

Presentation Recording



Watch the full presentation from the May 14, 2025 [City Council Work Session](#) on YouTube.

Celebrating City Services



City of Portsmouth, New Hampshire Fiscal Year 2026 Proposed Annual Budget

July 1, 2025 – June 30, 2026

FISCAL YEAR 2026 PROPOSED ANNUAL BUDGET



Budget Work Session – Wednesday, May 14, 2025

Budget Timeline

Completed (Fall 2024 – Spring 2025)

- ✓ Capital Improvement Plan
- ✓ Charter Departments Public Hearings
- ✓ City Council Budget Planning Work Session
- ✓ Budget Work Session – General Fund

Tonight (May 14)

- Budget Work Session – Enterprise and Special Revenues Funds
(Department presentations with public input opportunities)

Upcoming

- **May 19** City Council Meeting – Public Hearing on the Budget
- **May 28** City Council Work Session – Budget Review
- **June 9** City Council Meeting – Continuation of Public Hearing on the Budget and adoption of the Proposed Budget



Enterprise & Special Revenue Funds

Enterprise Funds

- Water Fund
- Sewer Fund

Special Revenue Funds

- Stormwater
- Parking & Transportation
- Prescott Park
- Community Campus
- Indoor Pool
- Community Development



Water Fund

Cash Requirements: \$ 15,005,356

Change: \$ 1,070,707

FY26 Budget Comments

- Cost of capital projects
- Federal and State regulatory issues
- Replacement of aging infrastructure

- Water Assistance Programs
- Water Production
- Water Storage
- Water Distribution
- Technical Services

The Water Division is funded by Water System Users

The Portsmouth Water System services the following communities:

- Portsmouth
- Greenland
- New Castle
- Newington
- As well as portions of:
 - Durham
 - Madbury
 - Rye



Sewer Fund

Cash Requirements: \$ 27,271,009

Change: \$ 1,615,644

FY26 Budget Comments

- Cost of capital projects
- Federal and State regulatory issues
- Replacement of aging infrastructure

- Sewer Assistance Program
- Wastewater Collection
- Wastewater Treatment
- Technical Services

The Sewer Division is funded by Sewer System Users

The Portsmouth Sewer System services the following communities:

- Portsmouth
- Pease International Tradeport
- New Castle
- Rye
- Greenland



Staffing Changes

(Full Time Positions Only)

Enterprise & Special Revenues

- Parking & Transportation: (1.40) FTE
- Stormwater: 0.50 FTE
- Grants/Other: (4.80) FTE
- Water: (0.35) FTE
- Sewer: 1.65 FTE

Total Enterprise & Special Revenues: (4.40) FTE

General Fund: (10.71) FTE

Overall: (15.11) FTE

Purple Highlighted = Unfunded Position

Blue Highlighted = New Position

Red Highlighted = Position Eliminated or Changed to Part Time

Department/Position	Governmental Funds		Enterprise Funds	
	Parking & Trans	Stormwater	Water	Sewer
Public Works-All Divisions				
Director of Public Works	0.15		0.15	0.15
Deputy Public Works Director			(0.50)	(0.50)
Cybersecurity Analyst			0.20	0.20
Project Manager	0.25		0.35	0.35
Operations Manager		0.50	0.25	0.25
Transportation Engineering Associate	(1.00)			
Administrative Assistant II	(0.05)		(0.05)	(0.05)
Office Manager II (Transfer from Finance)			0.50	0.50
Special Projects Coordinator	(0.25)		(0.25)	(0.25)
Construction Technician Supervisor				
GIS/Stormwater Manager			(0.50)	(0.50)
Plant Operator				1.00
Project Manager for Engineering & Operations	0.25		0.25	0.25
Facilities Project Manager	(0.75)		0.25	0.25
General Foreman			(0.50)	(0.50)
Meter Technician			2.00	2.00
Utility Mechanic			(2.50)	(1.50)
Total Public Works	(1.40)	0.50	(0.35)	1.65
Total	(1.40)	0.50	(0.35)	1.65

Fiscal Year 2026 Proposed Budget Enterprise and Special Revenue Funds

Enterprise Funds

- Water
- Sewer

Special Revenue Funds

- Parking
- Prescott Park
- Community Campus
- Indoor Pool
- Community Development



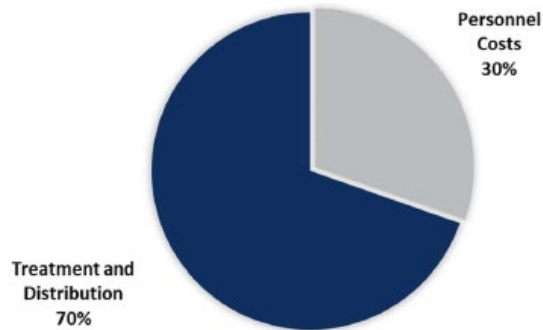
Budget Work Session - Wednesday, May 14, 2025

Enterprise Funds (Water/Sewer)

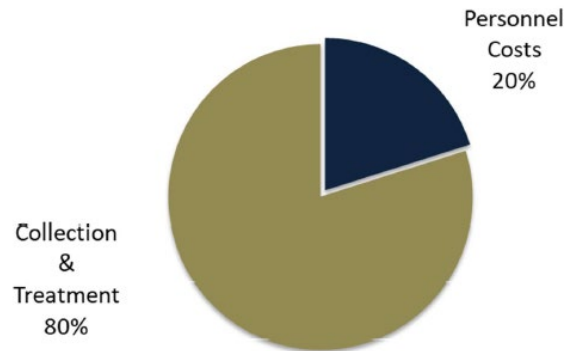
FY26 Budget Impacts

- Inflation, construction costs, chemicals
- Changing regulatory requirements
- Aged infrastructure

Water Fund



Sewer Fund

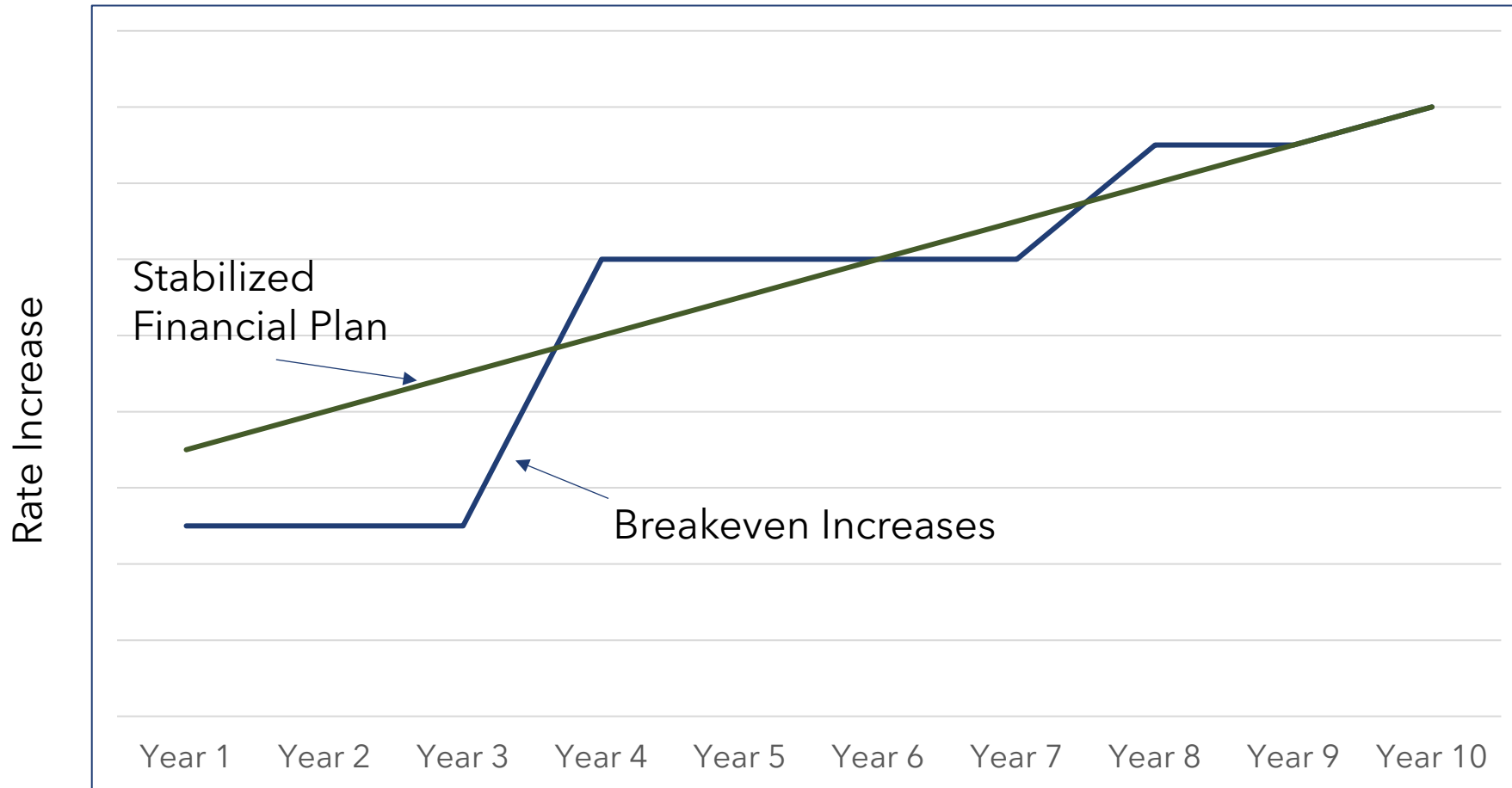


What is an Enterprise Fund?

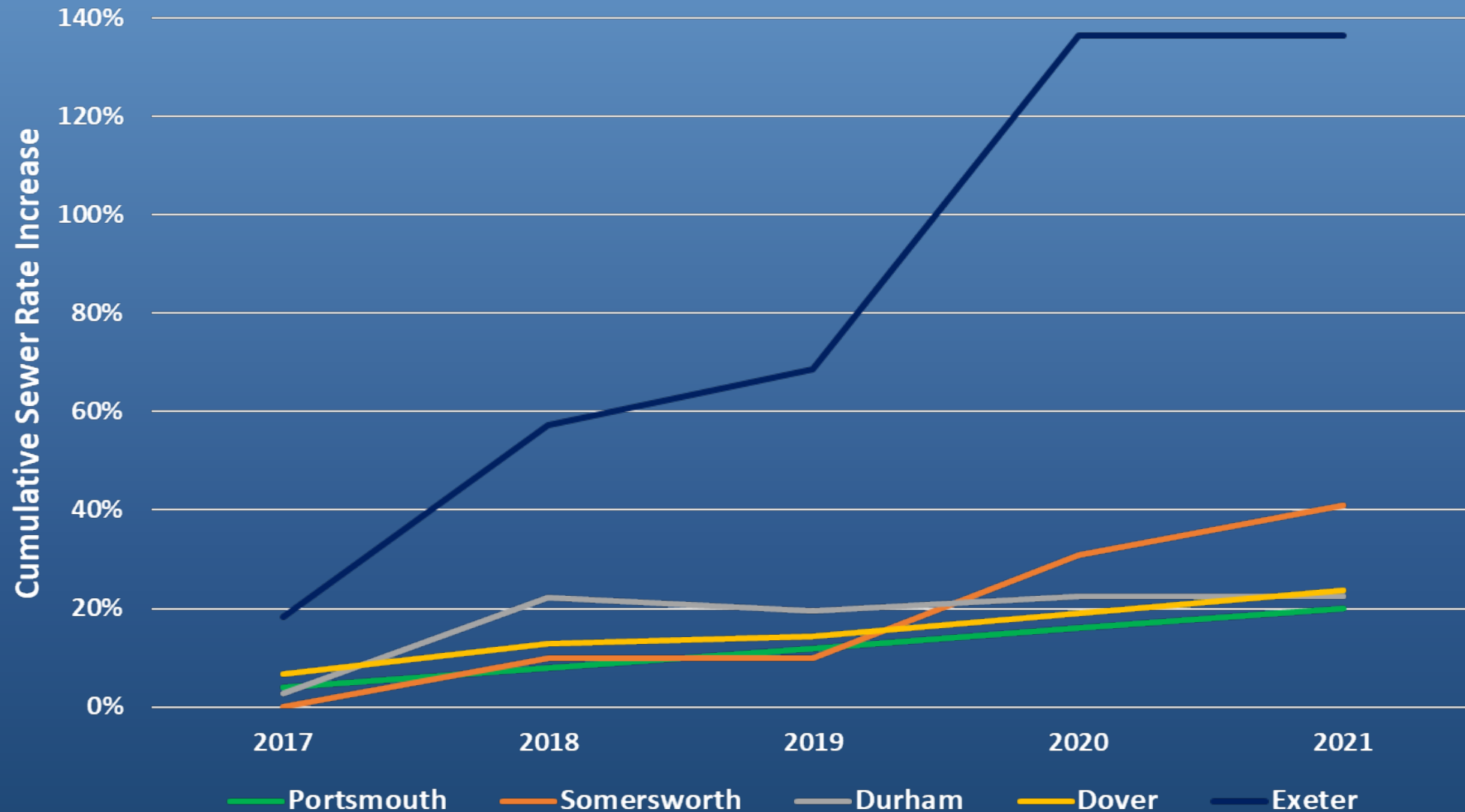
- Operations financed and operated in a manner similar to private business
- Must have fees and/or charges sufficient to cover costs of providing goods and services, including capital costs (i.e. system re-investment and debt service)
- Use of Rate Model to project funding needs
- Note: property taxes do not subsidize the water and sewer funds

“Glidepath” Approach

Use of “glidepath” approach to Rate Setting to maintain stable and predictable Rate increases



NH Seacoast Community Sewer Rate Trends



Water User Rate – Proposed \$0.45 Increase Per Unit

FY26 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	\$3.48	5	\$17.40
1st Tier water service rates	\$1.99	5	\$9.95
Minimum Charge (5/8" meter)	\$4.95	n/a	\$4.95
Total Monthly Charge			\$32.30
Total Annual Charge			\$387.60

Average Daily Cost for Single Family Residential water customer = \$1.06



Average residential customer bill

User Rate Increase \$0.45 per unit

This results in an increase of
\$27.00 per year
(\$2.25 per month)

Water - Core Functions



Water Supply

- Bellamy Reservoir
- 2 Treatment Facilities
- 10 Supply Wells
- Pumping Station
- 4 Storage Tanks



Water Quality

- Process control
- Regulatory sampling and reporting
- Surface water monitoring
- PFAS treatment



Water Distribution

- Over 200 miles of water main
- System maintenance
- Leak detection
- Metering and backflow prevention

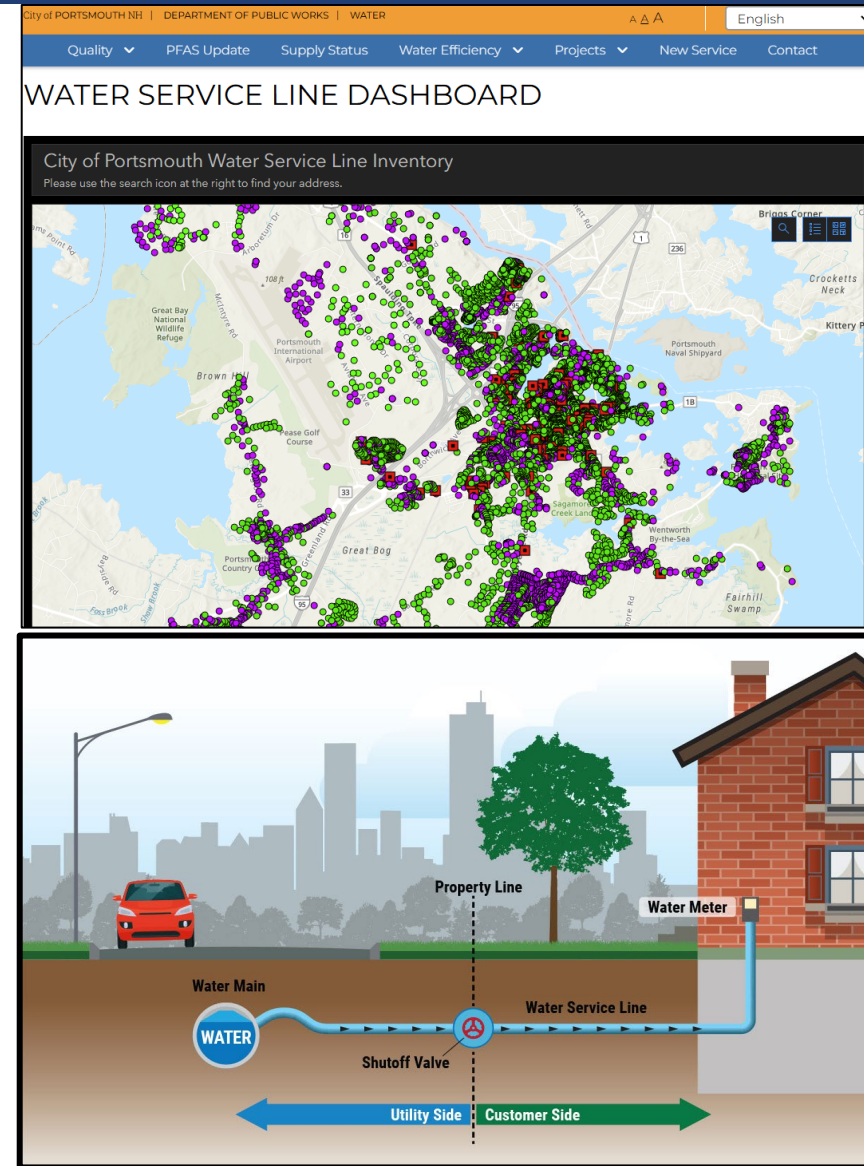
Outreach

- Annual Water Quality Report
- Quarterly Status Updates
- Safe Water Advisory Group

Water - Accomplishments

Water Service Line Inventory

- Revised Lead & Copper Rule Requirements
- Consultant proposal for \$345,000
 - In-house GIS, meter crew, water quality staff
- \$135,000 grants awarded by NHDES
- 93% private-side services identified
- Free lead testing kits (330 delivered)
- Expanded compliance sampling sites



Water - Accomplishments

Lafayette Storage Tank

- Installed mixers to improve water quality

Replaced Resin Media

- Replaced ion-exchange media at the Pease PFAS Treatment Facility

Transmission Main Valve Replacement

- Improved resiliency with new valves

Emergency Response

- Winter main breaks (3 breaks Christmas 2024)
- Night work downtown to minimize impact



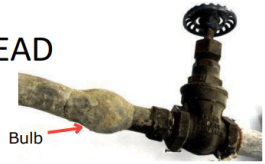
Water - Initiatives

FY26 Initiatives

- Water Service Line Inventory
- Galvanized Service Line Replacement
- Water Storage Tank Painting
- PFAS Treatment Designs

TYPES OF SERVICE LINE MATERIAL

LEAD



A dull, silver colored pipe that can be easily scratched with a coin or key. Scratching leaves a shiny silver color. Magnets WILL NOT stick to lead pipes. Lead pipes are bendable and commonly have a "bulb".

GALVANIZED

IRON



A dull, silver colored pipe that is hard to scratch with a coin or key. Scratching leaves a dull gray color. A magnet WILL stick to a galvanized iron pipe.

COPPER



Brown colored pipe that can be easily scratched with a coin or key. Scratching leaves a copper color. Magnets WILL NOT stick to copper pipes.

PLASTIC



Generally white, black or blue piping. Plastic piping is rigid. A magnet WILL NOT stick to plastic pipe.



Water – Source and Distribution System Capacity

- Water Supply - Source Capacities
 - Portsmouth System: 4.6 MGD Sustained; 7.2 MGD Maximum
 - Pease Tradeport System: 1.2 MGD; 1.6 MGD Maximum
- 2024 Water Demand
 - Portsmouth System: 3.4 MGD Average; 5.2 MGD Maximum
 - Pease Tradeport System: 0.67 MGD Average; 1.3 MGD Maximum
- City evaluates development impacts to system during site reviews and in the TAC process
- Distribution System
 - Hydraulic modeling and impact assessments
 - System improvements to support development paid for by developers/benefiting parties



Sewer Enterprise Fund



Sewer User Rate – Proposed \$0.69 Increase Per Unit

FY26 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	\$11.15	5	\$55.75
1st Tier sewer service rates	\$6.86	5	\$34.30
Total Monthly Charge			\$90.05
Total Annual Charge			\$1,080.60

Average Daily cost for Single Family Residential sewer customer = \$2.96

Average residential customer bill

User Rate Increase \$0.69 per unit

This results in an increase of
\$41.40 per year
(\$3.45 per month)

Sewer - Core Functions



Collection System

- ~6,700 Service Connections
- 120 Miles Sewer Mains
- 21 Pump Stations
- 3 Permitted CSO's

Treatment Systems

- 2 Treatment Facilities
- BOD, TSS, Nitrogen Removal
- Continuous Sampling and Lab Testing
- Monthly Reporting

Operations And Maintenance

- 24/7/365 Operations
- PM/CM Maintenance
- Facility Improvements
- Closed Circuit TV Inspection
- Customer Service Calls

Regulatory Compliance

- EPA NPDES Discharge Permits (2)
- Great Bay Total Nitrogen Permit
- EPA CSO Consent Decree

Sewer - Accomplishments

Project

- Islington Street Phase 2
- Maplewood Bridge
- Bartlett Street Restoration
- Union Street Sewer Separation
- Sagamore Ave Sewer Separation
- Willard Avenue Sewer Separation
- Marjorie Street Pump Station

Financial

- Pease WWTF Rehabilitation
 - \$25,128,000 SRF Grant and Loan
- Mechanic Street Pump Station Replacement
 - \$3,000,000 SRF Grant and Loan (Design Phase)
- PFAS Destruction Pilot
 - \$1,000,000 SRF Grant
- Sewer System Model (LTCP)
 - \$300,000 SRF Grant and Loan
- Fleet Street Sewer Separation
 - \$7,500,000 SRF Grant and Loan

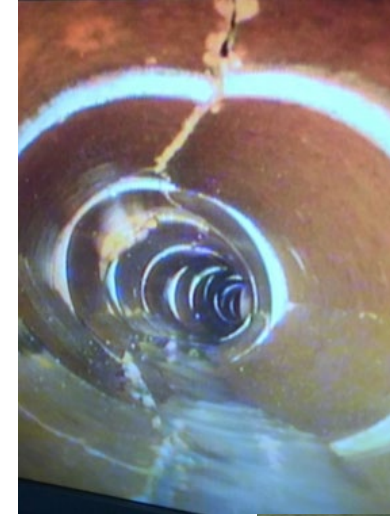
Total Grant Funds: \$8,488,050.00

Regulatory

- 37% less total nitrogen discharged to Great Bay than permitted
- PI WWTF 2024 daily flow 750,000 Gal/Day less than 2008-2012 average flows
- CSO Consent Decree Projects
 - Fleet Sewer Separation Project (bidding)
 - Sewer Rehab Contract 1 (environmental review)

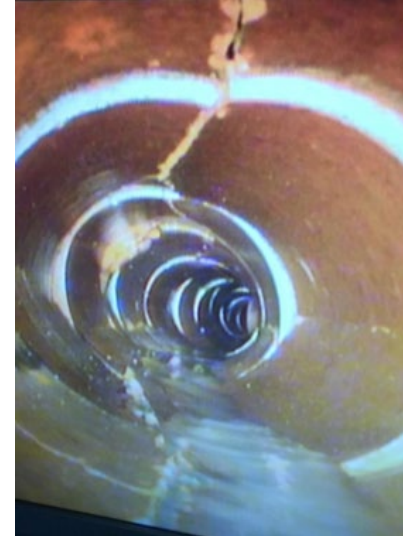
Sewer - Initiatives

- Continue to implement asset management best practices
- Emphasize preventative maintenance
- Extend lifespan of existing assets
- Skilled staff development
- Emphasize in-house construction activities
 - 1/3 cost of contracted work



Sewer – WWTF and Collection System Capacity

- WWTF Capacities
 - Peirce Island WWTF: 6.13 MGD Average Daily Flow
 - Pease WWTF: 1.2 MGD Average Daily Flow
- 2024 WWTF Flows
 - Peirce Island WWTF: 4.55 MGD
 - Pease WWTF: 0.73 MGD
- Change in Flows to WWTF's
 - PI WWTF experiencing 15% decrease in annual flows since 2008-2012 planning period
- City evaluates development impacts to system during site reviews and in the TAC process
- Collection System
 - Capacity expansion to support development paid for by developers/benefiting parties



Special Revenue Funds

	GIVES FUNDS TO THE GENERAL FUND	USES FUNDING FROM THE GENERAL FUND AND OTHER SOURCES				DOES NOT INTERACT WITH THE GENERAL FUND
	Parking & Transportation	Stormwater	Prescott Park	Community Campus	Indoor Pool	Community Development
MONEY IN (REVENUES)	<ul style="list-style-type: none"> Funded through all who pay for parking in Portsmouth \$2.5M direct transfer to the General Fund No use of fund balance 	<ul style="list-style-type: none"> Funded equally through two transfers: <ul style="list-style-type: none"> General Fund DPW Highway Division Sewer Fund - Enterprise Fund FY26 Budget utilizes funding from Stormwater Fund Balance (from prior year surplus) 	<ul style="list-style-type: none"> Majority funded from two sources: <ul style="list-style-type: none"> Transfer from the General Fund (44.5%) Transfer from the Josie Prescott Trust (35.4%) Significant Funding also coming from a Transfer from the Parking Division (9.8%) 	<ul style="list-style-type: none"> Majority funded from two sources: <ul style="list-style-type: none"> Transfer from the General Fund (48.85%) Rental Income/Other Revenue (47.52%) Transfer from the School Department Utilities line item (General Fund) (3.63%) 	<ul style="list-style-type: none"> Majority funded from three sources: <ul style="list-style-type: none"> Transfer from the General Fund (33.4%) Swim Lessons Revenue (33.4%) Indoor Pool Memberships (18.4%) Misc (14.8%) 	<ul style="list-style-type: none"> Funded by the Federal Government Community Development Block Grant
FY26 BUDGET NOTES	<ul style="list-style-type: none"> Net decrease of \$432,325 or -4.14% Decrease due to: <ul style="list-style-type: none"> Capital Outlay 	<ul style="list-style-type: none"> Overall net decrease of \$129,736 or -11.8% Capital costs have decreased Net increase of general fund transfer due to operating costs 	<ul style="list-style-type: none"> Net increase of \$15,241 or 2.56% Increase due to: <ul style="list-style-type: none"> Contractual agreements 	<ul style="list-style-type: none"> Net increase of \$27,046 or 2.89% Increase due to: <ul style="list-style-type: none"> Contractual Obligations Contracted services 	<ul style="list-style-type: none"> Net decrease of \$13,674 or -2.2% Decrease due to: <ul style="list-style-type: none"> Contractual obligations Minor adjustments to operational costs 	<ul style="list-style-type: none"> Net increase of \$2,890 or 1.5% Increase due to: <ul style="list-style-type: none"> Contractual obligations

Special Revenue Funds

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Parking and Transportation

- School Crossing Guard program
- Downtown Maintenance – sweeping and waste collection
- Signs & Lines – signage and road markings maintenance
- Snow removal operations
- Parking facilities maintenance and management
- \$4M contribution to General Fund and salary support
- Traffic engineering team
- Support for Prescott Park, Police, Fire, School Departments
- Support for recycling program
- EV charging station network



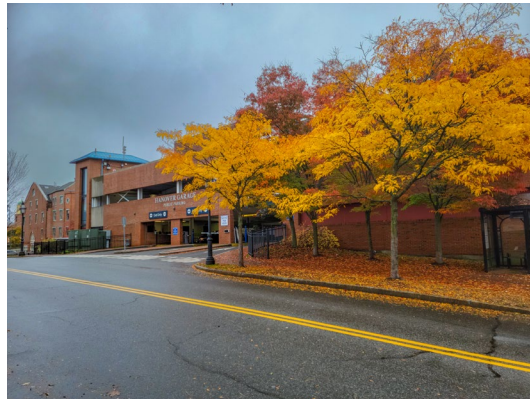
Parking – Initiatives

Complete the Hanover Garage Restoration Project

- Restore facility capacity to the original 903 space inventory
- Adjust inventory through a combination of monthly parking contracts and daily management of spaces available to downtown visitors
- In-house design and deployment of a comprehensive signage package

Implement recommendations from the 2025 Parking Utilization Plan Study

- Engage and encourage public discussion on present and future needs
- Explore and deploy new technologies for data collection and wayfinding support
- Continue to serve the public with outstanding professionalism and mutual respect
- Collect and analyze data related to traffic volumes, speeds, and pedestrian behavior



Parking Services Offset Some Taxpayer Funded Services

Services funded by Parking which would otherwise be funded by taxation

	FY24	FY25	FY26
Revenues Retained in the General Fund	2,500,000	2,500,000	2,500,000
1 Transportation Programs	647,229	817,782	910,790
Salaries & Benefits	1,263,003	1,533,623	1,562,802
Snow Removal	300,000	300,000	300,000
Downtown Maintenance		349,307	356,625
School Bus Support	50,000	50,000	50,000
Police Services Support	60,000	60,000	60,000
Fire Services Support	25,000	25,000	25,000
Transfer - Prescott Park		60,000	60,000
Transfer - Recycling		100,000	100,000
Plan Studies	100,000		
Bike/Ped Plan Implementation	50,000	50,000	50,000
Traffic Calming		50,000	50,000
EV Charging Stations		50,000	50,000
Parking Lot Leases	22,000	22,500	35,000
Rolling Stock		340,000	390,000
Total	\$5,017,232	\$6,308,212	\$6,500,217
Tax Rate Offset	70¢	95¢	64¢
Per Household Tax Offset	\$365.45	\$456.39	\$492.59

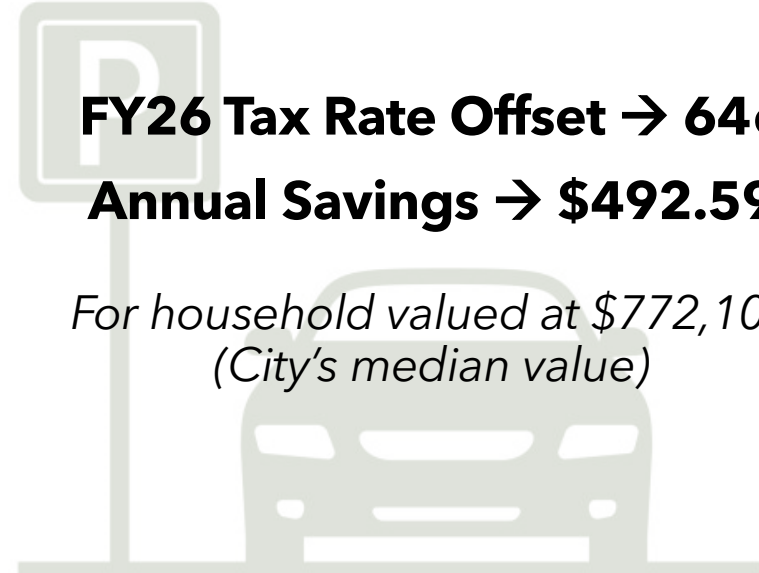
How does the Parking Fund aid taxpayers?

- The Parking Division revenues fund personnel, capital projects, and services that are utilized by the taxpayers
- These revenues are generated by 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

FY26 Tax Rate Offset → 64¢

Annual Savings → \$492.59

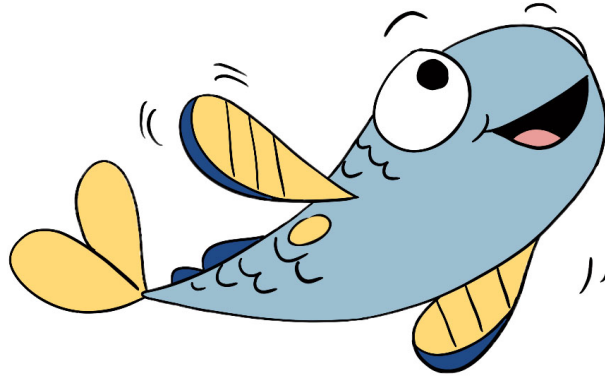
*For household valued at \$772,100
(City's median value)*



Special Revenue Funds

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Stormwater Services



Infrastructure Maintenance

Inspect, replace, and repair stormwater infrastructure

Mitigate Flooding

Identify problem areas and plan new installations
Enforce stormwater ordinance and site plan review regulations

Sweep Streets

Sweep streets a minimum of twice a year

Regulatory

Continued to comply with EPA MS4 Permit
Extensive water quality sampling of stormwater catchments

Outreach

Educate the public on stormwater best practices related to improving water quality

Stormwater Initiatives

- Continue compliance with MS4 and Great Bay Total Nitrogen (TN) General Permit requirements
- Expand vehicle telemetry to support implementation of Salt Reduction Plan
- Update Think Blue outreach at Strawberry Banke
- Integrate 8 new groundwater monitoring wells into existing network



Stormwater Funding

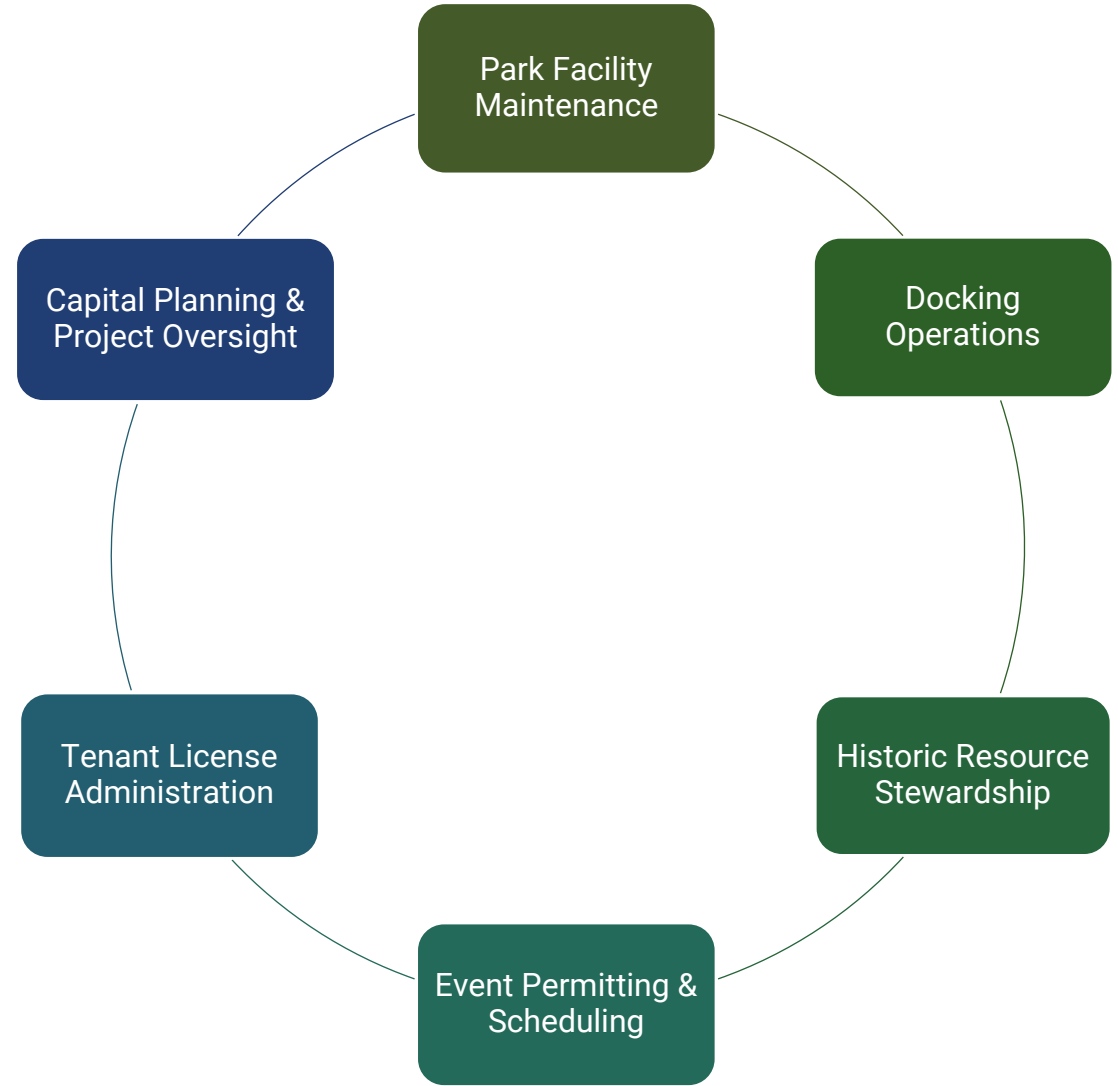
- Dedicated funding source
- Current funding is 50% General Fund (taxes) and 50% Sewer (fees)
- More sustainable and equitable funding
- Assist with meeting Great Bay TN General Permit requirements
- Requires more discussion with City Council to develop policy



Special Revenue Funds

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Prescott Park – Operations



Special Revenue Funds

**GIVES FUNDS TO
THE GENERAL FUND**

**USES FUNDING FROM
THE GENERAL FUND AND OTHER SOURCES**

**DOES NOT INTERACT WITH
THE GENERAL FUND**

MONEY IN (REVENUES)

FY26 BUDGET NOTES

	Parking & Transportation	Stormwater	Prescott Park	Community Campus	Indoor Pool	Community Development
	<ul style="list-style-type: none"> Funded through all who pay for parking in Portsmouth \$2.5M direct transfer to the General Fund No use of fund balance 	<ul style="list-style-type: none"> Funded equally through two transfers: <ul style="list-style-type: none"> General Fund DPW Highway Division Sewer Fund - Enterprise Fund FY26 Budget utilizes funding from Stormwater Fund Balance (from prior year surplus) 	<ul style="list-style-type: none"> Majority funded from two sources: <ul style="list-style-type: none"> Transfer from the General Fund (44.5%) Transfer from the Josie Prescott Trust (35.4%) Significant Funding also coming from a Transfer from the Parking Division (9.8%) 	<ul style="list-style-type: none"> Majority funded from two sources: <ul style="list-style-type: none"> Transfer from the General Fund (48.85%) Rental Income/Other Revenue (47.52%) Transfer from the School Department Utilities line item (General Fund) (3.63%) 	<ul style="list-style-type: none"> Majority funded from three sources: <ul style="list-style-type: none"> Transfer from the General Fund (33.4%) Swim Lessons Revenue (33.4%) Indoor Pool Memberships (18.4%) Misc (14.8%) 	<ul style="list-style-type: none"> Funded by the Federal Government Community Development Block Grant
	<ul style="list-style-type: none"> Net decrease of \$432,325 or -4.14% Decrease due to: <ul style="list-style-type: none"> Capital Outlay 	<ul style="list-style-type: none"> Overall net decrease of \$129,736 or -11.8% Capital costs have decreased Net increase of general fund transfer due to operating costs 	<ul style="list-style-type: none"> Net increase of \$15,241 or 2.56% Increase due to: <ul style="list-style-type: none"> Contractual agreements 	<ul style="list-style-type: none"> Net increase of \$27,046 or 2.89% Increase due to: <ul style="list-style-type: none"> Contractual Obligations Contracted services 	<ul style="list-style-type: none"> Net decrease of \$13,674 or -2.2% Decrease due to: <ul style="list-style-type: none"> Contractual obligations Minor adjustments to operational costs 	<ul style="list-style-type: none"> Net increase of \$2,890 or 1.5% Increase due to: <ul style="list-style-type: none"> Contractual obligations

Community Campus

Community Campus Improvement Project

- \$2.5 million renovation relocating tenants, improving security, upgrading IT infrastructure, creating aftercare space, and more

Lease Extensions

- Multi-year lease extensions to solidify our non-profit tenant services

Portsmouth's Community Center

- Meetings, events, sports, afterschool programs, offices, athletic fields, walking trails, gathering spaces



Special Revenue Funds

GIVES FUNDS TO THE GENERAL FUND

USES FUNDING FROM THE GENERAL FUND AND OTHER SOURCES

DOES NOT INTERACT WITH THE GENERAL FUND

MONEY IN (REVENUES)

FY26 BUDGET NOTES

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Indoor Pool

Award Winning

- NH Recreation and Park Association's 2025 Outstanding Aquatics Program winner
- Leader in Seacoast and NH for Aquatics programming

Expanded Swim Times

- One year with full-time additional lifeguard
- Open 7-days a week
- Doubled open swim time hours

Training & Lessons




- American Red Cross Gold Level Swim Instruction Facility
- Lifeguard and Water Safety Instructor courses
- 1000+ swim lesson participants yearly



Special Revenue Funds

		USES FUNDING FROM					DOES NOT INTERACT WITH	
		THE GENERAL FUND AND OTHER SOURCES					THE GENERAL FUND	
MONEY IN (REVENUES)	GIVES FUNDS TO THE GENERAL FUND	Parking & Transportation	Stormwater	Prescott Park	Community Campus	Indoor Pool	Community Development	
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Budget Schedule – Upcoming Dates

- May 19, 7 pm**  City Council Meeting – Public Hearing on the Budget
- May 28, 6 pm**  City Council Work Session – Budget Review
- June 9, 7 pm**  City Council Meeting – Continuation of Public Hearing on the Budget and adoption of the Proposed Budget



Indicates a Public Input Opportunity