



CITY OF PORTSMOUTH

FY₂₅ BUDGET WORK SESSION

JANUARY 24, 2024

AGENDA

FY25 Budget Schedule

FY25 Budget Forecasting

City Council Discussion
Budget Guidelines

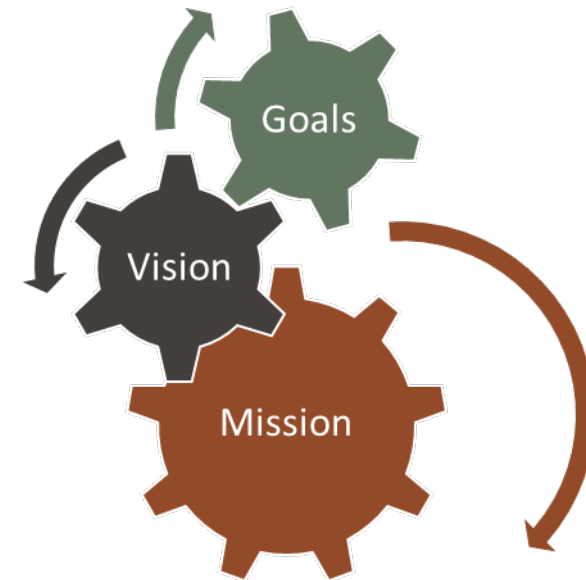
Public Comment



Building a
Budget
Around
Goals and
Objectives

Strategic Planning: 2022 – 2023 City Council Goals and Initiatives

- ✓ Invite and Honor Input from the Community, and Encourage Increased Participation/Engagement of Youth
- ✓ Identify and Promote Strategies for Local Business Retention and Preservation of Affordable Commercial Spaces
- ✓ Leverage Local Resources and Partnerships to Improve and Support Needs of Residents, Nonprofits, Arts and Culture Community
- ✓ Proactive Pursue the Integration of Sustainability, Resilience, and Climate Change Mitigation Actions Throughout City Government and the Community
- ✓ Diversify and Enhance the Supply of Housing Choices
- ✓ Continuously Enhance City Council Best Practices to Deliver a Trusted, Transparent and Responsive Process
- ✓ Consistent Communicate with Community Members and Stakeholders, Respecting Channels of Communication They Prefer and Keeping them Informed



FY₂₅ BUDGET SCHEDULE

January 2024

24 Wednesday 6:00 PM City Council Budget Work Session

February 2024

5 Monday 7:00 PM City Council Meeting- Public Hearing on the CIP - *No presentation*
- *See presentation recorded from the January 17th City Council Work Session*

13 Tuesday 6:00 PM Fire Commission Public Hearing on the proposed budget

13 Tuesday 7:00 PM School Board Public Hearing #2 on the proposed budget

14 Wednesday 5:30 PM Police Commission Public Hearing on the proposed budget

FY25 BUDGET SCHEDULE

March 2024

4 Monday 7:00 PM City Council - Adoption of the CIP

May 2024

13 Monday 6:00 PM City Council Meeting - Public Hearing on Budget

TBD 9:00AM - 3:30PM City Council Work Session – Budget Review/Listening Session
-Public Safety (Police and Fire Departments)
-School Department
-General Government
-Parking & Transportation
-Water & Sewer Departments

20 Monday 6:00 PM City Council Work Session - Budget Review

June 2024

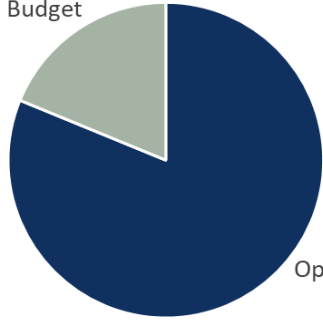
3 Monday 7:00 PM City Council Meeting – Continuation of Public Hearing & Adoption of the FY25 Budget



BUDGET FORECASTING

- FY24 FINAL BUDGET
- FY25 HIGHLIGHTS

Non-Operating Budget
19%



Operating Budget
81%

FY24 Final Budget

	FY23 Budget	FY24 Budget	\$Change From FY23 Budget	% Change From FY23 Budget
<i>OPERATING BUDGET:</i>				
General Government	23,695,511	25,761,255	2,065,744	8.72%
Police	13,321,137	13,959,993	638,856	4.80%
Fire	10,355,485	11,243,307	887,822	8.57%
School	57,980,007	60,680,961	2,700,954	4.66%
Transfer to Indoor Pool	150,000	200,000	50,000	33.33%
Transfer to Prescott Park	272,255	243,653	(28,602)	-10.51%
Transfer to Community Campus	360,788	476,443	115,655	32.06%
Total Operating Budget	106,135,183	112,565,612	6,430,429	6.06%
<i>NON-OPERATING EXPENDITURE:</i>				
Debt Service & Related Costs	13,749,821	13,180,206	(569,615)	-4.14%
Overlay	1,000,000	1,000,000	0	0.00%
Property & Liability Ins	437,645	393,307	(44,338)	-10.13%
County	5,730,000	5,730,000	0	0.00%
Contingency	300,000	300,000	0	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%
Other General Non-Operating	727,104	634,914	(92,190)	-12.68%
McIntyre Eng/Design	150,000	0	(150,000)	-100.00%
McIntyre Settlement	1,000,000	500,000	(500,000)	-50.00%
Suppl. Appr. - Outside Counsel	0	450,000	450,000	
Suppl. Appr. - DSA Settlement	500,000	0	(500,000)	-100.00%
Total Non-Operating Budget	26,289,728	26,057,763	(231,965)	-0.88%
Total Gross Budget	\$132,424,911	\$138,623,375	\$6,198,464	4.68%

Impacts on the FY25 Budget



OPERATING BUDGET

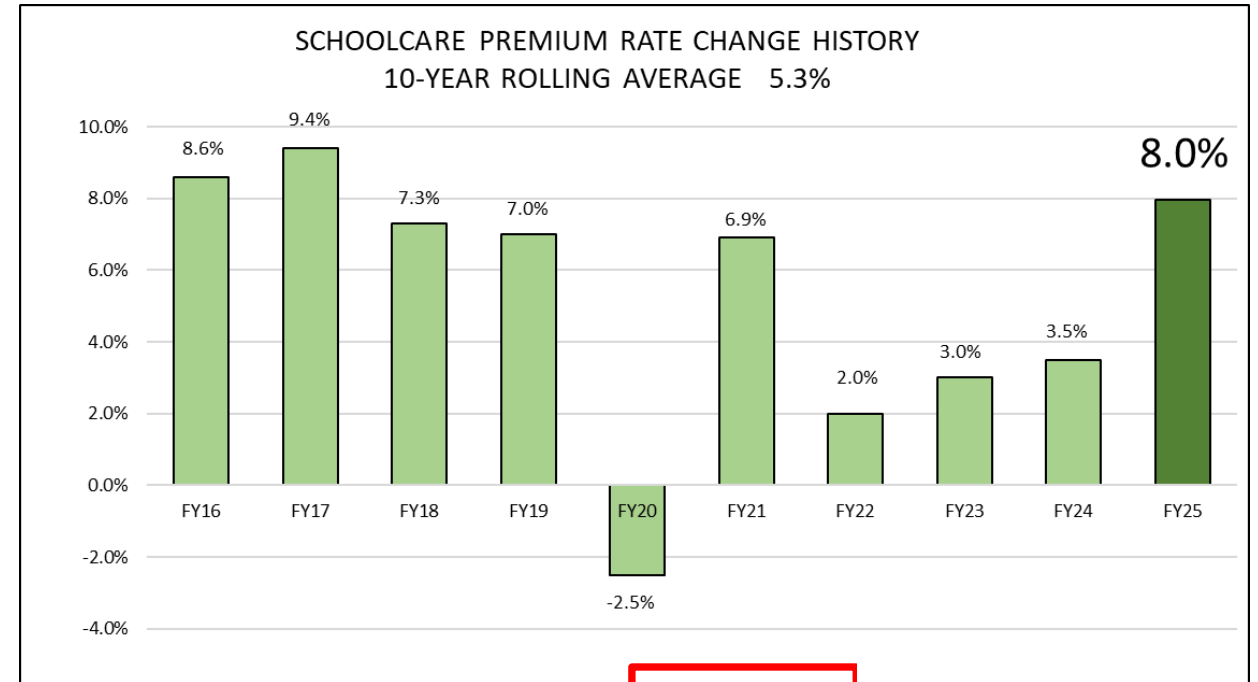
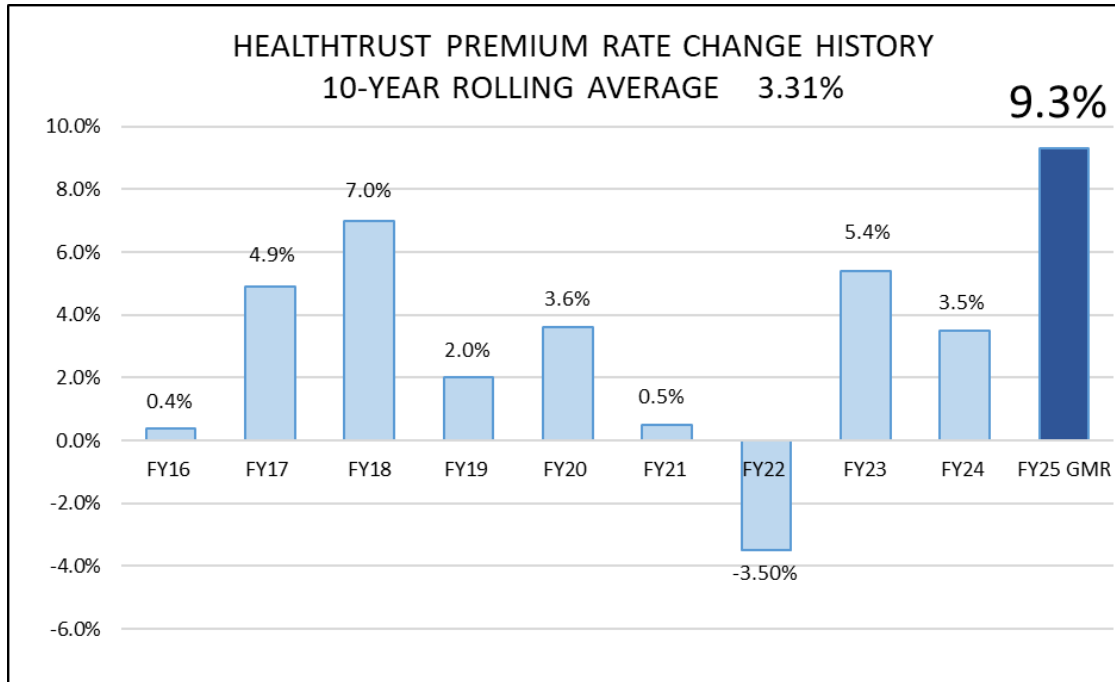
- Health Insurance
- Leave at Termination
- Collective Bargaining Adjustment
- Retirement
- Workers' Compensation



NON-OPERATING BUDGET

- Debt Service Planning
- Capital Outlay
- Rolling Stock Replacement Program
- Information Technology Upgrades
- Rockingham County Tax

Health Insurance Stabilization Policy



HEALTH INSURANCE			FY25 Change	FY25 Proposed Budget	FY25 Estimated City Cost	Health Ins Stabilization Reserve
	% Change	FY24 Budget				
General Government	3.31%	2,138,782	70,794	2,209,576	2,795,634	(586,058)
Police Department	3.31%	1,656,529	54,831	1,711,360	1,855,200	(143,840)
Fire Department	3.31%	864,216	28,606	892,822	1,192,951	(300,129)
School	7.3%	9,130,738	666,544	9,797,282	10,960,047	(1,162,765)
Total General Fund		\$13,790,265	\$820,774	\$14,611,039	\$16,803,832	(\$2,192,793)

Leave at Termination - General Fund Only

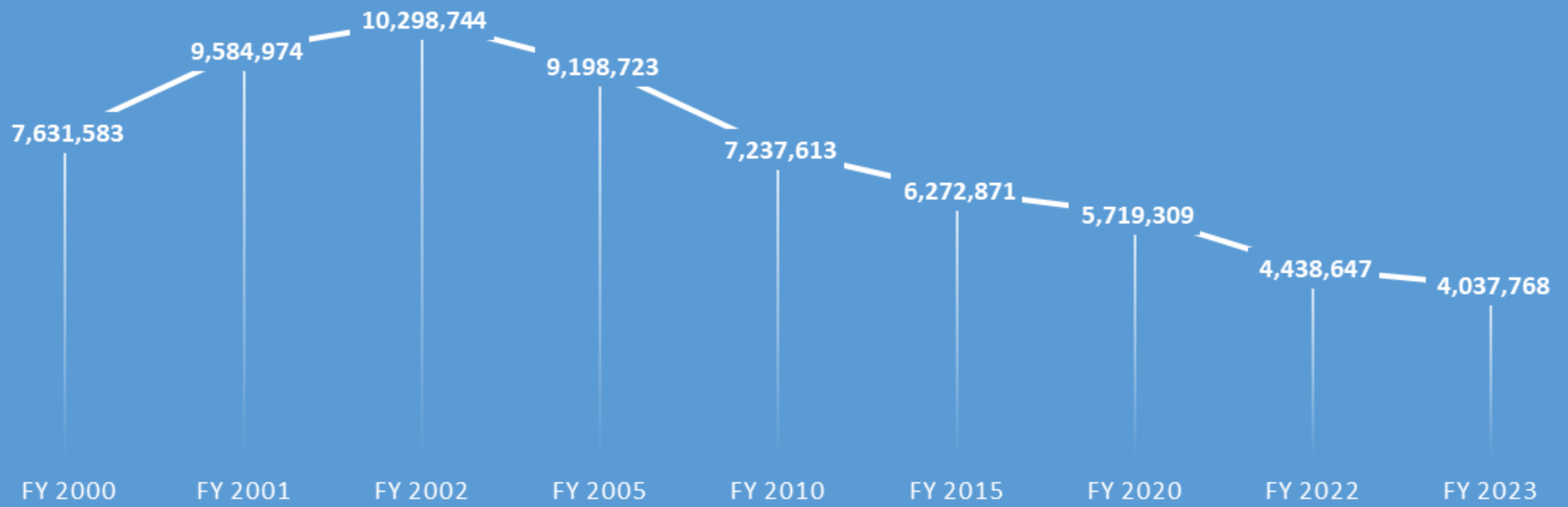
**June 30, 2023
Total Leave Liability
\$4,037,769**

**Decrease of \$400,878 or 9%
from
Fiscal Year-ended June 30, 2022**

	FY25 BUDGET
GENERAL GOVERNMENT	350,000
POLICE	180,203
FIRE	120,084
SCHOOL	300,000
TOTAL	\$950,287

	FY 2022	FY 2023	% of Employees Eligible for Sick Leave Payout
	7.86% FTE Eligible for Sick Leave Payout	5.13% FTE Eligible for Sick Leave Payout	
Gen Gov	16	12	5.97%
Police	3	2	2.3%
Fire	4	3	4.62%
School	<u>33</u>	<u>22</u>	5.41%
Total	56	39	5.13%

LEAVE LIABILITY (ANNUAL AND SICK) AS OF JUNE 30TH OF EACH YEAR - GENERAL FUND ONLY



Leave at Termination Liability

Cost of Living Adjustment - COLA

General Government	Expires
Professional Management Association (PMA)	6/30/2025
Supervisory Management Alliance (SMA)	6/30/2025
AFSCME Local 1386B Library & Clericals	6/30/2025
AFSCME Local 1386A Public Works	6/30/2026

Police	Expires
Ranking Officers Association	6/30/2027
Portsmouth Patrolman Association	6/30/2027
Civilians	6/30/2027

Fire	Expires
Fire Officers Association	6/30/2026
FireFighter Association	6/30/2026

School	Expires
Administrators	6/30/2025
Association of Portsmouth's Teachers	6/30/2025
Clerical Employees	6/30/2025
Custodial	6/30/2025
Cafeteria	6/30/2025
Paraeducators	6/30/2026
Custodial Supervisors	6/30/2026

Cost of Living Adjustment (COLA)

CONSUMER PRICE INDEX

CPI-U (NOV. TO NOV. BOSTON-CAMBRIDGE-NEWTON, MA-NH)

FY 16	1.60%
FY 17	0.84%
FY 18	1.26%
FY 19	2.86%
FY 20	3.15%
FY 21	2.12%
FY 22	0.40%
FY 23	5.31%
FY 24	7.00%
FY 25	2.39%

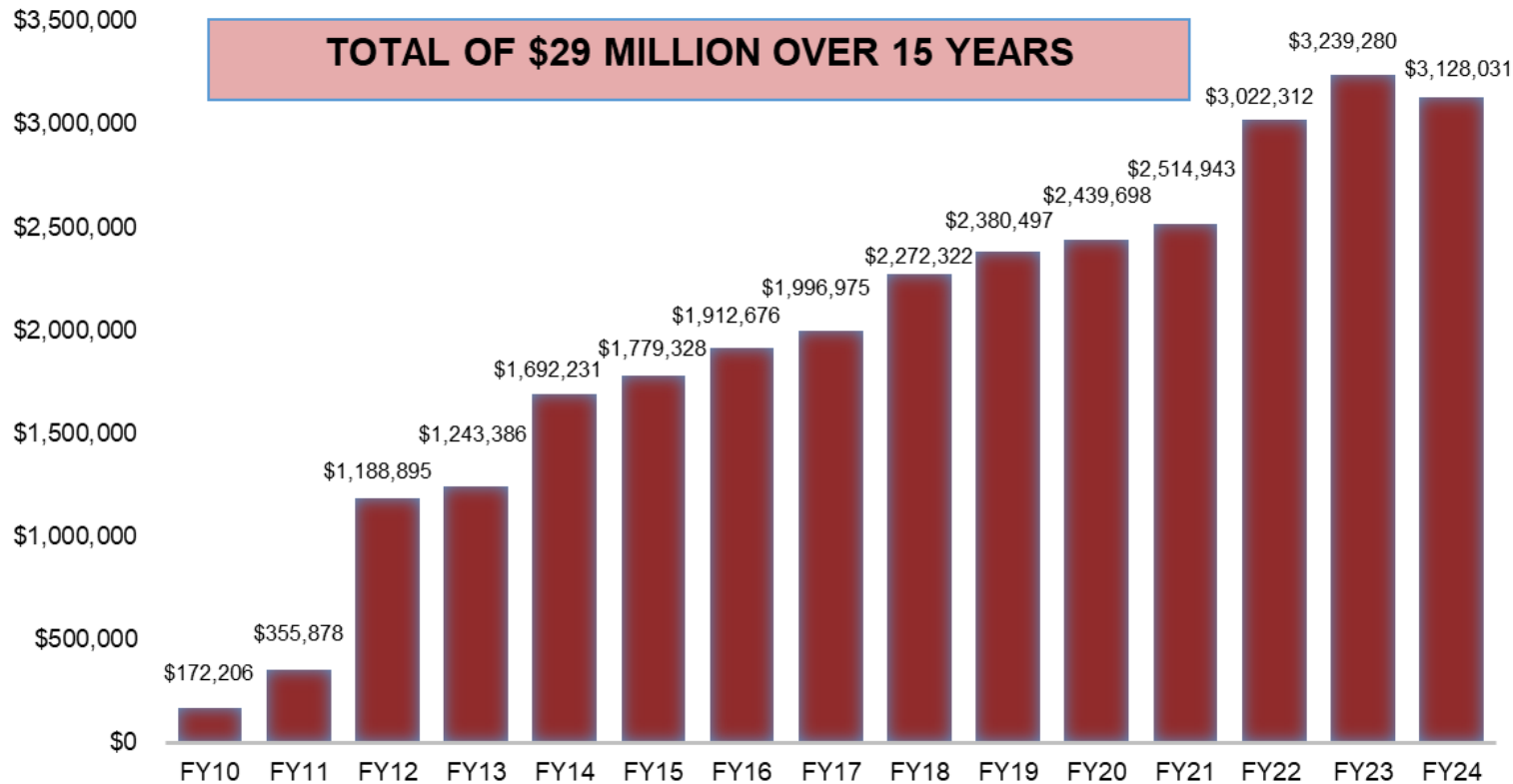
10 Year Average 2.69%

Municipal	2.69%
Police	2.69%
Fire	2.00% - 2.69%
School	2.69% - 3.69%

Social Security
COLA 3.2% (CY24)

NH Retirement System Employer Rates

ADDITIONAL RETIREMENT COSTS AS A RESULT OF THE ELIMINATION OF STATE CONTRIBUTION



Prior to FY10 the State of NH contributed 35% of employer contributions for Teachers, Police and Fire personnel.

FY10 – State reduced its obligation to 30%
FY11 – State reduced its obligation to 25%
FY12 – State reduced its obligation to 0%

NH Retirement System Employer Rates

No Change in Rates for FY25

Retirement appropriation will be affected by increases due to:

- Collective Bargaining Adjustments
- Step Increases

FY24 Retirement Budget	
	FY24 Budget
General Government	1,609,281
Police Department	2,249,335
Fire Department	2,070,873
School Department	5,853,962
Total	\$11,783,451

FY24 & FY25 Rates

GROUP I

Employees	13.53%
Teachers	19.64%

GROUP II

Police	31.28%
Fire	30.35%

Workers' Compensation Primex

<i>WORKERS' COMPENSATION</i>	FY24 BUDGET
GENERAL GOVERNMENT	188,463
POLICE	151,317
FIRE	415,848
SCHOOL	156,308
TOTAL GENERAL FUND	\$911,936
INDOOR POOL	4,352
PARKING	46,935
WATER	39,656
SEWER	43,456
STORMWATER	5,210
PRESCOTT PARK	5,868
Total Other Funds	\$145,477
TOTAL ALL FUNDS	\$1,057,413
8% Increase for FY25	\$84,593
Total All Funds FY25	\$1,142,006

Overall Increase of 8%
\$84,593



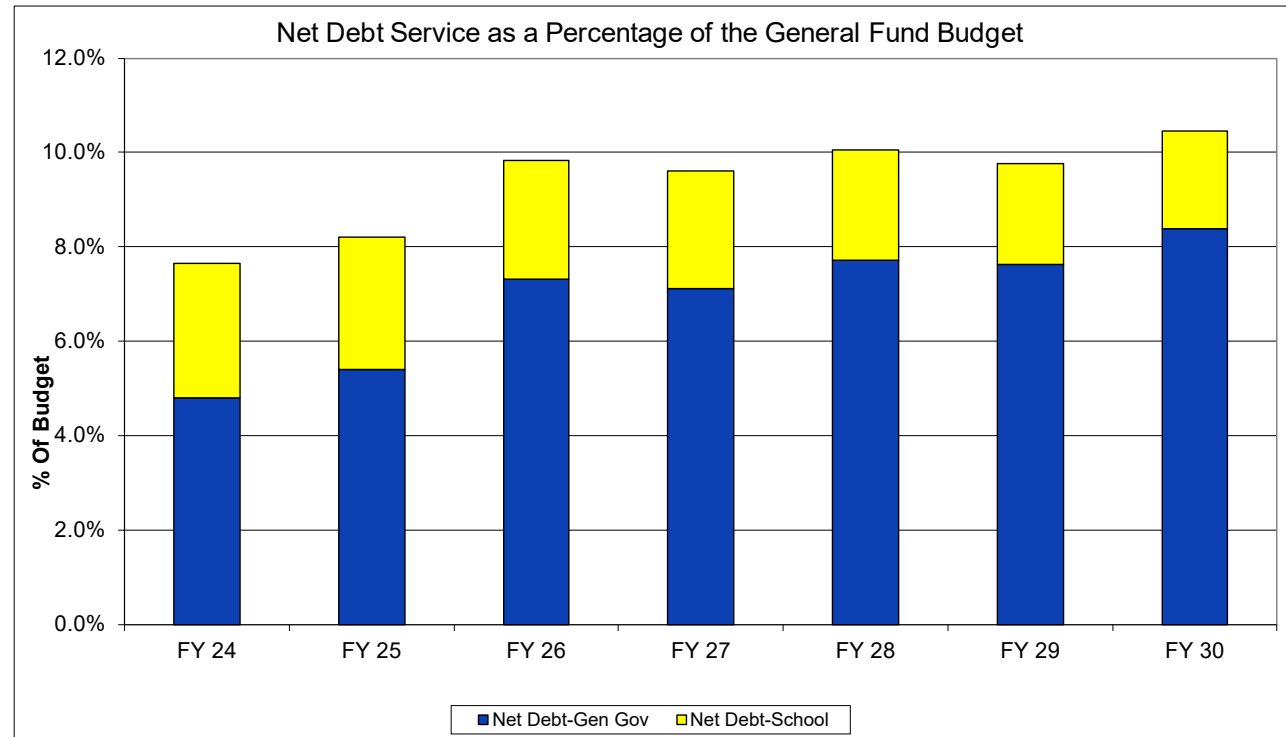
Debt Service

The City's policy is to use no more than 10% of annual appropriations toward net debt service payments to keep debt manageable.

**Building Aid
\$740,974**

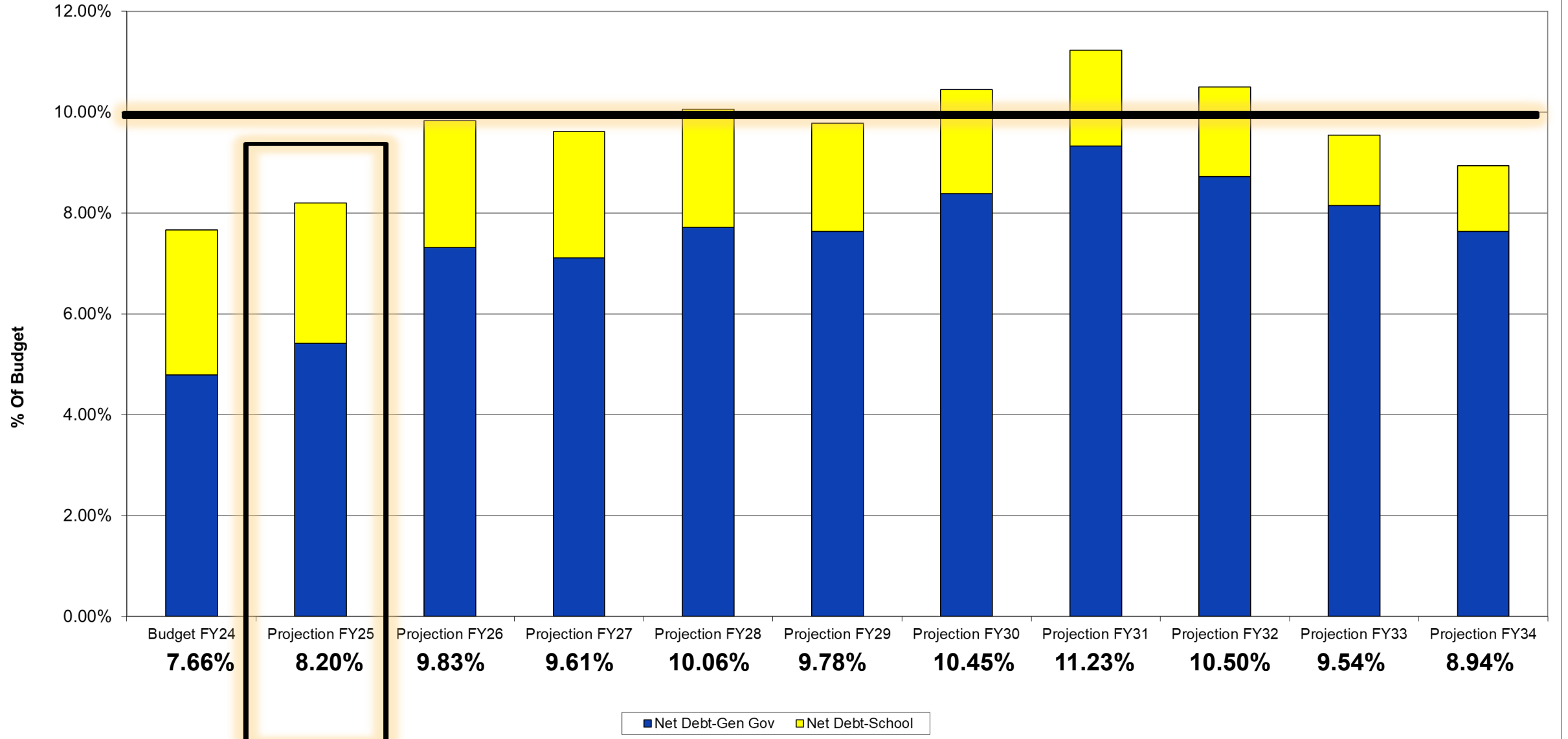
**Use of Debt
Service
Reserve
\$1,500,000**

	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Existing Debt Service-School	4,717,123	4,577,506	4,357,356	4,160,081	4,029,181	3,831,256	3,675,869
Existing Debt Service-Gen Gov	7,369,324	6,409,827	5,810,678	4,673,178	3,748,303	2,752,328	2,125,788
Projected Debt Service-School	-	217,375	272,506	603,756	682,125	665,869	880,863
Projected Debt Service-Gen Gov	973,758	2,959,571	6,993,172	8,283,952	10,785,202	11,900,058	14,351,382
Total Gross Debt Service	13,060,206	14,164,279	17,433,712	17,720,967	19,244,811	19,149,511	21,033,901
Net Debt-School	3,976,149	4,053,907	3,888,889	4,022,864	3,970,332	3,756,151	3,815,757
Net Debt-Gen Gov	6,643,082	7,869,398	11,303,849	11,457,130	13,033,505	13,419,999	15,477,170
Total Net Debt	10,619,232	11,923,305	15,192,738	15,479,993	17,003,837	17,176,150	19,292,927
% Net Debt Service of Budget:	7.66%	8.20%	9.83%	9.61%	10.06%	9.78%	10.45%



Net Debt Service 10-Year Projection

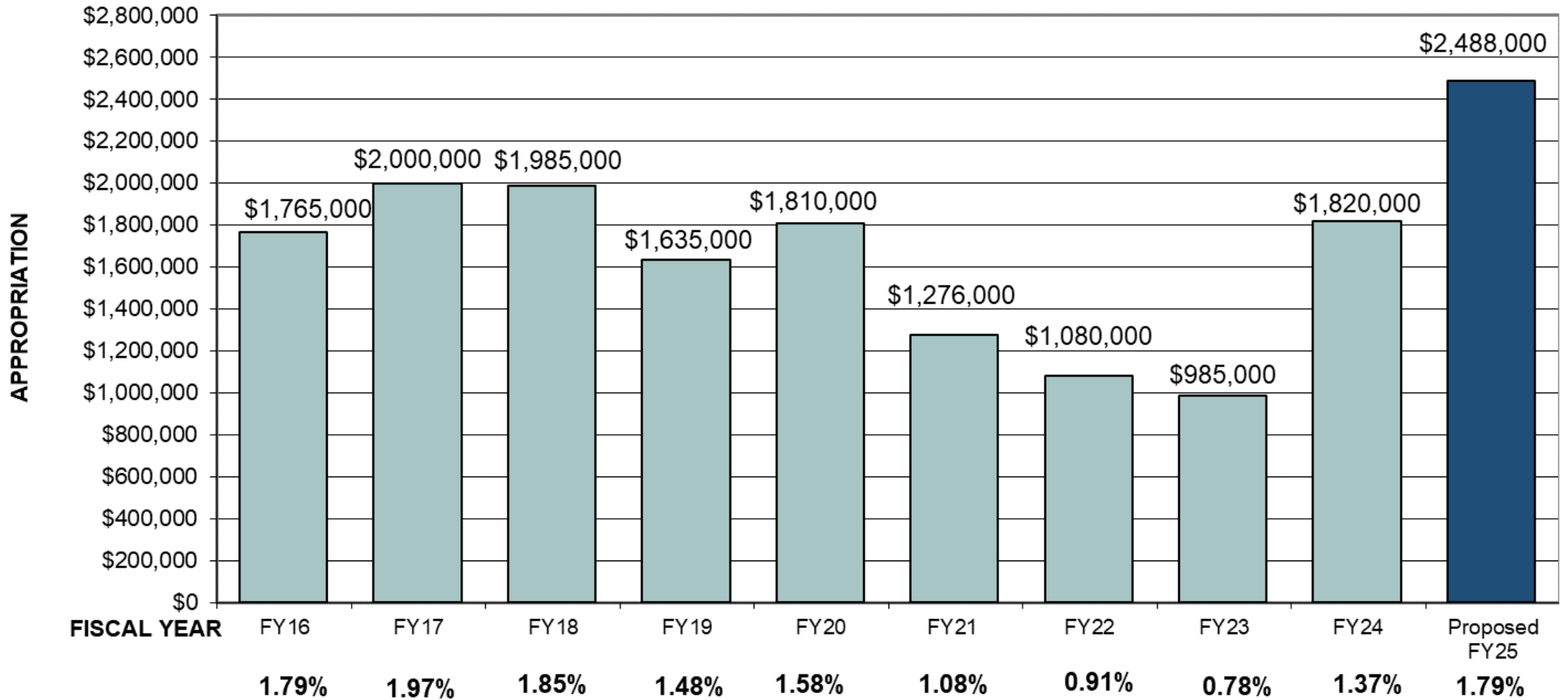
Net Debt Service as a Percentage of the General Fund Budget



Capital Outlay

The City will pay for capital projects on a pay-as-you-go basis using current revenues whenever possible.

Policy is to budget no more than 2% of the prior year's appropriation for Capital Outlay.



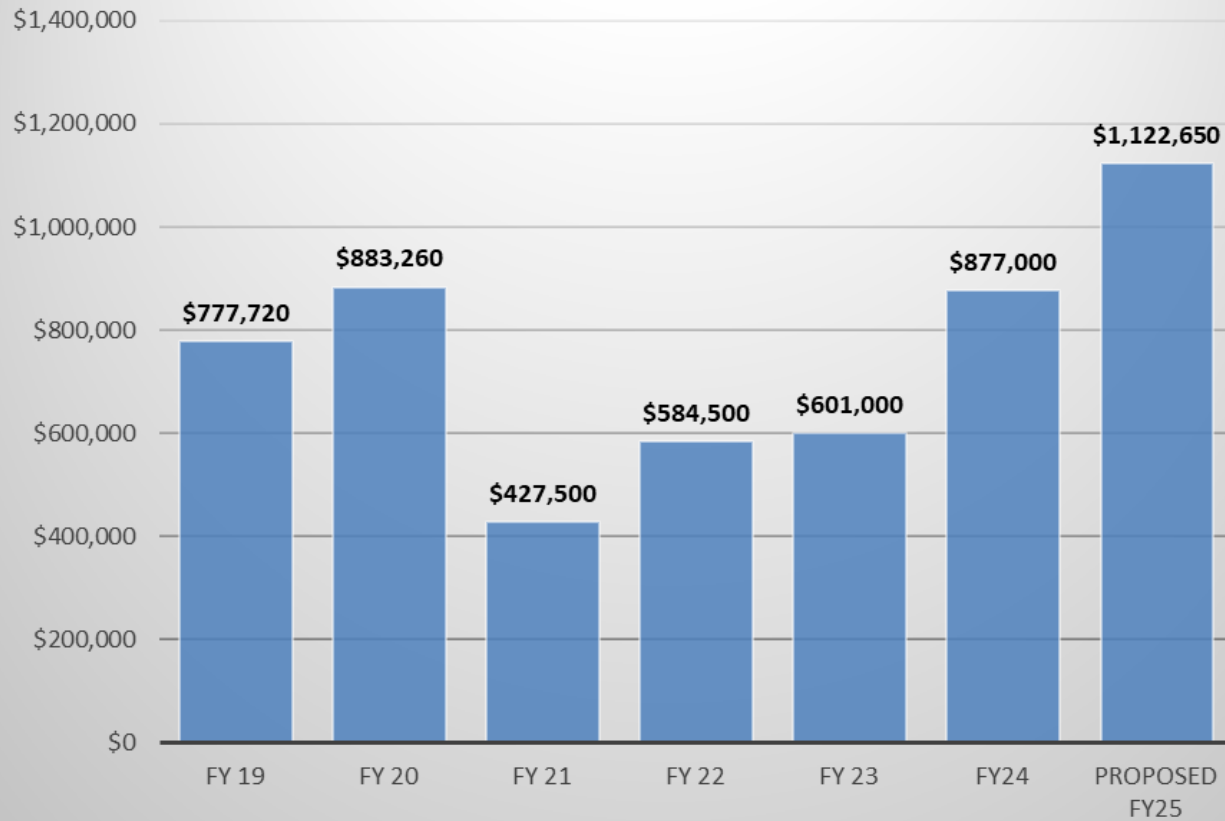
FY23 \$405,600 funded by ARPA
FY24 \$455,000 funded by ARPA

Capital Outlay

Proposed FY25

Personal Protective Clothing Replacement	\$70,000
In-Cruiser and Handheld Radars	\$53,000
Fire Station Security Upgrade	\$150,000
Permanent Records Storage Facilities	\$25,000
Permanent/Historic Document Restoration, Preservation and Scanning	\$100,000
Disposition of Municipal Records	\$25,000
Historic Records Artifact Conservation and Storage Assessment	\$150,000
Public Art Trust Fund	\$25,000
Sheltering and Public Health Resources	\$250,000
Historic District Guidelines Part 2	\$50,000
Groundwater Study to Identify Impacts	\$50,000
City of Portsmouth Master Plan Update	\$150,000
Indoor Pool Facility Needs	\$32,500
Existing Outdoor Recreation Field and Facility Improvements	\$75,000
Leary Field - Bleachers/Grandstands	\$50,000
Pierce Island Recreation Improvements	\$150,000
Community Campus Facility Needs	\$50,000
Citywide Park and Monument Improvements	\$50,000
Citywide Trees and Public Greenery Program	\$20,000
Prescott Park Facilities Capital Improvements	\$100,000
City Hall HVAC Improvements	\$200,000
Historic Cemetery Improvements	\$40,000
Sound Barriers in Residential Area Along I-95	\$50,000
Citywide Traffic Signal Upgrade Program	\$100,000
Citywide Intersection Improvements	\$100,000
Railroad Crossings	\$172,500
Citywide Bridge Improvements	\$100,000
Capital Contingency	\$100,000
TOTAL	\$2,488,000

Rolling Stock Appropriation – General Fund



The Rolling Stock Program is intended to provide an overall schedule for the expenditures of City Funds on replacement of vehicles and equipment necessary to carry out daily City activities.

FY23
\$382,600 funded by ARPA

Police: \$187,600
Fire: \$196,000

FY24 Budget	FY25 Proposed Budget	Change
\$877,000	\$1,122,650	\$245,650



Information Technology Upgrades/Replacements



FY23
\$250,000 funded by ARPA

FY24
\$304,000 funded by ARPA

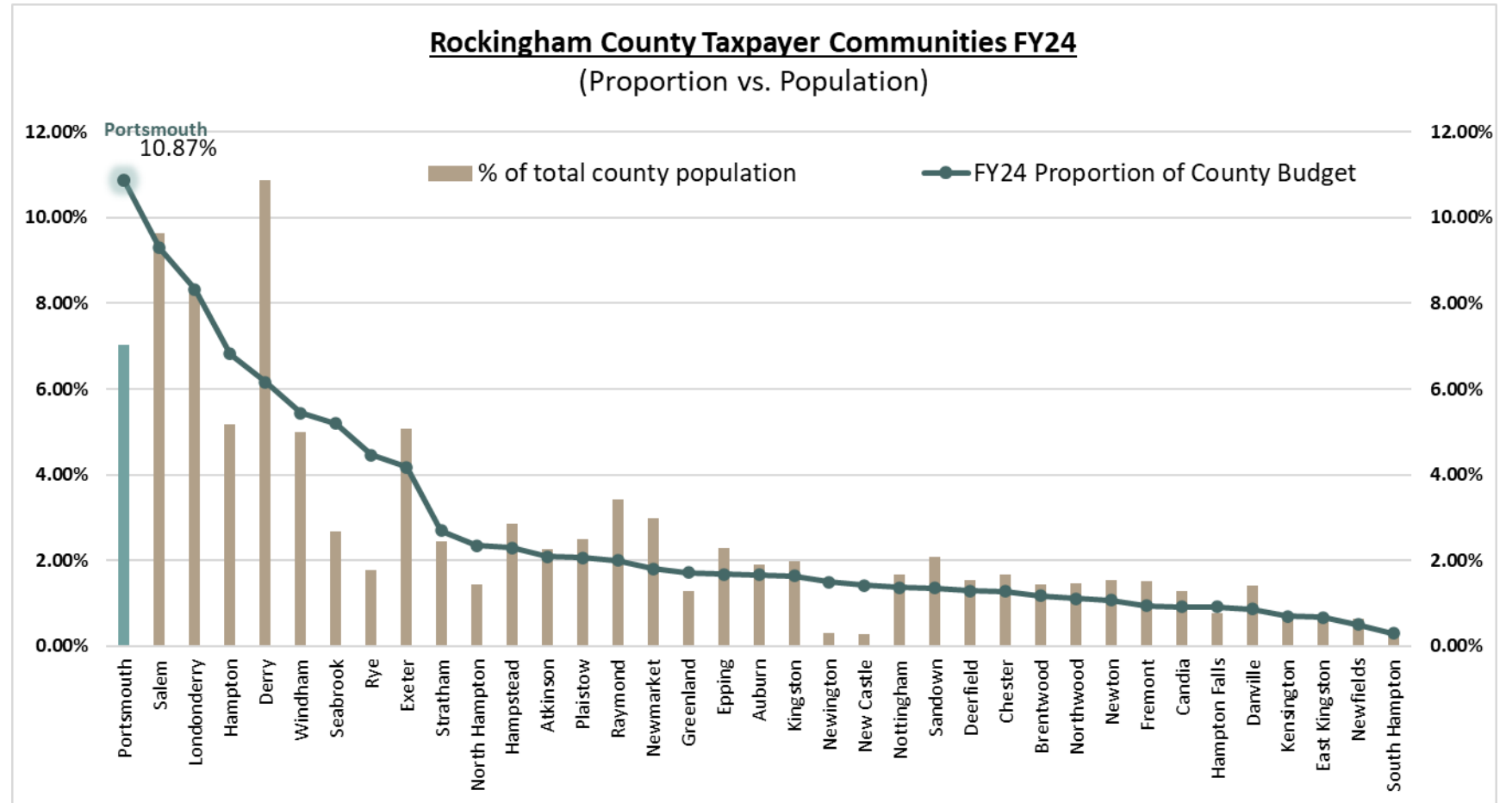


FY24 Budget	FY25 Proposed Budget	Change
\$1,172,336	\$1,254,038	\$81,702

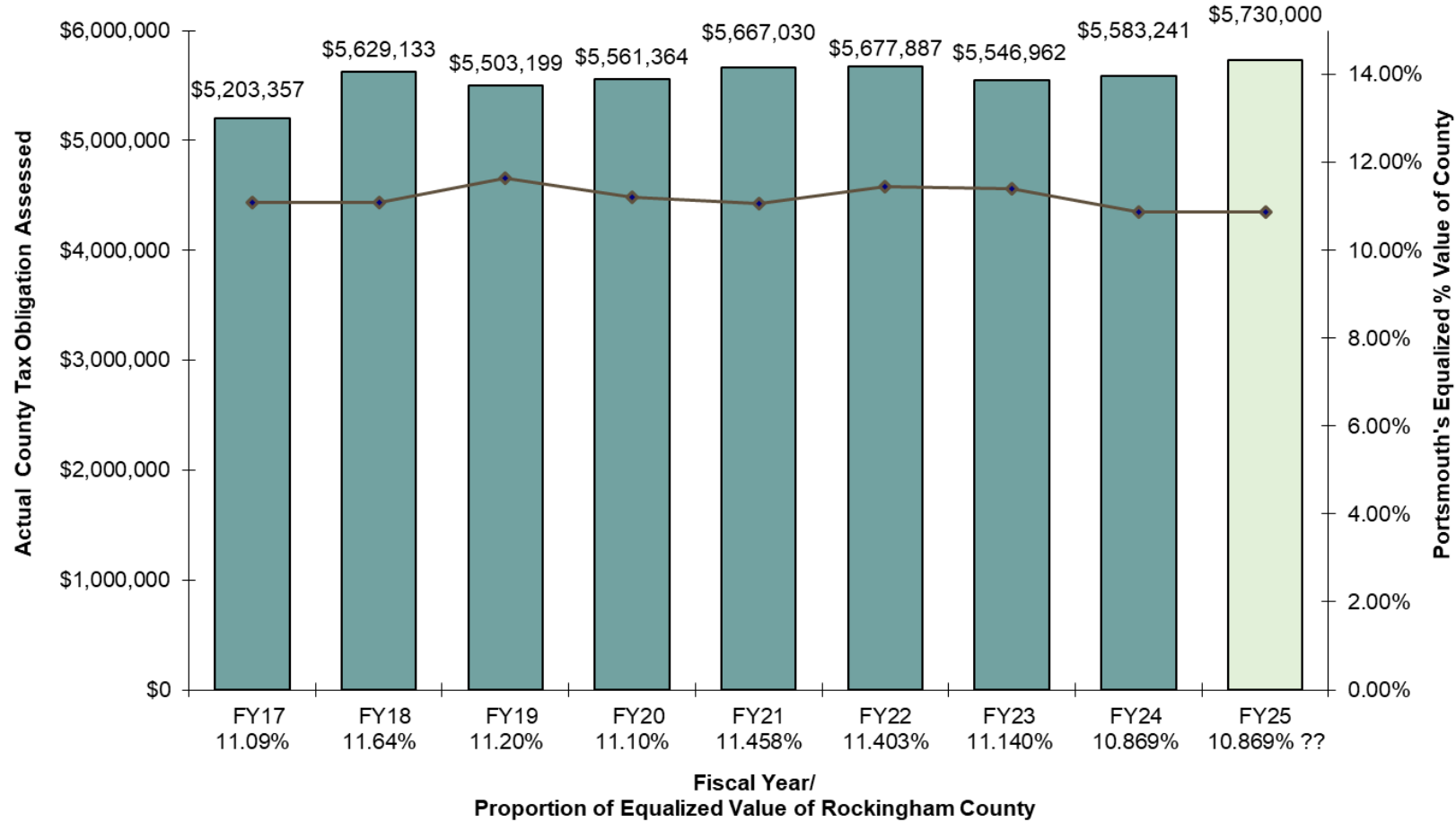
Rockingham County Tax Proportionment

County Tax Obligation is calculated by:

1. The County's Adopted Budget, and
2. Proportion of all 37 communities in Rockingham County based on equalized value.



Rockingham County Tax Obligation



FY24 Budget	FY25 Proposed Budget	Change
\$5,730,000	\$5,730,000	\$0

Non-Operating Preliminary Budget Projections

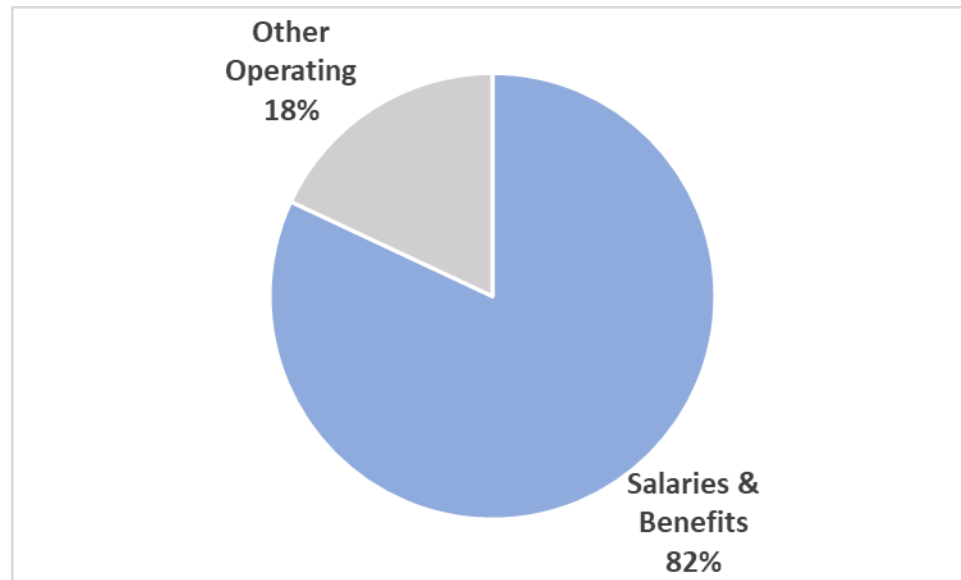
	FY24 BUDGET	FY25 PRELIMINARY BUDGET	\$ CHANGE FROM FY24	% CHANGE FROM FY24
Debt Service	13,060,206	14,168,280	1,108,074	8.48%
Rockingham County Tax	5,730,000	5,730,000	-	0.00%
Rolling Stock	877,000	1,122,650	245,650	28.01%
IT Equipment Replacement	1,172,336	1,254,038	81,702	6.97%
Capital Outlay	1,820,000	2,488,000	668,000	36.70%

Preliminary FY25 Budget Projections

	FY24 BUDGET	FY25 PRELIMINARY BUDGET	\$ CHANGE	% CHANGE
Operating	\$112,565,612	\$119,119,483	\$6,553,871	5.82%
Non-Operating	\$26,057,763	\$27,407,175	\$1,349,412	5.18%
Total	\$138,623,375	\$146,526,658	\$7,903,283	5.70%

Operating Budget - Salaries and Benefits:

- Salaries and Stipends
- Overtime
- Retirement
- Health Insurance
- Leave at Termination
- Social Security & Medicare



American Rescue Plan Act (ARPA) Update

Portsmouth Received (FY21 & FY22)	\$12,880,280	
Appropriated as of January 24, 2024	\$10,301,946	80%
Balance to Appropriate	\$2,578,334	20%

The Remaining Balance of \$2,578,334 must be appropriated as follows:

\$395,280 for:	\$2,183,054 under "Revenue Loss" Government Services:
1) Public Health and Negative Economic Impacts	1) Pay-as-you-go building infrastructure including roads
2) Investment in Water, Sewer, and Broadband Infrastructure	2) Modernization of cybersecurity
	3) Provision of Police, Fire and other Public Safety services

All ARPA funds must be obligated by December 31, 2024 and expended by December 31, 2026



Discussion