



## CITY OF PORTSMOUTH

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John P. Bohenko  
City Manager

**To:** Honorable Mayor Robert J. Lister and City Council Members  
**From:** John P. Bohenko, City Manager  
**Date:** May 1, 2014  
**Re:** Fiscal Year 2015 Budget Message

In accordance with Article VII of the City Charter, I hereby submit to you the Fiscal Year 2015 Proposed Budget document. This document contains all appropriated City funds, including General, Water, Sewer, Parking & Transportation, and Community Development. It also includes a summary of the Capital Improvement Plan and the Rolling Stock Replacement Program along with the FY15 Fee Schedule. This budget highlights recent accomplishments, outlines priorities for the coming year, establishes a financial plan for the future, and provides General Government, School, Fire, Police, Water and Sewer services that meet critical needs for the City of Portsmouth.

Once again this year, the City Manager's Proposed Budget represents a continuation of the practice of producing a predictable and stable tax rate for Portsmouth residents. The message provides a summary of the key factors influencing the proposed budget.

The City's ability to continue to offer a stable and predictable tax rate is the result of many external factors as well as City led financial planning and proactive management to control costs. Despite the impacts of cost downshifting by the State of New Hampshire and the downturn in the nation's economy in recent years, the City has maintained a strong fiscal and economic position as well as high quality local government services.

The ultimate recognition of these efforts came in June 2013 when the City obtained a AAA bond rating – the highest obtainable bond rating from Standard & Poor's Rating Agency. This distinction – never before earned by the City – will save taxpayers money well into the future and help ensure Portsmouth remains a vibrant place to live, work, and visit.

The following strategies and policies have been instrumental in assuring financial stability:

- **Infrastructure Investments:** Consistent investment in infrastructure has produced and maintained a strong and reliable network of roads, bridges and sidewalks that serve its residents, businesses and visitors well. These investments directly improve quality of life and are key to business attraction and private investment.
- **Long-term Financial Planning and Policies:** The City's financial stability is a direct result of previous actions taken to address long-term liabilities, which limit the impact from external financial conditions beyond the City's control. These policies include: an unassigned fund balance ordinance, a debt management policy, and stabilization funds for health insurance and leave-at-termination.

- Reporting and Transparency: The City’s effort to produce effective and transparent financial documentation has been consistently recognized by the Government Finance Officers Association of the United States and Canada, in the form of two prestigious awards:
  - the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR); and
  - the Distinguished Budget Presentation Award for the City’s annual proposed budget document.

### **NEW SERVICES FOR FISCAL YEAR 2015**

Through the budget process, the City Council determines priorities, service levels and policies for the City’s government. In order to meet an increased demand for services, the proposed FY15 Budget includes an increase in the Operating Budget in the following areas:

- Senior Services – Over the last two years the City has transformed its approach to serving senior residents. New investments in outreach and programming – including the introduction of a new senior services supervisor and the planned introduction of an interim senior programming space – have required an increase in operating costs.
- Planning Department – Investment and development in the City has significantly increased following the 2008 credit crisis and has placed substantial strain on the City’s Planning Department. In response to these demands, the City Council authorized the addition of an Associate Planner position, increased consulting services for reviewing construction plans and performing inspections for zoning compliance, added staffing resources for transcribing meeting minutes for the land use boards, and invested in new planning tools to assist the Department and the Boards in their work. These investments have impacted the operating budget in the last few years.
- Parking Shuttle Service – In FY15, a new weekend parking shuttle service will run between the Market Street Church Lot and the City’s municipal parking garage at no cost to the ridership. This service is funded through the City’s Parking & Transportation Special Revenue fund.

Meanwhile, the City has seen an increase in major revenues in the following areas:

- Parking Revenues – Parking Revenues have increased as a direct result of policy changes adopted by the City Council. Parking revenues are generated through user fees associated with the City’s operation of the municipal parking garage, metering of both on-street and parking lots, and fines. Recently, the City Council adopted policies that created high occupancy zones, increased expired meter fines, and eliminated “first hour free” parking and increased the hourly rate in the garage. These changes will increase parking revenues by approximately \$1.5 million. In FY15, 44% of revenues generated from parking will remain in the General Fund to help offset taxes.
- Expansion of the Tax Base through Construction Activity – Portsmouth continues to attract significant investment throughout the City in the form of commercial and residential development. This includes new construction for medical office and light manufacturing uses at Pease International Tradeport; new commercial developments along the U.S. Route 1 corridor; and new office, hotel, and retail development as well as residential condominiums in the downtown resulting in an increase in assessed values.

The City is fortunate to attract these new investments, which in turn broaden the tax base and keeps the tax rate low.

- Motor Vehicle Registrations – Since FY11, revenues from motor vehicle registrations have increased after a significant decline between FY08 to FY11. We anticipate revenues will return to pre-recession levels in FY15.

## THE FISCAL YEAR 2015 GENERAL FUND BUDGET

The proposed budget has been carefully prepared to permit the continuation of critical services as well as increased services as described previously. The recommended General Fund budget for FY15 is \$96,741,762. This is an increase of \$3,656,625 or 3.93% over FY14.

The operating budget of \$75,737,440 finances expenditures associated with the day-to-day operations and services provided by Police, Fire, School and General Government departments. Also included is funding for the transfer to the Indoor Pool Special Revenue fund – an annual appropriation approved by the City Council in FY12 – and an appropriation for collective bargaining contingency, described later in this budget message.

The non-operating budget of \$21,004,322 finances expenditures for debt service, overlay, capital outlay, county tax, contingency, and other non-operating expenditures.

<b>2015 PROPOSED BUDGET</b>				
	FY14	FY15 City Manager Recommended	\$ Change	Percent Change
<b>Operating</b>	73,363,323	75,737,440	2,374,117	3.24%
<b>Non-Operating</b>	19,721,814	21,004,322	1,282,508	6.50%
<b>Total</b>	\$93,085,137	\$96,741,762	3,656,625	3.93%

Property taxes remain the major source of funding for the services provided by the City Departments. If the budget is adopted as proposed, it will result in an overall tax rate of \$18.20, which represents a 29¢ increase or 1.64% over FY14. As the following table illustrates, the average annual tax increase since FY11 has been 20¢ or 1.1% annually.

### *Tax Rate History*

	Tax Rate	\$ Rate Increase
FY11	17.41	
FY12	17.27	(0.14)
FY13	17.55	0.28
FY14	17.91	0.36
<u>FY15 Proposed</u>	<u>18.20</u>	<u>0.29</u>

Four-year average of 20 cents per year

The FY15 budget message continues with identifying specific components of the budget that have an impact on the proposed estimated tax rate. Keep in mind that the tax rate is set by the

New Hampshire Department of Revenue Administration in October once all state revenues, property valuation, and the county tax obligation are finalized.

## BUDGET ENVIRONMENT

### *Operating Budget*

On the operating side of the budget, there are several challenges that Departments face when preparing budgets that maintain quality services and keep budgetary increases at a minimum. These challenges include increases in health insurance, salary obligations, retirement, utilities, and other operating costs.

The City Manager recommended Operating budget for FY15 is \$75,737,440, which is \$457,993 less than the Department requested budgets. The resulting increase of 3.24% in the City Manager’s operating budget is lower than the 3.86% increase requested by the Departments. This was accomplished by utilizing funds from the health insurance stabilization fund (*see Health Insurance Costs below*). This action results in the following increases over the FY14 Operating Budget by Department: General Government, 1.94%; Police, 1.85%; Fire, 3.00%; and School, 2.90%, as depicted in the following table.

	FY14 Budget	FY15 Department Requested	\$ Change	Percent Change	FY15 City Manager Recommended	\$ Change	Percent Change
General Government	16,686,628	17,087,849	401,221	2.40%	17,010,942	324,314	1.94%
Police	9,174,659	9,408,535	233,876	2.55%	9,343,994	169,335	1.85%
Fire	7,531,078	7,807,210	276,132	3.67%	7,757,108	226,030	3.00%
School	39,820,958	41,241,839	1,420,881	3.57%	40,975,396	1,154,438	2.90%
Indoor Pool	150,000	150,000	-	0.00%	150,000	-	0.00%
Collective Bargaining		500,000	500,000		500,000	500,000	
<b>Total Operating</b>	<b>\$73,363,323</b>	<b>\$76,195,433</b>	<b>\$2,832,110</b>	<b>3.86%</b>	<b>\$75,737,440</b>	<b>\$2,374,117</b>	<b>3.24%</b>

### *Health Insurance Costs*

Health insurance continues to be a major expense which fluctuates from year-to-year. The New Hampshire Local Government Center (LGC) HealthTrust has provided the City with a health insurance Guaranteed Maximum Rate (GMR) increase of 2.6%, which will result in a *total* premium cost of approximately \$14.1 million. City employees’ share will be approximately \$2.5 million, or approximately 18% of the total cost, leaving the City’s share at \$11.6 million.

Establishing the appropriation for health insurance premiums for the General Government, Police, Fire and School Departments has traditionally been determined in accordance with the average increase of Health Insurance rates provided by HealthTrust over 10 years. Any shortfall from the appropriation for health premiums would be subsidized by the Health Insurance Stabilization Fund. *Detailed information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of this budget document.* The Guaranteed Maximum Rate (GMR) of 2.6% makes the 10-year average rate increase 7.28%. Each department used this increase for the health insurance premiums when preparing their budgets.

The City has since been informed that a “holiday premium” of approximately \$500,000 for the general fund will be received by HealthTrust in FY15. The holiday premium is a refund of

premiums to the City and its employees, which is paid from the accumulated surplus within the pools during a specific period. This holiday premium, net of refund to employees, will be deposited into the health insurance stabilization reserves. With the anticipation of this holiday premium, I feel comfortable reducing the health insurance appropriation within the departments down to the guaranteed maximum rate of 2.6% (*see table below*), thereby reducing the overall budget by \$457,993.

<b>HEALTH INSURANCE BUDGET</b>			
	FY14 Budget	Increase @ 2.60%	FY15 Budget
General Government	1,643,317	42,726	1,686,043
Police Department	1,379,099	35,857	1,414,956
Fire Department	1,070,561	27,835	1,098,396
School	5,693,234	148,024	5,841,258
<b>Total General Fund Budget</b>	<b>9,786,211</b>	<b>254,442</b>	<b>10,040,653</b>

### **Salaries**

Employees of the City of Portsmouth provide services such as public safety, education, recreation, as well as other city business, therefore, city services are labor-intensive. Personnel costs comprise 84% of the operating budget. Of the City's fifteen (15) collective bargaining units, thirteen (13) agreements will expire on June 30, 2014. The submitted budgets from Police, Fire, School and General Government are prepared without cost-of-living (COLA) for those contracts that will expire at the end of this fiscal year. The increase in salaries for FY15 is a result of the following:

- Although contracts have expired, departments included step increases for employees who have not reached top step in the job classifications in accordance with current contracts.
- Pursuant to the two settled collective bargaining unit agreements; School Custodial Supervisors and School Clerical unions, salaries have been adjusted by the 10-year rolling average of the CPI for the November-November Boston-Brockton-Nashua rate. While the annual CPI is .9%, the salaries have been adjusted by the 10-year rolling average of 2.02%.
- As referenced in the Superintendent's budget message, Teachers offered to forgo step and COLA increases for the first 6 months of FY13 and FY14. Although there has been significant savings, the delayed step and COLA increase is now reflected in a full year budget for FY15.

At this time, we can only anticipate negotiated salaries and benefits associated with the remaining thirteen collective bargaining units that will expire June 30, 2014 along with the time frame in which these agreements will be negotiated and approved. Therefore, I am recommending an appropriation in a separate line item within the operating budget that would reserve funds until such time these contracts are approved. I recommend, at a minimum, that \$500,000 be appropriated.

### **Retirement**

The retirement rates for the FY15 budget remain unchanged as we are in the second year of the certified rate provided by the New Hampshire Retirement System. However, retirement costs

are affected by any increase in salaries, such as COLA and step adjustments. The FY15 proposed retirement budget increase of \$188,188 does not include retirement impacts associated with salary adjustments that have not yet been negotiated.

<b>RETIREMENT APPROPRIATION FY15</b>				
	<b>FY14 BUDGET</b>	<b>FY15 PROPOSED</b>	<b>\$ Change</b>	<b>Percent % Change</b>
<b>General Government</b>	755,044	792,449	37,405	4.95%
<b>Police Department</b>	1,215,951	1,239,183	23,232	1.91%
<b>Fire Department</b>	1,180,919	1,226,682	45,763	3.88%
<b>School Department</b>	2,953,439	3,036,016	82,577	2.80%
<b>Total</b>	<b>\$6,105,353</b>	<b>\$6,294,330</b>	<b>\$188,977</b>	<b>3.10%</b>

As a reminder, the State of New Hampshire has eliminated its entire share of the employer contributions to the New Hampshire Retirement System (NHRS) for Teachers, Police and Fire personnel. Prior to FY10, this contribution was 35% of the employer’s share. In subsequent fiscal years, the contribution dwindled to 30%, 25%, and 0% thereby downshifting the entire contribution to the local level.

### ***Non-Operating Budget***

On the non-operating side of the budget, the overall increase of \$1,282,508 or 6.5% over FY14 is primarily a result of the three major areas of expenditures outlined below.

- **County Tax** – The county tax is estimated to be \$4.7 million, an increase of \$223,900 or 4.93% over FY14. The City is annually assessed its portion of the Rockingham County budget based on its proportion of the equalized property value in the County. Currently, Portsmouth’s proportion is 10.64%. It should be noted that the City of Portsmouth is 7.17% of the county’s total population; however, Portsmouth taxpayers pay by far the largest portion of the County’s total tax commitment.
- **Capital Outlay** – This year the Planning Board-CIP Subcommittee recommended that the City adopt a policy of tying capital expenditures from the general fund to *up to 2%* of the prior year’s general fund budget. For FY15, capital outlay budget is proposed at \$1.7 million or 1.8% of the FY14 budget.
- **Debt Service Payments** – The net increase in debt service payment of \$747,837 or 7.13% over FY14 is primarily due to the first year principal and interest payment for \$5.7 million bond issue for the FY14 City-Wide Improvements and \$3.3 million for additional funding for the Middle School renovation, both approved by the City Council in calendar year 2013. Despite this increase we remain within the guidelines established by the City’s debt service policy. This increase will bring the City’s net debt service payments to 8.19% of total general fund appropriation. The City’s policy is to use no more than 10% of the annual appropriation towards debt service.

## WATER AND SEWER ENTERPRISE FUNDS

Fiscal Year 2015 marks the second year of implementation of the new water and sewer rate model. The model was created in order to plan for large infrastructure costs resulting from mandates of the Environmental Protection Agency (EPA) Judicial Consent Decree. The goal of the rate model is to utilize a rate stabilization approach by having predictable and stable user rates over the next several years as we begin to pay for the regulatory-driven capital costs such as the Peirce Island Wastewater Treatment Facility upgrades. The new rate model has changed the methodology historically used when setting the user rates by setting aside reserves to stabilize rates. This will eliminate large annual rate fluctuations as we approach the payment of significant capital costs.

### *User Rates for Fiscal Year 2015*

The user rates proposed for FY15 are lower than previously projected and discussed below. More detail regarding the Water and Sewer budgets is provided in the Water and Sewer Enterprise Fund sections of this document.

- Water – For the third consecutive fiscal year, the rate stabilization model for the Water Division will permit another year with *no increase* in user rates.
- Sewer – The user rates in the Sewer Division will have an increase of 5%. This is far less than previously anticipated prior to the implementation of the rate model. This is partially attributable to the State of New Hampshire allowing the City to refinance several State Revolving Loans, which will result in savings in excess of \$1.5 million over the life of the loans and just over \$190,000 in FY15.

During the budget process, the City Council will hold a work session to review and discuss capital infrastructure requirements for both the water and sewer divisions as well as the user rates and other water and sewer policies and fees.

## PROGRESS ON GOALS AND PUBLIC OUTREACH

This budget is produced at a time in which much progress is being made on many significant and complex issues and projects all while maintaining a core of high quality local government services in all areas of operation. In addition, the City has received recognition for its leadership in the area of Public Works (Governor's Commendation for Street Trees) and in Transportation (Designation for the City's Complete Streets Policy). Some of these major initiatives include *(More information about these initiatives can be found in the Citywide Priorities section):*

- Senior Programming and Services;
- Bike and Pedestrian Master Plan;
- Wayfinding Plan;
- Character-based zoning (also known as form-based zoning);
- African Burying Ground Memorial Park;
- Paul A. Doble Army Reserve Center;
- Water and Sewer Rate Study; and
- Peirce Island Wastewater Treatment Facility.

In addition, the City continued and expanded upon its efforts to ensure extensive and meaningful public input opportunities for various projects and initiatives. These included website comment forms and tools for the Haven School Playground Improvement Project, the Market Street Gateway Improvement Project, and the City's Bicycle and Pedestrian Plan. Social media tools like Twitter are now utilized by the Public Works, Police, Fire, Planning, Library, and Recreation Departments. The City also held an innovative, multi-day design charrette for development of the character-based zoning. Public outreach efforts also included various facility tours at both the Peirce Island and Pease Wastewater Treatment Facilities. In FY15, the City staff will continue to work with the City Council and community to find ways to collect public input and ensure effective communications.

### **CONCLUSION**

My budget message continues on the following pages with citywide budget highlights for all funds presented in this budget document, citywide priorities, financial policies and long-term financial guidelines, and a community and economic profile. All of this information is used for creating the current proposed budget as well as for long-term planning.

I'd like to take this opportunity to thank the Finance Department, Department heads, and the Boards and Commissions for their hard work in developing this budget. I look forward to working with the City Council and members of the public as the budget process moves forward.





# 2015 PROPOSED BUDGET HIGHLIGHTS

## GENERAL FUND Total Appropriation

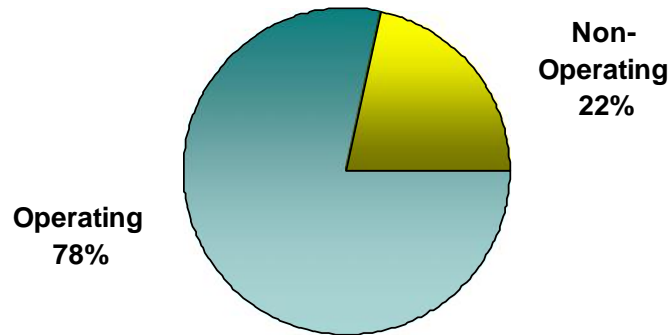
The General Fund for the City of Portsmouth represents services provided by the General Government, Police, Fire and School Departments as well as appropriations for the non-operating portion of the budget which include Debt Service, County Tax, Overlay, Capital Outlay and other non-operating expenditures not associated with individual departments. The total proposed FY15 appropriation for the General Fund is \$96,741,762 or a 3.93% increase over the FY14 budget.

The following table is a summary of major expenditure categories for the FY13 budget and actual, FY14 budget, FY15 Department requested budget and the City Manager's recommended budget, as well as the percent and dollar change over FY14.

TOTAL GENERAL FUND	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	FY15 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
SALARIES	34,606,309	34,072,480	35,960,338	37,000,276	37,000,276	2.89%	1,039,939
PART TIME SALARIES	1,782,077	1,677,743	1,701,467	1,599,729	1,599,729	-5.98%	(101,738)
CITY COUNCIL/COMMISSIONS	38,800	37,250	41,600	41,600	41,600	0.00%	0
OVERTIME	1,472,877	1,633,964	1,469,977	1,498,807	1,498,807	1.96%	28,830
HOLIDAY	279,319	263,545	280,693	287,380	287,380	2.38%	6,687
*LONGEVITY	105,324	100,033	112,559	116,054	116,054	3.11%	3,495
CERTIFICATION STIPENDS	281,449	252,511	276,268	287,413	287,413	4.03%	11,145
SPECIAL DETAIL / EDUCATION STIPEND	64,722	63,456	65,050	72,860	72,860	12.01%	7,810
RETIREMENT	4,823,386	4,646,589	6,105,353	6,294,330	6,294,330	3.10%	188,977
HEALTH INSURANCE	9,689,182	9,689,182	9,786,211	10,498,646	10,040,653	2.60%	254,442
DENTAL INSURANCE	601,571	589,939	610,285	620,108	620,108	1.61%	9,823
INSURANCE REIMBURSEMENT	109,145	99,548	114,068	120,308	120,308	5.47%	6,240
LEAVE AT TERMINATION	925,287	925,287	925,287	925,287	925,287	0.00%	0
LIFE AND DISABILITY	266,876	231,241	268,954	258,060	258,060	-4.05%	(10,894)
WORKERS' COMPENSATION	634,740	634,852	661,464	623,158	623,158	-5.79%	(38,306)
PROFESSIONAL DEVELOPMENT (SCHOOL ONLY)	250,080	248,705	250,080	250,080	250,080	0.00%	0
OTHER BENEFITS	2,623,777	2,406,657	2,712,082	2,759,583	2,759,583	1.75%	47,501
COLLECTIVE BARGAINING CONTINGENCY	100,000	-	-	500,000	500,000		500,000
POLICE SERVICES - PARKING	-	-	(80,000)	(80,000)	(80,000)	0.00%	0
<b>TOTAL SALARIES AND BENEFITS</b>	<b>58,654,921</b>	<b>57,572,979</b>	<b>61,261,736</b>	<b>63,673,679</b>	<b>63,215,686</b>	<b>3.19%</b>	<b>1,953,951</b>
TRAINING/EDUCATION/CONFERENCES	117,983	112,192	126,511	145,390	145,390	14.92%	18,879
UTILITIES	2,343,140	2,133,840	2,355,403	2,404,755	2,404,755	2.10%	49,352
DIRECT ASSISTANCE	234,000	290,806	250,100	279,100	279,100	11.60%	29,000
OUTSIDE SOCIAL SERVICES	148,228	148,228	148,228	148,228	148,228	0.00%	0
CONTRACTED SERVICES	1,772,421	1,850,337	1,926,623	2,226,496	2,226,496	15.56%	299,873
PUPIL TRANSPORTATION	931,598	952,693	974,581	1,015,974	1,015,974	4.25%	41,393
TUITION	1,131,549	1,295,140	1,054,966	1,081,354	1,081,354	2.50%	26,388
ADVERTISING	39,808	37,585	37,999	38,999	38,999	2.63%	1,000
PRINTING	44,828	33,167	46,187	49,892	49,892	8.02%	3,705
PROFESSIONAL ORGANIZATION DUES	112,122	103,604	112,978	115,133	115,133	1.91%	2,155
STUDENT BOOKS / PERIODICALS	212,721	180,130	217,797	231,707	231,707	6.39%	13,911
OTHER OPERATING	4,558,120	5,106,361	4,700,215	4,634,726	4,634,726	-1.39%	(65,489)
TRANSFER TO INDOOR POOL	150,000	150,000	150,000	150,000	150,000	0.00%	0
<b>TOTAL OTHER OPERATING</b>	<b>11,796,518</b>	<b>12,394,083</b>	<b>12,101,588</b>	<b>12,521,754</b>	<b>12,521,754</b>	<b>3.47%</b>	<b>420,167</b>
<b>TOTAL OPERATING</b>	<b>70,451,439</b>	<b>69,967,062</b>	<b>73,363,323</b>	<b>76,195,433</b>	<b>75,737,440</b>	<b>3.24%</b>	<b>2,374,117</b>
DEBT RELATED EXPENSES	350,000	79,221	350,000	275,000	275,000	-21.43%	(75,000)
DEBT SERVICE	11,325,131	11,270,007	10,483,686	11,231,523	11,231,523	7.13%	747,837
CONTINGENCY	250,000	250,000	250,000	250,000	250,000	0.00%	0
OVERLAY	1,150,000	1,150,000	950,000	1,000,000	1,000,000	5.26%	50,000
COUNTY	4,297,188	4,426,943	4,540,274	4,764,174	4,764,174	4.93%	223,900
PROPERTY & LIABILITY	414,000	407,753	414,000	318,000	318,000	-23.19%	(96,000)
ROLLING STOCK	773,993	773,993	766,892	786,300	786,300		19,408
USE OF FUND BALANCE : UNASSIGNED	-	-	-	-	-		0
USE OF BOND PREMIUM	-	-	-	-	-		0
OTHER NON-OPERATING	522,017	515,967	601,962	679,325	679,325	12.85%	77,363
CAPITAL	1,022,500	1,022,500	1,365,000	1,700,000	1,700,000	24.54%	335,000
<b>TOTAL NON-OPERATING</b>	<b>20,104,829</b>	<b>19,896,384</b>	<b>19,721,814</b>	<b>21,004,322</b>	<b>21,004,322</b>	<b>6.50%</b>	<b>1,282,508</b>
<b>TOTAL GENERAL FUND BUDGET</b>	<b>90,556,268</b>	<b>89,863,446</b>	<b>93,085,137</b>	<b>97,199,755</b>	<b>96,741,762</b>	<b>3.93%</b>	<b>3,656,625</b>

The FY15 budget represents \$75,737,440 in operating expenditures or 78% of the total budget and \$21,004,322 for non-operating expenditures or 22% of the total budget as depicted in the pie chart below.

**FY 15 Proportion of Operating & Non-Operating Proposed Budget**

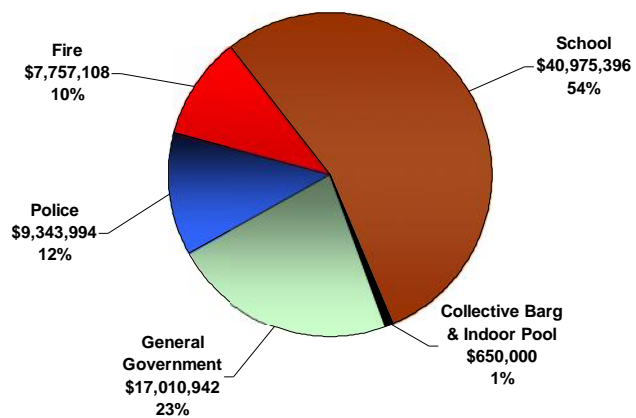


***Operating Budget***

The total proposed Operating Budget for FY15 is \$75,737,440 which funds the expenditures associated with the day-to-day operations and services provided by the General Government, Police, Fire and School Departments.

The Operating Budget which, includes \$500,000 for Collective Bargaining Contingency and \$150,000 for operations related to the Indoor Pool, represents an increase of \$2,374,117 or 3.24% from the FY14 budget.

**FY15 Proposed Operating Budget**



The next four tables summarize major expenditures for each of the four components of the Operating budget: General Government, Police, Fire and School departments. The tables provide the FY13 budget, FY13 actual, FY14 budget, FY15 department requested budget and the City Manager’s recommended as well as the percent and dollar change over FY14. Detail information regarding each of these major departments is located in their respective pages of this document.

In these tables, the categories labeled *Other Benefits* and *Other Operating* primarily include the following details.

**Other Benefits:**

- Social Security
- Medicare
- Clothing Allowance
- Unemployment Compensation
- Life & Long-Term Disability

**Other Operating:**

- Telephone
- Office Supplies
- Small office equipment
- Repairs to vehicles and equipment
- Postage
- Furniture and fixtures
- Water and Sewer
- Janitorial supplies
- Software and Software maintenance
- Sand & Salt for roads

*General Government*

The General Government includes services provided by the following departments:

- City Council
- City Manager
- Human Resources
- City Clerk/Elections
- Emergency Management
- Legal
- Finance
- Planning
- Inspections
- Health
- Public Works
- Public Library
- Recreation
- Public Welfare
- Social Services
- Other Gen Admin
- Senior Services

The total proposed City Manager recommended FY15 budget for the General Government is \$17,010,942. This is an increase of \$324,314 or 1.94% from FY14.

TOTAL GENERAL GOVERNMENT	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	FY15 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
SALARIES	6,133,125	6,046,131	6,533,135	6,835,034	6,835,034	4.62%	301,899
PART-TIME SALARIES	909,118	775,221	832,890	708,606	708,606	-14.92%	(124,284)
CITY COUNCIL/TRUSTEES	17,600	17,050	20,400	20,400	20,400	0.00%	0
OVERTIME	335,377	297,472	345,027	329,448	329,448	-4.52%	(15,579)
LONGEVITY	51,737	49,987	55,595	52,130	52,130	-6.23%	(3,465)
RETIREMENT	592,209	587,368	755,044	792,449	792,449	4.95%	37,405
HEALTH INSURANCE	1,643,317	1,643,317	1,643,317	1,762,950	1,686,043	2.60%	42,726
DENTAL INSURANCE	109,602	108,034	113,510	114,847	114,847	1.18%	1,337
INSURANCE REIMBURSEMENT	58,500	46,607	50,000	52,500	52,500	5.00%	2,500
LEAVE AT TERMINATION	300,000	300,000	300,000	300,000	300,000	0.00%	0
LIFE AND DISABILITY	41,600	40,055	43,208	44,300	44,300	2.53%	1,092
WORKERS' COMPENSATION	181,814	181,926	194,093	184,445	184,445	-4.97%	(9,648)
OTHER BENEFITS	575,752	528,688	594,616	614,538	614,538	3.35%	19,922
<b>TOTAL CONTRACTUAL OBLIGATIONS</b>	<b>10,949,751</b>	<b>10,621,856</b>	<b>11,480,835</b>	<b>11,811,647</b>	<b>11,734,740</b>	2.21%	253,905
TRAINING/EDUCATION/CONFERENCES	53,300	40,499	61,350	66,825	66,825	8.92%	5,475
UTILITIES	1,159,000	986,933	1,115,500	1,133,000	1,133,000	1.57%	17,500
WELFARE DIRECT ASSISTANCE	234,000	290,806	250,100	279,100	279,100	11.60%	29,000
OUTSIDE SOCIAL SERVICES	148,228	148,228	148,228	148,228	148,228	0.00%	0
CONTRACTED SERVICES	832,523	938,626	949,923	1,160,220	1,160,220	22.14%	210,297
ADVERTISING	33,100	33,246	33,100	33,100	33,100	0.00%	0
PRINTING	19,800	12,846	22,805	26,750	26,750	17.30%	3,945
PROFESSIONAL ORGANIZATION DUES	56,913	54,595	58,496	60,096	60,096	2.74%	1,600
OTHER OPERATING	2,418,429	2,461,590	2,566,291	2,368,883	2,368,883	-7.69%	(197,408)
<b>TOTAL OTHER OPERATING</b>	<b>4,955,293</b>	<b>4,967,368</b>	<b>5,205,793</b>	<b>5,276,202</b>	<b>5,276,202</b>	1.35%	70,409
<b>TOTAL GENERAL GOVERNMENT</b>	<b>15,905,044</b>	<b>15,589,224</b>	<b>16,686,628</b>	<b>17,087,849</b>	<b>17,010,942</b>	1.94%	324,314

## Police Department

The total proposed City Manager FY15 budget for the Police Department is \$9,343,994. This is an increase of \$169,335 or 1.85% from FY14.

	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	FY15 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
<b>POLICE DEPARTMENT</b>							
SALARIES - UNIFORM	3,588,918	3,456,623	3,641,118	3,682,819	3,682,819	1.15%	41,701
SALARIES - CIVILIAN	962,750	933,438	1,017,754	1,020,432	1,020,432	0.26%	2,678
SHIFT DIFFERENTIAL	24,250	19,147	24,499	24,499	24,499	0.00%	-
PART-TIME SALARIES	108,091	118,698	110,505	124,821	124,821	12.96%	14,316
COMMISSIONER STIPEND	3,600	3,600	3,600	3,600	3,600	0.00%	-
OVERTIME	492,722	543,159	519,423	519,423	519,423	0.00%	-
HOLIDAY	148,907	145,944	151,564	154,661	154,661	2.04%	3,097
LONGEVITY	29,742	26,768	31,772	34,286	34,286	7.91%	2,514
SPECIAL DETAIL / EDUCATION STIPEND	64,722	63,456	65,050	72,860	72,860	12.01%	7,810
RETIREMENT	957,285	915,053	1,215,951	1,239,183	1,239,183	1.91%	23,232
HEALTH INSURANCE	1,379,099	1,379,099	1,379,099	1,479,497	1,414,956	2.60%	35,857
DENTAL INSURANCE	80,770	78,978	80,641	89,127	89,127	10.52%	8,486
INSURANCE REIMBURSEMENT	3,666	3,332	3,665	3,665	3,665	0.00%	-
LEAVE AT TERMINATION	155,203	155,203	155,203	155,203	155,203	0.00%	-
LIFE AND DISABILITY	4,485	4,088	4,844	5,021	5,021	3.65%	177
WORKERS' COMPENSATION	120,927	120,927	126,074	124,201	124,201	-1.49%	(1,873)
OTHER BENEFITS	204,729	194,377	209,788	212,604	212,604	1.34%	2,816
POLICE SERVICES-PARKING FUND	-	-	(80,000)	(80,000)	(80,000)	0.00%	-
<i>Contractual Obligations</i>	<i>8,329,866</i>	<i>8,161,890</i>	<i>8,660,550</i>	<i>8,865,902</i>	<i>8,801,361</i>	<i>1.63%</i>	<i>140,811</i>
TRAINING/EDUCATION/CONFERENCES	47,683	52,342	48,161	52,565	52,565	9.14%	4,404
UTILITIES	86,700	104,833	87,567	106,000	106,000	21.05%	18,433
CONTRACTED SERVICES	25,208	36,928	25,461	26,961	26,961	5.89%	1,500
ADVERTISING	1,608	1,793	1,624	2,624	2,624	61.58%	1,000
PRINTING	4,627	5,809	4,673	5,173	5,173	10.70%	500
PROFESSIONAL ORGANIZATION DUES	8,666	8,727	8,752	8,852	8,852	1.14%	100
OTHER OPERATING	334,527	398,482	337,871	340,458	340,458	0.77%	2,587
<i>Other Operating</i>	<i>509,019</i>	<i>608,914</i>	<i>514,109</i>	<i>542,633</i>	<i>542,633</i>	<i>5.55%</i>	<i>28,524</i>
<b>TOTAL POLICE DEPARTMENT</b>	<b>8,838,885</b>	<b>8,770,804</b>	<b>9,174,659</b>	<b>9,408,535</b>	<b>9,343,994</b>	<b>1.85%</b>	<b>169,335</b>

## Fire Department

The Fire Department's FY15 proposed budget is \$7,757,108. This is an increase of \$226,030 or 3.00% from FY14.

	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	FY15 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
<b>FIRE DEPARTMENT</b>							
SALARIES	3,153,792	2,964,016	3,258,256	3,361,552	3,361,552	3.17%	103,296
PART-TIME SALARIES	57,477	56,639	58,345	55,348	55,348	-5.14%	(2,997)
COMMISSIONER STIPEND	3,600	3,600	3,600	3,600	3,600	0.00%	0
OVERTIME	575,000	715,363	536,591	581,000	581,000	8.28%	44,409
HOLIDAY	130,412	117,601	129,129	132,719	132,719	2.78%	3,590
LONGEVITY	23,845	23,278	25,192	29,638	29,638	17.65%	4,446
CERTIFICATION STIPENDS	281,449	252,511	276,268	287,413	287,413	4.03%	11,145
RETIREMENT	961,646	930,801	1,180,919	1,226,682	1,226,682	3.88%	45,763
HEALTH INSURANCE	1,018,101	1,018,101	1,070,561	1,148,498	1,098,396	2.60%	27,835
DENTAL INSURANCE	69,246	60,444	70,077	70,077	70,077	0.00%	0
INSURANCE REIMBURSEMENT	46,979	49,609	60,403	64,143	64,143	6.19%	3,740
LEAVE AT TERMINATION	70,084	70,084	70,084	70,084	70,084	0.00%	0
WORKERS' COMPENSATION	231,342	231,342	232,230	213,898	213,898	-7.89%	(18,332)
LIFE AND DISABILITY	20,652	18,196	20,763	20,600	20,600	-0.79%	(163)
OTHER BENEFITS	103,738	96,295	106,356	108,260	108,260	1.79%	1,904
<i>Contractual Obligations</i>	<i>6,747,363</i>	<i>6,607,878</i>	<i>7,098,774</i>	<i>7,373,512</i>	<i>7,323,410</i>	<i>3.16%</i>	<i>224,636</i>
TRAINING/EDUCATION/CONFERENCES	17,000	19,352	17,000	26,000	26,000	52.94%	9,000
UTILITIES	124,881	110,574	124,881	125,000	125,000	0.10%	119
CONTRACTED SERVICES	20,500	19,549	20,000	20,000	20,000	0.00%	0
ADVERTISING	500	1,440	500	500	500	0.00%	0
PRINTING	400	106	400	400	400	0.00%	0
PROFESSIONAL ORGANIZATION DUES	11,648	10,469	11,648	11,648	11,648	0.00%	0
OTHER OPERATING	232,958	385,864	257,875	250,150	250,150	-3.00%	(7,725)
<i>Other Operating</i>	<i>407,887</i>	<i>547,353</i>	<i>432,304</i>	<i>433,696</i>	<i>433,696</i>	<i>0.32%</i>	<i>1,394</i>
<b>TOTAL FIRE DEPARTMENT</b>	<b>7,155,250</b>	<b>7,155,231</b>	<b>7,531,078</b>	<b>7,807,210</b>	<b>7,757,108</b>	<b>3.00%</b>	<b>226,030</b>

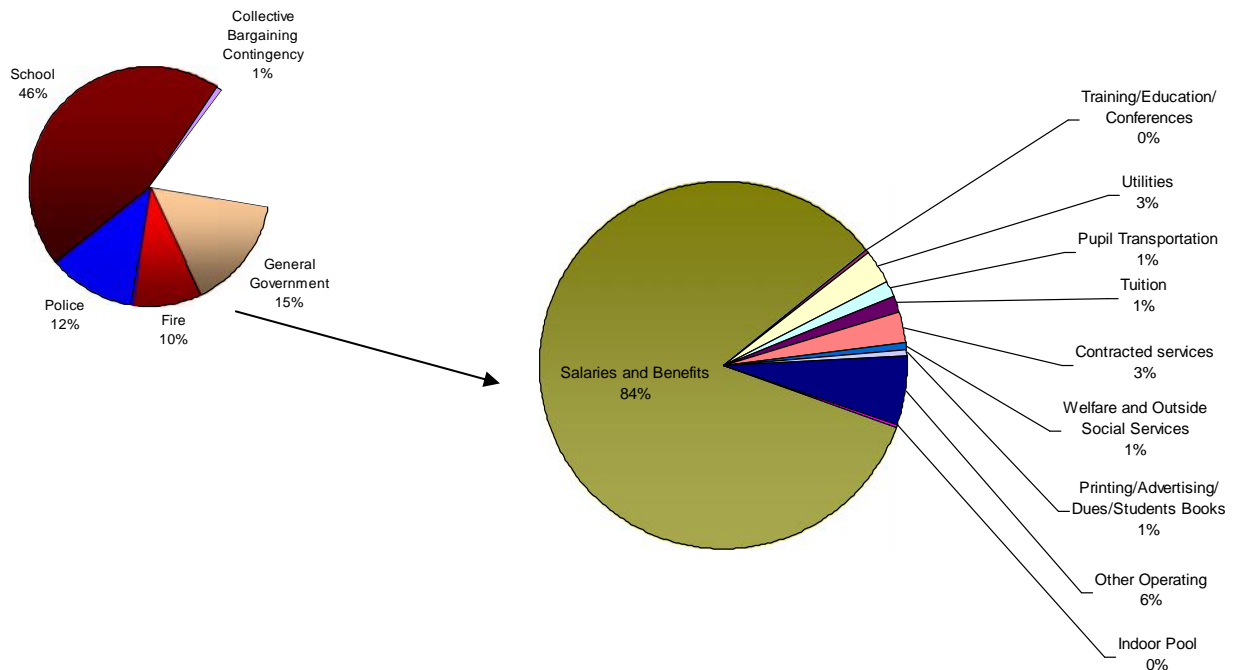
## School Department

The School Department's FY15 proposed budget is \$40,975,396. This is an increase of \$1,154,438 or 2.90% from FY14.

	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	FY15 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
<b>SCHOOL DEPARTMENT</b>							
TEACHERS	16,836,094	16,808,888	17,437,072	17,975,282	17,975,282	3.09%	538,211
SALARIES	3,907,380	3,844,238	4,048,504	4,100,658	4,100,658	1.29%	52,154
PART-TIME SALARIES	707,391	727,184	699,727	710,954	710,954	1.60%	11,227
SCHOOL BOARD STIPEND	14,000	13,000	14,000	14,000	14,000	0.00%	0
OVER TIME	69,778	77,969	68,936	68,936	68,936	0.00%	0
RETIREMENT	2,312,246	2,213,366	2,953,439	3,036,016	3,036,016	2.80%	82,577
HEALTH INSURANCE	5,648,665	5,648,665	5,693,234	6,107,701	5,841,258	2.60%	148,024
DENTAL INSURANCE	341,953	342,484	346,057	346,057	346,057	0.00%	0
LEAVE AT TERMINATION	400,000	400,000	400,000	400,000	400,000	0.00%	0
WORKERS' COMPENSATION	100,657	100,657	109,067	100,614	100,614	-7.75%	(8,453)
LIFE AND DISABILITY	200,139	168,902	200,139	188,139	188,139	-6.00%	(12,000)
PROFESSIONAL DEVELOPMENT	250,080	248,705	250,080	250,080	250,080	0.00%	0
OTHER BENEFITS	1,739,558	1,587,297	1,801,322	1,824,181	1,824,181	1.27%	22,859
<i>Contractual Obligations</i>	32,527,941	32,181,355	34,021,577	35,122,618	34,856,175	2.45%	834,599
TUITION	1,131,549	1,295,140	1,054,966	1,081,354	1,081,354	2.50%	26,388
TRANSPORTATION	931,598	952,693	974,581	1,015,974	1,015,974	4.25%	41,393
CONTRACTED SERVICES	894,190	855,235	931,239	1,019,315	1,019,315	9.46%	88,076
ADVERTISING	4,600	1,106	2,775	2,775	2,775	0.00%	0
PRINTING	20,001	14,407	18,309	17,569	17,569	-4.04%	(740)
UTILITIES	972,559	931,499	1,027,455	1,040,755	1,040,755	1.29%	13,300
REPAIR/MAINTENANCE	350,817	457,016	349,167	406,637	406,637	16.46%	57,470
STUDENT BOOKS / PERIODICALS	212,721	180,130	217,797	231,707	231,707	6.39%	13,911
PROFESSIONAL ORGANIZATION DUES	34,895	29,813	34,082	34,537	34,537	1.34%	455
OTHER OPERATING	1,221,389	1,403,409	1,189,011	1,268,598	1,268,598	6.69%	79,587
<i>Other Operating</i>	5,774,319	6,120,448	5,799,382	6,119,221	6,119,221	5.52%	319,840
<b>TOTAL</b>	<b>38,302,260</b>	<b>38,301,803</b>	<b>39,820,958</b>	<b>41,241,839</b>	<b>40,975,396</b>	<b>2.90%</b>	<b>1,154,438</b>

### Salaries, Benefits, and other Operating

As 84% of the Operating Budget represents salaries and benefits, the remaining 16% of the Operating Budget is comprised of non-salary and benefit costs such as utilities, contracted services, building and equipment repairs and maintenance, supplies, welfare and outside assistance, special needs tuition, transportation and other charges as depicted in the chart below.



The City of Portsmouth has a total of fifteen (15) collective bargaining units of which thirteen (13) of these bargaining units' contracts will expire on June 30, 2014 the remaining two (School Clericals and School Custodial Supervisors) expire June 30, 2015. Therefore, a majority of employee salaries are submitted in the proposed budgets without salary adjustments (with the exception of step increases and stipends for eligible employees).

### Retirement

The New Hampshire Retirement System (NHRS) sets the contribution rate every two years and FY15 marks the second year for this certification period. Therefore, the contribution rates will remain unchanged from FY14. The following table depicts the City's contribution rates.

<b>RETIREMENT RATES-EMPLOYER</b>	
	<b>FY15 Rates</b>
<b>GROUP I</b>	
Employees	10.77%
Teachers	14.16%
<b>GROUP II</b>	
Police	25.30%
Fire	27.74%

The table below displays the City's Retirement Budget for FY14 and FY15.

<b>RETIREMENT APPROPRIATION FY15</b>				
	<b>FY14 BUDGET</b>	<b>FY15 PROPOSED</b>	<b>\$ Change</b>	<b>Percent % Change</b>
<b>General Government</b>	755,044	792,449	37,405	4.95%
<b>Police Department</b>	1,215,951	1,239,183	23,232	1.91%
<b>Fire Department</b>	1,180,919	1,226,682	45,763	3.88%
<b>School Department</b>	2,953,439	3,036,016	82,577	2.80%
<b>Total</b>	<b>\$6,105,353</b>	<b>\$6,294,330</b>	<b>\$188,977</b>	<b>3.10%</b>

The increase of \$188,977 or 3.10% over FY14, as shown in the above table by department, does not reflect any retirement increases associated with salary adjustments for the thirteen (13) collective bargaining agreements that will be expiring June 30, 2014.

<b>EMPLOYEE CONTRIBUTION RATES</b>	
	<b>FY15</b>
<b>Group I</b>	
Municipal	7.00%
Teachers	7.00%
<b>Group II</b>	
Police	11.55%
Fire	11.80%

Employees also pay a contribution rate as shown in this table.

Prior to FY10 the State of New Hampshire contributed 35% of employer contributions for Teachers, Police and Fire personnel. In FY10 and FY11, the State began to eliminate this contribution by reducing its obligation to 30% and 25% respectively and was then reduced to zero for FY12 and all subsequent Fiscal Years.

STATE RETIREMENT CONTRIBUTION PROPORTIONS							
	FY09 Rates	FY10 Rates	FY11	FY12	FY13	FY14	FY15
<b>GROUP I</b>							
Employees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Teachers	35.00%	30.00%	25.00%	0.00%	0.00%	0.00%	0.00%
<b>GROUP II</b>							
Police	35.00%	30.00%	25.00%	0.00%	0.00%	0.00%	0.00%
Fire	35.00%	30.00%	25.00%	0.00%	0.00%	0.00%	0.00%

## Health Insurance

The New Hampshire Local Government Center (LGC) HealthTrust has announced a guaranteed maximum rate (GMR) of 2.6% for health insurance premiums which the majority of municipal employees subscribe to. The City has also offered to the collective bargaining units a SchoolCare Product supported by Cigna. As health care plan must be negotiated with each union, four of the fifteen unions have accepted this plan.

The total health insurance premium for FY15 is estimated to be \$14.1 million. The City employees' share will be approximately \$2.5 million, or 18% of the total cost, leaving the City's share at almost \$11.6 million.

Per the Health Insurance Stabilization Fund Policy the annual appropriation amount for each department is determined by the average increase of Health Insurance rates over 10 years. For FY15, the rolling average is 7.28%. This would represent an increase in the operating budget of approximately \$712,000 for FY15 with the balance of the premiums funded with the health insurance stabilization reserves. All Department Requested Budgets for FY15 were submitted using an increase of 7.28% to health Insurance. *[detailed information on the Health Insurance Stabilization Fund can be found in the Financial Policies and Long-Term Financial Guidelines section of the budget document].*

In FY15, the City and its eligible employees will receive a holiday premium credit, or refund of premiums, from the Local Government Center HealthTrust. The City's portion of the refund (approximately \$512,724) will be reserved in the Health Stabilization Fund and utilized to help offset the budget impact. As a result, the City Manager's Recommended Budget reflects Departments budgeting Health Insurance at a 2.6% increase which is the guaranteed maximum rate. As a result, the operating budget will increase by \$254,442 as shown below by department.

HEALTH INSURANCE BUDGET			
	FY14 Budget	Increase @ 2.60%	FY15 Budget
General Government	1,643,317	42,726	1,686,043
Police Department	1,379,099	35,857	1,414,956
Fire Department	1,070,561	27,835	1,098,396
School	5,693,234	148,024	5,841,258
<b>Total General Fund Budget</b>	<b>9,786,211</b>	<b>254,442</b>	<b>10,040,653</b>

## Utility Cost

Electricity, gasoline/diesel, and natural gas continue to have a major impact on the Operating Budget. The City of Portsmouth continues to reduce energy costs and consumption by upgrades and improvements to the infrastructure of municipal facilities. The City's commitment to the

principles of sustainability includes decreasing our dependence on fossil fuels and synthetic chemicals. All City-owned diesel fuel-powered vehicles operate exclusively on biodiesel. In addition, the City continues to negotiate competitive rates from third-party vendors for natural gas and electricity supply, saving thousands of dollars.

The proposed budget of \$2,404,755 for these utility costs reflects an increase of \$49,352 or 2.10% from FY14. The City continues its commitment to sustainable practices and seeking competitive rates.

The following charts depict the General Fund appropriations for natural gas, electricity and gasoline/diesel over the last seven years; chart 1 in total, chart 2 by utility.

Chart 1

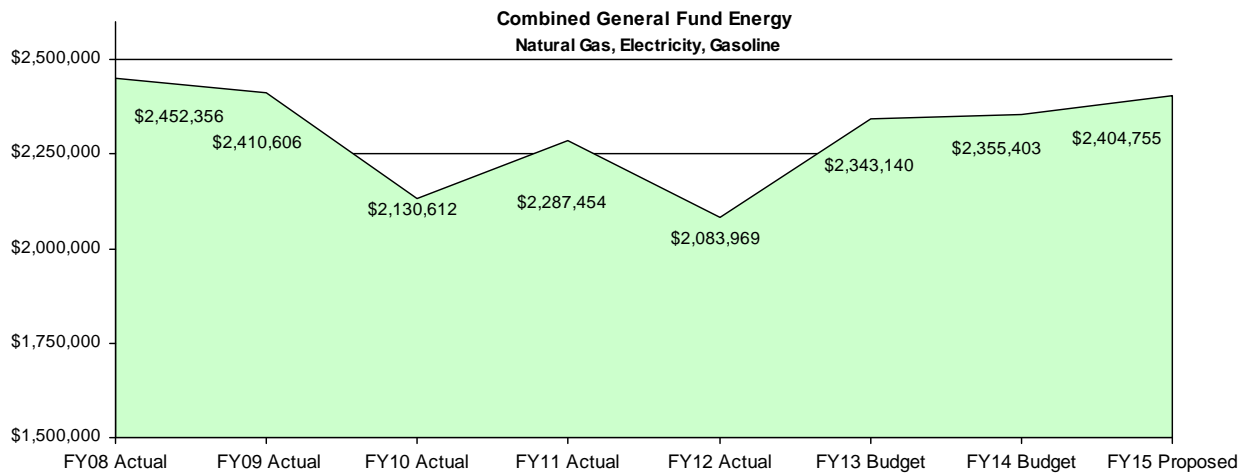
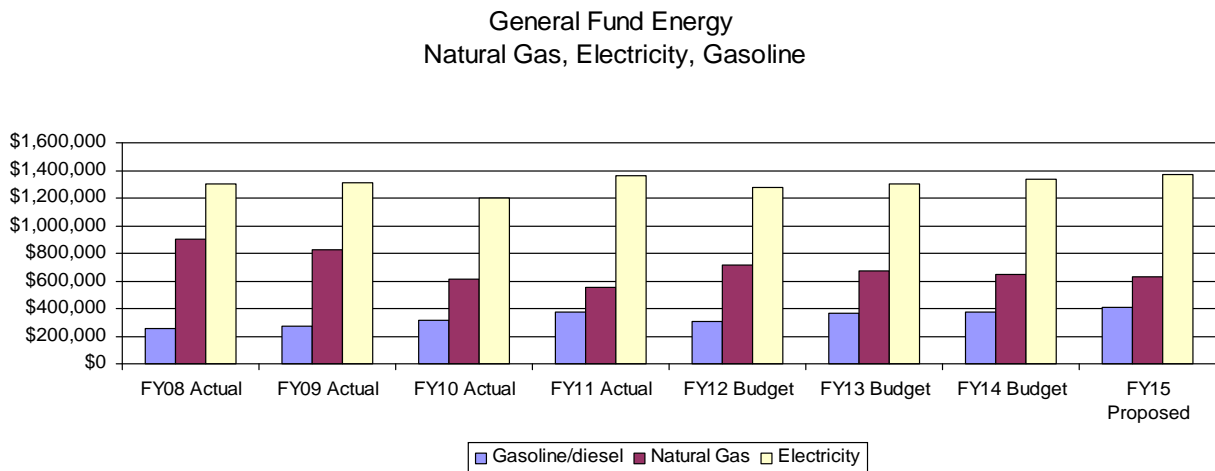


Chart 2

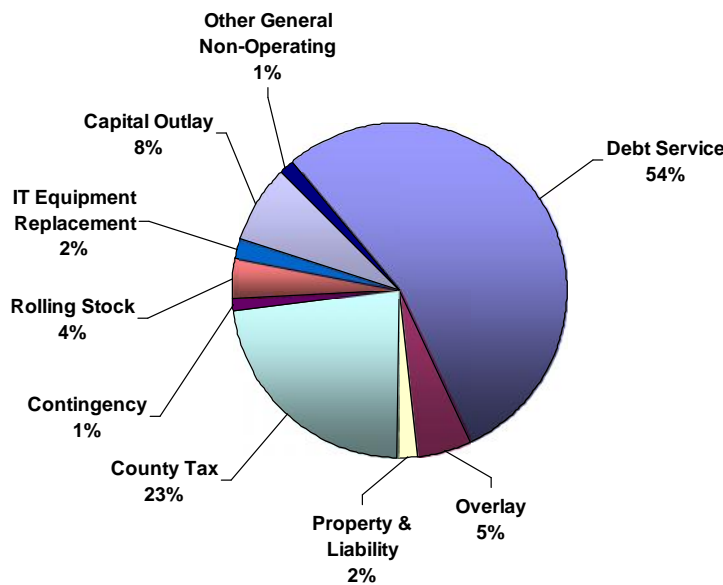




## Non-Operating Budget

The Non-Operating budget of \$21,004,322 represents an increase of 6.50% from the FY14 budget. The non-operating budget consists of expenditures for the following:

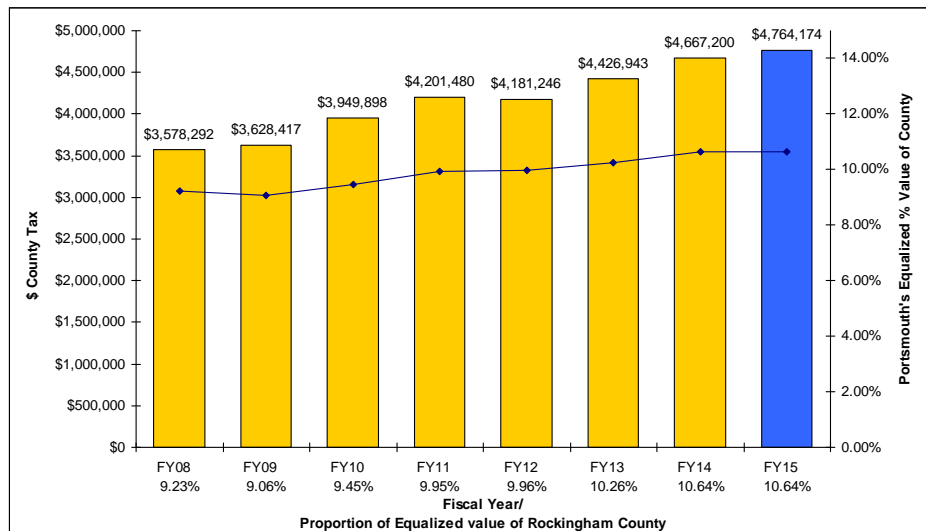
➤ Debt Service / Debt Related costs	\$11,506,523
➤ Overlay	\$1,000,000
➤ Property & Liability	\$318,000
➤ County Tax	\$4,764,174
➤ Contingency	\$250,000
➤ Rolling Stock	\$786,300
➤ IT Equipment Replacement	\$329,450
➤ Capital Outlay	\$1,700,000
➤ Other General Non-Operating	\$349,875



## County Tax

The City of Portsmouth is annually assessed its portion of the Rockingham County budget based on the City's share of the equalization of property values for the entire county. In FY15, it is estimated that Portsmouth will pay approximately \$4.7 million to Rockingham County. The following table depicts the property tax obligation and the equalized assessed value proportion history of the City of Portsmouth to Rockingham County for the last seven (7) years as well as the estimated tax for FY15.

The proportion of the City's share, which determines the actual amount due to the County, is established by the Department of Revenue at the time of setting the tax rate.

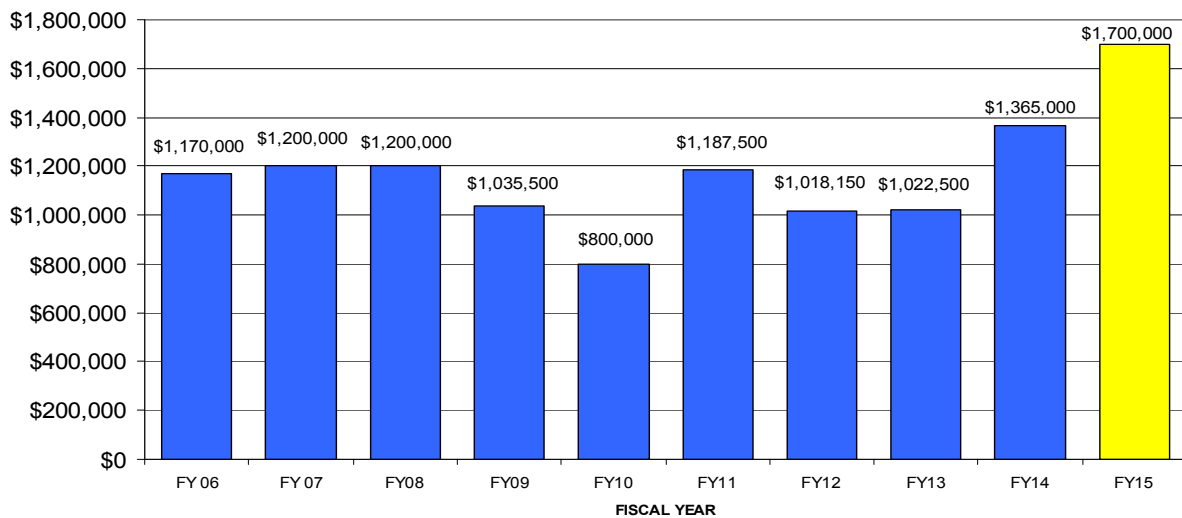


## Capital Outlay

The Planning Board has recommended for FY15 an appropriation of \$1,700,000 from the General Fund for capital projects within the Capital Improvement Plan. Appendix II identifies projects funded by all funds within the plan.

A summary of the Capital Improvement Plan FY 2015-2020 can be viewed and downloaded at the following link: <http://www.planportsmouth.com/plansandreports.html>.

The chart below provides the history of capital outlay in the General Fund, including the FY15 proposed capital outlay of \$1,700,000 as adopted by the City Council on February 18, 2014. The average expenditure for capital outlay over a 10-year period is \$1,169,865 per year.



The Capital Outlay appropriation is included in the non-operating budget of the General Fund. The following lists the recommended individual projects that comprise the Capital Outlay appropriation for the General Fund and was approved by the City Council. A description of each project can be found in Appendix II.

**Capital Improvements  
Fiscal Year 2015  
Taken from Capital Improvement Plan 2015-2020**

Budget Book

City Council Adopted

PAGE

2/18/2014

<b>II-21</b>	TRAFFIC PRE-EMPTION SYSTEM UPGRADES	<b>\$30,000</b>
<b>II-22</b>	MUNICIPAL FIRE ALARM SYSTEM: REPAIRS AND IMPROVEMENTS	<b>\$30,000</b>
<b>II-24</b>	FIRE STATION 3 SPACE NEEDS STUDY	<b>\$25,000</b>
<b>II-25</b>	POLICE SITE NEEDS STUDY	<b>\$50,000</b>
<b>II-28</b>	PRESCOTT PARK: FACILITIES CAPITAL IMPROVEMENTS	<b>\$87,500</b>
<b>II-30</b>	IMPLEMENTATION OF PEIRCE ISLAND MASTER PLAN PROJECT	<b>\$25,000</b>
<b>II-33</b>	PARK AND PLAYGROUND IMPROVEMENTS	<b>\$125,000</b>
<b>II-38</b>	BLEACHER/GRANDSTANDS	<b>\$50,000</b>
<b>II-39</b>	HISTORIC CEMETERY IMPROVEMENTS	<b>\$50,000</b>
<b>II-42</b>	RETAINING WALLS REPAIR AND IMPROVEMENTS	<b>\$75,000</b>
<b>II-43</b>	BANFIELD ROAD DRAINAGE IMPROVEMENTS	<b>\$50,000</b>
<b>II-44</b>	CITYWIDE STORMDRAINAGE IMPROVEMENTS	<b>\$50,000</b>
<b>II-45</b>	CITY WIDE FACILITIES CAPITAL IMPROVEMENTS MASTER PLAN	<b>\$50,000</b>
<b>II-48</b>	MASTER PLAN PLANNING PROCESS	<b>\$100,000</b>
<b>II-62</b>	MARKET SQUARE UPGRADE	<b>\$50,000</b>
<b>II-63</b>	BICYCLE INFRASTRUCTURE	<b>\$50,000</b>
<b>II-64</b>	MIDDLE ST BICYCLE LANES	<b>\$25,000</b>
<b>II-65</b>	HAMPTON BRANCH RAIL TRAIL	<b>\$150,000</b>
<b>II-67</b>	CITYWIDE TRAFFIC SIGNAL UPGRADE PROGRAM	<b>\$100,000</b>
<b>II-68</b>	INTERSECTION UPGRADE: MARKET STREET AT-GRADE CROSSING	<b>\$76,800</b>
<b>II-69</b>	LONGMEADOW ROAD EXTENSION	<b>\$50,000</b>
<b>II-71</b>	CITYWIDE TREE REPLACEMENT PROGRAM	<b>\$20,000</b>
<b>II-73</b>	GATEWAY IMPROVEMENTS-EXIT 7	<b>\$120,000</b>
<b>II-74</b>	ISLINGTON STREET-STREETSCAPE IMPROVEMENTS	<b>\$100,000</b>
<b>II-78</b>	BANFIELD ROAD IMPROVEMENTS	<b>\$50,000</b>
<b>II-79</b>	ATLANTIC HEIGHTS NEIGHBORHOOD EMERGENCY ACCESS ROAD	<b>\$50,000</b>
<b>II-13</b>	CAPITAL CONTINGENCY	<b>\$60,700</b>

**TOTAL**

<b>\$1,700,000</b>
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## Rolling Stock

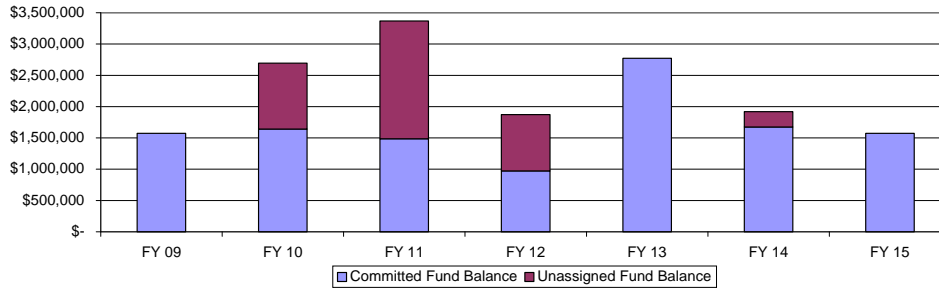
The Rolling Stock program is intended to provide an overall schedule for the expenditure of City Funds on replacement of vehicles and equipment necessary to carry out daily City activities. The complete 10 year schedule is located in Appendix I of this budget booklet. The following schedule will be funded by pay-as-you-go financing except for a Fire Rescue vehicle using financing of \$600,000.

### FY15 Rolling Stock Requests:

<u>Description</u>	<u>Year of Mfg.</u>	<u>Requested Funding</u>	<u>Totals</u>
<b>Public Works</b>			
Dump Truck	1999	95,000	
Dump Truck	1999	95,000	
Compressor	1989	20,000	
Hot Top Box	1995	70,000	
Utility Body	2003	35,000	
Mobile Message Board	2001	17,000	
Pick up		23,000	
Plow/wing 10'	1998	55,000	
Plow/wing 10'	1999	55,000	
Plow 8'	2003	6,000	
		<b>Total Public Works \$</b>	<b>471,000.00</b>
<b>Police</b>			
Cruiser	2010	44,100	
Cruiser	2011	44,100	
Cruiser	2010	44,100	
Motorcycle	2010	8,000	
		<b>Total Police \$</b>	<b>140,300.00</b>
<b>Fire</b>			
Ambulance	2007	100,000	
Command Vehicle #5	2003	50,000	
Heavy Rescue Unit	Bonding (\$600,000) 1990		
		<b>Total Fire \$</b>	<b>150,000.00</b>
<b>School</b>			
26' Ariel Lift		25,000	
		<b>Total School \$</b>	<b>25,000.00</b>
		<b>Total General Fund \$</b>	<b>786,300.00</b>
<b>Water</b>			
Compressor	1996	20,000	
Truck	2003	40,000	
Skidsteer	2006	60,000	
		<b>Total Water \$</b>	<b>120,000.00</b>
<b>Sewer</b>			
Hybrid Vehicle		30,000	
Wheel Dump	2003	125,000	
Plow	2003	32,000	
		<b>Total Sewer \$</b>	<b>187,000.00</b>
<b>Total Rolling Stock City of Portsmouth FY15</b>		<b>\$</b>	<b>1,093,300.00</b>

## Use of Fund Balance

While property taxes remain the City of Portsmouth's major source of funding for the services provided by the General Government, Police, Fire and School Departments, the City has diligently utilized other sources of revenue to keep the tax rate stable and predictable. One source is the use of Fund Balance. Each year, it is utilized to help mitigate the effects of property taxes through either the budget process or with supplemental appropriations. In FY15 the use of \$1,573,500 is scheduled to be utilized from committed fund balance to help offset the use of property taxes. The annual use of Fund Balance is depicted in the table below:

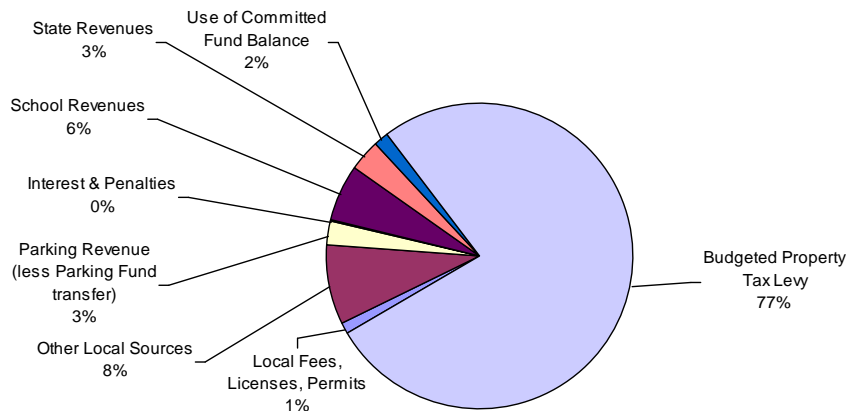


Use of:	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Total FY09-FY15
Committed Fund Balance	1,573,500	1,642,344	1,486,201	973,500	2,772,742	1,673,500	1,573,500	11,695,287
Unassigned Fund Balance	-	1,053,006	1,882,000	900,000	-	247,000	-	4,082,006
Total Use of Fund Balance	1,573,500	2,695,350	3,368,201	1,873,500	2,772,742	1,920,500	1,573,500	15,777,293

## Revenues

The FY15 Municipal General Fund Budget appropriations would be funded from the following sources:

- \$74,566,738 Property Taxes.
- \$8,183,931 Other Local Sources.
- \$5,623,900 School Tuition and other School Fees.
- \$1,573,500 Use of Committed Fund Balance
- \$3,125,638 State Revenue and State School Building Aid.
- \$2,412,305 Parking Revenues, less the amount to be transferred to the Parking Fund.
- \$990,750 Local Fees and Permits.
- \$265,000 Interest and Penalties.



# WATER ENTERPRISE FUND

## Total Appropriation

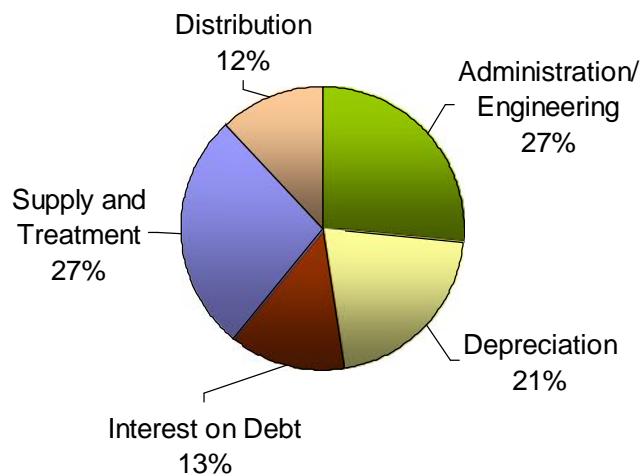
Appropriations on a full accrual basis of accounting for the Water Enterprise Fund total \$7,371,302. This is an increase of \$193,957 or 2.7% from the FY14 budget. The following table is a summary of major expense categories for the FY13 budget and actual, FY14 budget and the proposed FY15 budget.

Water Fund	FY13 Budget	FY13 Actual	FY14 Budget	FY15 Department Request	FY15 City Manager Recommended	% Change	\$ Change
<b>EXPENSES</b>							
<u>Operations and Maintenance Expenses</u>							
Personnel Costs	1,991,742	1,853,069	2,026,447	2,130,683	2,130,683	5.14%	104,236
Chemicals	318,600	372,875	422,015	451,873	451,873	7.08%	29,858
Utilities	474,530	426,984	490,051	528,843	528,843	7.92%	38,792
Repairs & Maintenance	237,255	136,897	236,805	199,007	199,007	-15.96%	(37,798)
Prof Services: Contract, Lab Testing	311,655	182,406	219,212	165,462	165,462	-24.52%	(53,750)
Stock Materials	118,900	122,449	122,400	123,900	123,900	1.23%	1,500
Other Operating	905,302	1,054,903	1,040,064	1,019,483	1,019,483	-1.98%	(20,581)
<i>Operations and Maintenance Subtotal</i>	<i>4,357,984</i>	<i>4,149,583</i>	<i>4,556,994</i>	<i>4,619,251</i>	<i>4,619,251</i>	<i>1.37%</i>	<i>62,257</i>
<u>Non-Operating Expenses</u>							
Interest on Debt	937,726	1,038,229	793,427	1,023,400	1,023,400	28.98%	229,973
Property Taxes	118,000	96,865	118,000	118,000	118,000	0.00%	0
Depreciation	1,168,763	1,370,019	1,582,924	1,530,901	1,530,901	-3.29%	(52,023)
Equipment	146,000	49,030	126,000	79,750	79,750	-36.71%	(46,250)
<i>Non-Operating Expenses Subtotal</i>	<i>2,370,489</i>	<i>2,554,142</i>	<i>2,620,351</i>	<i>2,752,051</i>	<i>2,752,051</i>	<i>5.03%</i>	<i>131,700</i>
<b>TOTAL</b>	<b>6,728,473</b>	<b>6,703,725</b>	<b>7,177,345</b>	<b>7,371,302</b>	<b>7,371,302</b>	<b>2.70%</b>	<b>193,957</b>

The Water Fund budget consists of five (5) functions:

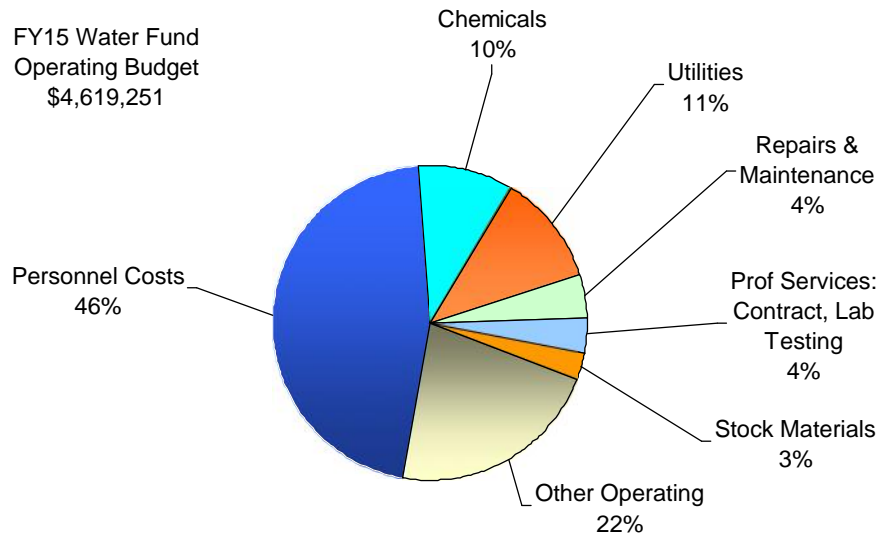
- Administration/Engineering: Costs related to employee benefits, administrative overhead, GIS services, and engineering.
- Depreciation:
- Interest on Debt:
- Distribution: Services, hydrants, mains, meters, meter reading, and cross connections.
- Supply and Treatment: Madbury Treatment Plant, laboratory, a booster station, 9 wells, and 5 storage tanks.

FY15 Water Fund  
Budget by Function



### ***Operating Budget***

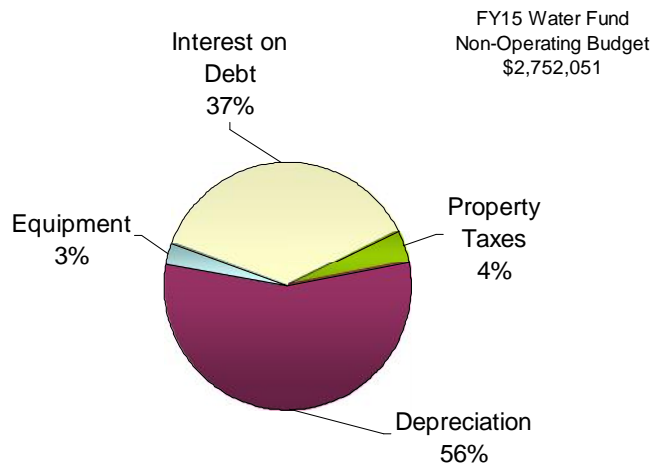
The proposed Operating Budget is \$4,619,251 or 63% of the total budget. As depicted in the pie chart below, the personnel-related costs consist of only 46% of the Operating Budget. The remaining 54% includes major costs related to providing quality and adequate supply of water.



### ***Non-Operating Budget***

The Non-Operating Budget of \$2,752,051 is 37% of the total proposed budget.

The Non-Operating Budget consists of expenses related to capital projects, depreciation, minor equipment outlay, interest on debt and property taxes.



### ***Capital Outlay***

The Water Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regard to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects that were approved during the FY15 CIP process for a total of \$1,339,000. Details for each of these projects can be found in Appendix II of this document.

A summary of the Capital Improvement Plan FY 2015-2020 can be viewed and downloaded at the following link: <http://www.planportsmouth.com/plansandreports.html>

**Water Fund  
Capital Outlay Projects  
Fiscal Year 2015**

Appendix II			Water Revenues
Page:	CIP #		
II-83	EF-WD-01	ANNUAL WATER LINE REPLACEMENT	500,000
II-84	EF-WD-02	STAGE TWO DISINFECTION BY-PRODUCT RULE	424,000
II-87	EF-WD-05	WELL STATIONS IMPROVEMENTS	150,000
II-88	EF-WD-06	NEW CASTLE WATERLINE IMPROVEMENTS	40,000
II-90	EF-WD-08	WATER METER REPLACEMENT	125,000
II-91	EF-WD-09	WATER EFFICIENCY MEASURES	75,000
II-92	EF-WD-10	WATER SYSTEM OUTREACH	25,000
<b>Total Water Fund Capital Outlay</b>			<b>\$1,339,000</b>

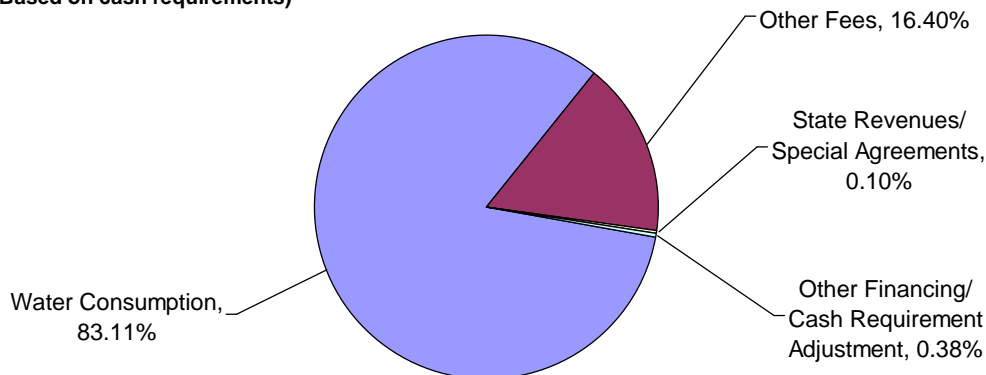
**Revenues**

The FY15 Water Division appropriations would be funded from the following sources to meet cash requirements:

- \$7,433,983 Water Consumption
- \$1,467,390 Other Fees
- \$9,350 State Revenues/Special Agreements
- \$42,000 Other Financing/Cash Requirement Adjustment

The following chart shows the percentage allocation of these estimated revenue sources.

**FY 15 Estimated Revenues  
(Based on cash requirements)**





# SEWER ENTERPRISE FUND

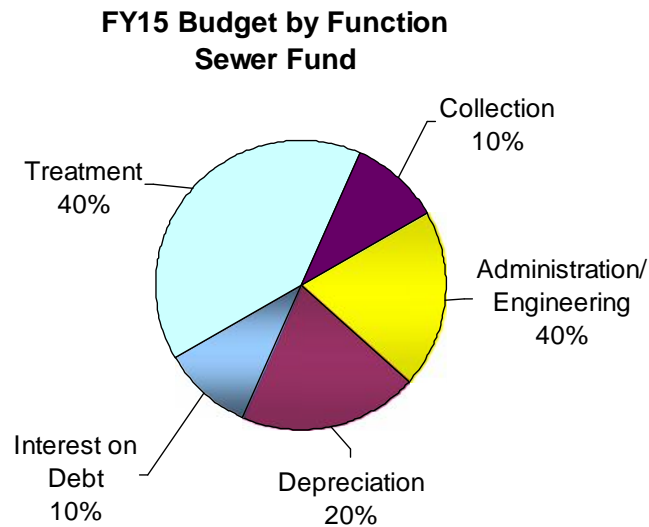
## Total Appropriation

Appropriations on a full accrual basis of accounting for the Sewer Enterprise Fund total \$9,910,619. This is a decrease of \$47,293 or .47% from FY14. The following table is a summary of major expense categories for the FY13 budget and actual, FY14 budget and the proposed FY15 budget.

Sewer Fund	FY13	FY13	FY14	FY15	FY15	% change	\$ Change
	Budget	Actual	Budget	Department Request	City Manager Recommended		
<b>EXPENSES</b>							
<u>Operations and Maintenance Expenses</u>							
Personnel Costs	2,095,845	1,925,076	2,350,694	2,461,952	2,461,952	4.7%	111,258
Chemicals	831,000	798,432	906,891	970,028	970,028	7.0%	63,137
Utilities	710,100	663,229	831,008	860,602	860,602	3.6%	29,594
Repairs & Maintenance	449,945	376,634	462,445	459,925	459,925	-0.5%	-2,520
Prof Services: Contract, Lab Testing	388,842	210,602	292,209	248,659	248,659	-14.9%	-43,550
Stock Materials	45,850	30,526	53,850	50,750	50,750	-5.8%	-3,100
Other Operating	1,395,374	1,163,419	1,401,623	1,235,295	1,235,295	-11.9%	-166,328
-General Operations	5,916,956	5,167,918	6,298,720	6,287,211	6,287,211	-0.2%	-11,509
Permit Expenses/Legal Fees	407,100	430,427	291,100	240,000	240,000	-17.6%	-51,100
<i>Total Operations and Maintenance Subtotal</i>	6,324,056	5,598,345	6,589,820	6,527,211	6,527,211	-1.0%	-62,609
<u>Non-Operating Expenses</u>							
Interest on Debt/Financing Fees	1,233,430	1,279,323	1,609,074	1,265,583	1,265,583	-21.3%	-343,491
Depreciation	1,292,642	1,579,985	1,542,718	1,908,325	1,908,325	23.7%	365,607
Equipment	205,300	162,902	216,300	209,500	209,500	-3.1%	-6,800
<i>Non-Operating Expenses Subtotal</i>	2,731,372	3,022,209	3,368,092	3,383,408	3,383,408	0.5%	15,316
<b>TOTAL</b>	<b>9,055,428</b>	<b>8,620,554</b>	<b>9,957,912</b>	<b>9,910,619</b>	<b>9,910,619</b>	<b>-0.47%</b>	<b>-47,293</b>

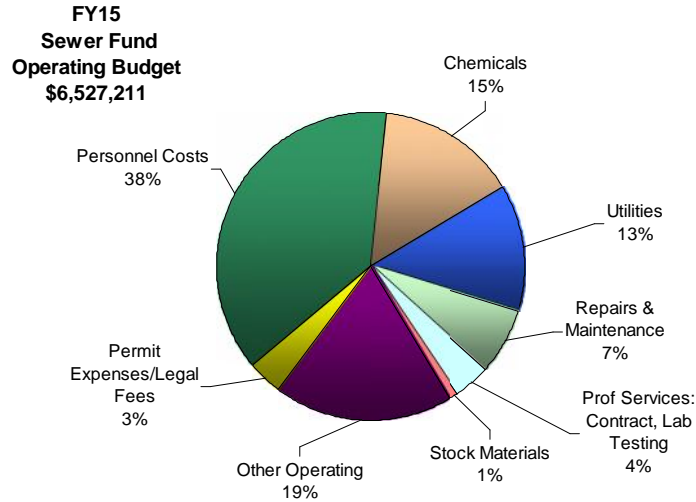
The Sewer Fund budget consists of five (5) functions:

- Administration: Costs related to employee benefits, administrative overhead, engineering and GIS services.
- Depreciation
- Interest on Debt
- Collection: Force mains, laterals, and meter reading.
- Treatment: Peirce Island Treatment Plant, Pease Treatment Plant, 2 laboratories, and 20 pump stations.



### ***Operating Budget***

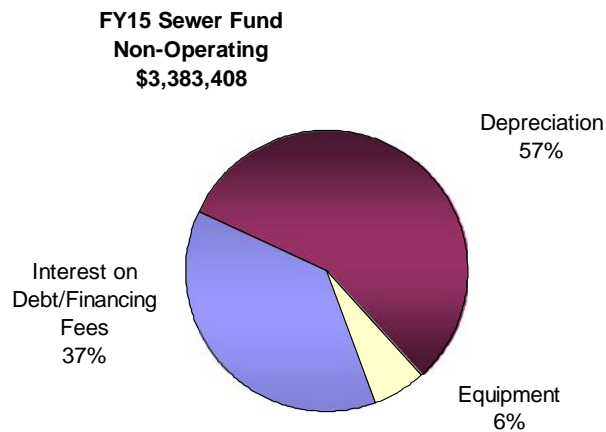
The proposed Operating Budget is \$6,527,211 or 66% of the total budget. The Operating Budget is divided into various accounts. As depicted in the chart below, 36% is associated with personnel-related costs. The remaining 67% is related to major costs associated with collecting and treating city sewage.



### ***Non-Operating Budget***

The Non-Operating Budget of \$3,383,408 is 34% of the total proposed budget.

The Non-Operating Budget consists of expenses related to depreciation, minor equipment outlay, and interest on debt.



### ***Capital Outlay***

The Sewer Division, through the Capital Improvement Plan, requests funds from revenues to support the pay-as-you-go policy of the City in regard to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. The following is a list of projects that were approved during the FY15 CIP process for a total of \$1,200,000. Details for each of these projects can be found in Appendix II of this document.

**Sewer Fund  
Capital Outlay Projects  
Fiscal Year 2015**

Appendix II Page:	CIP #		Sewer Revenues
II-97	EF-SD-04	ANNUAL SEWER LINE REPLACEMENT	500,000
II-98	EF-SD-05	MAPLEWOOD AVENUE SEWER LINE	500,000
II-100	EF-SD-08	WATER METER REPLACEMENT	125,000
II-101	EF-SD-09	WATER EFFICIENCY MEASURES	75,000
<b>Total Sewer Fund Capital Outlay</b>			<b>\$1,200,000</b>

A summary of the Capital Improvement Plan FY 2015-2020 can be viewed and downloaded at the following link: <http://www.planportsmouth.com/plansandreports.html>

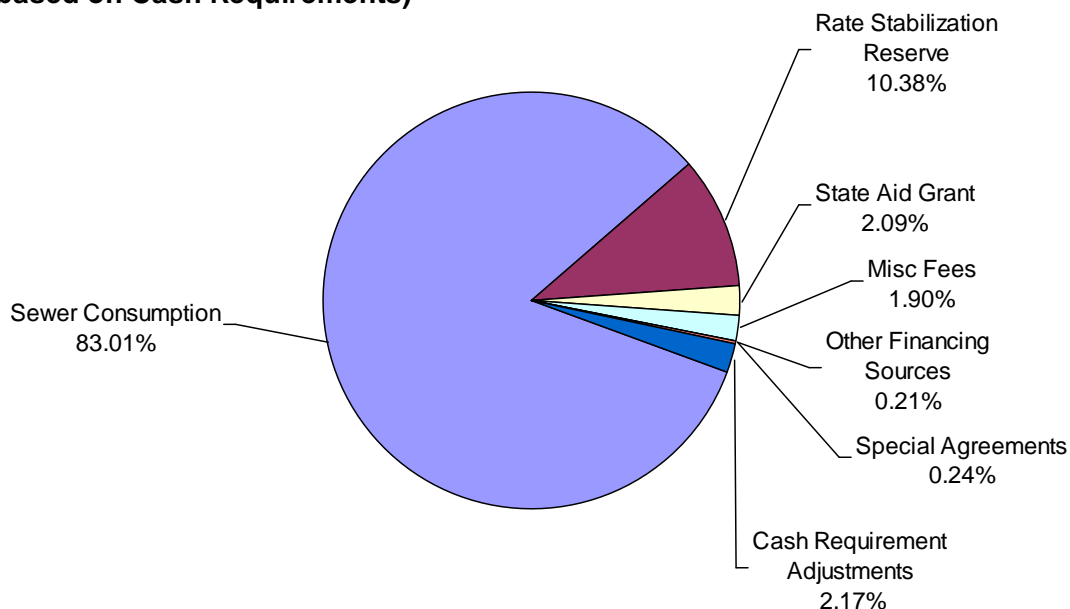
**Revenues**

The FY15 Sewer Division appropriations would be funded from the following sources to meet cash requirements:

- \$12,354,608 Sewer Consumption
- \$310,359 State Aid Grant
- \$282,500 Miscellaneous Fees
- \$36,450 Special Agreements
- \$31,546 Other Financing Sources
- \$1,545,000 Rate Stabilization Reserve
- \$323,253 Cash Requirement Adjustment

The following chart shows the percentage allocation of these estimated revenue sources.

**FY 15 Estimated Revenues  
(based on Cash Requirements)**



# PARKING AND TRANSPORTATION FUND

## Total Appropriation

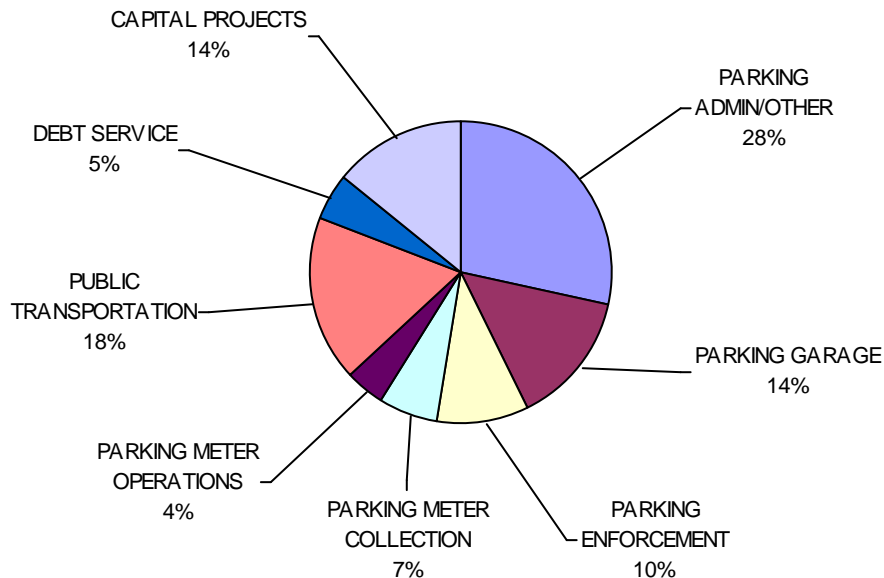
The total proposed appropriations for the Parking and Transportation Fund is \$3,047,195. The following table is a summary of major expenditure categories for the FY13 budget and actual, FY14 budget and the proposed FY15 budget. The budget is comprised of an Operating Budget, Capital Budget, Transportation Budget and Debt Service.

	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	FY15 CITY MANAGER RECOMMENDED	% CHANGE	\$ CHANGE
<b>OPERATING</b>							
PERSONNEL COSTS	1,120,019	990,971	1,152,948	1,252,390	1,252,390	8.63%	99,442
UTILITIES	54,500	54,314	54,500	48,500	48,500	-11.01%	(6,000)
METER COLLECTION (Police)	10,500	8,942	10,500	10,500	10,500	0.00%	-
CONTRACTED SERVICES	82,500	83,913	166,000	166,000	166,000	0.00%	-
OTHER OPERATING	259,575	397,623	294,410	441,005	441,005	49.79%	146,595
<b>TOTAL OPERATING</b>	<b>1,527,094</b>	<b>1,535,763</b>	<b>1,678,358</b>	<b>1,918,395</b>	<b>1,918,395</b>	<b>0</b>	<b>240,037</b>
<b>NON OPERATING</b>							
DEBT SERVICE	219,250	-	150,000	150,000	150,000	0.00%	-
CAPITAL PROJECTS	548,000	548,000	466,500	435,000	435,000	-6.75%	(31,500)
TRANSPORTATION	307,118	298,449	365,000	543,800	543,800	48.99%	178,800
<b>TOTAL NON-OPERATING</b>	<b>1,074,368</b>	<b>846,449</b>	<b>981,500</b>	<b>1,128,800</b>	<b>1,128,800</b>		<b>147,300</b>
<b>TOTAL PARKING/TRANSP</b>	<b>2,601,462</b>	<b>2,382,212</b>	<b>2,659,858</b>	<b>3,047,195</b>	<b>3,047,195</b>	<b>14.56%</b>	<b>387,337</b>

Parking & Transportation consists of the following major functions:

- Administration/Other (including Downtown Snow Removal)
- Parking Garage
- Parking Enforcement
- Parking Meter Collection
- Parking Meter Operations
- Public Transportation
- Debt Service
- Capital Projects

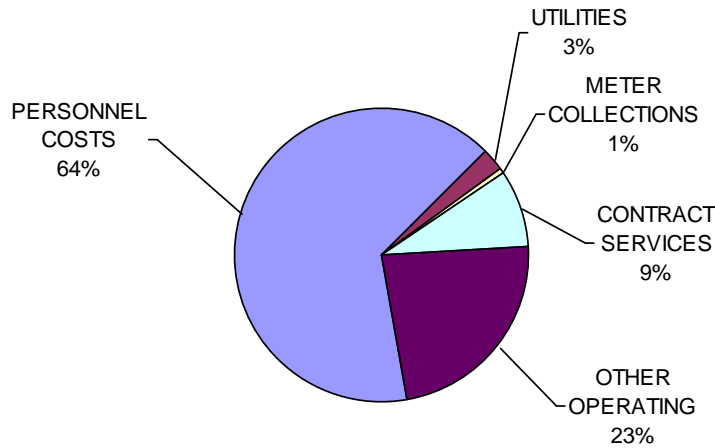
## PARKING AND TRANSPORTATION BY FUNCTION



### ***Operating Budget***

The proposed Operating Budget is \$1,918,395 or 63% of the total budget. The Operating budget is divided into various accounts. As depicted in the chart, 64% is associated with personnel related costs. The remaining 36% is related to costs mostly associated with contracted services and parking facility operations.

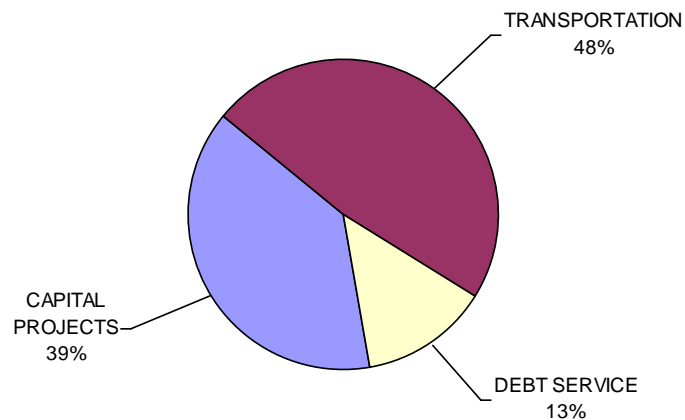
**FY15 PROPOSED PARKING & TRANSPORTATION  
OPERATING BUDGET**



### ***Non-Operating Budget***

The Non-Operating Budget of \$1,128,800 is 37% of the total proposed budget consists of expenditures relating to debt service, capital projects and transportation.

**FY15 PROPOSED PARKING & TRANSPORTATION  
NON-OPERATING BUDGET**



## Capital Outlay

The Parking & Transportation Fund, through the Capital Improvement Plan, requests funds from parking revenues to support the pay-as-you-go policy of the City in regards to capital improvements. Once the Capital Improvement Plan is approved, the funds for the capital projects are requested through the budget process. Following is a list of projects the department is requesting in FY15 for a total of \$435,000. Detail on each of these projects can be found in Appendix II of this document.

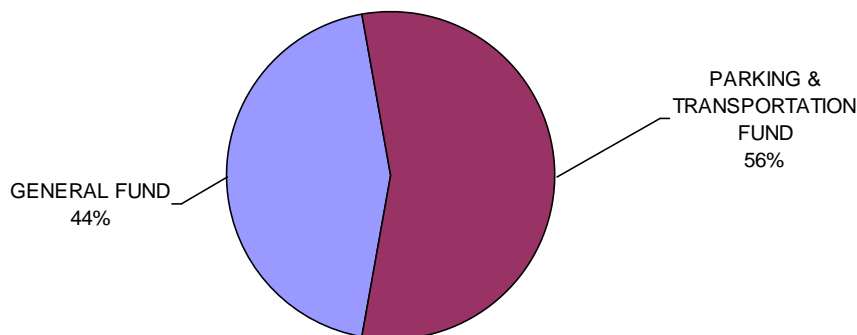
Appendix II		Parking & Transportation Capital Outlay Projects Fiscal Year 2015		Parking Revenues
Page:	CIP #			
II-47	BI-PW-33	HIGH-HANOVER PARKING FACILITY-CAPITAL IMPROVEMENTS		150,000
II-58	TSM-CITY/COAST/PDA-02	PARKING LOT PAVING		100,000
II-59	TSM-PW-03	VIOLATIONS MANAGEMENT PROGRAM		20,000
II-60	TSM-PW-04	REPLACEMENT OF PARKING METERS		45,000
II-66	TSM-CITY-11	WAYFINDING SYSTEM		100,000
II-72	TSM-CITY-23	TRANSPORTATION PLAN STUDIES		20,000
<b>Total Parking &amp; Transportation Fund Capital Outlay</b>				<b>\$435,000</b>

## Revenues

Expenditures for the Parking and Transportation fund are funded 100% from parking related revenues. Parking revenues in excess of Parking and Transportation operations are reported in the General Fund. The table and pie graph below display the distribution of revenues between the General and Parking and Transportation Funds.

<u>Revenue Source</u>	<u>Estimated FY15</u>
Parking Meter Fee	\$1,650,000
Parking Garage Revenue	\$1,950,000
Parking Violations	\$780,000
Garage Space Passes	\$960,000
<u>Other</u>	<u>\$119,500</u>
<b>Total Parking Revenue</b>	<b>\$5,459,500</b>
Fund Revenue Recorded:	
General Fund	\$2,412,305    44%
Parking & Transportation	\$3,047,195    56%

**PARKING REVENUE DISTRIBUTION BY FUND**





## **CITYWIDE PRIORITIES**

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The City of Portsmouth continues to identify priorities and carry out initiatives that benefit the community and contribute to the City's strong financial position. These efforts include improving infrastructure, enhancing cultural planning, stimulating economic development, and improving the delivery and quality of general government services, education, and public safety services.

This section is divided into three sections: Awards & Recognitions, Accomplishments and Continuing Priorities. The Awards & Recognitions and Accomplishments sections are for the July 1, 2013 to June 30, 2014 period and Continuing Priorities relate to the coming 2015 Fiscal Year commencing July 1, 2014.

### **AWARDS & RECOGNITIONS**

#### **Governor's Commendation – Department of Public Works**

The City of Portsmouth's Department of Public Works received a Governor's Commendation for its long history of planting and maintaining public trees for the benefit of community residents. The Commendation recognized the Mayor's Blue Ribbon Committee for Trees and Public Greenery for its work to protect and promote the benefits of public trees and its work with the Department of Public Works to establish a tree planting and maintenance program. Further, the Commendation recognized the Department of Public Work's staff for its encouragement of proper tree care and special accommodations made during construction projects to protect large mature public trees. In addition, it commended the City Council for its unwavering financial commitment to planting new trees; providing maintenance for public trees and greenery; and for the City's 14 years of participation in the National Arbor Day Tree City USA Program.



#### **Tree City Re-Certification**

The City of Portsmouth received its 2013 Tree City USA recertification from the State Forester. This is the fourteenth year that the City has received the Tree City USA recognition which is awarded to towns and cities throughout the country who display a commitment to trees in their communities. Portsmouth received the recertification because of its investment in and strong commitment to street trees and the use of native species in public parks and public rights-of-way. The program also recognizes cities such as Portsmouth that have local tree ordinances. Sponsors of the program include the National Arbor Day Foundation, the U.S. Forest Service, and the National Association of State Foresters.

## **Complete Streets**

Portsmouth's Complete Streets Policy has been cited as one of the 10 Best Complete Streets policies adopted in 2013 and will be highlighted in an upcoming report by the National Complete Streets Coalition.



The National Complete Streets Coalition, a program of Smart Growth America, conducts an annual analysis of all the Complete Streets policies adopted in the U.S.. The Coalition scores each policy on a variety of measures of their effectiveness in making roads safer and more accessible for everyone who uses them. More than 80 Complete Streets policies were adopted across the country in 2013, bringing the total number to more than 600. Portsmouth's policy ranked 7th nationwide, receiving a score of 86 out of 100, well above the median score of 60.

Portsmouth's Complete Streets Policy was initially drafted by the Planning Department in 2012. The Mayor's Blue Ribbon Committee on Transportation Policy made adoption of the Policy the top priority recommendation in its April 2013 report to the Council; and the City Council officially adopted the Policy in October 2013.

## **GFOA Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Portsmouth for its Comprehensive Annual Financial Report for the eighteenth consecutive year. The City also received the GFOA's Distinguished Budget Presentation Award for the eighth consecutive years.

## **ACCOMPLISHMENTS:**

### **Bond Ratings**

In June 2013, Standard & Poor's Rating Group upgraded the City's bond rating to AAA citing its very diverse property tax base, with low unemployment, extremely strong per capita market value, and strong to very strong incomes. S&P states, "The positive rating reflects the City's strong and conservative management practices that, when combined with a focus on predictability and stability, has led to a trend of very strong financial result". Moody's Investors Service, meanwhile, affirmed Portsmouth's Aa1 rating, citing the City's strong and stable financial operations with healthy reserves, a diverse economy, sizeable tax base, and moderate debt burden.

### **Street and Sidewalk Improvements**

In FY14, the City continued investing in the vital infrastructure of its streets and sidewalks. The following projects were completed or initiated:

- Completed the construction of the Mechanic Street at Pickering Seawall that included a 110' stone faced concrete seawall with a small drainage system, two bar aluminum rail system and stair access to the waterway.



- Completed the South End Sidewalk and Paving Project including the rehabilitation of brick sidewalks on Marcy Street and throughout the South End. The following streets were paved: Marcy Street, Mechanic Street, Gardner Street, Hunking Street, Pickering Street, Pickering Avenue, South Mill Street, Richmond Street, Walton Alley, Manning Street and Meeting House Hill including a new pocket park at the intersection of Marcy and Pleasant Streets.
- In conjunction with water and sewer projects the City has upgraded pavement curbing and sidewalks on Cass Street, Miller Avenue, Richards Avenue, Highland Street, Merrimack Street, and Rockland Street.
- Extended sidewalk along Peverly Hill from Route 1 to the Market Basket entrance.
- Completed renovations of the historic Shaw Building, located at 1 Water Street in Prescott Park. Work included a new masonry foundation and a new eastern white cedar roof.
- Construction started and is underway for the Sagamore Bridge Replacement Project.
- Completed construction of Ranger Way Streetscape Improvements.
- Constructed new brick sidewalks and streetscape on Daniels Street.
- Constructed expansion to the Deer Street sidewalk replacing failed sections with brick and granite pavers.
- Continued the design of Phase 3 of the McDonough Street area (Brewster Street and Langdon Street). In addition to street and sidewalk reconstruction, the project included storm drainage, sanitary sewers, water mains, and fire protection.
- Completed construction of the Market Street / I-95 Exit 7 improvements to provide extra capacity at the intersections.
- Continued coordination with the NHDOT on the Memorial Bridge project including the streetscape design on the Portsmouth side of the bridge.
- Continued coordination efforts with the Portwalk project to reconstruct three blocks of new sidewalks.
- Began construction of Aldrich Road traffic and utility improvements.
- As part of its annual paving the City completed grinding and repaving of Grafton Drive, Arboretum Drive, Pease Boulevard and Elwyn Road.



### **Downtown Parking**

In FY14, the City continued to explore ways of improving utilization of the existing supply of parking and increasing the supply when possible. These efforts included investments in vital infrastructure and creation of new parking locations. The following projects were completed or initiated:

- Completed various improvements at the High/Hanover Parking Facility Fleet, High, and Ladd Street including the stair tower/stair renovation construction project, the elevator rehabilitation project, and garage lighting replacement project.

- Middle Street Baptist Church Lot – The City continued an agreement with the Middle Street Baptist Church to use 17 spaces for Library staff.
- Isles of Shoals Lot: The City was able to negotiate a seasonal agreement for the public’s use of 50 spaces located on the lot off Market Street at the Isles of Shoals Steamship Company. These spaces are available from November 1<sup>st</sup> to March 31<sup>st</sup>, 2014. The City anticipates that this leasing arrangement will be renewed annually from November through March.
- 299 Vaughan Street: The City entered into a private/public agreement to make 90 spaces available for public and valet parking.
- McIntyre Lot: City staff negotiated an agreement with the Federal Government for the public’s use of 33 spaces at the McIntyre Building. These spaces are available for public use on weekends and holidays.
- Sheraton Hotel Lot: City discussions with the Sheraton Hotel have led to the hotel allowing public parking in its lot off Russell Street (across from the hotel) for up to 36 vehicles.
- Rock Street Lot: Following the demolition of the Rock Street garage at the end of Rock Street, the City constructed a new 35 space parking lot. This lot along with a private-public agreement with an adjacent property owner has allowed public access to 110 free parking spaces in close proximity to downtown. These spaces are available weekday evenings and weekends.
- Shuttle – The City began operating a pilot shuttle bus from the High Hanover parking garage to the Connect Community Church lot on Market Street.
- Transitioned from the first hour free parking and raised the parking rate from \$0.75 to \$1.00 within the Hanover Street Garage.

### **Memorial Park**

In November 2013, the new Memorial Park, which lies on City property between Wright, Dutton and Scott Avenues at the entrance to the Memorial Bridge, was completed. When the bridge was originally built in 1922, the Memorial Park was created to honor servicemen who fought in World War I. As part of the bridge replacement project, a new Memorial Park was created on the same site. This project was realized through a partnership with Portsmouth residents James and Laurie Teetzel. Project funding was also provided by the City and the Army & Navy Memorial Trust, a trust created upon the sale of the nearby Connie Bean Center to recognize the contributions of the Army and Navy Association to Portsmouth.

The park utilized granite blocks that were used previously for foundation of the original Memorial Bridge. Members of the community



also purchased brick pavers with the names of veterans etched into the surface in honor of friends and family members who served. The bricks lie in a Veterans Memorial Memory Circle surrounding a series of stately flag poles and bronze plaques representing the various branches of the Armed Forces.

### **Trees & Greenery**

In FY14 the Mayor’s Blue Ribbon Committee for Trees and Public Greenery continued to improve management of the City’s trees and greenery by promoting the benefits of public trees and working with the Department of Public Works to establish a tree planting and maintenance program. Through its efforts, over 50 trees were planted throughout the City. Working with the City Council, the Committee successfully updated the ordinance that regulates the function of the Committee for Trees and Public Greenery.

### **NH Legislature Posthumously Grants Freedom to Enslaved Portsmouth Petitioners**

In June 2013, Governor Hassan held a signing ceremony at the Discover Portsmouth Center in which she signed SB 187. The bill posthumously freed 14 enslaved men from Portsmouth who petitioned the New Hampshire legislature for their freedom 234 years ago.



Among the petitioners’ requests was “that the Name of Slave may not more be heard in a Land gloriously contending for the Sweets of Freedom”. The 1779 Petition, as it is known, was signed by twenty enslaved men in Portsmouth, six of whom were granted their freedom prior to their deaths. The Petition history will be included in the African Burying Ground Memorial Park to be constructed on Chestnut Street. Many of that project’s supporters and funders organized the effort to have the Petition addressed by the Legislature in 2013.

### **Transportation Policy**

In April 2013, the Mayor’s Blue Ribbon Committee on Transportation Policy presented its final report to the City Council. Since that time, the City has been continuing to work on implementing the strategies and recommendations from that report.

Among the report’s top priorities were adoption of Complete Streets and Bicycle and Walk Friendly Community Policies. In October 2013, the City Council adopted a Complete Streets Policy, which commits the City to “approach every transportation



improvement and project phase as an opportunity to create safer, more accessible streets for all users,” and to use the best and latest design standards available. The City Council also adopted Bicycle Friendly Community and Walk Friendly Community Policies. These policies outline the City’s support for becoming Bicycle and Walk Friendly by integrating bicycle and pedestrian accommodations into municipal decision-making practices and processes.

### **Bicycle and Pedestrian Projects**

The City received a \$14,300 grant from the Cooperative Alliance for Seacoast Transportation (COAST) to purchase new bike racks for more than a dozen popular destinations for bicyclists. Funding for COAST’s Community Funds Program was made available through the American Recovery & Reinvestment Act (ARRA). The purpose of COAST’s Community Funds program is to invest in community-based improvements that encourage transit-related



investments, thereby enhancing mobility options for area residents. In support of the grant program’s emphasis on enhancing mobility, bicycle racks are being installed at sites that are within approximately ¼ mile of existing COAST bus routes including Prescott Park, the Public Library, Portsmouth High School, the Discover Portsmouth Center, Bridge Street Parking Lot, City Hall, Deer Street, Market Square, the Cross Roads House, and other locations around the downtown. In addition to individual outdoor bicycle racks, the funds were also used to purchase stackable bicycle storage that was installed in the High Hanover Parking Garage.



The City was one of eleven communities awarded a grant under the most recent NHDOT Safe Routes to School Grant Round. The City has been awarded a total of \$105,239 out of the \$1.9 million awarded state-wide. Most of the grant funds (\$88,534) will be used for design and construction of an on-road bicycle route on Lafayette Road/Middle Street including marked bike lanes, pavement markings, and signage as appropriate. The remaining \$16,705 will support non-infrastructure Safe Routes to

School programs and activities, including Walk or Bike to School Day events, evaluation and tracking of walk/bike to school habits and preferences for Portsmouth K-to-8 schools, program coordination and volunteer training.

Planning Department staff is working toward the City’s designation as a nationally recognized Bicycle Friendly Community (BFC) and Walking Friendly Community (WFC). About 260 communities have achieved BFC designation and about 40



communities have achieved WFC designation. There is an application process and a set of criteria the City needs to fulfill for each of these designations. Staff is planning to submit applications for BFC and WFC designations at the end of 2014.

In 2013, the City added shared lane markings (“sharrows”) on portions of Daniel Street, State Street, and Marcy Street. Shared lane markings are symbols on the roadway that indicate that the travel lane is shared by both automobiles and bicyclists.

## **Public Outreach**

The City and City’s Public Works Department hired a Public Outreach Coordinator to utilize various techniques to provide information to the public regarding the Wastewater Plant and Water/Sewer initiatives, in particular. The Public Outreach Coordinator created a web page on the Water and Sewer Rate Study and a Twitter feed for various other City initiatives. City Twitter accounts now include the following departments: Public Works, Police, Fire, Planning, Library, and Recreation. The City continued and expanded upon its efforts to ensure public input opportunities for various projects and initiatives of the City. These included website comment forms and tools for the Haven School Playground Improvement Project, the Market Street Gateway Improvement Project, and the City’s Bicycle/Pedestrian Plan. The City also held a multi-day 24-7 Design Charrette for character-based zoning.



Public outreach efforts also included various facility tours at both the Peirce Island and Pease WWTFs. University of New Hampshire students visited these sites as part of their class curriculum. One class also visited the City’s various stormwater treatment installations.

## **Implementation of City’s Cultural Plan**

Implementation of the City’s Cultural Plan is an ongoing priority. In the past year, Art-Speak, the City’s Cultural Commission, completed the following initiatives related to the City’s Cultural Plan:

- Worked with a consultant to update the Art-Speak website to better serve the City’s creative sector.
- Continued its participation in the administration of the Middle School Public Art Project.
- Studied other municipal models and convened representatives of the City’s cultural organization to start a member-based Portsmouth Cultural Alliance to promote and market the City’s creative economy outside Portsmouth.
- Developed Public Art Guidelines for City Council referrals of public art donations.

## **Senior Services**

FY14 was the second fiscal year of interim senior services funding since the interim plan was adopted in August 2012 in response to the loss of the senior center operated by a non-profit agency. At that time a Senior Services Coordinator was hired. The list below summarizes the accomplishments and continuing work of the coordinator which took place in FY14.

- A Fraud Prevention Workshop was held at the Library to advise seniors on various fiscal scams including Medicare scams and fraud;
- Senior Luncheons have been successful and growing in attendance since established at the beginning of the interim period;
- 2000 Senior Newsletters are distributed bi-monthly to 27 different locations;
- The Library has sponsored memoir-writing classes and art classes for seniors;
- The Recreation Department began hosting the federally-funded RSVP BoneBuilders exercise program for seniors at Spinnaker Point;
- An Alzheimer's Café was established in partnership with Families First, the Mark Wentworth Home and ServiceLink;
- The Coordinator established a seasonal senior Walking Club;
- The City continued its relationship with the Mark Wentworth Home senior transportation service; and
- The Coordinator worked with service partners, healthcare providers and civic organizations to provide a bevy of joint programming opportunities.



## **Water Division**

The Water Division received a Leak Detection Survey Grant from the New Hampshire Department of Environmental Services to perform water line leak detection analysis on approximately 33 miles of water main in the Pease portion of the water system. Information gained from this survey will be utilized to repair any leaking portions of the system as well as identify areas in the system that should be addressed through the Capital Improvement Plan for future replacement.

The Water Division also applied for, and received, an Asset Management Grant from the New Hampshire Department of Environmental Services. The Water Division is using

these funds to update the City's Water Division fixed assets inventory; analyze and rate the assets for their reasonable useful life; and to update its replacement and funding plan.

In FY14, the Water Division began addressing the projects recommended in the 2013 Water System Master Plan Update. These projects included:

- Improving pressure in the Newington portion of the water system by switching a portion of the system to the higher-pressure Pease pressure zone.
- Replacing larger customer water meters in the system with newer technology magnetic meters that are more accurate in capturing lower-flow water consumption. A total of 76 meters were replaced as part of this program and data shows that they have improved the accuracy of water flow measurements for these customer accounts.
- Optimizing the surface water treatment system and distribution system to comply with the Environmental Protection Agency's Phase II Disinfection Byproduct rule.
- Initiating discussions with the Rye Water District to activate the interconnection between the two systems for emergency supply. A new water meter was installed at the Rye Water District's pump house to allow for better accounting between the two systems whenever water is delivered from one system to the other. An agreement between the two systems allows for a valve to be opened to allow water to flow from Rye to Portsmouth. This would also allow Rye access to water through Portsmouth pumps when needed in an emergency.
- Beginning preliminary design for the replacement of the Hobbs Hill Landing elevated water storage tank in the Pease pressure zone. Replacement of the tank is anticipated in FY15.

The Water and Sewer Divisions conducted a joint study to update the existing water and sewer user rate structure policies. This study continued the evaluation of policy issues, such as the impact of the Capital Improvement Plan, increasing the number of rate tiers and the impact of irrigation deducts meters. It is anticipated that any structural changes to the Water/Sewer rate will occur as part of the FY15 budget process.

The Water Division continues to upgrade water lines in conjunction with other utility and roadway projects. A major water line upgrade was performed in the Hillside Drive neighborhood of Greenland during the summer of 2013. As part of this upgrade, 3,500 feet of 8-inch water main were replaced and all new services to the customer properties were installed.

The City continued its efforts to improve water efficiency in FY14 by becoming part of the U.S. Environmental Protection Agency's (EPA's) WaterSense program.



WaterSense aims to decrease indoor and outdoor water use through water-efficient products and simple water-saving practices. The program encourages customers to look for WaterSense labeled products, which have been independently certified for efficiency and performance, and promotes water-saving techniques that reduce stress on water systems and the environment.

Water Supply outreach also included hosting professional association trainings with Granite State Rural Water, New Hampshire Water Works and New England Water Works. Trainings were held at both the Department of Public Works and the new Madbury Water Treatment Facility. Tours were also given to approximately 200 University of New Hampshire students at the Madbury Water Treatment Facility.

### **Sewer Division**

#### *Peirce Island Wastewater Treatment Facility (WWTF)*

In FY14 the Sewer Division began work on the Peirce Island Wastewater Treatment Facility (WWTF) upgrade design project. The consultant's scope of work includes the design of a Biological Aerated Filter (BAF) capable of meeting a total nitrogen effluent limit of 8 mg/L on a seasonal rolling average basis. Design of the treatment facilities is underway. Field work has been completed including survey, geotechnical, odor measurements, and archaeological investigations. Design engineering has included an evaluation of existing facilities, development of the upgraded site, and facilities layouts. City staff and the consultant, AECOM, attended site visits at similar facilities in Indiana and Wisconsin.

The City also conducted a facilities evaluation of the Pease WWTF in FY14. The facilities evaluation included a comprehensive condition assessment of the entire WWTF, parts of which have not been upgraded since its original construction in the 1950s. Included with the evaluation was a prioritized capital improvement list that will be used to guide capital expenditures for upgrades and improvements moving forward. The evaluation took into consideration potential future effluent permit limits.



#### *City's Long-Term Control Plan*

Work on the collection system continued with the implementation of the City's Long-Term Control Plan to reduce Combined Sewer Overflows (CSO). In particular, the Lincoln 3B project that focused on the area between Lincoln Avenue and Middle Street and Cass Streets project neared completion in FY14. The





Lincoln 3C project, which focuses on the Richards Avenue, Wibird and Union Streets area, began construction in FY14. The primary focus of these projects is separate the sanitary sewer system from the stormwater drainage system. This effort will reduce the volume of CSO, localized flooding, and will provide improved water quality discharged to receiving waters from precipitation events.

The Sewer Division continues to pursue initiatives to improve collection system operations which include the restaurant grease removal program and the removal of basement sump pumps from the collection system. A total of 40,700 feet of sewer and drain lines were cleaned and inspected from January 1, 2013 to December 31, 2013. Focused inspections included five-year inspections for the Jewel Court area, the Melbourne Street area and the Marjorie Lane area. All the sewer crossings on the Rt.1 by-pass were cleaned and inspected as well as the line under the railroad tracks by Harvard Street. As programmed, the Ceres Street area was cleaned, degreased and inspected twice.

#### *Sewer Division Public Outreach*

The Sewer Division continued to focus on improving their public outreach efforts with respect to the wastewater treatment upgrades, not only at the Peirce Island WWTF but throughout the entire system. A new web domain was established to improve this outreach effort: [www.portsmouthwastewater.com](http://www.portsmouthwastewater.com). Monthly newsletter updates began in October 2013 and are updated each month by City staff. Press releases were issued as needed to announce major project milestones. Finally, City staff provided public update presentations to the City Council and other City committees, including the Peirce Island Committee, Friends of the South End, the Recreation Committee, and the Sustainability Committee.



#### *Canine Detection Collaboration*

In July 2013, FB Environmental (FBE) and Environmental Canine Services (ECS) collaborated with the City to conduct targeted bacteria source tracking at the North Mill Pond, Sagamore Creek near Shaw Road, Colonial Drive, and other locations throughout Portsmouth. ECS field staff, together with canines Sable and Logan, targeted these areas to identify possible pollution sources in the Portsmouth stormwater system. Canine detection is recognized by EPA Region 5

as an effective, quality-controlled tool able to rapidly detect human sources of bacteria in the environment. The primary purpose of this testing was to help identify potential “hotspots” of bacterial pollution in Portsmouth’s waterways. The dogs sensed the presence of human sources of bacteria and pollutants at multiple locations throughout Portsmouth. These human sources included detergents and wastewater. Samples were

collected at these locations and were submitted to a certified laboratory for analysis. Results from the summary report were utilized by City staff to follow-up and make site visits to locate, isolate and fix the problem locations.

**Sustainability** – Under the leadership of the City Council and City Manager, with guidance from the Committee on Sustainable Practices, and expertise of City staff, sustainability policies have been put in place and new initiatives continue to be implemented.

- The City's new drinking water treatment recently received LEED silver certification which brings the number of new LEED certified municipal buildings to three.
- The Portsmouth Middle School project is near completion and will be certified under the Northeast Collaborative for High Performance Schools (NECHPS). This green building methodology is similar to the LEED
- This summer Clean Air Cool Planet sponsored a fellow to complete a greenhouse gas inventory for 2012. This report looks at all of the City's energy usage and calculates the greenhouse gas emissions for the operations of the City government and all of the greenhouse gas emissions the community generated. Results of this study will be used to measure the City's progress in reducing its greenhouse gas emissions.
- The City completed its coastal resilience initiative. This study looks at the City's vulnerability to coastal storm surges and sea level rise and develops some recommendations for future adaptation actions.
- The City continues strengthening its efforts as an eco-municipality. The City hosted an intern from Sweden sponsored by the US Embassy in Sweden to share best practices between our countries. This internship was followed up with an international webinar focused on sustainability efforts in Sweden and the United States.



## **CONTINUING PRIORITIES:**

### **Blue Ribbon Senior Committee**

In July 2013, Mayor Spear formed the Blue Ribbon Senior Committee and charged the Committee with recommending a suitable site for a senior center and recommending a plan of action to develop the site to the City Council. The Senior Committee prepared a report recommending that the Paul A. Doble U.S. Army Reserve Center serve as the site for a center. The report also recommended that the City Manager include funding in the Capital Plan and the FY15 Budget. Additionally, the plan recommended that the Mayor appoint a Senior Subcommittee of the Recreation Board to advise the Senior Services Coordinator on general senior issues and the development of the Doble Center. The Senior Committee presented the report in December 2013.

This Subcommittee was appointed by Mayor Robert J. Lister and has begun its work. Action on report recommendations over the course of FY15 is a continuing priority for the City.



### **Fire Department Study Committee**

In July 2013, the Mayor appointed a Committee to study the Fire Department. The purpose of the Committee was to choose an independent consultant to perform an independent study of the Portsmouth Fire Department. This consultant will recommend changes to the practices and organizational structure of the Department to the City Council and Fire Commission in order to reduce costs and/or improve service without materially affecting public safety. This Committee met and issued an RFQ and RFP to select a consultant to issue a report with follow-up to recommendations taking place in FY15.

### **Citywide Service Projects**

In FY15, the City will continue to engage with private-sector partners to perform community service projects on behalf of the City. In the past, these partners have included companies like Liberty Mutual Insurance, Timberland and Prime, Buchholz & Associates. Liberty Mutual helped the City with bog trail maintenance, a cleanup and painting project at Hislop Park. Timberland did a large-scale cleanup of Pierce Island which included stonedusting the dirt trail, clearing dog waste, planting shrubs and trees and clearing the island of garbage. Prime, Buchholz & Associates also performed service on Peirce Island and painted the snack shack at Portsmouth High School. The City appreciates the work done through these partnerships and looks forward to more partnerships in the future.

### **Downtown Parking Strategies**

The City's Department of Public Works has made solid progress in FY14 by applying the Guiding Parking Principles adopted by the City Council in March 2012 and will continue in FY15 to monitor each development:

- Transitioned from iPark (exclusive to Portsmouth) to the EasyPark in-car parking meter system which may be available for use in multiple communities. Eventually, the system may also be used as a proximity card allowing parking garage patrons to pay via EasyPark.
- Replaced coin only single head parking meters with coin/credit card meters.
- Continue to improve signage to identify time limits and cost for visitors and new EasyPark users.
- Improved the Park Portsmouth website ([www.parkportsmouth.com](http://www.parkportsmouth.com)) to provide a quick overview of parking resources.
- Explored options for remote lot parking.
- Supported efforts to provide alternative means of transportation for residents and visitors to Portsmouth.
- Continued the new seasonal permit parking specifically for downtown employees in the Isles of Shoals Parking lot. The lot can accommodate 50 vehicles and may be used from November through March.
- Explored ways to improve parking meters in downtown area.
- Engaged vendors to devise a potential bike-share program for the city.
- Expanded safe bicycle pedestrian infrastructure in support of the City Council Complete Streets policy.

### **Federal Property Transfers**

- Thomas J. McIntyre Federal Building

In FY15, the City will continue to work with representatives of the US General Services Administration (GSA) and the NH Congressional Delegation on the disposition and re-use/redevelopment of the Thomas J. McIntyre Federal Building.

- Paul A. Doble Army Reserve Center

Acquisition of the Paul A. Doble Army Reserve Center at 125 Cottage Street and its transformation into a new 50 plus activity center as recommended in the most recent report by a Mayoral-appointed Blue Ribbon Committee on Seniors is a major priority in FY15. City staff have worked both on ensuring the eventual transfer of the facility from the Army and, at the same time, worked with the Community on planning for its reuse. More information about the report from the Blue Ribbon Committee on Seniors and the concept of a 50 plus activity center can be found on the City's website.



## **Master Plan**

The City updates its Master Plan every 10 years. The Planning Board and City Council adopted the last Master Plan update in 2005. In 2013, the Planning Department began the process of developing the next update, which will be under way for the next two years. As in the past, the process of developing the Master Plan will include meaningful opportunities for residents to voice their opinions on the City's development policies and strategies for the next decade. The Master Plan is also being supported by a number of related projects that are in progress including wayfinding, bike/ped planning, and form-based zoning.

## **Transportation Policy**

The City has been selected to receive free technical assistance from Smart Growth America to conduct a Complete Streets training workshop in collaboration with the National Complete Streets Coalition. Staff are planning to host the workshop in the spring of 2014. In addition to helping educate staff and decisions makers about Complete Streets principles, the technical assistance will provide guidance on implementation of the City's Complete Streets Policy. Outcomes of this workshop may include tools for developing a local classification system and design standards for City streets.

## **Wayfinding Program**

During 2013, the City moved forward to develop a comprehensive Wayfinding Plan to help guide visitors through the City, and in particular to the many cultural and historic venues in the downtown area. The plan provides



a coordinated, multi-level program designed to guide motorists, bicyclists and pedestrians. As the first phase of this effort, a consulting firm with national credentials working with historic and tourism-oriented communities was engaged to work with City staff and local stakeholders to develop a concept plan, framework, and standards and policies for signage and other wayfinding strategies. As the planning phase wraps up, City staff will begin implementation of the first phase of wayfinding signs. This project is expected to go out to bid in early March and will include consistent and visible parking signs and directionals, interior and exterior enhancements to the parking garage, identification signs for each of the City's public parking lots, and electronic variable message signs to provide real-time information on parking.

## **Bicycle and Pedestrian Planning**

As part of the Master Plan process, staff members are working on the development of a City-wide Bicycle and Pedestrian Plan. This project will identify needs and deficiencies,

develop guidelines and standards for bicycle and pedestrian facilities, and identify and prioritize facility improvements. The City has selected Toole Design Group, a nationally recognized consulting firm specializing in bicycle and pedestrian transportation, to assist in preparing the Plan. The planning process is scheduled to be completed by September 2014.

Staff continues to work to incorporate accommodations for bicycle and pedestrians in all road improvement projects to the extent possible. Bike lanes and/or shared lanes are planned for the Market Street Gateway Corridor Improvement Project as well as for the Sagamore Avenue Streetscape Improvements. The extension of the Pease Bicycle Path which parallels Grafton Road should be completed by spring of 2014.

City staff members are working with the Rockingham Planning Commission and other Seacoast towns to secure the acquisition of the Hampton Branch railroad right-of-way and its conversion to a multi-use trail. The line that is being abandoned by the railroad runs from Barberry Lane south to Hampton Center where it connects to an existing State-owned segment that continues to the Massachusetts state line. Ultimately, this corridor will provide a continuous off-road route from Portsmouth to Newburyport and beyond.

The Planning Director is a municipal representative on NHDOT's newly reconstituted Bicycle and Pedestrian Transportation Advisory Committee. The Committee advises NHDOT on policies and programs to support bicycling and walking as safe, convenient and environmentally and economically beneficial forms of transportation.

### **Public Transit**

The Planning Department continues to work with the Cooperative Alliance for Seacoast Transportation (COAST), the region's public bus system, to improve service and manage costs. COAST provides regional service between Portsmouth, Somersworth and Exeter, as well as local service between downtown and both Lafayette Road and the Pease Tradeport. COAST and its member communities are increasingly challenged by the rising cost of accessible transportation services mandated under the Americans with Disabilities Act (ADA). Staff members are researching opportunities to provide these services more efficiently and, in particular, to improve coordination between COAST and other local and regional transportation providers.



### **Form-Based Zoning**

Because of residents' increasing concern about the scale and character of development in Portsmouth's historic downtown area, the City is considering the concept of "form-based" zoning as an alternative to the existing zoning regulations that apply in this area.



Compared to conventional zoning, form-based zoning creates "Character-Based Zoning Districts" which focus less on specific land uses, and instead emphasize building placement, scale and design. The purpose of considering form-based zoning for downtown Portsmouth is to provide more certainty about how new buildings will relate to their surroundings, and more flexibility as to how those building may be used. The City was successful in obtaining a \$43,845 Community

Planning Grant from New Hampshire Housing, which was used to contract with a planning and urban design firm that specializes in this type of work. The project got under way in February 2013 and has resulted in a draft "Character-Based Zoning" ordinance which is currently being considered by the City Council for adoption.

### **Sarah Mildred Long Bridge Replacement**

This Sarah Mildred Long Bridge Replacement Project is a joint venture between the Maine and New Hampshire Departments of Transportation, with MaineDOT serving as the lead. The DOTs will equally share the costs of replacing the bridge which is now estimated to be \$170 million. City staff are participating in the design process which began in 2013, and it is anticipated that construction will begin in the fall of 2014.



View of Proposed Bridge -  
Looking From I-95 Bridge

### **Islington Street Action Plan**

The Islington Street Improvement Action Plan is a long-range strategy of prioritized actions for corridor improvements. It addresses the City's Master Plan goal of creating a vision for the City's corridors that includes both physical and regulatory strategies for each corridor. The plan includes short and long-term action-oriented recommendations for the Islington Street Corridor such as improved circulation, pedestrian and vehicular safety and appropriate economic development tools to benefit growing and creative businesses in the corridor. In late FY14, a RFP will be issued for design of the first phase of improvements.



## **Market Street Gateway Improvement Project**

The Market Street Gateway Improvement Project is a capital project that started as a Conceptual Plan in 2008. Project goals include: traffic calming, safe pedestrian and bicycle travel, landscaping in the medians and along street frontage, public art installation, intersection reconfiguration, the addition of two parks along the public waterfront and clear signage to direct visitors from I-95 to the central business district and the tourist information center. In FY14, the City hired RSG, Inc., to design the streetscape improvements between Russell Street and Kearsarge Way. Stakeholder meetings were held and public comment was solicited through public input forums and an online webtool. The City anticipates having engineering plans, cost estimates and bid documents by July 1, 2014. This will allow improvements to be constructed in FY15 as part of the phased implementation of the gateway improvements.



## **African Burying Ground Memorial Park, *We Stand in Honor of Those Forgotten***

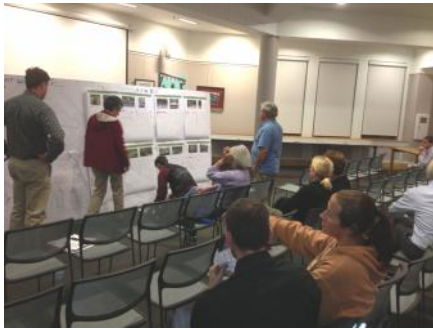
The City of Portsmouth, the African Burying Ground Committee and various committee volunteers and advocates continue to move forward with their efforts to construct the African Burying Ground Memorial Park, *We Stand in Honor of Those Forgotten* at Chestnut Street. Efforts to raise awareness of the African Burying Ground and its history as well as to raise the remaining needed funds for the project continue. This project has attracted support, interest, artistic and academic inquiry, and funding from throughout New England and the United States. This site is the only archaeologically-authenticated Colonial era African burial site in all of northern New England and, on a smaller scale, is comparable to the African Burying Ground and National Monument in lower Manhattan. Recently, the volunteers surpassed \$1 million raised for the \$1.2 million project.





In the winter of 2014, the City released a Request for Qualifications (RFQ) document that will begin the process of selecting a qualified construction contractor. After a group of contractors are pre-qualified, they and their teams of subcontractors, will be invited to submit a full proposal as part of a Request for Proposal (RFP) process. Efforts to construct the Memorial will continue through 2014.

### **Haven School Playground at South and South School Streets**



In FY14, the City initiated an engineering and design project for the renovation of the Haven School Playground at the corner of South and South School Streets funded through the City's Capital Improvement Plan. This small park has been the subject of multiple public meetings and web-based public input efforts with the neighborhood. Design was completed at the end of FY14 and, subject to the availability of funds, construction of the improvements are planned for summer 2014.

### **Cater Park**



William J. Cater Park lies at the corner of Columbus and State Streets off of the Islington Street corridor in the City's West End. Upgrades to the existing playground structure are planned along with the installation of new swings and playground equipment as well as improvements to the basketball court including repaving, painting and striping. This project will be funded in part with funds from the City's Capital Improvement Plan as well as a trust dedicated to the park's upkeep in

maintenance known as the William J. Cater Trust, created by the Portsmouth businessman and civic leader who originally donated the land for the park.

### **Leary Field Improvements**

Leary Field between Rockland Street and Parrott Avenue will see continued investment in FY15. In 2013, the field became the home of the Seacoast Mavericks Baseball team of the Futures Collegiate Baseball League of New England. In exchange, for use of the field, the team made funds available for field improvements including new dugouts, benches, bullpens, asound system and a field tarp. Additional improvements in FY15



include upgrading the snack bar, fencing and spectator area.

### **Creation of Multi-Use Field at Former Stump Dump**

The 2010 Recreation Study recommended that additional playing fields be added to the City's current inventory, which continue to be in high demand. In FY15, the City will continue its work to convert the former "stump dump" facility on Greenland Road into a multi-purpose, NCAA regulation-sized outdoor recreation field with associated amenities including parking, lighting, storage and associated site improvements. Initial site preparation has been leveraged at no cost to taxpayers in exchange for allowing the property to be used for construction lay down areas for various recent construction projects.



### **Greenleaf Recreation Center**

In early 2014 the City entered into an agreement with Operation Blessing, Inc. to operate and manage the Greenleaf Recreation Center at 195 Greenleaf Avenue. This is a continuation of the partnership model that was recommended in the 2010 Recreation Needs Study to offer this facility as a recreation center open to the public with a non-profit partner. Operation Blessing will operate the facility as a recreation center serving underserved teens and run its highly successful Adopt-a-block and other programs, including new programs, out of the facility. This partnership leverages the programming talents and volunteerism of an established non-profit agency and ensures this recreation facility remains open to the public, while defraying costs from the City's budget.



### **Memorial Bridge Streetscape and Park Improvements**

In FY14, the City continued to work closely with the State of New Hampshire on the completion of the Memorial Bridge replacement project. Final completion is scheduled for October 2014. FY15 will also see the completion of the Harborwalk Park adjacent to the bridge. This former paved space along the river will be transformed into a passive park with expanded public access to the waterfront and will be the new home to several

of the restored plaques that were attached to (or associated with) the previous bridge structure as well as a new historic marker as called for in the NHDOT's memorandum of agreement with the State of New Hampshire Division of Historical Resources. Other improvements will include decorative paving treatments, seating areas, and pedestrian scale lighting.



### **Portsmouth Indoor Pool Improvements**

In FY15 the City will continue to work with its non-profit partner the Save the Indoor Portsmouth Pool (SIPP) organization. Recently, the SIPP organization, in accordance with the operations agreement it has with the City, oversaw the replacement of the Pool's roof, as well as deck drainage and gutter system improvements and the installation of new chemical controllers and pumps. The organization will continue to raise funds for

capital improvements (nearly \$500,000 has been raised to date) and move forward with the next major improvement, the replacement of the vinyl pool liner.

### **Portsmouth Middle School**

The City broke ground in spring 2011 on the \$40.8 million Portsmouth Middle School project, which consists of a multi-year 3 phased program that includes the addition of new educational spaces, renovation of the existing space, and removal of 1970s building wings to make room for a new student common area. At this time, construction is in Phase 3, which is to be completed in the winter of 2014. Improvements to the existing spaces will include new systems, finishes, lighting, technology, and more.



The existing 80-year old Middle School, serving over 500 middle school students, is located at 155 Parrott Avenue in the City's downtown core. The City also relocated its Recreation Center from the Connie Bean Center to the new Middle School. Co-location of these facilities, through the addition of a second gymnasium on to the Middle School, resulted in several operational efficiencies and programmatic enhancements to both the Recreation and School Departments.

## **Water Division**

In FY15, the Water Division will continue optimizing the performance of the new Water Treatment Plant including optimization of reservoir aeration, coagulation and filtration systems. Aeration of the Newington Booster Tank will also address requirements of the Stage II Disinfection Byproduct regulatory requirements. Pump replacements at the Newington Booster Station will address electrical efficiency for system pumping. In addition, the Division is looking into the potential installation of a photo voltaic array to offset energy costs at the Madbury Water Treatment Facility.

The Water Division will continue water line replacement in conjunction with the sewer projects in the areas around Lincoln Avenue. Water line replacement will be completed in the South End prior to street paving in that area. Replacement will also be completed on Lafayette Road as part of the State's upgrade of the intersection at the Route 1 Bypass and Lafayette Road.

Public Outreach and Water Efficiency efforts will include the introduction of a customer rebate program for customers replacing existing toilets and washing machines with qualified high efficiency units. Additionally, new drinking fountains will be installed in public areas and City parks and also have separate faucets designed to refilling water bottles.

## **Wastewater Division**

The design of the new Wastewater Treatment Facility at Peirce Island will continue to be the major focus of the Sewer Division in FY15. Throughout the design the EPA and DES will be involved through their issuance of the Peirce Island National Pollutant Discharge Elimination System (NPDES) permit, which will likely impact final design and construction timelines.

To support its Peirce Island NPDES permit, the Sewer Division will continue to support scientific research of the receiving water bodies through studies including a hydrodynamic model of the Piscataqua River.

In addition to the Peirce Island Treatment Facility upgrade, the Pease Wastewater Treatment Facility will be upgraded in phases utilizing the recommendations of previous engineering evaluations. This is necessary to comply with pending new permit requirements and to improve aging facilities.

The Sewer Division will continue sewer line replacement in conjunction with the sewer separation projects in the areas around Lincoln Avenue and in advance of roadway paving.

Public briefings to City Council and through the City's website and press releases will provide information regarding the progress of the various construction, design and study projects involving the Sewer Division's efforts to address the current and long-term impacts of regulatory compliance and aging infrastructure.

### **Legislative Subcommittee**

The City Council's four-member Legislative Subcommittee (comprised of the Mayor and three councilors) continues to closely review New Hampshire Statehouse activities which have the potential to impact Portsmouth. Annually, many new bills are introduced in the State Legislature that could affect municipal operations, city residents, and/or the City's budgeting process. The City monitors closely legislation with the potential to substantially impact the budget. This includes legislation that may make changes to the NH Retirement System or to the State's education funding formula.

The City will also follow legislation that amends the current Right-to-Know Law. Numerous bills have been introduced this session that address a multitude of issues relative to the sealing and unsealing of non-public minutes and the issue of recovering costs of responding to right to-know requests. Although Portsmouth has not been forced to raise excess Statewide Property Taxes as a "Donor" community since FY06, legislation is regularly introduced that potentially reestablish Portsmouth as a "Donor" community. The City will also continue to watch the Legislature's future education funding discussions on behalf of the Coalition Communities, a group of former "Donor" towns. This effort is funded by the City and contributions from Coalition-member towns.

### **Sustainability Initiatives**

The City has a longstanding commitment to the principles of sustainability, which include decreasing our dependence on fossil fuels and synthetic chemicals, reducing negative impacts on our natural resources and meeting the needs of our residents fairly and inclusively. Under the leadership of the Mayor, City Council, City Manager and the Committee on Sustainable Practices, as well as the expertise of City staff, the City has implemented numerous initiatives to further these principles. Many of these initiatives have also resulted in both immediate and long-term cost savings for municipal operations. Recent City accomplishments that further the goals of sustainability and have, or will, result in significant annual cost savings include:

- The Portsmouth Middle School is currently undergoing a renovation and expansion project. The work includes incorporating environmentally sustainable features, such as:
  - Using "green" materials in construction
  - Improving the energy efficiency of the 80 year old building
  - Improving water efficiency
  - Using renewable energy whenever possible
  - Improving the indoor environment for students and teachers, thus increasing opportunities for a positive learning environment.

To meet these goals, the project follows the guidelines of the Northeast Collaborative for High Performance Schools, which were developed based on the climate zones and school construction needs of New Hampshire and other Northeastern states. The Portsmouth Middle School project will be the first to follow the updated, 2.0 version of NECHPS, which is comparable to LEED certification for other buildings.

- The Hodgson Brook Watershed restoration group has worked with City Planning and Public Works staff on a grant-funded project to continue its work in the Pannaway Manor neighborhood working with the Department of Public Works to install raingardens which collect stormwater, filter pollutants from it and then infiltrate the stormwater.
- The City continues to improve on its stormwater infrastructure and has recently received a grant to install a new stormwater treatment device to treat the runoff from its snow dump. This project is a pilot for this type of application and the design will likely be used by other community to improve the treatment of water coming from snow storage areas in the region.
- As a follow-on to the coastal resilience initiative the City has applied for funding to produce a dynamic model of severe coastal storms to predict their potential for impact of its salt marsh and estuarine areas.

### **Implementation of City's Cultural Plan**

In FY 15, Art-Speak, the City's Cultural Commission, plans the following activities and cultural planning goals:

- Ongoing participation in the Middle School Public Art Project.
- Ongoing development of the Portsmouth Cultural Alliance.
- Participation in the City's Master Plan process as it relates to the Cultural Resource section.
- Development of a Public Art resource packet and tour.





## COMMUNITY AND ECONOMIC PROFILE

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The City of Portsmouth (population: 23,455) is a seaport community on the Piscataqua River, which divides New Hampshire and Maine. It is a regional economic and cultural hub for seacoast New Hampshire and lies 50 miles north of Boston, Massachusetts, and 50 miles south of Portland, Maine.

Settled in 1623, Portsmouth is the nation's third-oldest city with a rich heritage as a working seaport and the home of the State's only deepwater port. The city's quality of life, business climate, arts and cultural resources, and education facilities have attracted a wide variety of industries employing young, entrepreneurial and highly skilled workers in the technology, finance, biotech and health sectors.



Portsmouth also serves as the cultural destination for the region.

This has resulted in a significant creative economy of for-profit and non-profit businesses ranging from theatres and museums to galleries and design/architectural firms. The city's non-profit cultural institutions and organizations alone contribute over \$41.4 million to the community. These organizations, along with many year-round cultural offerings, make Portsmouth a preferred tourist destination and the media has taken note. In the past year, Portsmouth received the following travel media accolades:

- Portsmouth ranked number 6 in The Most Underrated Beautiful US Cities by Alex Flux Feb 2014
- Portsmouth ranked #7 out of fifteen agencies led the nation in creating comprehensive Complete Streets policies in 2013 by Smart.
- Portsmouth ranked #9 out 10 most Romantic Cities in *Travel + Leisure*, a travel magazine February 2014.
- Portsmouth ranked 6<sup>th</sup> best place in New Hampshire to Raise a Young Family by *Nerd Wallet Finance*, December 2013
- Portsmouth listed as fourth in AARP.org report on 10 Best Places to Retire
- Portsmouth included as one of "Three great New England weekend getaways for baby boomers" by Boston Globe at on [www.boston.com](http://www.boston.com). Nov. 17, 2013
- Portsmouth cited on top of Coastal Living's list top of dream Beach towns 9/2013
- Portsmouth ranked as fifth best city for primary physicians by ValuePenguin. August 2013

Overall, Portsmouth has maintained a stable economy, due in part to the diversity of businesses that make the City a major employment center. Almost half of working residents are employed locally, but the bulk of the workforce commutes into the city to work.

The City of Portsmouth continues to lead the region in low unemployment rates. As of December 31, 2013 the unemployment rate was 3.7%, compared to 4.2% in December 2012. The December 31, 2013 respective rates for the state, New England and the nation were 4.8%, 6.5% and 6.5%.

According to the NH Employment Security Office, total nonfarm employment in Portsmouth – ME MetroNECTA at the end of December 2013 was 57,000. This un-benchmarked figure represents an overall increase of 700 jobs or 1.24% compared to the same time last year. The

largest year-to-year employment increases were in the Trade/Transportation and Utilities with an increase of 400 jobs, followed by the Government sector per sector with an increase of 300 jobs. The Leisure/Hospitality sector posted the next highest gain of 200 jobs, followed by the Information sector with 100 new jobs. The Professional and Business, Finance, and Manufacturing sectors each experienced a decrease of 100 jobs from the previous year.

Along with its skilled workforce and superior quality of life, the City benefits from major economic assets that attract diverse businesses and workers. The City's economic assets include the Pease International Tradeport, the NH State Port, the Foreign Trade Zone, and the Portsmouth Naval Shipyard, each of which is highlighted below.

### ***Pease International Tradeport***

One of the nation's most successful military base redevelopments, Pease International Tradeport, is located in Portsmouth and continues to grow and be a significant contributor to the economic vitality of the region.

The Pease Development Authority (PDA) administers development of the Tradeport. Because the Tradeport is located primarily within the municipal boundaries of Portsmouth, the PDA and the City entered into a Municipal Services Agreement many years ago for both the Airport and Non-Airport Districts. In accordance with the Agreement, the City received \$2.03 million in revenue from the Airport district and \$3.3 million from the non-Airport district in property taxes; a total of \$5.4 million in revenue in FY12.

Pease International Tradeport continues to be an important regional economic driver with 250 companies and 7,000 workers, many in well paying technology and advance manufacturing jobs. The relocation of firearms manufacturer Sig Sauer and 600 workers from its Exeter to Pease is significant and should attract new industry vendors to the city. The company anticipates \$7 million in renovations to the plant.

The Tradeport is also home to the Pease International Airport, which is an asset to the entire region. Passenger flights are available on several charter and private jets that operate out of the airport. The airport is also home to Alpha Flying Inc., (AFI), an aircraft management company with 25 fractional ownership planes and its sister company Atlas Pilatus Center Inc. (APC), which services the AFI fleet. Port City Air also provides airplane repair services at the Tradeport.

### ***The Port of New Hampshire***

The Port of New Hampshire, located on the Piscataqua River in downtown Portsmouth, is the State's only deepwater port. The Port is overseen by the Pease Development Authority. Its strategic location on a deep natural harbor makes it viable for international cargo shipping as well as for visiting cruise ships. The Harbormaster offices and dock are located onsite. Port infrastructure includes a 66-foot-long wharf, a 310-foot barge pier, two large warehouse structures, and open areas for bulk storage and container facilities. The Port also leases space to local charter fishing and harbor cruise operators and serves as host to the popular tall ships that visit the city periodically.



### ***Foreign Trade Zone (FTZ)***

New Hampshire has one Foreign Trade Zone (FTZ) consisting of five distinct sites, three of which are located in Portsmouth: 1,095 acres at the Tradeport, 10 acres at the Port, and 50 acres at the Portsmouth Industrial Park. A Foreign Trade Zone is a site within the United States where items may be imported, stored and processed with deferral or elimination of customs duties and excise taxes, allowing firms to operate more competitively in the international market. The FTZ, in conjunction with the State's International Trade Resource Center, provides both opportunity and technical assistance for businesses interested in foreign commerce.

### ***Portsmouth Naval Shipyard (PNSY)***

Located in Kittery, Maine, just across the Piscataqua River, the Portsmouth Naval Shipyard is a major submarine overhaul and refueling facility and is the U.S. government's oldest continuously operating naval shipyard. It is the largest regional employer. The most current data on Seacoast Shipyard Association's regional economic impact is for calendar year 2013 which revealed a total of 5,474 current employees (up from 5,313 in 2012) with a payroll of \$414 million (down from \$421 million in 2012). Portsmouth has the third highest number of shipyard employees of all NH communities and the seventh largest of both Maine and NH communities, with 235 shipyard workers. The Shipyard is a significant source of indirect expenditures in the region. In 2013, \$38 million of goods and services and \$129 million of contracted facility services were purchased.

# COMMUNITY PROFILE

## CITY GOVERNMENT

Settled	1623
Incorporated	1849
Form of Government	Council-Manager

## CITY FINANCE

Tax Rate FY 2013 (per \$1,000)	\$17.91
Total Valuation	\$4,096,603,575

Source: NH Dept. of Revenue Administration

<b>Bond Ratings</b>	
Standard & Poor's	AAA
Moody's Investors Service	Aa1

## LAND

Land Area	10,034 acres
Public Parks & Playgrounds	200 acres*
Public Streets	136 miles
Wetlands	3,538 acres**

\* Source: Taintor and Associates, Existing Conditions, 2003

\*\*Source: City of Portsmouth, 2003 Wetlands Inventory

## UTILITIES

Telephone	Multiple Suppliers
High Speed Internet	Multiple Suppliers
Cable	Comcast
Gas	Unitil
Water	City of Portsmouth
Sewer	City of Portsmouth
Cell phone coverage	Complete Coverage

## ECONOMIC INDICATORS

### **Largest Private Employers (2013)**

HCA Portsmouth Regional Hospital	1040
Liberty Mutual	1013
Lonza Biologics	772
Bottomline Technologies	365
John Hancock	285
Thermo Fischer	277
Newmarket International	260
Sprague Energy	230
Direct Capital	230
Alpha Flying/PlaneSense	227
LabCorp	225

Source: City of Portsmouth, Economic Development

### **Portsmouth Employed Civilian Population by Industrial Sector**

Professional Services	13.87%
Retail Trade	12.88%
Manufacturing	10.11%
Miscellaneous Services	36.18%
Finance, Insurance, Real Estate	5.69%
Transportation, Comm., Utilities	3.33%
All others	17.94%

Source: U.S. Census Bureau, 2008-10 American Community Survey

### **Unemployment (Not seasonally-adjusted)**

Portsmouth	3.7%*
State of New Hampshire	4.8%*

\*Source: NH Economic & Labor Market Information Bureau, Dec. 2013

## DEMOGRAPHICS

### **Population**

2010 U.S. Census	21,233
2000 U.S. Census	20,784
1990 U.S. Census	25,925

### **Registered Voters**

January 2014	15,827
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Source: City of Portsmouth, Office of the City Clerk

### **Households**

2010 U.S. Census	10,014
2000 U.S. Census	9,875
1990 U.S. Census	10,329

Average Household Size	2.03
------------------------	------

Average Family Size	2.75
---------------------	------

Source: U.S. Census 2010

### **Age (Percent of Total Population)**

Up to 24 years	24.3%
25 - 54	46.9%
60 and up	22.0%

Source: U.S. Census 2010

### **Median Household Income**

2010 U.S. Census	\$60,874
2000 U.S. Census	\$45,198
1990 U.S. Census	\$30,591

### **Housing Types**

#### *Units in Structure*

1-unit, detached	40.8%
1-unit, attached	7.2%
2 units	9.2%
3 or 4 units	8.5%
5 to 9 units	16.2%
10 to 19 units	6.2%
20 or more units	9.4%
Mobile home	2.5%

Source: U.S. Census Bureau, 2008-10 American Community Survey

### **Housing Unit by Occupancy**

Owner-occupied	51.3%
Renter-occupied	48.7%

Source: U.S. Census 2010

### **Mean Values**

<i>Type</i>	<i>Mean</i>
Commercial*	\$1,209,380
Residential**	\$320,390

#### *Residential Stratified*

Single Family	\$398,040
Condo	\$263,184
Multi-Family 2-3 Units	\$411,530
Mobile Homes	\$50,908

### **Median Values**

<i>Median</i>	
Residential**	\$287,200
Single Family	\$316,600

As of February 2014

\* Includes Pease Non-Airport District and Utilities

\*\* Included single family, condos, multi-family 2-3 units, mobile homes and vacant land.

Source: City of Portsmouth, Finance Department

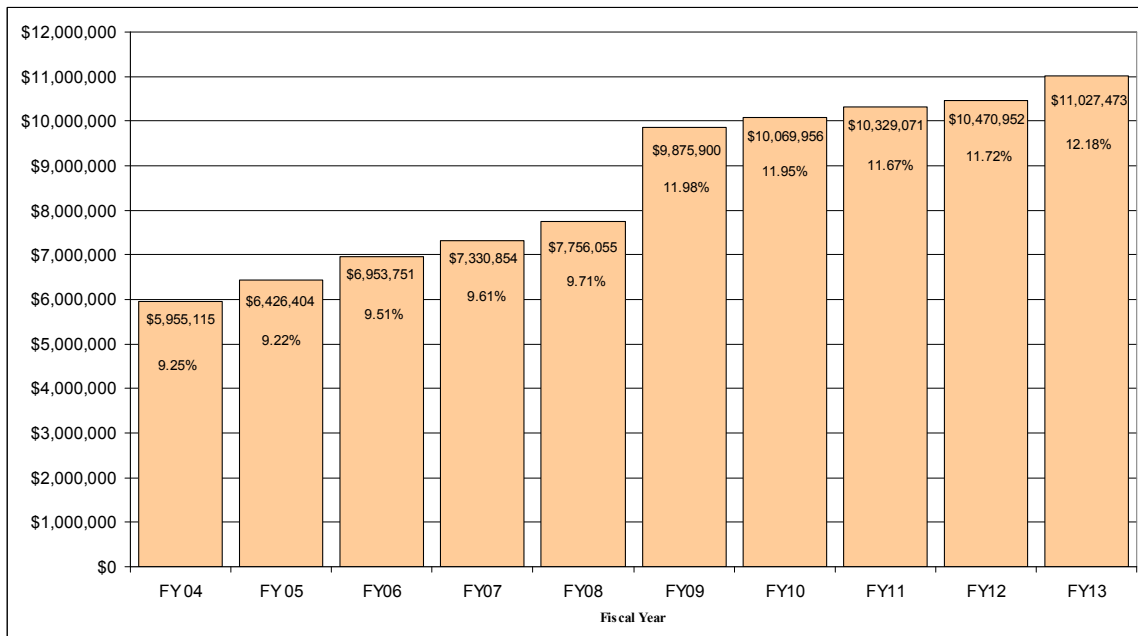


# FINANCIAL POLICIES AND LONG-TERM FINANCIAL GUIDELINES

The following are financial policies and long-term financial guidelines which the City follows in managing its financial and budgetary affairs. The goal of these policies and guidelines is to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Portsmouth. The City has created several approaches to maintain and improve fiscal stability.

## ***UNASSIGNED FUND BALANCE ORDINANCE***

City Council adopted in Fiscal Year 1998 a Fund Balance Ordinance which was amended in 2012 to comply with the fund balance model established by Governmental Accounting Standards Board (GASB) Statement No. 54. The operational objective of the Ordinance was further amended in 2013 to recognize that the financial management goal of the City of Portsmouth is to annually maintain an Unassigned Fund Balance of between 10% and 17% of total general fund appropriations. As of June 30, 2013, the Unassigned Fund Balance is 12.18% of appropriations. The chart below shows the history of unassigned fund balance for the last 10 years.



## BOND RATING

The City's current bond rating is AAA and Aa1 by Standard and Poor's Rating Group and Moody's Investors Service Ratings Group, respectively. Rating agencies weigh a host of financial, economic, debt and managerial information and assign a rating to the issue. Higher bond ratings indicate lower perceived risk of default. The City has taken many steps and will continue to seek improvements to maintain fiscal stability. Table 1 highlights where the City's rating is today with respect to the model and Table 2 provides the history of the City's rating.

Table 1

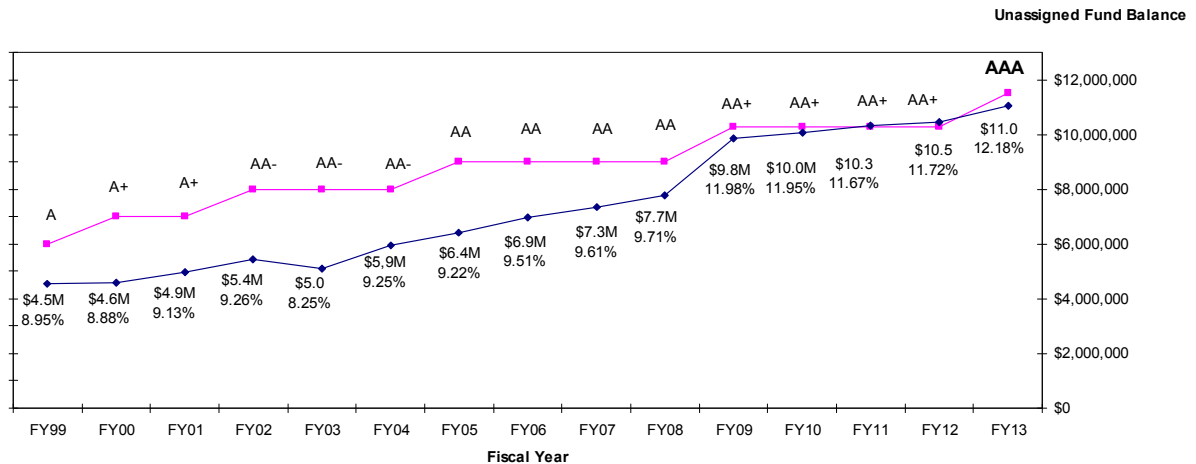
INVESTMENT GRADE RATINGS	
Standard & Poor's	Moody's
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB	Ba

Table 2

Standard & Poor's		Moody's	
Year	City of Portsmouth	Year	City of Portsmouth
2013	AAA	2013	Aa1
2012	AA+	2012	Aa1
2011	AA+	2011	Aa1
2010	AA+	*2010	Aa1
2009	AA+	2009	Aa2
2008	AA	2008	Aa2
2007	AA	2007	Aa3
2006	AA	2006	Aa3
2005	AA	2005	Aa3
2004	AA-	2004	Aa3
2003	AA-	2003	Aa3
2002	AA-	2002	Aa3
2001	A+	2001	A1
2000	A+	2000*	A1
1999	A	1999	A
1998	A	1998	A
1997	A	1997	A
1996	A	1996	A
1995	A	1995	Baa1
1994	A	1994	Baa1
		1993	Baa
		1992	Ba
		1991	Ba

Moody's Investment Group changed their rating system to no longer using A as a rating

The following graph charts the path and relationship between the City's Unassigned Fund Balance and its bond rating since the inception of the Unassigned Fund Balance Ordinance.



## ***LEAVE AT TERMINATION***

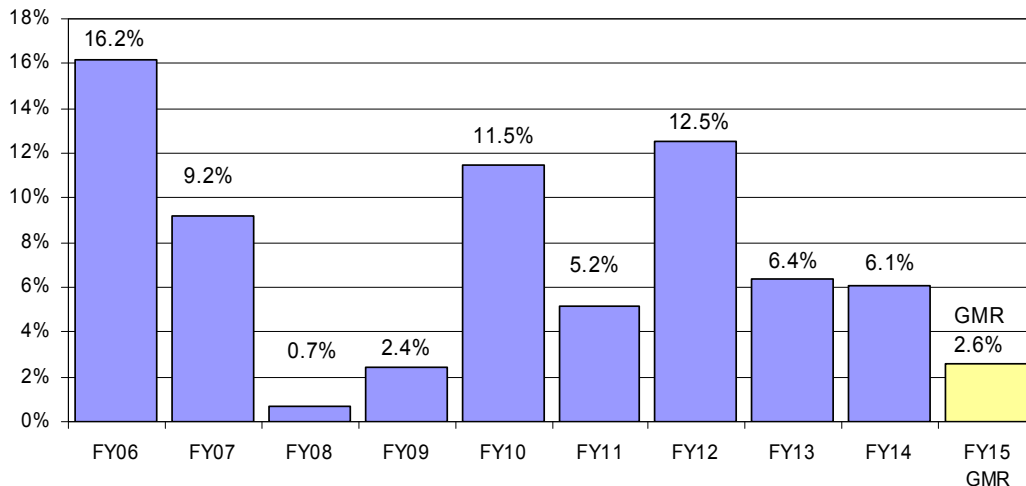
The City has addressed in two methods the significant liability owed to employees for accumulated sick leave pay when they leave municipal service.

1. The City eliminated future growth in this liability by negotiating in all labor agreements that new employees can no longer accumulate unlimited sick leave. Thus, the liability can be capped and it is now possible to estimate reductions of this liability through attrition.
2. The Leave at Termination Fund created in fiscal year 1999 eliminated annual budget spikes which negatively impacted the operating budget associated with sick leave pay owed to employees upon termination. General Government, Police, Fire and School Departments annually budget a fixed amount for each fiscal year determined by an actuarial study and periodic review, which is transferred into this fund where this liability is paid. These departments build a fund balance, which is carried over from year to year to fund future liabilities, thus stabilizing the annual operating budget.

## ***HEALTH INSURANCE STABILIZATION RESERVE***

The Local Government Center (LGC) HealthTrust announced the FY15 guaranteed maximum rate (GMR) health insurance premium rates which results in an overall rate increase of 2.6% over the FY14 premium rates for the majority of City employees. The increase in premium rates has spiked both up and down over the last several years causing unpredictability as shown in the graph below.

**HEALTH INSURANCE 10 YEAR RATE CHANGE HISTORY**



The City has addressed this issue with the following approaches.

1. The City negotiated with all labor agreements to share in the cost of health insurance premiums. Every employee contributes a percentage of their medical plan cost. This reduces the City's liability.
2. The City created the Health Insurance Stabilization Reserve to stabilize annual budgetary spikes that often negatively impact the operating budget. Generally, the appropriation amount is determined in accordance with the average increase of Health Insurance rates provided by HealthTrust over 10 years. This rate is then added to the prior fiscal year budgetary appropriation. The Health Insurance Stabilization Reserve has been established in the General Fund from operating surplus from previous years. In the event premiums spike higher than the appropriation, the reserve subsidizes this shortfall. A policy has been established that the utilization of this reserve in any given year shall not be in excess of 25% of its balance. Although the GMR for FY15 is 2.6%, the 10 year average rate change is 7.28%.
3. The City has been able to offer to the collective bargaining units a SchoolCare Product supported by Cigna. As the switch to another health care plan must be negotiated with each union, only four of the fifteen unions have accepted this plan. The SchoolCare health plan saves both the City and the employee a substantial amount of money.

Although the practice has been for departments to use the 10-year rolling average health insurance percentage increase to adjust their health insurance appropriation line item, a different approach may be required due to budget constraints in a given budget year.

### ***INVESTMENT POLICY***

The City of Portsmouth recognizes an investment program as one aspect of sound public financial management. The investment program aims at matching the structure of the money market and operations of the City to achieve the best possible results for the City, considering such matters as safety, liquidity, and over-all yield. New Hampshire State Statue (RSA 48:16) authorizes the City Treasurer as custodian of City funds to invest funds not immediately needed for the purpose of expenditure and specifically identifies eligible investments instruments as defined as follows:

1. Direct obligations of the US Treasury or any agency or instrumentality of the US Government.
2. The Public Investment Pool established pursuant to RSA 383.22.
3. Savings accounts of banks incorporated under the laws of the State of New Hampshire.
4. Certificates of deposit with banks incorporated under the laws of the State of New Hampshire or in national banks located within the State of New Hampshire or the Commonwealth of Massachusetts which are insured through the FDIC /FSLIC.
5. Repurchase agreements collateralized by the above mentioned items.
6. Money Market Funds which invest only in above mentioned items and meeting collateral requirements of FDIC/FSLIC limitation.

## ***PROPERTY VALUATION***

New Hampshire State Statute RSA 75:8-a states “the assessors and/or selectmen shall reappraise all real estate within the municipality so that the assessments are at full and true value at least as often as every fifth year beginning with the first year the Commissioner of the Department of Revenue Administration reviews the municipalities assessments pursuant to RSA 21-J:3 XXVI, the assessors and or selectman shall value all real estate within the municipality so that the assessments are valued in accordance with RSA 75:1” which states “ shall appraise all taxable property at its market value”.

The City of Portsmouth Assessor’s Office is currently inspecting all properties within the City in preparation for the tax year 2015 update/revaluation and the tax year 2016 assessment review by the State of New Hampshire Department of Revenue Administration.

## ***PERFORMANCE MEASURES***

The FY15 Budget document includes a performance measures section in each departmental narrative. This year’s budget includes a two year history of performance measures and an “estimated FY14” column. The departments use their performance measures to better communicate departmental progress and or efficiencies achieved with in the department.

Performance Measures are statistical and analytical information about departmental performance and services. In general, performance measures can describe relationships between resources (inputs) and what is provided through a Department’s programs and services (outputs). In some cases, these measures will describe a Department’s workload (i.e. number of Police calls for service) or provide some measure of units of service (i.e. number of businesses assisted). Such measures are useful when compared across fiscal years, relaying information about trends and changes in service levels and needs, which can provide some context to budgetary requests.

Performance measures can be both quantitative and qualitative in nature. Often they can be expressed in ratios, percentages, averages, or simple quantifiable outputs, which provide information about a program or service.

## ***ROLLING STOCK PROGRAM***

The City has established a long-term rolling stock program to avoid large expenditures in any one year and to forecast certain expenditures for replacing and upgrading existing equipment in the years ahead. The Rolling Stock Program has enabled all City departments to replace vehicles and equipment on the basis of life cycle costing, which has reduced costs in the area of repairs and maintenance. The purchase of vehicles and equipment is funded through the non-operating budget. This program provides departments with vehicles and equipment that are more efficient. Detailed information on the rolling stock program can found in Appendix I of this document.

## ***CAPITAL IMPROVEMENT PLAN***

The Capital Improvement Plan (CIP), prepared by the Planning Board, and adopted by the City Council, identifies equipment, vehicles, building, information systems, transportation and Enterprise Fund infrastructure needs over a six-year period. The City Council reviews these projects and annually appropriates from Governmental and Enterprise Funds, capital outlay to be combined with grants, matching funds and other programs. All projects funded by long-term debt need separate authorization from City Council. The Following is a funding summary for of the FY15 Capital Improvement Plan. Detailed information for each project can found in Appendix II of this document.

**Capital Improvement Plan FY 2015-2020 (FY 2015 Funding)**

	GF	Enterprise Funds	Bond/Lease	Federal/State	Other/Revenues	PPP	FY '15 Total
GOVERNMENTAL FUNDS	\$1,700,000	\$0	\$5,225,000	\$2,025,734	\$1,455,950	\$200,000	\$10,606,684
WATER FUND	\$0	\$1,339,000	\$7,300,000	\$0	\$0	\$0	\$8,639,000
SEWER FUND	\$0	\$1,200,000	\$34,500,000	\$0	\$0	\$0	\$35,700,000
<b>TOTAL</b>	<b>\$1,700,000</b>	<b>\$2,539,000</b>	<b>\$47,025,000</b>	<b>\$2,025,734</b>	<b>\$1,455,950</b>	<b>\$200,000</b>	<b>\$54,945,684</b>

## ***DEBT SERVICE PLANNING***

The City's Debt Service planning goals are to keep the debt burden and operational debt costs at manageable levels and that, simultaneously, capital needs will be met on an ongoing basis. With these goals in mind, the City has three main Debt Service Planning policies:

### **1) Pay-As-You-Go Financing**

The City will pay for all capital projects on a pay-as-you-go basis using current revenues whenever possible.

### **2) Net Debt Service as Percent of General Fund Appropriations**

One measurement to ensure debt costs are manageable is identifying a maximum net debt service as a percentage of total General Fund appropriation. The City policy is to use no more than 10% of annual appropriations toward net debt service payments. The FY15 proposed budget includes a projected net debt 8.19% of the proposed General Fund appropriation (A ten-year Projected Net Long Term Debt Service as a Percentage of the General Fund chart and graph are located in the Debt Service section of this budget document.)

### **3) Debt Burden**

It is the policy of the City to maintain a Governmental debt burden of less than 3% of the City's full valuation. The debt burden measures how leveraged the City is by calculating the amount of debt outstanding as compared to the City's full valuation. The City's governmental activities' debt burden as of June 30, 2013, the last completed independent audit, was 2.09%.



### ***MUNICIPAL FEE REVIEW PROCESS***

In order to create a more efficient system for the City to adopt and adjust municipal fees, a process was adopted to review municipal fees annually. A City ordinance was enacted stating that all municipal fees shall be adopted and may be amended by resolution during the annual budget adoption process. Annually, all City departments review their respective fees and propose changes where they consider it necessary to keep abreast of rising administration costs. (Fees are listed in Appendix III.) A Fee Committee consisting of two City Councilor, the City Manager and a Finance Department representative then reviews the department's requests. The Fee Committee recommendation is presented to the City Council for approval through a resolution. The approved municipal fee list becomes law on the first day of the upcoming fiscal year.

### ***ENTERPRISE FUND POLICIES FOR RATE SETTING***

Water and Sewer rates are reviewed annually to ensure that they will generate revenues adequate to cover operating expenses, meet the legal requirements of bond covenants and State Revolving Fund (SRF) loans, and allow adequate capital replacement.

### ***UDAG BUDGET POLICY***

The City of Portsmouth Economic Development Commission (EDC) established a budget policy for the Urban Development Action Grant (UDAG) that allows expenditures based on available funding and economic development program needs.

### ***COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) CERTIFICATE OF ACHIEVEMENT***

The City will seek annual renewal of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. The City has received 20 awards for the fiscal years ended June 30, 1988, 1989, and 1995-2012.

### ***DISTINGUISHED BUDGET PRESENTATION AWARD***

The City will seek annual renewal of the Government Finance Officers Association's Distinguished Budget Presentation Award. The City of Portsmouth received the GFOA's Distinguished Budget Presentation Award for 8 consecutive years; beginning July 1, 2006-2013. The Distinguished Budget Presentation Award is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens. The City of Portsmouth is the first and remains the only community in New Hampshire to receive the award.

### ***EMPLOYEE PAY PLAN***

The City of Portsmouth has a total of fifteen (15) collective bargaining units. As of April 2014, thirteen (13) bargaining unit contracts will expire on June 30, 2014, while two (2) will expire June 30, 2015. Employees who are in the expired contracts and are eligible for a step increase will continue to receive step increases however, other wage adjustments will not be provided until new contracts are ratified.

The City embraces a compensation philosophy that provides internal consistency, which includes paying fair and reasonable salaries based on economic conditions and the labor market. This will attract, retain, and motivate qualified personnel to meet organizational requirements, maintain a competitive pay structure for all jobs, increase productivity and efficiency, and further organizational goals and objectives. The City also believes in balancing this with an equitably based system within the organizational pay structure. This philosophy needs to be maintained, while simultaneously being fair to the taxpayers of the community.

### ***PERSONNEL SUMMARY***

The following table is a summary of personnel counts by department and funds. A table of specific positions and a personnel count by department can also be found in each department section of the document.

The Fiscal Year 2015 proposed budget for all funds incorporates a net increase of 3.21 full-time positions.

- **Inspection Department-** Reallocate part-time Electrical Inspector to full-time
- **Public Works/Water/Sewer/Parking/Community Development-**Reorganization of staff, net reduction of 1.10 positions.
- **Senior Services-** Reallocation of a part-time Senior Services Coordinator to full-time Senior Services Supervisor.
- **Police Department-** Reduce one Lieutenant, increase one Sergeant, and increase one Patrol Officer.
- **School Department-**Alternative funding for the net increase of 1.31 positions.

**PERSONNEL SUMMARY**

DEPARTMENT	FY 13 ACTUAL	FY 14 ACTUAL	FY 15 PROPOSED BUDGET	Change From FY14
<b>FULL-TIME PERSONNEL</b>				
CITY MANAGER	2.00	2.00	2.00	0.00
HUMAN RESOURCES	2.00	4.00	4.00	0.00
CITY CLERK	3.00	3.00	3.00	0.00
LEGAL DEPARTMENT	4.00	5.00	5.00	0.00
FINANCE DEPARTMENT	17.00	18.00	18.00	0.00
PLANNING DEPARTMENT	5.95	7.45	7.45	0.00
INSPECTION DEPARTMENT	4.05	4.05	5.05	1.00
HEALTH DEPARTMENT	1.50	1.50	1.50	0.00
PUBLIC WORKS	58.00	59.25	58.05	(1.20)
LIBRARY	14.00	15.00	15.00	0.00
RECREATION DEPARTMENT	4.00	4.00	4.00	0.00
SENIOR SERVICES	0.00	0.00	1.00	1.00
WELFARE DEPARTMENT	1.00	1.00	1.00	0.00
POLICE DEPARTMENT	83.00	80.00	81.00	1.00
FIRE DEPARTMENT	61.00	61.00	61.00	0.00
SCHOOL DEPARTMENT	356.30	354.39	355.70	1.31
<b>GENERAL FUND - FULL TIME PERSONNEL TOTAL</b>	<b>616.80</b>	<b>619.64</b>	<b>622.75</b>	<b>3.11</b>
<b>% Change</b>				<b>0.50%</b>
<b>PART-TIME PERSONNEL*</b>				
HUMAN RESOURCES	3.00	2.00	2.00	0.00
LEGAL DEPARTMENT	3.00	2.00	2.00	0.00
FINANCE DEPARTMENT	3.00	3.00	2.00	(1.00)
INSPECTION DEPARTMENT	1.00	1.00	0.00	(1.00)
PUBLIC WORKS	1.00	1.00	0.00	(1.00)
LIBRARY	14.00	12.00	12.00	0.00
seasonally)	1.00	1.00	1.00	0.00
SENIOR SERVICES	0.00	1.00	1.00	0.00
WELFARE DEPARTMENT	1.00	1.00	1.00	0.00
POLICE DEPARTMENT	34.00	35.00	32.00	(3.00)
FIRE DEPARTMENT	3.00	3.00	3.00	0.00
SCHOOL DEPARTMENT	198.00	198.00	198.00	0.00
<b>GENERAL FUND TOTAL - PART TIME PERSONNEL TOTAL</b>	<b>262.00</b>	<b>260.00</b>	<b>254.00</b>	<b>(6.00)</b>
<b>% Change</b>				<b>-2.3%</b>
<b>FULL-TIME PERSONNEL</b>				
WATER AND SEWER FUND	47.30	50.00	50.30	0.30
<b>ENTERPRISE FUNDS - WATER &amp; SEWER FULL TIME PERSONNEL TOTAL</b>	<b>47.30</b>	<b>50.00</b>	<b>50.30</b>	<b>0.30</b>
<b>% Change</b>				<b>0.6%</b>
<b>PART-TIME PERSONNEL*</b>				
WATER AND SEWER FUND	2.00	4.00	4.00	0.00
<b>ENTERPRISE FUNDS - WATER &amp; SEWER PART TIME PERSONNEL TOTAL</b>	<b>2.00</b>	<b>4.00</b>	<b>4.00</b>	<b>0.00</b>
<b>% Change</b>				<b>0.0%</b>
<b>FULL-TIME PERSONNEL</b>				
PARKING	10.00	11.25	10.70	(0.55)
COMMUNITY DEVELOPMENT	1.45	1.25	1.60	0.35
UDAG	1.15	2.15	2.15	0.00
<b>SPECIAL FUNDS - FULL TIME PERSONNEL TOTAL</b>	<b>12.60</b>	<b>14.65</b>	<b>14.45</b>	<b>(0.20)</b>
<b>% Change</b>				<b>-1.4%</b>
<b>PART-TIME PERSONNEL*</b>				
PARKING	27.00	27.00	27.00	0.00
<b>SPECIAL FUNDS - PART TIME PERSONNEL TOTAL</b>	<b>27.00</b>	<b>27.00</b>	<b>27.00</b>	<b>0.00</b>
<b>% Change</b>				<b>0.0%</b>
<b>TOTAL FULL-TIME PERSONNEL</b>	<b>676.70</b>	<b>684.29</b>	<b>687.50</b>	<b>3.21</b>
<b>TOTAL PART-TIME PERSONNEL</b>	<b>291.00</b>	<b>291.00</b>	<b>285.00</b>	<b>(6.00)</b>
<b>TOTAL FULL-TIME PERSONNEL % Change</b>				<b>0.5%</b>
<b>TOTAL PART-TIME PERSONNEL % Change</b>				<b>-2.1%</b>

**NOTE:**

Part-time personnel numbers may fluctuate due to the seasonality of positions.  
Part-time positions are totaled in this chart by the number of personnel and not FTE.

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# **BUDGET DOCUMENT**

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## **A GUIDE TO THE BUDGET DOCUMENT**

The City of Portsmouth is a municipal corporation governed by a City Council, including a mayor and eight members, and an appointed City Manager. The City's financial operations are budgeted and accounted for in a number of funds. Each fund is a separate accounting entity with self-balancing accounts.

The budget process is key to the development of the City of Portsmouth's strategic fiscal plan. The budget is the single most important document the City has for establishing policies, guidelines, and control over the direction of change and for determining the future.

This budget serves six vital functions:

1. It is a *policy document*, which establishes the City's priorities for expending funds for services to be provided for the coming fiscal year.
2. It is a *financial plan* for the City for the coming fiscal year.
3. It is an *operations guide*, which establishes the activities, services and functions to be carried out by the City's departments.
4. It is an important means of *communication*, which conveys to Portsmouth residents, local businesses, as well as other parties (such as bond rating agencies and the news media) how the City is being managed.
5. It is a *historical document*, which reflects the past level of services provided by the City.
6. It is a *legal document*, which establishes the legal guidelines for spending each year.

## ***BUDGET DOCUMENT CONTENTS***

The budget document contains the following funds and activities to assist in the understanding of the City's operations.

**GENERAL FUND-** This fund accounts for all general operating expenditures and revenues. This is the City's largest fund. Revenues in the general fund primarily are from property taxes.

**ENTERPRISE FUNDS-** Enterprise funds are supported by user fees and are used to account for ongoing organizations and activities which are similar to those often found in the private sector. The City of Portsmouth maintains two enterprise funds: Water and Sewer.

**SPECIAL REVENUE FUNDS-** These funds account for the proceeds of specific revenue sources, such as Federal, State, and Local grants; private donations, and transfer from other funds that are restricted to expenditure for specified purposes. There are three special revenue funds detailed in this document, which require a budget and are a part of the budget adoption process: Parking and Transportation, Community Development Block Grant (CDBG), and Urban Development Action Grant Fund (UDAG).

**DEBT SERVICE-** This document includes an analysis of debt service for the General, Parking & Transportation, Water, and Sewer Funds. The analysis includes: computation of legal debt margin, long-term debt forecast model, projected long-term debt service as a percentage of the general fund budget, and long-term debt outstanding balance.

**CAPITAL IMPROVEMENT PLAN (CIP)-** The long-term planning for major capital projects as set forth in the six-year Capital Improvement Plan and adopted by the City Council. The capital projects are funded through capital outlays, state and federal aid, revenues, public private partnerships and bond issues. This documents provides a summary of the capital improvement plan in Appendix II; however, the City also publishes a more detailed long-term CIP under separate cover.

**ROLLING STOCK PROGRAM-** The Rolling Stock Program is intended to provide an overall schedule for the expenditure of City funds on replacement of vehicles and equipment necessary to carry out daily City activities. City departments with rolling stock requirements that participate in the program include the Public Works, Police, Fire, School, Water, Sewer Departments and Trust Funds. Such a program serves to inform the City Council and the community that certain expenditures for upgrading the existing equipment are to be expected in the years ahead. The Rolling Stock Program detail is located in Appendix I of this document.

**FEE SCHEDULE-** A City ordinance was enacted stating that all municipal fees shall be adopted and may be amended by resolution during the annual budget adoption process. Appendix III provides a detailed list of all City fees which are reviewed every year.

### ***BUDGETARY FUND STRUCTURE***

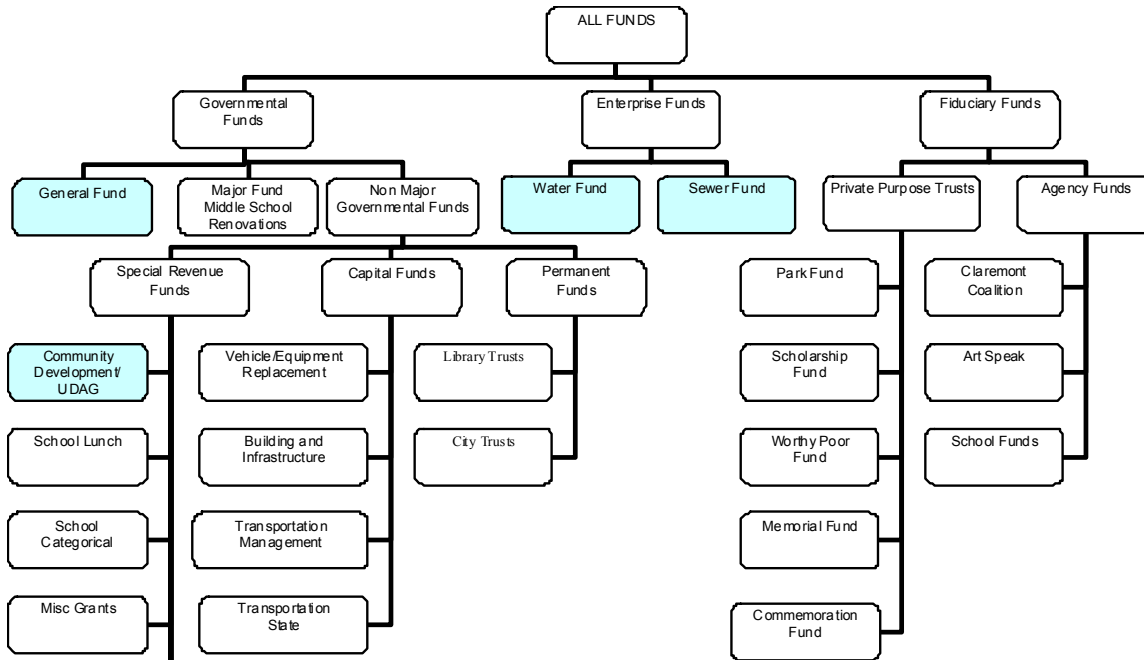
The City's budgetary fund structure (appropriated funds) which are included in this document are: the General Fund; Community Development and Parking/Transportation funds (Special Revenue Funds); and the Water and Sewer funds (Enterprise Funds).

The fund structure in the audited financial statements include all Governmental Funds (General, Special Revenue, Capital Projects and Permanent funds), Enterprise Funds (Water and Sewer) and Fiduciary Funds (Private Purpose Trusts and Agency Funds).

The following chart shows the City's audited fund structure and highlights the appropriated funds in this document and Department/Fund relationships.

# FLOW OF AUDITED FUNDS

## (Highlighted Funds Represented In Budget Document)



DEPARTMENT/FUND RELATIONSHIP						
Department Expenditures Within Funds						
Department	Governmental Funds				Enterprise Funds	Fiduciary Funds
	General Fund	Special Revenue Funds	Capital Funds	Permanent Funds		
City Council	√					√
City Manager	√					√
Human Resources	√	√				
City Clerk	√					
Elections	√					
Legal	√	√				
Finance	√	√	√			
Planning	√	√				
Inspection	√					
Public Health	√					
Public Works	√	√	√		√	
Public Library	√	√		√		
Recreation	√	√		√		√
Senior Services	√					
Community Development		√		√		√
Economic Development		√				√
Public Welfare	√					
Outside Social Services	√					
Emergency Management	√					
Police Department	√	√	√			
Fire Department	√	√	√			
School Department	√	√	√			√

## **MAJOR FUND DESCRIPTIONS:**

Major funds for budgetary purposes are those funds whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10 percent of the revenues or expenditures of the appropriated budget.

### **GENERAL FUND**

The General Fund is a Governmental Fund. It is established to account for all resources obtained and used for those services commonly provided by cities which are not accounted for in any other fund. These services include among other items: General Government, Public Safety, Education, Public Works, Health and Human Services, and Culture and Recreation. The primary sources of revenue of the General Fund are: property taxes, unrestricted state revenue sharing grants, certain restricted grants and fees for services rendered.

## **NON-MAJOR FUND DESCRIPTIONS:**

### **COMMUNITY DEVELOPMENT**

The Community Development Fund is a Special Revenue Fund. It accounts for the use of Community Development Block Grant Funds as received from the federal government through the New Hampshire Office of State Planning. Current grants are mainly designed for City of Portsmouth economic development, housing rehabilitation, public service, and public facilities.

### **URBAN DEVELOPMENT ACTION GRANT (UDAG)**

The UDAG Fund is a Special Revenue Fund. The City's economic development efforts are funded through funds previously repaid to the City from a federal UDAG loan.

### **PARKING AND TRANSPORTATION**

The Parking and Transportation Fund is a Special Revenue Fund. It accounts for operations of the City's parking facility, parking enforcement, parking meter operations and parking administration funded by funds generated from these parking activities.

### **WATER FUND**

The Water Fund is an Enterprise Fund. It accounts for the operation of a water treatment plant, City wells and water system. The activity of the fund is self-supporting based on user charges.

### **SEWER FUND**

The Sewer Fund is an Enterprise Fund. It accounts for the operation of two sewer treatment plants, pumping stations and sewer lines. The activity of the fund is self-supporting based on user charges.



## ***BASIS OF ACCOUNTING – BUDGETARY BASIS OF ACCOUNTING***

When considering any report of financial activity, the question of which basis of accounting to use must be addressed. Basis of accounting refers to when revenues, expenditures, expenses, transfers and related assets and liabilities are recognized in the accounts and reported in the financial statement.

GASB (Government Accounting Standards Board) states that methods of local government budgetary practices are outside the scope of financial reporting standards and therefore, do not prescribe a basis of accounting for use in budgetary reporting. The City of Portsmouth, in most cases, uses the same basis of accounting when preparing both the financial statements and annual budgets.

For Governmental Funds, the City of Portsmouth prepares its budgets using a modified accrual basis, which means the accrual basis with modifications; it emphasizes on sources and uses of current financial resources. Governmental Funds generally account only for current expendable available resources, so only those transactions classified as “current” (that is, affecting the current flow of revenues and expenditures) are recorded.

For Enterprise Funds, the City of Portsmouth prepares its budgets using the accrual basis, which results in an accounting measure that records the substances of transactions or events, not merely cash inflows or outflows. It recognizes non-cash transactions at the time they occur, taking into account not only accruals, but also deferrals, allocations and amortizations.

The Comprehensive Annual Financial Report (CAFR) displays the status of the City’s finances on the basis of “generally accepted accounting principles” (GAAP). The City, in most cases conforms to GAAP, in references to the fund based financial statements, when preparing its budget. Exceptions are as follow:

1. In the General Fund, a full accrual of the amount anticipated to be billed is recorded rather than adjusted for the 60-day rule, receipt of prior fiscal year tax payments and adjustments for abatements.
2. Compensated absences are accrued as earned by employees using GAAP and recorded as expenditures as used in the budget.
3. Use of unassigned fund balance, committed fund balance and unrestricted net position are recorded as revenue in the budget with the exception of the Combined Statement of Revenues and Expenditures and Changes in Unassigned Fund Balance and Unrestricted Net Position.
4. Transfers in and out are recorded as revenue and expenditures in the budget.

## **THE BUDGET PROCESS**

The City annually initiates a lengthy and extensive budget-setting process following the requirements of the City Charter beginning in the fall and continuing with the final review and adoption by the City Council by June 30th. The City will adopt a balanced budget, by fund, for all funds maintained by the City, in which total anticipated revenues will equal budgeted expenditures for each fund.

There are two components to the annual budget process: Capital Improvement Program and the Operating/Non-Operating budget process.

### ***CAPITAL IMPROVEMENT PROGRAM PROCESS***

The Capital Improvement Plan (CIP) is prepared by the Planning Board according to State statute. The intent of the CIP is to classify capital projects according to their priority and need, and schedule those improvements over a six-year time horizon. The Capital Improvement Plan process begins in the fall when each department is required to evaluate its six-year capital needs and submit proposed capital projects to the Planning Board. These requests are reviewed and adopted by the Planning Board prior to submission to the City Manager. The City Manager prepares and submits the six-year CIP to the City Council three months prior to the final budget submission. The City Council holds a public hearing on the CIP and adopts the plan. The capital costs shown in year one of the CIP is the only impact to the proposed budget and may be revised by the City Council during the budget approval process.

### ***OPERATING/NON-OPERATING BUDGET PROCESS***

The City Manager initiates the budget process with City departments and provides guidelines for budget preparation. Each department submits its estimates of revenues and expenditures to the City Manager for review by mid-February. Prior to this date, the Police Commission, Fire Commission and School Board each hold public hearings.

The City Manager meets with every department and reviews the budget requests in detail and makes final decisions regarding the proposed budget. The City Manager, per the City Charter, recommends a proposed budget to the City Council. This must occur at least 45 days before the start of the fiscal year.

The City Council then holds a series of work sessions and a public hearing so the public may comment on the budget.

The City Council must adopt the submitted budget by June 30<sup>th</sup>. If the City Council takes no action on or prior to June 30<sup>th</sup>, the budget submitted by the City Manager is deemed to have been adopted by the City Council per the City Charter.

Once the budget is adopted, no appropriations shall be made for any purpose not included in the annual budget as adopted unless voted by a two-thirds majority of the City Council after a public hearing is held to discuss said appropriation.

## FY 2015 BUDGET SCHEDULE

### December 2013

19 Thursday 7:00 PM Planning Board Meeting; Adoption of the Capital Improvement Program

### January 2014

17 Friday - Capital Improvement Program (CIP) document to be submitted to City Council

27 Monday 6:30 PM **City Council Work Session** on CIP

### February 2014

3 Monday 7:00 PM **City Council Public Hearing** on CIP

5 Wednesday 7:00 PM **\*Fire Commission Public Hearing on the proposed FY15 budget**

11 Tuesday 7:00 PM **School Board Public Hearing #1 on the proposed FY15 budget**

18 Tuesday 7:00 PM **City Council Meeting** - Adoption of the CIP

19 Wednesday 6:00 PM **Police Commission Public Hearing** on the proposed FY15 budget

27 Thursday - Proposed General Government, Police and Fire Budgets due to Finance Department

### March 2014

4 Tuesday 7:00 PM **School Board Public Hearing #2 on the proposed FY15 budget**

7 Friday - Finance Dept. submits Gen. Government, Police and Fire proposed budgets to the City Manager

10 - 14 Mon. - Fri. - General Government, Police, Fire and School budget reviews with City Manager

19 Wednesday 6:30PM **Public Input Session** regarding Water and Sewer Budget & Rate Study

### May 2014

1 Thursday - Proposed City Manager's budget document to be submitted to the City Council

10 Saturday 8:00AM -2:30PM **\*\*City Council Work Session (All Day)** - Gen. Gov., Police, Fire and School Presentations

12 Monday 7:00 PM **City Council Public Hearing - City Manager's Proposed FY15 budget (Summary Presentation)**

14 Wednesday 6:30 PM **City Council Work Session** - Water and Sewer Budget worksession

27 Tuesday 6:30 PM **City Council Work Session** - Final budget review (if necessary)

### June 2014

2 Monday 7:00 PM **City Council Meeting - Adoption of the FY15 Budget**

#### **Meeting Location Information:**

All Work Sessions and Public Hearings will be held in the Eileen Dondero Foley City Council Chambers and will be televised with the exception of the following:

\*Fire Commission Public Hearing will be held at Fire Station 2.

\*\*City Council Work Session on Saturday May10, 2014 will be held in the Levenson Room at the Public Library

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**GENERAL FUND PROPOSED BUDGET SUMMARY-FY 2015**

	FY2013 BUDGET	FY14 Budget	FY15 Department Request	% Change	\$\$ Change	FY15 City Manager Recommended	% Change	\$\$ Change
<b>OPERATING BUDGET</b>								
General Government	15,905,044	16,686,628	17,087,849	2.40%	401,221	17,070,942	1.94%	324,314
Police	8,838,885	9,174,659	9,408,535	2.55%	233,876	9,343,994	1.85%	169,335
Fire	7,155,250	7,531,078	7,807,210	3.67%	276,132	7,757,108	3.00%	226,030
School	38,302,260	39,820,958	41,241,839	3.57%	1,420,881	40,975,396	2.90%	1,154,438
Collective Bargaining	100,000	0	500,000	0.00%	500,000	500,000	0.00%	500,000
Transfer to Indoor Pool	150,000	150,000	150,000	0.00%	0	150,000	0.00%	0
<b>Total Operating Budget</b>	<b>70,451,439</b>	<b>73,363,323</b>	<b>76,195,433</b>	<b>3.86%</b>	<b>2,832,110</b>	<b>75,37,440</b>	<b>3.24%</b>	<b>2,374,117</b>
<b>NON-OPERATING EXPENSE</b>								
Debt Related Costs/TANS	350,000	350,000	275,000	-21.43%	(75,000)	275,000	-21.43%	(75,000)
Debt Service Payments	11,325,131	10,483,686	11,231,523	7.13%	747,837	11,231,523	7.13%	747,837
Overlay	1,150,000	950,000	1,000,000	5.26%	50,000	1,000,000	5.26%	50,000
Property & Liability Ins	414,000	414,000	318,000	-23.19%	(96,000)	318,000	-23.19%	(96,000)
County	4,297,188	4,540,274	4,764,174	4.93%	223,900	4,764,174	4.93%	223,900
Contingency	250,000	250,000	250,000	0.00%	0	250,000	0.00%	0
Rolling Stock	773,993	786,892	786,300	2.53%	19,408	786,300	2.53%	19,408
IT Equipment Replacement	232,000	312,250	329,450	5.51%	17,200	329,450	5.51%	17,200
Capital Outlay	1,022,500	1,365,000	1,700,000	24.54%	335,000	1,700,000	24.54%	335,000
Other General Non-Operating	290,017	289,712	349,875	20.77%	60,163	349,875	20.77%	60,163
<b>Total Non-Operating Budget</b>	<b>20,104,829</b>	<b>19,721,814</b>	<b>21,004,322</b>	<b>6.50%</b>	<b>1,282,508</b>	<b>21,004,322</b>	<b>6.50%</b>	<b>1,282,508</b>
<b>Total Gross Budget</b>	<b>90,556,268</b>	<b>93,085,137</b>	<b>97,199,755</b>	<b>4.42%</b>	<b>4,114,618</b>	<b>96,741,762</b>	<b>3.93%</b>	<b>3,656,625</b>
<b>REVENUES</b>								
Municipal	10,174,649	10,278,418	11,851,986	15.31%	1,573,568	11,851,986	15.31%	1,573,568
School	5,432,500	5,523,700	5,623,900	1.81%	100,200	5,623,900	1.81%	100,200
State Revenues	1,362,147	1,357,975	1,355,333	-0.19%	(2,642)	1,355,333	-0.19%	(2,642)
State Revenues-School Building Aid	1,319,095	1,770,305	1,770,305	0.00%	0	1,770,305	0.00%	0
<i>Use of Fund Balance-Unassigned</i>	0	150,000	0	0.00%	(150,000)	0	-100.00%	(150,000)
Planning Department Supplemental Approp	0	97,000	0	0.00%	(97,000)	0	-100.00%	(97,000)
Fire Department Supplemental Approp	0	0	0	0.00%	0	0	0.00%	0
<i>Use of Fund Balance-Committed</i>	0	0	0	0.00%	0	0	0.00%	0
Property Appraisal	73,500	73,500	73,500	0.00%	0	73,500	0.00%	0
Debt/ Bond Proceeds	199,242	100,000	0	-100.00%	(100,000)	0	0.00%	(100,000)
Debt Service Reserve	2,500,000	1,500,000	1,500,000	0.00%	0	1,500,000	0.00%	0
<b>Total</b>	<b>21,061,133</b>	<b>20,850,898</b>	<b>22,175,024</b>	<b>6.35%</b>	<b>1,324,126</b>	<b>22,175,024</b>	<b>6.35%</b>	<b>1,324,126</b>
<b>BUDGETED PROPERTY TAX LEVY</b>	<b>69,495,135</b>	<b>72,234,239</b>	<b>75,024,731</b>	<b>3.86%</b>	<b>2,790,492</b>	<b>74,566,738</b>	<b>3.23%</b>	<b>2,332,499</b>
<b>Total Property Tax Commitment</b>	<b>69,985,791</b>	<b>72,373,853</b>	<b>75,024,731</b>	<b>3.66%</b>	<b>2,650,878</b>	<b>74,566,738</b>	<b>3.03%</b>	<b>2,192,885</b>
War Service Credits	562,000	549,500	600,000	9.19%	50,500	600,000	9.19%	50,500
Adequate Education Formula	(9,361,188)	(9,744,008)	(10,129,725)	3.96%	(385,717)	(10,129,725)	3.96%	(385,717)
State Education Tax	9,361,188	9,744,008	10,129,725	3.96%	385,717	10,129,725	3.96%	385,717
<b>Total Property Taxes Assessed</b>	<b>70,547,791</b>	<b>72,923,353</b>	<b>75,624,731</b>	<b>3.70%</b>	<b>2,701,378</b>	<b>75,166,738</b>	<b>3.08%</b>	<b>2,243,385</b>
<b>ASSESSED VALUATION WITH UTILITIES</b>	<b>4,043,767,047</b>	<b>4,096,603,575</b>	<b>4,156,403,575</b>	<b>1.46%</b>	<b>59,800,000</b>	<b>4,156,403,575</b>	<b>1.46%</b>	<b>59,800,000</b>
<b>ASSESSED VALUATION NO UTILITIES</b>	<b>3,870,081,052</b>	<b>3,917,159,080</b>	<b>3,976,959,080</b>	<b>1.53%</b>	<b>59,800,000</b>	<b>3,976,959,080</b>	<b>1.53%</b>	<b>59,800,000</b>
<b>MUNICIPAL TAX RATE</b>	<b>14.04</b>	<b>14.28</b>	<b>14.61</b>	<b>2.30%</b>	<b>0.33</b>	<b>14.50</b>	<b>1.53%</b>	<b>0.22</b>
<b>COUNTY TAX RATE</b>	<b>1.09</b>	<b>1.14</b>	<b>1.15</b>	<b>0.55%</b>	<b>0.01</b>	<b>1.15</b>	<b>0.55%</b>	<b>0.01</b>
<b>STATE EDUCATION TAX RATE</b>	<b>2.42</b>	<b>2.49</b>	<b>2.55</b>	<b>2.40%</b>	<b>0.06</b>	<b>2.55</b>	<b>2.40%</b>	<b>0.06</b>
<b>COMBINED TAX RATE</b>	<b>17.55</b>	<b>17.91</b>	<b>18.31</b>	<b>2.23%</b>	<b>0.40</b>	<b>18.20</b>	<b>1.64%</b>	<b>0.29</b>

# EXPENDITURES BY FUNDS AND DEPARTMENTS

Title	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	\$\$\$ CHANGE	% CHANGE	FY15 CITY/MANAGER RECOMMENDED	CITY MANAGER \$\$\$ CHANGE	CITY MANAGER % CHANGE
<b>GENERAL FUND</b>									
GENERAL FUND OPERATING BUDGET									
GENERAL GOVERNMENT									
GENERAL ADMINISTRATION									
CITY COUNCIL	32,121	20,405	32,136	32,136	0	0.00%	32,136	0	0.00%
CITY MANAGER	295,657	286,749	304,232	310,335	6,103	2.01%	310,335	6,103	2.01%
HUMAN RESOURCES	2,364,566	2,356,603	2,463,200	2,586,480	123,280	5.00%	2,509,573	46,373	1.88%
CITY CLERK	215,205	212,411	225,977	230,628	4,651	2.06%	230,628	4,651	2.06%
ELECTIONS	55,013	45,008	39,348	52,880	13,532	34.39%	52,880	13,532	34.39%
LEGAL DEPT	485,576	470,209	510,701	521,252	10,551	2.07%	521,252	10,551	2.07%
FINANCE	1,726,538	1,714,545	1,862,995	1,900,858	37,863	2.03%	1,900,858	37,863	2.03%
<b>OTHER GENERAL GOVERNMENT</b>									
GENERAL ADMINISTRATION	955,459	896,740	985,303	1,017,318	32,015	3.25%	1,017,318	32,015	3.25%
<b>REGULATORY SERVICES</b>									
PLANNING DEPT	537,577	537,548	746,418	717,894	(28,524)	-3.82%	717,894	(28,524)	-3.82%
INSPECTIONS	381,287	369,984	396,521	408,800	12,279	3.10%	408,800	12,279	3.10%
HEALTH	137,175	135,332	142,658	142,903	245	0.17%	142,903	245	0.17%
<b>PUBLIC WORKS</b>									
	5,872,890	5,717,074	6,040,782	6,104,151	63,369	1.05%	6,104,151	63,369	1.05%
<b>COMMUNITY SERVICES</b>									
PUBLIC LIBRARY	1,565,300	1,543,062	1,621,443	1,643,511	22,068	1.36%	1,643,511	22,068	1.36%
RECREATION	784,387	752,567	767,942	790,864	22,922	2.98%	790,864	22,922	2.98%
SENIOR SERVICE	0	0	45,519	93,113	47,594	104.56%	93,113	47,594	104.56%
PUBLIC WELFARE	338,065	380,183	343,225	374,747	31,522	9.18%	374,747	31,522	9.18%
OUTSIDE SOCIAL SERV	148,228	148,228	148,228	148,228	0	0.00%	148,228	0	0.00%
<b>EMERGENCY MANAGEMENT</b>									
	10,000	2,575	10,000	11,751	1,751	17.51%	11,751	1,751	17.51%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>15,905,044</b>	<b>15,589,224</b>	<b>16,686,628</b>	<b>17,087,849</b>	<b>401,221</b>	<b>2.40%</b>	<b>17,010,942</b>	<b>324,314</b>	<b>1.94%</b>
POLICE DEPT	8,838,885	8,770,804	9,174,659	9,408,535	233,876	2.55%	9,343,994	169,335	1.85%
FIRE DEPT	7,155,250	7,155,231	7,531,078	7,807,210	276,132	3.67%	7,757,108	226,030	3.00%
SCHOOL DEPT	38,302,260	38,301,803	39,820,958	41,241,839	1,420,881	3.57%	40,975,396	1,154,438	2.90%
<b>TOTAL POLICE/FIRE/SCHOOL</b>	<b>54,296,395</b>	<b>54,227,838</b>	<b>56,526,695</b>	<b>58,457,584</b>	<b>1,930,889</b>	<b>3.42%</b>	<b>58,076,498</b>	<b>1,549,803</b>	<b>2.74%</b>
<b>COLLECTIVE BARGAINING CONTINGENCY</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>		<b>500,000</b>	<b>500,000</b>	
<b>TRANSFER TO INDOOR POOL</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>0</b>		<b>150,000</b>	<b>0</b>	
<b>TOTAL OPERATING</b>	<b>70,451,439</b>	<b>69,967,062</b>	<b>73,363,323</b>	<b>76,195,433</b>	<b>2,832,110</b>	<b>3.86%</b>	<b>75,737,440</b>	<b>2,374,117</b>	<b>3.24%</b>
<b>GENERAL FUND NON-OPERATING BUDGET</b>									
DEBT RELATED EXPENSES	350,000	79,221	350,000	275,000	(75,000)	-21.43%	275,000	(75,000)	-21.43%
DEBT SERVICE	11,325,131	11,270,007	10,483,686	11,231,523	747,837	7.13%	11,231,523	747,837	7.13%
OVERLAY	1,150,000	1,150,000	950,000	1,000,000	50,000	5.26%	1,000,000	50,000	5.26%
PROPERTY & LIABILITY	414,000	407,753	414,000	318,000	(96,000)	-23.19%	318,000	(96,000)	-23.19%
COUNTY TAX	4,297,188	4,426,943	4,426,943	4,764,174	223,900	4.93%	4,764,174	223,900	4.93%
CONTINGENCY	250,000	250,000	250,000	250,000	0	0.00%	250,000	0	0.00%
ROLLING STOCK	773,993	773,993	766,892	786,300	19,408	2.53%	786,300	19,408	2.53%
IT EQUIPMENT REPLACEMENT	332,000	232,000	329,000	329,450	17,200	5.51%	329,450	17,200	5.51%
CAPITAL OUTLAY	1,022,500	1,022,500	1,365,000	1,700,000	335,000	24.54%	1,700,000	335,000	24.54%
OTHER GENERAL NON-OPERATING	290,017	283,967	289,712	349,875	60,163	20.77%	349,875	60,163	20.77%
<b>TOTAL NON-OPERATING</b>	<b>20,104,829</b>	<b>19,896,384</b>	<b>19,721,814</b>	<b>21,004,322</b>	<b>1,282,508</b>	<b>6.50%</b>	<b>21,004,322</b>	<b>1,282,508</b>	<b>6.50%</b>
<b>TOTAL GENERAL FUND</b>	<b>90,556,268</b>	<b>89,863,446</b>	<b>93,085,137</b>	<b>97,199,755</b>	<b>4,114,618</b>	<b>4.42%</b>	<b>96,741,762</b>	<b>3,656,625</b>	<b>3.93%</b>

Title	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY15 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>ENTERPRISE FUNDS</b>									
<b>WATER DIVISION</b>									
<b>Administration</b>									
Administration	1,565,760	1,428,607	1,606,777	1,647,441	40,664	2.53%	1,647,441	40,664	2.53%
Engineering	307,772	218,808	312,505	295,123	(17,382)	-5.56%	295,123	(17,382)	-5.56%
Collective Bargaining Contingency	35,560	0	0	28,000	28,000		28,000	28,000	
Depreciation	1,168,763	1,370,019	1,582,924	1,530,901	(52,023)	-3.29%	1,530,901	(52,023)	-3.29%
Interest on Debt	937,726	1,038,229	793,427	992,560	199,133	25.10%	992,560	199,133	25.10%
sub-total	4,015,581	4,055,663	4,295,633	4,494,025	198,392	4.62%	4,494,025	198,392	4.62%
<b>Water Supply and Treatment</b>									
Treatment Plant	1,243,795	1,264,441	1,481,123	1,544,823	63,700	4.30%	1,544,823	63,700	4.30%
Laboratory	140,612	115,693	143,067	118,312	(24,755)	-17.30%	118,312	(24,755)	-17.30%
Wells	215,299	118,513	214,581	201,299	(13,282)	-6.19%	201,299	(13,282)	-6.19%
Storage Tanks	30,600	8,546	29,008	21,304	(7,704)	-26.56%	21,304	(7,704)	-26.56%
Booster Stations	106,000	94,438	106,000	105,629	(371)	-0.35%	105,629	(371)	-0.35%
sub-total	1,736,306	1,601,631	1,973,779	1,991,367	17,588	0.89%	1,991,367	17,588	0.89%
<b>Water Distribution</b>									
Administration	337,757	519,858	328,619	315,914	(12,705)	-3.87%	315,914	(12,705)	-3.87%
Cross Connection	36,845	24,207	31,487	29,770	(1,717)	-5.45%	29,770	(1,717)	-5.45%
Mains	226,109	224,172	211,504	224,088	12,584	5.95%	224,088	12,584	5.95%
Services	102,598	124,195	101,922	91,852	(10,070)	-9.88%	91,852	(10,070)	-9.88%
Hydrants	122,555	89,051	102,504	103,187	683	0.67%	103,187	683	0.67%
Meters	150,722	64,948	131,897	121,099	(10,798)	-8.19%	121,099	(10,798)	-8.19%
sub-total	976,586	1,046,431	907,933	885,910	(22,023)	-2.43%	885,910	(22,023)	-2.43%
<b>Total Water Division</b>	<b>6,728,473</b>	<b>6,703,725</b>	<b>7,177,345</b>	<b>7,371,302</b>	<b>193,957</b>	<b>2.70%</b>	<b>7,371,302</b>	<b>193,957</b>	<b>2.70%</b>
<b>SEWER DIVISION</b>									
<b>Administration</b>									
Administration	1,853,470	1,571,849	1,847,640	1,756,243	(91,397)	-4.95%	1,756,243	(91,397)	-4.95%
Engineering	604,549	570,730	524,245	464,833	(59,412)	-11.33%	464,833	(59,412)	-11.33%
Collective Bargaining Contingency	37,246	0	0	33,100	33,100		33,100	33,100	
Depreciation	1,292,642	1,579,985	1,542,718	1,908,325	365,607	23.70%	1,908,325	365,607	23.70%
Interest on Debt	1,168,125	1,279,323	1,558,281	1,265,583	(292,698)	-18.78%	1,265,583	(292,698)	-18.78%
sub-total	4,956,032	5,001,886	5,472,884	5,428,084	(44,800)	-0.82%	5,428,084	(44,800)	-0.82%
<b>Wastewater Treatment</b>									
Treatment Plant	2,501,638	2,375,812	2,679,195	2,714,234	36,039	1.31%	2,714,234	36,039	1.31%
Laboratory	244,792	225,262	259,169	250,003	(9,166)	-3.54%	250,003	(9,166)	-3.54%
Lift Stations	736,360	537,567	806,848	784,292	(22,556)	-2.80%	784,292	(22,556)	-2.80%
sub-total	3,482,790	3,138,641	3,745,212	3,748,529	3,317	0.09%	3,748,529	3,317	0.09%
<b>Wastewater Collection</b>									
Administration	355,567	267,679	337,157	333,867	(3,290)	-0.98%	333,867	(3,290)	-0.98%
Force Main	222,408	177,564	208,101	211,377	3,276	1.57%	211,377	3,276	1.57%
Interceptor	0	23,331	0	0	0		0	0	
Laterals	38,631	11,453	37,484	34,071	(3,413)	-9.11%	34,071	(3,413)	-9.11%
Meters	0	0	157,074	154,691	(2,383)	-1.52%	154,691	(2,383)	-1.52%
sub-total	616,606	480,027	739,816	734,006	(5,810)	-0.79%	734,006	(5,810)	-0.79%
<b>Total Sewer Division</b>	<b>9,055,428</b>	<b>8,620,554</b>	<b>9,957,912</b>	<b>9,910,619</b>	<b>(47,293)</b>	<b>-0.47%</b>	<b>9,910,619</b>	<b>(47,293)</b>	<b>-0.47%</b>
<b>TOTAL ENTERPRISE FUNDS</b>	<b>15,783,901</b>	<b>15,324,279</b>	<b>17,135,257</b>	<b>17,281,921</b>	<b>146,664</b>	<b>0.86%</b>	<b>17,281,921</b>	<b>146,664</b>	<b>0.86%</b>

Title	FY13 BUDGET	FY13 ACTUAL	FY14 BUDGET	FY15 DEPARTMENT REQUEST	\$\$ CHANGE	% CHANGE	FY15 CITY MANAGER RECOMMENDED	CITY MANAGER \$\$ CHANGE	CITY MANAGER % CHANGE
<b>SPECIAL REVENUE FUNDS</b>									
<b>PARKING AND TRANSPORTATION</b>									
Parking Administration	411,324	327,272	501,958	615,920	113,962	22.70%	615,920	113,962	22.70%
Parking Garage	496,085	523,817	494,970	434,226	(60,744)	-12.27%	434,226	(60,744)	-12.27%
Parking Enforcement	215,901	239,657	251,118	296,002	44,884	17.87%	296,002	44,884	17.87%
Parking Meter Operations	115,326	168,330	130,635	123,135	(7,500)	-5.74%	123,135	(7,500)	-5.74%
Parking Collection	188,458	176,687	199,677	199,112	(565)	-0.28%	199,112	(565)	-0.28%
Public Transportation	307,118	298,449	365,000	543,800	178,800	48.99%	543,800	178,800	48.99%
Snow Removal	100,000	100,000	100,000	250,000	150,000	150.00%	250,000	150,000	150.00%
Debt Service	219,250	0	150,000	150,000	0	0.00%	150,000	0	0.00%
Capital	548,000	548,000	466,500	435,000	(31,500)	-6.75%	435,000	(31,500)	-6.75%
<b>Total Parking &amp; Transportation</b>	<b>2,601,462</b>	<b>2,382,212</b>	<b>2,659,858</b>	<b>3,047,195</b>	<b>387,337</b>	<b>14.56%</b>	<b>3,047,195</b>	<b>387,337</b>	<b>14.56%</b>
<b>COMMUNITY DEVELOPMENT</b>									
Administration	96,998	96,529	91,445	98,836	7,391	8.08%	98,836	7,391	8.08%
Housing Rehab	30,889	32,365	42,588	51,402	8,814	20.70%	51,402	8,814	20.70%
PEDLP	-1,600	-1,600	-1,600	-1,600	0	0.00%	-1,600	0	0.00%
<b>Total CDBG</b>	<b>129,487</b>	<b>130,495</b>	<b>135,633</b>	<b>151,838</b>	<b>16,205</b>	<b>11.95%</b>	<b>151,838</b>	<b>16,205</b>	<b>11.95%</b>
<b>ECONOMIC DEVELOPMENT-UDAG</b>									
	309,845	325,491	577,811	360,755	(217,056)	-37.57%	360,755	(217,056)	-37.57%
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>3,040,794</b>	<b>2,838,198</b>	<b>3,373,302</b>	<b>3,559,788</b>	<b>186,486</b>	<b>5.53%</b>	<b>3,559,788</b>	<b>186,486</b>	<b>5.53%</b>
<b>TOTAL APPROPRIATED FUNDS</b>	<b>109,380,963</b>	<b>108,025,923</b>	<b>113,593,696</b>	<b>118,041,464</b>	<b>4,447,768</b>	<b>3.92%</b>	<b>117,583,471</b>	<b>3,989,775</b>	<b>3.51%</b>



City of Portsmouth  
 Combined Statement of Revenues and Expenditures and Changes in  
 Unassigned Fund Balance and Unrestricted Net Position  
 Governmental Funds and Enterprise Funds as Presented in the Budget Document  
 Fiscal Year 2015 (Note: Beginning Unassigned Fund Balances/Net Position are estimated)  
 (For Budgetary Purposes Only)

Revenues	Governmental Funds			Total
	General Fund	Special Revenue Funds*	Enterprise Funds	
Local Fees, Licenses, Permits	990,750			990,750
Other Local Sources	8,183,931			8,183,931
Parking Revenues	2,412,305	3,047,195		5,459,500
Interest & Penalties	265,000	36,000		301,000
School Revenues	5,623,900			5,623,900
State/Federal Revenues	3,125,638	151,838		3,277,476
Fund Transfers	-			-
Use of Reserves	1,573,500			1,573,500
Property Tax	74,566,738			74,566,738
Enterprise Fund Revenues		8,945,123	14,560,463	23,505,586
<b>Total Revenues</b>	<b>96,741,762</b>	<b>3,235,033</b>	<b>14,560,463</b>	<b>123,482,381</b>

Expenditures	Governmental Funds			Total
	General Fund	Special Revenue Funds*	Enterprise Funds	
City Council	32,136			32,136
City Manager	310,335			310,335
Human Resources	2,509,573			2,509,573
City Clerk	230,628			230,628
Elections	52,880			52,880
Legal	521,252			521,252
Finance	1,900,858			1,900,858
General Administrative/Coll Bargaining	1,517,318			1,517,318
Planning	717,894			717,894
Inspection	408,800			408,800
Public Health	142,903			142,903
Public Works	6,104,151	3,047,195	9,910,619	26,433,267
Public Library	1,643,511			1,643,511
Recreation	790,864			790,864
Senior Services	93,113			93,113
Community Development		151,838		151,838
Economic Development		360,755		360,755
Public Welfare				
Outside Social Services	374,747			374,747
Emergency Management	148,228			148,228
Police Department	11,751			11,751
Fire Department	9,343,994			9,343,994
School Department	7,757,108			7,757,108
Indoor Pool	40,975,396			40,975,396
Non-Operating	150,000			150,000
	21,004,322			21,004,322
<b>Total Expenditures</b>	<b>96,741,762</b>	<b>3,559,788</b>	<b>7,371,302</b>	<b>117,583,471</b>
FY 15 Net Increase (Decrease) in Unassigned Fund Balance/Unrestricted Net Position		(324,755)	1,573,821	5,898,910

Estimated:  
 Unassigned/Unrestricted Net Position  
 Fund Balance - Beginning FY 15 11,027,473 3,850,633 8,423,422 15,128,534 38,430,062  
 Fund Balance - Ending FY 15 11,027,473 3,525,878 9,997,243 19,778,378 44,328,972  
 \*Note: Special Revenue Fund Balances are Restricted not Unassigned

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**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2013-2015**

	ESTIMATED REVENUES FY 13	ACTUAL REVENUES FY 13	ESTIMATED REVENUES FY 14	ESTIMATED REVENUES FY 15	% CHANGE	\$\$ CHANGE
<b>Local Fees, Licenses, Permits</b>						
Other Fees	11,000	13,456	11,000	11,000	0.00%	-
Other Licenses	36,000	30,170	36,000	36,000	0.00%	-
Planning Board	35,000	55,289	38,000	65,000	71.05%	27,000
Board of Adjustments	26,000	37,908	27,000	42,000	55.56%	15,000
Site Review	30,000	35,453	31,000	40,000	29.03%	9,000
Building Permits-Portsmouth	240,000	326,899	240,000	240,000	0.00%	-
Building Permits-Pease	40,000	50,555	40,000	40,000	0.00%	-
Electrical Permits-Portsmouth	55,000	87,784	55,000	60,000	9.09%	5,000
Electrical Permits-Pease	15,000	11,355	15,000	15,000	0.00%	-
Plumbing Permits-Portsmouth	60,000	109,180	60,000	70,000	16.67%	10,000
Plumbing Permits-Pease	15,000	22,930	15,000	20,000	33.33%	5,000
Sign Permits	5,000	7,180	5,000	5,000	0.00%	-
Police Alarms	25,000	27,905	25,000	25,000	0.00%	-
Burning Permits	500	1,815	500	750	50.00%	250
Excavation Permit	11,500	30,425	13,000	30,000	130.77%	17,000
Flagging Permit	-	-	1,000	3,000	200.00%	2,000
Solid Waste	20,000	44,975	21,000	30,000	42.86%	9,000
Outdoor Pool	20,000	31,259	25,000	25,000	0.00%	-
Recreation Department	150,000	167,910	150,000	160,000	6.67%	10,000
Boat Ramp Fees	12,000	8,585	13,000	13,000	0.00%	-
Food Permits	56,000	76,295	60,000	60,000	0.00%	-
<b>Total Local Fees, Licenses and Permits</b>	<b>863,000</b>	<b>1,177,327</b>	<b>881,500</b>	<b>990,750</b>	<b>12.39%</b>	<b>109,250</b>
<b>Other Local Sources</b>						
Timber Tax	500	445	500	500	0.00%	-
Payments in Lieu of Taxes	80,000	114,383	80,000	88,500	10.63%	8,500
Municipal Agent Fees	63,000	67,281	63,000	63,000	0.00%	-
Motor Vehicle Permits	3,050,000	3,366,472	3,100,000	3,400,000	9.68%	300,000
Title Applications	10,000	8,108	10,000	9,000	-10.00%	(1,000)
Boat Registrations	1,500	3,964	1,500	2,500	66.67%	1,000
PDA Airport District	2,140,000	2,173,505	2,200,000	2,200,000	0.00%	-
Water/Sewer Overhead	977,578	977,578	1,021,068	1,040,482	1.90%	19,414
Sale of Municipal Property	5,000	19,060	5,000	5,000	0.00%	-
Misc Revenue	90,000	315,373	90,000	90,000	0.00%	-
Bond Premium	-	184,652	-	-	0.00%	-
Transfers from Other Funds	-	-	-	-	0.00%	-
Dog Licenses	8,500	14,124	8,500	10,000	17.65%	1,500
Marriage Licenses	2,500	2,212	2,500	2,200	-12.00%	(300)
Certificates-Birth and Death-Marriage	18,000	16,620	18,000	17,000	-5.56%	(1,000)
Rental of City Property	26,581	47,141	26,581	26,581	0.00%	-
Rental City Hall Complex	58,952	51,969	58,952	53,668	-8.96%	(5,284)
Cable Franchise Fee	360,000	360,000	360,000	360,000	0.00%	-
Hand Gun Permits	500	1,710	500	500	0.00%	-
Police Outside Detail	90,000	189,093	90,000	100,000	11.11%	10,000
Fire Alarms	25,000	63,725	60,000	60,000	0.00%	-
Ambulance Fees-Portsmouth	525,000	682,973	600,000	640,000	6.67%	40,000
Welfare Dept Reimbursements	20,000	8,784	20,000	15,000	-25.00%	(5,000)
<b>Total Other Local Sources</b>	<b>7,552,611</b>	<b>8,669,172</b>	<b>7,816,101</b>	<b>8,183,931</b>	<b>4.71%</b>	<b>367,830</b>
<b>Parking Revenues</b>						
Parking Meter Fees	1,370,000	1,561,217	1,561,800	1,650,000	5.65%	88,200
Parking Metered Space Rental	35,000	71,392	35,000	40,000	14.29%	5,000
Parking Meter-In Dash	30,000	40,866	30,000	40,000	33.33%	10,000
Parking Garage Revenue	1,250,000	1,318,963	876,250	1,950,000	122.54%	1,073,750
Garage Space Passes	540,000	756,815	540,000	960,000	77.78%	420,000
Deer/Hanover Parking Lot	-	15,000	-	-	0.00%	-
Vaughan St Parking Lot	-	-	-	15,000	0.00%	15,000
Parking Validation	5,000	15,350	5,000	6,000	20.00%	1,000
Pass Reinstatement	1,500	3,265	1,500	1,500	0.00%	-
Parking Violations	790,000	753,444	907,125	780,000	-14.01%	(127,125)
Boot Removal Fee	9,000	15,750	9,000	12,000	33.33%	3,000
Summons Admin Fee	5,000	2,900	5,000	5,000	0.00%	-
<b>Total Parking Revenues</b>	<b>4,035,500</b>	<b>4,554,963</b>	<b>3,970,675</b>	<b>5,459,500</b>	<b>37.50%</b>	<b>1,488,825</b>
<b>Transfer to Parking and Transportation</b>	<b>(2,601,462)</b>	<b>(2,601,462)</b>	<b>(2,659,858)</b>	<b>(3,047,195)</b>	<b>14.56%</b>	<b>(387,337)</b>
<b>General Fund Parking Revenues</b>	<b>1,434,038</b>	<b>1,953,501</b>	<b>1,310,817</b>	<b>2,412,305</b>	<b>84.03%</b>	<b>1,101,488</b>

**CITY OF PORTSMOUTH  
GENERAL FUND  
COMPARISON BUDGETED, ACTUAL AND ESTIMATED REVENUES  
FOR FISCAL YEARS 2013-2015**

	ESTIMATED REVENUES FY 13	ACTUAL REVENUES FY 13	ESTIMATED REVENUES FY 14	ESTIMATED REVENUES FY 15	% CHANGE	\$\$ CHANGE
<b>Interest &amp; Penalties</b>						
Interest on Taxes	220,000	371,247	240,000	230,000	-4.17%	(10,000)
Interest on Investments	105,000	92,119	30,000	35,000	16.67%	5,000
<b>Total Interest &amp; Penalties</b>	<b>325,000</b>	<b>463,365</b>	<b>270,000</b>	<b>265,000</b>	<b>-1.85%</b>	<b>(5,000)</b>
<b>School Revenues</b>						
Tuition	5,427,000	5,520,731	5,512,650	5,612,650	1.81%	100,000
Other Sources	5,500	31,464	11,050	11,250	1.81%	200
<b>Total School Revenues</b>	<b>5,432,500</b>	<b>5,552,195</b>	<b>5,523,700</b>	<b>5,623,900</b>	<b>1.81%</b>	<b>100,200</b>
<b>State Revenues</b>						
Shared Rev Block Grant	-	-	-	-	0.00%	-
Rooms and Meals Tax	948,455	945,994	948,455	946,823	-0.17%	(1,632)
Highway Block Grant	370,567	366,470	367,405	367,405	0.00%	-
State Aid-Land Fill	43,125	43,125	42,115	41,105	-2.40%	(1,010)
Impact Aid	-	577	-	-	0.00%	-
Bonded Debt-High School	1,016,222	1,016,222	1,016,222	1,016,222	0.00%	-
Bonded Debt-Middle School	302,873	302,873	754,083	754,083	0.00%	-
<b>Total State Revenues</b>	<b>2,681,242</b>	<b>2,675,262</b>	<b>3,128,280</b>	<b>3,125,638</b>	<b>-0.08%</b>	<b>(2,642)</b>
Use of Fund Balance-Planning Dept Supplemental Appropriation	-	-	150,000	-	-100.00%	(150,000)
Use of Fund Balance-Fire Dept Supplemental Appropriation	-	-	97,000	-	-100.00%	(97,000)
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.00%	-
Use of Unused Bond Proceeds	199,242	199,242	100,000	-	-100.00%	(100,000)
Use of Reserve for Debt	2,500,000	2,500,000	1,500,000	1,500,000	0.00%	-
<b>Budgeted Property Tax Levy</b>	<b>69,495,135</b>	<b>70,138,494</b>	<b>72,234,239</b>	<b>74,566,738</b>	<b>3.23%</b>	<b>2,332,499</b>
<b>Total General Fund Revenues</b>	<b>90,556,268</b>	<b>93,402,057</b>	<b>93,085,137</b>	<b>96,741,762</b>	<b>3.93%</b>	<b>3,656,625</b>

**GENERAL FUND REVENUE SUMMARY**

Municipal	10,174,649	12,263,365	10,278,418	11,851,986	15.31%	1,573,568
School Revenues	5,432,500	5,552,195	5,523,700	5,623,900	1.81%	100,200
State Revenues	1,362,147	1,356,166	1,357,975	1,355,333	-0.19%	(2,642)
State Revenues-School Building Aid	1,319,095	1,319,096	1,770,305	1,770,305	0.00%	-
Use of Fund Balance-Planning Dept Supplementa	-	-	150,000	-	0.00%	(150,000)
Use of Fund Balance-Fire Dept Supplemental Appropriation	-	-	97,000	-	100.00%	(97,000)
Use of Reserve for Property Appraisal	73,500	73,500	73,500	73,500	0.00%	-
Use of Unused Bond Proceeds	199,242	199,242	100,000	-	-100.00%	(100,000)
Use of Reserve for Debt	2,500,000	2,500,000	1,500,000	1,500,000	0.00%	-
<b>Budgeted Property Tax Levy</b>	<b>69,495,135</b>	<b>70,138,494</b>	<b>72,234,239</b>	<b>74,566,738</b>	<b>3.23%</b>	<b>2,332,499</b>
<b>Total General Fund Revenues</b>	<b>90,556,268</b>	<b>93,402,057</b>	<b>93,085,137</b>	<b>96,741,762</b>	<b>3.93%</b>	<b>3,656,625</b>

## General Fund Revenue Descriptions and Trends

The City of Portsmouth divides general fund revenue sources into eight categories:

- 1) Local Fees, Licenses, Permits
- 2) Other Local Sources
- 3) Parking Revenues
- 4) Interest & Penalties
- 5) School Revenues
- 6) State Revenues
- 7) Use of Reserves and Fund Balance
- 8) Property Taxes

The following are descriptions of general fund revenues, budget to actual trends (graphed) for major revenue sources along with the methodology used to forecast the major revenues.

### Local Fees, Licenses, Permits:

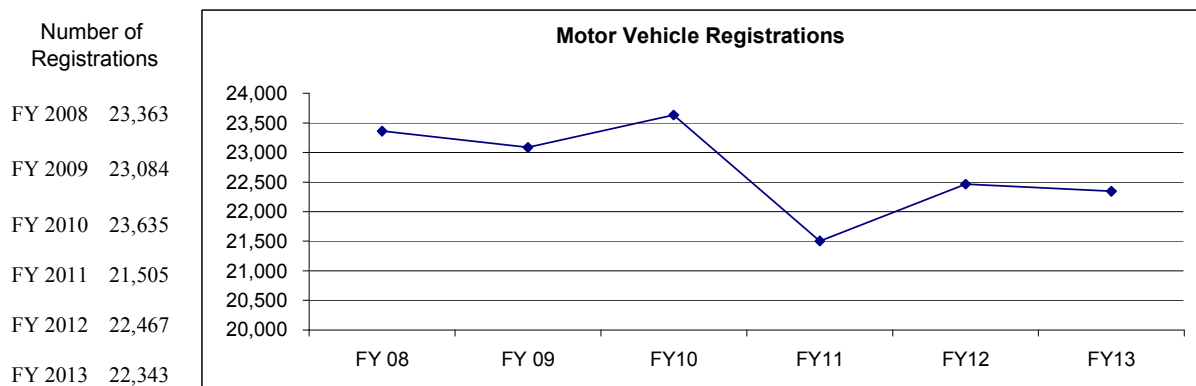
Revenue raised from locally administered fees, licenses and permits are collected by a variety of departments. Fees charged as well as statistics for each fee are listed in the back of this budget document (Appendix III). Local fees are administered to recoup administrative costs associated with producing a specific service.

### Other Local Sources:

**-Payment In Lieu of Taxes (PILOT)-** Payments made to the city by otherwise nontaxable entities; these payments help alleviate financial impact created by the entity.

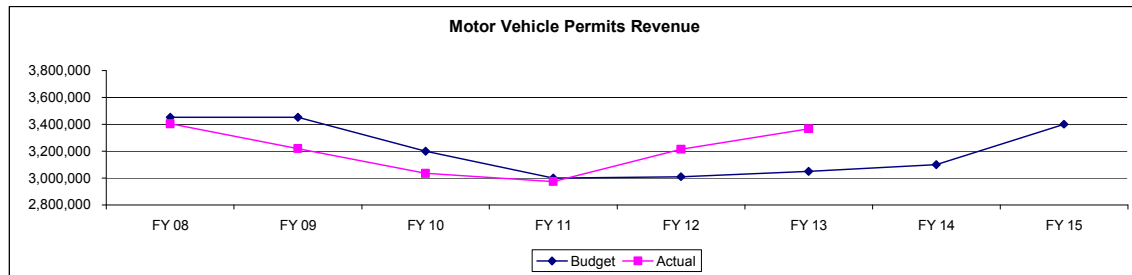
**-Motor Vehicle Permit Preparation Fees –** RSA 261:152 \$1.00 fee charged for each motor vehicle registration. RSA 261:74-d \$3.00 fee charged for each motor vehicle registration where the state portion is completed.

**-Motor Vehicle Permits –** RSA 261:153 Registration permits for motor vehicles are based on the year and list price of the vehicle. Revenue produced is a direct product of how many vehicles are registered. Following are registered vehicle numbers for previous fiscal years:



The state statute sets the Motor Vehicle fee as follows:

- 18 mills on each dollar of the maker's list price for current model year vehicles.
- 15 mills on each dollar of the maker's list price for the first preceding model year vehicle.
- 12 mills on each dollar of the maker's list price for the second preceding model year vehicle.
- 9 mills on each dollar of the maker's list price for the third preceding model year vehicle
- 6 mills on each dollar of the maker's list price for the fourth preceding model year vehicle
- 3 mills on each dollar of the maker's list price for the fifth preceding model year vehicle and any model year prior thereto.

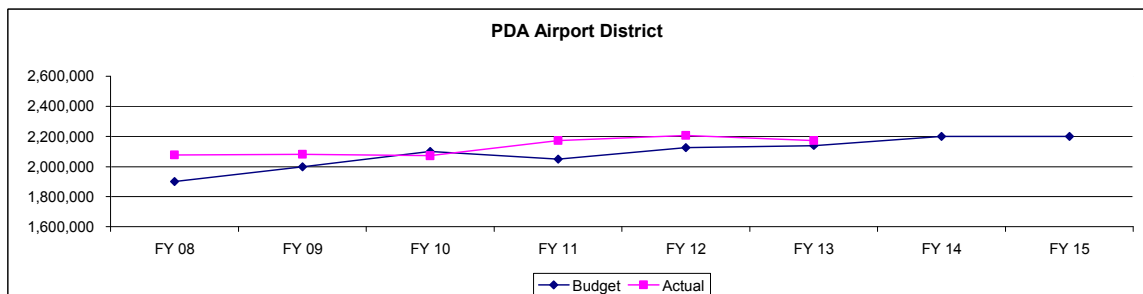


	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	3,450,000	3,450,000	3,200,000	3,000,000	3,010,000	3,050,000	3,100,000	3,400,000
Actual	3,403,351	3,218,434	3,034,075	2,972,901	3,214,455	3,366,472	-	-

**-Title Applications** – RSA 261:4 For preparation, examination, record keeping and filing of application for certificate of title the city collects \$2 for each application.

**-Boat Agent and Collection Fees** – RSA 270-E:5 II-c, RSA 72-A:4 III and RSA 72-A:3 set the rates for each boat registration.

**-PDA Airport District** - RSA 12-G - A Municipal Service Agreement (MSA) effective July 1, 1998 allows for a service cost to be collected by the City on property within the Airport District of the Pease Development Authority (PDA). The Service Cost is an amount equal to the amount that would have been paid annually as Property Tax but excluding any school tax component in respect to such property. Quarterly, the PDA reports leased property to the City. These quarterly reports are used to determine the expected revenue for the following fiscal year. Assessed value of the buildings along with the tax rate applied being the driver of the revenue; the Finance Department projects the estimated revenue to be produced by the MSA.



	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	1,900,000	2,000,000	2,100,000	2,050,000	2,125,000	2,140,000	2,200,000	2,200,000
Actual	2,078,440	2,081,549	2,072,657	2,173,887	2,208,316	2,173,505	-	-

**-Water/Sewer Overhead** – A calculation of Water/Sewer Departments usage of General Government employees and office space to which is reimbursed to the General Fund from the Enterprise Funds.

**-Dog Licenses** – RSA 466 – An annual License Fee. Portions of the amount collected go to the State.

**-Marriage Licenses** – RSA 457:29 - \$45 is collected for issuing a Marriage License with \$38 going to the State and \$7 remaining with the City.

**-Certificates-Birth, Death and Marriage** – RSA 5-C:10 – The City collects a fee in advance from individuals requesting any copy or verification of vital records.

**-Rental of City Hall Complex** – Rent received from nonprofit organizations who lease office space in the Seybolt portion of City Hall. Rent is based on square footage used and actual cost to maintain the Seybolt portion of City Hall.

**-Cable Franchise Fee** – A Portsmouth Cable Franchise Agreement between the City and local cable television provider stipulates that a 5% franchise fee will be charged to local cable television subscribers. The City Council voted August 3, 2009 to allow any franchise fee collected over \$360,000 to be directed to the Cable Television Public Access Charitable Trust. The amount directed to the trust in FY 13 was \$101,167.

**-Hand Gun Permits** – RSA 159:6 Revenues received when the Chief of Police issues a Hand Gun Permit, if the applicant is a suitable person to be licensed.

**-Police Outside Detail** – The overhead portion received from the rate charged to vendors when a police detail is used.

**-Fire Alarms** – City Ordinance Chapter 5: Article VIII Section 804 – Any person, firm, or corporation maintaining an alarm system located wholly or in part on City premises shall be subject to a service charge.

**-Ambulance Fees** – City Ordinance Chapter 5: Article VI Section 601 – Establishes the rate for which emergency medical services shall be charged by the Fire Department.

**-Welfare Dept Reimbursements** – RSA 165 – Reimbursements come from federal or state agencies if a welfare recipient becomes eligible for retroactive Social Security or Medicaid; from liens on legal settlements and on real property; from other New Hampshire towns which may be financially responsible for the recipient; or directly from recipients if they become able to reimburse.

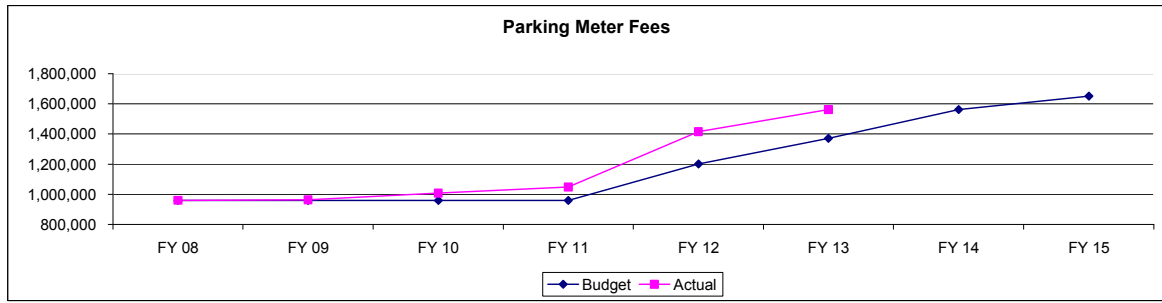
### **Parking Revenue:**

**Parking Metered Space Rental** - City Ordinance Chapter 7. The Department of Public Works may issue to a contractor or person actually engaged in construction and repair work, a temporary permit for exclusive use of a metered parking space for the parking of a vehicle or other equipment being used in construction or repair work (\$30 per day per space).

**Parking Meter-In Dash** - City Ordinance Chapter 7. The In-Dash meter affords the parker the convenience of paying for parking while sitting in their vehicle. The parker needs to first purchase the meter and then contact the City's third party vendor via either the internet or telephone and purchase time in advance.

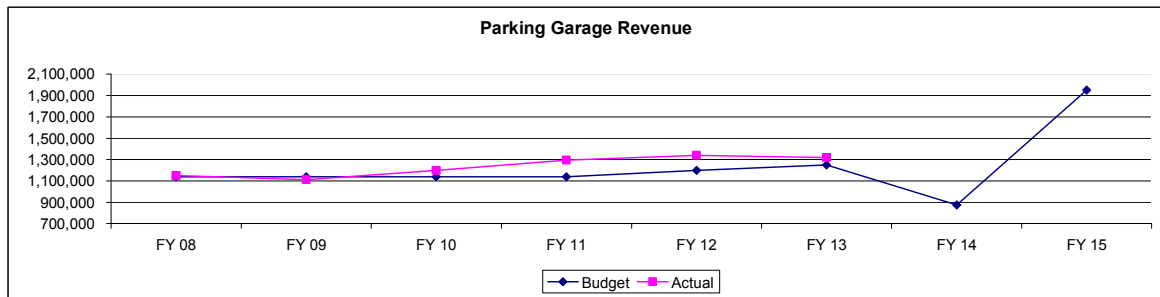
**Parking Meter Fees** – City Ordinance Chapter 7 – There are approximately 200 single space parking meters and 60 multi-space parking pay stations throughout the City charging either \$1.00 per hour or \$1.50 per hour in high occupancy spaces. One pay station can take the place of 10 on street parking meters or 30 surface parking spaces. Times and days of enforcement for the meters are as follows: Sunday noon-7pm and Monday through Saturday 9am to 7pm. A

majority of all meters allow for payment by credit card. Parking Meter Fees revenue is determined using quantitative forecasting trend analysis.



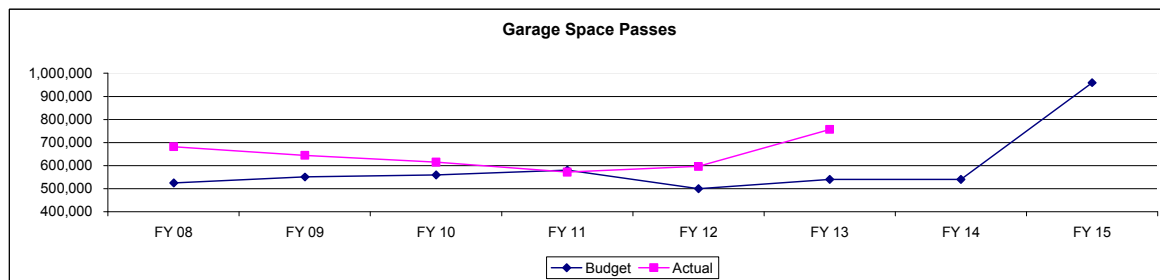
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	960,000	960,000	960,000	960,000	1,200,922	1,370,000	1,561,800	1,650,000
Actual	959,481	962,454	1,007,637	1,047,931	1,414,886	1,561,217		

**-Parking Garage Revenue** – City Ordinance Chapter 7 - Revenue from non-pass customers in the High-Hanover Parking Facility. Rates per hour are \$1.00, up from \$0.75 per hour per City Council vote February 3, 2014, in the 903 space facility. Residents can park for free on Sundays. As with Parking Meters, Parking Garage revenue is determined using quantitative forecasting trend analysis.



	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	1,140,000	1,140,000	1,140,000	1,140,000	1,200,000	1,250,000	876,250	1,950,000
Actual	1,150,535	1,112,516	1,199,995	1,295,818	1,338,959	1,318,963		

**-Garage Space Passes** – City Ordinance Chapter 7 - Monthly pass holder payments in the High-Hanover Parking Facility. During FY 14 a 24-hour pass was \$100 per month while a 12-hour pass was \$80 per month. Appendix III Fee Schedule, if enacted, will raise these pass rates to \$135 and \$110 respectively. Revenue projections reflect as if the new rates are in place for 11 months of FY 15. As of December 2013 there were 383- 24 hour passes and 358- 12-hour passes issued.



	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	525,000	550,000	560,000	580,000	500,000	540,000	540,000	960,000
Actual	681,160	644,480	614,260	571,648	595,950	756,815		



**-Parking Validation** - City Ordinance Chapter 7 – The validation program is whereby stamps, tokens or the like may be purchased by business owners within a designated geographical area at a discount rate for use by clients or customers.

**-Pass Reinstatement** - City Ordinance Chapter 7 – An administration fee to reissue passes to leaseholders that have misplaced their original.

**-Parking Violations** - City Ordinance Chapter 7 – Payments received from violations of parking ordinances.

**-Boot Removal Fee** - City Ordinance Chapter 7 – Reimbursement received from City expenses incurred to boot a vehicle.

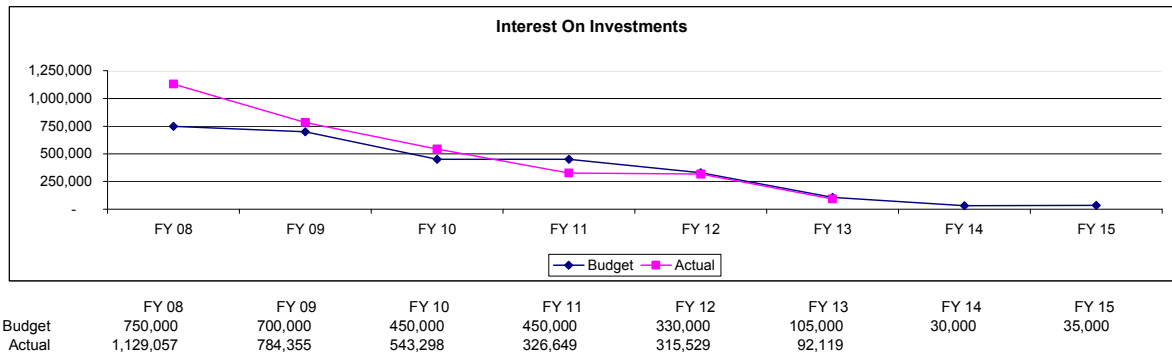
**-Summons Administration Fee** - City Ordinance Chapter 7 – Any person or entity for which the City serves a summons for any traffic or parking offense is also liable to the City for a summons administration fee.

**-Transfer to Parking and Transportation Fund** – Amount transferred to parking and transportation fund for operations and capital needs of parking and transportation.

**Interest and Penalties:**

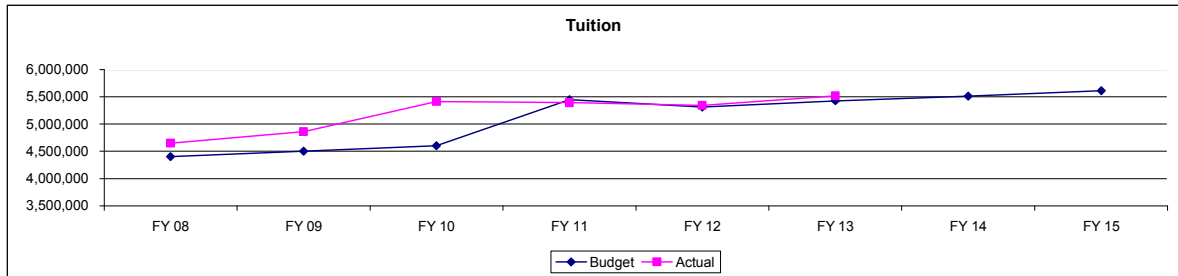
**-Interest on Taxes** – RSA 76:13 & RSA 80:69 – Property taxes are received semiannually. A 12% per annum interest rate is charged upon all property taxes not received by the due date. The interest rate increases to 18% per annum, upon the execution of a real estate tax lien, to the time of payment in full.

**-Interest on Investments** – The amount of interest earned from deposits.



## School Revenues:

**-Tuition** - Tuition received from the communities of Greenland, New Castle, Newington and Rye. This is the City's second largest General Fund Revenue source, Property Taxes being the largest. Tuition is estimated for the number of students scheduled to attend from neighboring communities. Both the amount per student to be charged to neighboring communities and how many students will actually be sent to the Portsmouth schools are estimated for budgetary purposes. Forecasting models are used for the estimates.



	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	4,400,000	4,500,000	4,600,000	5,450,000	5,312,000	5,427,000	5,512,650	5,612,650
Actual	4,651,069	4,861,391	5,412,759	5,394,068	5,341,836	5,520,731		

**-Other Sources** – Majority of revenue produced in Other Sources is received from rent charged to organizations for utilizing school buildings for special functions.

## State Revenues:

**-Highway Block Grant** – RSA 235:23 – Each fiscal year, the State Department of Transportation Commissioner allocates an amount not less than 12% of the total toll revenue and motor vehicle fees collected in the preceding fiscal year to a local highway aid fund. The fund is distributed to each community where ½ of the amount is based on the proportion which the mileage of regularly maintained class IV and V highways in each municipality bears to the total of such mileage in the state, and ½ of the amount is based on local community's population as a percentage of the states population.

**-State Aid Landfill** – RSA 149-M-43 The state pays annually 20% of the annual amortization charges, meaning the principal and interest, on costs resulting from the closure of the Coakley Landfill.

**-School Building Aid** – RSA 198-15 – The City receives aid in the amount of 55% on High School, 40% on Middle School and 30% on Elementary school portions of principal payments made during the fiscal year on debt attributed to those schools.

**-Rooms and Meals Tax** – RSA 78 –A – Disposition of revenue from the State is based on local community's population as a percentage of the state population. The goal of the RSA is for the State to distribute 40% of the tax collected to communities while keeping 60%. Currently the State keeps approximately 78% while distributing 22%.

**State of NH  
Rooms and Meals Tax Distribution Analysis**

	<b>FY 2009(1)</b>	<b>FY 2010(2)</b>	<b>FY 2011(2)</b>	<b>FY 2012(2)</b>	<b>FY 2013(2)</b>	<b>FY 2014(2)</b>
Rooms & Meals Tax Revenue	\$206,984,382	\$203,484,091	\$228,291,000	\$233,964,220	\$253,979,816	\$262,825,456
Cost of Administration by DRA						
% change in DRA administration	-100%					
Net Rooms & Meals Tax Revenue (Increase from previous FY)	206,984,382 2.17%	203,484,091 -1.69%	228,291,000 12.19%	233,964,220 2.49%	253,979,816 8.55%	262,825,456 3.48%
Previous FY Rooms & Meals Tax Revenue	\$202,595,000	\$206,984,382	\$203,484,091	\$228,291,000	\$233,964,220	\$253,979,816
Increase/Decrease	4,389,382	(3,500,291)	24,806,909	5,673,220	20,015,596	8,845,640
<b>75 % of Increase In Revenues</b>	<b>3,292,037</b>					
Lesser of above or \$5,000,000						
Previous Year Distribution	55,513,020	58,805,057	58,805,057	58,805,057	58,805,057	58,805,057
<b>Total Amount to be Distributed (Increase from previous FY)</b>	<b>58,805,057 5.93%</b>	<b>58,805,057 0.00%</b>	<b>58,805,057 0.00%</b>	<b>58,805,057 0.00%</b>	<b>58,805,057 0.00%</b>	<b>58,805,057 0.00%</b>
<b><u>Distributed by Population</u></b>						
Total Population	1,315,224	1,315,215	1,324,795	1,317,208	1,318,211	1,321,218
Portsmouth	20,610	20,520	20,668	21,245	21,206	21,273
Portsmouth %	1.57%	1.56%	1.56%	1.61%	1.61%	1.61%
Portsmouth \$ Share	921,495	917,477	917,412	948,456	945,994	946,823
<b><u>Distribution % (Goal 60% State 40% Local)</u></b>						
(Per RSA 78-A:26)						
State of NH	71.59%	71.10%	74.24%	74.87%	76.85%	77.63%
<b>NH Communities</b>	<b>28.41%</b>	<b>28.90%</b>	<b>25.76%</b>	<b>25.13%</b>	<b>23.15%</b>	<b>22.37%</b>

(1) In FY 2009, the State Treasurer interpreted the RSA as the DRA cost of administration could not be deducted from Gross Meals and Rooms Tax.

(2) Per the New Hampshire Operating Budget adopted for FY 2010 and 2011(HB 2) The State Treasurer shall fund the distribution of Meals and Rooms Tax at no more than the Fiscal Year 2009 levels. 2012 was not to be more than 2011

**Use of Reserves and Fund Balance:**

**-Use of Reserve for Property Appraisal** – The use of Reserve for Property Appraisal is used to offset revaluation expenditures incurred in the budget year.

**-Use of Reserve for Debt** – The use of city Reserves for Debt to offset the fiscal year debt service payments.

## Property Taxes:

**-Property Taxes** – Property Taxes are Portsmouth’s largest revenue source. The City levies and collects taxes according to state law. Property Taxes are an ad valorem tax (Latin for according to value). There are approximately 8,500 residential and commercial properties assessed taxes within the city. The amount of property tax levied is directly related to the amount of appropriation less all other revenues estimated. Budgeted property tax revenue is estimated to be \$74,566,738 in the FY15 proposed budget.

The Tax Assessor is mandated to assess all property at its market value as of April 1 of each year making a tax year April 1 to March 31 while the Fiscal Year is July 1 to June 30. The City issues tax bills twice a year which are due December 1<sup>st</sup> and June 1<sup>st</sup>.



Assessed Value	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
With Utilities	3,781,039,963	3,807,536,521	3,903,031,800	3,971,444,698	4,043,767,047	4,096,603,575
% change from previous FY	1.3%	0.7%	2.5%	1.8%	1.8%	1.3%
Without Utilities	3,607,856,910	3,634,413,852	3,721,242,300	3,803,608,220	3,870,081,052	3,917,159,080
% change from previous FY	1.4%	0.7%	2.4%	2.2%	1.7%	1.2%
State Equalized for Debt Limits	4,249,484,787	4,161,741,642	4,088,268,814	4,129,016,814	4,238,460,159	
% change from previous FY	4.0%	-2.1%	-1.8%	1.0%	2.7%	
% of County Value	9.06%	9.45%	9.95%	9.96%	10.26%	10.64%
<b>Tax rate</b>						
Town Rate	8.14	8.01	8.50	8.42	8.55	8.72
Local School	5.49	5.72	5.40	5.34	5.49	5.56
State School	2.40	2.32	2.43	2.46	2.42	2.49
County	0.95	1.04	1.08	1.05	1.09	1.14
<b>Total Rate</b>	<b>16.98</b>	<b>17.09</b>	<b>17.41</b>	<b>17.27</b>	<b>17.55</b>	<b>17.91</b>
% change from previous FY	3.9%	0.6%	1.9%	-0.8%	1.6%	2.1%

### PROPERTY TAXES

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	59,759,718	62,748,088	63,771,385	66,885,133	67,087,653	69,495,135	72,234,239	74,566,738
Actual	60,137,120	62,778,244	64,276,918	66,845,944	67,713,896	70,138,494		

**CITY OF PORTSMOUTH  
WATER FUND  
ESTIMATED AND ACTUAL REVENUES  
FOR FISCAL YEARS 2013-2015**

	<b>ESTIMATED REVENUES FY 13</b>	<b>ACTUAL REVENUES FY 13</b>	<b>ESTIMATED REVENUES FY 14</b>	<b>ESTIMATED REVENUES FY 15</b>	<b>% CHANGE</b>	<b>\$\$ CHANGE</b>
<b>WATER CONSUMPTION</b>						
<i>(includes minimum charges)</i>						
MUNICIPAL	174,866	177,814	208,459	175,172	-16.0%	(33,287)
COMMERCIAL TYPE 1	2,862,605	2,569,544	2,586,895	2,717,772	5.1%	130,877
INDUSTRIAL TYPE 1	1,486,849	1,716,757	1,691,832	1,686,092	-0.3%	(5,740)
RESIDENTIAL TYPE 1	3,025,596	2,913,320	2,808,345	2,854,947	1.7%	46,602
<b>TOTAL WATER CONSUMPTION</b>	<b>7,549,916</b>	<b>7,377,435</b>	<b>7,295,531</b>	<b>7,433,983</b>	<b>1.9%</b>	<b>138,452</b>
<b>OTHER FEES</b>						
HYDRANT RENTAL INCOME	107,500	104,000	107,500	156,000	45.1%	48,500
METER FEES	700,011	733,757	705,000	733,000	0.0%	28,000
UTILITY REVENUE	45,550	50,286	49,272	49,272	0.0%	-
FIRE SERVICES	201,000	202,585	185,000	226,118	22.2%	41,118
JOB WORKED SERVICES	70,000	187,959	80,000	100,000	25.0%	20,000
BACKFLOW TESTING	85,000	86,438	95,000	85,000	-10.5%	(10,000)
SERVICE CHARGES-SPECIAL	28,000	29,810	28,000	28,000	0.0%	-
PENALTY INCOME	-	-	-	-	0.0%	-
CAPACITY USE SURCHARGE	30,000	57,917	40,000	80,000	100.0%	40,000
MISCELLANEOUS	15,000	8,848	10,000	10,000	0.0%	-
COST OF SALES	-	-	-	-	0.0%	-
<b>TOTAL OTHER FEES</b>	<b>1,282,061</b>	<b>1,461,599</b>	<b>1,299,772</b>	<b>1,467,390</b>	<b>12.9%</b>	<b>167,618</b>
<b>STATE REVENUES</b>						
STATE GRANT PROGRAMS	-	-	-	-	0.0%	-
HOUSEHOLD HAZARDOUS WASTE	-	-	-	9,000	0.0%	9,000
<b>TOTAL STATE REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,000</b>	<b>0.0%</b>	<b>9,000</b>
<b>SPECIAL AGREEMENTS</b>						
STATE FORCE - 13455 MIDDLE	-	25,385	-	-	0.0%	-
STATE FORCE - 13455C MAPLE	-	38,848	-	-	0.0%	-
STATE FORCE - 13455D WOODBURY	-	1,784	-	-	0.0%	-
REV FROM SPECIAL AGREEMENTS	-	429	-	350	0.0%	350
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>-</b>	<b>66,446</b>	<b>-</b>	<b>350</b>	<b>0.0%</b>	<b>350</b>
<b>OTHER FINANCING SOURCES</b>						
INTEREST ON INVESTMENTS	8,000	4,897	3,000	3,000	0.0%	-
BOND PREMIUM AMORTIZATION	31,400	31,400	31,400	31,400	0.0%	-
SALE OF MUNICIPAL PROPERTY	-	-	-	-	0.0%	-
USE OF UNRESTRICTED NET POSITION	100,000	-	909,850	-	-100.0%	(909,850)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>139,400</b>	<b>36,297</b>	<b>944,250</b>	<b>34,400</b>	<b>-96.4%</b>	<b>(909,850)</b>
<b>TOTAL: FULL ACCRUAL REVENUES</b>	<b>8,971,377</b>	<b>8,941,778</b>	<b>9,539,553</b>	<b>8,945,123</b>	<b>-6.2%</b>	<b>(594,430)</b>
<b>CASH REQUIREMENT ADJUSTMENTS</b>						
BOND PREMIUM AMORTIZATION	(31,400)	(31,400)	(31,400)	(31,400)	0.0%	-
SPECIAL AGREEMENT - CON EDISON	42,000	42,000	42,000	42,000	0.0%	-
SPECIAL AGREEMENT - STRAWBERRY BANKE	-	-	-	2,040	0.0%	2,040
<b>TOTAL CASH REQUIREMENT ADJUSTMENTS</b>	<b>10,600</b>	<b>10,600</b>	<b>10,600</b>	<b>12,640</b>	<b>19.2%</b>	<b>2,040</b>
<b>TOTAL WATER FUND</b>	<b>8,981,977</b>	<b>8,952,378</b>	<b>9,550,153</b>	<b>8,957,763</b>	<b>-6.2%</b>	<b>(592,390)</b>

## Water Fund Revenue Descriptions and Trends

The City of Portsmouth Water Fund operates as a financially self-supporting enterprise fund. It is expected that revenues generated from rates, fees and retained earnings will sustain the cost of all operations and any debt service; no General Fund (tax) support is expected. Revenue sources for the City of Portsmouth Water Fund are classified into five categories:

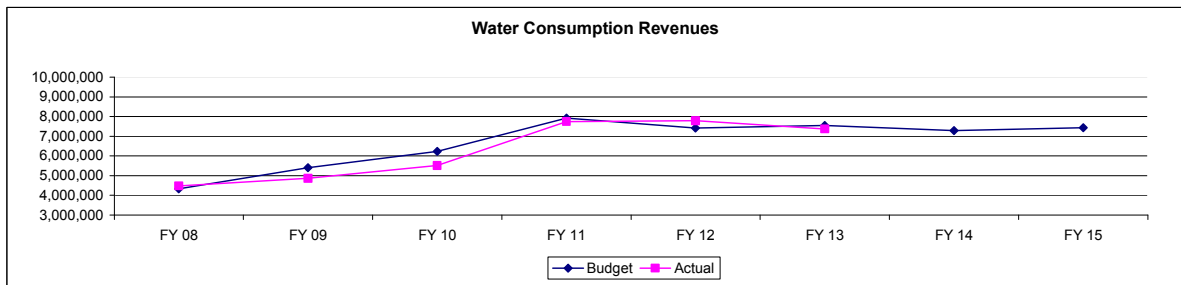
- 1) Water Consumption Revenues
- 2) Other Fees
- 3) State Revenues
- 4) Special Agreements
- 5) Other Financing Sources

Following are descriptions of all water fund revenues with budget to actual trends (graphed) for major revenue sources.

### Water Consumption Revenues:

**-Water Consumption Revenues-** City Ordinance Chapter 16- Revenue generated from water consumption by customers. Revenue generated from this source is the primary cash flow for the division. The water rates for FY15 will remain the same as FY14. Fluctuations in this revenue source while expected are unpredictable and difficult to budget. The Water Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

Water consumption revenues are subcategorized into four customer classes: municipal, residential, commercial, and industrial. The City Council approves through a budget resolution changes in the water rate. The following table is a history of water consumption revenues not including minimum charges.



	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	4,325,983	5,408,581	6,222,731	7,914,865	7,415,123	7,549,916	7,295,531	7,433,983
Actual	4,487,839	4,859,701	5,512,205	7,744,936	7,783,483	7,377,435		

## **Other Fees:**

**-Public Hydrant Fees** - Revenues generated for providing water for public fire service to all municipalities served by the Water Division. The \$150 per public hydrant is collected from the following towns: Greenland, Newington, Madbury, New Castle, Rye and the City of Portsmouth General Fund.

Projections of this revenue is predictable, the only events that effect a change is the removal or installation of fire hydrants.

**-Meter Fees** – Revenues generated by monthly charges for the ongoing maintenance and service of meters. Fees are applied based on the size of the meter located on the property as stated below.

### **Monthly Meter Charge Fee**

5/8" Meter	\$ 4.95
3/4" Meter	\$ 4.95
1" Meter	\$ 8.27
1 ½" Meter	\$ 14.25
2" Meter	\$ 22.91
3" Meter	\$ 36.26
4" Meter	\$ 68.74
6" Meter	\$ 120.27
8" Meter	\$ 168.01
10" Meter	\$ 252.02

**-Utility Revenue** – Revenue generated through wholesale utility agreements with the Rye and New Castle Water Districts.

**-Private Fire Service** – City Ordinance Chapter 16 - Many commercial and residential properties have a water service connection for their fire sprinkler system. The fee is based on the size of the fire service pipe entering the property. The revenue generated from this source has been level for several years. Based on minor changes and additions to commercial properties, the Water Fund has slightly changed the anticipated revenue generation from this revenue source.

**-Job Worked Services** – City Ordinance Chapter 16- Services rendered by the Water division maintenance department for the repair or construction of services in which an identified customer will be responsible for the costs. Services billed to individual customers include: repair of vehicular damage to City property, repair of water service on private property, upgrade to existing service at property. Services are rendered on demand, thus making the revenue unpredictable from year to year. The fund has projected annual revenue of \$70,000-\$120,000 for the past five years.

**-Backflow Testing Fees** – City Ordinance Chapter 16- It shall be the duty of the customer-user at any premise where backflow prevention devices are installed to have certified inspections and operational tests made at least twice per year. The Water Division will assess a fee for the inspection and testing of these devices.

**-Service Charges Fees** – City Ordinance – Revenues from charges assessed to customers for special requests. Charges include: final bill request, turn-on/off water service to a property, meter testing, frozen meter charges and returned check fee.

**-Penalty Income** – Water bills are due and payable upon presentation. Implementation of monthly billing effective FY11; combined with other collection processes has eliminated the assessment of penalty charges. The City is forecasting no income from this source.

**-Capacity Use Surcharges** – Revenues imposed on new customers who are joining the City's water and sewer system in order to recover capital investments made by the City.

**-Miscellaneous Income** – Revenue from unexpected events, considered to be unique and unlikely to occur again in the future. Events include: photocopying, sale of maps, water testing for a customer, new connection fees.

### **State Revenues:**

**-State Grant Program** – RSA 486-A:3. Revenue received from the State of New Hampshire for funding water works projects to meet the surface water treatment rules of the EPA. The Water Fund continues to monitor opportunities to apply for grants as they become available. The City expects no revenue in FY15 from this program.

**-Household State Aid Grant Program** – The State of New Hampshire administers a Household Hazardous Waste grant program. HHW Collection Grants are awarded to eligible sponsors at a designated per capita rate for the communities served, up to half of the collection costs.

### **Other Financing Sources:**

**-Interest on Investments** – The amount of interest earned from deposits.

**-Bond Premium Amortization** – The City received a premium in the amount of \$659,000 in June 2009 on the sale of a bond for the Madbury Water Treatment Plant construction. The premium is recognized and recorded as revenue over the life of the bond.

**-Budgetary Use of Unrestricted Net Position** – The budgeted use of fund balance is typically used to stabilize rate increases from year to year. The Water District will not be utilizing use of unrestricted net position in FY15.



CITY OF PORTSMOUTH  
SEWER FUND  
ESTIMATED AND ACTUAL REVENUES  
FOR FISCAL YEARS 2013-2015

	ESTIMATED REVENUES FY 13	ACTUAL REVENUES FY 13	ESTIMATED REVENUES FY 14	ESTIMATED REVENUES FY 15	% CHANGE	\$\$ CHANGE
<b>SEWER CONSUMPTION</b>						
MUNICIPAL	128,997	162,708	168,440	203,955	21.1%	35,515
OTHER UTILITIES WATER	339,332	336,966	470,208	394,078	-16.2%	(76,130)
COMMERCIAL TYPE 1	4,170,489	3,858,294	4,470,207	4,740,111	6.0%	269,904
INDUSTRIAL TYPE 1	1,578,745	2,792,995	2,939,648	3,076,476	4.7%	136,828
RESIDENTIAL TYPE 1	4,171,795	4,555,052	5,052,011	5,484,988	8.6%	432,977
<b>TOTAL SEWER CONSUMPTION</b>	<b>10,389,358</b>	<b>11,706,016</b>	<b>13,100,514</b>	<b>13,899,608</b>	<b>6.1%</b>	<b>799,094</b>
<b>MISCELLANEOUS FEES</b>						
JOB WORKED SERVICES	10,000	2,055	5,000	5,000	0.0%	-
SEPTAGE	130,000	170,964	145,000	145,000	0.0%	-
PENALTY INCOME	-	(2,126)	-	-	0.0%	-
PERMITS	2,500	500	2,500	2,500	0.0%	-
CAPACITY USE SURCHARGE	35,000	54,816	35,000	120,000	242.9%	85,000
MISCELLANEOUS	25,000	30,708	15,000	10,000	-33.3%	(5,000)
<b>TOTAL MISCELLANEOUS FEES</b>	<b>202,500</b>	<b>256,918</b>	<b>202,500</b>	<b>282,500</b>	<b>39.5%</b>	<b>80,000</b>
<b>STATE REVENUES</b>						
HOUSEHOLD HAZARDOUS WASTE	-	-	-	-	0.0%	-
STATE AID GRANT PROGRAM	377,429	377,428	365,519	310,359	-3.2%	(55,160)
<b>TOTAL STATE REVENUES</b>	<b>377,429</b>	<b>377,428</b>	<b>365,519</b>	<b>310,359</b>	<b>-15.1%</b>	<b>(55,160)</b>
<b>SPECIAL AGREEMENTS</b>						
GREAT BAY ESTUARY	-	221,349	-	-	0.0%	-
REV FROM SPECIAL AGREEMENTS	28,931	52,756	25,497	27,375	-11.9%	1,878
PEASE REIMBURSE SEWER LOAN	41,529	41,529	36,338	9,075	-12.5%	(27,263)
FORCE AGREEMENT	-	22,529	-	-	0.0%	-
ARRA DEBT FORGIVENESS	-	2,717	-	-	0.0%	-
<b>TOTAL SPECIAL AGREEMENTS</b>	<b>70,460</b>	<b>340,879</b>	<b>61,835</b>	<b>36,450</b>	<b>-41.1%</b>	<b>(25,385)</b>
<b>OTHER FINANCING SOURCES</b>						
INTEREST ON INVESTMENTS	8,000	12,511	5,000	3,000	-37.5%	(2,000)
SALE OF MUNICIPAL PROPERTY	-	-	-	-	0.0%	-
BOND PREMIUM AMORTIZATION	-	-	-	28,546		
USE OF UNRESTRICTED NET POSITION	-	-	-	-	0.0%	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>8,000</b>	<b>12,511</b>	<b>5,000</b>	<b>31,546</b>	<b>530.9%</b>	<b>(2,000)</b>
<b>TOTAL: FULL ACCRUAL REVENUES</b>	<b>11,047,747</b>	<b>12,693,753</b>	<b>13,735,368</b>	<b>14,560,463</b>	<b>6.0%</b>	<b>796,549</b>
<b>CASH REQUIREMENT ADJUSTMENTS</b>						
BOND PREMIUM AMORTIZATION	-	(38,638)	0	(28,546)	0.0%	(28,546)
PEASE AID GRANT, PEASE PRINCIPAL	46,258	-	46,258	46,258	0.0%	-
PEASE PAYBACK TOWARDS DEBT	116,289	-	116,289	116,289	0.0%	-
SPECIAL AGREEMENT- L/T ACCTS REC	171,545	-	174,979	189,252	2.0%	14,273
<b>TOTAL CASH REQUIREMENT ADJUSTMENTS</b>	<b>334,092</b>	<b>(38,638)</b>	<b>337,526</b>	<b>323,253</b>	<b>-4.2%</b>	<b>(14,273)</b>
<b>TOTAL SEWER FUND</b>	<b>11,381,839</b>	<b>12,655,115</b>	<b>14,072,894</b>	<b>14,883,716</b>	<b>5.8%</b>	<b>782,276</b>

## Sewer Fund Revenue Descriptions and Trends

The City of Portsmouth Sewer Fund operates as a financially self-supporting enterprise fund. It is expected that revenues generated from rates, fees and retained earnings will sustain the cost of all operations and any debt service; no General Fund (tax) support is expected. Revenue sources for the City of Portsmouth Sewer Fund are classified into five categories:

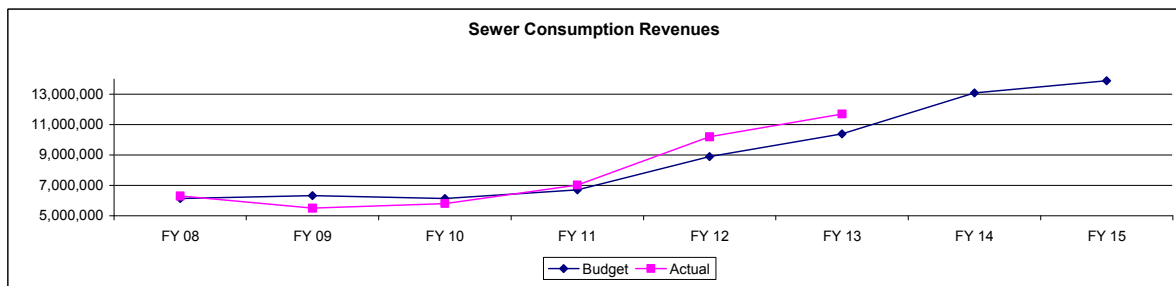
- 1) Sewer Consumption Revenues
- 2) Miscellaneous Fees
- 3) State Revenues
- 4) Special Agreements
- 5) Other Financing Sources

Following are descriptions of all Sewer fund revenues with budget to actual trends (graphed) for major revenue sources.

### Sewer Consumption Revenues:

**-Sewer Consumption Revenues-** Ordinance - Revenue generated from sewer consumption by customers. The revenue generated from this source is the primary revenue for the division. Fluctuations in this revenue source are similar to Water in that while expected they are unpredictable and difficult to budget. The Sewer Fund will recognize a surplus in revenues when demand is higher and a deficit when demand drops.

Sewer consumption revenues are subcategorized into four customer classes: municipal, residential, commercial, and industrial. The City Council approves through a budget resolution changes in the sewer rate.



	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Budget	6,119,175	6,313,698	6,116,404	6,702,250	8,907,408	10,389,358	13,100,514	\$13,899,608
Actual	6,294,287	5,497,279	5,800,047	7,021,789	10,192,483	11,706,016		

## **Miscellaneous Fees:**

**-Job Worked Services** – Sewer Ordinance - Services rendered by the Sewer division maintenance department for the repair or construction of services in which an identified customer will be responsible for the costs. Services billed to individual customers include: repair of vehicular damage to City property, repair of Sewer service on private property, upgrade to existing service at property. Services are rendered on demand, thus making the revenue unpredictable from year to year.

**-Septage Charges** – Sewer Ordinance – Revenues generated from accepting sewage from non-sewer customers, such as septage haulers, and recreational vehicles. The sewage requires additional handling and treatment processing costs.

**-Penalty Income** – Sewer bills are due and payable upon presentation. Implementation of monthly billing effective FY11; combined with other collection processes has eliminated the assessment of penalty charges. The City is forecasting no income from this source.

**-Permits** – Sewer Ordinance – Revenues from charges assessed to customers for the on-going monitoring by City staff of private sewage disposal facilities and compliance to discharge limits approved by the City.

**-Capacity Use Surcharges** – Revenues imposed on new customers who are joining the City's water and sewer system in order to recover capital investments made by the City.

**-Miscellaneous Income** – Revenue from unexpected events, considered to be unique and unlikely to occur again in the future. Events include: photocopying, sale of maps, sewer testing for a customer, and new connection fees.

## **State Revenues:**

**-State Aid Grant Program** – RSA 486:3. Revenue received from the State of New Hampshire as a contribution for eligible sewage construction projects. The annual contribution is based on the project's amortization schedule and the impact on user fees. The City of Portsmouth is currently eligible for 30 percent contribution from the State on its existing projects. The State did not fund this program for any new debt since the 2010 fiscal year. This program continues to be targeted for elimination therefore the City anticipates no additional revenue from this program.

## **Special Agreements:**

**-Great Bay Estuary** – The City is participating in a regional coalition called the Great Bay Estuary Coalition. The City has agreed to sponsor expert firms for the benefit of all parties. This revenue source is the contribution made by other members of the coalition towards the cost associated with the efforts.

**-Special Agreements** – The Sewer Fund has entered into agreements with customers whose Sewer requirement necessitates Sewer system improvements. The terms of each agreement is based on system improvements and financing needs of the customer. The annual revenue budget amount equals the annual payment due from all customers for the fiscal year.

**-Pease Payback Towards Debt** – Per the Municipal Service Agreement (MSA) effective July 1, 1998, the Pease Development Authority (PDA) is to reimburse the City for the cost of upgrades to the sewer treatment plant located on premises.

## **Other Financing Sources:**

**-Interest on Investments** – The amount of interest earned from deposits.

**-Bond Premium Amortization** – The City received a premium in the amount of \$570,917 in May 2012 on the sale of a bond for the Waste Water Treatment Plant. The premium is recognized and recorded as revenue over the life of the bond.

**-Budgetary Use of Unrestricted Net Position** – The budgeted use of fund balance is typically used to stabilize rate increases from year to year. In FY15, the City will not be utilizing unrestricted net position.

CITY OF PORTSMOUTH  
SPECIAL REVENUE FUNDS  
ESTIMATED AND ACTUAL REVENUES  
FOR FISCAL YEARS 2013-2015

	BUDGETED REVENUES FY 13	ACTUAL REVENUES FY 13	ESTIMATED REVENUES FY 14	ESTIMATED REVENUES FY 15	% CHANGE	\$\$ CHANGE
<b>Community Development</b>						
CDBG Entitlement	96,998	96,529	91,445	98,836	8.1%	7,391
Housing Rehab Program	30,889	32,365	42,588	51,402	20.7%	8,814
PEDLP	1,600	1,600	1,600	1,600	0.0%	-
<b>Total Community Development</b>	<b>129,487</b>	<b>130,494</b>	<b>135,633</b>	<b>151,838</b>	<b>11.9%</b>	<b>16,205</b>
<b>Urban Development Action Grant</b>						
UDAG Interest	60,000	49,841	42,000	36,000	-14.3%	(6,000)
Use of Fund Balance-UDAG	249,845	275,650	535,811	324,755	-39.4%	(211,056)
<b>Total Economic Development-UDAG</b>	<b>309,845</b>	<b>325,491</b>	<b>577,811</b>	<b>360,755</b>	<b>-37.6%</b>	<b>(217,056)</b>
<b>Parking and Transportation</b>						
Portion of Total Parking Revenue	2,601,462	2,601,462	2,659,858	3,047,195	14.6%	387,337
<b>Total Parking and Transportation</b>	<b>2,601,462</b>	<b>2,601,462</b>	<b>2,659,858</b>	<b>3,047,195</b>	<b>14.6%</b>	<b>387,337</b>
<b>Total Special Revenue Funds</b>	<b>3,040,794</b>	<b>3,057,447</b>	<b>3,373,302</b>	<b>3,559,788</b>	<b>5.5%</b>	<b>186,486</b>

## **Special Revenue Fund Revenue Descriptions and Trends**

### **Community Development:**

**-CDBG Entitlement** - The City's Community Development Department administers Community Development Block Grant (CDBG) funds, which are provided to Portsmouth annually by the U.S. Department of Housing and Urban Development (HUD) for projects that benefit people who earn low or moderate incomes. The amount of federal funding is determined by a national formula based on income, age of housing and population growth/decline.

The Community Development Department's General Administration line item covers the administrative costs associated with CDBG-funded programs and projects; this includes salaries and benefits for some of the City's Community Development Department staff, as well as other operational costs such as legal notices, office supplies, postage and staff training. HUD does not allow general administration costs to exceed 20% of the City's annual CDBG grant.

**- Housing Rehab Program** – The CDBG-funded Housing Rehabilitation Program provides low-interest and deferred loans to Portsmouth homeowners who earn low or moderate incomes and are in need of code repairs to their homes (plumbing, heating, electrical and other systems). Specifically, the Housing Rehabilitation Program is funded through the annual CDBG entitlement grant to the City from HUD, as well as from repayments from past borrowers. The City's Community Development Department staff administers this program.

**-Portsmouth Economic Development Loan Program** - The Portsmouth Economic Development Loan Program (PEDLP), which was funded through federal CDBG dollars, is not currently accepting new loan applications. Community Development staff do, however, manage the existing loan portfolio; the only cost associated with this program is the small annual outside audit fee.

**-UDAG Interest** – This revenue source consists of interest earned from investment of lump sum prepayment of Urban Development Action Grant loans. The City of Portsmouth Economic Development Commission established a budget policy for the UDAG Program, which allows expenditures, based on available funding and economic development program needs.

### **Parking and Transportation:**

**-Parking Meter and Garage Revenues** - A portion of total parking related revenues, equal to the budgeted expenditure for the Parking and Transportation Division of Public Works are recorded in this Special Revenue Fund.



## **DEBT SERVICE**

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The following pages analyze Debt Service for the General, Parking/Transportation, Water, and Sewer Funds.

### **COMPUTATION OF LEGAL DEBT MARGIN (GENERAL (INCLUDES PARKING/TRANSPORTATION), SCHOOL, AND WATER)**

Legal debt margins are established by the State of New Hampshire and are based on an equalized assessed valuation calculated by the State. There are three bonded debt limit margins established by the state: General, School related debt, and Water Fund debt limit margins. The General debt limit (includes Parking/Transportation) is limited to 3% of equalized assessed valuation with landfills being exempt from the calculation. School related debt is limited to 7% of equalized assessed valuation. While the Water Fund is limited to 10% of equalized assessed valuation, it should be noted that the Sewer Fund has no legal debt margin.

### **LONG-TERM DEBT SERVICE FORECAST MODEL (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)**

The long-term debt service forecast model displays issued long-term debt and projected future long-term debt for the General Fund, Parking/Transportation Fund, followed by the Water and Sewer Funds. Also listed are debt-related revenues. These revenues are directly related to the issuance of debt.

### **PROJECTED LONG-TERM DEBT SERVICE AS A PERCENTAGE OF THE GENERAL FUND BUDGET**

This table estimates future General Fund Budget totals and uses the projected net debt service from the Long Term Debt Service Forecast Model previously displayed, to calculate the percentage that debt service will be of the general fund budget. These projections go outward 10 years and a graph displays the result.

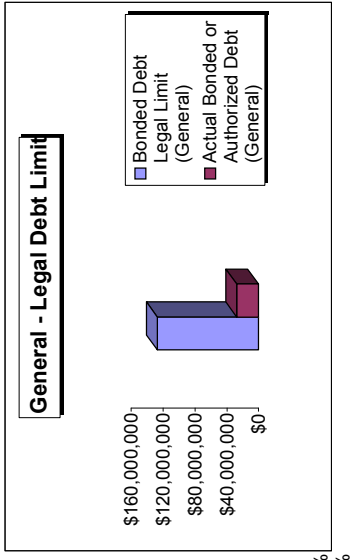
### **LONG TERM DEBT OUTSTANDING BALANCES (GENERAL, PARKING/TRANSPORTATION, WATER, AND SEWER)**

This table displays the outstanding debt balance of the General, Parking/Transportation, Water and Sewer Funds by fiscal year.

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
 Computation of Legal Debt Margin  
 As of June 30, 2013

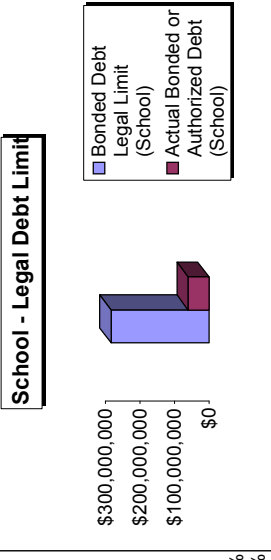
Modified local assessed valuation Department of Revenue Administration inventory adjustment	\$ 4,065,979,347
	<u>172,480,812</u>
Equalized assessed valuation Adjustment: RSA 31-A	4,238,460,159
	<u>-</u>
Base valuation for debt limit (1)	<u>\$ 4,238,460,159</u>

<b>Bonded debt limit - 3.0% of base (General Debt)</b>	\$ 127,153,805
Gross bonded debt June 30	\$27,037,048
Less:	
Landfill (4)	1,310,047
Authorized but unissued Commerce Way	\$25,727,001
	<u>1,600,000</u>
	<u>-</u>
Total debt applicable to 3% limitation <b>Legal Debt Margin</b>	\$ 1,600,000
	<u>27,327,001</u>
	<u><b>99,826,804</b></u>



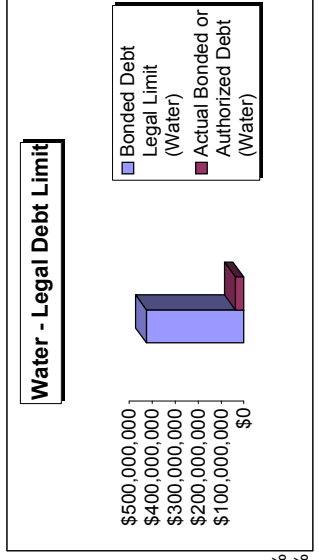
21%  
79%

<b>Bonded debt limit - 7.0% of base (School Debt) (5)</b>	\$ 296,692,211
Gross bonded debt June 30,	52,475,000
Authorized but unissued Middle School	52,475,000
	<u>3,300,000</u>
Total debt applicable to 7% limitation <b>Legal Debt Margin</b>	3,300,000
	<u>55,775,000</u>
	<u><b>240,917,211</b></u>



19%  
81%

<b>Bonded debt limit - 10% of base (Water Fund) (2) (3)</b>	423,846,016
Gross bonded debt June 30, Water bonds	23,037,202
Authorized but unissued Water System Improvements Capital Projects Madbury Water Treatment Plant	23,037,202
	<u>1,320,000</u>
	<u>7,842,303</u>
	<u>4,000,000</u>
Total debt applicable to 10% limitation <b>Legal Debt Margin</b>	13,162,303
	<u>36,199,505</u>
	<u><b>387,646,511</b></u>



9%  
91%

(1) The equalization of all taxable property in the State of New Hampshire is conducted annually by the New Hampshire Department of Revenue Administration under the provisions of RSA 21-J: 3(XIII).  
 (2) Enterprise funds.  
 (3) Subject to a separate debt limit of 10% of the City's base valuation per RSA 33:5-a.  
 (4) Exempt per RSA 33:5-b.  
 (5) Subject to a separate debt limit of 7% of the City's base valuation per RSA 33:4-a



CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL

<b>GENERAL FUND-Issued Debt</b>			<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
<b>General Government</b>												
<b>08/01/05 05 Improvements</b>	<b>3.95%</b>	<b>2,945,000</b>										
Principal-Last Pmt FY 16		10 Yr	295,000	295,000	290,000							
Interest			29,300	17,500	5,800							
<b>06/15/07 New Castle Ave/Seawall</b>	<b>4.00%</b>	<b>600,000</b>										
Principal-Last Pmt FY 17		10 Yr	60,000	60,000	60,000	60,000						
Interest			9,825	7,425	5,025	2,475						
<b>06/15/07 06 Improvements</b>	<b>4.00%</b>	<b>950,000</b>										
Principal-Last Pmt FY 17		10 Yr	95,000	95,000	95,000	95,000						
Interest			15,556	11,756	7,956	3,919						
<b>06/15/07 07 Improvements</b>	<b>4.00%</b>	<b>4,450,000</b>										
Principal-Last Pmt FY 17		10 Yr	445,000	445,000	445,000	445,000						
Interest			72,869	55,069	37,269	18,356						
<b>12/14/11 Fire Apparatus</b>	<b>2.86%</b>	<b>500,000</b>										
Principal-Last Pmt FY 17		5 YR	100,000	100,000	100,000	100,000						
Interest			15,500	12,000	7,500	2,500						
<b>06/15/08 08 Improvements</b>	<b>3.79%</b>	<b>2,500,000</b>										
Principal-Last Pmt FY 18		10 Yr	250,000	250,000	250,000	250,000	250,000					
Interest			46,875	38,125	28,750	19,375	10,000					
<b>11/18/98 Coakley OU-1 20 yr</b>		<b>3,605,773</b>										
Principal-Last Pmt FY 19		20 YR	180,289	180,289	180,289	180,289	180,289	180,289				
Interest-State recalculated interest starting in FY 15 saving \$62,049			41,106	25,391	6,130	4,597	3,065	1,532				
<b>06/15/09 09 Improvements</b>	<b>3.76%</b>	<b>3,500,000</b>										
Principal-Last Pmt FY 19		10 Yr	350,000	350,000	350,000	350,000	350,000	350,000				
Interest			105,000	87,500	70,000	52,500	35,000	17,500				
<b>05/15/10 10 Improvements</b>	<b>3.27%</b>	<b>1,800,000</b>										
Principal-Last Pmt FY 20		10 Yr	180,000	180,000	180,000	180,000	180,000	180,000	180,000			
Interest			47,250	43,200	38,700	31,500	24,300	16,200	8,100			
<b>07/01/00 Coakley OU-2 20 yr</b>		<b>652,330</b>										
Principal-Last Pmt FY 20		20 YR	32,617	32,617	32,617	32,617	32,617	32,617	32,617	32,617		
Interest-State recalculated interest starting in FY 15 saving \$14,961			8,676	6,076	1,663	1,331	998	665	333			
<b>12/14/11 11 Improvements</b>	<b>2.86%</b>	<b>6,400,000</b>										
Principal-Last Pmt FY 22		10 YR	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000		
Interest			220,800	198,400	169,600	137,600	112,000	96,000	76,800	48,000	16,000	
<b>06/27/13 13 Improvements</b>	<b>2.38%</b>	<b>2,267,000</b>										
Principal-Last Pmt FY 22		10 YR	232,000	230,000	230,000	225,000	225,000	225,000	225,000	225,000	225,000	
Interest			65,743	61,050	54,150	47,250	40,500	33,750	27,000	20,250	13,500	6,750
<b>08/01/05 Library</b>	<b>3.95%</b>	<b>6,960,000</b>										
Principal-Last Pmt FY 26		20 YR	350,000	350,000	350,000	350,000	350,000	345,000	345,000	345,000	345,000	345,000
Interest			178,575	164,575	150,575	136,575	122,575	108,675	94,875	80,644	65,981	51,319
<b>06/15/08 Fire Station 2 Replacement</b>	<b>3.79%</b>	<b>3,650,000</b>										
Principal-Last Pmt FY 28		20 YR	185,000	185,000	185,000	185,000	185,000	180,000	180,000	180,000	180,000	180,000

GENERAL FUND

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Interest	107,588	101,113	94,175	87,238	80,300	72,900	66,150	58,950	51,750	44,550
<b>06/15/08 Fire Station 2 Land</b> 3.79% <b>1,300,000</b>										
Principal-Last Pmt FY 28	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Interest	38,513	36,238	33,800	31,363	28,925	26,325	23,888	21,288	18,688	16,088
<b>06/15/09 Fire Station 2 Replacement</b> 3.76% <b>1,500,000</b>										
Principal-Last Pmt FY 29	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Interest	52,031	48,281	44,531	40,781	37,031	33,281	29,531	26,906	24,281	21,469
<b>Total General Fund-Gen Gov Issued Debt Principal Due</b>	<b>3,534,905</b>	<b>3,532,905</b>	<b>3,527,905</b>	<b>3,232,905</b>	<b>2,532,905</b>	<b>2,272,905</b>	<b>1,742,617</b>	<b>1,530,000</b>	<b>1,530,000</b>	<b>890,000</b>
<b>Total General Fund-Gen Gov Issued Debt Interest Due</b>	<b>1,055,206</b>	<b>913,698</b>	<b>755,625</b>	<b>617,359</b>	<b>494,694</b>	<b>406,829</b>	<b>326,676</b>	<b>256,038</b>	<b>190,200</b>	<b>140,175</b>
<b>Total General Fund-Gen Gov Issued Debt</b>	<b>4,590,111</b>	<b>4,446,604</b>	<b>4,283,530</b>	<b>3,850,265</b>	<b>3,027,599</b>	<b>2,679,734</b>	<b>2,069,293</b>	<b>1,786,038</b>	<b>1,720,200</b>	<b>1,030,175</b>
<b>Schools</b>										
<b>06/15/08 08 School Building Improvemen</b> 3.79% <b>500,000</b>										
Principal-Last Pmt FY 18	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest	9,375	7,625	5,750	3,875	2,000					
<b>05/15/10 10 School Building Improvemen</b> 3.27% <b>500,000</b>										
Principal-Last Pmt FY 20	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest	13,125	12,000	10,750	8,750	6,750	4,500	2,250			
<b>06/27/13 13 School Building Improvemen</b> 2.38% <b>500,000</b>										
Principal-Last Pmt FY 10	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest	14,500	13,500	12,000	10,500	9,000	7,500	6,000	4,500	3,000	1,500
<b>05/17/12 High School Renovations-Refunding</b> 1.78% <b>17,325,000</b>										
Principal-Last Pmt FY 23	1,835,000	1,795,000	1,770,000	1,745,000	1,720,000	1,700,000	1,690,000	1,680,000	1,665,000	1,650,000
Interest	634,950	580,700	509,400	439,100	369,800	301,400	233,600	166,200	99,300	33,000
<b>05/15/10 Middle School Renovation</b> 3.27% <b>15,000,000</b>										
Principal-Last Pmt FY 30	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Interest	463,125	446,250	427,500	397,500	367,500	333,750	300,000	266,250	243,750	219,375
<b>12/14/11 Middle School Renovation</b> 2.86% <b>22,500,000</b>										
Principal-Last Pmt FY 32	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000
Interest	777,656	738,281	687,656	631,406	586,406	558,281	524,531	473,906	417,656	372,656
<b>Total General Fund-School Issued Debt Principal Due</b>	<b>3,860,000</b>	<b>3,820,000</b>	<b>3,795,000</b>	<b>3,770,000</b>	<b>3,745,000</b>	<b>3,675,000</b>	<b>3,665,000</b>	<b>3,605,000</b>	<b>3,590,000</b>	<b>3,575,000</b>
<b>Total General Fund-School Issued Debt Interest Due</b>	<b>1,912,731</b>	<b>1,798,356</b>	<b>1,653,056</b>	<b>1,491,131</b>	<b>1,341,456</b>	<b>1,205,431</b>	<b>1,066,381</b>	<b>910,856</b>	<b>763,706</b>	<b>626,531</b>
<b>Total General Fund-School Issued Debt</b>	<b>5,772,731</b>	<b>5,618,356</b>	<b>5,448,056</b>	<b>5,261,131</b>	<b>5,086,456</b>	<b>4,880,431</b>	<b>4,731,381</b>	<b>4,515,856</b>	<b>4,353,706</b>	<b>4,201,531</b>
<b>Total General Fund- Issued Debt Principal Due</b>	<b>7,394,905</b>	<b>7,352,905</b>	<b>7,322,905</b>	<b>7,002,905</b>	<b>6,277,905</b>	<b>5,947,905</b>	<b>5,407,617</b>	<b>5,135,000</b>	<b>5,120,000</b>	<b>4,465,000</b>
<b>Total General Fund-Issued Debt Interest Due</b>	<b>2,967,937</b>	<b>2,712,055</b>	<b>2,408,681</b>	<b>2,108,491</b>	<b>1,836,151</b>	<b>1,612,260</b>	<b>1,393,058</b>	<b>1,166,894</b>	<b>953,906</b>	<b>766,706</b>
<b>Total General Fund-Issued Debt</b>	<b>10,362,843</b>	<b>10,064,960</b>	<b>9,731,586</b>	<b>9,111,396</b>	<b>8,114,056</b>	<b>7,560,166</b>	<b>6,800,674</b>	<b>6,301,894</b>	<b>6,073,906</b>	<b>5,231,706</b>

**GENERAL FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL**

**Issued Debt Related Revenues**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
GF Use of Unused Bond Proceeds	(100,000)									
GF Coakley Landfill State Aid	(42,115)	(41,106)	(40,096)	(39,087)	(38,077)	(37,067)	(761,324)	(410,844)		
GF Use of Debt Reserve	(1,500,000)	(1,500,000)	(1,450,000)	(1,450,000)	(1,500,000)	(1,500,000)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)
GF School Building Aid (High School)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(1,016,222)	(302,873)	(302,873)	(302,873)	(302,873)
GF School Building Aid on \$15m (Middle School 40%)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(302,873)	(451,210)	(451,210)	(451,210)	(451,210)
GF School Building Aid on \$22.5m (Middle School 40%)	(451,210)	(451,210)	(451,210)	(451,210)	(451,210)	(451,210)	(3,308,382)	(2,181,149)	(1,770,305)	(1,770,305)
<b>Total Issued Debt Related Revenues-General Fund</b>	<b>(3,412,420)</b>	<b>(3,311,411)</b>	<b>(3,260,401)</b>	<b>(3,259,392)</b>	<b>(3,308,382)</b>	<b>(3,307,372)</b>	<b>(2,531,629)</b>	<b>(2,181,149)</b>	<b>(1,770,305)</b>	<b>(1,770,305)</b>
<b>Total Net Issued Debt-General Fund</b>	<b>6,950,422</b>	<b>6,753,549</b>	<b>6,471,185</b>	<b>5,852,004</b>	<b>4,805,674</b>	<b>4,252,793</b>	<b>4,269,045</b>	<b>4,120,745</b>	<b>4,303,601</b>	<b>3,461,401</b>

**PROJECTED FUTURE DEBT:**

**GENERAL FUND-Projected Future Debt**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Allocation to Debt reserve	13,031									
10 yr 3.75% CITY WIDE FACILITIES CAPITAL IMPROVEMENTS	18,750	135,625	131,875	128,125	124,375	120,625	116,875	113,125	109,375	105,625
10 yr 3.75% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM	15,000	108,500	105,500	102,500	99,500	96,500	93,500	90,500	87,500	84,500
10 yr 3.75% McDONOUGH STREET AREA IMPROVEMENTS	7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750	42,250
10 yr 3.75% GATEWAY IMPROVEMENTS-EXIT 7	10,313	74,594	72,531	70,469	68,406	66,344	64,281	62,219	60,156	58,094
10 yr 3.75% STREET PAVING, MANAGEMENT AND REHABILITATION	46,875	339,063	329,688	320,313	310,938	301,563	292,188	282,813	273,438	264,063
10 yr 3.75% ISLINGTON STREET-STREETSCAPE IMPROVEMENTS	9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688	52,813
<b>Total FY 14 New Bonding(Authorized 8/5/13)</b>	<b>5,750,000</b>									
<b>20 yr 3.75% Middle School additional funding (Authorized 4/15/13)</b>		288,750	282,563	276,375	270,188	264,000	257,813	251,625	245,438	239,250
5 yr 3.75 % HEAVY RESCUE UNIT 1		11,250	140,250	135,750	131,250	126,750	122,250			
10 yr 3.75% HIGH SCHOOL FIELDS LIGHTING		14,063	101,719	98,906	96,094	93,281	90,469	87,656	84,844	82,031
10 yr 3.75% CONVERSION OF STUMP DUMP FACILITY INTO MULTH		7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750
10 yr 3.75% SEAWALL REPAIRS		23,906	172,922	168,141	163,359	158,578	153,797	149,016	144,234	139,453
10 yr 3.75% McDONOUGH STREET AREA IMPROVEMENTS		7,500	54,250	52,750	51,250	49,750	48,250	46,750	45,250	43,750
10 yr 3.75% MAPLEWOOD AVENUE REHABILITATION		24,375	176,313	171,438	166,563	161,688	156,813	151,938	147,063	142,188
10 yr 3.75% PEASE-ROADWAY REHABILITATIONS		9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563	54,688
<b>Total FY 15 New Bonding</b>		<b>5,225,000</b>								

**GENERAL FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
5 yr 3.75% FIRE ENGINE #4			9,375	116,875	113,125	109,375	105,625	101,875		
10 yr 3.75% SCHOOL FACILITIES CAPITAL IMPROVEMENTS			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563
20 yr 3.75% ELEMENTARY SCHOOL UPGRADES			93,750	432,813	423,438	414,063	404,688	395,313	385,938	376,563
10 yr 3.75% CHESTNUT ST AREA IMPROVEMENTS			6,863	49,639	48,266	46,894	45,521	44,149	42,776	41,404
10 yr 3.75% RECREATION STUDY: NEW FIELD CONSTRUCTION			11,250	81,375	79,125	76,875	74,625	72,375	70,125	67,875
10 yr 3.75% MARKET SQUARE UPGRADE			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563
10 yr 3.75% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM			15,000	108,500	105,500	102,500	99,500	96,500	93,500	90,500
10 yr 3.75% GATEWAY IMPROVEMENTS-EXIT 7			10,313	74,594	72,531	70,469	68,406	66,344	64,281	62,219
10 yr 3.75% STREET PAVING, MANAGEMENT AND REHABILITATION			46,875	339,063	329,688	320,313	310,938	301,563	292,188	282,813
10 yr 3.75% ISLINGTON STREET-STREETSCAPE IMPROVEMENTS			9,375	67,813	65,938	64,063	62,188	60,313	58,438	56,563
10 yr 3.75% BANFIELD ROAD IMPROVEMENTS			11,250	81,375	79,125	76,875	74,625	72,375	70,125	67,875
<b>Total FY 16 New Bonding</b>			<b>12,416,000</b>							
5 yr 3.75% FIRE ENGINE #6				11,250	140,250	135,750	131,250	126,750	122,250	
20 yr 3.75% FIRE STATION THREE REPLACEMENT				46,875	216,406	211,719	207,031	202,344	197,656	192,969
20 yr 3.75% POLICE STATION				112,500	519,375	508,125	496,875	485,625	474,375	463,125
20 yr 3.75% ELEMENTARY SCHOOL UPGRADES				93,750	432,813	423,438	414,063	404,688	395,313	385,938
10 yr 3.75% RECREATION STUDY: NEW FIELD CONSTRUCTION				32,813	237,344	230,781	224,219	217,656	211,094	204,531
10 yr 3.75% OUTDOOR POOL UPGRADES				8,906	64,422	62,641	60,859	59,078	57,297	55,516
10 yr 3.75% CITYWIDE FACILITIES CAPITAL IMPROVEMENTS				18,750	135,625	131,875	128,125	124,375	120,625	116,875
10 yr 3.75% PEASE ROADWAY IMPROVEMENTS				9,375	67,813	65,938	64,063	62,188	60,313	58,438
<b>Total FY 17 New Bonding</b>				<b>17,825,000</b>						
20 yr 3.75% ELEMENTARY SCHOOL UPGRADES				187,500	865,625	846,875	828,125	809,375	790,625	
10 yr 3.75% RECREATION STUDY: NEW FIELD CONSTRUCTION				1,875	13,563	13,188	12,813	12,438	12,063	
10 yr 3.75% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM				15,000	108,500	105,500	102,500	99,500	96,500	
10 yr 3.75% GATEWAY IMPROVEMENTS-EXIT 7				10,313	74,594	72,531	70,469	68,406	66,344	
10 yr 3.75% STREET PAVING, MANAGEMENT AND REHABILITATION				46,875	339,063	329,688	320,313	310,938	301,563	

**GENERAL FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
10 yr 3.75% ISLINGTON STREET-STREETSCAPE IMPROVEMENTS					9,375	67,813	65,938	64,063	62,188	60,313
10 yr 3.75% BANFIELD ROAD IMPROVEMENTS					11,250	81,375	79,125	76,875	74,625	72,375
<b>Total FY 18 New Bonding</b>										
10 yr 3.75% SCHOOL FACILITIES CAPITAL IMPROVEMENTS						9,375	67,813	65,938	64,063	62,188
10 yr 3.75% PEASE-ROADWAY REHABILITATIONS						9,375	67,813	65,938	64,063	62,188
<b>Total FY 19 New Bonding</b>										
10 yr 3.75% FIRE LADDER #2							18,750	135,625	131,875	128,125
10 yr 3.75% CITYWIDE FACILITIES CAPITAL IMPROVEMENTS							18,750	135,625	131,875	128,125
10 yr 3.75% CITYWIDE SIDEWALK RECONSTRUCTION PROGRAM							15,000	108,500	105,500	102,500
10 yr 3.75% MAPLEWOOD AVE CULVERT REPLACEMENT							71,250	515,375	501,125	486,875
10 yr 3.75% STREET PAVING, MANAGEMENT AND REHABILITATION							46,875	339,063	329,688	320,313
10 yr 3.75% JUNKINS AVENUE							14,063	101,719	98,906	96,094
<b>Total FY 20 New Bonding</b>										
<b>Total Projected Future Debt (FY14-FY20)</b>										
<b>Total General Fund-Projected Future Debt</b>	<b>120,844</b>	<b>1,166,563</b>	<b>2,041,160</b>	<b>3,580,654</b>	<b>5,254,016</b>	<b>6,408,675</b>	<b>6,540,115</b>	<b>7,399,711</b>	<b>7,095,276</b>	<b>6,774,966</b>
<b>Future Debt Related Revenues</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
GF School Building Aid on \$3.3m (Middle School Estimate 35%)			(57,750)	(57,750)	(57,750)	(57,750)	(57,750)	(57,750)	(57,750)	(57,750)
<b>Total Future Debt Related Revenues-General Fund</b>	<b>-</b>	<b>-</b>	<b>(57,750)</b>	<b>(57,750)</b>	<b>(57,750)</b>	<b>(57,750)</b>	<b>(57,750)</b>	<b>(57,750)</b>	<b>(57,750)</b>	<b>(57,750)</b>
<b>Total Net Projected Future Debt-General Fund</b>	<b>120,844</b>	<b>1,166,563</b>	<b>1,983,410</b>	<b>3,522,904</b>	<b>5,196,266</b>	<b>6,350,925</b>	<b>6,482,365</b>	<b>7,341,961</b>	<b>7,037,526</b>	<b>6,717,216</b>
<b>Total Gross Issued and Projected Debt-General Fund</b>	<b>10,483,686</b>	<b>11,231,522</b>	<b>11,772,746</b>	<b>12,692,050</b>	<b>13,368,072</b>	<b>13,968,841</b>	<b>13,340,789</b>	<b>13,701,605</b>	<b>13,169,183</b>	<b>12,006,673</b>
<b>Total Debt Related Revenues Actual and Projected</b>	<b>(3,412,420)</b>	<b>(3,311,411)</b>	<b>(3,318,151)</b>	<b>(3,317,142)</b>	<b>(3,366,132)</b>	<b>(3,365,122)</b>	<b>(2,589,379)</b>	<b>(2,238,899)</b>	<b>(1,828,055)</b>	<b>(1,828,055)</b>
<b>Total Net Issued and Projected Debt-General Fund</b>	<b>7,071,266</b>	<b>7,920,112</b>	<b>8,454,595</b>	<b>9,374,909</b>	<b>10,001,940</b>	<b>10,603,718</b>	<b>10,751,410</b>	<b>11,462,706</b>	<b>11,341,128</b>	<b>10,178,618</b>

**GENERAL FUND**

GENERAL FUND

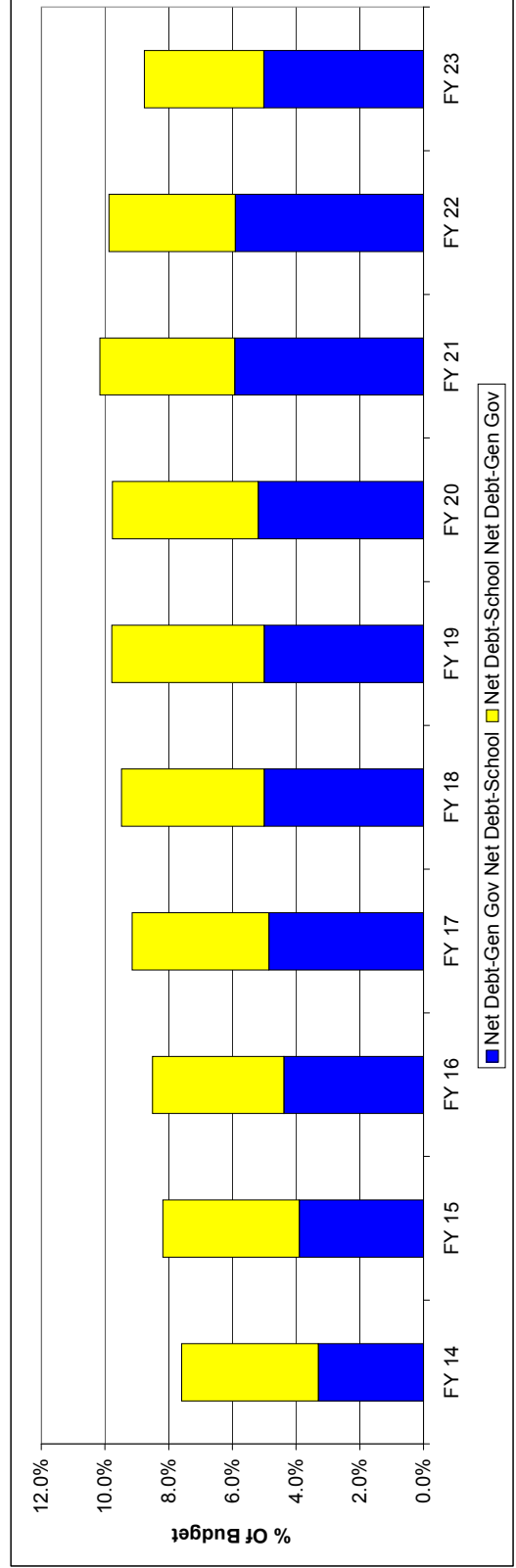
CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG TERM DEBT SERVICE FORECAST MODEL

City of Portsmouth

Net Debt Service as a Percentage of the General Fund Budget

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>
Total Gen Fund Without Debt Service (increase 2.50% in FY 15 and beyond)	82,601,451	85,510,240	87,647,996	89,839,196	92,085,175	94,387,305	96,746,987	99,165,662	101,644,804	104,185,924
Existing Debt Service-Gen Gov	4,590,111	4,446,604	4,283,530	3,850,265	3,027,599	2,679,734	2,069,293	1,786,038	1,720,200	1,030,175
Existing Debt Service-School	5,772,731	5,618,356	5,448,056	5,261,131	5,086,456	4,880,431	4,731,381	4,515,856	4,353,706	4,201,531
Projected Debt Service-Gen Gov	120,844	863,750	1,553,754	2,610,998	3,778,048	4,274,831	4,396,209	5,306,055	5,051,870	4,781,810
Projected Debt Service-School	-	302,813	487,406	969,656	1,475,969	2,133,844	2,143,906	2,093,656	2,043,406	1,993,156
<b>Total Gross Debt Service</b>	<b>10,483,686</b>	<b>11,231,522</b>	<b>11,772,746</b>	<b>12,692,050</b>	<b>13,368,072</b>	<b>13,968,841</b>	<b>13,340,789</b>	<b>13,701,605</b>	<b>13,169,183</b>	<b>12,006,673</b>
Debt Service Related Revenues-Gen Gov	(1,642,115)	(1,541,106)	(1,490,096)	(1,489,087)	(1,538,077)	(1,537,067)	(761,324)	(410,844)	-	-
Debt Service Related Revenues-Schools	(1,770,305)	(1,770,305)	(1,828,055)	(1,828,055)	(1,828,055)	(1,828,055)	(1,828,055)	(1,828,055)	(1,828,055)	(1,828,055)
Net Debt-Gen Gov	3,068,839	3,769,248	4,347,187	4,972,176	5,267,570	5,417,498	5,704,178	6,681,249	6,772,070	5,811,985
Net Debt-School	4,002,426	4,150,864	4,107,408	4,402,733	4,734,370	5,186,220	5,047,233	4,781,458	4,569,058	4,366,633
<b>Total Net Debt</b>	<b>7,071,266</b>	<b>7,920,112</b>	<b>8,454,595</b>	<b>9,374,909</b>	<b>10,001,940</b>	<b>10,603,718</b>	<b>10,751,410</b>	<b>11,462,706</b>	<b>11,341,128</b>	<b>10,178,618</b>
Total General Fund Budget	93,085,137	96,741,762	99,420,742	102,531,246	105,453,247	108,356,145	110,087,777	112,867,267	114,813,986	116,192,596

Percentage Debt Service of Budget:	7.60%	8.19%	8.50%	9.14%	9.48%	9.79%	9.77%	10.16%	9.88%	8.76%
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GENERAL FUND

**PARKING and TRANSPORTATION FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL**

**ISSUED DEBT**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
<b><u>PARKING/TRANSPORTATION FUND-Issued Debt</u></b>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Parking/Trans Fund Issued Debt Principal Due	-	-	-	-	-	-	-	-	-
Total Parking/Trans Fund Issued Debt Interest Due	-	-	-	-	-	-	-	-	-
<b>Total Parking/TransFund-Issued Debt</b>	-	-	-	-	-	-	-	-	-

**PROJECTED FUTURE DEBT:**

**PARKING/TRANSPORTATION FUND-  
Projected Future Debt**

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
20 Yr 3.75% PARKING FACILITY - DOWNTOWN LOCATION			281,250	1,298,438	1,270,313	1,242,188	1,214,063	1,185,938	1,157,813
<b>Total Parking/Transportation Fund-Projected Future Debt</b>	-	-	<b>281,250</b>	<b>1,298,438</b>	<b>1,270,313</b>	<b>1,242,188</b>	<b>1,214,063</b>	<b>1,185,938</b>	<b>1,157,813</b>
<b><u>Future Debt Related Revenues</u></b>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>
Total Future Debt Related Revenues-Parking/Transportation Fund	-	-	-	-	-	-	-	-	-

**Total Future Debt Related Revenues-Parking/Transportation Fund**

**Total Net Projected Future Debt-Parking/Transportation Fund**

**Total Net Issued and Projected Debt-Parking/Transportation Fund**

**PARKING and TRANSPORTATION FUND**

WATER FUND

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL  
CASH BASIS

ISSUED DEBT

WATER FUND-Issued Debt

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
<u>10/01/10 Bellamy Reservoir, Raw Water</u> 0.90% 219,043											
Principal-Last Pmt FY 15	42,801	33,521	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Interest	770	300	4,175	3,579	2,982	2,386	1,790	1,193	597		
<u>05/15/02 Upgrade Motor Control Center</u> 3.98% 300,000											
Principal-Last Pmt FY 22	15,000	15,000	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	
Interest	5,368	4,772	3,831	3,284	2,736	2,189	1,642	1,095	548		
<u>05/15/02 Corrosion Control Program</u> 3.80% 288,000											
Principal-Last Pmt FY 22	14,400	14,400	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	
Interest	4,925	4,378	71,117	62,228	53,338	44,448	35,559	26,669	17,780	8,890	
<u>11/01/02 Constitution Avenue</u> 3.70% 4,800,000											
Principal-Last Pmt FY 23	240,000	240,000	58,128	58,128	58,128	58,128	58,128	58,128	58,128	58,128	
Interest	88,896	80,007	17,337	15,170	13,003	10,836	8,669	6,502	4,335	2,168	
<u>12/01/02 Spinney Tank</u> 3.73% 1,162,560											
Principal-Last Pmt FY 23	58,128	58,128	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Interest	21,671	19,504	45,344	41,856	38,368	34,880	31,392	27,904	24,416	20,928	17,440
<u>06/01/08 Madbury Treatment Plant-Desi.</u> 2.49% 2,000,000											
Principal-Last Pmt FY 28	100,000	100,000	845,000	845,000	845,000	840,000	840,000	840,000	840,000	840,000	
Interest	52,320	48,832	499,500	457,250	415,000	372,750	330,750	301,350	271,950	240,450	208,950
<u>01/15/09 Madbury Treatment Plant</u> 3.94% 16,000,000											
Principal-Last Pmt FY 29	845,000	845,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	
Interest	584,000	541,750	115,600	108,800	102,000	95,200	88,400	81,600	74,800	68,000	61,200
<u>02/01/12 Madbury Treatment Plant</u> 2.72% 5,000,000											
Principal-Last Pmt FY 32	250,000	250,000	1,522,528	1,522,528	1,522,528	1,517,528	1,517,528	1,517,528	1,517,528	1,488,128	1,190,000
Interest	129,200	122,400	756,904	692,167	627,427	562,689	498,202	446,313	394,426	340,436	287,590
<b>Total Water Fund Issued Debt Principal Due</b>	<b>1,565,329</b>	<b>1,556,049</b>	<b>1,522,528</b>	<b>1,522,528</b>	<b>1,522,528</b>	<b>1,517,528</b>	<b>1,517,528</b>	<b>1,517,528</b>	<b>1,517,528</b>	<b>1,488,128</b>	<b>1,190,000</b>
<b>Total Water Fund Issued Debt Interest Due</b>	<b>887,150</b>	<b>821,943</b>	<b>756,904</b>	<b>692,167</b>	<b>627,427</b>	<b>562,689</b>	<b>498,202</b>	<b>446,313</b>	<b>394,426</b>	<b>340,436</b>	<b>287,590</b>
<b>Total Water Fund-Issued Debt</b>	<b>2,452,479</b>	<b>2,377,992</b>	<b>2,279,432</b>	<b>2,214,695</b>	<b>2,149,955</b>	<b>2,080,217</b>	<b>2,015,730</b>	<b>1,963,841</b>	<b>1,911,954</b>	<b>1,828,564</b>	<b>1,477,590</b>

WATER FUND



**WATER FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL  
CASH BASIS**

**PROJECTED FUTURE DEBT:**

**WATER FUND-Projected Future Debt**

				<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
<b>20 yr</b>	Hobbs Hill Landing Water Tank Repla-	3.75%	<b>3,500,000</b>		306,250	299,688	293,125	286,563	280,000	273,438	266,875	260,313	253,750	247,188
	Authorized 03/03/14													
<b>20 yr</b>	Greenland Well	3.75%	<b>1,000,000</b>			18,750	86,563	84,688	82,813	80,938	79,063	77,188	75,313	73,438
	Authorized 08/16/05-Requires Amendment to Authorization													
<b>20 yr</b>	Maplewood Ave Waterline Replaceme	3.75%	<b>3,300,000</b>			288,750	282,563	276,375	270,188	264,000	257,813	251,625	245,438	239,250
<b>20 yr</b>	New Castle Water Lines Improvement	3.75%	<b>3,000,000</b>			56,250	259,688	254,063	248,438	242,813	237,188	231,563	225,938	220,313
<b>20 yr</b>	Water System Pressure and Storage I	3.75%	<b>500,000</b>			43,750	42,813	41,875	40,938	40,000	39,063	38,125	37,188	36,250
<b>20 yr</b>	Water System Pressure and Storage I	3.75%	<b>500,000</b>			9,375	43,281	42,344	41,406	40,469	39,531	38,594	37,656	36,719
<b>20 yr</b>	Water System Pressure and Storage I	3.75%	<b>500,000</b>				9,375	43,281	42,344	41,406	40,469	39,531	38,594	37,656
<b>20 yr</b>	Water System Pressure and Storage I	3.75%	<b>500,000</b>					9,375	43,281	42,344	41,406	40,469	39,531	38,594
<b>20 yr</b>	Reservoir Management	3.75%	<b>500,000</b>							9,375	43,281	42,344	41,406	40,469
	<b>Total Water Fund-Projected Future Debt</b>			-	<b>306,250</b>	<b>716,563</b>	<b>1,017,406</b>	<b>1,038,563</b>	<b>1,049,406</b>	<b>1,034,781</b>	<b>1,044,688</b>	<b>1,019,750</b>	<b>994,813</b>	<b>969,875</b>
<hr/>														
	<b>Total Issued and Projected Debt Water Fund</b>			<b>2,452,479</b>	<b>2,684,242</b>	<b>2,995,995</b>	<b>3,232,101</b>	<b>3,188,518</b>	<b>3,129,623</b>	<b>3,050,511</b>	<b>3,008,529</b>	<b>2,931,704</b>	<b>2,823,377</b>	<b>2,447,465</b>

**WATER FUND**

SEWER FUND

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL  
CASH BASIS

**ISSUED DEBT**

**SEWER FUND-Issued Debt**

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
12/21/00 Pease WWTP											
Principal-Last Pmt FY 20		321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450	321,450
Interest-State recalculated interest starting in FY 15 total saving \$226,950	100,447	25,208	16,394	13,115	9,836	6,558	3,279				
06/11/02 Sewer Projects Phase 1											
Principal-Last Pmt FY 22		246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568	246,568
Interest-State recalculated interest starting in FY 15 total saving \$197,808	88,232	61,228	23,473	20,120	16,767	13,413	10,060	6,707	3,353		
09/12/12 SSES - State Street											
Principal-Last Pmt FY 23		150,043	150,043	150,043	150,043	150,043	150,043	150,043	150,043	150,043	150,043
Interest-State recalculated interest starting in FY 15 total saving \$27,268	26,198	20,386	14,284	12,244	10,203	8,162	6,122	4,081	2,041		
05/04/05 Sewer Projects Phase 2											
Principal-Last Pmt FY 25		444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905	444,905
Interest-State recalculated interest starting in FY 15 total saving \$504,176	196,897	121,174	83,197	74,878	66,558	58,238	49,918	41,599	33,279	24,959	16,639
12/01/08 Sewer Projects Phase 3											
Principal-Last Pmt FY 28		275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407	275,407
Interest-State recalculated interest starting in FY 15 total saving \$306,168	144,093	106,006	85,211	78,656	72,102	65,547	58,992	52,437	45,883	39,328	32,773
12/01/08 Lower Court Street Loan											
Principal-Last Pmt FY 28		34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428	34,428
Interest-State recalculated interest starting in FY 15 total saving \$36,048	18,013	15,477	10,652	9,833	9,013	8,194	7,375	6,555	5,736	4,916	4,097
01/01/11 Rye Line Pump Station Upgrades											
Principal-Last Pmt FY 30		53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486	53,486
Interest-State recalculated interest starting in FY 15 total saving \$25,456	26,841	23,425	20,731	19,349	17,967	16,585	15,203	13,821	12,439	11,057	9,674
01/01/11 201 Facilities Plan Updates											
Principal-Last Pmt FY 30		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Interest-State recalculated interest starting in FY 15 total saving \$24,288	25,092	21,408	19,380	18,088	16,796	15,504	14,212	12,920	11,628	10,336	9,044
12/16/11 LTCP Bartlett St. Area Sewer Ext											
Principal-Last Pmt FY 31		264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512
Interest-State recalculated interest starting in FY 15 total saving \$191,222	147,788	123,187	110,799	103,874	96,949	90,024	83,099	76,174	69,249	62,324	55,399
12/14/11 P.L.W.T.P. Prel. Eng and LTCP Imp											
Principal-Last Pmt FY 32		150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Interest-State recalculated interest starting in FY 15 total saving \$190,556	103,688	98,438	91,688	84,188	78,188	74,438	69,938	63,188	55,688	49,688	45,188
03/19/12 LTCP Contract #3B and Cass St Area											
Principal-Last Pmt FY 32		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Interest-State recalculated interest starting in FY 15 total saving \$190,556	246,500	234,500	218,500	202,500	186,500	170,500	154,500	138,500	122,500	106,500	94,500
06/27/13 LTCP Contract #3C Lincoln Area											
Principal-Last Pmt FY 33		204,000	200,000	200,000	200,000	195,000	195,000	195,000	195,000	195,000	195,000
Interest-State recalculated interest starting in FY 15 total saving \$190,556	115,449	113,310	107,310	101,310	95,310	89,310	83,460	77,610	71,760	65,910	60,060
Interest Savings FY 15 \$190,556											
Total Interest savings from State recalculation FY 15 - FY 31	\$1,539,384										
<b>Total Sewer Fund Issued Debt Principal Due</b>	2,594,799	2,590,799	2,590,799	2,590,799	2,590,799	2,585,799	2,585,799	2,264,349	2,264,349	1,867,738	1,867,738
<b>Total Sewer Fund Issued Debt Interest Due</b>	1,239,237	963,747	801,619	738,153	676,188	616,472	556,157	493,591	433,555	375,018	327,375
<b>Total Sewer Fund-Issued Debt</b>	3,834,037	3,554,546	3,392,418	3,328,952	3,266,987	3,202,272	3,141,956	2,757,940	2,697,903	2,242,756	2,195,113

SEWER FUND

**SEWER FUND**

**CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL  
CASH BASIS  
Issued Debt Related Revenues**

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
SEWER Pease WWTP-State Aid	(120,065)	(115,981)	(111,897)	(107,814)	(103,730)	(99,646)	(95,563)				
SEWER Pease Development Authority	(152,627)	(147,436)	(142,246)	(137,054)	(131,863)	(126,672)	(121,481)				
SEWER Phase I-State Aid	(99,171)	(96,267)	(93,363)	(90,459)	(87,556)	(84,652)	(81,748)	(78,844)	(75,940)		
SEWER Phase 2-State Aid	(192,541)	(187,619)	(182,696)	(177,774)	(172,851)	(167,928)	(163,006)	(158,093)	(153,161)	(148,238)	(143,316)
<b>Total Issued Debt Related Revenues-Sewer Fund</b>	<b>(564,404)</b>	<b>(547,303)</b>	<b>(530,202)</b>	<b>(513,101)</b>	<b>(496,000)</b>	<b>(478,898)</b>	<b>(461,798)</b>	<b>(236,937)</b>	<b>(229,101)</b>	<b>(148,238)</b>	<b>(143,316)</b>

<b>Total Net Issued Debt-Sewer Fund</b>	<b>3,269,633</b>	<b>3,007,243</b>	<b>2,862,216</b>	<b>2,815,851</b>	<b>2,770,987</b>	<b>2,723,374</b>	<b>2,680,158</b>	<b>2,521,003</b>	<b>2,468,802</b>	<b>2,094,518</b>	<b>2,051,797</b>
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**SEWER FUND-Projected Future Debt**

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
20 yr LTCP Contract #3A			481,008	470,952	460,896	450,840	440,784	430,728	420,672	410,616	400,560
Authorized 08/05/02	501,120	501,000									
20 yr Fleet Street Utilities Upgrade			43,750	42,813	41,875	40,938	40,000	39,063	38,125	37,188	36,250
20 yr Lafayette Rd Pumping Station Upgra			43,750	42,813	41,875	40,938	40,000	39,063	38,125	37,188	36,250
20 yr Mechanic St. Pumping Station Upgrs					103,125	476,094	465,781	455,469	445,156	434,844	424,531
20 yr Pease WWTP Upgrades		306,250	299,688	293,125	286,563	280,000	273,438	266,875	260,313	253,750	247,188
Authorized 08/05/13	65,625										
20 yr Pease WWTP Upgrades			87,500	85,625	83,750	81,875	80,000	78,125	76,250	74,375	72,500
20 yr Pease WWTP Upgrades					69,375	320,281	313,344	306,406	299,469	292,531	285,594
Total			856,250	837,500	818,750	800,000	781,250	762,500	743,750	725,000	706,250
20 yr P.I.W.W.T.P. Upgrades	46,875	875,000									
Authorized 08/05/13											
20 yr P.I.W.W.T.P. Upgrades			375,000	1,731,250	1,693,750	1,656,250	1,618,750	1,581,250	1,543,750	1,506,250	1,468,750
30 yr P.I.W.W.T.P. Upgrades			690,825	2,441,563	2,395,521	2,349,479	2,303,438	2,257,396	2,211,354	2,165,313	2,119,271
Total			1,066,825	4,172,813	4,089,271	4,015,729	3,942,188	3,868,646	3,795,104	3,721,563	3,648,021

Total Projected

<b>Total Sewer Fund-Projected Future Debt</b>	<b>613,620</b>	<b>1,682,250</b>	<b>2,877,571</b>	<b>5,945,640</b>	<b>5,995,479</b>	<b>6,496,694</b>	<b>6,356,784</b>	<b>6,216,874</b>	<b>6,076,964</b>	<b>5,937,054</b>	<b>5,797,143</b>
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**Future Debt Related Revenues**

No Anticipated Revenues for New Debt	-	-	-	-	-	-	-	-	-	-	-
<b>Total Future Debt Related Revenues-Sewer Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Projected Future Debt-Sewer Fund</b>	<b>613,620</b>	<b>1,682,250</b>	<b>2,877,571</b>	<b>5,945,640</b>	<b>5,995,479</b>	<b>6,496,694</b>	<b>6,356,784</b>	<b>6,216,874</b>	<b>6,076,964</b>	<b>5,937,054</b>	<b>5,797,143</b>
<b>Total Gross Issued and Projected Debt-Sewer</b>	<b>4,447,657</b>	<b>5,236,796</b>	<b>6,269,988</b>	<b>9,274,592</b>	<b>9,262,466</b>	<b>9,698,966</b>	<b>9,498,740</b>	<b>8,974,814</b>	<b>8,774,867</b>	<b>8,179,809</b>	<b>7,992,256</b>
<b>Total Net Issued and Projected Debt-Sewer Fund</b>	<b>3,883,253</b>	<b>4,689,493</b>	<b>5,739,786</b>	<b>8,761,491</b>	<b>8,766,466</b>	<b>9,220,068</b>	<b>9,036,942</b>	<b>8,737,877</b>	<b>8,545,766</b>	<b>8,031,571</b>	<b>7,849,940</b>

**SEWER FUND**

CITY OF PORTSMOUTH, NEW HAMPSHIRE  
LONG-TERM DEBT SERVICE FORECAST MODEL

City of Portsmouth  
Outstanding Debt Service by Fiscal Year

Fiscal Year	General Fund-Gen Gov		General Fund-School		Total General Fund		Parking/Trans Fund		Water Fund		Sewer Fund		Total City of Portsmouth		Total Principal/Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
FY 15	3,532,905	913,698	3,820,000	1,798,356	7,352,905	2,712,055	-	-	1,556,049	-	821,943	2,590,799	11,499,763	4,497,745	15,997,498
FY 16	3,527,905	755,625	3,795,000	1,653,056	7,322,905	2,408,681	-	-	1,522,528	-	756,904	2,590,799	11,436,232	3,967,204	15,403,436
FY 17	3,232,905	617,359	3,770,000	1,491,131	7,002,905	2,108,491	-	-	1,522,528	-	692,167	2,590,799	11,116,232	3,538,811	14,655,043
FY 18	2,532,905	494,694	3,745,000	1,341,456	6,277,905	1,836,151	-	-	1,522,528	-	627,427	2,590,799	10,391,232	3,139,765	13,530,998
FY 19	2,272,905	406,829	3,675,000	1,205,431	5,947,905	1,612,260	-	-	1,517,528	-	562,689	2,585,799	10,051,232	2,791,422	12,842,654
FY 20	1,742,617	326,676	3,665,000	1,066,381	5,407,617	1,393,058	-	-	1,517,528	-	498,202	2,585,799	9,510,944	2,447,417	11,958,360
FY 21	1,530,000	256,038	3,605,000	910,856	5,135,000	1,166,894	-	-	1,517,528	-	446,313	2,264,349	8,916,877	2,106,798	11,023,675
FY 22	1,530,000	190,200	3,590,000	763,706	5,120,000	953,906	-	-	1,517,528	-	394,426	2,264,349	8,901,877	1,781,887	10,683,764
FY 23	890,000	140,175	3,575,000	626,531	4,465,000	766,706	-	-	1,488,128	-	340,436	1,867,738	7,820,866	1,482,160	9,303,026
FY 24	665,000	106,150	1,875,000	533,906	2,540,000	640,056	-	-	1,190,000	-	287,590	1,867,738	5,597,738	1,255,021	6,852,759
FY 25	665,000	78,565	1,875,000	473,906	2,540,000	552,471	-	-	1,190,000	-	243,702	1,867,738	5,597,738	1,079,406	6,677,143
FY 26	665,000	50,858	1,875,000	408,281	2,540,000	459,139	-	-	1,190,000	-	200,414	1,422,832	5,152,832	897,142	6,049,975
FY 27	320,000	30,265	1,875,000	341,250	2,195,000	371,515	-	-	1,190,000	-	154,876	1,422,832	4,807,832	724,970	5,532,802
FY 28	320,000	16,788	1,875,000	275,859	2,195,000	292,647	-	-	1,190,000	-	108,888	1,422,832	4,807,832	560,322	5,368,154
FY 29	75,000	3,188	1,875,000	209,063	1,950,000	212,250	-	-	1,090,000	-	62,900	1,112,997	4,152,997	393,956	4,546,955
FY 30			1,875,000	139,688	1,875,000	139,688	-	-	250,000	-	20,400	1,112,998	3,237,998	246,196	3,484,194
FY 31			1,125,000	67,500	1,125,000	67,500	-	-	250,000	-	13,600	1,009,512	2,384,512	133,745	2,518,257
FY 32			1,125,000	22,500	1,125,000	22,500	-	-	250,000	-	6,800	745,000	2,120,000	50,780	2,170,780
FY 33							-	-		-		195,000	195,000	6,240	201,240
<b>Totals</b>	<b>23,502,142</b>	<b>4,387,107</b>	<b>48,615,000</b>	<b>13,328,860</b>	<b>72,117,142</b>	<b>17,715,967</b>	<b>-</b>	<b>-</b>	<b>21,471,873</b>	<b>-</b>	<b>6,239,677</b>	<b>34,110,710</b>	<b>127,699,725</b>	<b>31,100,988</b>	<b>158,800,713</b>
less Anticipated Debt Related Revenues (8,767,601)															
(22,569,492)															
(31,337,093)															
(3,923,287)															
<b>Net Outstanding Debt</b>	<b>14,734,542</b>	<b>4,387,107</b>	<b>26,045,508</b>	<b>13,328,860</b>	<b>40,780,050</b>	<b>17,715,967</b>	<b>-</b>	<b>-</b>	<b>21,471,873</b>	<b>-</b>	<b>6,239,677</b>	<b>30,187,423</b>	<b>92,439,345</b>	<b>31,100,988</b>	<b>123,540,334</b>