
3)	Fire-Ambulance (Year 3 of 3 funding)	140,000
	Total	382,600

IT Upgrades/Replacements identified in the CIP- Eligible for ARPA funding **FY 23 Budget**

1)	Police-Public Safety Records Management/Computer Aided Dispatch System	250,000
	Total	250,000
	Total for Non-Operating	\$1,037,600

Proposed FY23 Non-Operating Budget

<i>NON-OPERATING BUDGET</i>	FY22	FY23		
	BUDGET	PROPOSED	\$ CHANGE	% CHANGE
		BUDGET	FROM FY22	FROM FY22
Debt Service and Related Exp	13,797,890	13,749,821	(48,069)	-0.35%
Overlay	1,000,000	1,000,000	-	0.00%
Property & Liability (excluding School)	417,090	437,645	20,555	4.93%
Rockingham County Tax	5,813,878	5,930,000	116,122	2.00%
Contingency	300,000	300,000	-	0.00%
Rolling Stock	584,500	601,000	16,500	2.82%
IT Equipment Replacement	1,194,208	1,141,658	(52,550)	-4.40%
Capital Outlay	1,080,000	1,310,000	230,000	21.30%
Landfill Closure-Coakley/Jones	348,000	115,000	(233,000)	-66.95%
Portsmouth 400th Celebration	-	200,000	200,000	
Other Non-Operating	436,914	447,289	10,375	2.37%
McIntyre Eng/Design	400,000	-	(400,000)	-100.00%
McIntyre Settlement	500,000	1,000,000	500,000	100.00%
Skateboard Park	2,200,000	-	(2,200,000)	-100.00%
<i>TOTAL NON-OPERATING</i>	\$28,072,480	\$26,232,413	(\$1,840,067)	-6.55%

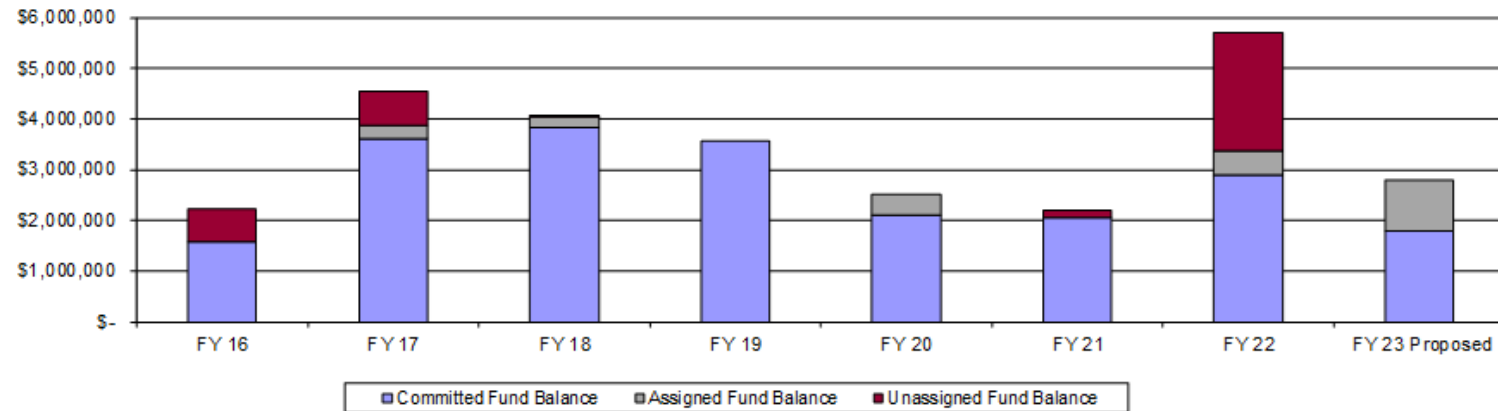
Estimated Revenues

Revenues are estimated to increase by \$1.3 Million or 4.2% from FY22

Net Changes:

- Local Sources: Estimated increase of \$310,654 primarily from:
 - \$50,000 - Vehicle registrations
 - \$70,000 – Pease Development Authority Airport District
 - \$186,054 -Water/Sewer overhead
- School Revenues: Estimated increase of \$222,098 primarily from School Tuition;
- Use of Fund Balance: (\$2,896,000) reduction from prior year use of Fund Balance;
- State Revenues:
 - \$429,000 Estimated increase from Rooms and Meals Tax and Highway Block Grant
 - \$3,121,111 One-time State Adequate Education Grant

Use of Fund Balance History



Use of:	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23 Proposed	Total FY16-FY23
Committed Fund Balance	1,573,500	3,623,500	3,819,149	3,559,114	2,100,000	2,050,000	2,900,000	1,800,000	21,425,263
Assigned Fund Balance	-	250,000	231,000	-	400,000	-	480,000	1,000,000	2,361,000
Unassigned Fund Balance	650,000	665,800	27,167	-	-	150,000	2,316,000	-	3,808,967
Total Use of Fund Balance	2,223,500	4,539,300	4,077,316	3,559,114	2,500,000	2,200,000	5,696,000	2,800,000	27,595,230

Average Use Per Year: 3,449,404

FY22- Total \$5,696,000 Budget Process

Use of Debt Reserve	\$1,900,000
Reserve for tax Appraisal	\$100,000
McIntyre Operations	\$480,000

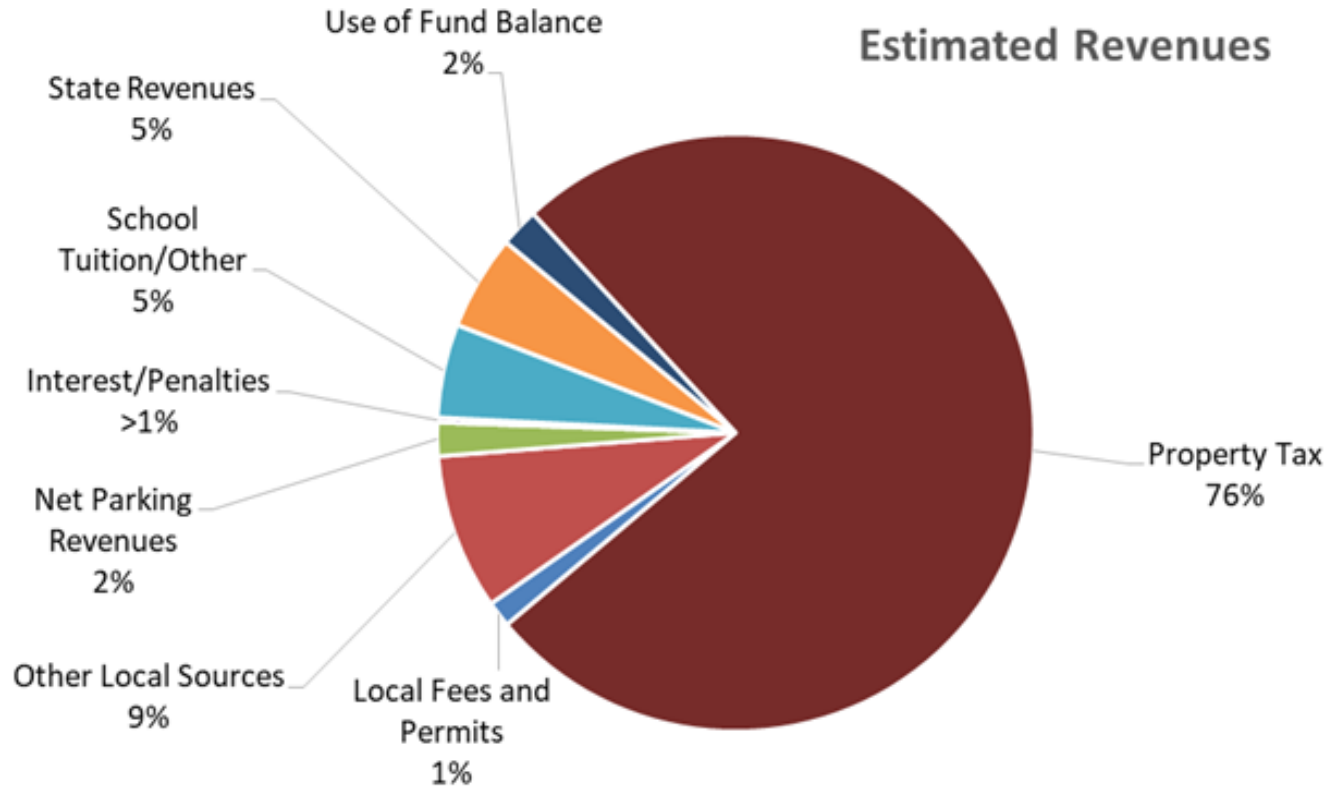
Supplemental Appropriations

Skateboard Park	\$2,200,000
Community Campus	\$116,000
McIntyre Settlement/Design	\$900,000

FY23- Total \$2,800,000 Proposed Budget Process

Use of Debt Reserve	\$1,700,000
Reserve for tax Appraisal	\$100,000
McIntyre Settlement	\$1,000,000

Proposed FY23 Balanced Budget



EXPENDITURES:	
OPERATING	106,976,463
NON-OPERATING	26,232,413
PROPOSED BUDGET	\$133,208,876
REVENUES:	
1) LOCAL FEES AND PERMITS	1,888,300
2) OTHER LOCAL SOURCES	11,237,714
3) NET PARKING REVENUES	2,412,305
4) INTEREST / PENALTIES	351,491
5) SCHOOL TUITION / OTHER	6,745,978
6) STATE REVENUES	6,848,195
7) USE OF FUND BALANCE	2,800,000
REVENUES	\$32,283,983
PROPERTY TAX LEVY	\$100,924,893
TOTAL REVENUES	\$133,208,876

If the proposed budget is adopted as presented, it will result in an estimated tax rate of \$15.71 which represents a 68¢ increase or 4.51%.

Tax Rate

Median Single Family Residential Home \$478,050

	Tax Rate Increase	Annual Increase	Monthly Increase
Property Tax	0.68	\$324	\$27

Variables

- 7.5% State Retirement Contribution for Police, Fire, and Teachers
- Rockingham County Tax Obligation
- Interest Income

Water and Sewer User Rates

The City continues to utilize a rate stabilization model, first implemented in Fiscal Year 2014, for addressing long-term financial planning and major capital needs.

- *Water – Increase of 3% (70¢ per month)*
- *Sewer – Increase of 6% (\$4.45 per month)*

FY23 Budget Schedule

May

- May 9th – City Council Meeting – Public Hearing on Budget FY23
- May 10th – City Council Work Session – Police & Fire Budget Review
- May 11th – City Council Work Session – School Dept. Budget Review
- May 12th – City Council Work Session – General Govt. & Parking & Transportation Budget Review
- May 18th – City Council Water, Sewer & Stormwater Budget Review
- **May 19th – Public Dialogue Budget Sessions**
 - **Portsmouth Middle School 5:30pm - 6:30pm**
 - **Senior Activity Center and Fire Station 2 7:00pm – 8:00pm**
- May 23st – City Council Work Session – Budget Review

June

- June 6st – City Council Meeting – Adoption of the FY23 Budget

