

Arts & Culture Abound!



City of Portsmouth, NH
FY2025 Proposed Annual Budget

FISCAL YEAR 2025 PROPOSED ANNUAL BUDGET



Public Hearing - Monday, May 13, 2024

CITY COUNCIL GOALS AND GUIDANCE

FY25 City Council Guidance

"... the Council adopt a range of 3.5% - 4.5% increase in total expenditures as guidance for the FY25 budget, with no additional headcount unless the positions are self-funded."

- February 5, 2024 City Council Meeting

	City Council Goal
	Enhance the supply of housing choices, especially the supply of below-market rate housing options.
	Integrate sustainability, resilience, and climate change mitigation actions throughout City government and community.
	Invite and engage the entire community, especially those traditionally unreached, to increase participation and transparency in government.
	Support the needs of residents, businesses, nonprofits, arts, and cultural institutions by leveraging City and local resources.
	Explore opportunities to support all modes of transportation options.

WHAT IS IN THE BUDGET?

Introduction and Background

- Budget Message & Highlights
- Citywide Goals & Initiatives
- Citywide Recognitions
- Community Profile
- Budget Document
- Financial Policies

Budget Financials

- Fund Summaries
- Revenues
- Debt Service
- Personnel Summary

General Fund Departments

- Funded by residents/ taxpayers
- Multiple Departments
 - General Administration
 - Financial Administration
 - Regulatory Services
 - Public Safety
 - Public Works
 - Community Services
 - School Department
 - Non-Operating

Enterprise Fund Departments

- Funded by rate payers
- Does not affect the tax rate
- Multiple Divisions
 - Water
 - Sewer

Special Revenue Fund Departments

- Funded by service utilizers
- Does not affect the tax rate (unless utilizing a transfer from the General Fund)
- Multiple Divisions
 - Stormwater
 - Parking
 - Prescott Park
 - Indoor Pool
 - Community Campus
 - Community Development Block Grant (CDBG)

FY25 BUDGET IMPACTS



Salaries and Benefits

- COLA
- Contractual Obligations
- Health Insurance

Changes to Reporting Expenses

- Subscription Based Information Technology Agreements (SBITA)
- Overlay

Revenues

- Investment Income
- ARPA Funds
- Use of Fund Balance

Non-Operating

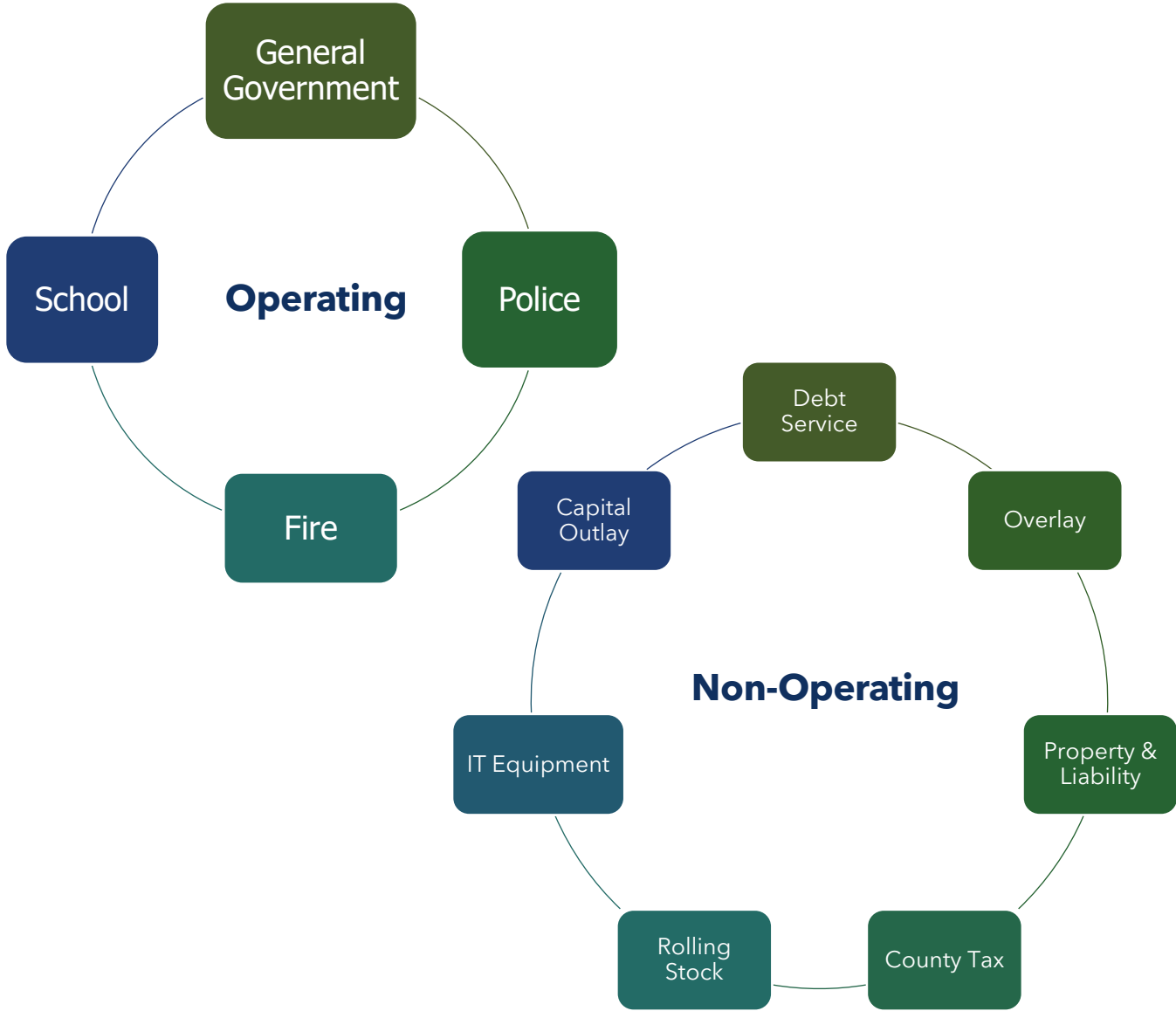
- Debt Service
- County Tax
- Capital Outlay
- Rolling Stock
- IT Equipment

GENERAL FUND

<i>FY25 PROPOSED TOTAL BUDGET</i>	FY24 BUDGET	FY25 PROPOSED BUDGET	\$ CHANGE FROM FY24	% CHANGE FROM FY24
<i>Operating</i>	\$112,565,612	\$118,554,293	\$5,988,681	5.32%
<i>Non-Operating</i>	\$26,057,763	\$26,307,054	\$249,291	0.96%
<i>Total Proposed Budget</i>	\$138,623,375	\$144,861,347	\$6,237,972	4.50%



GENERAL FUND COMPONENTS



TOTAL FY25 PROPOSED OPERATING BUDGET

<i>FY25 PROPOSED OPERATING BUDGET</i>	FY24 BUDGET	FY25 PROPOSED BUDGET	\$ CHANGE FROM FY24	% CHANGE FROM FY24
General Government	\$25,761,255	\$26,485,432	\$724,177	2.81%
Police Department	13,959,993	14,586,704	626,711	4.49%
Fire Department	11,243,307	12,492,159	1,248,852	11.11%
School Department	60,680,961	64,061,713	3,380,752	5.57%
Collective Bargaining Contingency	-	-	-	N/A
<i>Total of Departments</i>	\$111,645,516	\$117,626,008	\$5,980,492	5.36%
Transfer to Indoor Pool	200,000	200,000	-	0.0%
Transfer to Prescott Park	243,653	262,930	19,277	7.9%
Transfer to Community Campus	476,443	465,355	(11,088)	-2.3%
<i>Total Other</i>	\$920,096	\$928,285	8,189	0.9%
<i>TOTAL OPERATING</i>	\$112,565,612	\$118,554,293	\$5,988,681	5.32%

PERSONNEL SUMMARY

FY25
GENERAL FUND: 0.48 FTE
OVERALL: 0.32 FTE

Department/Position	General Fund	Other Citywide Departments			Total
		Enterprise Funds	Special Revenue Funds	Grant Funded	
Finance					
* Finance Assistant	(0.48)				(0.48)
Total Finance	(0.48)	-	-	-	(0.48)
Planning & Sustainability					
** Administrative Assistant I	1.00				1.00
Total Planning	1.00	-	-	-	1.00
Public Works-All Divisions					
Technician - Signs and Lines			1.00		1.00
Utility Mechanic	(1.00)				(1.00)
Finance Assistant		(0.50)			(0.50)
Total Public Works	(1.00)	(0.50)	1.00	-	(0.50)
School Department					
Teachers:					
Classroom & Regular Program Instructor	0.20				0.20
Special Programs	1.00				1.00
Pupil Support Programs	3.00				3.00
Other School Staff:					
Clerical	0.03				0.03
Tutors	(3.27)				(3.27)
Total School Department	0.96	-	-	(0.66)	0.30
Total All Funds	0.48	(0.50)	1.00	(0.66)	0.32

* .02 of Finance Assistant paid from Capital Funds, Finance Assistant position reduced to Part-Time

** 2 Part-Time Planning Department Administrative Clerks converted into 1 Full-Time Administrative Assistant

Blue Highlighted = New Position

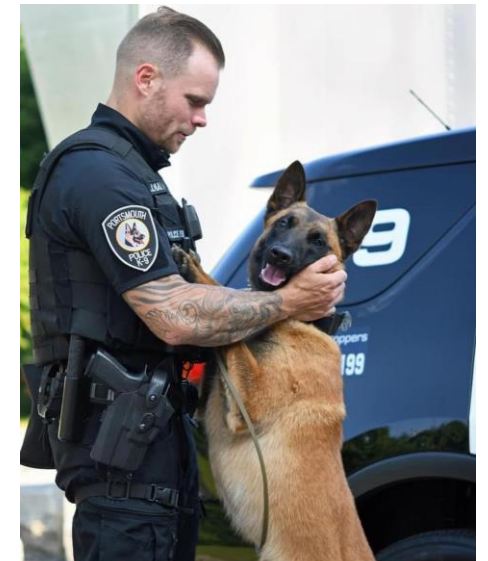
Red Highlighted = Position Eliminated or Changed to Part Time

SALARIES AND BENEFITS (68.4% OF THE TOTAL BUDGET)

Health

Dental

Life & Disability



Workers' Compensation

Retirement

Contractual Obligations

Salaries/Step Increases

COST OF LIVING ADJUSTMENT (COLA)

General Government	COLA
Professional Management Association (PMA)	2.69%
Supervisory Management Alliance (SMA)	2.69%
AFSCME Local 1386B Library & Clericals	2.69%
AFSCME Local 1386A Public Works	2.69%

Police	COLA
Ranking Officers Association	2.69%
Portsmouth Patrolman Association	2.69%
Civilians	2.69%

Fire	COLA
Fire Officers Association	2.00%
Firefighter Association	2.00%

School	COLA
Administrators	2.69%
Association of Portsmouth Teachers	3.00%
Clerical Employees	3.00%
Custodial Employees	3.69%
Cafeteria Employees	No COLA-set rates for FY25
Paraeducators	3.00%
Custodial Supervisors	2.69%

Note: The Social Security COLA for calendar year 2024 is 3.2%



TOTAL FY25 PROPOSED NON-OPERATING BUDGET

<i>FY25 PROPOSED NON-OPERATING BUDGET</i>	FY24 BUDGET	FY25 PROPOSED BUDGET	\$ CHANGE FROM FY24	% CHANGE FROM FY24
Debt Service and Related Expenditures	13,180,206	14,284,300	1,104,094	8.38%
Overlay	1,000,000	60,000	(940,000)	-94.00%
Property & Liability (excluding School)	393,307	424,292	30,985	7.88%
Rockingham County Tax	5,730,000	5,730,000	-	0.00%
Contingency	300,000	300,000	-	0.00%
Rolling Stock	877,000	783,650	(93,350)	-10.64%
IT Equipment Replacement	1,172,336	992,180	(180,156)	-15.37%
Capital Outlay	1,820,000	1,638,000	(182,000)	-10.00%
Landfill Closure-Coakley/Jones	115,000	292,750	177,750	154.57%
Portsmouth 400th Celebration	31,000	-	(31,000)	-100.00%
Other Non-Operating	488,914	1,301,882	812,968	166.28%
Prof Service - Outside Counsel	450,000	500,000	50,000	11.11%
McIntyre Settlement	500,000	-	(500,000)	-100.00%
<i>TOTAL NON-OPERATING</i>	26,057,763	26,307,054	249,291	0.96%

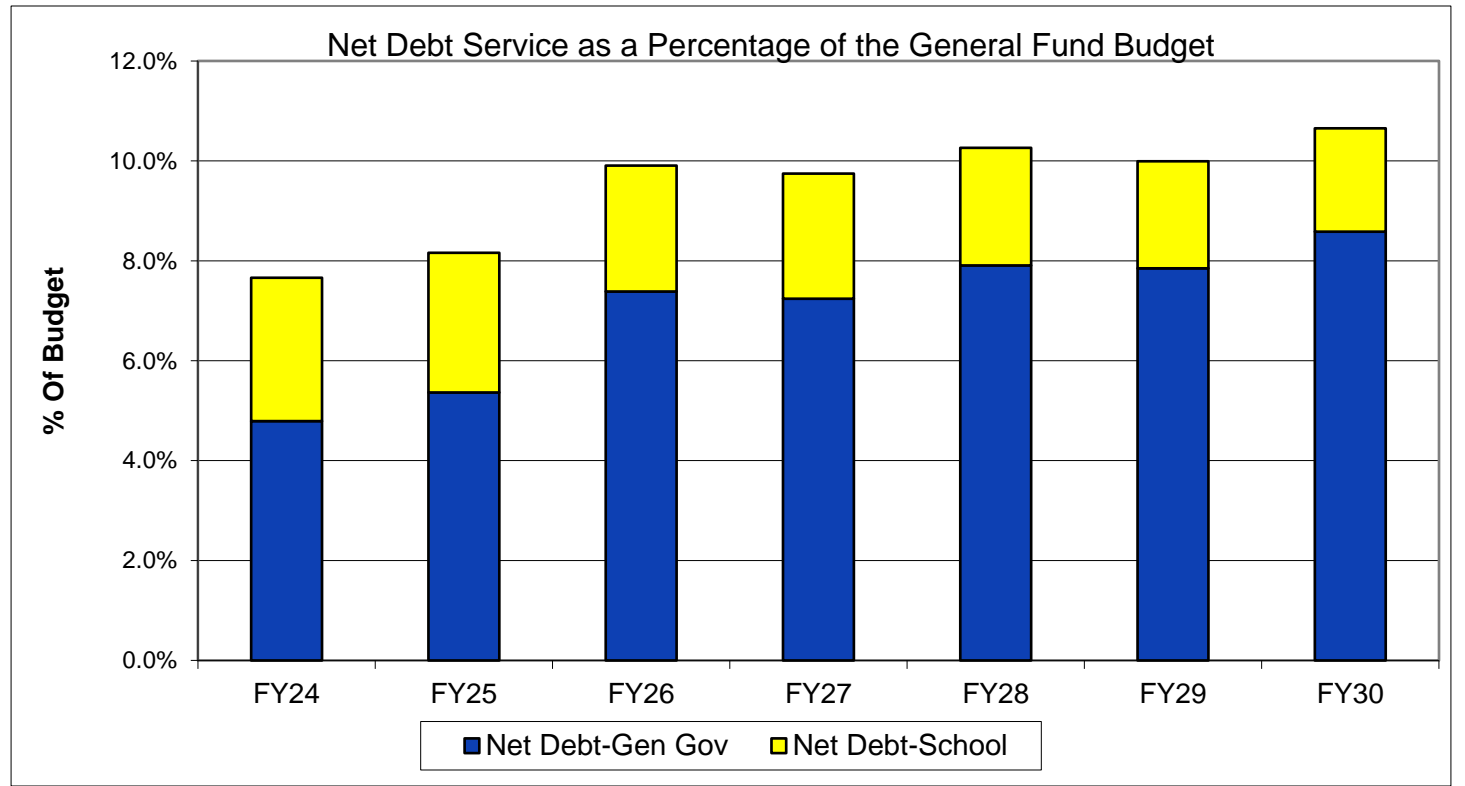
DEBT SERVICE

City Policy

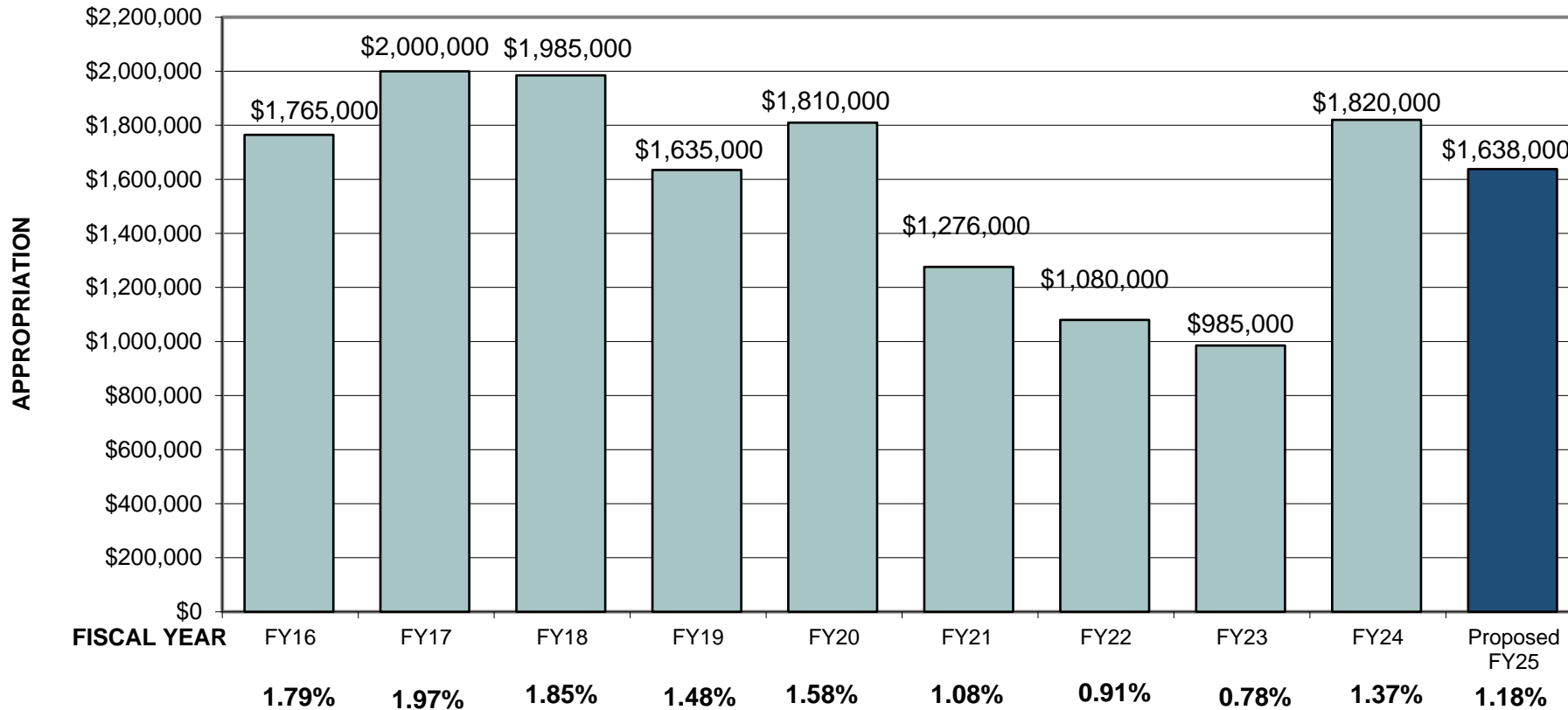
Use no more than 10% of annual appropriations towards net debt service.

Net Debt Service as a Percentage of the General Fund Budget

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</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	2,959,591	7,068,942	8,403,647	11,040,259	12,251,852	14,693,338
Total Gross Debt Service	13,060,206	14,164,300	17,509,482	17,840,662	19,499,868	19,501,304	21,375,857
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	7,769,418	11,379,619	11,626,825	13,338,561	13,771,793	15,819,125
Total Net Debt	10,619,232	11,823,326	15,268,508	15,649,688	17,308,894	17,527,944	19,634,883
% Net Debt Service of Budget:	7.66%	8.16%	9.91%	9.74%	10.26%	9.99%	10.65%



CAPITAL OUTLAY



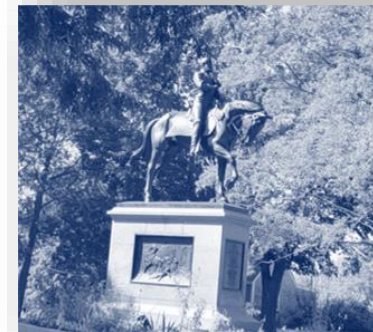
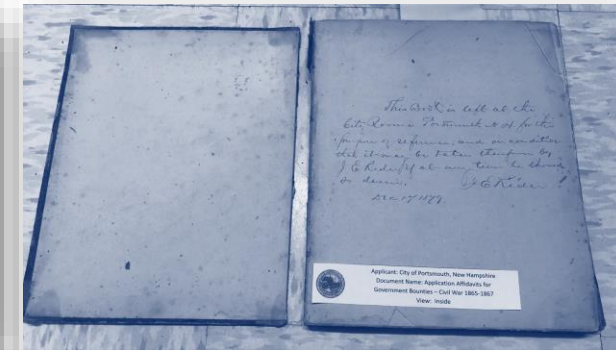
10-Year
Average
Capital Outlay
Expenditure
\$1,599,400

City Policy

Appropriate no more than 2% of the prior year's General Fund Budget for annual Capital Outlay projects.

FY25 CAPITAL OUTLAY

Budget Page	FY25 Capital Outlay	City Council Adopted 3/4/2024
II	31 Personal Protective Clothing Replacement	\$70,000
II	34 In-Cruiser and Handheld Radars	\$53,000
II	37 Fire Station Security Upgrade	\$150,000
II	43 Permanent/Historic Document Restoration, Preservation and Scanning	\$100,000
II	44 Disposition of Municipal Records	\$25,000
II	45 Historic Records Artifact Conservation and Storage Assessment	\$150,000
II	46 Public Art Trust Fund	\$25,000
II	49 Historic District Guidelines Part 2	\$50,000
II	50 Groundwater Study to Identify Impacts	\$50,000
II	52 Indoor Pool Facility Needs	\$32,500
II	54 Existing Outdoor Recreation Field and Facility Improvements	\$50,000
II	56 Leary Field Resoration	\$50,000
II	58 Community Campus Facility Needs	\$50,000
II	59 Citywide Park and Monument Improvements	\$50,000
II	60 Citywide Trees and Public Greenery Program	\$20,000
II	61 Prescott Park Facilities Capital Improvements	\$100,000
II	63 Historic Cemetery Improvements	\$40,000
II	84 Citywide Traffic Signal Upgrade Program	\$100,000
II	85 Citywide Intersection Improvements	\$100,000
II	87 Railroad Crossings	\$172,500
II	88 Citywide Bridge Improvements	\$100,000
II	Capital Contingency	\$100,000
Total FY25 Capital Outlay		\$1,638,000



USE OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDS FOR A CAPITAL PROJECT



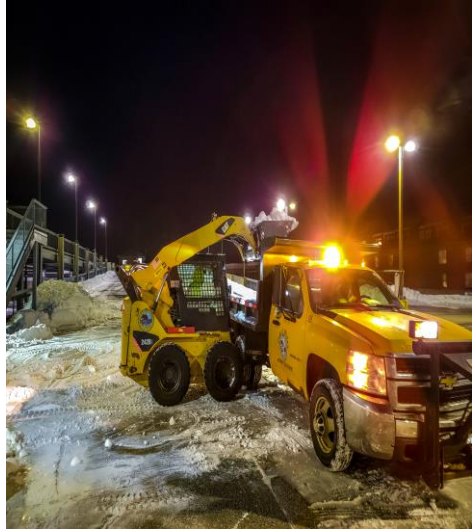
Capital Outlay projects identified in the CIP-Voted by City Council	FY25 Budget
Sheltering and Public Health Resources	250,000
<i>Total City Council</i>	<u>\$250,000</u>

City Council Recommendation

City Council adopted the 2025-2030 Capital Improvement Plan and identified \$250,000 in eligible projects to be paid for from ARPA funds.

- Adopted March 4, 2024

ROLLING STOCK



	FY24 General Fund	FY25 Department Request	\$ Change from FY24	% Change from FY24
<u>Public Works</u>				
F550 Flatbed Dump (yellow) w/plow (6/7 Diesel)		90,000		
Sidewalk Tractor (Year 1 of 2)		75,000		
7400 Packer (Year 3 of 4)		113,000		
SUV		35,000		
F550 w/landscape trailer, plow, & salter (Year 1 of 2)		62,000		
SUV		30,000		
Total Public Works	405,000	405,000	0	0%
<u>Police</u>				
SUV-Explorer (3)		144,900		
SUV-Escape		42,000		
Motorcycle		15,750		
Total Police	223,000	202,650	(20,350)	-9%
<u>Fire</u>				
SUV		70,000		
Total Fire	155,000	70,000	(85,000)	-55%
<u>School</u>				
WHAM 1600 Turbo Series II 12'(Year 1 of 2)		39,000		
30-35' Scissor Lift (Ext)		22,000		
Ford E250 7 Passenger Van (RJLA)		45,000		
Total School	94,000	106,000	12,000	13%
TOTAL GENERAL FUND	\$877,000	\$783,650	-\$93,350	-11%

VEHICLE AND EQUIPMENT REPLACEMENT PLAN → \$783,650

REVENUES FY25 → ONE-TIME REVENUE USE

- \$12.88 million in ARPA funds received in 2021
- 80.3% of funds allocated to date
- Deadlines:
 - December 2024 to obligate
 - December 2026 to spend
- **FY25 Budget includes use of \$2,183,054 from ARPA***
- 99.1% of funds allocated with adoption of this budget

*American Rescue Plan Act-State and Local Fiscal Recovery Funds (ARPA-SLFRF) under the Revenue Loss category



USE OF FUND BALANCE

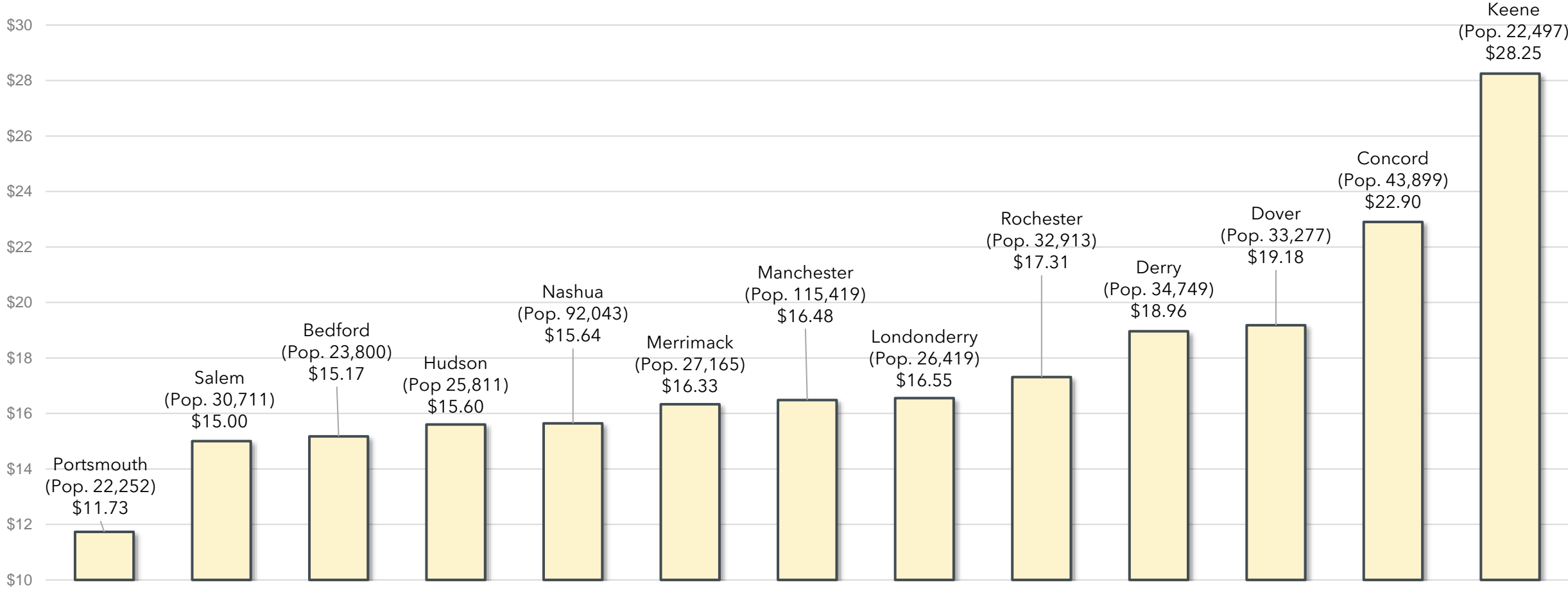
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025 Proposed
Committed Fund Balance				
Reserve for Tax Appraisal	100,000	100,000	100,000	100,000
Use of Debt Reserve	1,900,000	1,700,000	1,700,000	1,600,000
McIntyre Settlement (Supplemental)	500,000			
Reserve-Bond Premium			128,379	
McIntyre Settlement/Design	400,000			
Budgetary Use			2,500,000	1,000,000
McIntyre Operations	480,000			
McIntyre Settlement		1,000,000		
Use of Committed Fund Balance	3,380,000	2,800,000	4,428,379	2,700,000
Unassigned Fund Balance				
Skateboard Park (Supplemental)	2,200,000			
Community Campus (Supplemental)	116,000			
DSA Settlement (Supplemental)		500,000		
McIntyre Design (Supplemental)		150,000		
Collective Bargaining (Supplemental)			890,000	
Litigation Legal Fees (Supplemental)			450,000	
Use of Unassigned Fund Balance	2,316,000	650,000	1,340,000	-
TOTAL	\$ 5,696,000	\$ 3,450,000	\$ 5,768,379	\$ 2,700,000

SOCIAL SECURITY COLA VS. PROPERTY TAX RATE COMPARISON

	Calendar 2022	Calendar 2023	Calendar 2024	3 Year Total Increase	3 Year Average Increase
Social Security COLA Increase	5.90%	8.70%	3.20%	17.80%	5.93%
	FY23	FY24	FY25		
Portsmouth Tax Rate Increase	1.10%	6.12%	4.45%	11.67%	3.89%

EQUALIZED TAX RATE FY2023 (TY 2022)

Total Equalized Tax Rate TY2021 (FY2022)
For NH Communities with 20,000+ Residents



Population information used in the above graph was gathered from the NH U.S. Census ACS Surveys (2022).

ENTERPRISE FUNDS (WATER/SEWER)

FY25 Budget Impacts



INFLATION OF
CHEMICALS,
MATERIALS



INCREASE OF
PROJECT COSTS



PENDING COSTS
FROM EPA
REGULATIONS



UPGRADES TO
EXISTING
INFRASTRUCTURE



WATER USER RATE – PROPOSED 6% INCREASE

FY25 Water Rate

Average Residential Customer Bill

Monthly Consumption in units

(1 unit = 100 cf = 748 gallons)

	Rate	Billed Units	Month Charge
Capital Related Rate, per unit	\$3.03	5	\$15.15
1st Tier water service rates	\$1.99	5	\$9.94
Minimum Charge (5/8" meter)	\$4.95	n/a	\$4.95
Total Monthly Charge			\$30.04
Total Annual Charge			\$360.43



Average residential customer bill

User Rate Increase \$0.06 per unit

This results in an increase of
16.64 per year
(\$1.39 per month)

SEWER USER RATE – PROPOSED 5% INCREASE

FY25 Sewer Rate

Average Residential Customer Bill
Monthly Consumption in units
(1 unit = 100 cf = 748 gallons)

	Rate	Billed Units	Month Charge
Capital Related Rate, per unit	\$10.95	5	\$54.75
1st Tier sewer service rates	\$6.37	5	\$31.85
Minimum Charge (5/8" meter)	\$4.95	n/a	\$4.95
Total Monthly Charge			\$91.55
Total Annual Charge			\$1,098.60



Average residential customer bill

User Rate Increase \$0.83 per unit

This results in an increase of
\$49.80 per year
(\$4.15 per month)

SPECIAL REVENUE FUNDS

GIVES FUNDS TO THE GENERAL FUND

Parking & Transportation

- Funded through all who pay for parking in Portsmouth
- FY25 Budget utilizes funding from Parking Fund Balance (from prior year surplus)

- FY25 BUDGET NOTES**
- Net increase of \$555,628 or 6.2%
 - Increase due to:
 - Operations and Maintenance Costs
 - Public Transportation
 - Capital Outlay
 - Contingency
 - Reductions to Parking Facilities and Debt Service

USES FUNDING FROM THE GENERAL FUND

Stormwater

- Funded equally through two transfers:
 - General Fund DPW Highway Division
 - Sewer Fund - Enterprise Fund
- FY25 Budget utilizes funding from Stormwater Fund Balance (from prior year surplus)

- Net increase of \$292,168 or 36.4%
- Increase due to:
 - Rolling stock
 - GPS Tracking package
 - Purchase of equipment
 - Net increase of operating expenses
 - Contractual obligations

Prescott Park

- Majority funded from two sources:
 - Transfer from the General Fund (44.2%)
 - Transfer from the Josie Prescott Trust (35.0%)
- Significant Funding also coming from a Transfer from the Parking Division (10.1%)

- Net increase of \$25,644 or 4.5%
- Increase due to:
 - Contractual agreements
 - IT equipment
 - Dock cleaning and maintenance
 - Plant material costs

Community Campus

- Majority funded from two sources:
 - Transfer from the General Fund (50%)
 - Rental Income/Other Revenue (46.6%)
- Transfer from the School Department Utilities line item (General Fund) (3.7%)

- Net increase of \$11,776 or 1.3%
- Increase due to:
 - Utility costs
 - Property and liability
- Reduction in Contracted Services

Indoor Pool

- Majority funded from three sources:
 - Transfer from the General Fund (32.7%)
 - Swim Lessons Revenue (32.7%)
 - Indoor Pool Memberships (18.0%)

- Net decrease of \$21,141 or 3.3%
- Decrease due to:
 - Adjustments to hours at the pool
 - Minor adjustments to operational costs

DOES NOT INTERACT WITH THE GENERAL FUND

Community Development

- Funded by the Federal Government Community Development Block Grant

- Net increase of \$40,355 or 26.8%
- Increase due to:
 - Increase of a staff member during FY24 from Part-time to Full Time
 - Contractual obligations

MONEY IN (REVENUES)

FY25 BUDGET NOTES

PARKING SERVICES OFFSET SOME TAXPAYER FUNDED SERVICES

Services Provided by the Parking Fund which would be typically funded in the General Fund

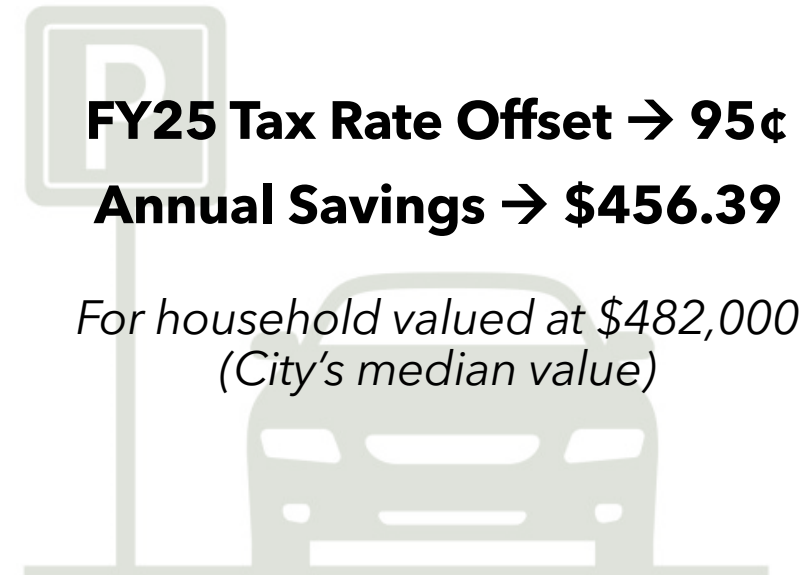
	FY25
Revenues Retained in the General Fund	2,500,000
1) Transportation Programs	817,782
Salaries & Benefits	1,533,623
Snow Removal	300,000
Downtown Maintenance	349,307
School Bus Support	50,000
Police Services Support	60,000
Fire Services Support	25,000
Transfer - Prescott Park	60,000
Transfer - Recycling	100,000
Bike/Ped Plan Implementation	50,000
Traffic Calming	50,000
EV Charging Stations	50,000
Parking Lot Leases	22,500
Rolling Stock	340,000
Total	\$6,308,212
Tax Rate Offset	95¢

1) Coast Dues, Senior Transportation, Trolley Match, Shuttle Services, and Downtown Loop.

How does the Parking Fund help taxpayers?

The Parking Division revenues fund personnel, services, capital projects, and more that are utilized by the taxpayers. These revenues are generated people who pay to park.

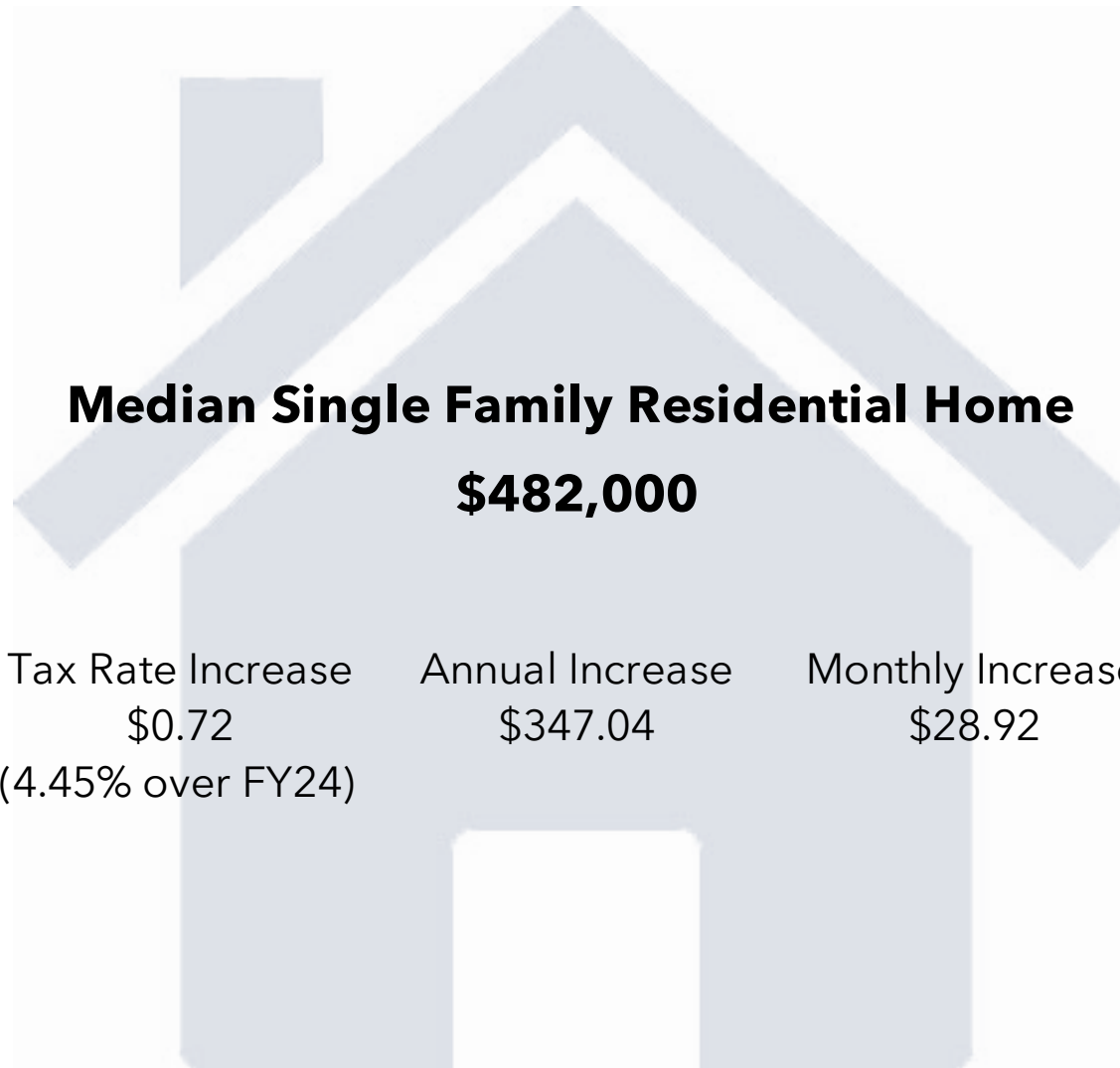
If these services were not funded through parking, the tax rate would need to increase or services would be reduced.



FY25 Tax Rate Offset → 95¢
Annual Savings → \$456.39

*For household valued at \$482,000
 (City's median value)*

**ESTIMATED
TAX RATE
FY25 (TY24)**



FY25 Estimated Tax Rate → \$16.85

BUDGET SCHEDULE

Completed (Fall 2023 - Spring 2024)

- Capital Improvement Plan
- Charter department budget public hearings
- City Council Budget Work Session (preliminary)
- Department presentations to City Council with public input opportunities

Tonight (May 13th)

- Budget Public Hearing

Upcoming

- City Council Work Session - Budget Review (May 23rd)
- Continuation of Budget Public Hearing and adoption of the Proposed Budget (June 3rd)

