

CITY COUNCIL WORK SESSION RE: FISCAL YEAR 2017 BUDGET PROCESS

PRELIMINARY PROPOSED BUDGET AND GUIDELINES

MUNICIPAL COMPLEX
DATE: MONDAY, JANUARY 11, 2016

PORTSMOUTH, NH
TIME: 6:00PM

City Council Present: Mayor Blalock, Assistant Mayor Splaine, Councilors Perkins, Dwyer, Lown, Pearson, Spear, Cyr and Denton

Staff Present: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Robert Sullivan, City Attorney and Kelli L. Barnaby, City Clerk

Mayor Blalock called the work session to order for the FY17 preliminary proposed budget work session and guidelines.

City Manager Bohenko said he and Judie Belanger, Finance Director will review the preliminary proposed budget for FY17 and key budgeting factors and discuss the Joint Budget Committee (JBC) guidelines. He said the JBC has been traditionally utilized by the City from time to time. He said Councilors Spear, Lown and Mayor Blalock serve from the City Council currently on the JBC. He spoke to the make up of the budget and how we utilized the JBC last year. He said through the presentation there are numbers that we have been able to generate for the budget. He said the process for the CIP schedule has been set up as a flow chart. He spoke to the CIP 101 that took place this year. He reported that the City Council will conduct a work session February 8th on the CIP followed by a public hearing February 16th. City Manager Bohenko indicated that the budget will need to be adopted by June 30th or the City Manager's budget will be put in place. He spoke to the whole day budget work session that will be held on Saturday, May 7th with a budget public hearing May 11th and it is our hope to have the budget adopted by June 6th.

Finance Director Belanger said the budget is prepared within the GFOA guidelines. She said it is a very comprehensive document and we are the only municipality in NH to receive the GFOA Award for our budget document and policies. She reported on our AAA bond rating and how that is related to long term financial planning. She addressed the expenditures from FY16. She said long-term financial planning assists us in keeping the annual budget and tax rate stable and predictable from year to year. Finance Director Belanger spoke to the 5 long-term financial plans as follows:

- Unassigned Fund Balance Ordinance
- Debt Service Planning
- Rolling Stock Replacement Program
- Leave at Termination Stabilization Fund
- Health Insurance Stabilization

Finance Director Belanger addressed fund balance for which we maintain an amount of not less than 10% of the actual total general fund appropriations for the fiscal year. She stated we use fund balance each year and that is where supplemental expenditures come from. She spoke to the numbers for the budget being preliminary in nature.

Finance Director Belanger further explained the rolling stock program which is intended to provide an overall schedule for the expenditures of City funds on replacement of vehicles and equipment necessary to carry out daily city activities.

City Manager Bohenko spoke to the key factors of the operating budget:

- Salaries – COLA – Contract Obligations
- Retirement Costs
- Worker's Compensation
- Leave at Termination
- Health Insurance Premiums

Finance Director Belanger reported that there are 16 collective bargaining units in the City and 8 have unsettled contracts for July 1, 2016.

Discussion followed on the County tax and how it is arrived at for the City. Finance Director Belanger announced that the County does not set their rate until September.

City Manager Bohenko stated we do not vote at work sessions but we typically have a consensus of the City Council on how they feel regarding the numbers.

Councilor Spear said it is a good idea to have a vote by the City Council either by suspension of the rules tonight or a vote at the January 25th City Council meeting.

Assistant Mayor Splaine said he is concerned with the anticipated increased percentage of 3%. He said we need more public input and process on this matter.

City Manager Bohenko said he would put the guideline on for a vote at the January 25th City Council meeting.

Mayor Blalock said the guideline is to keep the services we have in place which is important to remember and to go below 3% could cause a reduction in service. He said to keep what you have will cost more.

City Manager Bohenko stated that the presentation provided this evening will be placed on-line for the public to review.

At 6:55 p.m., Mayor Blalock closed the work session.

Respectfully submitted by:

Kelli L. Barnaby, MMC, CMC, CNHMC
City Clerk