

CITY COUNCIL FY20 BUDGET WORK SESSION

MUNICIPAL COMPLEX
DATE: THURSDAY, NOVEMBER 1, 2018

PORTSMOUTH, NH
TIME: 6:30 PM

PRESENT: Mayor Blalock, Assistant Mayor Lazenby, Councilors Roberts, Pearson, Dwyer, Raynolds and Becksted

ABSENT: Councilors Denton and Perkins

STAFF: John P. Bohenko, City Manager; Nancy Colbert Puff, Deputy City Manager; Judie Belanger, Finance Director; Andrew Purgiel, Deputy Finance Director; Peter Rice, Public Works Director; Roberta Orsini, Operations Manager; Rosann Lentz, Assessor; Robert Merner, Police Chief; Karen Senecal, Police Department; Dianna Fogarty, Human Resource Director; Juliet Walker, Planning Director; and Kelli L. Barnaby, City Clerk

I. Call to Order

Mayor Blalock called the Work Session to order at 6:30 p.m.

II. Introduction/Review of Citywide Goals

- **Review of Contractual Obligations and Employee Benefits**

City Manager Bohenko said we use to have the Joint Budget Committee in the past and last year the City Council talked about getting the budget process started earlier. He stated we are drilling down more into the budgets and using a Committee of the Whole to discuss the budget. He advised the City Council on November 7, 2018 we will be meeting with the School Department and Police Department on their budgets with the meeting Work Session starting at 7:00 p.m. due to a Non-Public Session at 6:15 p.m. He indicated an outline of increases being proposed by departments will be provided and reviewed. City Manager Bohenko said we do not have specific numbers but we will be looking at things in a macro view. He reported on November 28, 2018 there will be a Proforma to provide him with direction for the budget preparation. He reviewed citywide goals and objectives with the Council.

Finance Director Belanger and Human Resource Director Fogarty reviewed contractual obligations with employee benefits. Human Resource Director Fogarty advised the City Council that there are 12 union contracts that will be expiring in 2019. She addressed the percentage of employees eligible for step increases and that those employees with a contract in place will receive a 2% increase for COLA. She spoke to the retirement costs going down based on strong performance with State investments. Finance Director Belanger spoke to the Leave at Termination and Health Insurance Stabilization Funds. She addressed the employees that could accrue unlimited sick leave and the impacts to the budget.

City Manager Bohenko said departments annually budget a fixed amount for each fiscal year which is transferred to the Leave at Termination Stabilization Fund where leave liability due to employees upon termination is paid. He said if we had not done away with this we would have a liability of over \$20M. He reported that sick leave payouts have dropped to 13%

Finance Director Belanger spoke on the Health Insurance Stabilization fund and the rolling average rate increase of 4.63%. She stated that health insurance premiums will increase significantly this year.

Human Resource Director Fogarty said worker's compensation would increase 6%. She reviewed recent legislation for reimbursing costs associated with fire fighters who have cancer. Councilor Pearson asked about the number of fire fighters that are covered and have contracted cancer. Director Fogarty responded that she does not have that number available at this time but will report back to the Council through City Manager Bohenko with the number.

III. City Growth and Development Update

Planning Director Walker spoke regarding population and economic trends. She advised the Council the current population is 21,796 (est. 2017) with an estimates projected to grow over 1,000 for the next five years. She reported there are 32,296 (est. 2016) jobs and a workforce (est. 2018) of 14,210 which equates to 38% living and employed in Portsmouth.

Councilor Raynolds asked about our population during the day. Planning Director Walker said our population doubles during the day.

Councilor Roberts stated that there are 10,000 jobs that are located at Pease. City Manager Bohenko said that is correct. He stated Pease and the Portsmouth Naval Shipyard equate to \$1.2B in payroll.

Planning Director Walker spoke to growth patterns and trends. She reported on Approved / Pending Development 2015-2018:

- 5.9M GFA of commercial, industrial, mixed use*
- 805 new housing units (ranging from 2 to 114)
- 437 new hotel rooms
- 97% of approved projects anticipated to be constructed by end of 2020

**Note: 2.2M without Lonza*

City Manager Bohenko reported that the City Council is working towards legislation to put in place a small fee for hotels. He spoke to the DRA setting our tax rate in the next few weeks.

IV. Police Department Proposed Initiatives for FY20

Police Chief Merner reviewed the strategic plan for the next 5 years for CALEA accreditation and standards. He reported that every Standard Operation Procedure has been rewritten for our accreditation. He advised the City Council that the department will be on a 4 year accreditation cycle. He stated the department is looking for an additional officer and detective. He spoke to crisis calls for service and how the officers spend a great deal of time on these calls for which they're receiving 4 to 5 a day. Chief Merner explained the level of training a certified officer receives. He outlined the request for FY2020 as follows:

Staffing

- | | |
|---------------------|-------------|
| • 1 Officer #67 | \$70,800.00 |
| • 1 Detective #68 | \$70,800.00 |
| • 1 Crime Analyst | \$52,040.00 |
| • .5 Evidence Tech. | \$29,850.00 |
| • .5 ACO | \$23,605.00 |

Other Operating Expenses

- Motorola Maintenance Agreement
- Patrol/Detective/SERT: Equipment
- Comm. Relations: OT/Supplies
- Training: SigArms, All Sworn Session

FY2021-2023:

Staffing

1 Officer #69	\$70,800.00
1 Detective #70	\$70,800.00
1 Detective SIU #71	\$70,800.00
Dispatcher #13	\$61,200.00
Dispatcher #14	\$61,200.00
Dispatcher #15	\$61,200.00

Other Operating Expenses

- IT: Upgrades to Building Wire, WIFI Access points, CCTV, Security Badging System
- Patrol/Detective: Evidence lockers (pass through), LEEDS Access, Upgrades to Surveillance Equipment

V. General Government
a. Information Technology

City Manager Bohenko reported as part of the Deputy City Manager's position, IT falls under her responsibilities.

Deputy City Manager Colbert Puff reported that IT spans all departments in the City and IT Manager Alan Brady coordinates vendor services with internal departments. She reported on numbers for context in IT:

- 19 locations
- 25 servers
- 279 workstations (not including Police Department)
- 10+ Network devices
- 85 cell phones
- 375 Exchange Email Boxes; **40 TB of email data**
- 250 You Tube meetings/year
- 30 Line of Business Applications; 32 Vendors

She reported on the EMOTET virus and that we are paying \$5,000.00 a month on cyber security.

FY2019 – A Year of Change:

- Virus – March, 2018
- Vendor Hired to Direct Remediation
- Department moved to Deputy City Manager Supervision
- Software & Hardware Upgrades, New Anti-Virus Protections, New Operating Protocols and Training

2020 Outlook – Cybersecurity

- Sonic walls/VLANs
- Spam Filtering
- DNS Protection
- Server Protection – Sophos
- Workstation Protection – Malwarebytes
- 2-Factor Authentication
- Password Managers
- Rapid Recovery backup

City Manager Bohenko said we need additional staff to manage the IT Department we need to make sure we have a secure system in place.

b. Public Works Department

Public Works Director Rice said he will focus of the Highway Division.

Service Highlights

- | | |
|------------------------|--|
| ● Trash Pickup | 10,000 Tons Solid Waste – 2,400 Tons Recycling |
| ● Road Maintenance | 107 miles of roadway |
| ● Sidewalk Maintenance | 77 miles of sidewalk |
| ● Bridge Maintenance | 15 bridges |
| ● Greenspaces | 80 Acres |
| ● Facilities | 270,145 Square Feet |
| ● Capital Projects | > \$100M |
| ● Special Events | 11 Major Events/Yr., Elections, numerous minor events, walks, fun runs, etc. |
| ● Fleet Maintenance | 102 Vehicles, plus equipment and small motors |
| ● Engineering Support | Fire, Police, Library, Recreation, School, other General Fund Departments |

Director Rice spoke to factors impacting their ability to provide the current level of service:

Staffing

Increasing Cost of Operations

Equipment

Materials

Bidding Climate

Regulatory – Stormwater

Public Expectations & Citywide Initiatives

Public Works Director Rice addressed challenges with staffing. He stated an average vacancy for the past year has been 8 FTE's and that they are losing employees because of wage expectations. He spoke to his staffing request to add one full time Equipment Operator for roads and sidewalks and one full time administrator in 2020, shared equally with Water, Sewer, Stormwater, and Parking.

Director Rice spoke to increasing materials costs:

New Hampshire Construction Cost Index cites the following increases:

Hot Mix	46.4%
Crushed Material	14.9%
Roadway Excavation	13.5%
Steel	11.2%
Concrete	10.0%
ReBar	4.0%

He reported that recent bids have been 20%-30% higher than anticipated. He also addressed recycling tip fees \$63 per ton = landfill tip fee. City Manager Bohenko said we need to decide if we want to continue this recycling because it would cost less to throw away versus recycling. Discussion followed regarding energy costs. Director Rice said the current contracts have been reached for electricity and natural gas which is an 11% reduction. He stated we can't go out to bid on the delivery of gas but we monitor those costs. He addressed the posting of 13 Public Work vehicles at major events for safety.

Director Rice spoke to the regulatory side of the budget and the impacts. He spoke to stormwater, snow removal operations, land use and the management of properties. He spoke to transportation and the APS pedestrian signals, reflectivity of signs and ADA transition plan and that we continue to work on our sidewalk areas.

He outlined Public Expectations & Citywide Initiatives:

- Green Initiatives
 - Food Waste Compost
 - Organic Land Management
 - Mosquito Control
 - Weed Control
 - Electric Vehicles
 - Energy: Solar & Wind Projects

Complete Streets

- Lines & Signs
- Increased Snow Removal

Director Rice spoke to the purchase of an electrical vehicle and how it can be done in a cost effective manner. He spoke to research for solar and wind projects. He said there is an increase in snow removal and all sidewalks are to be kept clear which is time consuming.

Councilor Raynolds asked how many sidewalk plows we have in our fleet. Director Rice said 6 and they're working to replace the older sidewalk plows. He reported the costs of the plows are expensive and you need to be aware of all areas and how to operate the plows. He spoke to the additional funding to maintain the current level of services and additional funding to meet changing expectations. He said the additional request is \$133,000.00 for FY2020 to maintain the current level of services. He reported that in order to meet changing expectations they're requesting an additional \$140,000.00. Director Rice stated the entire costs represents \$273,000.00 for FY20.

c. Finance Re: Assessing Annual Update

Assessor Lentz spoke to the partial updates to property values reflective of current assessment/sale ratio and the revaluation of property values reflective of 100% of market value. She reported that Vision will be working on partial update reviews which does not include utility updates.

Assessor Lentz spoke to the need for an update to computer software and additional help will be needed for conducting data collection.

d. City Clerk Re: Elections

City Clerk Barnaby outlined the proposed salary adjustments for Election Officials. She reported the proposed rates including a training stipend would reflect an increase of \$36,125 to \$39,125.00 with the average increase per election being \$15,800.00. She advised the City Council that there are two elections in fiscal year 2020:

- Municipal Election November 2019
- Presidential Primary Election Jan/Feb 2020

City Clerk Barnaby stated that the anticipated increase is approximately \$31,600.00 for FY2020.

Councilor Becksted said he would like to allow for public comment this evening. Mayor Blalock said that this is a listening session for the City Council. Councilor Becksted said we need to allow for a notice to allow for comments by the public. City Manager Bohenko said November 28th will be more subsisted and the public could be given an opportunity to weigh in and allow for an overall picture for the City Council.

After some discussion the Council agreed to open up this session for public comment with a time limit of 3 minutes per person.

Tom Nies said he would like to ask for questions by the public at the November 28th session.

City Manager Bohenko said on November 28th there will be a similar process with a macro view of the budget. He also indicated that all departments will be present for the November 28th session.

Dick Bagley said the process is up to the residents to show up or watch. He said he feels this was a good process.

Erik Anderson said this is a different process and presenters did a great job this evening. He said the costs are increasing and we are looking within their budget themselves and revenues will be important to review.

Councilor Becksted said we need to make sure everyone has an opportunity to speak on matters regarding the budget. He would like to do the same things for the public to speak at the next meeting.

Mayor Blalock would like the City Council to weigh in on this and would like Councilor Becksted to bring this matter up at the next City Council meeting.

Councilor Roberts said we need to clarify the process for November 7th.

Mayor Blalock said it is important that the City Council have their time on the budget and then allow the public to speak. He does not feel we should open this up to the public and suggested having public input at the November 28th meeting.

Councilor Reynolds said he supports Mayor Blalock and his comments. He said we should not have public comment on November 7th because were just starting the process.

At 8:45 p.m., Mayor Blalock closed the Work Session.

Respectfully submitted by:

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