

## FY20 BUDGET WORK SESSION

MUNICIPAL COMPLEX  
DATE: WEDNESDAY, JANUARY 16, 2019

PORTSMOUTH, NH  
TIME: 6:30 PM

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

ABSENT: Councilor Perkins

PARTICIPATING STAFF:

John P. Bohenko, City Manager; Judie Belanger, Finance Director; Andrew Purgiel, Deputy Finance Director; Robert Merner, Chief of Police; Steve Achilles, Fire Chief; Peter Rice, Public Works Director; Steve Zdravec, Supt. Of Schools;

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

City Manager Bohenko stated there were 2 preliminary budget work sessions in November to start a general discussion and now we are starting earlier with setting guidelines and parameters. He reviewed the upcoming budget schedule with final adoption scheduled for June 3, 2019.

He further reviewed the components of Fiscal Budget stating that 77% is the Operating Budget which involve expenditures of General Government departments, Police Department, Fire Department and School Department. On the Non-operating Budget side which is 23%, this includes expenditures associated with Debt Service, Capital Outlay, Rockingham County Tax, Rolling Stock (vehicles and equipment), Overlay, Property and Liability and Contingency.

Next, Finance Director Belanger reviewed the key factors impacting the FY20 Budget including COLA – Collective Bargaining; Retirement; Health Insurance Premiums; and Worker’s Compensation. She then reviewed

FY20 Current Level of Services - Major Impacts:

- Retirement (\$10,229)
  - Health Insurance \$93,168
  - Pavement Maintenance \$33,000
  - Recycling Costs \$70,000
  - Events (personnel) \$30,000
  - Facilities Maintenance \$20,000
  - Elections (Personnel) \$31,600
  - Assessing:
    - Computer Software \$65,000
    - Contracted Services \$90,000
- \$422,539

The percentage of change from the FY19 budget to the FY20 preliminary budget is currently 3.35% and with anticipated Collective Bargaining it rises to 4.33%.

Regarding FY20 Initiatives:

Road – Signs/Lines	\$10,000
Parks/Cemeteries	\$50,000
Weed Control Equipment	\$20,000
Additional Staff DPW:	\$71,517
HR Assistant:	\$67,888
IT – Contracted Services	\$150,000
Renewal Energy Credits	<u>\$20,000</u>
	\$389,405

Impact on the budget: 5.36%

For the Police Department there is a 6.02% increase; Fire Department 6.18% Increase; and School Department 5.26% increase. These total increase figures include Collective Bargaining Contracts which will expire 06/30/2019.

Next, Debt Service was reviewed. The City's policy is to use no more than 10% of annual appropriations toward net debt service payments to keep debt manageable.

Regarding Rolling Stock, there is an increase of \$945,010.00 for vehicle and equipment replacement for Public Works, Police, Fire and School Departments.

Information Systems Management, there is a proposed 36.8% increase for upgrades for IT Equipment and Replacement.

The presentation concluded with review of the Rockingham County Tax Obligation and other Non-Operating Expenses with a proposed 4.73% increase.

City Manager Bohenko suggested speaking to the Supt. of Schools, Police and Fire Chiefs and then move on to the Public Works Director and remaining city budget.

School Superintendent Zadravec explained that the School Board held their first budget work session on 01/15/19 and will have several more over the next 4 weeks before making their final FY20 budget recommendation. He then reviewed several staff changes that are being proposed.

Councilor Becksted stated that last year they had a supplemental proposal for chromebooks and sees that there is more proposed for FY20. Supt. Zadravec explained that these would be for 2 additional grade levels. Councilor Becksted asked if this will lessen the book costs. Supt. Zadravec stated yes, but not enough to cover the cost of the chromebooks.

Councilor Denton asked about the Farm to School coordinator and if that position is included in the budget. Supt. Zadravec stated yes it is currently included.

After a brief discussion, Supt. Zadravec stated he would have more information once the School board has gotten further into the process.

Police Chief Merner reviewed his requests for additional staff which is the same request as last year and explained the need for each position being proposed. He further explained the 3-headed sword approach of enforcement; prevention and intervention and that because we are along the I-95 corridor, they try to make it uncomfortable to do “business” in Portsmouth.

Fire Chief Achilles stated he has no changes to his proposal as presented with his FY20 Initiatives being the Addition of 3 firefighters and 1 Fire Prevention Officer.

Councilor Dwyer asked if the hires would be able to be split. Chief Achilles explained he would prefer to do it with a 2 and 2 split.

Councilor Becksted asked about the ambulance revenue. Chief Achilles stated he is proposing to the Fees Committee a more enhanced Fee Schedule to reflect the work being done by staff.

Councilor Dwyer discussed employees who are deployed by the military stating it is unfair to the departments as it yields overtime costs. She would like to see this as its’ own line-item and would like this discussed as a policy issue.

City Manager Bohenko explained that if there is a short-fall in the last quarter of the fiscal year, they can come back for contingency.

Mayor Blalock asked Chief Achilles to explain the importance of Fire Prevention.

Chief Achilles explained the history of this position and explained that they work with schools and businesses and review protection plans of new buildings. He stated that the current person in this position is overwhelmed and they need another person to keep them above water.

Public Works Director Peter Rice began by stating that the initiatives identified are requests to add to operations based on complete-streets, organic and greenery initiatives. He continued that his priority is staffing with the need for heavy equipment operators and an administrative assistant as a backup for payroll and to handle the increase of reports and freedom of information act request.

Discussion ensued regarding energy and green initiatives and the increased costs and the benefits associated with implementation.

Councilor Becksted stated he requested the auditor information for review prior to budget discussions. City Manager Bohenko explained that the Audit Report will be presented at the January 22<sup>nd</sup> City Council meeting as is done annually. He stated he did ask Finance Director Belanger to compile an excerpt of information which was then handed out to the Council.

Assistant Mayor Lazenby asked about the debt service increase of 12+% asking if that is based on what will be adopted in this years’ Capital Improvement Plan. City Manager Bohenko stated those are based on the outer years and they have tried to spread out and restructure the CIP. He stated the idea of 10% cap is having a warning signal to have the Department Heads prioritize projects to get below 10% and move projects that can’t or won’t happen at this point anyway.

Assistant Mayor Lazenby asked if we need to pay more attention to projects in the outer years. City Manager Bohenko stated no, those are placeholders and are prioritized as we go along. He stated we may want to look at starting the CIP process earlier as we did with the budget.

Mayor Blalock discussed establishing guidelines stating we don't want to set an artificial number but look as the initiatives proposed as well as revenues.

Councilor Dwyer stated we should still look at how much it needs to come down so that the Departments are ready to make cuts when asked.

City Manager Bohenko stated starting the budget process earlier was good and feels that the Council will have more details from the departments prior to the start of the work sessions in May.

Mayor Blalock stated he wants the City Manager to have the opportunity to work with the Departments in the meantime and that the important number is the tax rate.

Discussion ensued regarding guidelines which included no going above inflation and staying close to the consumer price index. Council consensus was to not go above \$900,000.000 in total operating budget increase instead of the currently proposed \$1.4 million.

City Manager stated the budget will be presented to the Council on April 24, 2019.

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

Respectfully submitted by:

Valerie A. French CNHMC  
Deputy City Clerk