

CITY COUNCIL BUDGET FY18 REVIEW WORK SESSION

CITY HALL, CONFERENCE ROOM A
DATE: MONDAY, MAY 22, 2017

PORTSMOUTH, NH
TIME: 6:30PM

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

Absent: Councilor Pearson

Staff: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Andrew Purgiel, Deputy Finance Director; Dianna Fogarty, Human Resources Director; Becky Benvenuti, Revenue Administrator/Tax Collector; Peter Rice, Public Works Director; Brian Goetz, Deputy Public Works Director; Roberta Orsini, Operations Manager; Steven Achilles, Fire Chief; James Heinz, Deputy Fire Chief; Carl Roediger, Deputy Fire Chief; Steve Zdravec, Superintendent of Schools; George Shea, Assistant Superintendent of Schools; Steve Bartlett, School Business Administrator; and Karen Senecal, Police Department

Others: Richard Gamester, Fire Commissioner; and Jennifer Mosher-Matthes, Fire Commissioner

I. Call to Order – Jack Blalock, Mayor

Mayor Blalock welcomed everyone to this Work Session to Review the FY18 Budget.

II. Introduction – John P. Bohenko, City Manager

III. Review of Pro-forma Resolutions for Budget Adoption

City Manager Bohenko said as part of the process we provided the Pro-forma Resolutions that will be used to adopt the budget. The first part is to deal with Fees which are 1% of the budget. He reported that the Fee Committee has reviewed and approved the fees before the Council this evening. City Manager Bohenko said the General Fund Expenditures are where you would make any adjustments in the budget. He said if there are adjustments at the June 5, 2017 meeting we would ask for a brief recess to make the changes and to produce the new numbers. He spoke to the Sewer and Water Resolutions and advised the Council that there are no increases in the Water Resolution. City Manager Bohenko reported on the Special Revenues, Debt Service Fund, and Committee Fund Balance. He said this Resolution allows the City to expend from donations, Federal and State Grants as they are accepted and received, pay principal and interest associated with Betterment Assessments, from a Debt Service Fund, and expend from committed fund balance and the final Resolution deals with the adoption of an annual investment policy. He said State law requires the annual adoption of such a policy by every city and town. City Manager Bohenko advised the City Council that they need to adopt the budget by June 30, 2017 or his budget would become the budget.

IV. Discussion of Proposed FY18 Operating Budgets

V. Discussion of Proposed FY18 Non-Operating Budgets

Councilor Lown said many taxpayers would like to see the City Council reduce the budget.

Mayor Blalock said he spoke with City Manager Bohenko and advised him he was looking for a 2.5% tax rate increase, not a 4% increase.

City Manager Bohenko said he has suggested changes to review with the City Council and the reductions will bring the tax rate down \$.23 resulting in an estimated proposed tax rate of \$17.49 or 2.6%.

Proposed Adjustments:

- 1) \$50,000.00 – Overlay
- 2) \$50,000.00 – Contingency
- 3) \$124,100.00 – Rolling Stock
 - a. \$39,100.00 Police: one Escape
 - b. \$45,000.00 Fire: one SUV
 - c. \$40,000.00 DPW: ½ Ton Pick-up and a plow
- 4) \$64,500.00 – IT Replacement
 - a. \$25,000.00 Police: Department discretion
 - b. \$19,500.00 Fire: Fund incident Report Data System over 2 years
 - c. \$20,000.00 School: Department discretion
- 5) \$155,000.00 – Capital Outlay
 - a. \$25,000.00 Land Acquisition
 - b. \$30,000.00 US Route 1 New Side path Construction
 - c. \$50,000.00 Longmeadow Road Extension
 - d. \$50,000.00 Capital Contingency

In addition, increase the use of Debt Service Reserve (Use of Committed Fund Balance) by \$700,000.00 for a total of \$2,400,000.00.

Finance Director Belanger reviewed the retirement system increase and stated without the increase the budget would have come in at a 3.53% increase which meets the guidelines from the Joint Budget Committee.

Mayor Blalock said he did not want to see any services cut.

Councilor Dwyer said she likes the list and thought we would take another \$50,000.00 from Capital Overlay. She said she questions the increase of 50% for the Information Technology Department. City Manager Bohenko said it is for a new dispatch center which we will lease over 6 years and will have a useful life of 10-15 years. He said at the end of 6 years he would be putting together funds for the replacement.

Councilor Cyr asked about Unassigned Fund Balance. City Manager Bohenko said we have funds set aside in our Committed Fund Balance. We would increase the use of Debt Service Reserve (Use of Committed Fund Balance) by \$700,000.00 for a total of \$2,400,000.00.

Councilor Dwyer said she would like to look at Unassigned Fund Balance with the Capital Improvement Plan.

City Manager Bohenko announced that health insurance will be going up 5%.

Councilor Denton said he would like to keep the US Route 1 Sidepath Construction as Wards 3 and 4 want to see the sidewalks built. City Manager Bohenko said the \$30,000.00 is for preliminary designs and the funds would come forward in 2023.

Councilor Cyr spoke to the following projects:

- Citywide Intersection Improvements
- Sound Barriers in Residential Area Along I-95
- Chestnut Street Pedestrian Connector
- Elwyn Park Sidewalks Phase I

Councilor Dwyer said the LED Streetlight Conversion will be a one-time expense. City Manager Bohenko said we could utilize \$231,000.00 from Unassigned fund balance to offset two capital outlay project (LED Streetlight Conversion \$181,000.00 and Chestnut Street Pedestrian Connector \$50,000.00.)

Councilor Lown spoke to the additional busing costs for the late start for the schools and said it would be fair for the funds to be split between parking and the School Department. City Manager Bohenko said for the School Department to meet the 4% guideline the first \$150,000.00 would not hit their budget until next year with \$50,000.00 in FY19, \$100,000.00 in FY20 and the entire \$150,000.00 in FY21. Mayor Blalock spoke in support of the plan for the School Department and said the downtown police officer is very important and we should also fund that request. Councilor Lown spoke to overtime for the Police and Fire Departments and said 864 hours a week between the Police and Fire Department are paid in overtime costs. He said he would be making a motion to reduce the Police and Fire Departments budgets at the June 5, 2017 City Council meeting.

Mayor Blalock asked if there was some way we could use parking revenue to assist with paying for a firefighter downtown like we do for the downtown officer for the Police Department.

City Manager Bohenko said we could do it next year from the Contingency Fund or next year as a policy. He said this is something we should talk about as a separate item on the agenda. Mayor Blalock said the Fire Department is operating efficiently and it showed by the most recent fire on State Street.

Councilor Pearson said that funds in CIP support the Police and School Departments and not the Fire Department.

City Manager Bohenko said Chief Achilles may be asking for more funding for his budget because of the State Street fire and the funds would come from the Contingency Fund in June.

Councilor Lown said no one here is talking about cutting anyone's budget, just slightly reducing the budget. He said the overtime in the Fire and Police Department's equal 22 full time employees.

Councilor Perkins said her main concern is that we are funding the retirement and other unfunded costs for retirement and when will those costs start driving our budget.

Councilor Dwyer spoke to changes in retirement age and reported there is a commission that would look at things that drive the retirement system.

City Manager Bohenko asked if the list of reductions are acceptable to the City Council. He stated with the adjustments made by the City Council you would reduce the budget by another \$.5 to a 2.3% increase.

Councilor Spear suggested creating a public art bank to place funds into for the public art projects for buildings under the percent for art ordinance.

Councilor Pearson said she could show other ways the City could fund the public art and she would bring that forward for their review.

Councilor Spear would like to know if there is something we can do to assist people that own buildings currently to have them retrofit the buildings with sprinkler systems. Councilor Dwyer said perhaps UDAG funds could be used. City Manager Bohenko said he would like to speak to Chief Achilles, staff and the Fire Commission on how this would work and also talk with Assistant City Manager Moore on this matter as well.

Assistant Mayor Splaine said there are other communities that propose other life safety and fire suppression items.

Councilor Denton spoke to the curbside composting pilot program and the cost of \$156,000.00 from Public Works Department to launch the program. He reported that ward two is the location for the trial period. Assistant Mayor Splaine said that this would require an attitude change and it is getting to be a way of life in some places. Councilor Dwyer said we want this to go Citywide and would need to look at ways of reducing costs. City Manager Bohenko said we could promote composting for those that do it by subsidizing for 6 months per year their costs and this is an idea to also cover residents outside of the other wards. City Manager Bohenko said he would look at some ideas to promote a combination of things and do something with the bins. City Manager Bohenko said he would provide a Resolution with changes and it would come back without the composting and that would be an amendment at the June 5, 2017 City Council meeting.

VI. Adjournment

At 8:15 p.m., Mayor Blalock closed the meeting.

Respectfully submitted by:

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