



CITY OF DOVER

CITY COUNCIL - MINUTES

Meeting Type: Workshop
Meeting Location: Council Chambers - 288 Central Avenue, Dover, NH 03820
Meeting Date: Wednesday, February 20, 2008
Meeting Time: 7:00 pm

1. MOMENT OF SILENCE

2. PLEDGE OF ALLEGIANCE

Led by Councilor Dede

Present were Mayor Myers, Councilors Callaghan, Cheney, Dede, McCusker, Trefethen and Weston. Also present were City Manager Joyal, City Attorney Krans and City Clerk Lavertu.

Mayor Myers thanked Councilor Weston for filling in as Deputy Mayor.

3. CIP DISCUSSION

Mayor Myers said he was open about the direction the Councilors wanted to take with discussions in the workshop.

Councilor Trefethen said he would like to hear from the School Department about their request to reduce their portion of the CIP.

Mayor Myers asked if the Council was agreeable. He then asked Laurie Verville to speak about this matter.

Laurie Verville, Business Manager, Dover School District. She discussed the letter before the Council. It is a request to amend the Fiscal Year 2009 CIP request, which was originally submitted for \$4.5 million, for the Horne Street Elementary School CIP Program. They are looking to reduce that to \$2 million, and to adjust it to read that it is either for Horne Street Elementary School improvements or school building improvements.

Mayor Myers asked if there was anything specific at the high school that they were looking for.

Ms. Verville mentioned the proposal from last year about the roof project at the high school. An appropriation of \$1 million was approved. After investigating the project with the architect there appear to be other issues with the roof, primarily with drainage and some mechanical ventilation units that need further investigation.

Councilor Scott applauded what they've done.

Councilor Trefethen echoed those thoughts. He asked if reducing to it \$2 million for two schools, would that potentially increase the costs of repairs to other schools at a later time.

Ms. Verville replied that there was a delaying factor to consider. They were still waiting for the finalized report from the New England School Development Council. There were items that the superintendent did not feel were necessary. In the finalized report there will be five levels of priorities, priority one being the most serious level, including safety hazard issues.

Councilor Dede said he didn't see anything that was planned for the high school this year.

Ms. Verville said that was correct, and that was why she alluded to the project concerning the roof at the high school.

Councilor Dede asked about the \$2 million; was part of it going to be used for the roof at the high school?



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Ms. Verville said that was correct.

Councilor Dede said that would reduce the amount available for the Horne Street School.

Ms. Verville said that was correct.

Councilor Weston asked if it was their intention to patch the high school roof, or redo the entire roof.

Ms. Verville said that it would be the entire roof.

Mayor Myers discussed deliberations from last year about getting a warranty for a certain time period. If the school is doing the entire roof over, is that something being considered?

Ms. Verville said that it was still in the program and would involve the extended warranty and maintenance.

Mayor Myers asked if there was a general price for a warranty and if it was done as a percentage, a flat dollar amount, or by square footage.

Ms. Verville said that would be determined as part of the RFP process.

Mayor Myers asked how long the roof would last.

Ms. Verville answered approximately 20 years.

Mayor Myers applauded the School Board's intent to only issue new debt for what the debt they are retiring, but as the Council knows, and as Councilor Trefethen has indicated, the consultant that was brought in indicated that the schools will need \$36 million for repairs

over the next five to seven years. He asked Ms. Verville if she knew if this was the approach the School Board is planning to take, to only issue debt in equal amount to what

they're retiring, for one year or are they looking to make this the policy of the board. Does the School Board know the amounts for next year and how long is it going to take. Right

now the \$36 million seems to be complete by 2014. Mayor Myers said he's not afraid of investing in capital. The biggest complaint is that the City doesn't take care of what it has. If

it's not fixed while the costs are reasonable, it's going to cost the City more later on.

Ms. Verville said she couldn't forecast the School Board's decisions for next year.

Mayor Myers asked if there were any other questions for Ms. Verville.

Mayor Myers then proceeded to the second piece of CIP business, which originated with Councilor Callaghan.

Councilor Callaghan said it appears to answer a lot of his questions, which he had asked the City Manager to answer.

Mayor Myers asked when the City Manager had received this request.

Councilor Callaghan responded that it was sent very late, and was amazed that the City Manager had got it done.

Mayor Myers reiterated his past request to get questions to the City Manager as soon as possible, to give department heads a chance to answer in a timely manner so the Council could review it before the meeting.

Councilor Callaghan added a comment that he could not support the CIP approval tonight.

He wants to see the operating budget. He felt it is an injustice to the City employees and the taxpayers because the Council is putting obligations out there that the operating budget, with the spending cap, might not have sufficient funds to accomplish. Councilor Callaghan mentioned that he had emailed this to the City Manager and asked him to respond.



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City Manager Joyal said the Council is not obligated to vote on this CIP program. The CIP Program is a six-year plan consisting of a lot of projects to maintain existing assets. The City is required by law to have a six-year plan. The Planning Board has gone over the CIP. In relation to the Master Plan, which is a guiding document, the Planning Board has made their recommendations. The investment in those assets directly relate to the Operating Budget, what kinds of resources will be dedicated to certain projects and which projects will be given precedence over other projects. City Manager Joyal gave an example of an ambulance; if the Council does not proceed to replace this vehicle then the Operating Budget will reflect more money in the maintenance of the ambulances. He felt it was money well spent elsewhere. It is his recommendation, as well as the Fire Chief and Fleet Services to buy a new vehicle. City Manager Joyal also mentioned the streets. The Council has been very aggressive in the last few years on street maintenance. The City got in the habit of using credit to maintain and overlay the streets. In the last few years the City has put \$600,000 into the budget and this coming year will increase that to \$1 million. We're still looking to debt-finance \$1.4 million, down from \$1.8 million from last year. City Manager Joyal said he needed to know if the Council was going to commit to this project in particular, because he needed to get bids out for paving companies before they commit elsewhere. City Manager Joyal said it important to budget for these major projects now, and not wait until June to adopt the Operating Budget. The CIP planning is generally done this time of year in similar communities.

Mayor Myers asked about a mid-June timetable for adoption of the CIP, and the likelihood of getting it done that season.

City Manager Joyal said it is common sense that the City does not want to be doing construction bids during the height of the season. The major construction firms are looking for work during the winter months. Ideally we should be trying to work this process through in November and December so we can get bids out for the construction season.

Mayor Myers asked if we put things off until June will we miss the construction season which increases the costs of the project?

Councilor Callaghan said if we get bids we will be more obligated to spend the money. The Catch 22 with the spending cap is that we end up passing and spending so much money on the CIP that when we get to the Operating Budget there is no turning back, because we have begun to spend that money. He doesn't want to cut police officers, teachers and services.

The only way to make sure of that is to take care of those items first. He said we have many things that we can estimate in the Operating Budget. He wants to include severance packages in the budget. The CIP needs to be prioritized.

Councilor Dede said he's been on record as having stipulated it his belief that the CIP reflect the engineering study on the replacement of roads and sidewalks for one year, and after that the scope of the work is a known versus an unknown. It puts the City in the position of bidding prior to the CIP, based on that engineering study. Then the contract stipulates the price that the city pays, eliminating overruns. The problem the City has seen in the past is that the project is approved, and it's only an estimate as to what the engineering is going to be. It has been consistent that the City doesn't guess correctly, and ends up with overruns.



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There was a comment made about the reserve for the separations that we have. He asked City Manager Joyal if there is a contingency fund of \$1 million that was set aside for that purpose.

City Manager Joyal said that the City budgets for payouts of compensated absences, and has a reserve fund with about \$300,000 or \$400,000.

Councilor Dede asked if there were things they decided to put on the credit card, is there an interest expense that goes along with that? In order for the Operating Budget to be completed the City Manager needs to have an idea what the expense is going to be. He seriously doubts the City has enough money in the maintenance fund to restore the roads. The timing is correct. He doesn't feel the City should abandon procedures that have worked so well for the City and for other communities as well.

Councilor McCusker said he appreciates the approach of finding out how much operations are going to cost and then figuring what we have left for capital. He was thinking of the time and effort put into the Master Plan and CIP. The whole idea of putting together a six-year plan is that there are low, medium and high priority items. He can't imagine in anticipation of the 2009 funding of the CIP, when it was suggested in 2003 that the City would come back after adopting an operating budget, and say we're sorry we just can't do that CIP that you've been waiting six years to do. The fact is that there is a spending cap and people are going to feel it, but he disagrees about where the City is going to feel it. They are going to be less people who will work for the City.

Councilor Trefethen said he understood the delay, but he thinks the experienced councilors realize that there is little or no spending of the money until after the Council adopts the budget. This is for fiscal year 2009, which starts July 1st. They may do some engineering projects before then for a couple of projects. After the Council approves the budget in June, the council gets to have their say at least two more times on every single one of these items and vote on them again. The City Manager very clearly explained we do need a plan because we should be looking at this as a focus of effort for our staff and what they should be working on. If we take six more months to decide what those should be, then the staff doesn't know. He said to delay of couple of things on this list would not be a big deal except that they would cost more. Do we have to have a new financial system now? It could wait until July or August. But he knows that trying to get financial information out of our present system is difficult to do. It takes a lot of staff hours that would be alleviated if we had this new system. Some examples of things that can't wait are Willand Pond and the River Street Pump Station. He feels there is a greater risk of disappointing people if we delay, because he has already been telling his constituents that their project is in the CIP for this year and they know where they stand. If we delay six months then they don't know where they stand. Councilor Cheney indicated that the City Manager wants to follow through with the CIP if we commit to it. He said that the main reason to work on the CIP before the budget is to have direction on projects and to help him prepare the budget. The goal setting workshop and two separate groups came up with the number one goal of getting the spending cap to work. To get the spending cap to work, the Council has to have a more hands-on approach. She does concur with Councilor Callaghan that this has to be part of an integrated process.



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She asked the City Manager about last year's CIP. They received last year's CIP in late November, worked on it into December, and voted on it in January. Is the Council going to see another CIP in November that we're going to be working on?

City Manager Joyal said the City now had a Finance Director and hoped to have the CIP in a more timely fashion. It is a year round process. Right after the adoption of the annual operating budget we go immediately into the next cycle of Capital Planning for both the City and School Departments. We try to get the CIP to the Council and Planning Board in October, schedule workshops in November and December, and ask the Council to vote on it in December. Ideally if the City understands in December what projects we are committing to, then in January and February we get bids done in time for March before the construction season starts.

Councilor Cheney said that the Council is going to be very active, because we're going to get to do this twice this year, plus the budget, plus meet the objective of making the spending cap work. She also noticed that the project in last year's CIP wasn't going to be started until 2012, and then \$2 million in 2013. Now it is moved to 2009 for this portion of \$300,000, up from \$275,000. We as the Council working together need to figure out why this project moved up and why there was now a difference in price.

Councilor Scott said Councilor Callaghan made a lot of sense. The Capital Budget must be part of the Operational Budget and not precede it. He felt the Council could take heed from the School Board saying they are going to come in with capital improvements of the debt retirement. What the Council might want to do is say it will approve a number, which is probably \$8 million which is our debt retirement, and include that in the budget. This would forbid us from using the City's credit card, pushing our debt way beyond what anybody can afford.

Mayor Myers said he wanted to follow up on what Councilor Cheney said that this year we are really going to get involved with the budget. The Mayor said he's been involved with the budget and the CIP for four years now, making decisions such as trying to reduce the City use of the credit card, putting everything out to bond, and paying interest on it. As City Manager Joyal alluded to, the City has money in the budget for fixing the streets and sidewalks, and has built up reserve funds so we're paying cash. The second resolution that is before the Council tonight indicates that there is a \$1,225,000 reserve fund, so we can pay for water projects, sewer projects, school projects and transportation projects from money that we have built up as we've gone along. Those were conscious decisions that he has been a part of for the last four years. He said he feels the Council sets the policy for the City and the City Manager implements them. He feels that not determining what level of debt we're going to commit to Capital Projects takes that policy direction away from the Council. The City Manager and Superintendent said here tonight that they're going to submit budgets that meet the intent of the spending cap. So if the Council does nothing tonight, then we're just saying to them, put together the budget and figure out how much we should have debt-financed and how much should be in the operating budget. We are giving up control. He has heard a few Councilors say that it's fine that the City Manager has put together the budget. That is one of the responsibilities the Council has, to be the decision makers and set the policy. If we don't do that tonight then it puts the entire decision making



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process on the City Manager. You can basically wipe out the \$1.4 million in street and sidewalk improvements for this year, because the Council is not going to adopt a budget until June and it's too late in the construction season to go out to bid. These are policy decisions and he is not willing to pass the buck. He said it costs the City more to put things in the operating budget rather than into debt finance, and that was a conscious decision he's made in the last four years so the City can get to the point where it has reserve funds and we don't have to debt finance everything. But to say to the City Manager to take this and set the priorities for us, that's not why people elected us. The Council has the ability to adjust as we need to, but if we're not going to set the policy I don't know what we're doing here. Councilor Dede had a follow up to a comment that was made by Councilor Scott about the \$8 million and what was meant by that. He wanted to know if we should be limiting our spending on the CIP to what was retired last year.

Councilor Scott said yes.

Councilor Dede asked if the \$8 million debt retirement was in the budget or in the CIP.

Councilor Scott said it was an amount that the City could spend on CIP projects.

Councilor Dede asked if it was Councilor Scott's position that the CIP limitation, if approved tonight, would mean there would be no more than \$8 million.

Councilor Scott said yes.

Councilor Dede said he would go back to timing. He's not sure that there is a lot of support for that position. He also wanted to comment about the initial calculations on the spending cap showing that the City has approximately \$133,000 more to spend than last year. One union contract is going to more than use that. People who understand basic arithmetic understand that there is not enough money to do what we would like to do. It's going to wind up with positions being cut. He also mentioned that there were other commitments that have a lot of public input in the Master Plan, which are reflected in the CIP. It is the Council's prerogative and responsibility to set the spending parameters for the City. He believes that the City Manager needs to show the Council a budget of everything that he thinks the City needs, and he guarantees that it's going to be more than a \$133,000 increase. He does believe the City Manager is uniquely qualified to make a judgment on the different things that are required for this City in terms of expenditures. The City Manager is also qualified to be able to present a budget that is as appropriate as can be with regard to meeting the restrictions of the spending cap. If the position is that the City should only spend \$8 million, then probably, as we go through this list, you would pick the \$8 million and then vote on each item. In terms of timing, the Council needs to do this now. This is the way it's been done. It's never been a problem before.

Councilor Callaghan mentioned how Councilors McCusker and Trefethen discussed an issue that actually supports his argument. He reiterated Councilor McCusker's comment about running out of money and then telling somebody that they have to do something. The Council goes to the Fire and Police Department and says, we are out of money and we can't put fuel in your cars. You have to lay somebody off. He doesn't believe that's the way the Council should handle it. The example from Councilor Trefethen said that we have several times to look at the CIP. We build expectations with our vendors, the public, and our employees. They put in a tremendous amount of work getting that bid to the table, and then



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we say we don't have the money. He doesn't think it is a good way to run a business. His last comment referred to the Mayor's remark about what are we doing here. The Council is here to do the financially prudent thing under the new circumstances that we have. The comments from Councilor Dede about how it has always worked need to go out the window. We need to approach it positively, hammer out the priorities. If there are some things that have to be done, then we will sacrifice the money to get it done. He's willing to talk about approval for certain items, but not to take the entire budget and run out of money in a few months.

Councilor Weston is torn on how to build the budget. She spoke with City Manager Joyal and feels the budget can be built two ways; the Council can start with the CIP and build the budget and then have layoffs so we stay underneath the cap, or the Council can formulate a budget that shows we keep everything status quo and then add on the CIP projects. She wishes there was a way to meet in the middle because we do need things. It was part of her campaign that the roads are atrocious and in the last month they have disintegrated. We do have a spending cap. She has a hard time passing it. She wishes there was a way to hammer out to get both ways. She also asked where the unfunded monies from last year fit into this picture. Everybody has said they won't vote for an override. She feels that if the Council starts with the CIP, and then builds the City's budget, there goes people's jobs and programs, which is counterproductive.

Councilor Cheney said we have an amount we are going to retire and the amount we haven't yet bonded. She asked what that amount was. She asked how much the Butterfield Gym and McConnell Center were going to cost. After looking at the 2005 CIP, until now the City went from 59% to 74% debt policy. She feels the Council needs a lot of information to accomplish our primary goal. She asked how much of last year's debt was not bonded, how is that going to impact the taxes, and are they all in the city bonded side or water side.

Mayor Myers said they discussed this in the first workshop; it is on page 27 of the CIP booklet. In addition, the first resolution, on page 3 of the agenda packet, it is all broken out. On page 4, the CIP's impact only for the net change of the property tax rates for 2009.

Councilor Cheney asked about the unissued bond.

Mayor Myers said it includes prior year authorizations.

Councilor Cheney asked about the McConnell roof or the gym.

Mayor Myers said that doesn't come under bonding.

Councilor Cheney said it was going to impact the budget.

Mayor Myers said it would be something that would come up in the budget going forward.

The City Manager can't spend more than the Council authorized in the previous budget that was passed by the Council. If he needs to spend above that there would need to be a budget amendment, which needs a 2/3 override.

Councilor Cheney asked about the trend in the percentage of the debt policy.

Mayor Myers directed the Council to pages 14 and 15 in the CIP booklet. He discussed the NH DRA limits, and noted that the City policies are even more restrictive.

Councilor Trefethen asked to pick up on Councilors Weston's and Scott's comments. He asked if the Council wanted to start with the \$19,800,000 total projects or the \$12,400,000 for the general fund. He said if the City wants to get to the level of retiring \$8.1 million in



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debt, he feels the Council can do that tonight by going through the items and prioritizing. We've already had a reduction of \$2.5 million from that. Regarding the \$5.5 million for the parking garage, the Council can do one of two things. We can delay it, or we can look at it and say it's never going to show up on a tax bill because we're not going to use tax payer bonding or operating money to build the garage. The purpose of this workshop is to go through these things. We can decide whether to keep it, delay it, or whatever we decide to do.

Mayor Myers asked Councilor Scott if the \$8 million was general fund debt being retired this year or all the funds.

Councilor Scott said he didn't remember.

Councilor Trefethen said it was a total.

Councilor Scott commented on Councilor Dede's suggestion that the Council continue doing what we have always done. He wanted to point out that the total bonded debt has gone up 55% which is eight times the rate of inflation. That is one of the things that pushed the voters to say this is too much. Let's start with what people can afford and then try to fit things in.

Mayor Myers asked the Council to turn to page 22 and 23 of the CIP booklet. He discussed the numbers they were looking at. The Council was not dealing with any operating capital that is in the budget. The total for city departments is \$5.4 million, education is \$4.5 million – they're looking to reduce that. So the total proposed for debt financing that is going to impact the general fund, which impacts property taxes, is \$9.9 million. The \$5.5 million for the parking garage and some amount for the sewer project will not impact the tax payers. Councilor Scott asked if that includes or excludes the \$10 million that was appropriated but not yet bonded.

Mayor Myers said it excludes it.

Councilor Scott said that they're talking ten plus ten.

Mayor Myers disagreed because some of the projects are never going to be an issue.

Councilor Scott asked if that means we will cancel those projects.

Mayor Myers said some of that is never going to be bonded. The state put in the money for the bond for the VFA loan. The water and sewer adds up to \$4 million and that does not impact the general fund.

Councilor Dede commented on remarks of what he said about it working in the past. It is actually a procedural process. We have a procedure and it has nothing to do with the amounts that may or may not be funded. He asked the Council if they are comfortable approving \$8 million tonight, which is the estimate of what is being retired. He does believe the process should go forward.

Mayor Myers asked if the Council wants to go through the items.

Councilor Callaghan said yes, but wanted to clarify the retired debt amount. He referred to the resolution on pages 3 to 5; the total amount is \$8,298,461. The City portion is only \$3,640,757, and then it mentions other categories. He wants to stay within each one of those retired debt amounts for the program.

Mayor Myers asked the Council if they want to take the items as they are in the CIP booklet, or as they are in the resolutions because those are the ones we are voting on tonight.



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Councilor Cheney had a question on the unissued debt. She wanted to know if that included Tolend Road, and will that offset what the Council is going to be able to allocate. She wanted to know if the Council was going to be issuing those bonds as well or if the Council had already issued those bonds.

City Manager Joyal said the City has not sold the bonds for the Tolend Road landfill. The City is not sure whether they will sell that this year or next year. It has to do with when the City needs the cash flow for the installation of the treatment trenches out there. It also depends on when the City gets the final approval from the EPA to go ahead.

Councilor Cheney asked if the approval was due this month.

City Manager Joyal said it was due soon, and then the City has to go out to bid. The City has to have the authorization for the funds, but won't have to make a \$5 million payment until the end of the project.

Councilor Cheney said that she did want to go forward, but she wanted more clarification. She wanted to know if this would offset the amount the Council was working with tonight.

City Manager Joyal asked the Council to look at page 4 of the resolution. If the debt financing as it is proposed in this resolution is issued along with the unissued debt that's still outstanding, like Tolend Road, the impact to the average taxpayer's bill is a little more than .25%. It is not going to be a significant impact on the operating budget. There also will be some growth that will absorb some of that impact.

Mayor Myers started on page 1 of 5 of the resolutions. The first one is the \$210,000 for financial system upgrades. The City and School each are paying a portion. Also, number 14 on the list is \$160,000, for a total of \$370,000 for the financial system upgrade. Mayor Myers commented that the City has been putting this off long enough. With both the Finance Director for the City and the School being on board, we are looking forward to being on the same system, and following recommendations from our audits which say that we need to update what the City is doing and be more efficient with staff time.

Councilor Scott asked if the Council should put a 1, 2, 3 or 4 on whether that is a priority, because if we say yes to all of these we end up with a large number.

Mayor Myers said since it is nonbinding right now, you can say yes or no.

Councilor Trefethen said for him it would be a yes for two simple reasons. The Councilors have been looking for information and it has been very difficult to do it under the present system. We are trying to equate the system to what we use at work, where we press a button and drop out the information, but the City is still working with a system that is DOS-based. There also has been request upon request from the public for various pieces of information, and it is very difficult because it is not just a push of a button.

Councilor Weston asked City Manager Joyal to explain this financial system software.

City Manager Joyal said the financial system is the key information system that sustains the operation of the City or School. What it primarily entails is looking for an application that has an integrated series of functions. First we need a system that seamlessly integrates the City and School accounting processes. Certainly use this system for accounting, general ledger functions, accounts payables, check reconciliation, accounts receivable, cash receipts, tracking our investment accounts, payroll, human resources, and workers compensation. It would help in the budget process by eliminating the manual manipulation, additional



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calculations, formatting, transferring of data from one application to another, and using spreadsheets. A lot of that can be automated into a single application. From the instant that somebody generates a transaction it is automatically recorded in the accounting system so we can get real time data at any given time, and see where the City stands with the budget. One of the recommendations from the auditor's report last year is to use fixed asset accounting. The City needs to account for all of its fixed assets, not just the assets in the enterprise funds. We have been doing that the last several years, but we have been doing it by a manual process, and the auditors are concerned about the opportunity to mess things up. There are systems out there that automate all those calculations through depreciation tables, capitalized projects, so that it automatically adds that into our fixed asset system. We would be able to track internal charges that we make between different functions. For utilities and utility billing; there are applications that would seamlessly combine the meter reading and generate a bill. Right now it is done manually. For grant accounting; many municipalities depend on grants, and there are reporting requirements. For accounts Receivables; taxes, services, point of sale. It also needs to involve permits, Planning dept, integrate with GIS systems.

Councilor Weston asked if he was saying this system would be able to accumulate severances packages, track vacation and sick time.

City Manager Joyal said that part of the human resource payroll system does track it now. The City has a module now that tracks leave time and processes payroll data. There are probably more efficient ways to track that.

Councilor Weston asked about depreciation of equipment.

City Manager Joyal said the City depreciates through our accounting system. Some of the fixed asset accounting involves doing the depreciations through spreadsheets and bringing it into the accounting system.

Councilor Weston asked the City Manager if it would help him in the budget process, could he just punch in the numbers and get a report.

City Manager Joyal said he could do that now.

Councilor Weston said she meant with the new program.

City Manager Joyal said he couldn't answer that because we don't have the new program. The City has to go through the process of evaluating the specific functional requirements that the City need to have, and then do an analysis process to see which vendors meet those requirements. We will not be looking for a custom application, and then be held hostage to that vendor.

Councilor Weston asked what the City is buying for that total package, \$210,000 plus \$160,000.

City Manager Joyal said he expects that the City would be buying the application, software, technical expertise, training, conversion of our existing system to the new system, and the preserving of historical data.

Councilor Scott said he thinks before a yes or no vote, it should be shown as desirable or essential. Before he would vote yes or no, he would like to understand what the amount of unfunded debt services is. He mentioned examples of where the City has a deficit; the arena bond expenses, McConnell Center vacancies, the McConnell Center roof, the



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dredging, museum, snow and ice removal. He feels the Council should know how much these are before we say we are going to vote.

Councilor Dede asked if this was recommended by the auditors.

City Manager Joyal said they wanted the City to upgrade what we had. The one thing that the auditors did recommend is that the City obtain software that automates the tracking of fixed assets accounting.

Councilor Dede asked if it was true that the School and City systems don't talk to one another, requiring a lot of manual computation.

City Manager Joyal there is some electronic communication, but it is not seamless. The system that the School is on is DOS based and they have to do something to replace it.

Councilor Cheney noted that she has expertise in this field. She knows that the School system is DOS based and that support for it will end in 2009, but it still works. She knows the auditors did say the City needs to automate the capital assets depreciation. The Council needs to be involved in this. She said she asked Dan Lynch, Finance Director, if the City would have query capabilities or asset depreciation and he said some of the packages do. This is one item that she feels should be put off until the next CIP. The School portion is over the amount they are paying in debt. She prepared a statement on this and read it to the Council.

Councilor McCusker admits he doesn't have any experience in this field and he knows nothing about #4, ambulances, except it has wheels, an engine and all the things that come with an ambulance. He does know that when Dan Lynch explained about the intricacies of the package that he was going to go look for, he was going to need the money to go to vendors. There have been a number of things that came up that are over budget, but there must also be a proportionate number of things that were less. We go for bid, and if it is more than the money that we received, then we can't buy it. It his hope the City Manager and the School did a lot of research and this is the amount of money that is needed. To not vote on it tonight means we are telling them, don't find out how much it is going to cost, we should do what we can to assist them. If we do vote tonight, I don't need to know everything it is going to do right now, because it is going to come back for our approval anyways.

Councilor Cheney wanted to respond to that. This is not like the ambulance, because this has an expected life expectancy; the ambulance will only last so long. The Council has to go back to our last audits and see what Melanson has been saying: this is what other cities have, and this is what the community needs. The City Manager, the School Department and the Finance Director know what they need, but the Council has to look back and see if it will fill the needs of the City. She is not saying the software is not needed, but we need to know more about what we are getting into.

Councilor McCusker said we are relying on the City Manager, the School Department and the Finance Director to figure out exactly what we need. He feels if the Council gets so particular about these issues it will never get done. He really has a problem with paying the City Manager, the School Department and the Finance Director as much money as we do and not trusting them to make the right decision.



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Councilor Weston spoke to Councilor Cheney on her expertise with programming and asked if she would work with City Manager Joyal and Laurie Verville. Councilor Weston asked the Mayor if Councilor Cheney could do that.

Mayor Myers said the best way to do that was to put together some sort of resolution, but we can't do that tonight.

Councilor Weston said she was looking for a way for Councilor Cheney to support it.

Councilor Dede agreed with many of Councilor McCusker's comments. He would support an Ad Hoc committee, but he does trust City Manager Joyal, Laurie Verville and Dan Lynch and believe they are capable of doing this.

Councilor Trefethen feels Councilors McCusker and Cheney are saying the same thing.

Councilor Callaghan said he is not in a position to take a position on this because he doesn't know how much money we have. If we have the money this is one of the items that would be on the top of his list. He agrees with the idea of the committee to do an information analysis of some sort. He discussed Councilor McCusker's comments with an example of a fire alarm system. When you buy a system, they install it, you own them and they own you. You can't get away from that. That's his biggest fear.

City Manager Joyal said he thought there was a misunderstanding of the process. He needs the Council to tell him what to do, and let him figure out how to do it. Does the Council believe we need a new financial system; answer that yes or no. If yes, then it's his job to figure out how to get it done. He thinks the misunderstanding is if the Council decides to fund a new financial management system, that he is going to buy a system that the Council doesn't have any say or input in. The process that is involved is a rather lengthy process and it starts with knowing what the budget is. Until the Council puts it in a RFP that's backed up by a budget, the vendors are not going to answer the questions that we need answered. The process starts by setting a budget. We have done some initial exploration knowing we need to replace the existing system. We have received two estimates from two vendors and that is the basis for this budget. We have not gone into the specific specifications of what the City needs. Let assume this is an acceptable budget, and then we would form a project committee, which would consist of Dan Lynch, Laurie Verville and different representatives of our organization. They will meet often to put together the functional requirements that are needed for a financial management system. They will also reach out to the Council, to the School Board, to other boards and committees that rely on financial information and other data that is generated by this system. There would be an opportunity to use Councilor Cheney's expertise. There would be an RFP process and an evaluation of that. They would be involved in interviewing vendors and participating in actual demonstrations. When we believe we have a system that meets our needs, we have an implementation plan, and we have a full understanding of what that vendor is going to do for the City, we can come back to the Council and have a workshop, for everyone to go through the nuts and bolts of this system. City Manager Joyal said he can't answer all the questions on how the system will work until a vendor bids on this project, and the vendor will not bid on this project until we have a budget. He said this is the start of a very detailed process. Timing is important. The City probably will not be ready to purchase a system until late fall. There is a period of installation, a period of conversion for data, a period of running



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parallel processes to make sure it works. He doesn't want to do it when budget time hits. He doesn't want to do it when the books close on June 30th. There really is a small window of time to implement this and it really requires getting started now so it will be done late this year.

Councilor Scott disagrees that a vendor won't bid on a project unless there is a budget. He also agrees with Councilor Cheney to postpone it until next year.

Councilor Cheney asked why this was in the CIP and why isn't it being stretched out.

City Manager Joyal said it is because the City is buying a system that has a useful life of ten years. It is not uncommon to bond the implementation.

Councilor Cheney commented that before the City Manager came to the Council for a workshop he was going to form a project committee consisting of the School Department, Dan Lynch, representatives from City Department and Council input. Are you suggesting that we give you some type of information to what we think would be needed from our end or the community's end as far as what this system will provide?

City Manager Joyal explained that if the City has a budget established and we know that we're going to proceed with this, it is going to start with a detailed analysis that will go out to the vendors. The final decision on who to choose will come back to the Council.

Councilor Cheney said she still thinks the Council needs more information, more input, and more time.

Councilor Weston said it is very obvious that Councilor Cheney wants to be involved and she would be willing to bring a resolution forward to have Councilor Cheney as the liaison between the Council and all the department heads who would be working with it. We recently did that with Councilor Dede; because he is now our liaison with the legislature. She hopes that would be acceptable, and we could get beyond #1 on the list.

Mayor Myers said the original agreement to leave the financial system in for both City and School both pieces #1 and #14.

Councilor Scott said he believed it should go until next year.

Mayor Myers said since the Council doesn't have 100% agreement, we can go on with the resolution or someone can make an amendment to remove it. By vote of the Council, we will determine whether or not it will stay in.

Mayor Myers went on to #2, City Hall improvements, for the amount of \$350,000. He asked for any thoughts on this staying in or coming out.

Councilor Scott said it was desirable but not essential, so he suggested taking it out.

Councilor Cheney said to remove it.

Councilor Callaghan said he didn't think we needed it. He felt that after the budget is done the Council could revisit it.

Mayor Myers just wanted to see if it could be debated further, or if we have general agreement and move on to #3.

Councilor Cheney asked if the Council was dropping #2.

Mayor Myers said that seemed the general consensus was, until we get the resolution during the meeting, where the Council will vote on it. We're only in a workshop.



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Mayor Myers went on to #3, \$500,000 for the Cocheco River stabilization. He said that this was something that he believes needs to be done before it turns into a bigger issue with erosion problems.

Councilor Scott asked where it was.

City Manager Joyal said it was at the foot of the old municipal landfill just behind Maglaras Park. We have municipal solid waste exposed there and it needs to be cleaned up, and the bank needs to be reinforced so the City doesn't have further erosion that goes further into the landfill.

Councilor Scott said he would call that nonessential.

Mayor Myers said it will just get worse if the City doesn't take care of it now, and cost more money.

Councilor Callaghan asked if it was not mandatory right now.

City Manager Joyal said it is not mandatory but DES is aware of it. We have done a study to come up with a fix. DES has approved the fix. We're trying to be proactive so we don't get into an enforcement situation.

Councilor Callaghan asked if there was a deadline.

City Manager Joyal said the DES has not indicated that they are going to take action at this point.

Councilor Callaghan asked if there would be an impact on this, if we wait until after the budget.

City Manager Joyal said it would push back on the construction season.

Mayor Myers said it would take a 2/3 vote to amend this, and there is no guarantee that the Council could take action as early as April. He said he agrees with the City Manager that we could be losing the construction season again. This is one of those issues that the Council needs to handle now while we are aware of the costs and DES has approved the fix.

Councilor Trefethen wanted to remind the Council that a few years back the City identified an issue with the City's waste treatment outflow. The City reported it with EPA and DES to come up with a solution, and the result was, we still get fined. He can guarantee that if the Council takes the attitude that we're going to delay or not do it they will take enforcement action. It will not be just fixing it; there will be a fine as well. He doesn't think that is looking out for the taxpayers, not to mention the ecological damage we could be doing.

Mayor Myers said he is strongly in favor in leaving this alone and looking for the vote of the Council at this point. That seems to be the consensus at this point.

Mayor Myers brought up #4, \$125,000, ambulance. The consensus was to leave it in at this point.

Mayor Myers brought up #5, \$1.4 million, street and sidewalk improvements. This is not the specific major reconstruction projects that include water and sewer. There is a second piece in the Operating Budget in the amount of \$1 million for a total of \$2.4 million.

Councilor Scott asked if any of the \$1.4 had been allocated towards the Applevale area.

Mayor Myers said the Applevale area is a major reconstruct that is tying in water and sewer. The engineering work is scheduled to be done in 2013 in the CIP, and the road in 2014 along with sewer and water.



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Councilor Scott commented that this was not to fix some potholes.

Mayor Myers said this is general improvements that are not reconstruct.

Councilor Scott said if it's going to take 4 or 5 years to do the reconstruction, is it impossible to have some funding to fill in the big potholes?

Mayor Myers said that part of the money could be used for that. This is general street improvements and not for any particular road. He asked City Manager Joyal if potholes fall under this section.

City Manager Joyal said the potholes and temporary repairs are dealt with in the operating budget. This \$1.4 million in combination with the \$1 million that will be proposed in the operating budget is for street overlays on streets that are still salvageable and adds 20 years of life to them.

It was the general consensus to leave the \$1.4 million in the debt finance section for street and sidewalk improvements.

Mayor Myers went on to #6, \$500,000, Willand Pond. The City is working with Somersworth and has been awarded a grant. This is not for anything specific at this point other than a show of good faith until a study has been done.

Councilor Weston asked if the study will find fault.

City Manager Joyal said he doesn't believe it will.

Councilor Weston asked why the City is not doing a study to find fault.

City Manager Joyal said we could do a study to find fault and then the question is, where you go from there? The issue the City and Willand Pond residents are dealing with is a high water situation and they would like to have something done sooner rather than later.

Councilor Weston said that she agreed that the Willand Pond residents have suffered enough, but still thinks the City should be open to finding fault.

Councilor Callaghan discussed the problems of these residents trying to keep their houses dry and fixing the damages. If anyone is leaning towards voting no, he wanted to have a discussion.

Mayor Myers asked if everyone agreed to leave the \$500,000 in the Willand Pond.

There was a general consensus.

Mayor Myers moves to #7, \$1.2 million, Reconstruct Henry Law Ave. Project.

Councilor Scott said he was sure if that was postponed, the Dickinson Company would be upset, but what problem would there be to postpone that for another year?

Mayor Myers said right now, since we have the issue on the back road into Henry Law Ave., we shifted phase 1, but it is not going to impact the area of the Dickinson project because that's the last piece that's going to be done.

Councilor Scott said he doesn't see a major loss if that is put off for one year.

City Manager Joyal said that \$1.2 million is to finish the outer portion of Henry Law Ave. We shifted the funds to do the middle section now instead of starting out of town and working our way into town, but because of issues there we started in the center. He said that there is not a time issue, because we have work going on during this construction season on Henry Law Ave. He suggested that the Council leave some of it in because if things progress well, they might be able to start some of that outlying project.

Mayor Myers asked what amount was reasonable.



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City Manager Joyal suggested half.

Mayor Myers asked if it was starting at River and running to Browning. If we reduce this amount as the City Manager suggests, the crew can carry a bit further.

Councilor Dede said he is not in favor of moving forward with Henry Law until we have done the waterfront. He believes that with the truck traffic that is going to be utilizing that road, it is going to be a folly for the City to put money into Henry Law Ave. at this time. He also feels there will be problems once there are sidewalks, because that area is currently utilized for parking.

Councilor Callaghan had some concerns with this project. The street is very narrow and people park on that both sides of that street. You really have to be careful driving through there. The suggested speed is 30mph, which is outrageous. Leave the street the way it is now while the City tries to figure out what to do with parking, and how wide the street is going to be. The street actually deters speeding. He said he would strike it from the list until the City gets a better design plan.

Mayor Myers wanted to stress some clarification; there has already been an appropriation authorized to do Phase 1 in 2005, which is from River Street to Browning Street. The intent was to start at Back Road and break it up in two pieces.

City Manager Joyal said the bid was awarded for the middle section.

Mayor Myers said this would be the second piece, which is for next year or the tail end of this year, if the Council amends it.

Councilor Trefethen said that when the Council originally proposed doing Henry Law Ave. in 2004, we thought the Waterfront development would be coinciding. As it now, the Waterfront Development will not be occurring until 2009 at the earliest. At that time there will be a bridge across the river from Washington Street. There will be no need for any construction vehicles to use Henry Law at all. They will use Washington Street. Point #2; this road has been engineered to accommodate pedestrians, bikes and parking.

Councilor McCusker asked the City Manager, if we did put this off for a year, as was suggested by Councilor Scott, how much more would it cost?

City Manager Joyal said he would be guessing.

Mayor Myers said we've cut this in half to allow construction while we have the crew out there, and the construction season is not over.

Council Cheney wanted to know, if it is a good construction season, if the City Manager would just come to the Council and ask for more. She said she supports the Henry Law Ave. construction, but wants to know how that would work.

City Manager Joyal suggested leaving some money there so we can keep them working.

Mayor Myers asked if it was the feeling of the Council to cut that in half and leave \$600,000 on that line item.

Mayor Myers went on to the next item. Improvements to Tolend Road/Watson Road area for \$4.5 million. He asked the City Manager if this was a total reconstruct of that area.

City Manager Joyal said it was.

Councilor Scott asked if there would be a problem with cutting that in half and spreading it out over two or three years.



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City Manager Joyal responded that the way it was being financed the City would only need \$100,000 this year, and would need \$4.4 million next year when the actual construction will start. The \$100,000 is for field and design work that will be done throughout this construction season.

Councilor Scott asked City Manager Joyal what the temporary fix of the potholes in Applevale will cost.

City Manager Joyal asked Doug Steele if the City did an analysis of what it would cost to fix Applevale.

Councilor Scott asked for a temporary fix.

City Manager Joyal said the crews were out trying to keep up with the potholes.

Councilor Scott said this area is being ignored.

City Manager Joyal said crews will be down there if they haven't been already.

Councilor Weston said that the Mayor said it was total reconstruction, but on the list it says improvement. She wanted to know which it was.

City Manager Joyal asked Doug Steele to talk about Applevale.

Doug Steele said they have been continuing to patch potholes. A quick estimate is \$80,000 to \$100,000 to do a shim and try to hold the road together. The answer about Tolend and Watson Road: it is for the entirety of both roads. Except from Watson, it would go from the bridge to County Farm. We had a company come in and do core samples of both streets. The process varies depending on the segment of road, from overlays in some sections to complete replacement of the road.

Councilor Cheney had heard a couple different scenarios on the pump and treat and wanted to know if there was a final decision.

Doug Steele said that the City does not have a final decision.

Councilor Cheney said she would hate to see us pave it and then have it dug up to put sewer down.

Doug Steele agreed.

Councilor Cheney asked when the final decision will be made.

Doug Steele said Dean Peschel had told him it would be very soon.

Mayor Myers said of the \$4.5 million, \$100,000 would be appropriated for this year to do the engineer work and \$4.4 million would be issued the following year.

City Manager Joyal agreed with the Mayor.

Councilor Cheney asked if this project was going to be done in 2010.

City Manager Joyal said that that was the intent, but he is not going to make that promise.

Councilor Cheney asked if it might be split up like Henry Law Ave., or would you go out for this whole bond and carry that?

City Manager Joyal said the City would go out for the whole project.

Councilor Cheney asked if we do this or contract it out.

City Manager Joyal said a project of this scale is contracted out.

Councilor Cheney asked how many roads the City is doing and how many can be handled in a season. Does the City do any of this or is it all contracted out?



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City Manager Joyal said that the City's staff will be working with the contractors, but the bulk of the work will be contracted out to contractors. For any project of this size, we don't maintain that volume of staff to be able to do that kind of work.

Councilor Cheney asked how many projects the City can oversee during this construction cycle.

Doug Steele said that in this particular project there is engineering oversight built into that price. The firm that would do the design would then assist us with the oversight. Our engineers would oversee them, but we need an engineer that solely works on this project. He said his staff oversees small internal projects, and oversees engineers that we hire to watch projects for us.

Councilor Cheney asked why the City doesn't engineer some of these projects.

Doug Steele said we don't have the staff time or the expertise that some of these firms have.

Councilor McCusker had a question for the City Manager. He said it seems like the City spends a lot of money on outside engineering.

City Manager Joyal agreed.

Councilor McCusker felt that the City could afford staff that had the expertise. That at the same time with were overseeing Tolend and Watson, they could be overseeing Henry Law Ave. Has there ever been any consideration to get staff?

City Manager Joyal said it was brought up previously and we did do an analysis on that. In fact, it is part of the budget, but there are pros and cons.

Councilor McCusker said we always have this type of project and he was just looking for a way to reduce some of the costs.

Councilor Cheney said it was fine if the Council is going to do this.

Councilor Callaghan said we agreed to a cap and retired debt. The City portion is \$3.6 million. We have already used up our retired debt. If we're going to leave here with a consensus that we have agreed to a list of items that will meet the retired debt, are we thinking about that, because this \$4.4 million puts us over the retired debt for the City.

Mayor Myers said it wasn't the Council's goal. Second of all, of that \$4.5 million only \$100,000 is being issued for this year. The \$4.4 is the second piece of the commission.

Councilor Callaghan said that he thought he just heard the City Manager say he was going to get the total amount now.

City Manager Joyal said this year the City only anticipates needing a \$100,000 for the field work and engineering design and that is all that the City will issue bonds for.

Councilor Callaghan asked if it could be changed to \$100,000.

City Manager Joyal agreed.

Mayor Myers asked if the feeling was to leave it in.

Mayor Myers went on to the next item which is , \$300,000 this year, \$2 million two years from now, with a water and sewer piece that would come out of water/sewer user fees.

Councilor Scott asked why the engineering fees are three times more than Tolend, when it's about half the size.

City Manager Joyal said that is a large neighborhood off Broadway. The most significant piece of that project is doing more reconstruction of the drainage system.



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Councilor Scott asked, what problem would there be to cut this project in half and do 1/3 over several years, so we stretch out the bonding requirements?

Mayor Myers discussed that this project was near Applevale and shifting some of the money into Applevale, then the same argument can be made that could push some projects back. They are trying to spread the costs out as much as possible.

Councilor Scott asked how many houses are in the area.

City Manager Joyal said it is a very dense neighborhood, probably 300-400 individual residences.

Doug Steele said the \$300,000 also included the design of Oak and Ham which are listed as a separate project in the CIP. The \$300,000 includes the design of Oak, Ham, Ela, Park, Rose, Cooldidge, Florence and Pearl Street. It is a large area that goes from Oak Street to New York, and then Central Ave. to Broadway. It includes designs of drainage, sidewalks, water and sewer.

Councilor Weston asked about Everett and Baker Streets.

Doug Steele said it was done about three years ago.

Mayor Myers asked for Council's direction. It was decided to leave it in.

Mayor Myers moved to #10, Piscataqua, \$1 million, with \$100,000 occurring this year and \$900,000 occurring in fiscal year 2011.

Councilor Trefethen said that everything that was said about Tolend and Watson you, can say about Piscataqua. It's the exact same situation.

Mayor Myers continued to next item, Guppyfield, \$550,000.

Councilor Scott said it was desirable but not essential.

Councilor Cheney asked if there was any backing for this figure.

Gary Bannon said it is really building the whole facility over again. He said it was a conservative estimate, but that it would get the facility back on line.

Councilor Cheney asked which leagues used it.

Gary Bannon said adult softball and a co-rec league uses it. The football league uses it in the fall because it has lights. They would like to expand that use to get more youth programming, because it is the only field with lights besides the high school.

Councilor Cheney asked if any of the leagues were going to pitch in with the field.

Gary Bannon thinks some of the project could be done with volunteer help and donations. He also wanted to tie in the parking lots of this field and the Arena, to make them more connected.

Councilor Cheney said the field would cost \$120,000.

Gary Bannon agreed. He said to totally take it up, lay new drainage, and put new turf in.

Councilor Cheney asked if it could be done in pieces.

Gary Bannon said if you just want to do the field now, the clay would have to be dealt with now. We're talking about half the money to redo the field, drainage, fencing and lighting now.

Councilor Cheney asked if our staff does this work.

City Manager Joyal said the staff has been involved to do some of the field construction work. Some work is going to involve staff that we don't have.

Councilor McCusker asked how old the field was.



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Gary Bannon said probably 70 years old. The park itself goes back to the early 1900's. Councilor Trefethen said you have to have new fencing to stop someone driving all over it. Councilor Weston asked if there was anything that could be cut out and done at a later time. Gary Bannon said the parking could be done as a separate project, because it doesn't involve the field.

Councilor Weston asked if that was about \$200,000.

Gary Bannon said it was in the neighborhood of that amount.

Mayor Myers said this project doesn't have his support at this point, after looking at the other project and the need to prioritize. He's looking to remove this item from the CIP.

Removed.

Mayor Myers moved on to #12, Thompson Pool, \$750,000, of which \$65,000 would be done this year for design work and \$685,000 next year for construction costs.

Councilor Cheney asked if it is working.

Gary Bannon said it is functioning.

Councilor Scott asked if he was saying it was desirable but not essential.

Gary Bannon said it is going to be essential because of health issues.

Councilor McCusker asked if it was a safety concern.

Gary Bannon said they do try to address safety concerns as much as they can.

Councilor Callaghan asked if it was \$65,000 for the design.

Gary Bannon agreed it was for design.

Mayor Myers asked if the Seacoast Swim would share in the actual construction portion.

Gary Bannon said he believed if he could show them the benefits, they would fundraise to create some balance in the actual costs. He felt they needed a design first.

Mayor Myers asked if there was a gate fee.

Gary Bannon said they had donations.

Councilor McCusker said it was an ugly building. He said that was for trying to maintain that building, and for health and safety hazards, he was going to ask to leave it in for discussion purposes.

Mayor Myers asked for any more comments. It is being left in for discussion purposes.

Mayor Myers moved on to #13, Horne Street Elementary, which Laura Verville asked to be reduced to \$2 million. Council agrees to leave this one in.

Mayor Myers discussed #14, the second piece for financial software, which had already been agreed to leave in for discussion purposes.

Mayor Myers discussed #15, Downtown Parking Facility, \$11 million split into two pieces.

This is not driven by the general fund or property taxes. It is driven by a special revenue fund and we did form a committee last week to come back to us with a plan of action.

Councilor Trefethen said it was his understanding that we're not spending any money until we hear the report of that committee. If we say no, then we never spent any money.

Mayor Myers said that was his understanding as well.

Councilor Trefethen said it would never show up on a tax bill.

Councilor Weston wanted a clarification on the definition of intent. It has always been presented that it would never have an impact on the tax rate. There have been other items



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that have been voted for and have ended up being on the tax roll. What guarantee do we have that taxpayers will never have to pay taxes in support of this building?

Mayor Myers asked for an example.

Councilor Cheney said: the McConnell Center.

Mayor Myers said we're carrying an amount that the auditor brought to our attention and we're reserving a portion of our fund balance until that is cleared up. That is in Council control. What is done by Council today can be undone by Council years from now. We put together the resolution that specifically said that it would not impact property taxpayers. Councilor Cheney said that the language is clear that it would not use any tax revenues. Councilor Dede voiced his concerns that the project had not yet been blessed by the downtown merchants, who would like to have a parking garage. In the steps that have just been taken to formulate that committee, part of the deliberation is actually going to involve some tax revenue, and that revenue is something that the participants of downtown will need to agree on. There has been an initial response that they are willing to accept the special assessment for their area as a part of the package that the consultant had suggested in order to be able to finance this. In terms of general tax revenues affecting homeowners and other business owners in another area of town, it is not designed to do that.

Councilor Cheney said she doesn't support having this in the CIP at this point.

Mayor Myers said it was a special assessment and not anything to do with the tax rate.

Councilor Scott said this item should be removed from the CIP.

Mayor Myers said the City still needs to go ahead and authorize the bonding.

Councilor Scott said bonds are paid by the taxpayers.

Mayor Myers said that wasn't true because the City issues water and sewer bonds, and those are not paid for by the taxpayers.

Councilor Scott asked who would underwrite the bonds.

Mayor Myers said that would be the arrangement that the Parking Committee would come back to answer about.

Councilor Scott said there is no answer to that. Until the Council has an answer on that he felt it should be removed. If you're going to bond, you're putting a lien on properties in Dover.

City Manager Joyal said this would likely be issued as a revenue bond, which would go against the revenue stream that is issued for the garage, with no guarantee by the City.

Councilor Scott asked what happens if the revenue doesn't meet the amount of debt service.

City Manager Joyal replied that it goes back to the betterment district. The betterment district would foot the bill, not the taxpayers.

Councilor Scott said until he sees the financial structure, it is his feeling to leave it out of the CIP.

Councilor Weston said that Dover has needed a parking facility for years, and there have been people who have tried to make the numbers work. There is a large number of small businesses that are just making ends meet and can't afford to pay any additional fees.



CITY OF DOVER

CITY COUNCIL - MINUTES

Meeting Type: Workshop
Meeting Location: Council Chambers - 288 Central Avenue, Dover, NH 03820
Meeting Date: Wednesday, February 20, 2008
Meeting Time: 7:00 pm

She would like to put this out of the CIP for another year because she is not totally convinced that this can work.

Mayor Myers said again that it does not commit us to anything when this committee comes back.

Councilor Trefethen moved to suspend the rule to continue the meeting after deadline to complete the workshop; seconded by Councilor Dede.

Roll call vote 8/0.

Mayor Myers asked about further input on the parking garage.

Councilor Dede said that the deal is dependent upon the size of the check that those business will be asked to write. Until there is some agreement on the part of the business community that this is something they want to do, this can't fly. It is not something that is going against the taxpayers. There seems to be a real mistrust of what is being said here. If this committee does come back with something and the Council sees that it will work, then the mechanism is in place and the check can be written. If there is no consensus among the business community that this is a viable approach, it is not going anywhere. He said he's for taking a lot of things out of the CIP, but this is not one of them.

Councilor Callaghan said he would like it removed. Until we hear a viable plan where we can do this as an investment, it is off the table as far as I am concerned.

Councilor Cheney said she felt it had to be off the table. This takes 2/3 of a vote to put in place.

Mayor Myers said it is a 2/3 vote to pass the CIP. Tonight is just a majority vote.

Councilor Scott agrees with Councilors Cheney and Callaghan.

Mayor Myers said he was in favor of leaving this in.

Councilor Trefethen said it didn't make a difference.

Councilor Weston asked when the Parking Committee was supposed to report back to the Council.

Mayor Myers said July 15th.

Councilor McCusker said he thought this was the next step after last week's meeting. He said he guessed it didn't matter if it was left in, but he didn't think it mattered if we did.

City Manager Joyal commented on one reason to keep this funding in is, you're asking a citizen committee to be formed and to reach out to their neighbors and fellow business owners and talk to them about the possibility of a parking garage being built. It will help them in their cause. If the Council takes this out, you're putting that committee behind in their efforts.

Councilor Weston said she disagreed. She feels the majority wants a parking facility. She doesn't think it makes a difference if it is in there or not.

Councilor Trefethen said he doesn't think it is the Council's job to sell this to the merchants. It is the landowners that are going to be paying the special assessments, not the business owners. If the landowners recognize the value of having a parking garage, it should be easy. If they don't recognize the value of it, no amount of selling is going to make it happen. Remove.



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Mayor Myers moved on to #16, Sewer Main for Oak Hill and Redden, \$350,000. This would be bonded to be paid for by sewer.

Mayor Myers discussed the general consensus. Removed #2, City Hall improvements. Line 7, reduced the amount to \$600,000. Line 11, we removed the entire amount. Line 13 we reduced to \$2 million. Line 15 we removed the entire amount. Mayor Myers asked if everyone agreed.

Councilor Callaghan said he was under the impression the Council had reduced the amounts of 8, 9, 10, and 12 to be \$100,000, \$300,000, \$100,000, and \$65,000.

Mayor Myers said that the consensus was they would be leaving it in for authorization, but only issue the amounts just listed.

Councilor Callaghan said he wouldn't support that. He would only support the amounts for this year.

Councilor Scott said until he knows the amounts of the several deficits and understanding that \$10 million he can't support this.

Mayor Myers asked Councilor Scott to put those requests for information to the City Manager so he can get answers.

Councilor Scott said he would ask them right now.

Mayor Myers said he won't have instant answers for you at this moment.

City Manager Joyal said he might.

Councilor Scott asked about the \$300,000 in debt service.

City Manager Joyal said the \$300,000 in debt service is an item that will have to be added to the budget next year. We're making adjustments elsewhere to cover that.

Councilor Scott asked how much of a deficit the City is running for the Arena.

City Manager Joyal said it was in the Audit report, \$2.2-\$2.3 million. It's not a deficit. It's an advance of cash.

Mayor Myers asked if it was for this year or a total.

City Manager Joyal said this past year was \$130,000, and currently this is breaking even.

Councilor Scott asked about the vacancies in the McConnell center, and how much the deficit is there.

City Manager Joyal said that regarding the vacancies in the McConnell Center, we have one room that is unaccounted for, that we have no interest in. We have three to four rooms that the City is in negotiations with for a lease. For the McConnell, this past year revenues and expenses were short by \$70,000.

Councilor Scott asked if the City had departments in the McConnell that weren't paying rent before that are now paying rent, so it's left pocket/right pocket.

City Manager Joyal said no, this is cash coming in.

Councilor Scott asked how much money are we debt servicing. There is a certain amount of money that the City borrowed. He asked what the positive cash flow from the renters was.

City Manager Joyal said the City departments are renters.

Councilor Scott said that is the left pocket/right pocket issue. That's not additional cash.

They weren't paying rent before.

City Manager Joyal said they were.

Councilor Scott asked how they were paying rent.



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City Manager Joyal said they were covering the costs for the McConnell Center in the General Fund. It just wasn't allocated to the departments. All we did was take the money from the General Fund to support the building. That expense was built into the General Fund Budget. When McConnell Center was removed from the General Fund and set up as a special revenue fund with the intent of leasing that space to nonprofits and City departments, that amount of money was reallocated as a specific item in each department that occupied that building.

Councilor Scott asked how much the roof will cost at the McConnell Center.

City Manager Joyal said it's under the \$250,000 budget. He said it was \$150,000.

Mayor Myers said that has already been provided for.

Councilor Scott asked about the dredging issue.

City Manager Joyal said the dredge cell was constructed with the anticipation that the revenue stream from the Army Corp. of Engineers would pay back with a construction cell, less the maximum the City had for the dredging project. The Army Corp. currently owes the City \$900,000 in user fees that will be paid by June of this year. That will leave a negative fund balance of \$400,000, and that amount is expected to be made up as part of the agreement with the Army Corp. of Engineers once the dredging project is complete.

Councilor Scott asked about the museum at Butterfield and how much it costs.

City Manager Joyal said we had appropriated \$650,000. The original bids were for about \$620,000, and we negotiated down to 600,000. As he mentioned to the Council a few weeks back, there were some concerns about difficulties that they have been running into. To the credit of both contractors, they are currently on budget and still on schedule.

Councilor Scott said it looks like we're close to \$1 million in unfunded expenses.

City Manager Joyal said he is transposing numbers and mixing and matching numbers.

Councilor Scott said he would like a report.

City Manager Joyal said it's right in the audit report.

Councilor McCusker told Councilor Scott that the Council voted to extend the meeting after the 10:30 mark, and of the seven items that the City Manager just answered, I know that I have the answer to at least five of them from the information that has been given to me since the date I was elected. I'm taking it personally right now that we have yet to finish our entire agenda, yet you continue to ask questions about information that we've already received.

Mayor Myers asked Councilor McCusker not to engage in personalities.

Councilor McCusker asked that questions like these be asked before the meeting so the answers can be received. He apologized for getting frustrated, but it is a recurring problem. He also apologized if he was out of line.

Councilor Cheney asked the City Manager about the \$300,000 in debt service that is going in this year's budget, and the \$130,000 that the Arena is borrowing; is it about \$500,000?

Councilor Trefethen said he didn't understand what these numbers have to do with the workshop.

Mayor Myers said he thinks they're trying to see what other numbers may have to be incorporated into the operating budget to assist them in determining what items to support in the CIP.



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City Manager Joyal said if the Council does nothing the debt service is going to have \$300,000 added to it, less what we are retiring.

Mayor Myers asked about the \$130,000 from the Arena.

City Manager Joyal said the \$130,000 has nothing to do with debt service or the operating budget. It subtracts from our fund balance.

Councilor Callaghan asked the City Manager to provide the Council with a status report on the items that are on page 27.

Mayor Myers said he went through the list with Councilor Scott at the Council's first workshop.

Councilor Callaghan said if they are in the minutes he will get them.

Mayor Myers went through them quickly.

Councilor Weston said she did a running tally of everything, just including the design, and she came to \$6.4 million.

Mayor Myers said she was including the school.

Councilor Weston asked if this was acceptable with the spending cap.

Mayor Myers discussed the .25% increase to the tax rate.

Councilor Cheney said it was short-sighted just to look at first year appropriations. We have \$1 million in the general fund, non-bonded, for street and sidewalk improvement, but here for bonding we have \$1.4 million. In prior years we have taken some out of that fund to help offset the cost.

Mayor Myers said we have taken some out the operating budget, but we have consistently been increasing the amount in the operating budget, but an overall increase in the amount of money the City is putting towards streets. He said he would not be supportive of anything that would reduce the amount of money that is being put towards the streets.

Mayor Myers said the Council was looking for a date for the Special Meeting. March 5 at 7:00 pm.

Councilor Dede made a motion to adjourn, seconded by Cheney.