

CITY COUNCIL WORK SESSION

FY11 Budget Review

Monday, May 24, 2010 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Ferrini, Assistant Mayor Novelline Clayburgh, Councilors Lister, Hejtmanek, Spear, Coviello, Dwyer, Kennedy and Smith

Staff Present: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Dianna Fogarty, Human Resources Director; Christopher LeClaire, Fire Chief; Steve Achilles, Assistant Fire Chief; Steve Griswold, Deputy Fire Chief; Dave Ferland, Police Chief; Stephen Dubois, Deputy Police Chief; Karen Senecal, Police Department Budget Coordinator; Steve Parkinson, Public Works Director; David Allen, Deputy Public Works Director; Peter Rice, Water and Sewer Engineer; Andrew Purgiel, Controller; Gail Cunningham, Controller; Robert Sullivan, City Attorney; Mary Ann Lister, Library Director; Rus Wilson, Recreation Director; Keith Bates, Welfare Director; Cindy Hayden, Deputy City Manager; Ed McDonough, Superintendent of Schools and Kelli L. Barnaby, City Clerk

Others Present: School Board Members, Fire Commissioners and Police Commissioners

At 6:00 p.m., an Anticipated “Non-Meeting” with Counsel was held regarding Negotiations – RSA 91-A:2, I (b-c).

I. Call to Order

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

II. Review of FY11 Operating Budget (Municipal, Police, Fire and Schools)

City Manager Bohenko reviewed FY 2011 Municipal Budget Adjustments as follows:

Health Insurance Reduction:	(\$17,411.00)	
Transfer Fire Works to UDAG:	(\$29,500.00)	
Transfer Employee to Clerk of Works During Middle School Project:	(\$50,000.00)	
Eliminate Weed Control:	(\$44,550.00)	
Eliminate Aquatic Services	(\$50,000.00)	
<i>Total Additional Reductions:</i>	<i>(\$174,050.00)</i>	
<i>Total Reductions from City Mgr Recommended Budget:</i>	<i>(\$191,461.00)</i>	
After Adjustments:	\$15,444,772.00	-1.34%

City Manager Bohenko reviewed FY 2011 Police Budget Adjustments as follows:

Health Insurance Reduction:	(\$91,601.00)	
Eliminate 2 Patrol Officer Positions:	(\$145,474.00)	
Reduce Position from FT to PT	(\$37,795.00)	
Reduce Civilian Position from Grade 15 to 13:	(\$13,217.00)	
<i>Total Additional Reductions:</i>	<i>(\$196,486.00)</i>	
<i>Total Reductions from City Mgr Recommended Budget:</i>	<i>(\$288,087.00)</i>	
After Adjustments:	\$8,438,673.00	-2.45%

City Manager Bohenko reviewed FY 2011 Fire Budget Adjustments as follows:

Health Insurance Reduction:	(\$59,910.00)	
Reduction in Overtime:	(\$40,000.00)	
<i>Total Additional Reductions:</i>	<i>(\$40,000.00)</i>	
<i>Total Reduction from City Mgr Recommended Budget:</i>	<i>(\$99,910.00)</i>	
After Adjustments:	\$6,722,490.00	-1.46%

City Manager Bohenko informed the City Council that the School Department has not come to a conclusion on additional budget reductions. He reported that the Health Insurance Reduction would be \$95,305.00. The budget currently is at \$37,163,638.00 for a 2.54% increase.

City Manager Bohenko also spoke to a summary of FY 2011 Budget Adjustments as follows:

Revenue from New Growth	\$500,000.00
Increase to Revenue	\$350,000.00
<i>Total Revenues:</i>	<i>\$850,000.00</i>
Decrease to Expenditures:	
Non-Operating:	\$719,300.00

Operating	
Municipal	\$191,461.00
Police	\$288,087.00
Fire	\$99,910.00
School	\$95,305.00
<i>Total Operating:</i>	<i>\$674,763.00</i>
<i>Total Expenditures:</i>	<i>\$1,394,063.00</i>
<i>Total Adjustments:</i>	<i>\$2,244,063.00</i>
Original Proposed Budget	
Tax Rate Increase:	\$1.28
Proposed Changes:	(\$0.59)
Tax Rate Increase After	
Proposed Changes:	\$0.69

City Manager Bohenko advised the City Council that the average increase over 2 Fiscal Years is 2.36%. In addition, he reported that this budget reflects a reduction of 26 positions with 9 last year for a total of 35.

III. Review of Option on Indoor Pool

City Manager Bohenko reviewed the indoor pool funding options as follows:

- Establish a Special Revenue Fund using Save the Indoor Pool (SIPP) Alternative B
- Estimated cost of operating the indoor pool in accordance with Alternative B for July 1, 2010 through June 30, 2011 is \$332,420.00
- Estimated annual revenue by SIPP is \$178,000.00
- Total net operating loss according to SIPP \$154,420.00
- Appropriate \$155,000.00 from Fund Balance to fund operating loss
- July 1, 2011 to December 31, 2011 operating cost estimated at \$166,000.00
- Revenue for that period needs to be raised above the cost of operating the Pool for six months
- January 1, 2012 SIPP or another non-profit would take over responsibility for operating and running the pool under a lease from the City of Portsmouth
- If on December 31, 2011, there is an operating loss, the City of Portsmouth will close the pool and not offer a lease. If there is an operating deficit on December 31, 2011, the City of Portsmouth would be responsible for funding from existing resources

It should be noted that all revenues received including donations would be placed in the Special Revenue Fund to offset all costs.

City Manager Bohenko stated that the indoor pool is a non-reoccurring expense for which there will be a line item as part of the General Fund Expenditure Resolution listed at \$155,000.00 – Indoor Pool.

Discussion followed regarding the Indoor Pool Proposal and the creation of a new fee structure. Councilors Lister and Smith said they support the proposal and feel it is more than fair. Mayor Ferrini asked if there was a consensus to move forward with this proposal. The City Council agreed to move forward with the proposal as outlined by City Manager Bohenko.

At 7:00 p.m., Mayor Ferrini called a brief recess. Mayor Ferrini called the meeting back to order at 7:05 p.m.

Mayor Ferrini thanked all the departments, City Manager Bohenko and staff for their hard work with this budget process.

Municipal Budget

Councilor Dwyer asked which type of weed control would be eliminated. City Manager Bohenko stated the individual that drives around in the cart and sprays along the roadways and sidewalks.

Councilor Smith asked if we work with the court system on community service programs that could assist us with our weed control. City Manager Bohenko said we could explore that option.

Assistant Mayor Novelline Clayburgh asked if this brings back mosquito control. City Manager said that is correct, it is a contracted service.

Mayor Ferrini asked if the City Council has a consensus to move forward with the Municipal Budget as outlined by City Manager Bohenko. The City Council agreed to the Municipal Budget as reviewed by City Manager Bohenko.

Police Department Budget

Assistant Mayor Novelline Clayburgh stated that she would like to see no more than a \$0.60 tax rate increase.

City Manager Bohenko advised the City Council that he supports the adjustments brought forward by the Police Department.

Councilor Dwyer asked if these positions are from the 4 TBD positions. Chief Fernald reported they would take two from the downtown patrols. He informed the Council that these are entry level officers. City Manager Bohenko indicated that the positions include salaries and benefit costs.

Councilor Hejtmanek spoke to the letter from the Police Commission dated May 17, 2010 that anticipates future reductions and asked if that is a commitment from the department. Chief Ferland indicated that it is a commitment.

Councilor Coviello said the letter indicates there would be a comprehensive and independent external examination and review of all aspects of the department operations, to include staffing. He asked where the funding would come from for this audit. Chief Ferland stated that the funds would come from this year's budget.

Councilor Lister stated that the Police Department has made some concessions and have done what the City Council has asked of them.

Mayor Ferrini asked if there was a consensus of the City Council to move forward with the Police Department budget. Four Councilors are in support of the budget with 5 either opposed or chose not to make a decision at this point.

Assistant Mayor Novelline Clayburgh said she is looking for an additional \$50,000.00 reduction in the Police Department. The majority of the City Council indicated they would not support Assistant Mayor Novelline Clayburgh's recommendation.

Councilor Kennedy said she would not want to commit to anything this evening.

Councilor Dwyer stated that she supports the Police Department budget because the Police Commission is doing what the City Council has asked. She said that this is about right-sizing our staff.

Mayor Ferrini said a great deal of work has been done to get to this point and he supports the Police Department budget.

Fire Department Budget

Mayor Ferrini asked if there was any discussion relative to the Fire Department budget. With there being no discussion, Mayor Ferrini asked if there was a consensus to move forward with the Fire Department budget. The Council agreed by consensus to move forward with Assistant Mayor Novelline Clayburgh indicating her opposition.

School Department Budget

Councilor Dwyer said there is not support for this budget but we need to find where the support might be. She indicated that she would like to see the School Department budget reduced by an additional \$350,000.00 - \$400,000.00. She stated that this would help jump start some of the changes the School Department has for future budgets.

Councilor Lister said that the community wants the same level of services that currently exist. He spoke to the number of good teachers we are losing with the proposed budget. Councilor Listed stated he would like to support the School Department budget but we are all between a rock and a hard place. He indicated that he would not commit at this point on a figure.

Assistant Mayor Novelline Clayburgh said she wants the Council to support the 2.8% increase for the School Department. She would like to suggest that we meet with the Superintendent of Schools to see if we can come up with a \$345,000.00 scenario.

City Manager Bohenko said he has spoken to Superintendent McDonough but he would have to speak to the School Board on this matter. He stated that Superintendent McDonough has a responsibility to his Board.

Councilor Hejtmanek said we need to work hard on how we deliver education. He would support reducing the budget further than Councilor Dwyer's recommendation in order to force these changes.

Mayor Ferrini said he supports Councilor Dwyer's proposal and feels that the School Department needs to make a contribution.

Councilor Smith said he wanted to support the 2.8% but in light of the other departments that came in and provided additional reductions, he would not support the 2.8%. He spoke to revenues being down on the State level and how they are pushing down costs to the community. He feels that there is room for further reductions and would support the figure recommended by Councilor Dwyer.

Mayor Ferrini asked how many would support Councilor Dwyer's proposal. The City Council has no consensus on this matter.

IV. Establish Date for Adoption of Budget (June 7th Regular Meeting or Establish a Special Meeting on Tuesday, June 15th)

Mayor Ferrini asked if the Council is prepared to vote on the budget at their June 7th meeting.

Superintendent McDonough advised the City Council that the School Board will be meeting and would need to discuss this issue. He said he would have a conversation with the City Manager but it is ultimately the School Boards decision.

Assistant Mayor Novelline Clayburgh said she would like to have feed back from the Superintendent of Schools and School Board on this matter.

Councilor Lister said he would like to receive additional information from Superintendent McDonough and move forward with the vote of the budget on June 7th.

Councilor Smith said he would recommend and support a letter from Superintendent McDonough on how to bring further reductions forward.

Councilor Spear said he feels that the Police Department presented a good budget but his goal is to look at the total rate. He said he is looking to get to a certain rate and that is why he would not support the budget at this point. He stated that there needs to be more meetings between now and June 7th to work further on the tax rate.

Assistant Mayor Novelline Clayburgh said she is close to supporting the Police and Fire Department budgets but needs to hear more from the School Department.

Councilor Kennedy said she would like to see the 5 departments come forward with further savings.

City Manager Bohenko advised the City Council that he needs to work with Mayor Ferrini to insert figures in the Resolution. He indicated that the City Council can amend the Resolution. He also informed the City Council that the packets will be sent out on Friday, June 4th rather than Thursday, June 3rd.

V. Adjournment

At 8:45 p.m., Mayor Ferrini closed the Work Session.

Respectfully submitted by:

Kelli L. Barnaby, CMC/CNHMC
City Clerk