

**MINUTES  
BUDGET WORKSHOP  
DOVER CITY COUNCIL  
WEDNESDAY  
APRIL 20, 2005**

**CITY MANAGER'S OFFICE  
NON-PUBLIC SESSION  
5:30 P.M.**

The City Council will be meeting in non public session to discuss Personnel Matters.

NOTE: This meeting is not open to the public per RSA 91-A:2 (c).

**CITY COUNCIL CHAMBERS  
BUDGET WORKSHOP  
6:30 P.M.**

1. Pledge of Allegiance

Those present: Councilor Colwell-Ellis, DeDe, Mayor Pro-tem Hindle, Councilors Keays, Mayberry, Mayor Myers, Councilor Perry, Lewis, Trefethen along with Acting City Manager Mike Joyal.

2. School Budget Presentation

The Mayor introduced school board chair Marjorie Fisher. Ms. Fisher stated last winter the school board spent a considerable amount of time working on the proposed budget. It was based on serious amounts of adequacy funds from the state. Now that the legislature has whittled down it's budget she hopes the budget adopted by the school board will be approved. This budget is a solid representation of what is required to run the school department. She asks that the school budget be fully funded, it is a 36 million dollar budget; she introduce Dr. John O'Connor saying they will go through a slide show presentation. Dr. O'Connor explained Laurie Verville will be assisting with the slide show. See council folder of 4/20/2005. Dr. O'Connor stated during the 2006 budget the school department is facing significant cost increases; also there has been an increase in contractual obligations that make up their budget. Salaries, healthcare, utilities and transportation are all on the rise, his presentation will hi-light these problematic areas of the school budget. The proposed budget could not sustain growth without having an impact on the bottom line. Almost all the other areas of the budget are level funded or slightly reduced. This is the cost of maintaining an adequate education. Here are the problems they encounter trying to enhance the quality of their educational program. He went through the slide show presentation. He asked them to start on page 10 of the handout with debt service, saying this budget represents a 7.09% increase over last year's budget with a 33 cent increase on the tax rate. The school district over the last 7 years has averaged over 4000 students and has been pretty constant since then. They have been growing but the growth is pretty stable but this could depend on how much housing is allowed to be constructed. With all the children they need staff to teach their children. 77% of their overall budget goes to salaries and debt service.

He listed why the budget is up so much this year because of the one million dollar increase in the health plan, dental is up, the NH retirement is up unemployment insurance is up and worker's compensation is up. Their contractual obligations are up. He listed the increases of the various unions. On page 18 he continued they had significant growth in the technology lab and equipment and curriculum, math adoption for books software and supplies. On page 19 at the start of the school year, they added some additional staff even though it was not budgeted. This

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was \$228,000 worth of new employees that they had to fund. Finally transportation costs are up 17.8%; that is a million and a half dollars in this city. He continued with the 6 year budget history saying contractual costs are a significant part of this budget. He gave the history of the percent of budget increase up to this years 7.09% increase. He continued about adequacy fund grants that have been irregular in the last 6 years. Revenue as stated on page 26 has increased, this does not include adequacy, it does include tuition from Barrington and Nottingham students though. He disputed Joyal's presentational slide from last week on the department appropriations; he too has departments in the school systems. He then showed a history of funds returned to the city.

Dr. O'Connor thinks this is a conservative budget and he is asking for full funding. At this time last year they had laid off 12 of their employees to come in with the 3-3 ½% budget. At that time they lost the ability to run a great school system for an example with the loss of a math teacher this has had a ripple down effect on the children. By federal law we are a school system in need of improvement as per the email that was recently sent to all councilors. But they are going to retool and re-adjust.

The last area is on adequacy and HB 108. The current bill may just have passed the house tonight is HB 616 and projects Dover to have 1.6 million deficit; this will have an impact. He asked Ms. Fisher to explain what impact the 1.6 million will have. She stated they would end up losing approximately 20 professional staff members including, teachers plus multiple other administrators that he listed by position. They would also reduce their technology increase to level funding from last year.

Mayberry asked were there 14 teachers laid off last year, Dr. O'Connor estimated 20 professionals in all. Mayberry asks one administrator and 20 teachers. Dr. O'Connor stated he is understaffed in administrators; he listed who is a full time employee. Mayberry has a problem with the position of 'assistant deans' that Mr. Lasalva added in past years. Dr. O'Connor assured him they are reducing staff across the board. Ms. Fisher added that they had reduced the number of administrators over the years.

The Mayor announced the school public hearing will be on May 4<sup>th</sup> for the public to have input on this budget. He also noted the council can add money or take it away but we cannot say in what specific area. Their roll is a dollar amount. Trefethen asked about the 35% benefit increase and is that what all communities are seeing. Laurie Verville says the rates have increased because of the return on the funding/investment. Also they will have a mature teacher population and they are anticipating a higher number of retiring teachers in the near future. Lewis is concerned about the 1.6 million that has not come through from the State. We have in the past received money but the formula has changed and we will be cut back, if nothing happens between now the time the budget comes, this means the taxpayers would have to absorb this 1.6 million dollar amount. He asked does Dr. O'Connor feel this is fair, and will he be doing something about it. Dr. O'Connor says Lewis should ask the legislators about this. And he does not think this is fair to put this burden on the taxpayers but he also does not think it is fair to the children of Dover. Dr. O'Connor says they are ready to take action, and they have until May 13<sup>th</sup> to let the teachers know that they will not be coming back. He is hoping the council will let them know if they are going to fully fund their budget before that date. Lewis wants to know what they would be able to cut realistically.

Perry asked if the adequacy aid is funded by the property tax and if it will probably reduce the property tax amount. Discussion ensued about the house bill that was just passed this evening changing the way the adequacy grants are funded. Dr. O'Connor urged them to remember that out of adequacy aid, they could lose \$268,000 of those potential dollars to the charter school. Several of these charter school students are home schooled and we are funding them.

The Mayor asked about slide #15 on health insurance. He asked do we have a way to protect ourselves, they will be looking at other providers, the Mayor also asked about the NH retirement systems increase this year; also are these guaranteed investment payouts. The Mayor wonders if there is any risk performance in the NH retirement investments. Dr. O'Connor deferred to Mike Joyal. Joyal stated there is some guarantee in that they are based on investments. The Mayor also wondered about the copier increase mentioned; Laurie explained they are doing a 3 year

lease in the school and then moving the equipment around and to a different area of the district; we are in year 2 of a 3 year lease. Keays would like to know about the buses and how many students ride the buses, he has been told that they are not even half full and we are paying for the children to ride on the bus, do they have a ticket to ride the bus, if they don't continue to use it are we obligated to keep the seats on the bus. Whether you have 5 or 50 kids on the bus; you are paying for the busses. We contract for 3 COAST buses for the high school students. Dr. O'Connor says by state law we have to provide buses for elementary and jr. high students.

### **3. General Government**

The Mayor asked them to take a 5 minute break. The Mayor called the meeting back to order and Mr. Joyal proceeded with his city portion of the budget presentation saying on page 106 of the budget book-personal services, where all expenses related to staffing are. He hi-lighted regular salary employees there is a slight decrease, for two reasons, one is in the city manager position and some retirements. Under regular hourly employees there is a 5% increase, he included a 2.5% cola because of bargaining units and 2.5% cola for full and part time position also where there is a merit or step increase for empl that are not at their full rate. on elected officials he moved them to where temporary employees are which is where that account should be. The balance of that is the moving of recreation positions as they are now paid from self funded programs supported by the fees of the program. Overtime pay has increased by 8%. He is also seeing snow removal cost increases to represent reality. Severance pay has a 21% pay increase because we put in place a program to begin buying down and reducing the cities liability. Joyal had a hand out, (none for the clerk) on the history of how pensions have been paid out over the last few years. No longer are the unions able to accrue sick time, if they don't use it, it goes away. If an employee leaves and they have 30 days accrued time, that is paid, the value of this is truly reflected in the budget. Joyal explained the buy down procedures in place currently.

Then the next area that has increased is health insurance, it is up 7.6% in the general fund and the rates are guaranteed not exceed a 10.7% increase. He feels this is reasonable. Dental insurance is the same issue. On retirement, the rates have gone up as the school department mentioned. We are mandated to pay into this system and rates currently for city employees are going from 5.9 this year to 6.81%, this represents a 15% increase. For police the amount is up 23% and fire is up, this represents a 6.8% increase, the teacher's portion is up with a 40.2% increase which correlates to the school department's overall presentation. It averaged about a 20% increase overall. Also workers compensation is up and we are self insured for workers comp and in the past this has saved the city money.

Trefethen asked about severance pay and the proposed \$30,000 increase. Joyal said we had an incentive in one of the contracts for people to retire and that did occur. He asked for questions. He continued on page 135 of the city council budget that volunteer camera operators have not worked out so they have paid staff for televising the meetings. He would also like to have the Conservation Commission and Board of Adjustment meetings televised next year. He pointed out that we do have an independent audit firm done by an outside auditor each year. Lewis asked if we could have a more comprehensive audit this year as he thinks we should invest in it with the transition of a new city manager. Joyal will look at expanding the scope of the services of the audit. Lewis would like a fresh look at how the budget is presented. Joyal says we are in the second year of a five year term with the current auditors. Trefethen echoes this request as well as he too would like to take a fresh look at everything. Jeff Harrington says each year when the auditors come in they ask if there is a specific area they should look at. Each year the audit program is different. Trefethen asks if they are looking for input from them as to some areas they could be helpful; he wants to be kept apprised of when it is going on and not when the results come. Jeff says they will be here for a preliminary audit next month and then back in September for a full city audit.

In this budget there is a line item for \$10,000 for labor negotiations also Hindle asked Joyal about postage rates that are going up early next year, does the budget reflect this. Joyal confirmed this then mentioned the increase for COAST in subsidies. Also there is the same level

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of funding for Dover Main Street and the Seacoast Shipyard and the same for the Veteran's Association all at last year's level.

In the executive portion Joyal has put in a salary of \$115,000 for a new city manager not knowing and then anticipating a city manager coming to the community with a family. In staff development there is a \$3,700 increase for city wide training and this covers employee skills and supervisor skills also this is for bargaining skills as well. There is also an employee recognition program that serves a bunch of purposes as we recognize employees on certain anniversary dates as well as when they retire. He continued reviewing the city manager portion of the budget where there were increases saying there is an 11% increase in membership dues and it increases the liability insurance for employees of the city with an overall increase of 2% in the city manager budget.

The *City Clerk* portion has the same effect on personal services. The Mayor asked if we could receive tax bills on line, Jeff Harrington says there is a statutory requirement that we receive a bill by mail. The Mayor feels this would conserve postage money if we used the web voluntarily. Hindle asked with respect to the on line registration of vehicles, how many people use this. Joyal says it is growing in usage.

*Legal* in this budget there is an issue in the way the city prosecutor is funded, what he recommends is that the city prosecutor goes back to performing police prosecution and have the police officer that has been performing police prosecution go back to working on the street. In the mid 90's there was a change that allowed what he is proposing. There is an amount of \$60,000 for contracted legal services. If he had a choice he would like to add a full time city attorney, he would reduce contracting services to hire a full time experienced municipal attorney to come on staff. He mentions this only for discussion purposes. Lewis describes this as a municipal lawyer, and would this person handle personal issues. Joyal says it depends on the person's ability, he would like a generalist in municipal law one for finance issues, tax assessing issues, land use issues and also with the ability to be involved in labor relations. They would need a general municipal attorney. Trefethen says he sees Joyal is proposing \$78,000 for the current position which is a police prosecutor and if that position became the city attorney, what would the line item look like then. Joyal feels around \$75,000 is a reality for this position also. He cautioned them this would be adding a completely new position and the current person would go back to the police department. Joyal is also considering asking the council for a right to know clerk due to two people abusing the right to know request system. Mayberry wants to know how much has been spent so far on staff time on these individuals. The Mayor wants more information in shifting the police position.

*Business assistance* and line item 4540 has a 40% increase because of a web site advertising about commercial real estate. And there is a rate increase in some of the advertisers that they contract with. Also travel has increased because the business assistant uses her own vehicle for traveling around the city. The Mayor asked if we could budget some money for waterfront activities. Joyal says at this point there is none budgeted so far for this. Joyal pointed out the new module in the finance department and the \$5,700 increase in line item 4435.

On *Tax assessing* we maintain our own staff but contract out the city assessor as the council is aware. Trefethan asked who the staff reports to in the city. Joyal pointed out the staff reports to the finance director.

He reviewed the *Planning Department* and the *CDBG* functions that have a significant portion of their budget allotted for this purpose. Joyal mentioned the proposal for the health inspector that could take on some of the additional workload as there are several issues because our fees and permits are increasing. Stancel pointed out in his handout that inspection has more than tripled in the last 3 years. He continued to point out all the increases in building inspection, health inspection, plumbing inspections and electrical inspections and the increase in the number of issues that come before all the inspectors. Mayberry does not want the fees increased on the smaller business owner; just on the larger vendors. Perry had a question for Stancel and Tom Clark on how much the cost of an inspection would be with cost vs. how much work you have to

do. Discussion ensued about the pros and cons of hiring a part time with no benefits health inspector for the planning office.

#### 4. Library

In the *Library* they are looking to sustain the same level of service as in the past, there is no increase in the budget for being open on Sunday as when they bring on new staff and that is one of the requirements to work Sundays. Trefethan asked about the total hours and flexibility of their hours that the library is open and how it effects their contractual agreement.

#### 5. Human Services

*Human Services* has increased by 15.2% primarily due to housing assistance, also the director would like an intern funded to help with filing and paper work. Also medicinal supplies are increased by 75%. Discussion ensued about how we fund the down payment on rental units; Mayberry had an alternative plan for the director. Lewis asked about the youth councilors and Joyal explained this is a portion of the population that has special circumstances that need behavior modification for some of these kids that have drug and alcohol problems. Joyal says this concludes general government and at the next meeting we will have the school public hearing.

The Mayor opened the floor for general comment. DeDe stated in looking through the budget some of the biggest lumps are in front of us, the county we cannot do much about, debt service is around \$500,000 and the upcoming police and fire departments are still to come. What strikes him is they seem to focus on an explanation of what is spent. He wonders if this organization is structured correctly. He would like a councilor to sit down and work with a manager of a particular department as sometimes a new pair of eyes is helpful; and there may be opportunities for streamlining. He thinks a broader view would be helpful and it would help give him the idea that we need all these people. Right now he does not think so. He offered that a person with a new perspective could sit down and see that there is another way to do things. He thinks there would be an advantage to this. The Mayor does not disagree but his concern is somebody with a more conservative or liberal approach may come away with a different perspective than DeDe. He knows we need to ask Joyal any questions they may have but a level of knowledge would be helpful.

Perry stated he does not have any problem with meeting with a particular department head but he does not want to represent that department head, just understand their process. He feels this is the city manager's and department head's responsibility.

#### 6. Adjourn

Hindle moved seconded by Lewis to adjourn at 9:55 PM with all in favor.

Judy Gaouette  
City Clerk