

CITY COUNCIL WORK SESSION

Hiring Freeze/Status of Budget

March 9, 2009 – 7:00 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburgh, Dwyer, Smith, Kennedy, Hejtmanek and Pantelakos

City Council Absent: Councilor Spear

Officials Present: John P. Bohenko, City Manager; Robert Sullivan, City Attorney; Cindy Hayden, Deputy City Manager; Christopher LeClaire, Fire Chief; Karen Senecal, Police Department; Judie Belanger, Finance Director; Michael Magnant, Police Chief; Steve Parkinson, Public Works Director; Dave Allen, Deputy Public Works Director; Dianna Fogarty, Human Resources Director; David Moore, Assistant Community Development Director; Dr. Robert Lister, Superintendent of Schools; Steve Bartlett, School Business Administrator; and Kelli L. Barnaby, City Clerk

Commission Members: Gerald Howe and John Russo, Police Commissioners; Paul Wentworth, Fire Commissioner

I. Call to Order

At 7:10 p.m., Mayor Ferrini called the work session to order and turned the meeting over to City Manager Bohenko.

II. Introduction

City Manager Bohenko spoke to a memorandum he provided to department heads regarding the Governor's decision to stop revenue sharing from room and meals taxes and a change in the retirement percentage which will cause a budget loss of \$1,800,000.00 and equal \$.48 on the tax rate. Based on the foregoing, he instituted a temporary hiring freeze. He provided the City Council with a copy of our revenue scale for the next year. City Manager Bohenko advised the City Council that the stimulus fund proposal is fast moving and information changes quickly and we need to rely on the Governor's office on these matters.

III. Revenue Forecast FY10

Judie Belanger, Finance Director advised the City Council that the investment income has dropped dramatically to an average interest rate of 1%. She reported in FY10 we project a drop in the investment income from \$1,000,000.00 in FY08 to approximately \$450,000.00.

City Manager Bohenko spoke to the City's Investment Policy Resolution and guidelines and said we place funds in 100% collateral interest.

Finance Director Belanger informed the City Council that we have seen a 2% reduction in vehicle registrations and we anticipate a 7% drop in registration revenues.

City Manager Bohenko said we need to deal with the revenue side and we are looking at a \$900,000.00 reduction in revenues from last year. He informed the City Council he will continue to bring the budget in at the request of the City Council with a zero percent increase.

Councilor Smith asked City Manager Bohenko if we have an estimate of the increase in tax base for new construction. City Manager Bohenko said we anticipate a small increase of approximately \$10,000,000.00. He advised the City Council that we are fortunate in Portsmouth as other New England communities are showing no increase in growth.

Councilor Dwyer inquired as to whether the money being talked about for the meals and rooms tax is coming from the educational stimulus. City Manager Bohenko said that the Governor's office received clarification of the funds from the President's office and it could free up those revenues to come back to the cities and towns.

Councilor Pantelakos advised the City Council that Governor Lynch said that they have been cleared to put the money in educational funding. She said we need to remember that the stimulus funds are one year deals.

Councilor Kennedy said she does not think that funds will be used for anything other than Title 1 programs. She agreed with Councilor Pantelakos that we need to be clear that these are one time deals and we need to consider our long term needs.

IV. Vacant Positions

Dianna Fogarty, Human Resources Director reviewed the current vacant positions and informed the City Council that there are 14 vacancies in the city. She also said that it is estimated that there will be 8 additional positions that will be vacant in FY10. City Manager Bohenko spoke to the vacancy of the Chief Planner and said he plans to put that position in the budget as well as the vacancy in GIS. In terms of other vacancies in departments the department head will need to look at their needs and how it fits the budget. City Manager Bohenko advised the City Council he has always said that this was a temporary hiring freeze.

Dr. Lister, Superintendent of Schools said the Special Education Coordinator and a position in the Business Administrative Office are vacant and those will need to be filled going forward. He said that these are key positions that are critical to the operation of the School Department.

Police Commissioner Jerry Howe said that the Police Department has 7 vacancies. He reported that the Police Department came in with a 1.45% increase for their budget and they continue to review it for further reductions. He informed the City Council that there are 2 vacancies in the dispatch center and because of those vacancies it has created 80 hours of overtime each week which equals to \$137,000.00.

Police Chief Magnant spoke to the various consolidations made within the department. He said that the Animal Control Officer is now a part-time position. He advised the City Council that the department has 5 vacancies for patrol officers and he would recommend filling 3 of those positions and 1 dispatcher.

Fire Chief LeClaire informed the City Council that the Fire Department is currently at full staff. He said next year's budget will allow for 13 firefighters for day and evening shifts which are still below fire standards. He also informed the City Council that there is a possibility of 2 retirements in the department next year.

V. Hiring Freeze/Status of Budget/Stimulus Funds/Potential Impact on FY10 Budget

City Manager Bohenko said he would like to move forward and allow for the filling of vacancies based on the department heads recommendation.

VI. Questions and Discussions

Councilor Hejtmanek said he supports the suggestion of City Manager Bohenko to lift the hiring freeze and allow those department heads to fill vacancies based on their recommendation and justification.

Councilor Kennedy said she also supports the recommendation of City Manager Bohenko to lift the hiring freeze. She said it is up to the department heads to get to the zero percent budget.

Assistant Mayor Blalock said he concurs with City Manager Bohenko's recommendation. He said we need to be careful not to take steps back and he does not want to see a loss in public safety or education.

Councilor Smith said the departments can come in with a zero percent increase even if they need to fill a vacancy in their department. He said that the City Manager should have the final say on filling a vacancy.

City Manager Bohenko said it is more productive to replace the positions in the Police Department based on Police Chief Magnant's presentation regarding the cost benefit for the filling of the positions.

Councilor Kennedy said that the School Department has to hire people now for next year and we need to lift the hiring freeze.

Councilor Pantelakos thanked the departments for their hard work. She said she is pleased we do not have to layoff any employees.

Councilor Dwyer said she supports City Manager Bohenko and his recommendation. She said she is pleased with the thought process in the Police Department regarding the filling of vacancies. She urged departments to look at services provided over the next 3 to 5 years.

Councilor Smith said if a department head needs to hire someone they go to the City Manager and request the position be filled and lay out the justification for the filling of the position.

City Manager Bohenko said he will take the recommendation from department heads on the filling of positions.

Mayor Ferrini said he appreciates the efforts of the department heads and supports the recommendation of City Manager Bohenko. He said that there is support in the community for a stringent budget.

City Manager Bohenko reported to the City Council that he will work with every department on the stimulus funds but he does not want people to think we will be receiving large amounts of money.

Councilor Novelline Clayburgh asked if there will be funds available for the middle school. City Manager Bohenko said it is too early to know at this point.

Councilor Kennedy said that WMUR TV Channel 9 has a website to help state and local communities on the stimulus package.

VII. Adjournment

At 8:30 p.m., Mayor Ferrini closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC/CNHMC
City Clerk