

(Pending approval of the Joint Budget Committee.)

**Joint Budget Committee  
Portsmouth, New Hampshire**

**Minutes of the November 16, 2005 Meeting**

A meeting of Joint Budget Committee was held on Wednesday, November 16, 2005 in Conference Room A at the Portsmouth Municipal Complex.

**Attendance**

**City:** City Councilors Joanne Grasso (Committee Chair) William St. Laurent and Harold Whitehouse; Mr. John Bohenko (City Manager); and Ms. Judie Belanger (Finance Director)

**Fire Department:** Asst. Chief Steve Achilles

**Police Department:** Commissioner Jack Kelley and Chief Mike Magnant

**School Department:** School Board Members Raimond Bowles, John Lyons, Jr., Dr. Robert Lister (Superintendent of Schools); and Mr. W. Peter Torrey (Business Administrator)

Also present: Cindy Hayden, Deputy City Manager; Dianna Fogarty, Human Resource Director; David Holden, Director Planning Department; Tracy Freeman, Fire Dept. and Karen Senecal, Police Dept.

**Call to Order**

Chair Grasso called the meeting to order at 8:00 a.m.

**Minutes Approved**

The Chair called for approval of the minutes of the January 27, 2005 meeting and allowed time for Committee members to review them. Councilor Whitehouse. Moved the minutes be accepted; Councilor St. Laurent seconded the motion. The Motion was unanimously approved.

Discussion: Raimond Bowles hopes that the Joint Budget Committee (JBC) organized in 1977 can again become a meaningful operation and that members of the JBC will help make it work.

**Updates from Departments re: FY06 Budget**

**First Quarter - FY 06  
Budget Review**

City Manager referred to the Department Operating Expenditures for the month ending September 30, 2005 ending the first quarter of the fiscal year which was presented at the meeting.

Police Chief Magnant reported that fuel continues to be an issue with the price of gasoline.

Asst. Fire Chief Achilles stated nothing significant, a few demands in October from recent events and the flu clinic this month may have a slight impact. The winter months and fuel issues seem to create more accidental fires because of different fuel sources for heat. City Manager reported that under emergency management team an emergency vaccination clinic will be held at the High School on Saturday, November 10<sup>th</sup>, 8:00 a.m. to 3:00 p.m. We are testing our emergency response mechanisms for Mass inoculation in the event we have to activate this. We are one of three sites in the State of NH participating in this exercise. All overtime will be

*(Pending approval of the Joint Budget Committee.)*

reimbursed by the State Emergency office. Pleased how Police, Fire, School and others are working together to make this happen. One thing we will be talking about in press releases we may be looking at only having the flu vaccine provided to the high-risk population. We will be looking at this and working closely with the Police Dept. to make sure this runs smooth.

John Lyons asked if we were selected as one of the three or did we volunteer? City Manager answered that we volunteered as we did with Topoff. City Manager stated we have the opportunity to test our plan through tabletop and actual events. Important to have this type of exercise paid for by somebody else. We can go into the high school set up traffic patterns, etc. going through the whole process and working closely with Portsmouth Regional Hospital. By this team working together, it has been an excellent way of exercising our procedures.

Councilor St.Laurent understood we may not have enough vaccine.

City Manager stated we are getting 2,000 doses. This is a test to check our ability of any other incident that would require mass inoculation. The State has required us to provide this to high risk population.

City Manager referred to utilities and reported projections are being done and will have better numbers at the December meeting. At the end of the 2<sup>nd</sup> quarter of the fiscal year would like to have myself and Judy sit down with all departments to find out more specifically where we are at with utility accounts. Referring to gasoline, if projections hold we are trending about 62% over budgeted amount for 2006. Heating oil – There are departments having higher hits than others depending on whether you heat with oil or natural gas. We are probably trending about 33%. over budget for oil and about 30% over budget for electricity. This is an average of all departments. It is important to sit down at the end of the 2<sup>nd</sup> quarter and get more specifics by department. Natural gas is averaging 36% with the Fire Dept. trending high. Important the City has in effect a no idling policy and hope all departments follow that whenever possible. We will be doing other energy reviews. At end of 2<sup>nd</sup> quarter we need to look and concentrate on energy usage, gasoline, heating oil and natural gas. Budgets may have to be adjusted for 3<sup>rd</sup> and 4<sup>th</sup> quarters and this needs to be done at the beginning of the 3<sup>rd</sup> quarter, not wait till the 4<sup>th</sup> quarter. Joanne Grasso suggested switching off lights as before it was believed it cost more to switch off and on and now they are saying to conserve by switching off when not using.

Peter Torrey reported the school's energy budget last year, primarily natural gas and electricity, was about \$750,000. June 30<sup>th</sup> we cashed in at over \$1million, \$260-270,000 over spent in our energy line last year. One conflicting factor for the School Dept. is not only did that happen but our budget for this year was put together before last year was done. This is a difficult problem in the School Dept. that we are bringing on line for the first time this year a building that is definitely energy efficient, has 100,00 more sq.ft of space, 700 motors running where there might have been 100 in the old building, 23 or 24 air handlers each with their own separate motors. We air condition that building at a cost of \$1100-1200 per day. Last year's budget did not reflect the \$150 air conditioning cost, this year's doesn't fully reflect it as we didn't have the figures when putting the budget together. The second factor is the price of natural gas. City Manager stated adjusted need to be made in the 3<sup>rd</sup> quarter of the fiscal year. City Manager stated will closely with the departments and wherever possible try to review procedures and do as much conservation as possible.

Councilor Whitehouse referred to contingency.

*(Pending approval of the Joint Budget Committee.)*

City Manager stated that if projections hold, contingency will not be enough and wants them to be aware of the severity of the situation.

Raimond Bowles reported that Peter Torrey has retired as our Business Manager and that Steve Marchand was present.

---

*Review of 2007 - 2012  
Capital Improvement  
Plan Schedule*

### **FY 07 Budget**

City Manager referred to the 2<sup>nd</sup> page of the CIP and went through the schedule and Dave Holden will speak about process we are using. We are already in the CIP process and the Departments submitted their CIP projects to the Finance Planning Departments. The Planning Board has a large role in developing the Capital Plan. The CIP is not an appropriation of funds, it is a Capital Plan. The appropriation of funds still happens during the budget process within the line item for the CIP. Also any other expenditures that may be made through bonding are done on a case by case basis. Later on a two-thirds vote of City Council and two readings. The CIP identifies all those major projects over the next six years and the funding sources. All Departments have been asked to submit their proposals and we are now moving into the phase where we will develop it into a draft product which will then go to Planning Board CIP sub-committee, then it goes to the Planning Board for public hearing, discussion and adoption which then is sent to the City Council on or about January 23<sup>rd</sup>. The City Council has a work session on the CIP and the City Council can make adjustments, they are not bound by what the Planning Board adopts, the Planning Board recommends the items to the City Council, the City Council will hold a Public Hearing on March 20<sup>th</sup>. This schedule is in accordance with the Charter. Finally the City Council adopts the CIP by the April 3<sup>rd</sup> meeting. City Manager asked Dave Holden to speak to explain the process.

Dave Holden reported the Planning Board will be appointing a sub-committee. at their next meeting on Thursday. A large consideration for the Planning Board is a planning tool but once conveyed to Council it becomes a budget tool. The Planning Board will be using to identify project requests is a definition of the capital project which is \$50,000 or more on a non-reoccurring expense for vehicles in excess of that amount with a long life such as a fire vehicle. The subcommittee will meet and review all requests, look for coordination with other projects. The goal is to basically take a dollar of the general fund and maximize it through matching grants and other funds. The Planning Board is saying to the Council that these are the improvements that are needed to maintain and protect the city's infrastructure.

The City Manager clarified that we are not using the dollar on the rate, it is still to be determined. Historically we have used about a million dollars, the Planning Board will give a goal to the Council and Council will make that decision.

*Review of FY 07 Budget  
Schedule*

City Manager stated this is a draft and will have a final draft once everybody looks at the dates, more specifically Fire, Police and School Departments to make sure there are no conflicts with the work session dates. There is another meeting scheduled for December 7<sup>th</sup> for the JCB and asked the Chair and Committee to put it off for a couple of weeks as the CPI numbers come out December 16<sup>th</sup> and will be looking around the 21<sup>st</sup> and ask that the next meeting be held on the 21<sup>st</sup>. At that point we will have a lot more numbers firmed and actual projections in order to move forward building our budgets.

**MOTION** made by Councilor St. Laurent to move the December 7<sup>th</sup> meeting to December 21<sup>st</sup>. Seconded by Councilor Whitehouse.

City Manager stated that a public hearing was held last year for the first time of the proposed budget prior to Department Heads going into their work sessions which

*(Pending approval of the Joint Budget Committee.)*

worked out well. Will confer with the Mayor elect and the new Council to make sure they are comfortable with this and if so, we will proceed with the same format. After the first public hearing we recess the hearing until we reopen it, recess it on May 2<sup>nd</sup> and then go into the work sessions which are listed. After the work sessions are done, we reconvene the public hearing on June 7<sup>th</sup>. The City Council subsequent to that will have another work session to determine what they believe the final numbers should be and the budget is adopted on June 19<sup>th</sup>. The Council by Charter has the ability to adopt it by June 30<sup>th</sup>. This is all subject to the new Mayor and City Council agreeing.

John Lyons referred to people saying they have not had a chance to have a voice and his concern is that public hearings are not being published enough. Hopes that the Council lets everyone know the number of hearing and the dates.

In light of John's comments the City Manager asked that each Department when they have their charter public hearings to publish those and will work with you on this.

***Review of Projected  
Fixed Costs FY07  
Wages***

City Manager stated that Police and Schools have collective bargaining agreements that expire June 30<sup>th</sup> of 2006. Will not get into specifics of what they budget but they need to speak with City Council in a non-meeting with our labor negotiator. Under the other eleven contracts that will be in place for 2 years, we do have the CPI and this number is trending about 4%.

***Medical Insurance***

City Manager stated that the local government center set the rates yesterday and appears our rate has been established and will be going up 12%. We will be using a 14% number because this is the average of the seven years. We will be budgeting 14% for medical. The idea of stabilization fund is to protect us from high spikes. The Finance Department will provide you the actual numbers and we will work with you directly.

Chief Magnant stated that stabilization has been a great assistance for all of us when it comes to Budgeting. In the Police Dept. the health insurance kills them.

City Manager stated the burden should not be on the employee. Stated we have a very good plan. A few years ago all 15 unions were brought together to speak of this issue and the people said we would rather pay a higher premium share than move from our present insurance. We need to move beyond the premium share, but in order to do this we need labor to come to the table and talk about other things we can do. There are things we can do with regard to deductibles, etc. and we are willing to do that, we need to collectively bargain these things. All cities and towns are going up 17.3% covering 22,000 lives. We are going up 12% over 7 years, ours averaged 14%, the group averaged 15.1% for 22,000 covered lives. City Manager asked Dianna Fogarty to get the list.

***Retirement***

City Manager stated it is set, will not be adjusted. Employees Group 1 is 6.81, Teachers is 3.70, Police 9.68 and Fire 14.36. If you need any assistance Judy has run some projections and will work with you.

Councilor Whitehouse asked how many employees in the old payout system. Dianna Fogarty answered 40%. The termination fund is set up to handle this and will phase out in the next 10 years.

***Workers' Compensation***

City Manager is working with Human Resources, stating we are trending high. We have instituted risk management activities, need to work on these more. We have created a light duty work schedule to bring people back into the work place sooner. The areas trending high are Police and Fire. City Manager and Dianna will talk with our carrier. It is not just about price, it is service and consistency. We are in a municipal pool (PRIMEX) as private companies would be extremely expensive.

*(Pending approval of the Joint Budget Committee.)*

***Performance Audits  
Update***

City Manager will be sending out a memorandum to all Departments. The City Council asked the staff to work with them on developing performance audits. We have discussed this with the Council and had our 3<sup>rd</sup> work session and the Council made a decision not to pick one particular Department but wanted to look at reviewing overtime for every Department, Police, Fire, Water, Sewer, Public Works and Schools and are in the process of developing a scope of service analogy for that performance audit. Citywide we probably have 12.3 million dollars in overtime that we spent annually. We will be doing some comparisons to City policies and labor contracts, looking at doing some review of other communities similar to our size and tourists communities to see what percentage of overtime is used against operating budget. Will use percentages of operating budget rather than actual numbers so you can see what the relationships are.

***Establish Joint Budget  
Committee Meeting  
Schedule***

The Chair stated we picked a date for December, do you want to leave it at that. City Manager suggested waiting till December to pick the January date.

**Other Business**

City Manager asked if anyone had something to put on the Agenda to contact his office and he will inform the Chair.

Councilor St. Laurent asked when contracts come up, instead of looking at percentages, CPI type of things, would it be possible to look at dollar amounts, such as a .50 cent raise or a dollar raise.

City Manager stated to save for non-public meeting. Council needs to strategize with various Departments.

***Next Meeting***

The next meeting of the Joint Budget Committee will be held on Wednesday, December 21, 2005 at 8:00 a.m. in Conference Room A at City Hall.

***Adjournment***

There was no further business to come before the Committee. The Chair declared the meeting adjourned at 8:55 a.m.

Respectfully submitted,

Joanne Grasso, Chair  
Joint Budget Committee