

*Arts & Culture Abound!*



*City of Portsmouth, NH*  
**FY2025 Proposed Annual Budget**

# FISCAL YEAR 2025

## PROPOSED ANNUAL BUDGET



Budget Work Session - May 23, 2024

# RESPONSIVE BUDGETING

- Met Council goal of 3.5% to 4.5%
- 0.32 FTE increase
- Services maintained
- Budget increase of \$6.2 million

Salary & Benefits → \$5.4 million

Debt Service → \$1.1 million

Reduction in all other  
Operating/Non-Operating → (\$0.3 million)

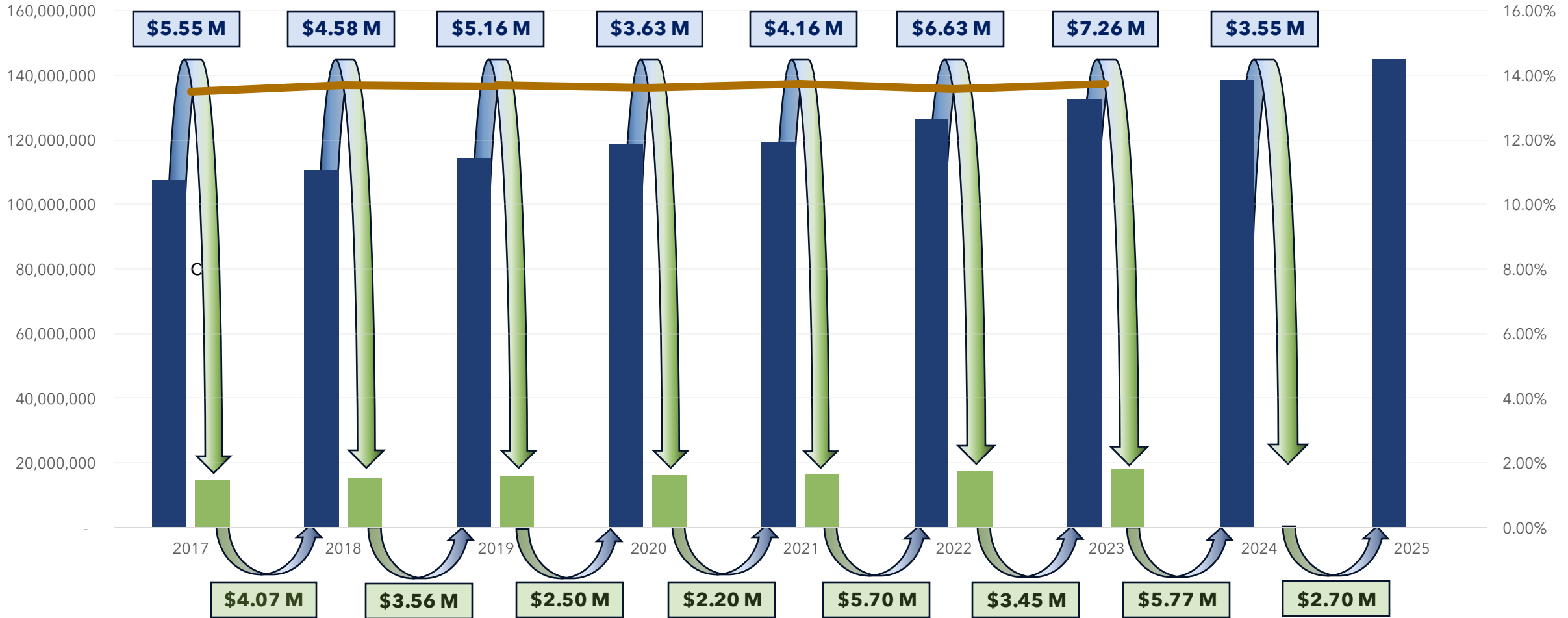


# CONTRACTUAL OBLIGATIONS AND DEBT SERVICE

	FY24 Budget	FY25 City Manager Proposed Budget	\$ Change From FY24	% Change From FY24
Contractual Obligations (Salaries and Benefits)				
General Government	18,773,185	19,728,833	955,648	5.09%
Police Department	12,991,637	13,609,304	617,667	4.75%
Fire Department	10,501,771	11,736,604	1,234,833	11.76%
School Department	51,365,096	53,962,580	2,597,484	5.06%
<b>Total Contractual Obligations</b>	<b>93,631,689</b>	<b>99,037,321</b>	<b>5,405,632</b>	<b>5.77%</b>
Debt Service	13,060,206	14,164,300	1,104,094	8.45%
<b>Total Contract Obligations and Debt Service</b>	<b>106,691,895</b>	<b>113,201,621</b>	<b>6,509,726</b>	<b>6.10%</b>
Total Other Operating and Non-Operating other than Debt Service	31,931,480	31,659,726	(271,754)	-0.85%
<b>Total General Fund Budget</b>	<b>138,623,375</b>	<b>144,861,347</b>	<b>6,237,972</b>	<b>4.50%</b>

# FUND BALANCE ACTIVITY

## Net Revenue & Expenditure Surplus



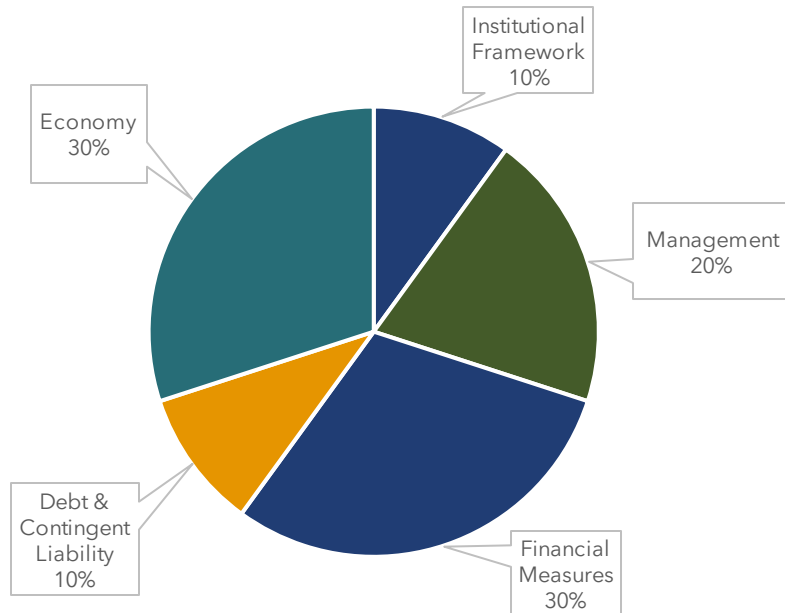
## Budgeted & Supplemental Use of Fund Balance

■ Budget    
 ■ Unassigned Fund Balance (General Fund)    
 — Unassigned Fund Balance as a Percent of the Final Budget

# STANDARD & POOR'S BOND RATING

## How does Standard & Poor's Rate the City?

- City Leadership - 70%
  - Institutional Framework
  - Management
  - Financial Measures
  - Debt & Contingent Liabilities
- Economy - 30%
  - Economy



## Summary of S&P Rating Report

**S&P Global**  
Ratings

- Strong financial management policies
- Maintenance of fund balance
- Future debt plans acknowledged
- Robust local economy
- Portsmouth rates higher than the nation

***"Strong financial-management policies, practices under our Financial Management Assessment (FMA) methodology--including its formal capital-improvement planning, financial forecasting, and formal reserve policy--and very strong Institutional Framework score for New Hampshire municipalities;"***

Emphasis added.

# FOLLOW UP - BUDGET PUBLIC HEARING 5/13/24

- Long-term effects of Community Policing Facility on the Capital Improvement Plan
- Insurance reimbursement increase
- Landfill closure
- Other non-operating & professional services/outside counsel
- Explanation of equalized tax rate
- Pupil transportation increase
- Department of Public Works vacancies

# ELECTRICITY SUPPLY PROCUREMENT

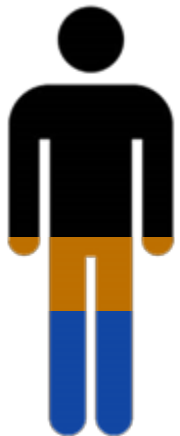


- Approximate energy usage: 14M kWh per year
- Current supply agreement: \$0.114/kWh
- Supply contract expires: October 2025
- Energy delivery is through Eversource, price per kWh varies based on account
- Currently exploring next contract including option for purchasing supply from CPCNH
- Usage at Senior Activity Center, Library, and Skate Park

# WHY ARE SOME STAFF SALARIES APPORTIONED TO MULTIPLE FUNDS?

- Aligns salaries with relevant cost centers
- Allocates costs by job function (affects 48 employees, see page 181)
- Creates Citywide efficiencies
- Benefits taxpayers, as the burden of salaries and benefits are shared:
  - Enterprise - shared with rate payers (including other communities and commercial)
  - Special Revenue Funds - shared with fee payers (parking fees, pool fees, etc.)

Example: Deputy City Manager/Regulatory Counsel



→ 60% City Manager's Department (General Fund)

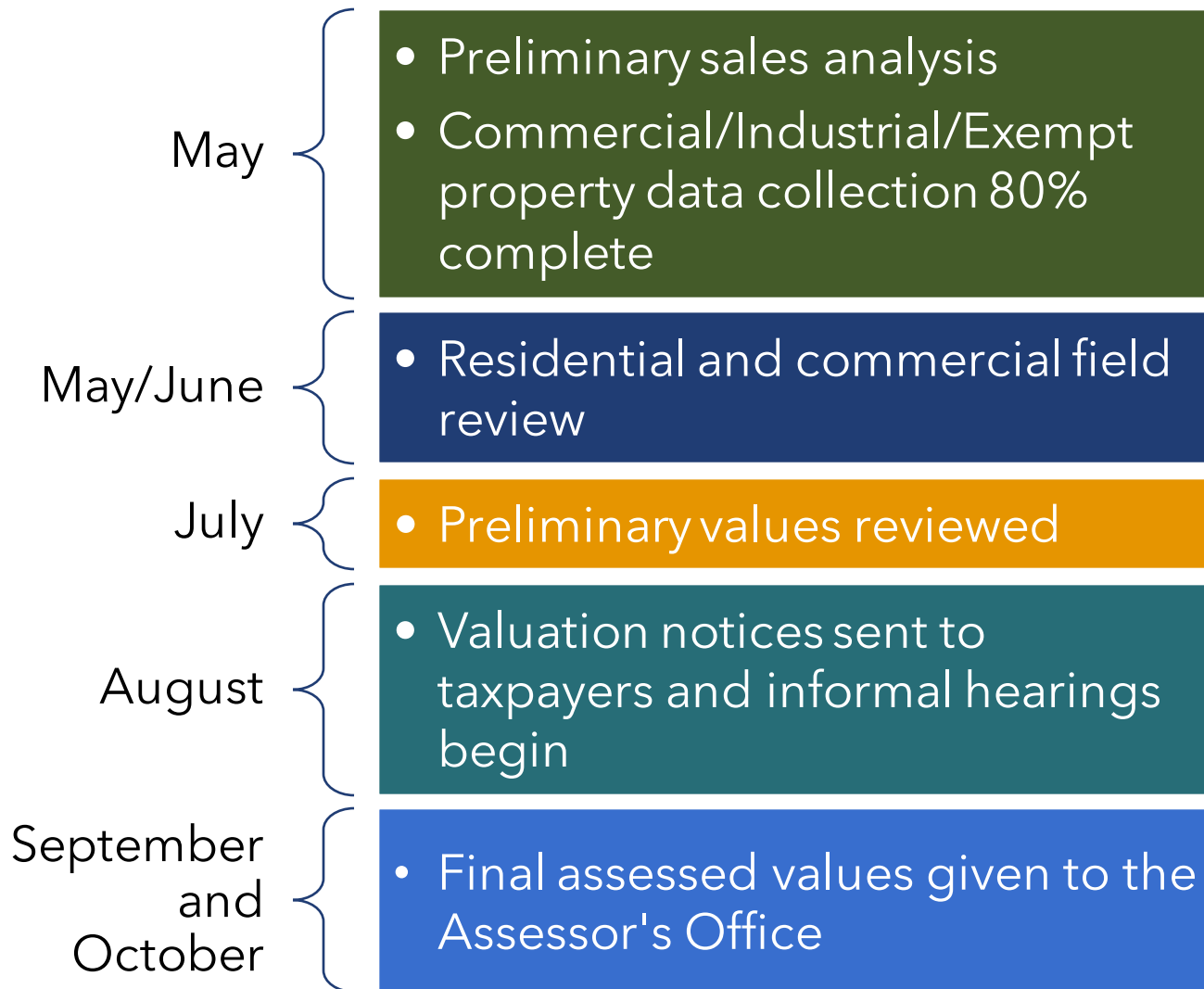
→ 20% Water Division (Enterprise Fund)

→ 20% Sewer Division (Enterprise Fund)





# REVALUATION TIMELINE



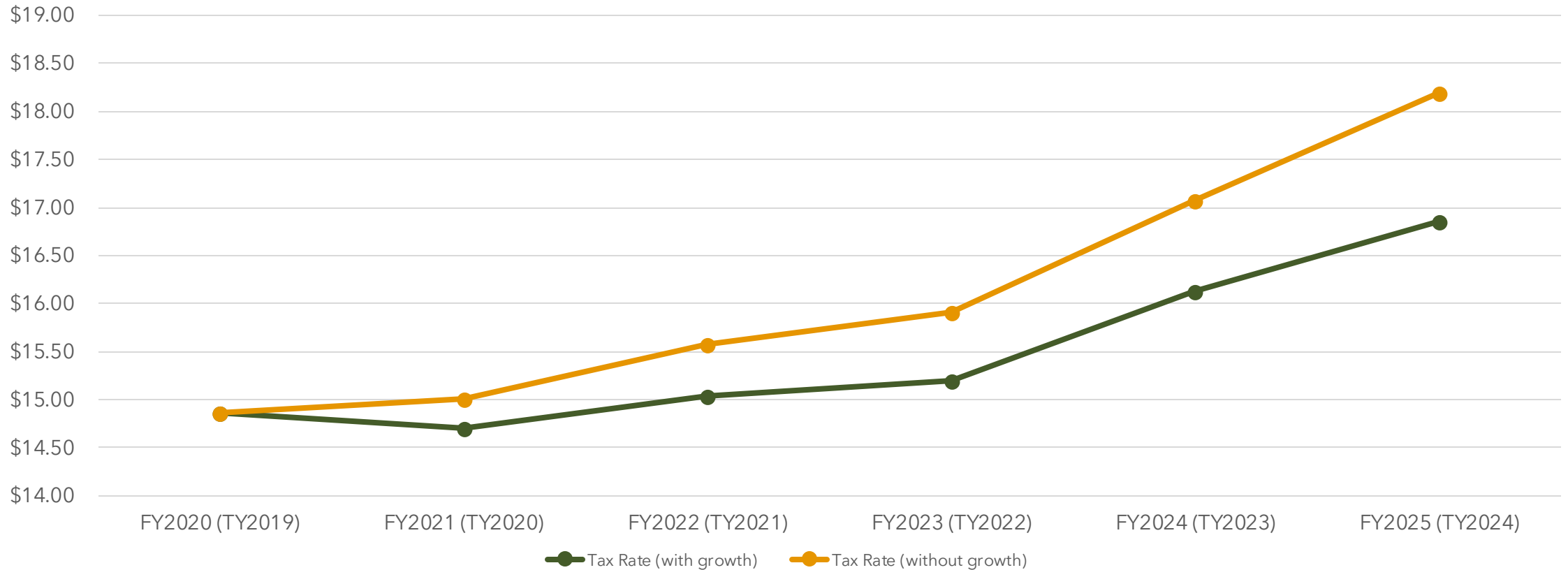
## Will the Commercial/Residential Distribution Change?

We don't know yet.

At this time, there is no indication as to the distribution of value between commercial and residential properties. This information will be available in late July/August.

# GROWTH

Tax Rates With and Without Growth over Six Fiscal Years



	FY2020 (TY2019)	FY2021 (TY2020)	FY2022 (TY2021)	FY2023 (TY2022)	FY2024 (TY2023)	FY2025 (TY2024)
Tax Rate (with growth)	\$14.86	\$14.70	\$15.03	\$15.20	\$16.13	\$16.85
Tax Rate (without growth)	\$14.86	\$15.00	\$15.57	\$15.91	\$17.08	\$18.20
Difference (Savings)	\$0.00	-\$0.30	-\$0.54	-\$0.71	-\$0.95	-\$1.35

# FIRE DEPARTMENT

Increase in shift coverage to staff 3 ambulances full time	\$576,331
COLAS	\$177,218
Firefighter retirement	\$182,679
Salary steps and stipends	\$138,758
33% workers compensation increase	\$137,317
3.1% health insurance increase (including reimbursement stipend utilization increase)	\$102,305

Summary can be found on page 13 of the budget book [portsnh.co/budgets](https://portsnh.co/budgets)

# POLICE DEPARTMENT – BUDGET IMPACTS

## Vacancies

- Experienced unprecedented departures in FY22 due to both retirements and resignations
- Majority of resignations due to old contracts/lack of competitive salaries
- Filling expected vacancies in FY24/FY25

## Staffing factors

- New contracts = retention
- Overtime utilized to fill the void
  - Dispatch is hour-for-hour
  - Patrol criteria
- Contributors to PD surplus – salary savings
- Budget build based on candidates always in the pipeline



# POLICE DEPARTMENT – VACANCIES & ATTRITION

Prior FY Start Vacancies

**FY21**  
 0 Officers  
 3 Dispatchers  
 2 Civilian  
**5 Total**

**FY20**  
 1 Officer  
 0 Dispatchers  
 0 Civilians  
**1 Total**

**In Hiring Process Now**  
 4 Officers  
 1 Dispatcher  
**5 Total**

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025 (Anticipated)
<b>Beginning of the Fiscal Year</b> 7/1/2021	<b>Beginning of the Fiscal Year</b> 7/1/2022	<b>Beginning of the Fiscal Year</b> 7/1/2023	<b>Beginning of the Fiscal Year</b> 7/1/2024	
<b>VACANCIES</b>	<b>VACANCIES</b>	<b>VACANCIES</b>	<b>VACANCIES</b>	
2 Officers 3 Dispatchers 1 Civilian	8 Officers 4 Dispatchers 1 Civilian	5 Officers 4 Dispatchers 3 Civilian	8 Officers 5 Dispatchers 1 Civilian	
<b>6 TOTAL</b>	<b>13 TOTAL</b>	<b>12 TOTAL</b>	<b>14 TOTAL</b>	
Vacancies include budget approved positions +3 new positions/-1 Dispatch = Net 2		Vacancies include budget approved positions +2 new positions/-1 Victim Advocate = Net 1		
<b>Throughout the Fiscal Year</b> (7/1/2021 - 6/30-3022)	<b>Throughout the Fiscal Year</b> (7/1/2022 - 6/30-3023)	<b>Throughout the Fiscal Year</b> (7/1/2023 - 6/30-3024)	<b>Throughout the Fiscal Year</b> (7/1/2024 - 6/30-3025)	
<b>HIRES</b>	<b>HIRES</b>	<b>HIRES</b>	<b>HIRES</b>	
9 Officers 3 Dispatchers 5 Civilian	9 Officers 6 Dispatchers 0 Civilian	6 Officers 2 Dispatchers 2 Civilian	1 Officers 0 Dispatchers 0 Civilian	
<b>17 TOTAL</b>	<b>15 TOTAL</b>	<b>10 TOTAL</b>	<b>1 TOTAL</b>	
<b>RESIGNATIONS/RETIREMENTS</b>	<b>RESIGNATIONS/RETIREMENTS</b>	<b>RESIGNATIONS/RETIREMENTS</b>	<b>RESIGNATIONS/RETIREMENTS</b>	
14 Officers 5 Dispatchers 3 Civilian	7 Officers 6 Dispatchers 0 Civilian	9 Officers 3 Dispatchers 0 Civilian	0 Officers 0 Dispatchers 0 Civilian	
<b>22 TOTAL</b>	<b>13 TOTAL</b>	<b>12 TOTAL</b>	<b>0 TOTAL</b>	
<b>11 Net Vacant/Hire/Loss</b>	<b>11 Net Vacant/Hire/Loss</b>	<b>14 Net/Vacant/Hire/Loss</b>	<b>13 Net Vacant/Hire/Loss</b>	

# STATE EDUCATION FUNDING

- Per order of the NH Supreme Court, the current education funding scheme is to remain in place until further Court order
- No further Court order expected in a timeframe that would impact this budget
- NH Department of Revenue Administration is expected to apply the existing education funding statute when it sets the tax rate in the Fall of 2024



# REDISTRICTING DISCUSSION & PROCESS

## FALL '22

- School Board creates ad hoc committee to examine redistricting
- Determined no need to redistrict for the 23-24 school year
- New developments reallocated

## '23 - '24 SCHOOL YEAR

- School Board established a Redistricting Study Committee
- Committee examined potential impact of new housing with Planning & Sustainability Department

## BEFORE MARCH 1, 2025

- Redistricting Committee will deliver a new elementary map recommendation by March 1, 2025, to inform the Fall 2025 School Year

# TEMPORARY CLASSROOMS

## The Challenge

- Dondero saw many late registrations, leading to larger-than-desired class sizes in Kindergarten and 4th Grade (Summer 2023)
- The district made a public push for earlier Kindergarten registration (Spring 2024)
- New Kindergarten registration (plus a projected 10% buffer for additional registrations) would create the following average class sizes per building across grades K-5 (for school year 2024-2025)

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<b>Dondero</b>	<b>Little Harbour</b>	<b>New Franklin</b>
18.8	15.9	16.9

- Largest impact of disparities would create:
  - 5th-grade classes of 25 at Dondero
  - 4th-grade classes of 14 at Little Harbour



## The Proposed Solution

- A temporary classroom and the movement of one teacher from Little Harbour to Dondero allow for an immediate reprieve from swelling at Dondero
- Dondero's 5th-grade classes would drop to 18, and Little Harbour's 4th-grade would also be 18
- Allows time for a more comprehensive process to consider new elementary maps for the City
- New class size averages would be the following:

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<b>Dondero</b>	<b>Little Harbour</b>	<b>New Franklin</b>
17.5	16.9	16.9



# IN CLOSING

- Budget as proposed meets City Council guidance
- Services maintained
- Increase due to salaries/benefits and debt service, reductions to offset
- Fund balance maintained in line with City Policy and GFOA standards
- 12th consecutive AAA Bond rating due to strong management and fiscal policies

