

FY24 Proposed Budget Work Session May 22, 2023

Agenda

- FY24 Budget Recap And Responses
- FY24 Budget Resolution Pro Formas
- Recap of Public Dialogue Sessions
- Council Questions & Answers
- Public Comment

City of *Portsmouth,*
New Hampshire



Portsmouth as an Eco-Municipality

Fiscal Year 2024
Proposed Annual Budget

July 1, 2023 – June 30, 2024

January 25, 2023
FY24 Budget Forecast Work Session

City Council Directive for General Fund Budget

To achieve a budget increase of no more than 4.5% over FY23, excluding the additional costs of ramping up the Information Technology Department.

FY24 Proposed Operating Budget

<i>FY24 PROPOSED OPERATING BUDGET</i>	FY23 BUDGET	FY24 CITY MANAGER RECOMMENDED BUDGET	\$ CHANGE FROM FY23	% CHANGE FROM FY23
General Government	\$23,695,511	\$25,761,255	\$2,065,744	8.72%
Police Department	13,321,137	13,392,993	71,856	0.54%
Fire Department	10,355,485	10,460,307	104,822	1.01%
School Department	57,980,007	60,577,961	2,597,954	4.48%
Collective Bargaining Contingency	-	563,000	563,000	
<i>Total of Departments</i>	\$105,352,140	\$110,755,516	\$5,403,376	5.13%
Transfer to Indoor Pool	150,000	200,000	50,000	33.3%
Transfer to Prescott Park	272,255	243,653	(28,602)	-10.5%
Transfer to Community Campus	360,788	476,443	115,655	32.1%
<i>Total Other</i>	\$783,043	\$920,096	137,053.00	17.5%
<i>TOTAL OPERATING</i>	\$106,135,183	\$111,675,612	\$5,540,429	5.22%

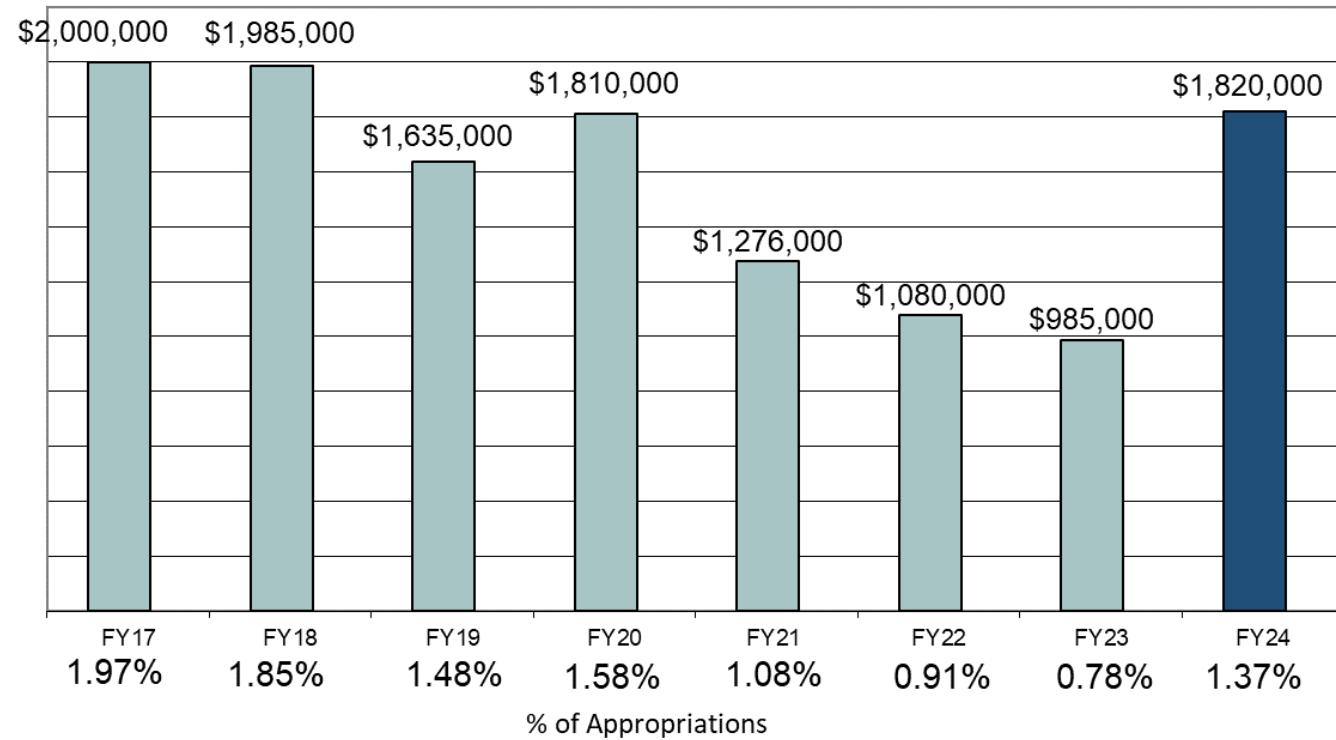
FY24 Proposed Non-Operating Budget

<i>NON-OPERATING BUDGET</i>	FY23 BUDGET	FY24 PROPOSED BUDGET	\$ CHANGE FROM FY23	% CHANGE FROM FY23
Debt Service and Related Exp	13,749,821	13,180,206	(569,615)	-4.14%
Overlay	1,000,000	1,000,000	-	0.00%
Property & Liability (excluding School)	437,645	393,307	(44,338)	-10.13%
Rockingham County Tax	5,730,000	5,730,000	-	0.00%
Contingency	300,000	300,000	-	0.00%
Rolling Stock	601,000	877,000	276,000	45.92%
IT Equipment Replacement	1,109,158	1,172,336	63,178	5.70%
Capital Outlay	985,000	1,820,000	835,000	84.77%
Landfill Closure-Coakley/Jones	115,000	115,000	-	0.00%
Portsmouth 400th Celebration	150,000	31,000	(119,000)	-79.33%
Other Non-Operating	462,104	488,914	26,810	5.80%
McIntyre Eng/Design	150,000	-	(150,000)	-100.00%
McIntyre Settlement	1,000,000	500,000	(500,000)	-50.00%
DSA Settlement	500,000	-	(500,000)	-100.00%
<i>TOTAL NON-OPERATING</i>	\$26,289,728	\$25,607,763	(\$681,965)	-2.59%

American Rescue Plan Act (ARPA)

Capital Outlay

FY24 CIP Approved Capital Outlay was \$2,120,000



Capital Outlay projects identified in the CIP-Voted by City Council **FY 24 Budget**

Cardiac Monitors (Fire)	125,000
Library Courtyard	30,000
<i>Total City Council</i>	\$155,000

Capital Outlay projects identified in the CIP-City Manager Recommended **FY 24 Budget**

Personal Protective Clothing Replacement (Fire)	70,000
Library Courtyard - <i>To fully fund the project</i>	30,000
Citywide Storm Drainage Improvements	200,000
<i>Total City Manager Recommended</i>	\$300,000
<i>Total Combined for Capital Outlay</i>	\$455,000

American Rescue Plan Act (ARPA) Funds IT Upgrades

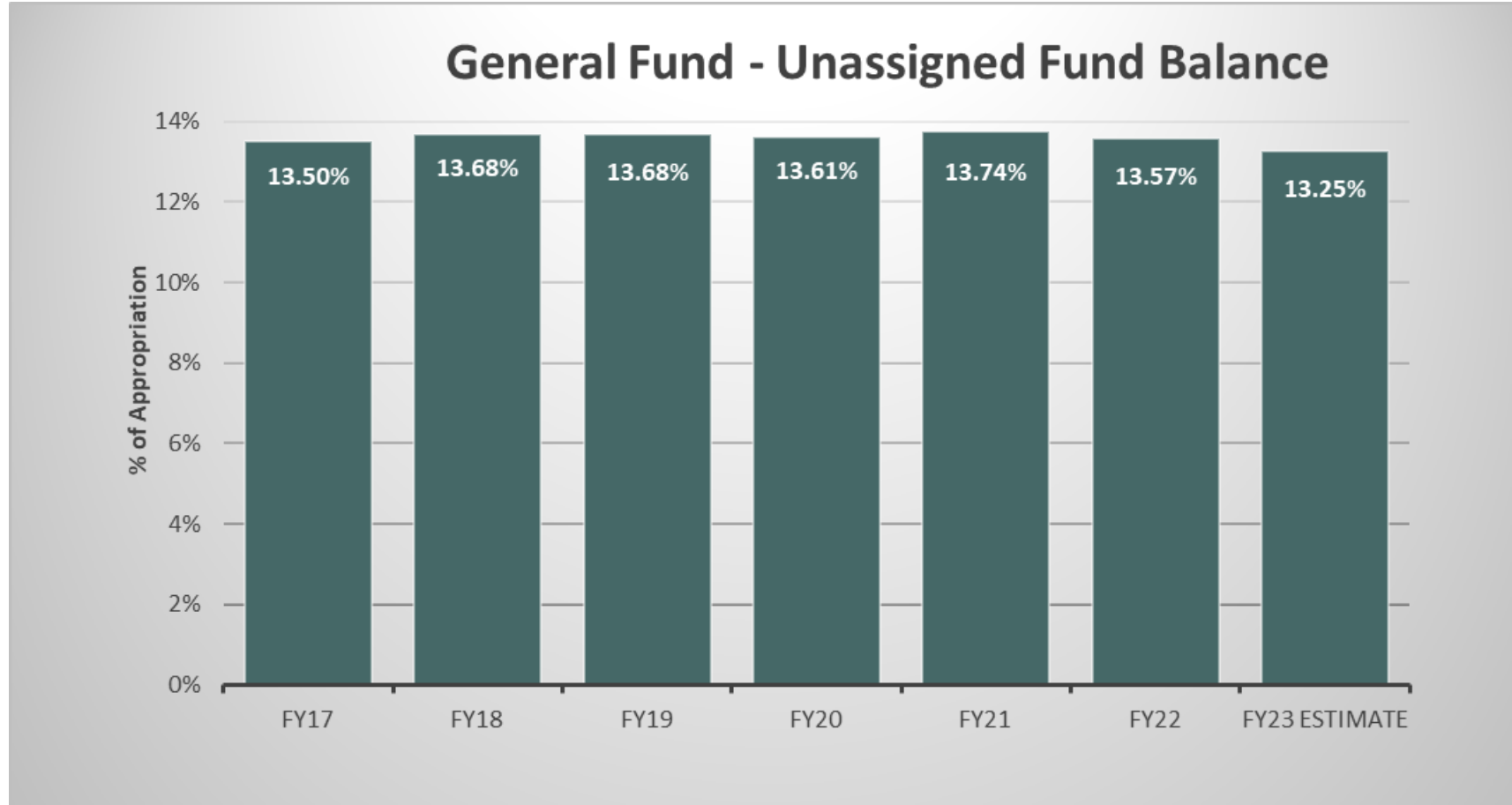
IT Upgrades/Replacements identified in the CIP-City Manager Recommended	FY 24 Budget
Information Technology Upgrades and Replacements	204,000
Expansion and Improvement of Network	50,000
Cybersecurity Enhancements	50,000
<i>Total IT Upgrades use of ARPA</i>	<i>\$304,000</i>
<i>Total Capital Outlay use of ARPA</i>	<i>\$455,000</i>
<i>Total Combined Recommended</i>	<i>\$759,000</i>

Combined total of \$759,000 or approximately 11 ¢ on the estimated tax rate

General Fund Fiscal Year 2024 Proposed Budget

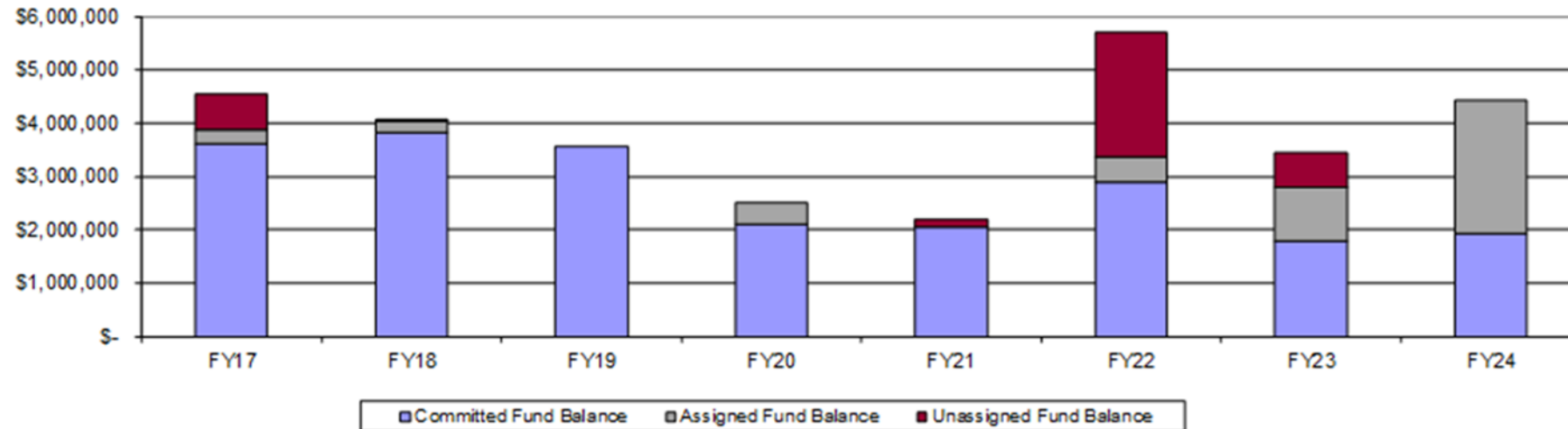
<i>FY24 PROPOSED TOTAL BUDGET</i>	FY23 BUDGET	FY24 CITY MANAGER PROPOSED BUDGET	\$ CHANGE FROM FY23	% CHANGE FROM FY23
<i>Operating</i>	\$106,135,183	\$111,675,612	\$5,540,429	5.22%
<i>Non-Operating</i>	\$26,289,728	\$25,607,763	(\$681,965)	-2.59%
<i>Total Proposed Budget</i>	\$132,424,911	\$137,283,375	\$4,858,464	3.67%

Unassigned Fund Balance Ordinance Amended February 2013



.....It is recognized that the financial management goal of the City of Portsmouth is to annually maintain an Unassigned Fund Balance between 10% and 17% of total General Fund appropriations.

Use of Fund Balance (Budgetary Basis)



Use of:	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total FY17-FY24
Committed Fund Balance	3,623,500	3,819,149	3,559,114	2,100,000	2,050,000	2,900,000	1,800,000	1,928,379	21,780,142
Assigned Fund Balance	250,000	231,000	-	400,000	-	480,000	1,000,000	2,500,000	4,861,000
Unassigned Fund Balance	665,800	27,167	-	-	150,000	2,316,000	650,000	-	3,808,967
Total Use of Fund Balance	\$4,539,300	\$4,077,316	\$3,559,114	\$2,500,000	\$2,200,000	\$5,696,000	\$3,450,000	\$4,428,379	\$30,450,109
Average Use Per Year									\$3,806,264

Estimated Revenues

Excluding Property Taxes and Use of Fund Balance

Revenues are estimated to decrease by over \$2.7 Million from FY23

Net Changes (Budgetary):

➤ **(\$4,416,222) net State Revenues loss:**

- (\$3,121,000) Adequate Education Grant – One-time revenue;
- (\$650,000) State Retirement Reimbursement – One-time revenue;
- (\$1,016,222) School Building Aid final payment in FY23 for the High School Construction; and
- \$371,000 Rooms and Meals Tax and Highway Block Grant.

➤ **\$1,642,978 net increase in Other Revenues:**

- \$700,000 Interest on Investments;
- \$195,000 Pease Development Authority Airport District;
- \$117,000 School Tuition and other resources;
- \$100,000 Inspection Department;
- \$ 87,000 Parking revenues retained in the General Fund; and
- \$443,978 Other Local Fees, Licenses, Permits, and other sources.

FY23 One-Time Revenues

	Revenue Received	Tax Rate Effect
Adequate Education Grant	3,285,215	0.51
NH Retirement (HB 1221 One-time Employer Contribution Reimbursement)	624,195	0.10
Total	\$3,909,410	0.61

FY23 Tax Rate of \$15.20
\$0.17 Increase or 1.1% over FY22 Tax Rate

Tax Rate

Estimated Tax Rate
\$16.13

Median Single Family Residential Home

\$480,100

Tax Rate
Increase

0.93

Annual
Increase

\$447.00

Monthly
Increase

\$37.00

The tax rate is set by the New Hampshire Department of Revenue Administration (DRA) in the Fall, once all state revenues, property valuation, and county tax obligation are finalized. The City typically announces the final tax rate for the Fiscal Year in November and issues tax bills for the first half of the Fiscal Year due in December.

Report Back on Questions

- **Public Works**

- Consolidation of custodial services for general government and schools
- Negotiation of utilities Citywide
- Annual Prescott Park operating costs with anticipated upgrades
- Parking: Staffing, engineering costs, end of year revenue projections, and amount of parking surplus to support the General Fund

- **Recreation**

- Indoor/Outdoor pools – operational costs
- Fees or other revenue ideas
- Community Campus – operational costs

- **Information Technology**

- Professional service costs
- Strategic planning

Report Back on Questions

- **School Department**

- Free breakfast & lunch
- Number of positions, monetary cost
- Number of resident students who attend private school
- Special Education increase
- Lister Academy funding detail
- School Resource Officer (SRO) cost follow-up

- **Police Department**

- Detailed breakdown of overtime hours
- Social Worker, timing of hire

- **General**

- Collective bargaining contingency
- Must-haves vs. nice-to-haves

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Discussion