

## CITY COUNCIL FY20 BUDGET WORK SESSION

MUNICIPAL COMPLEX  
DATE: WEDNESDAY, NOVEMBER 28, 2018

PORTSMOUTH, NH  
TIME: 6:30 PM

PRESENT: Mayor Blalock, Assistant Mayor Lazenby, Councilors Roberts, Pearson, Dwyer, Denton, Perkins (6:40 p.m.) and Becksted

ABSENT: Councilor Raynolds

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; Brian Goetz, Deputy Public Works Director; Robert Merner, Police Chief; Karen Senecal, Police Department; Dianna Fogarty, Human Resource Director; Juliet Walker, Planning Director; Steve Bartlett, Business Manager for School Department; Steve Zadavec, Superintendent, George Shea, Assistant Superintendent; Steve Achilles, Fire Chief; Deputy Fire Chief Roediger; and Kelli L. Barnaby, City Clerk

OTHERS: Richard Gamester and Jennifer Mosher-Matthes, Fire Commissioners

### **I. Call to Order**

Mayor Blalock called the Work Session to order at 6:30 p.m. He said following the presentation and discussion by the City Council the public would be able to ask questions that will be read by him.

### **II. Introduction**

City Manager Bohenko said that this is the earliest start we have had budget work sessions. He said this is the third work session that we have held, the Fire Department was November 1<sup>st</sup> and the second was on November 7<sup>th</sup>. He advised the City Council that Finance Director Belanger will be presenting the budget this evening with departments presenting their new requests. City Manager Bohenko said we will look at the budget and address citywide goals. He spoke to the budget schedule he provided to the Council and how we will proceed with the budget meetings.

Finance Director Belanger spoke to key factors in the budget and stated the department budgets are very preliminary. She spoke to the 16 collective bargaining units and most will expire next year leaving the City with 12 unsettled contracts for FY20. She indicated that the agreement states the COLA adjustment percentage shall be determined by the rolling ten (10) year average of the November-November Boston-Brockton-Nashua CPI. Director Belanger addressed the reduction in retirement costs for Group 1 – Employees is -1.8% & Teachers is an increase of 2.5% with Group II – Police is -3.4% and Fire is -5.6%. She spoke to health insurance changes that will impact the budget significantly but the City created a Health Stabilization Fund which makes the 10-year average rate increase 4.63%. Director Belanger addressed worker's compensation where the Fire Department has been drastically impacted by Senate Bill 541 and HB 407. She explained that Senate Bill 541 states an act establishing a fund to reimburse costs associated with firefighters who have cancer. She then spoke to HB 407: preventive medical treatment started after an identified critical exposure or unprotected exposure in order to prevent infection and the development of disease. She reported the change we will see is a 5.4% increase.

### III. Review of Proforma Operating Budget for FY20

- **General Government**

Finance Director Belanger said on the General Government side we have had major impacts with the health insurance increase. She said Public Works has an increase in material costs in order to provide the same level of service. She said an example is recycling costs has an increase of \$70,000.00. City Manager Bohenko said that recycling is a major policy issue for the City Council. She addressed the increase in costs for events held in the City impacting the Public Works Department. She spoke to increases in the Assessor's office, Human Resource Department and Information Technology initiatives. Director Belanger reviewed increases in energy costs which will equate to a 3.35% increase.

- **Police Department**

Finance Director Belanger outlined the FY20 Initiatives and costs for the Police Department:

Additional Staff

➤ (1) Police Officer	\$70,500.00
➤ (1) Detective	\$70,500.00
➤ (1) Crime Analyst	\$51,981.00
➤ (0.5) Evidence Tech	\$29,932.00
➤ (0.5) ACO – PT to FT	<u>\$23,944.00</u>
<b>Total</b>	<b>\$246,857.00</b>

She reported the current service increase is 2.42% with collective bargaining at 3.79%. She advised the City Council that with new initiatives the increase is 4.61% and 6.02% with collective bargaining.

- **Fire Department**

Finance Director Belanger said the biggest increase to the Fire Department is Worker's Compensation for an impact of \$121,753.00. She outlined the new Initiatives for the department:

Additional Staff

➤ (3) Fire Fighters	
➤ (1) Fire Prevention Officer	

**Total**                    **\$314,672.00**

She reported the increase without COLA is 1.5% and with COLA 2.60%. She advised the City Council the increase with FY20 initiatives without COLA will be 5.0% and with COLA 6.18%.

- **School Department**

Finance Director Belanger addressed the School Department and the current level of services will cost \$526,155.00.

Fy20 Current Level of Services Major Impacts:

➤ Workers' Compensation	(\$57,921.00)
➤ Retirement	\$51,171.00
➤ Health	\$331,414.00
➤ Dental	\$103,164.00
➤ Transportation	\$48,327.00
➤ Reduction from Parking & Transportation	<u>\$50,000.00</u>
<b>Total</b>	<b>\$526,155.00</b>

She reported on FY20 Initiatives:

➤ Staffing	
➤ Student Assistant Counselor	\$87,815.00
<i>Loss of grant</i>	
➤ Elementary World Language	\$68,150.00
➤ 1:1 Chromebooks	\$93,320.00
<i>For two additional grades</i>	
<b>Total</b>	<b>\$249,285.00</b>

She reported the increase to the FY20 budget without initiatives is 1.47% without COLA and with COLA 2.92%. She spoke to the new initiatives would be an increase of 1.98% without COLA and with COLA 3.45%.

Finance Director Belanger reported on the total preliminary budget which reflects an increase 2.0% but with COLA the increase would be 3.34%. She advised the City Council the percent with all new initiatives the increase would be 3.38% without COLA and 4.70% with COLA.

Mayor Blalock asked Public Works Director Rice to speak on the new initiatives for the department. He spoke to the need for additional signs and striping of the roads which equates to \$10,000.00 in costs. He advised the Council that an additional \$50,000.00 is being requested for services to the parks and cemeteries. He said \$20,000.00 is needed for weed control equipment. Director Rice also spoke to staffing being requested.

City Manager Bohenko said the Human Resource Director works with over 800 employees that creates a large workload which is requiring the addition of a Human Resource Assistant to the Director.

Mayor Blalock asked about collective bargaining and what it creates in workload. Human Resource Director Fogarty said negotiations create an increase in time spent and cost to the department. She spoke to the government affordable care act which has caused a large increase in work load for the department. She said we have more vacancies than we have had in the past.

City Manager Bohenko explained that Deputy City Manager Colbert Puff is working with Human Resource Director Fogarty on staff needs for the department. He said we are under staffed and complimented Ms. Fogarty for all of her hard work.

Councilor Pearson asked if contracting out employees makes more sense. City Manager Bohenko said in some areas it would but in some instances we were having service issues. He said services are better provided to the public through our employees. He stated mosquito spraying makes sense to outsource but outsourcing small areas with parks and cemeteries could be looked at but we need to ensure that the services we receive are right for the community and are accomplishing our needs.

#### **IV. Discussion**

Councilor Roberts inquired as to the process followed for paving streets. Public Works Director Rice spoke to the software used for the program where every street is reviewed each year. He reported we're in the 75% - 78% range and that is where we want to be, if you drop to 60% you need major improvements to the roads. He stated the CIP has an increase of \$2,000,000.00 for paving.

Deputy City Manager Colbert Puff said there are projects as part of the CIP for Information Technology needs. She said we are addressing security issues and evaluating our staffing needs to determine whether one person is adequate staff. Councilor Dwyer said most companies utilize employees and outsource personnel. She said the \$150,000.000 could be a combination of services. Deputy City Manager Colbert Puff said we have a contact person working inside and outside to address our needs.

Councilor Becksted said to get everything up to par, will the cost be the same every year. Deputy City Manager Colbert Puff said that is ongoing and increases will not be a one-time expense or fix. She reported that we are paying \$5,000.00 per month on licenses and management of our systems.

Councilor Becksted asked what we returned from the last budget. City Manager Bohenko said in January we will have the auditor come in and he will provide what has been turned back and encumbered.

Councilor Perkins said she is happy to see elections pay scale changes and the possibility of new poll workers, as well as a change and extended election hours. She welcomed thoughts on recycling costs. She said maybe we should change back to composting. City Manager Bohenko said we are evaluating this currently. He would discuss the matter with Mayor Blalock and maybe we should have a work session on the matter.

Police Chief Merner spoke to the initiatives for the Police Department. He said these are the same initiatives asked for in last year's budget. He spoke to CALEA and our Primex insurance rates that we will receive a significant decrease in with accreditation. He spoke to the need for an evidence tech as you must hold evidence for 7 years. He spoke in support of the crime analyst which will make things easier as there are more issues in the department surrounding the elderly. He spoke to the increase in calls this year and work. He reported the department is averaging 5 to 6 crisis calls a day and those take a great amount of time.

Councilor Dwyer asked if the crime analyst will be a civilian. Chief Merner responded affirmatively.

Councilor Becksted asked how much money was returned for funds from the budget. Police Chief Merner said \$119,000.00 on a 10 years average.

Fire Chief Achilles spoke to initiatives for the addition of three firefighters and one fire prevention officer. He said the purpose is to hire one firefighter per shift and the fire prevention officer will do code enforcement and inspections. He stated if the department was not impacted by worker's compensation costs their numbers would have dropped by 1.3%.

Councilor Becksted asked what was returned for funds in the budget. Fire Chief Achilles said about \$50,000.00. Councilor Becksted asked the last time the department hired additional staffing. Fire Chief Achilles said 1998 when staff was added for the opening of Fire Station 3.

Mayor Blalock asked if these positions are being requested due to the growth in the City or calls have increased. Fire Chief Achilles said yes to both.

Councilor Roberts asked if the three firefighters would be added simultaneously. Fire Chief Achilles said there is a way to implement it and the department will look at options available.

School Superintendent Zadravec spoke to new initiatives and said the budget process is at the beginning. He spoke to funding through grants and the fluctuation of needs. He stated a committee is studying providing foreign language for elementary levels. He said they would like to implement one on one for foreign language at the High School as well as purchase Chrome books for two grades.

Councilor Dwyer asked about the increase in dental insurance. Business Manager Bartlett said the estimate is when the group switched to Cigna costs increased. Human Resource Director Fogarty said one plan is with school care and it increased because we increased the dental benefit for employees changing to the consumer driven health plan.

Councilor Becksted asked how much the School Department returned from their budget. Superintendent Zadravec reported \$5,000.00.

Councilor Denton spoke to the amount of waste coming out of the High School and stopping the Styrofoam lunch trays. He asked the School Board to switch away from Styrofoam trays and move towards the new type of trays and include those costs into the CIP.

## **V. Next Steps**

City Manager Bohenko said in January we set a guideline by the City Council but since we no longer have a Joint Budget Committee we need to know how the City Council wants to proceed. He asked if the Council wants to meet again and set guidelines. City Manager Bohenko suggested moving away from percentage increases to maybe phase in costs.

Councilor Becksted said he would like to meet in January.

Councilor Dwyer said we need a meeting in January and we need to set something by department.

City Manager Bohenko said we would establish a work session in January and look at some dates and maybe look at unaudited numbers.

Mayor Blalock said we need to work with departments and listen to their needs. He said he is open to a work session to look at how to phase the needs into their budget.

City Manager Bohenko said we would like to stick to the macro view of the budget and a good template would be to work from the presentation document from this evening and drill down on that.

Councilor Dwyer suggested waiting on holding the work session until after we receive the CIP. She said she does not want to see the Council get trapped and need to cut the CIP. She said we don't want to give guidance to departments before receiving the CIP.

Finance Director Belanger said by delaying that will impact department public hearings.

City Manager Bohenko said all the initiatives by departments can be part of their public hearings on their budget.

Assistant Mayor Lazenby read a question from resident Erik Anderson asking if the process of 12 unsettled contracts is off limits for public discussions, general comment, or public comment.

City Manager Bohenko said during the budget process the Human Resource Director can look at areas that are cost centers and pick out something that is part of all the budgets. He said you cannot target a specific union.

## **VI. Adjournment**

At 8:10 p.m., Mayor Blalock adjourned the work session

Respectfully submitted by:

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