

City of Portsmouth, New Hampshire  
**Fiscal Year 2027  
Proposed Annual Budget**  
July 1, 2026 - June 30, 2027



# **FISCAL YEAR 2027 PROPOSED ANNUAL BUDGET**



Budget Work Session – Wednesday, May 13, 2026

**Enterprise & Special Revenue Funds**

# Budget Timeline

## Completed (Fall 2025 – Spring 2026)

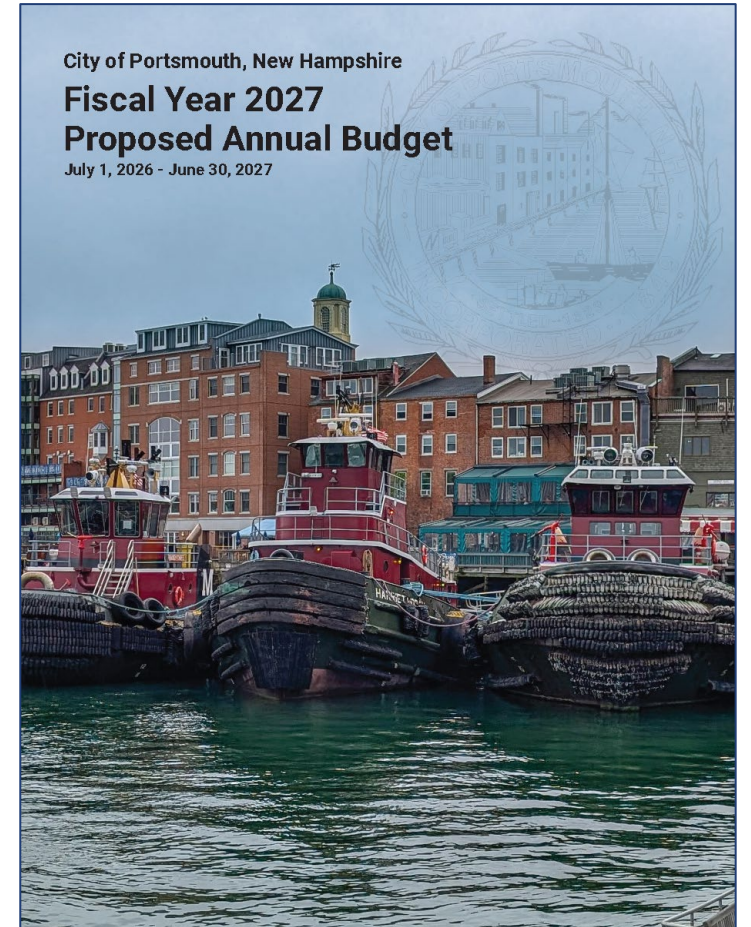
- ✓ Capital Improvement Plan
- ✓ Charter Departments Public Hearings
- ✓ City Council Budget Planning Work Session
- ✓ Budget Work Session – General Fund

## Tonight (May 13)

- Budget Work Session – Enterprise and Special Revenues Funds  
(Department presentations with public input opportunities)

## Upcoming

- **May 18** City Council Meeting – Public Hearing on the Budget
- **May 28** City Council Work Session – Continuation of Budget Review
- **June 8** City Council Meeting – Continuation of Public Hearing on the Budget and proposed adoption of the Proposed Budget



# Enterprise Funds & Special Revenue Funds

## Enterprise Funds

- Water Fund
- Sewer Fund

## Special Revenue Funds

- Stormwater
- Parking & Transportation
- Prescott Park
- Community Campus
- Indoor Pool
- Community Development Block Grant



# Staffing Changes

(Full Time Positions Only)

FY27

General Fund: (9.06) FTE

- Parking & Transport: 0.50 FTE
- Grants/Other: 0.64 FTE

Special Revenues: 1.14 FTE

- Water: 0.80 FTE
- Sewer: 0.80 FTE

Enterprise Funds: 1.60 FTE

Overall: (6.32) FTE

Department/Position	Governmental Funds				Enterprise Funds		Total
	General Fund	Special Revenue Funds			Water	Sewer	
	General Fund	Parking & Trans	Stormwater	Grants/ Other	Water	Sewer	
<b>Inspection</b>							
Electrical Inspector	1.00						1.00
Electrical Inspector/Technician	(0.40)						(0.40)
<b>Total Inspection</b>	<b>0.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.60</b>
<b>Fire</b>							
Fire Prevention Officer	1.00						1.00
<b>Total Fire</b>	<b>1.00</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>1.00</b>
<b>Public Works-All Divisions</b>							
Account Clerk - Garage		(1.00)					(1.00)
Administrative Assistant I					(0.50)	(0.50)	(1.00)
Assistant Planning Director		0.50					0.50
Associate Planner					(0.25)	(0.25)	(0.50)
Communications and Digital Specialist	0.25	0.25			0.25	0.25	1.00
Custodian	(1.00)						(1.00)
Environmental Planner/Sustainability Coordinator					0.25	0.25	0.50
Equipment Maintenance Foreman						(0.30)	(0.30)
Equipment Mechanic	(0.30)						(0.30)
Equipment Operator I	0.30	0.10			(1.00)		(0.60)
Equipment Operator II					1.00		1.00
Facility Foreman	(0.75)						(0.75)
Facilities Project Manager	(0.25)	(0.25)			(0.25)	(0.25)	(1.00)
Foreman I		1.00					1.00
Foreman II		1.35			0.25	0.25	1.85
Foreman III						0.30	0.30
Foreman IV		1.00					1.00
GIS Stormwater Tech			(0.50)				(0.50)
Laborer	(2.00)	1.00					(1.00)
Lead Mechanic		(0.10)					(0.10)
Master Carpenter	(0.60)				0.30	0.30	-
Operations Manager					0.25	0.25	0.50
Operational Support Coordinator					0.50	0.50	1.00
Parking Enforcement Supervisor		(1.00)					(1.00)
Parking Garage Foreman		(1.00)					(1.00)
Parking General Foreman		(1.00)					(1.00)
Planning Manager		(0.50)					(0.50)
Project Manager	0.20				(0.10)	(0.10)	-
Technician: Equipment Mechanic		(0.10)					(0.10)
Technical Wastewater Operations Manager	0.25	0.25			(0.50)	(0.50)	(0.50)
Truck Driver I	(1.00)						(1.00)
Utility Mechanic	1.80				0.60	0.60	3.00
Water Quality Specialist			0.50				0.50
<b>Total Public Works</b>	<b>(3.10)</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>0.80</b>	<b>0.80</b>	<b>(1.00)</b>
<b>School Department</b>							
Administrators	1.00						1.00
Classroom & Regular Program Instructor	(4.73)						(4.73)
Special Programs Other School Staff				0.64			0.64
Clerical	(2.88)						(2.88)
Tutors	(2.00)						(2.00)
<b>Total School Department</b>	<b>(7.56)</b>	<b>-</b>	<b>-</b>	<b>0.64</b>	<b>-</b>	<b>-</b>	<b>(6.92)</b>
<b>Citywide Total</b>	<b>(9.06)</b>	<b>0.50</b>	<b>-</b>	<b>0.64</b>	<b>0.80</b>	<b>0.80</b>	<b>(6.32)</b>

# Public Works Staffing Changes

(Full Time Positions Only)

<b>PUBLIC WORKS – NET STAFFING CHANGE</b>		
<b>GENERAL FUND</b>		
	<b>Highway</b>	<b>(3.10)</b>
<b>ENTERPRISE AND SPECIAL FUNDS</b>		
	<b>Stormwater</b>	<b>0.00</b>
	<b>Prescott Park</b>	<b>0.00</b>
	<b>Parking</b>	<b>0.50</b>
	<b>Water</b>	<b>0.80</b>
	<b>Sewer</b>	<b>0.80</b>
<b>TOTAL PUBLIC WORKS</b>		<b>(1.00)</b>

# Water Fund

FY27 Budget:       \$ 15,632,778  
Change:             \$ 627,422

## FY27 Budget Comments

- Cost of capital projects
- Federal and State regulatory issues
- Replacement of aging infrastructure

- **Water Assistance Programs**
- **Water Production**
- **Water Storage**
- **Water Distribution**
- **Technical Services**

## The Water Division is funded by Water System Users

The Portsmouth Water System services the following communities:

- Portsmouth
- Greenland
- New Castle
- Newington
- Portions of:
  - Durham
  - Madbury
  - Rye



# Sewer Fund

FY27 Budget: \$ 27,773,840

Change: \$ 502,831

## FY27 Budget Comments

- Cost of capital projects
- Federal and State regulatory issues
- Replacement of aging infrastructure

- **Sewer Assistance Program**
- **Wastewater Collection**
- **Wastewater Treatment**
- **Technical Services**

## The Sewer Division is funded by Sewer System Users

The Portsmouth Sewer System services the following communities:

- Portsmouth
- Pease International Tradeport
- New Castle
- Rye
- Greenland

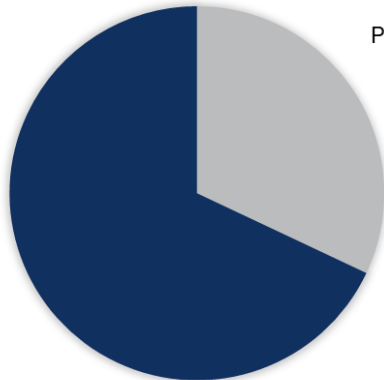


# Enterprise Funds (Water/Sewer)

## FY27 Budget Impacts

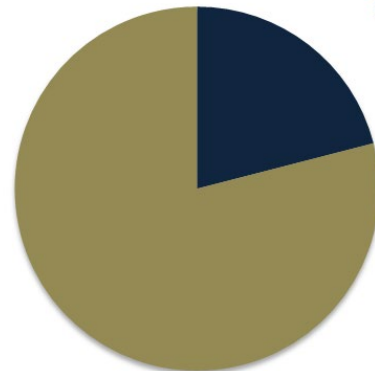
- Inflation, construction costs, chemicals
- Changing regulatory requirements
- Aged infrastructure

Water Fund



Personnel Costs  
32%

Sewer Fund



Personnel Costs  
21%

Treatment and  
Distribution  
68%

Collection &  
Treatment  
79%

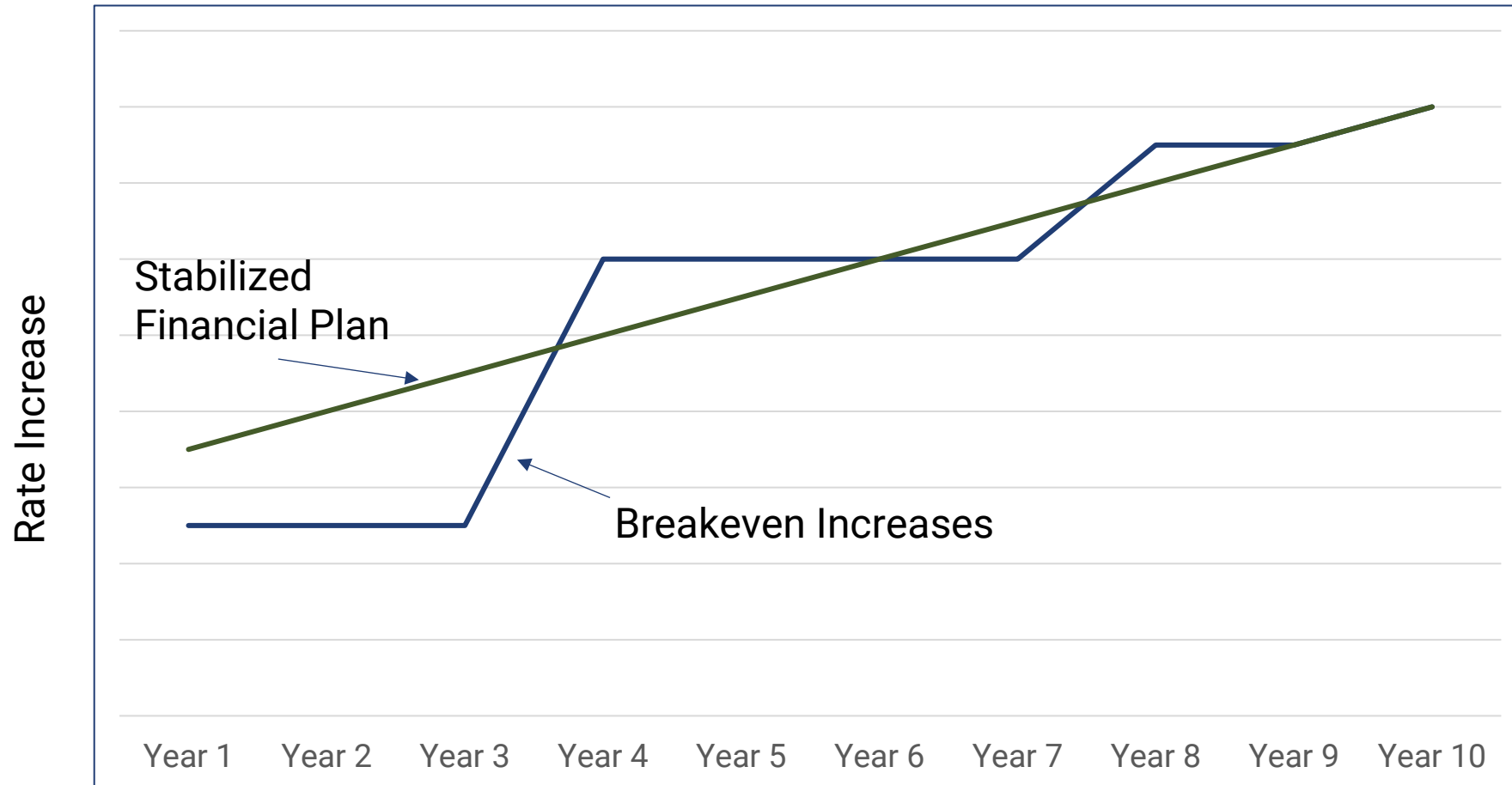


# What is an Enterprise Fund?

- Financed and operated in a manner similar to private business
- Must have fees and/or charges sufficient to cover costs of providing goods and services, including capital costs (e.g., system re-investment and debt service)
- Use of Rate Model to project funding needs
- **Note: property taxes do not subsidize the water and sewer funds**

# “Glidepath” Approach

Use of “glidepath” approach to Rate Setting to maintain stable and predictable Rate increases



# Water - Core Functions



## Water Supply

- Bellamy Reservoir
- 2 Treatment Facilities
- 10 Supply Wells
- Pumping Station
- 4 Storage Tanks

## Water Quality

- Process control
- Regulatory sampling and reporting
- Surface water monitoring
- PFAS treatment

## Water Distribution

- Over 200 miles of water main
- System maintenance
- Leak detection
- Metering and backflow prevention

## Outreach

- Annual Water Quality Report
- Quarterly Status Updates
- Safe Water Advisory Group

# Water - Accomplishments

## Projects

- Bellamy Dam Repairs
- Water Mains Replaced (~2 miles)
- Pease PFAS Treatment Facility
  - Ion Exchange Resin Replacement (staff assisted)
- Madbury Treatment Facility
  - Clearwell Cleaning (staff performed)
- DAF Recycle Pump Replacement (staff performed)
- Supply Well Cleaning and Pump Replacement (staff assisted)
- Greenland Well – PFAS Treatment Design (on-going)
- Service Line Inventory and Free Lead Testing
- Storage Tank Rehabilitation/Painting (designed & bid)



# Water - Accomplishments

## Financial

**Total Grants and Loans: \$14,060,633**

**Grant Funds: \$7,971,245**

- \$60,000 Grant for Service Line Inventory
- \$3.5M SRF Loan w/ 71% Forgiveness for Service Line Inventory
- \$6.5M SRF Loan w/ ~\$1.42M Forgiveness for Greenland Well
- \$2.43M Grant Award for PFAS Treatment
  - (State Settlement Funds) – Portsmouth
- \$1.56M Grant Award for PFAS Treatment
  - (State Settlement Funds) – Pease
- FY27 Water & Sewer Rate Study



# Water - Initiatives

## FY27 Initiatives

- Water Service Line Inventory
- Galvanized Service Line Replacement
- Madbury Treatment Facility
  - Wash-Water Basin Repair
  - Madbury 1 Building and Chemical Injection Upgrades
- Transmission Main Clearing & Maintenance
- Water Storage Tank Painting
- PFAS Treatment
  - Greenland Well Construction
  - Portsmouth and Collins Wells Design



# Water - Source and Distribution System Capacity

- Water Supply - Source Capacities
  - Portsmouth System: 4.6 MGD Sustained; 7.2 MGD Maximum
  - Pease Tradeport System: 1.2 MGD; 1.6 MGD Maximum
- 2025 Water Demand
  - Portsmouth System: 3.5 MGD Average; 5.8 MGD Maximum
  - Pease Tradeport System: 0.70 MGD Average; 1.4 MGD Maximum
- City evaluates development impacts to the system during site reviews and in the TAC process
- Distribution System
  - Hydraulic modeling and impact assessments
  - System improvements to support development paid for by developers/benefiting parties



# Rate Study - Summary of Recommendations

- Adopt a new water and sewer rate structure
  - Provides additional revenue
  - Incorporates higher water fixed charges and addition of sewer fixed charge
  - Modifies usage rate tiers to provide essential quantity of service at lower rate
  - Updates irrigation rates to align with cost of service
- Adjust ancillary fees and charges related to providing water and sewer services to match cost of service
  - Capacity use surcharges, wholesale rates, and sewer surcharges
- Continue to monitor financial condition of water and sewer system to maintain stability and financial resiliency

# Rate Structure and Usage Rates

## FY27 Water and Sewer Rates

Usage Rate (per Unit)	Water	Sewer
Tier 1 (0 to 5 units)	\$4.56	\$17.47
Tier 2 (6 to 10 units)	\$6.17	\$20.03
Tier 3 (over 10 units)	\$7.61	\$23.01

## FY27 Irrigation Rates

Usage Rate (per Unit)	Water
Tier 1 (0 to 10 units)	\$8.91
Tier 2 (11 to 20 units)	\$14.48
Tier 3 (over 20 units)	\$17.27

# Water and Sewer Service Fee

## Monthly Service (“Fixed”) Fee scaled by meter size

Meter Size*	Water FY27	Sewer FY27
5/8" & 3/4"	\$10.94	\$8.04
1"	\$18.23	\$13.40
1.5"	\$36.47	\$26.81
2"	\$58.35	\$42.89
3"	\$127.64	\$93.83
4"	\$218.82	\$160.85
6"	\$492.33	\$361.92
8"	\$583.51	\$428.94
10"	\$1,531.71	\$1,125.97

*\*Charges scaled by meter size consistent with meter capacity, as published by American Water Works Association*

# Capacity Use Surcharges

Meter Size*	Water FY27	Sewer FY27
Up to 1"	\$3,378	\$7,957
1.5"	\$6,756	\$15,914
2"	\$10,810	\$25,462
3"	\$23,646	\$55,699
4"	\$40,536	\$95,484
6"	\$91,206	\$214,839
8"	\$108,096	\$254,624
10"	\$283,752	\$668,388

*\*Charges scaled by meter size consistent with meter capacity, as published by American Water Works Association*

# Average Residential Water User Rate

## FY27 Water Rate

Average Residential Customer Bill  
Monthly Consumption in units  
(1 unit = 100 cf = 748 gallons)

	Rate	Billed Units	Month Charge
Capital Related Rate, per unit	\$3.60	5	\$18.00
1st Tier water service rates	\$0.96	5	\$4.80
2nd Tier water service rates	\$2.57	0	\$0.00
Minimum Charge (5/8" meter)	\$10.94	n/a	\$10.94
<b>Total Monthly Charge</b>			<b>\$33.74</b>
<b>Total Annual Charge</b>			<b>\$404.88</b>

Average Daily Cost for Single Family Residential water customer = \$1.11

## Average residential customer bill

- User Rate in Tier 1 decreases by \$0.91 per unit
- Water Service Fee increase of \$5.99 per month

For a customer using 5 units per month, this results in an increase of:

**\$17.28 per year**  
**(\$1.44 per month)**

# Average Residential Sewer User Rate

## FY27 Sewer Rate

Average Residential Customer Bill  
Monthly Consumption in units  
(1 unit = 100 cf = 748 gallons)

	Rate	Billed Units	Month Charge
Capital Related Rate, per unit	\$11.27	5	\$56.35
1st Tier sewer service rates	\$6.20	5	\$31.00
Minimum Charge (5/8" meter)	\$8.04	n/a	\$8.04
<b>Total Monthly Charge</b>			<b>\$95.39</b>
<b>Total Annual Charge</b>			<b>\$1,144.68</b>

Average Daily Cost for Single Family Residential sewer customer = \$3.14

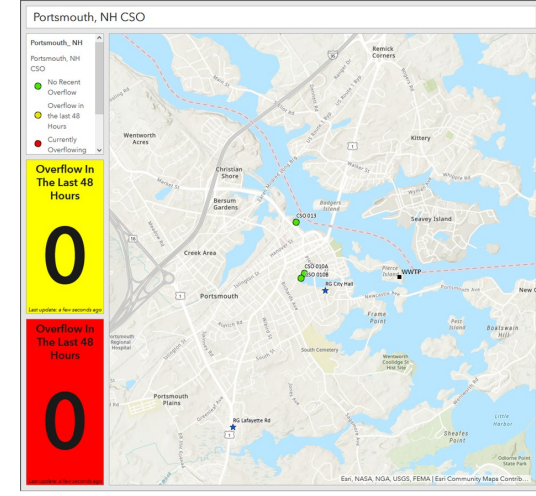
## Average residential customer bill

- User Rate in Tier 1 decreases by \$0.54 per unit
- Sewer Service Fee added as \$8.04 per month

For a customer using 5 units per month, this results in an increase of:

**\$64.08 per year**  
**(\$5.34 per month)**

# Sewer - Core Functions



## Collection System

- ~6,700 Service Connections
- 120 Miles Sewer Mains
- 21 Pump Stations
- 3 Permitted CSO's

## Treatment Systems

- 2 Treatment Facilities
- BOD, TSS, Nitrogen Removal
- Continuous Sampling and Lab Testing
- Monthly Reporting

## Operations And Maintenance

- 24/7/365 Operations
- PM/CM Maintenance
- Facility Improvements
- Closed Circuit TV Inspection
- Customer Service Calls

## Regulatory Compliance

- EPA NPDES Discharge Permits (2)
- Great Bay Total Nitrogen Permit
- EPA CSO Consent Decree

# Sewer - Accomplishments

## Project

- Pease WWTF Rehabilitation
  - Construction Phase
- Mechanic Street Pump Station
  - Concept Design Phase
- Islington Street Phase 2
- Maplewood Bridge
- Bartlett Street Restoration
- Union Street Sewer Separation
- Sagamore Ave Sewer Separation
- Willard Avenue Sewer Separation
- Marjorie Street Pump Station

## Financial

- Pease WWTF Rehabilitation
  - \$25,128,000 SRF Grant and Loan
- Mechanic Street Pump Station Replacement
  - \$3,000,000 SRF Grant and Loan
- PFAS Destruction Pilot
  - \$1,000,000 SRF Grant
- Sewer System Model (LTCP)
  - \$300,000 SRF Grant and Loan
- Fleet Street Sewer Separation
  - \$7,500,000 SRF Grant and Loan

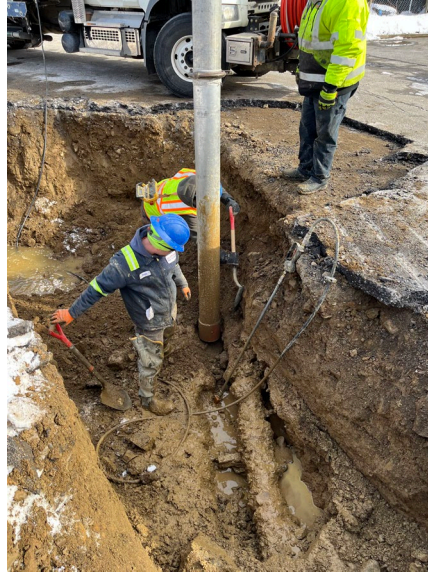
**Total Grants and Loans: \$37,512,000**  
**Grant Funds: \$8,488,050**

## Regulatory

- **49% less** total nitrogen discharged to Great Bay than permitted
- PI WWTF 2025 daily flow **1,750,000 Gal/Day less** than 2008-2012
- CSO Consent Decree Projects
  - Fleet Sewer Separation Project (Construction)
  - Sewer Rehab Contract 1 (Construction)
  - Construct Ceres Street Sewer Lining

# Sewer - Initiatives

- Continue to implement asset management best practices
- Emphasize preventative maintenance
- Extend lifespan of existing assets
- Skilled staff development
- Emphasize in-house construction activities
  - 1/3 cost of contracted work



# Sewer - WWTF and Collection System Capacity

- WWTF Capacities
  - Peirce Island WWTF: 6.13 MGD Average Daily Flow
  - Pease WWTF: 1.2 MGD Average Daily Flow
- 2025 WWTF Flows
  - Peirce Island WWTF: 3.46 MGD
  - Pease WWTF: 0.61 MGD
- Change in Flows to WWTF's
  - **Peirce Island WWTF experienced 33% decrease in annual flows since 2008-2012 average**
- City evaluates development impacts to system during site reviews and in the TAC process
- Collection System
  - Capacity expansion to support development paid for by developers/benefiting parties



# Special Revenue Funds

Gives Funds to the General Fund

Parking & Transportation

Stormwater

Prescott Park

Community Campus

Indoor Pool

Community Development

Uses funding from the General Fund and other sources

Does not interact with the General Fund

The General Fund supports the operations of:

- Stormwater
- Prescott Park
- Community Campus
- Indoor Pool

Special Revenue Funds are appropriated collectively in the fourth Budget Resolution of the City Council's annual Budget Resolutions.



# Parking and Transportation

## In Brief

- The Division is 100% supported by parking revenues
- 95% of Transient Revenue and 73% of Monthly Cardholder Revenue comes from non-resident visitors
- For FY27, an estimated total of \$6.86M (48.3% of all budgeted parking revenue) will support services such as downtown sweeping and trash collection, school crossing guards, and snow removal
- This translates to a Property Tax savings of \$512 per year for a median-value home
- Transportation Engineering secured a \$345K grant for bridge replacement and grade crossing improvements

## Looking Ahead

- Begin site selection process for a third garage
- Provide quarterly and annual reports to the City Council and public to enhance data-informed decision making
- Implement the Resident Access Parking Program Pilot (if approved)



# Parking Services Offset

## Services funded by Parking which would otherwise be funded by taxation

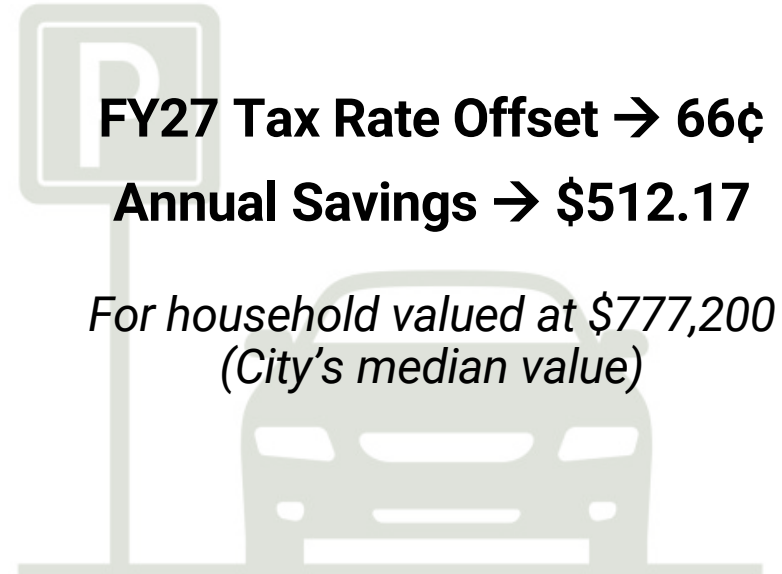
Services Provided by the Parking Fund which would be typically funded in the General Fund

	FY26	FY27
Revenues Retained in the General Fund	2,500,000	2,500,000
1 Transportation Programs	910,790	998,257
Salaries & Benefits	1,562,802	1,781,797
Snow Removal	300,000	300,000
Downtown Maintenance	354,739	358,168
School Bus Support	50,000	50,000
Police Services Support	60,000	60,000
Fire Services Support	25,000	25,000
Transfer - Prescott Park	60,000	60,000
Transfer - Recycling	100,000	100,000
Bike/Ped Plan Implementation	50,000	50,000
Traffic Calming	50,000	50,000
EV Charging Stations	50,000	50,000
Parking Lot Leases	35,000	41,000
Parking Lot Paving	150,000	150,000
Rolling Stock	352,000	290,000
<b>Total</b>	<b>\$6,610,331</b>	<b>\$6,864,222</b>
<b>Tax Rate Offset</b>	<b>65¢</b>	<b>66¢</b>
<b>Per Household Tax Offset</b>	<b>\$500.94</b>	<b>\$512.17</b>

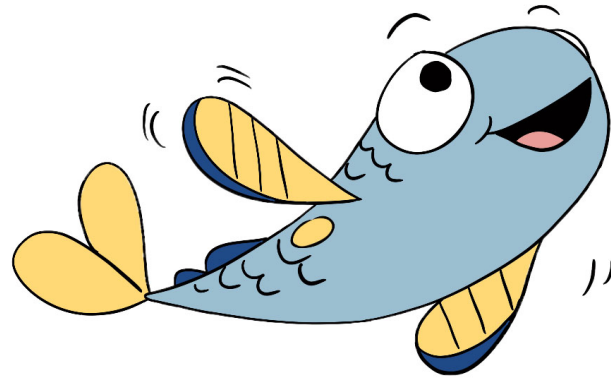
1) Coast Dues, Senior Transportation, Trolley Match, Shuttle Services, and Downtown Loop.

## How does the Parking Fund aid taxpayers?

- The Parking Division revenues fund personnel, capital projects, and services that are utilized by the taxpayers
- These revenues are generated by people who pay to park
- If these services were not funded through parking, the tax rate would need to increase, or services would be reduced



# Stormwater Services



## Infrastructure Maintenance

Inspect, replace, and repair stormwater infrastructure

## Mitigate Flooding

Identify problem areas and plan new installations  
Enforce stormwater ordinance and site plan review regulations

## Sweep Streets

Sweep streets a minimum of twice a year

## Regulatory

Continued to comply with EPA MS4 Permit  
Extensive water quality sampling of stormwater catchments

## Outreach

Educate the public on stormwater best practices related to improving water quality

# Stormwater Initiatives

- Continue compliance with MS4 and Great Bay Total Nitrogen (TN) General Permit requirements
- Expand vehicle telemetry to support implementation of Salt Reduction Plan
- Private commercial and industrial annual inspection and maintenance reports to be requested to ensure compliance of stormwater operation and maintenance plans.
- Groundwater monitoring wells to be linked with the existing CSO and rain gauge portals.

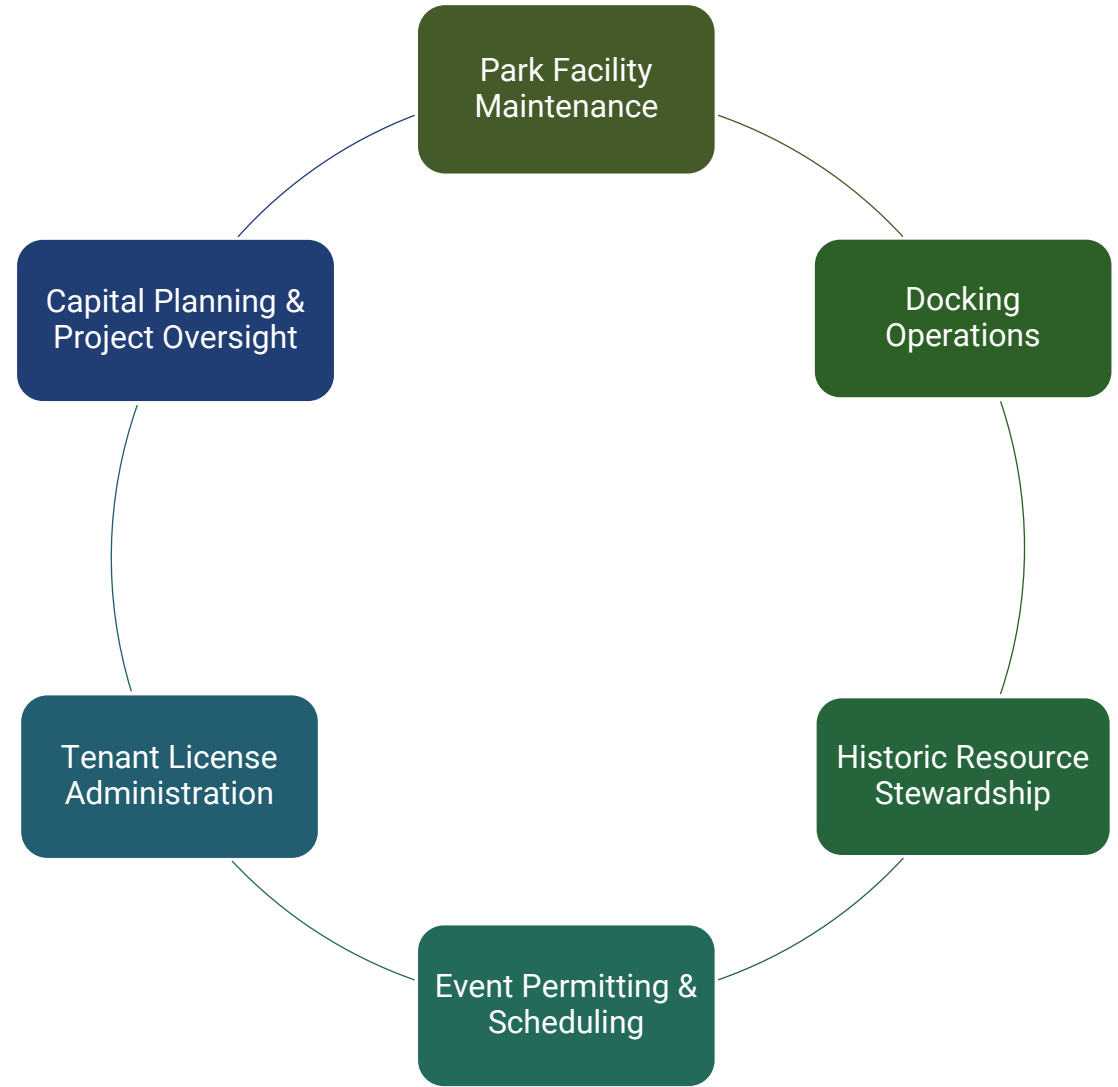


# Stormwater Funding as an Enterprise Option

- More sustainable and equitable funding
- Current funding is 50% General Fund (taxes) and 50% Sewer (fees)
- Great Bay TN General Permit requires that communities investigate dedicated funding sources
- Issued RFQ 5/12/2026 for Consultant Services
- Requires more discussion with City Council to develop policy



# Prescott Park - Operations



# Community Campus

## Childcare

- Full-time and part-time afterschool programs with bus transportation from schools

## Non-Profit & Community Partner Support

- Multi-year leases for our non-profit tenants, with upgraded offices and shared spaces
- Support multiple community partners

## Portsmouth's Recreation & Community Center

- Meetings, events, sports, classes, offices, athletic fields, pickleball courts, walking trails, playground, working space, gathering space



# Indoor Pool

## New Programming

- Pre-Team Program
- Senior & Adult Learn-to-Swim
- Arthritis Foundation

## Special Events

- First Fridays
- Swim Meets
- Vacation Week Open Swims

## Water Safety

- American Red Cross Gold Level Swim Instruction Facility
- Lifeguard and Water Safety Instructor courses
- 1000+ swim lesson participants yearly



# Community Development Block Grant

## FY26 Accomplishments

- Connors Cottage ADA Exterior Lift
- Four Tree Island ADA Restroom
- Cross Roads House Energy Efficiency and Heating System Upgrades
- Betty's Dream Roof Renovation

## FY27 Initiatives

- Construction of Domestic Violence Shelter and Operations
- Public Facility and Removal of Architectural Barriers to Accessibility
- Public Service Agency Grant Program



# Budget Schedule - Upcoming Dates

**May 18, 7 pm**



City Council Meeting – Public Hearing on the Budget

**May 28, 6 pm**

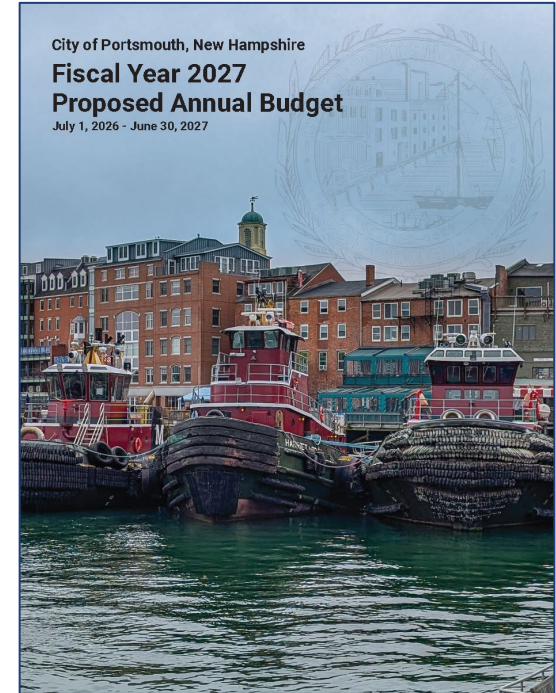


City Council Work Session – Budget Review

**June 8, 7 pm**



City Council Meeting – Continuation of Public Hearing on the Budget and proposed adoption of the Proposed Budget



Indicates a Public Input Opportunity