

SPECIAL CITY COUNCIL MEETING

MUNICIPAL COMPLEX
DATE: MONDAY, MAY 11, 2015

PORTSMOUTH, NH
TIME: 7:00PM

I. CALL TO ORDER

At 7:10 p.m., Mayor Lister called the regular City Council meeting to order.

II. ROLL CALL

Present: Mayor Lister, Assistant Mayor Splaine, Councilors Shaheen, Kennedy (7:05 p.m.), Lown, Dwyer, Morgan (7:05 p.m.), Spear and Thorsen

III. PUBLIC HEARING

A. PROPOSED FY JULY 1, 2015 THROUGH JUNE 30, 2016 BUDGET

IV. PRESENTATION – JOHN P. BOHENKO, CITY MANAGER

City Manager Bohenko provided a presentation on the FY16 Budget. He stated the budget covers services for all City departments. He reported on the Budget Work Session held on Saturday where the departments presented their budgets to the City Council. He spoke to the Joint Budget Committee (JBC) recommendation of a guideline set for existing services and the budget would not increase more than 3.9%. City Manager Bohenko said he is presenting a budget that is below the recommendation of the JBC with an increase of 2.86% for a total budget request of \$101,433,702.00. He stated that 83% of the budget is made up of salaries and benefits. City Manager Bohenko said due to the uncertainty of negotiated salaries and benefits associated with the 9 unsettled agreements, the FY16 proposed budget includes \$490,000.00 appropriation to reserve funds to offset costs. He addressed the net increase of .21 full-time positions as follows:

- Police Department – Addition of one Dispatcher
- Public Works – Net decrease of 3.9 FTE:
 - One addition sanitary laborer
 - Reallocation of a portion of the Equipment Maintenance staff to the Water, Sewer, and Parking
- School Department – Net increase of 3.11 FTE:
 - Decrease of one Elementary Teacher
 - Increase of one Career & Technical Education Teacher to Full Time
 - Three Elementary Reading Teachers no longer funded by Federal Grants

City Manager Bohenko reported on the health insurance increase of 2.7% and retirement increase 7.28% for the general government, police, fire and school departments. He addressed the major impacts on the Non-Operating Budget being Debt Service, Rockingham County Tax and Capital Outlay. He said over the last 10 years, the total Rockingham County tax obligation has increased over 26% while Portsmouth share of this tax obligation has increase more than 55%.

City Manager Bohenko spoke to the various revenues and the parking revenue which is estimated to be \$5,459,500.00. City Manager Bohenko reported on the history of our bond rating and how we remain at an AAA rating. He said our long-term liabilities are as follows:

- Unassigned Fund Balance Ordinance
- Leave at Termination Stabilization Fund
- Health Insurance Stabilization Fund
- Debt Service Planning Policy
- Capital Improvement Plan
- Rolling Stock Replacement Program

City Manager Bohenko spoke to the downshift of State obligations as it relates to Meals and Rooms Tax and Retirement. He said Portsmouth receives only 1.6% of the \$63.8 million Meals and Rooms tax distributed to cities and towns statewide.

He said in terms of retirement, prior to FY10 the State contributed 35% of the employer's share to NHRS for Teachers, Police, and Fire personnel. The State reduction of the contribution to Portsmouth equates to \$8.3 million in the past seven fiscal years.

Total Effect of State Downshift for FY2000 – FY2016

State Program	Total FY 00-16 City of Portsmouth Effect
Shared Revenue	\$12,079,319.00
Statewide Property Tax	\$11,750,318.00
Rooms and meal Distribution	\$1,000,000.00
Retirement Contribution	\$8,300,000.00
Total	\$33,129,637.00

He reported on the projected tax rate increase is \$0.48 which equates to a median residential home valued at \$319,000.00 an annual increase of \$153.17 with a monthly increase of \$12.76.

City Manager Bohenko stated that Portsmouth has the lowest equalized tax rate out of the 13 cities in New Hampshire at a rate of \$16.11. The cities compared with are Laconia, Nashua, Manchester, Franklin, Concord, Dover, Lebanon, Rochester, Somersworth, Keene, Claremont and Berlin.

Mayor Lister read the legal notice, declared the public hearing open and called for speakers.

Erik Anderson said he is impressed with City Manager Bohenko's presentation this evening and the only comment he can make is that he is concerned that the budget has exceed \$100 million. He stated we are not a very big City and should not have a budget this size. He spoke to the State pushdowns but we can't say they are entirely at fault for the budget being at \$101 million. He asked what the surrounding communities budgets are such as Newington, New Castle, Stratham, Greenland, and Rye. Mr. Anderson said he does not know where to go to make a recommendation for a reduction in the budget. He asked the City Council to keep the budget below \$100 million.

Councilor Morgan moved to keep the Budget Public Hearing open. Seconded by Assistant Mayor Splaine.

Councilor Morgan said this is a great deal of information and residents have not had enough time to review the budget and our work session discussion from Saturday. She said we need to provide the residents with more time to provide comments and ask questions.

Councilor Spear said he disagrees with Councilor Morgan and feels people have had time to review the budget. He has not received any emails or calls asking for additional time or questions relative to the budget. He said there is no indication of a need for further comments.

Councilor Kennedy said she received calls from 2 individuals that are attending Portsmouth Listens this evening and were unable to attend this evening and provide comments on the budget but would like additional time made for them to participate in the public hearing process.

Assistant Mayor Splaine agrees with Councilors Kennedy and Morgan and said we should keep the public hearing open until the end of the process. He said we are not scheduled to vote on the budget until June 8th and feels the public hearing should remain open until prior to the vote. He said the engagement of residents could improve and would like to see a year round budget approach.

Councilor Thorsen said if the City Council kept the public hearing open he does not see things changing between now and the May meetings, but would like to have a continuation of the budget public hearing until June.

City Attorney Sullivan said we need to continue the public hearing to a date certain.

City Manager Bohenko recommended keeping it open until May 20th and starting the meeting at 6:30 p.m. and then the Council could go into their budget work session discussions.

Councilor Morgan said she would like her motion to include the date of May 20th at 6:30 p.m. Councilor Kennedy said she agrees as the second to the motion.

On a roll call 7-2, voted to keep the Public Hearing open on the FY16 Budget until May 20, 2015 at 6:30 p.m. Assistant Mayor Splaine, Councilors Shaheen, Kennedy, Lown, Dwyer, Morgan and Thorsen voted in favor. Councilor Spear and Mayor Lister voted opposed.

At 7:35 p.m., Councilor Kennedy moved to adjourn. Seconded by Councilor Morgan and voted.



Kelli L. Barnaby, MMC, CMC, CNHMC
City Clerk