

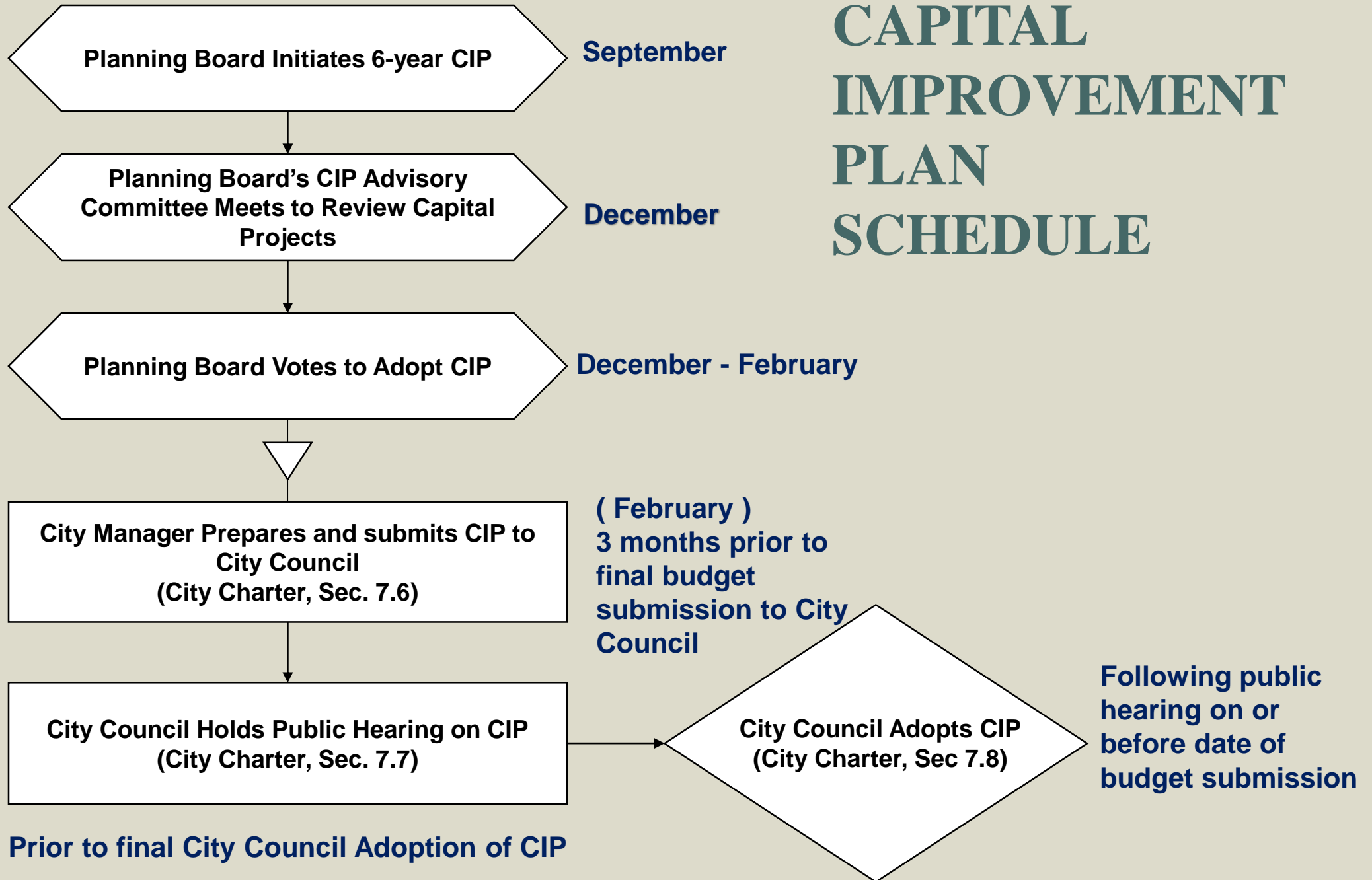
FY21 City Council Budget Work Session

- Charter Requirements / Budget Process
- Budget Schedule
- FY21 Budget Overview
- Discussion on Budget Guidelines
- Public Comment

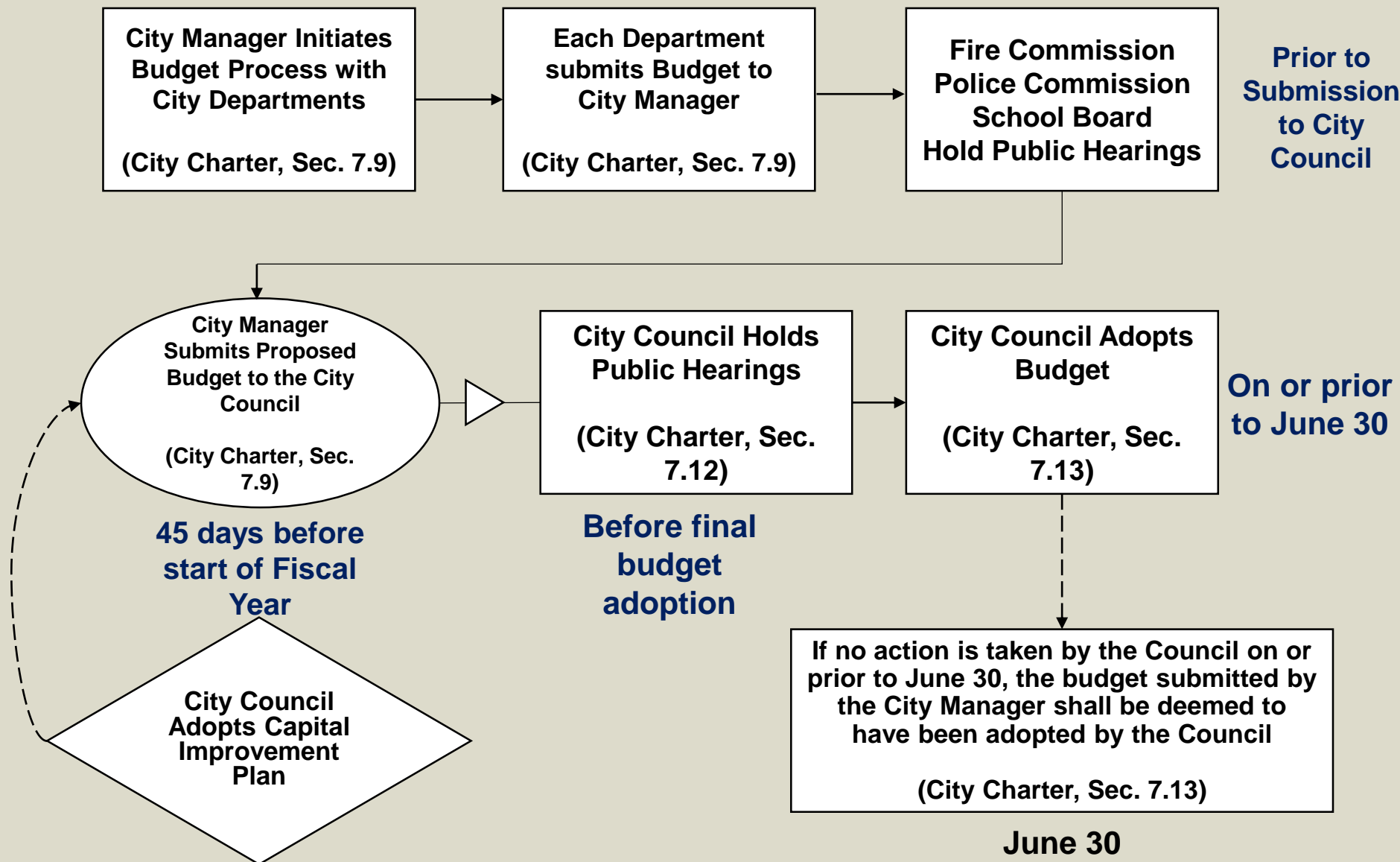
January 15, 2020



CAPITAL IMPROVEMENT PLAN SCHEDULE



BUDGET SCHEDULE PER CHARTER REQUIREMENTS



FY2021 BUDGET SCHEDULE

January

- **January 13th** – City Council Work Session on CIP FY21- FY26
- *January 14th* – School Board Public Hearing #1 on Budget FY21

➔ **January 15th** – City Council Work Session on Budget FY21

February

- *February 11th* – Fire Commission Public Hearing on Budget FY21
- *February 11th* – School Board Public Hearing #2 on Budget FY21
- *February 13th* – Police Commission Public Hearing on Budget FY21
- **February 18th** – City Council Meeting – Public Hearing on CIP FY21- FY26

March

- **March 2nd** – City Council Meeting – Adoption of CIP FY21- FY26



FY2021 BUDGET SCHEDULE (CONT.)

April

- April 24th – Proposed Budget Document to be submitted to the City Council

May

- May 6th – City Council Meeting – Public Hearing on Budget FY21
- May 11th – City Council Work Session – Police & Fire Budget Review/ Listening Session
- May 13th – City Council Work Session – School Dept. Budget Review/ Listening Session
- May 14th – City Council Work Session – General Govt. & Parking & Transportation Budget Review/ Listening Session
- May 19th – City Council Work Session – Water, Sewer & Stormwater Budget Review/ Listening Session
- May 21st – City Council Work Session – Budget Review
- May 28th – City Council Work Session – Budget Review Follow Up (if necessary)

June

- June 1st – City Council Meeting – Adoption of the FY21 Budget



In the State of New Hampshire, Property Tax is the Primary method of Financing Local Government

EXPENDITURES	
Operating	92,195,537
<u>Non-Operating</u>	<u>26,443,251</u>
Total Annual budget	\$ 118,638,788
REVENUES	
Local Revenues	24,886,406
<u>State Revenues</u>	<u>3,607,246</u>
Total Revenues	\$ 28,493,652
TAX LEVY	\$90,145,136

Property
Assessments

Tax Rate

No Sales Tax
No Income Tax

Fiscal Year 2021 Preliminary Budget Overview

Identify the known budget impacts

“Macro View”

“Preliminary Estimates”

*Diminished State Assistance:
Shared Revenue
State Aid Grants
Retirement Contribution*

Receive Guidance/Guidelines from the City Council



Building a Budget Around Goals and Objectives

Goals developed in partnership with its citizens and businesses are formalized through resolutions, committees, internal policies, and /or master plans

- ✓ Promote and support sustainable practices
- ✓ Create a bikeable and walkable community
- ✓ Address transportation and parking needs
- ✓ Provide a diverse educational environment in which our youth can grow and learn
- ✓ Improve public outreach
- ✓ Promote a welcoming, safe and diverse community
- ✓ Support a vibrant economic environment for businesses to grow and thrive
- ✓ Build and maintain a robust and authentic infrastructure
- ✓ Maintain financial stability

Long-Term Financial Forecasting

Stabilized Financial Plan

Breakeven
Increases



**AVOID BREAKEVEN BUDGET PRACTICES
FROM YEAR TO YEAR**

Components of the General Fund

Operating Budget

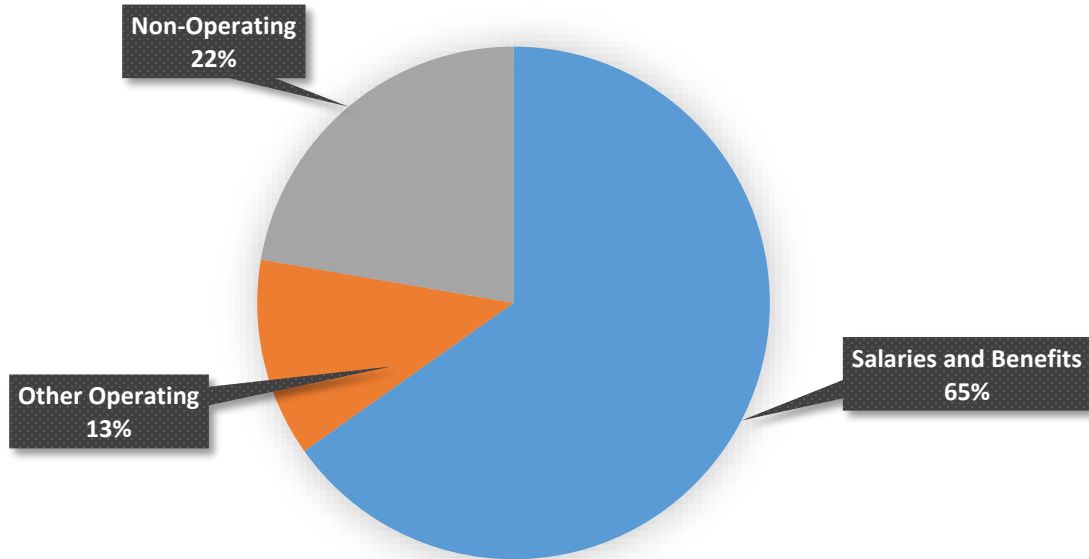
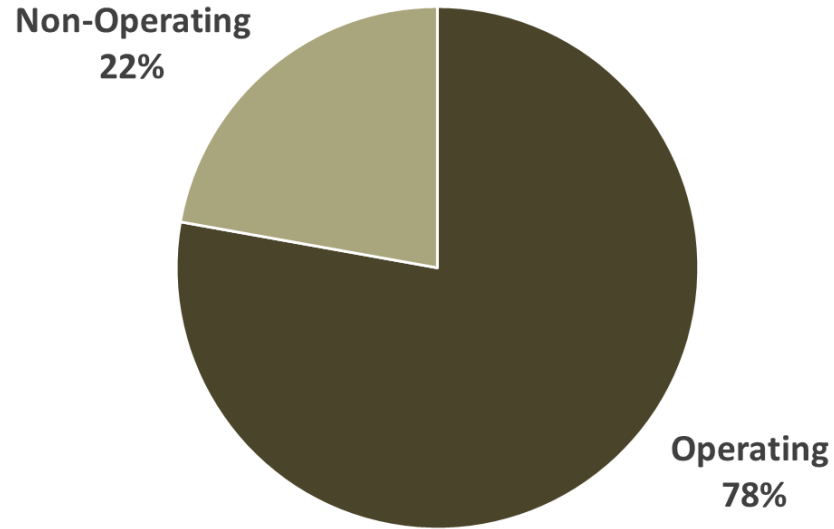
- Fire
- Police
- School
- General Government Departments:
 - Mayor/City Manager
 - City Clerk
 - Human Resources
 - Finance - Accounting, Assessing, Purchasing, Tax Collection, W/S Billing
 - Legal
 - Public Works
 - Recreation & Senior Activity Center
 - Senior Services
 - Information Technology
 - Regulatory Services – Planning, Inspection, Health
 - Public Library
 - Welfare/Outside Social Services

Non-Operating Budget

- Debt Service Payment
- Overlay – Abatement Purposes
- Capital Outlay
- Rockingham County Tax Obligation
- Contingency
- Rolling Stock – Vehicle and Equipment

Outcome of the City's Goals are "Services"

Fiscal Year 2020 Adopted Budget



OPERATING

General Government	20,535,072
Police	11,830,799
Fire	9,347,650
School	50,242,858
Transfer to Indoor Pool	150,000
Transfer to Prescott Park	89,000
Total Operating	\$92,195,379

NON-OPERATING

Debt Related Exp	272,000
Debt Service	14,199,496
Overlay	1,000,000
Property & Liability Insurance	375,245
County	5,741,466
Contingency	300,000
Rolling Stock	883,260
IT Equipment Replacement	1,013,428
Capital Outlay	1,810,000
Other General Non-Operating	848,356
Total Non-Operating	\$26,443,251

Total Gross Budget	\$118,638,630
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Non-Operating Budget

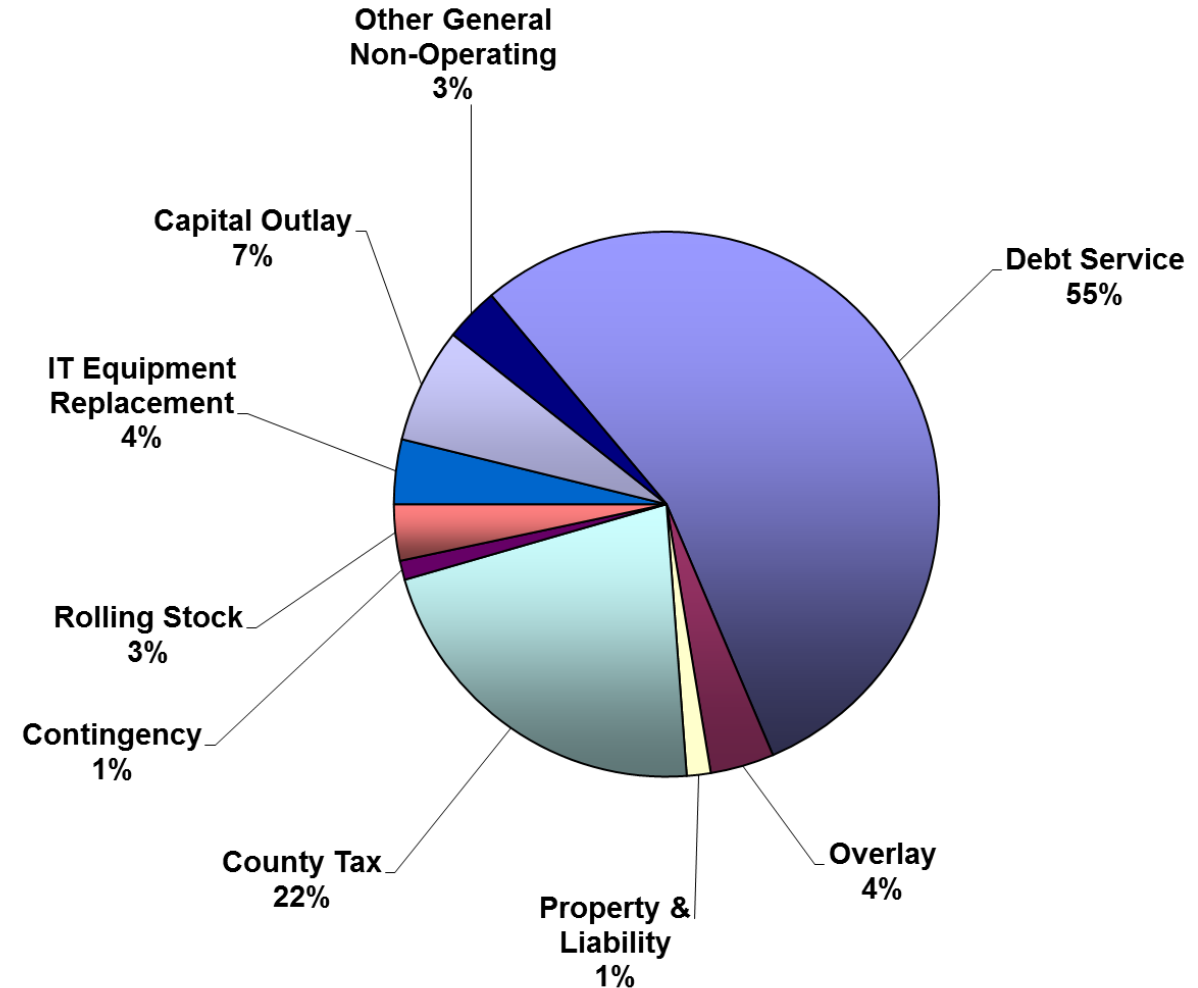
- *County Tax Obligation*
- *Investment in:*
 - City's Infrastructure –*
 - Major Capital*
 - Improvements*
 - Vehicle Maintenance*
 - IT Hardware and*
 - Software*
- *Other Inflationary Increases*

Fiscal Challenges



FY 2020 Non-Operating Budget

Debt Service	\$14,471,496
Overlay	\$1,000,000
Property & Liability	\$375,245
County Tax	\$5,741,466
Contingency	\$300,000
Rolling Stock	\$883,260
IT Equipment Replacement	\$1,013,428
Capital Outlay	\$1,810,000
Other General Non-Operating	\$848,356
Total Non-Operating	\$26,443,251



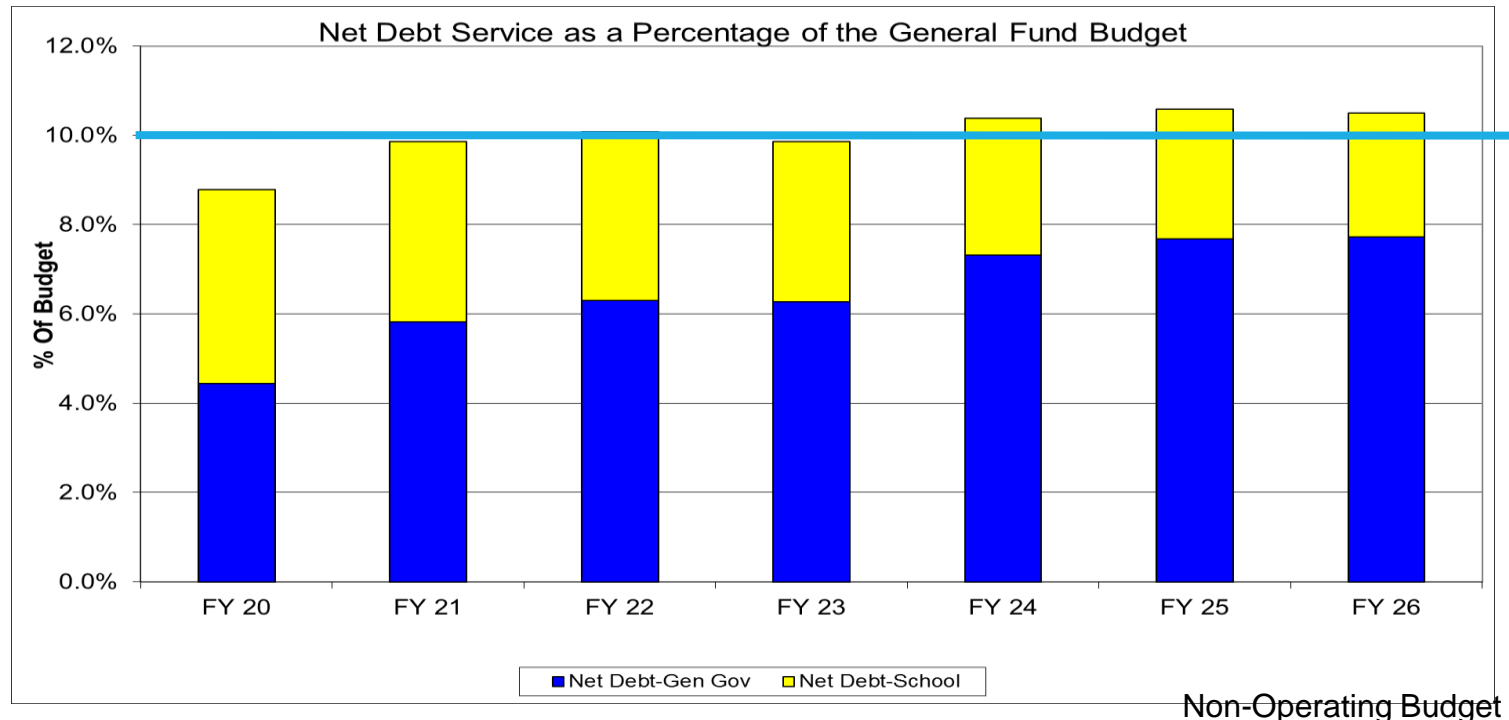
Debt Service-

The City's policy to use no more than 10% of annual appropriations toward net debt service payments to keep debt manageable.

	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
Existing Debt Service-School	6,950,984	6,671,350	6,443,450	6,229,275	4,374,650	4,252,650	4,045,025
Existing Debt Service-Gen Gov	6,949,900	6,479,090	6,141,090	5,193,615	4,771,190	3,879,240	3,371,290
Projected Debt Service-School	37,500	193,750	267,188	395,000	677,500	745,313	876,438
Projected Debt Service-Gen Gov	261,111	2,653,563	3,906,878	5,081,947	7,234,188	9,039,631	9,949,025
Total Gross Debt Service	14,199,496	15,997,753	16,758,606	16,899,837	17,057,528	17,916,834	18,241,778
Net Debt-School	5,152,179	5,028,795	4,874,333	4,787,970	4,232,067	4,177,880	4,101,380
Net Debt-Gen Gov	5,261,012	7,232,653	8,147,968	8,375,562	10,105,378	11,018,871	11,420,315
Total Net Debt	10,413,191	12,261,448	13,022,301	13,163,532	14,337,445	15,196,751	15,521,695
%tage Net Debt Service to Budget:	8.78%	9.86%	10.08%	9.85%	10.38%	10.58%	10.50%

**Building Aid
\$1,836,305**

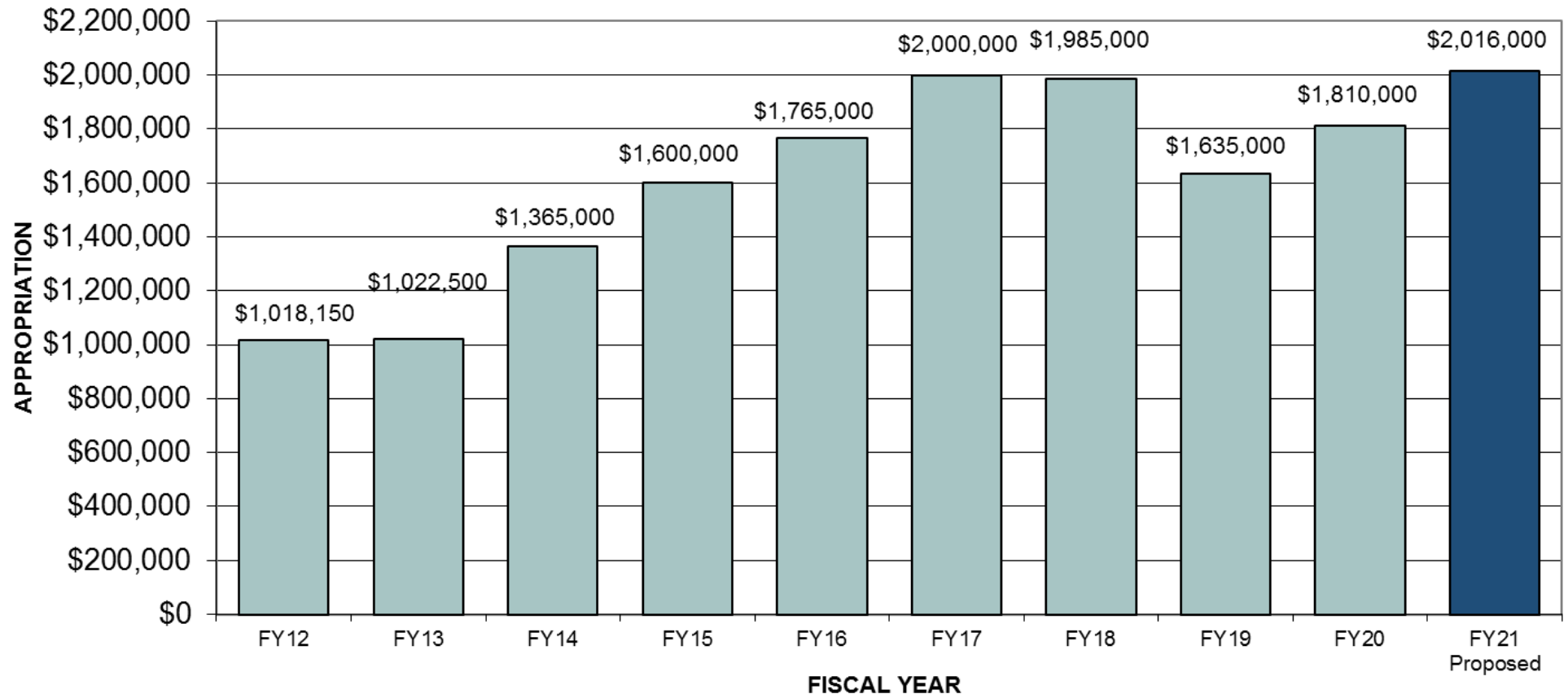
**Use of Debt
Service
Reserve
\$1,900,000**



Capital Outlay

Recommended policy to keep in pace with inflation is to appropriate up to 2% of the prior year's General Fund Budget for annual Capital Outlay projects identified in the CIP.

\$2,016,000
represents
1.7% of the
prior year
appropriations





Rolling Stock Program – All Funds



The **Rolling Stock Program** 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.

Vehicle Inventory

		(Scheduled for replacement in FY21)						
Department	City ID #	Description	Make	Year of Mfg.	Mfg. Identification Number	Fiscal Year Purchased	Purchase Cost	Useful Life
Highway	H005	Tahoe (White)	Chevrolet	2007	1GNFK13057R313242	2017	\$ 1.00	10
Highway	H008	F150 Pick-up (yellow)	Ford	2014	1FTFX1EF1EKE66511	2014	\$ 22,608.00	8
Highway	H009	F250 4X4 Pick-up (yellow) w/plow	Ford	2011	1FTBF2B67BEC71051	2011	\$ 24,432.00	10
Highway	H011	F-550 4x4 (yellow) w/plow	Ford	2015	1FDUF5HT4FEA65484	2014	\$ 40,743.00	12
Highway	H015	4'X8' Flatbed Trailer	Carry-On	2006	4YMUL08146V011548	2008	\$ 700.00	20

Replacement Schedule

City ID #	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Useful Life	Purchase Year	Replacement Year
H005		\$ 35,000.00									10	2009	2019
H008		\$ 35,000.00									8	2014	2022
H009		\$ 45,000.00									10	2011	2021
H011						\$ 70,000.00					12	2014	2026
H015								\$ 1,000.00			20	2008	2028
H018							\$ 50,000.00	\$ 50,000.00					
H019	\$ 35,000.00												
		FY20 BUDGET		FY21 PROPOSED		\$ CHANGE		% CHANGE					

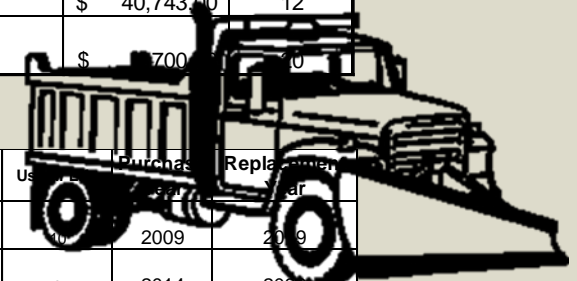
Non-Operating Budget

883,260

1,017,825

\$134,565

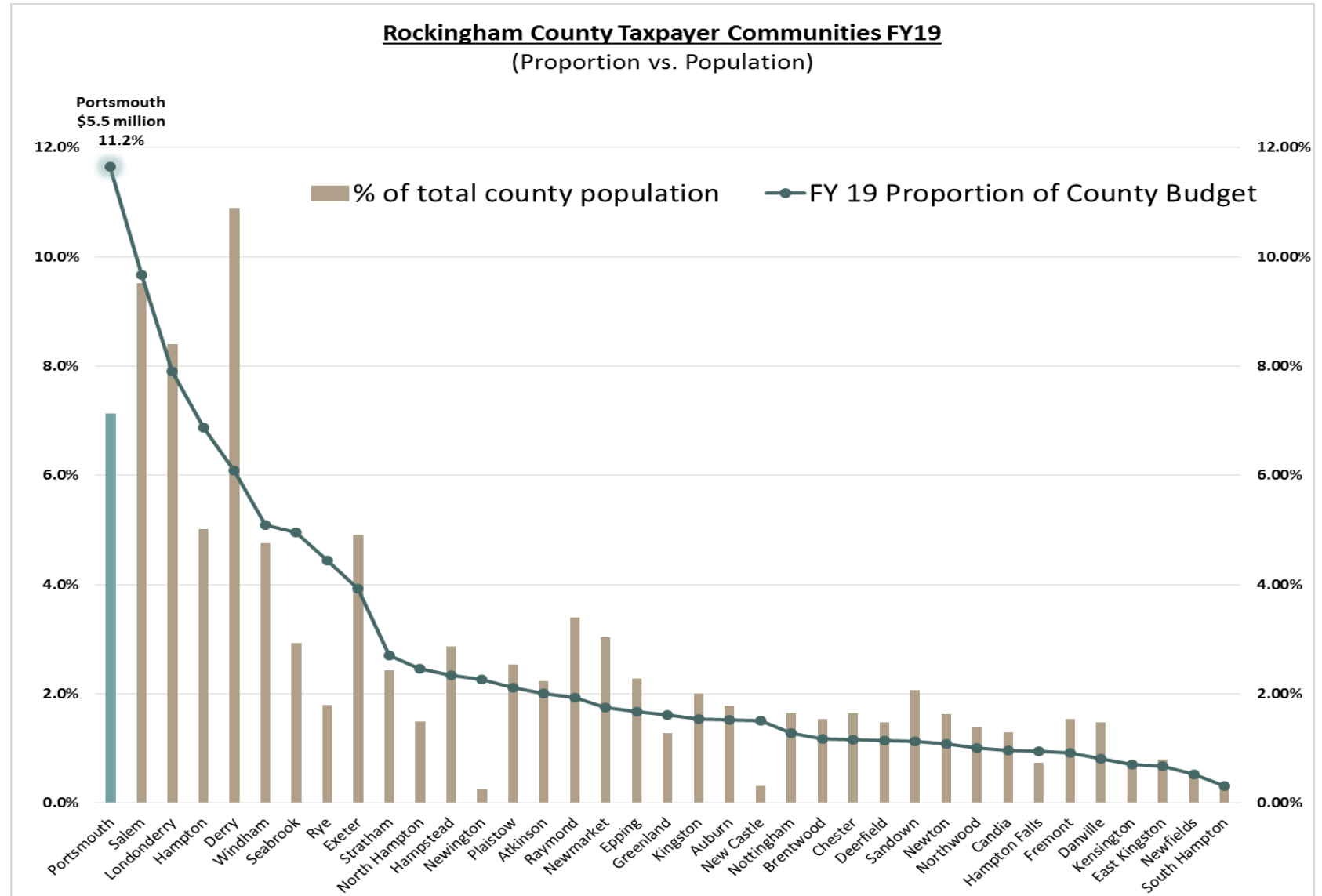
15%



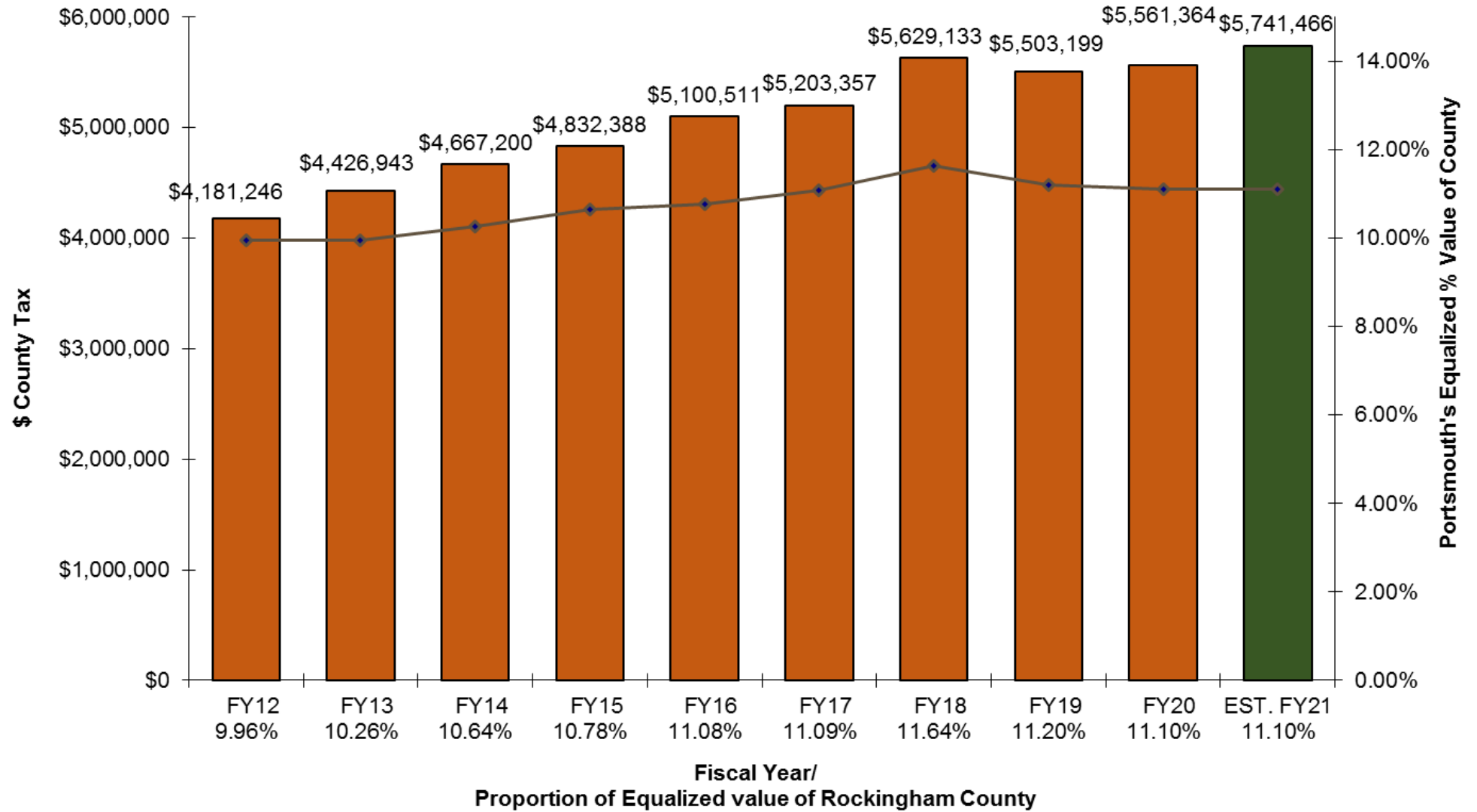
Rockingham County Proportion

County Tax Obligation
is calculated by:

1. The County's
Adopted Budget,
and
2. Proportion of all 37
communities in
Rockingham
County based on
equalized value.



Rockingham County Tax Obligation



FY20 BUDGET	FY21 PROPOSED	\$ CHANGE	% CHANGE
5,741,466	5,741,466	\$0	0%

Non-Operating Budget

ESTIMATED
Non-Operating for FY21
22% of Total Budget

	FY20 Budget	\$ Change	FY21 Preliminary Budget	% Change
Debt Related Expenses	272,000	-	272,000	0.0%
Debt Service	14,199,496	1,798,257	15,997,753	12.7%
Contingency	300,000	-	300,000	0.0%
Overlay	1,000,000	100,000	1,100,000	10.0%
County Tax	5,741,466	-	5,741,466	0.0%
Property & Liability	375,245	22,514	397,759	6.0%
Rolling Stock	883,260	134,565	1,017,825	15.2%
IT Equipment Replacement	1,013,428	138,980	1,152,408	13.7%
Landfill Closure	370,000	-	370,000	0.0%
Water Hydrants	235,125	21,375	256,500	9.1%
Other Non-Operating	243,231	411	243,642	0.2%
Capital Outlay	1,810,000	206,000	2,016,000	11.4%
ESTIMATED NON-OPERATING BUDGET	26,443,251	2,422,102	28,865,353	9.16%

Operating Budget

➤ *Contractual Obligations:*

COLA

Retirement

Health Insurance Premiums

Leave at Termination Liabilities

Workers' Compensation Premiums

➤ *Other Inflationary Increases: (Examples)*

➤ *Information Technology – Software – Security*

➤ *Contracted Services – Recycling, Maintenance Agreements*

➤ *Utilities*

➤ *Repairs and Maintenance*

➤ *Snow Removal*

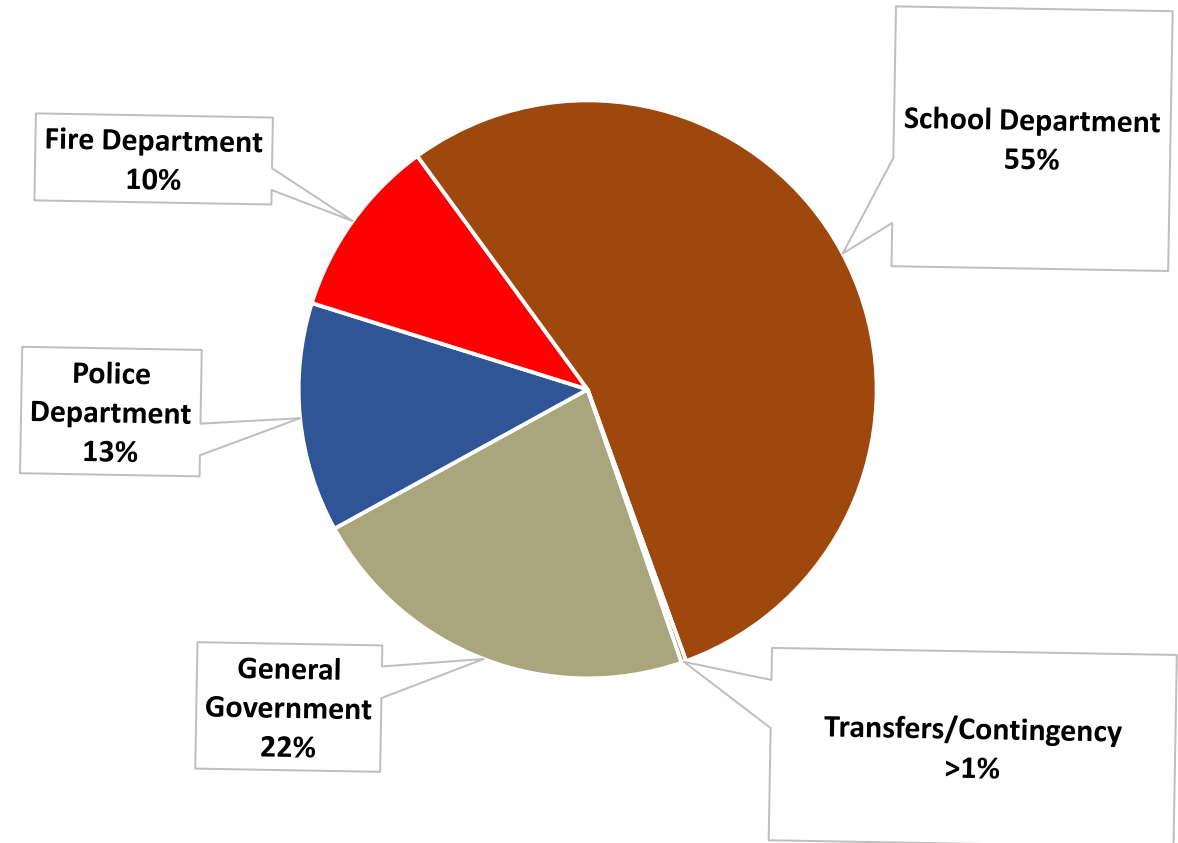
Fiscal Challenges



FY 2020 Operating Budget

General Government	\$20,535,072
Police Department	\$11,830,799
Fire Department	\$9,347,650
School Department	\$50,242,858
Transfer to Indoor Pool	\$150,000
Transfer to Prescott Park	\$89,000

Total Operating	\$92,195,379
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16 Collective Bargaining Units

General Government	Expires
Professional Management Association (PMA)	6/30/2022
Supervisory Management Alliance (SMA)	6/30/2022
AFSCME Local 1386B Library & Clericals	6/30/2020
AFSCME Local 1386 Public Works	6/30/2022

Police	Expires
Ranking Officers Association	6/30/2023
Portsmouth Patrolman Association	6/30/2023
Civilians	6/30/2023

Fire	Expires
Fire Officers Association	6/30/2023
FireFighter Association	6/30/2023

School	Expires
Principals/Directors	6/30/2022
Association of Portsmouth's Teachers	6/30/2022
Clerical Employees	6/30/2022
Custodial	6/30/2020
Cafeteria	6/30/2020
Paraprofessionals	6/30/2020
Custodial Supervisors	6/30/2022

4 unsettled contracts for FY21

Cost of Living Adjustment - COLA

Collective Bargaining Agreements state the COLA adjustment percentage shall be determined by the rolling ten (10) year average of the November-November Boston-Cambridge-Newton MA-NH CPI.

CONSUMER PRICE INDEX - CPI-U (NOV. TO NOV. BOSTON-CAMBRIDGE-NEWTON, MA-NH)

FY 12	0.64%
FY 13	2.90%
FY 14	2.00%
FY 15	0.92%
FY 16	1.60%
FY 17	0.84%
FY 18	1.26%
FY 19	2.86%
FY 20	3.15%
FY 21	2.12%

2% Floor for COLA Per Collective Bargaining Agreements

10 Year Average 1.83% FY 2021 salaries use 2%

NH Retirement Rates

No Change in Rates

Retirement appropriation will be affected by increase in salaries due to:

- COLA Adjustments
- Step Increases

RETIREMENT RATES-EMPLOYER

FY20 & FY21 Rates

GROUP I

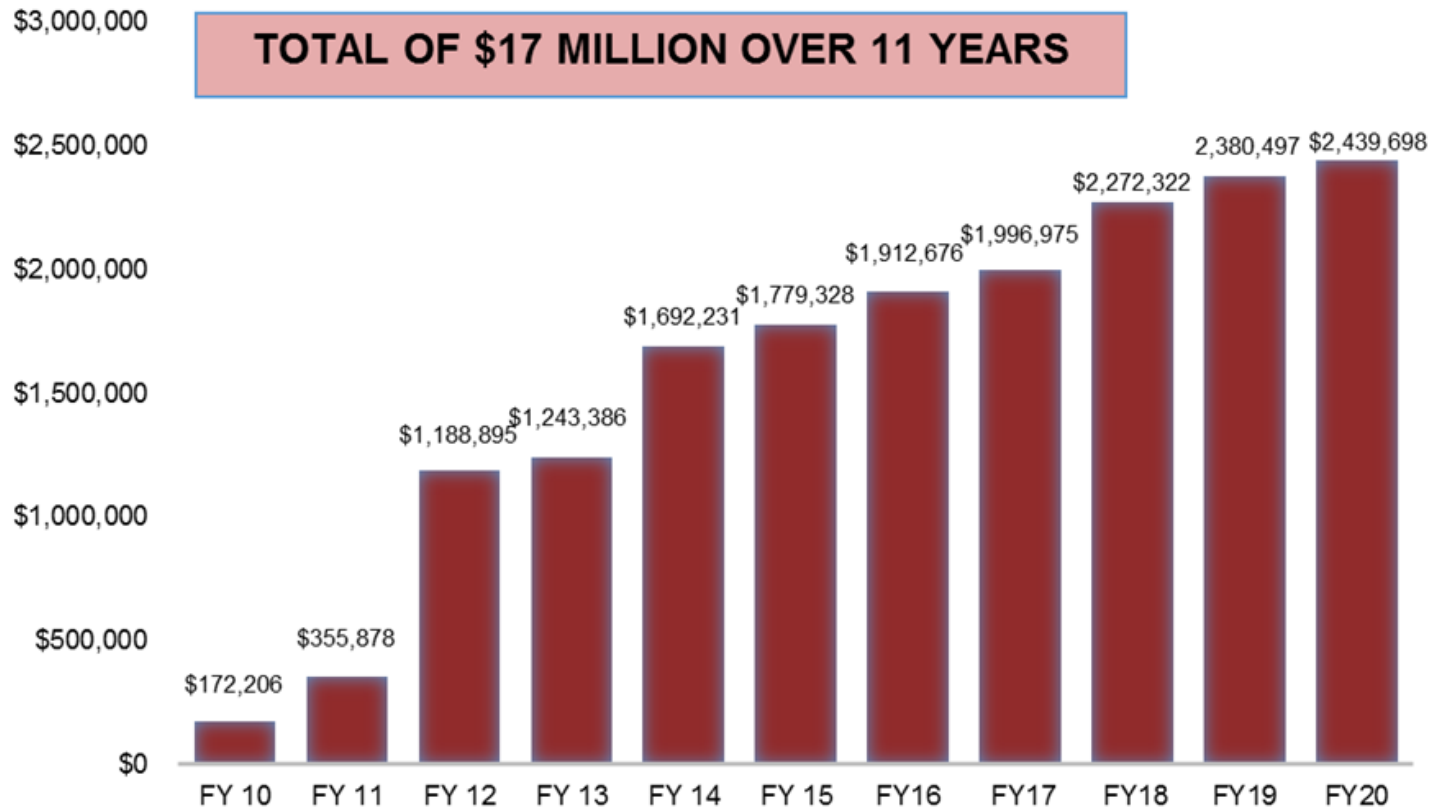
Employees	11.17%
Teachers	17.80%

GROUP II

Police	28.43%
Fire	30.09%

Retirement Rates – Loss of State Contribution

ADDITIONAL RETIREMENT COSTS AS A RESULT OF THE ELIMINATION OF STATE CONTRIBUTION



Prior to FY10 the State of NH Contributed 35% of employer contributions for Teachers, Police and Fire personnel.

FY10 – Reduced obligation to 30%
FY11 – Reduced obligation to 25%
FY12 – Reduced obligation to 0%

Loss of State Contribution cost tax payers approximately \$17 million over 10 years (FY10 – Est. FY20)

Workers' Compensation

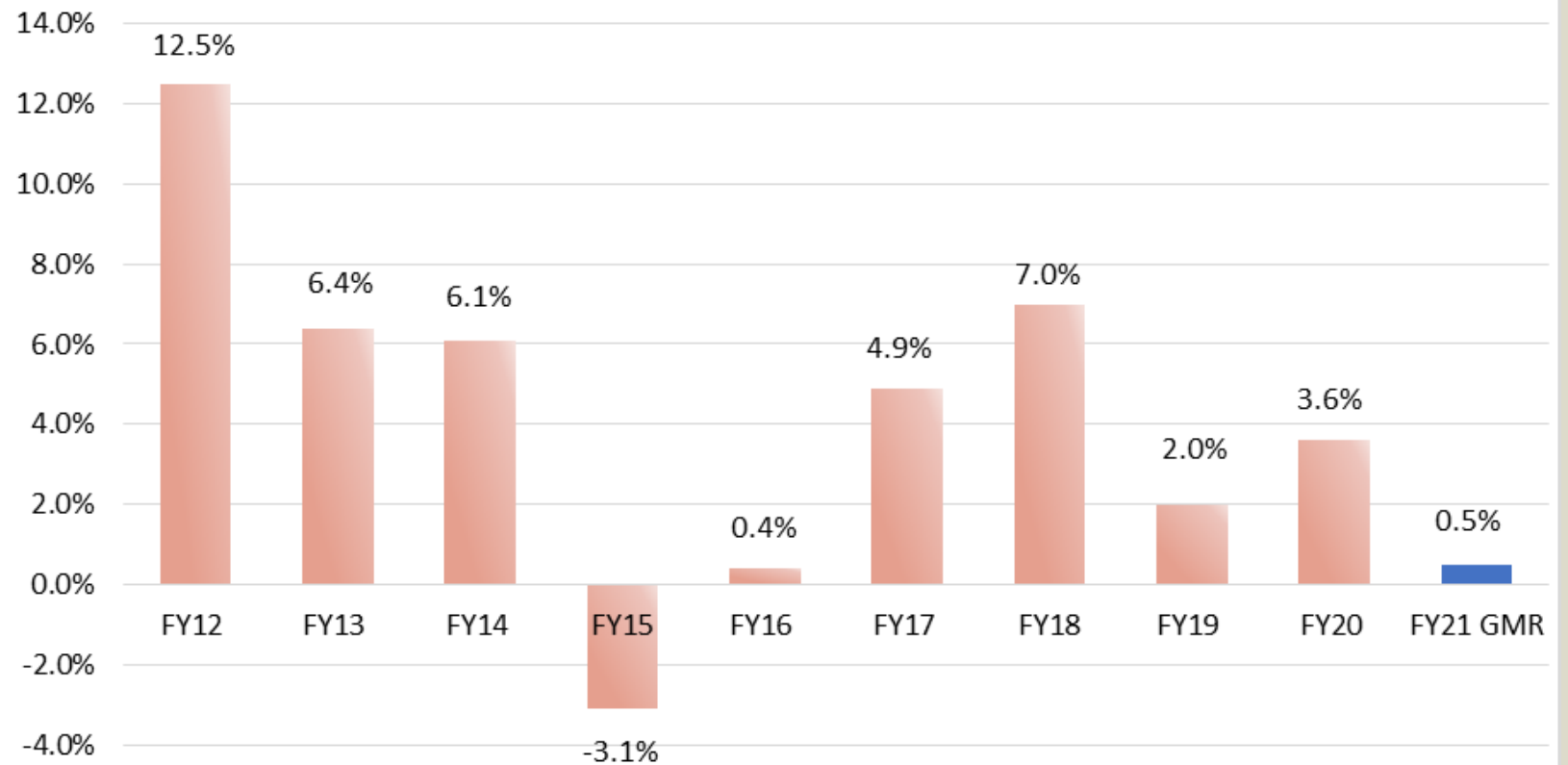
	FY20 BUDGET	FY21 PROPOSED BUDGET	\$ CHANGE	% CHANGE
GENERAL GOVERNMENT	176,811	190,373	13,562	7.7%
POLICE	171,274	132,600	(38,674)	-22.6%
FIRE	306,213	358,871	52,658	17.2%
SCHOOL	110,189	114,867	4,678	4.2%
TOTAL	\$764,487	\$796,711	\$32,224	4.2%

ESTIMATED INCREASE	\$32,224
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Health Insurance Premiums

Per the Policy, the annual appropriation amount for each department is determined by the 10-year rolling average increase of Health Insurance rates provided by HealthTrust.

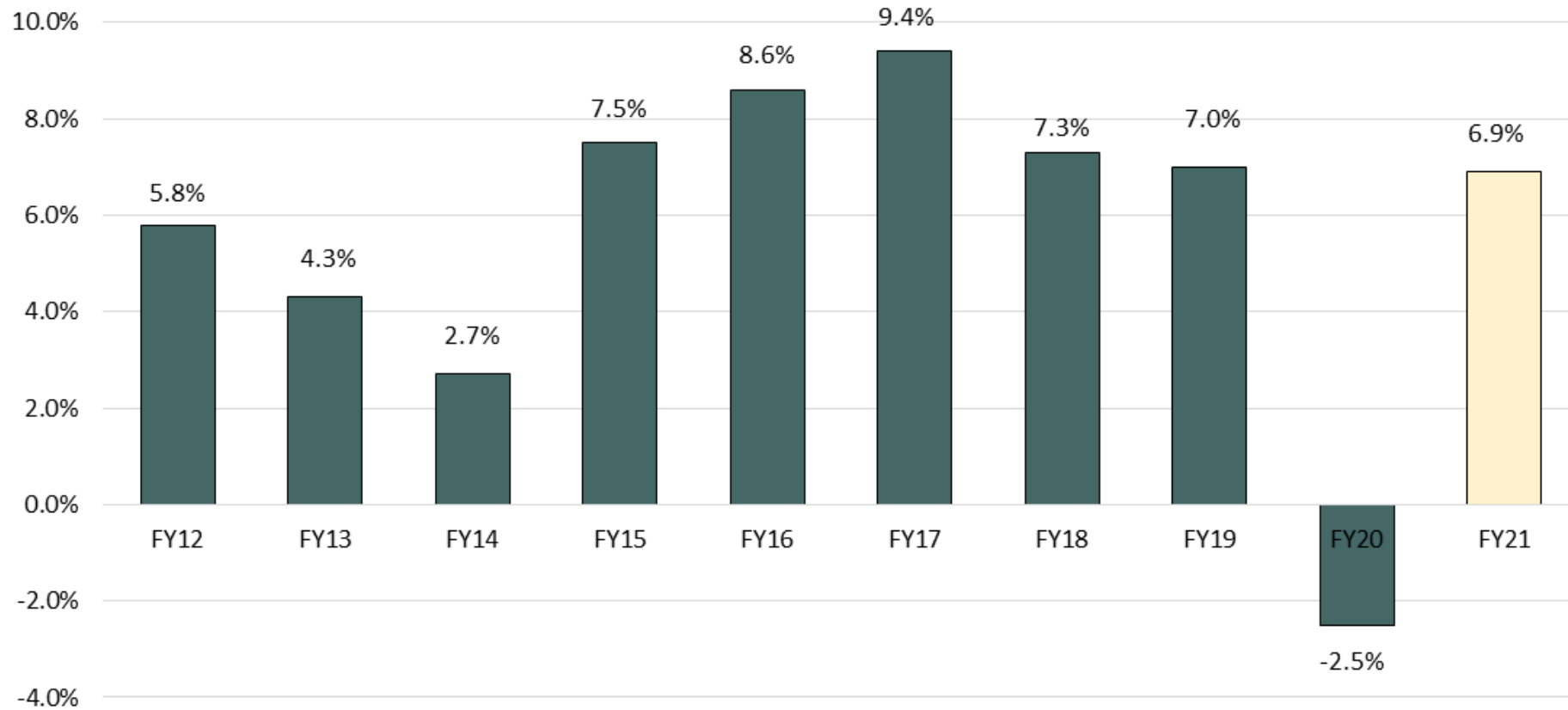
HEALTHTRUST 10 YEAR PREMIUM RATE CHANGE HISTORY



The GMR makes the 10-year average rate increase 4.03%

SchoolCare Health Insurance Premium

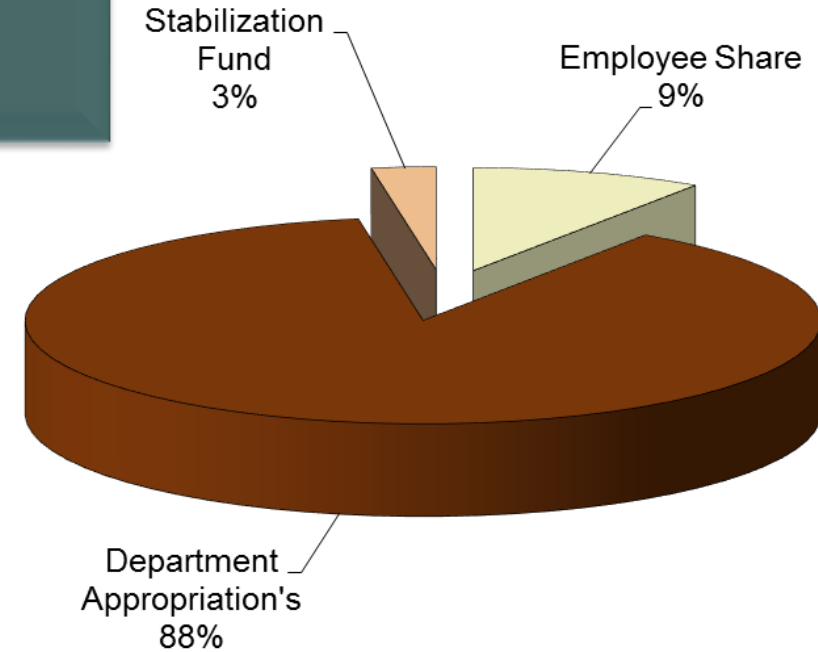
SCHOOLCARE 10 YEAR PREMIUM RATE CHANGE HISTORY



10-year average rate increase 5.7%

Health Insurance Stabilization Fund

Total Premium - \$15.2 million
Employee Contribution \$1.4 million or 9%
City Contribution \$13.8 million or 91%



HEALTH INSURANCE		FY20 Budget	FY21 Budget	FY21 Proposed Budget	FY21 Estimated City Cost	Health Ins Stabilization Fund
General Government	4.03%	2,105,396	84,847	2,190,243	2,398,990	(208,747)
Police Department	4.03%	1,735,715	69,949	1,805,664	1,801,489	4,175
Fire Department	4.03%	1,408,377	56,758	1,465,135	1,201,101	264,034
School	5.70%	7,489,373	426,894	7,916,267	8,372,808	(456,541)
Total General Fund		12,738,861	638,449	13,377,310	13,774,388	(397,078)

General Government

FY21 Potential Estimated Budget Impacts

➤ Salary Adjustment	\$236,822
(COLA, Steps & Applicable Benefits)	
➤ Road Maintenance / Striping	\$83,000
➤ Recycling Costs	\$104,000
➤ Solid Waste	\$21,000
➤ Yard Waste	\$30,000
➤ Prosecutor Part time (formerly paid by District Court Fines)	\$50,000
➤ Welfare Direct Assistance	\$150,000

Police Department

FY21 Potential Estimated Budget Impacts

➤ Salary Adjustment	\$197,000
(COLA, Steps & Applicable Benefits)	
➤ Delay Hire of 2 Officers & PT to FT ACO in FY20	\$100,449
➤ Workers' Compensation	(\$38,674)
➤ Reduction from Parking & Transportation	\$60,000

Fire Department

FY21 Potential Estimated Budget Impacts

➤ Salary Adjustment	\$88,342
(COLA, Steps & Applicable Benefits)	
➤ Delay Hire of 3 Fire Fighters in FY20	\$109,860
➤ Workers' Compensation	\$52,659
➤ Reduction from Parking & Transportation	\$25,000

School Department

FY21 Potential Estimated Budget Impacts

➤ Salary Adjustment	\$1,102,555
(COLA, Steps & Applicable Benefits)	
➤ Special Education Tuitions & Services	\$501,315
➤ Student Transportation	\$65,504
➤ Reduction from Parking & Transportation	\$50,000

ESTIMATED

Operating Budget for FY21

78% of Total Budget

	FY20 Budget	\$ Change	FY21 Budget	% Change
Salaries - Full and Part time	46,558,734	1,433,937	47,992,671	3.1%
Overtime	1,692,855	11,426	1,704,281	0.7%
Longevity, Holiday, Cert Stipend/Prof Dev	1,197,914	35,853	1,233,767	3.0%
Retirement	8,697,713	258,996	8,956,709	3.0%
Health Insurance	12,738,861	638,449	13,377,310	5.0%
Leave @ Termination	750,287	-	750,287	0.0%
Workers' Compensation	764,487	32,224	796,711	4.2%
*Other Benefits	4,597,648	178,488	4,776,136	3.9%
Police/Fire Services - Parking Fund	(85,000)	85,000	-	-100.0%
Total Contractual Obligations	76,913,499	2,674,374	79,587,873	3.48%
Utilities	2,254,338	7,364	2,261,702	0.3%
Wefare Assistance/Outside Services	374,228	150,000	524,228	40.1%
Pavement Maintenance	133,000	83,000	216,000	62.4%
Recycling	210,000	104,000	314,000	49.5%
Transfer to Stormwater	247,806	-	247,806	0.0%
Tuition	841,609	501,135	1,342,744	59.5%
Transportation	1,417,464	65,504	1,482,968	4.6%
Contracted Services	1,284,819	75,596	1,360,415	5.9%
Transfer from Parking - School	(50,000)	50,000	-	-100.0%
Other Operating	8,329,616	227,507	8,557,123	2.7%
Total Other	15,042,880	1,264,105	16,306,985	8.40%
Transfers Indoor Pool	150,000	-	150,000	0.0%
Transfer to Prescott Park	89,000	20,000	109,000	22.5%
Total Operating	92,195,379	3,958,479	\$96,153,858	4.29%
Collective Bargaining		105,000	105,000	
	92,195,379	4,063,479	\$96,258,858	4.41%

* Other Benefits: SS, Med, LTD, Insurance Stipend, Dental Ins, Clothing Allowance

Total ESTIMATED Budget for FY21

	FY20 Budget	\$ Change	FY21 Preliminary Budget	% Change
OPERATING	91,956,379	3,938,479	95,894,858	4.28%
TRANSFER TO INDOOR POOL	150,000	-	150,000	0.00%
TRANSFER TO PRESCOTT PARK	89,000	20,000	109,000	22.47%
COLLECTIVE BARGAINING	-	105,000	105,000	
PRELIMINARY OPERATING BUDGET	92,195,379	4,063,479	96,258,858	4.41%
NON-OPERATING	26,443,251	2,422,102	28,865,353	9.16%
PRELIMINARY NON-OPERATING BUDGET	26,443,251	2,422,102	28,865,353	9.16%
<i>TOTAL ESTIMATED BUDGET</i>	118,638,630	6,485,581	125,124,211	5.47%

DISCUSSION ON BUDGET GUIDELINES

