

CITY COUNCIL WORK SESSION
REVIEW OF FY08 MUNICIPAL BUDGET

May 9, 2007 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Marchand, Assistant Mayor Ferrini, Councilors Grasso, Raynolds (6:40 p.m.), Pantelakos, Whitehouse, Smith (6:35 p.m.) and Hynes

City Council Absent: Councilor Dwyer

Officials Present: John P. Bohenko, City Manager; Robert P. Sullivan, City Attorney; Judie Belanger, Finance Director; Andrew Purgiel, Controller; Steve Parkinson, Public Works Director; Kim McNamara, Health Officer, Rick Hopley, Building Inspector; Rus Wilson (Recreation & Athletic Director); David Allen, Deputy Public Works Director; Peter Rice, Water & Sewer Engineer; Mary Ann List, Library Director; David Holden, Planning Director; Dianna Fogarty, Human Resources Director; Rosann Maurice, Certified Assessor; Alan Brady, Communications Supervisor; Jon Frederick, Parking Manager; Keith Bates, Welfare Director; Gail Cunningham, Controller; Cindy Hayden, Deputy City Manager; Sue McCann, Assistant Library Director; Deb Finnigan; Traffic Engineer; and Kelli L. Barnaby, City Clerk

I. Call to Order

At 6:30 p.m., Mayor Marchand called the meeting to order and said the purpose of this work session is to discuss and review the Municipal Budget.

II. Introduction

City Manager Bohenko said that the City Council has been working on the FY08 budget and reported that 2 work sessions have been held relative to the Police, Fire and School Department budgets. He announced on May 14, 2007 the reconvening of the Budget Public Hearing would be held at 7:00 p.m. and on May 15, 2007 at 6:30 p.m. the Final Budget Review Work Session would be conducted. City Manager Bohenko reported that various department heads will come forward this evening to review the summary of their budget. He announced that the overall budget has increased by 4.7% from last year. He informed the City Council that the Municipal Budget has a net reduction of 2 positions and the Finance Department will speak to that matter later in the evening. City Manager Bohenko also advised the City Council that we are looking at the creation of a Facilities Engineer which will be reviewed by the Public Works Director.

III. Presentations – General Government

- Public Works – Steve Parkinson, Public Works Director

Public Works Director Parkinson spoke to the organizational chart and the mission of the department. He advised the City Council that there is a 4.7% increase to the Public Works Department budget over last year and 55% of the budget represents salaries and benefits. He discussed the creation of the Facilities Engineer who would be responsible for the creation of a facilities master plan and would review the energy efficiencies of various facilities throughout the City. City Manager Bohenko also advised the City Council that the Facilities Engineer would also serve to assist the School Department with their facilities. Public Works Director Parkinson reviewed the various operations of the department and their impacts on the budget. He informed the City Council that the major budget increases are salaries, benefits, creation of Facilities Engineer, equipment maintenance, tipping fee and utilities. He reviewed some statistical data with the City Council and reported the following:

Current number of employees 60

The department maintains 136 +/- miles of roadway, 49 miles of sidewalks and 16 bridges

8 municipal buildings/facilities including custodial services

120 +/- pieces of equipment/vehicles

9 playgrounds and 10 parks/ball fields

4 historic cemeteries

Solid Waste Services to 8,100 households that generate approximately 14,000 tons of material on an annual basis that is recycled or disposed of both curbside and at the recycling center.

Councilor Pantelakos addressed the creation of the Facilities Engineer as a contracted position. City Manager Bohenko advised Councilor Pantelakos that the position will be reviewed for one year to see if it is warranted. He said if the City Council feels that the position is working, we will make it a permanent position next year. Councilor Pantelakos expressed concern with the addition of positions, because it adds to our costs for health insurance and retirement, which increase the budget. City Manager Bohenko said he does not disagree with Councilor Pantelakos, that there are concerns. He reported that there are 2 less positions on the municipal side and that we continue to review the table of organization and consolidate positions where we can. He said that the Facilities Engineer would assist with the management of State projects, which allow the City to have control over local issues for our residents.

Councilor Reynolds said Councilor Pantelakos' points are well taken but, he was one of the individuals that advocated for this position in the City. He said that the City Council should look at this as an investment and capital management.

Councilor Pantelakos said that the position for Facilities Engineer is listed at \$50,000.00 but with benefits it will be more in the range of \$75,000.00.

City Manager Bohenko said that the creation of this position came from discussions during the budget process last year with the City Council. City Manager Bohenko said that what has changed in the City is that we are asked to do more with less and the Public Works Department is now a 24/7 operation.

Councilor Whitehouse said with the creation of this position he would like to see emphasis given to existing employees within the City that may apply for the position. He said that he is concerned that we are not looking at existing employees for promotions. City Manager Bohenko said if an individual is qualified they are promoted within the system.

Assistant Mayor Ferrini said that a great deal of employees have been promoted within the City. He requested that the City Manager continue to evaluate opening the Recycling Center on Sundays. City Manager Bohenko said it is not just contract issues; there are space needs issues as well. He advised the City Council that he is trying to add additional space through the assistance of the Foundation for Seacoast Health.

City Manager Bohenko informed the City Council that the Facilities Engineer position for the first year will be to create an inventory of facilities throughout the City.

- Library – Mary Ann List, Library Director

Director List reviewed the Library budget and advised the City Council that circulation and library visits have increased 20% and reference transactions have increased 76% since opening the new building. She said with those figures you can see that there is a very high demand for library services in the City. Director List discussed the efficiencies with the new building. She reviewed the materials available at the Library such as books, audio visual materials, magazines, periodicals, electronic databases and downloadable materials. Director List spoke to an expansion of service to the people of Portsmouth, to offer full library service on Sunday afternoons during the months of September through May. Saturdays have become their busiest day for both foot traffic and circulation. In addition to the higher number of visitors, they are finding that people are stopping to stay awhile in the library. Sunday hours have been a common request of customers for years. The patterns of use in the new building indicate that additional weekend hours are needed at this time. This budget proposed to operate from 1:00 p.m. – 5:00 p.m. January – May, or 20 weeks in FY08. Negotiations with the Union to facilitate this service are ongoing. She reported that this goal can be met with approximately \$27,500.00 in salaries as proposed in the FY08 Library budget.

Councilor Pantelakos asked what the increase in personnel would be with the addition of Sundays. Director List said that it would be 6 part time staff members with no increase in staff personnel.

Councilor Whitehouse asked if there would be a shelter to the entry way created. Director List said that they need to find a better way to shelter the entry way.

- Welfare/Social Service Agencies – Keith Bates, Welfare Director

Director Bates provided an overview of the Welfare Department and Social Service Agencies budgets. He reported that the Welfare budget is looking at a 1.7% increase over last year. He reviewed the State requirements for providing assistance to residents. Director Bates advised the City Council that he is trying to keep the percentage change of cost per contact below a 5% increase, and that year to date figure is 3.7% decrease. He reported that contacts are less costly, despite some increasing costs; more referrals are made for alternative supports.

Director Bates reviewed the General Assistance budget highlights. He reported that he is projecting shelter expense will be less by approximately \$10,000.00 than last year. The budgeting for emergency shelter is at the same level as current projections and that food request are down \$3,000.00 because of more use of local food pantries. Director Bates reported that some costs are down because of two local charities, SHARE and Womenaid, which have worked effectively to pick up some needs. He advised the City Council that a new agency has been added – Seacoast Interfaith Hospitality Network. In conclusion, he reported that the total increase for the Social Services budget is 3.3% increase over last year.

- Recreation – Rus Wilson, Recreation Director

Director Wilson provided an overview of the Recreation Department and a copy of the summer brochure for the department and its programs. He reported that Spinnaker Point continues to be a good acquisition for the City. The Connie Bean Center houses the youth activities for the community. Director Wilson spoke to the in-door and out-door pool and the services provided at each facility. He advised the City Council that the addition of the Athletic Director has been a good partnership with the School Department and Recreation Department. He advised the City Council that the total budget increase is 2.9% over last year.

Councilor Pantelakos expressed concern with the funding for the operation of the in-door pool, which is not profitable for the City. City Manager Bohenko said that Councilor Pantelakos is correct and we have looked at this issue for the last 2 years. He advised the City Council that we will fully evaluate this need and next year we will need to make a determination as to whether we make any capital improvements to the pool, as it is 25 years old. He said that the City Council needs to keep in mind that the in-door pool is a quality of life issue. City Manager Bohenko advised the City Council that he would bring this matter to the City Council outside of the budget process and include the community in the matter.

Mayor Marchand said we need to look at the issue early in the year and not part of next year's budget process.

Councilor Smith spoke to the increase costs for telephones in the Recreation Department budget for the in-door pool.

Councilor Whitehouse said that he will discuss the issue of the boat launch fees during the fee schedule update. He said he feels there are ways to gain revenues and will recommend that we increase the rates for launching boats.

Director Wilson reported that we do not charge a fee for residents to launch their boats and non-residents are charged \$10.00. He spoke in support of keeping it free for residents because it is a great service to provide to the residents.

- Planning, Inspection, Health – Cindy Hayden, Deputy City Manager

Deputy City Manager Hayden provided an overview of the Regulatory Departments in the City. She discussed the different land use boards which are handled through the Planning Department and the various services provided. She reported that there is a great deal of development and redevelopment occurring in the City.

She discussed the responsibilities of the Inspection Department and staffing levels. She advised the City Council that the department does not just issue permits they also review plans. Deputy City Manager Hayden reported to the City Council that Plumbing Inspector Lanoie will be retiring this year. She said that the department would like to hire someone prior to Mr. Lanoie's retirement in order to shadow him and learn the job.

She addressed the Health Department and advised the City Council that there are well over 300 food establishments in the City. She also spoke to the work of the department relative to the pandemic issues and other health needs with a staffing level of 2 full time individuals.

Councilor Whitehouse asked why there is a ½% increase in the Health Department with her position. Deputy City Manager Hayden reported that her position is split between three departments and last year the Health Department did not contribute towards her salary.

- Finance Department – Judie Belanger, Finance Director

City Manager Bohenko congratulated Finance Director Belanger on winning the National Award for Budgeting. He advised the City Council that we are the only municipality in New Hampshire to have received this award.

Finance Director Belanger spoke to the services provided by the Finance Department and reported that there is an increase of 5% in this budget over last year. She discussed the staff level changes and the restructuring of the Assessing Department. Finance Director Belanger spoke to the recent revaluation that took place and reported that this revaluation was \$275,000.00 less by conducting it in-house rather than through outside contractors.

Discussion followed regarding the Information Technology Department and Ms. Belanger reported that there is additional funding requested for technical support in the Library. She advised the City Council the additional computers at the Library create an increase in technical needs. Finance Director Belanger spoke to the information available on the City's website.

Mayor Marchand thanked Finance Director Belanger for her work and for achieving the National Award for Budgeting.

Councilor Pantelakos spoke to the restructuring of the Assessing Department. City Manager Bohenko advised the City Council that the Assessor is now a full time position, rather than a contracted individual.

Councilor Raynolds asked if we have looked into implementing the payment of fees by credit card. City Manager Bohenko advised Councilor Raynolds that State law effects some issues related to that and we would need to pay a fee to provide services through credit card. Finance Director Belanger spoke to this matter and the creation of a link to an outside company and the costs associated with that.

IV. Presentation – Sewer & Water Departments – David Allen, Deputy Public Works Director

City Manager Bohenko reported that Deputy Public Works Director Allen would discuss the new ordinance in place, the change in our rate structure and our billing process.

Deputy Public Works Director Allen reported that the Water Department budget focuses on sustainability practices and improvements. The budget reflects an increase of 3% over last year. He spoke to capital improvements in the budget and discussed the new rate structure. He reported that any one using more than 10 units would be billed at a higher rate and that large volume users drive infrastructure improvements. He also addressed a capacity use surcharge that has been added as a result of the water and sewer rate study. He said that the users with a greater demand will be putting more money into the system and it is a one time fee. City Manager Bohenko said that this is not an impact fee but acts as one.

Deputy Public Works Director Allen spoke to the programs provided in the department and advised the City Council that they are moving to an automated water reading system along with a transition into monthly billing.

Councilor Pantelakos asked what the costs would be for the automated water reading system. Deputy Public Works Director Allen reported that it would take place over 2 years and it would cost a total of \$900,000.00. He discussed the assessment management system that is being created to provide better prioritizing of capital improvements and the analysis of troubled spots in the system. He spoke to the Facilities Engineer position and the value that would have to the Water and Sewer Departments.

Councilor Whitehouse said he was concerned with the formula for determining the new rate. City Manager Bohenko explained the formula and advised the City Council the more you use the more you pay. Councilor Whitehouse said he felt there could have been a simpler way to create the formula and does not feel we are putting the burden on the people that are creating the problems for the Sewer Department. City Manager Bohenko said it is a systematic way based on usage. Deputy Public Works Director Allen said it is important to note, that this is a one time connection fee that would be assessed.

Deputy Public Works Director Allen discussed the Sewer budget and spoke to the capital projects that would be taking place. He reviewed the Sewer Master Plan which is being created. Discussion followed regarding the sewer rate and its structure. Deputy Public Works Director Allen also reported on the assessment management system which will be used on the sewer side as well. The system would review the analysis of data and the inspection of sewer lines.

Councilor Grasso spoke to the water rate and asked if the rate would increase every year or just this year. Deputy Public Works Director Allen advised Councilor Grasso that they would be analyzing the cost each year and it may require incremental increases each year.

V. Presentation – Parking & Transportation – Jon Frederick, Parking Manager and Steve Parkinson, Public Works Director

Parking Manager Frederick reviewed the mission of the Parking and Transportation Departments. He reported that the budget represents an 18% increase over last year which includes a new parking meter system. He spoke to the reduction in transit funding from the federal government.

City Manager Bohenko said that we have achieved a goal of providing coverage for mass transportation for the City. Public Works Director Parkinson reported that rider ship has increased 20% this past year and we anticipate an additional increase of 30% this year.

Councilor Whitehouse spoke to the new meter system and asked where it would be implemented in the City as a pilot program. City Manager Bohenko said that the Parking Committee is reviewing and working to create pilot location for the pay and display system.

Mayor Marchand advised the City Council that the pay and display system has been implemented in the City of Manchester the feed back has been positive.

Councilor Grasso asked what is included under contract services in this budget. Public Works Director Parkinson advised Councilor Grasso it is for the collection of coins and the use of police auxiliary to collect fees. Parking Manager Frederick reported that it also includes security for the High Hanover Parking Garage.

Discussion followed regarding fees for COAST and our participation with the organization and its services. Public Works Director Parkinson reported that COAST receives transit grants for the State and provides funding to the City for projects such as the High Hanover bus stop.

VI. Fee Schedule Update – Andrew Purgiel

Controller Purgiel reviewed the Fee Schedule and spoke to the memorandum that summarizes the changes requested. He said there are 360 fees in the schedule and 290 raise funds for the general fund. The revenues are raised from the collection of fees and represents 1% of the total general fund. Mr. Purgiel advised the City Council that there are no major fee changes to the general fund.

Councilor Whitehouse spoke to the boat launching fee at Peirce Island and said he feels it should be increased. He advised the City Council that they may be hearing from the Recreation Board or Peirce Island Committee regarding this matter. City Manager Bohenko asked that the information be forwarded to his office and it will be sent to Councilor Hynes as he serves as the City Council representative to the Fee Committee.

VII. Budget Options (Not on Agenda)

City Manager Bohenko advised the City Council per the request of Assistant Mayor Ferrini he has provided 2 options available to the City Council to further reduce the budget.

Option A

City Manager Bohenko reported that Option A represents an additional .16 cent reduction in the tax rate. The proposed FY08 tax rate is \$16.50 and with Option A the tax rate would be \$16.34 for a total increase of 3.94% over last year.

Recommended Reductions are as follows:

➤ Reduction from Health Insurance	\$100,000.00
➤ Reduction in Capital Outlay	\$270,000.00
Fire Communications	\$25,000.00
Powered Ambulance Cot	\$12,000.00
Land Acquisition	\$25,000.00
Peirce Island Master Plan Project	\$25,000.00
McIntyre Federal Office Bldg – Phase I	\$25,000.00
Municipal Complex Site Improvements	\$25,000.00
Citywide Traffic Signal Inventory	\$25,000.00
Ceres Street Improvement	\$50,000.00
Traffic Calming/Upgrades	\$50,000.00
Capital Contingency	\$ 8,000.00

➤ Decrease County Tax	\$100,000.00
➤ Decrease Contingency	\$100,000.00
Total Reduction to FY08 Budget	\$570,000.00

City Manager Bohenko advised the City Council approximately every \$37,000.00 change in expenditures or revenues equates to approximately 1 cent on the tax rate. Approximately every \$370,000.00 change in expenditures or revenues equates to approximately 10 cents on the tax rate.

Option B

City Manager Bohenko reported that Option B represents an additional .18 cent reduction in the tax rate. The proposed FY08 tax rate is \$16.50 and with Option B the tax rate would be \$16.32 for a total increase of 3.82% over last year.

Recommended Reductions are as follows:

➤ Reduction from Health Insurance	\$100,000.00
➤ Other Reductions (To be determined)	\$100,000.00
➤ Reduction in Capital Outlay	\$270,000.00
Fire Communications	\$25,000.00
Powered Ambulance Cot	\$12,000.00
Land Acquisition	\$25,000.00
Peirce Island Master Plan Project	\$25,000.00
McIntyre Federal Office Bldg – Phase I	\$25,000.00
Municipal Complex Site Improvements	\$25,000.00
Citywide Traffic Signal Inventory	\$25,000.00
Ceres Street Improvement	\$50,000.00
Traffic Calming/Upgrades	\$50,000.00
Capital Contingency	\$ 8,000.00
➤ Decrease County Tax	\$100,000.00
➤ Decrease Contingency	\$100,000.00
Total Reduction to FY08 Budget	\$670,000.00

City Manager Bohenko advised the City Council that Option A gets the City Council to the original goal and it is up to the City Council to discuss this matter and proceed forward.

Mayor Marchand announced that the City Council will be reconvening their Public Hearing on the Budget on Monday, May 14, 2007 at 7:00 p.m. and the Final Budget Review Work Session will be held on Tuesday, May 15, 2007 at 6:30 p.m. He advised the City Council that the 2 options provided by City Manager Bohenko can be discussed by the City Council at the May 15, 2007 Final Budget Work Session.

Assistant Mayor Ferrini thanked City Manager Bohenko for providing the information and asked that during the reconvening of the public hearing that he advised the public that the City Council will be considering the 2 options provided in order to achieve further reductions to the tax rate. City Manager Bohenko said he would discuss the options available to the City Council and provide the information to the public as requested.

Assistant Mayor Ferrini thanked Mayor Marchand for moving the budget process along. He said in the past the City Manager has provided how the increase in the tax rate would reflect a home valued at \$350,000.00 and asked to have that information available during the public hearing as well.

Councilor Whitehouse said he would not be in favor of the reduction of capital improvements to Peirce Island.

VIII. Adjournment

At 8:40 p.m., Mayor Marchand closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC
City Clerk