



CITY OF DOVER

CITY COUNCIL - MINUTES

Meeting Type: Workshop Session
Meeting Location: Council Chambers, City Hall
Meeting Date: **Wednesday, August 5, 2009**
Meeting Time: **7:00 pm**

Present: Mayor Myers, Deputy Mayor Trefethen, Councilors Callaghan, Carrier, Cheney, DeDe, McCusker, Scott and Weston.

Also Present: City Manager Joyal, City Attorney Krans and City Clerk Lavertu.

Councilor Cheney led the Pledge of Allegiance.

Mayor Myers went over the Agenda for the Workshop. He also mentioned that several members of the School Board were present.

1. CITY MANAGER'S EVALUATION

Mayor Myers went over the procedure for the City Manager's evaluation. He said it tied into 14 specific goals that the Council adopted last September, with a rating from 1 to 5: Maintain effective communications; Responsive to requests and suggestions; Update the Council on organizational structure changes; Handles emergencies/crises effectively; Summary of items, programs, services as options to proposed budget; Provide a summary booklet, in addition to the big budget book, for fiscal year 2010; Establish department head goals in conjunction with the presentation of the budget; Hold a budget specific forum for public comment before May 15, 2009; Host quarterly public information sessions; Review codes and ordinances and present proposed changes to the Council; Rebuild/upgrade Channel 22 equipment and offerings; Complete consolidation of the Clerk and Tax Collection offices; Advise the Council of other cost saving opportunities by outsourcing or regionalization of services; and Provide recommended policy changes to meet the challenges of the new economy and banking environment. He went over the Council's individual tallies and the overall average scoring: Ward 1 Councilor Carrier, 4.64; Ward 2 Councilor DeDe, 3.86; Ward 3 Councilor Scott, 2.57; Ward 4 Deputy Mayor Trefethen, 3.57; Ward 5 Councilor Cheney, 2.57; Ward 6 Councilor Callaghan, 2.07; Councilor-at-Large Weston, 3.14; Councilor-at-Large McCusker, 4.50; Mayor Myers 3.57; Council average was 3.39. He said there were 13 pages of written comments. He said the Council had agreed to release all of this information in the form of a Resolution that will be on the Agenda for August 12, 2009, at which time it will be posted on the City's website. He said the three areas where the City Manager scored highest were a perfect 5 with handling emergencies and crises effectively, a 4.5 with hosting quarterly public information sessions, and a 3.78 with providing a budget summary to the Council in conjunction with his fiscal year 2010 budget. He said the three areas where the City Manager scored lowest were a 2.11 on rebuilding/upgrading Channel 22 equipment and offerings, a 2.67 with advising the Council on cost saving opportunities by outsourcing or regionalization of services, and a 2.89 with dealing with recommendations for policy changes to meet the challenges of the new economy in the banking environment. He said the other scores range from a 3.11 to a 3.67. He went over the 1-5 scoring system: 1. below expectations; 2. needs improvement; 3. meets expectations; 4. above standard; 5. exceeds expectations.

Councilor Scott said he felt the evaluation process is very positive. He said it is not supposed to pat someone on the back, but point out areas where improvement could be made for the benefit of the individual, the Council, and the City. He said the Council had very interesting discussions and there are differences in opinions as to the strong points and weak points. He said after



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hearing what other people had to say, he would like the opportunity to modify and change some of his comments.

Mayor Myers said the Council will continue to discuss this and see if there is a consensus to do that. He also wanted the Council to know that the City Manager finds the written comments most valuable.

Councilor DeDe said the Council had a great deal of time to prepare this evaluation and he would be opposed to anyone modifying what has been submitted.

Councilor Carrier thanked the Mayor for putting everything together for the evaluation. He said he would also be opposed to changes being made to what has been presented. He said the Council has had plenty of time.

Mayor Myers wanted the Council to know that Executive Assistant Colleen Bessette was a big asset to him in compiling all of the information in many different formats.

Councilor Cheney thanked the Mayor for compiling the information. She said she wasn't opposed to any changes being made.

Councilor Callaghan said last year the Council was allowed to make changes, and he was in favor this year as well.

Mayor Myers said the Council was doing this as individuals. He said he was not going to support changing what has been submitted, because last year it was not just changing numbers but comments as well. He said he would support a Councilor adding an addendum page with their name, saying that following the evaluation process, these are the comments they have.

Deputy Mayor Trefethen said he could live with the addendum idea. He asked when it would stop if the Council allowed the changes, and then other Councilors wanted to make more changes. He said he was confident in his own evaluation and didn't want to make any changes. He said the addendum idea is the only way to go, and should only be allowed once.

Councilor Scott said the Council was a deliberative body that comes from very different backgrounds. He said after hearing the points that other Councilors thought were important, he wanted to modify his comments on what was more important or less important. He felt closing the door didn't make much sense. He said the City Manager will get an improved evaluation if the Council takes into consideration all the comments made by the other Councilors.

Mayor Myers said the Council had three options: leave the evaluation as is, allow scoring and comment changes to the evaluation, or allow an addendum sheet to be submitted in addition to what has been presented.

Mayor Myers asked for a show of hands from the Council on the option of leaving the evaluation as is:

Vote: 1.

Mayor Myers asked for a show of hands from the Council on the option of allowing scoring and comment changes:

Vote: 4.

Mayor Myers asked for a show of hands from the Council on the option of allowing an addendum sheet. He commented that some Councilors were voting twice:

Vote: 7.

Mayor Myers said he wanted this to go out with the Agenda for the August 12th meeting, so that the public has an opportunity to read it ahead of time.

Councilor Cheney said she was pleased with the evaluation process this year. She said the City Manager has a lot of skill, knows Dover, and is a very hard worker. She said that was



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reflected in her comments. She said where he is marginally below expectations is mostly with the dissemination of data to the Council. She said it was imperative that the Council has information and has it in a timely manner. She hopes that the new software will help. Mayor Myers thanked the City Manager. He said he felt the overall evaluation was positive. City Manager Joyal thanked the Council for all their comments. He thanked all the department heads for their help as well.

2. STATE IMPACT ON LOCAL BUDGET

Mayor Myers said the City Council passed the City Budget back in June 2009, which included the City, School, and County. He said several weeks ago the State legislature passed their budget, and that impacted the City's budget. He said it dealt mainly with a reduction in revenue totaling \$606,000 on the City's portion of the budget. He said the State is no longer picking up a portion of the retirement system employer contributions, which is just under \$68,741 for the City side and in the area of \$90,000 for the School side. He said the total impact to the City's side of the budget is just under \$675,000, which equates to a \$0.255 increase to the tax rate. He said if the Council said the City Manager needed to find the \$70,000 and just cover the revenue shortfall, it equates to a \$0.23 increase to the tax rate, which is a 1% increase above and beyond what the Council passed in June. He said if the Council did nothing and the revenue was adjusted accordingly, and the tax rate was adjusted the \$0.23, the City still falls under the constraints of the formula of the tax cap. He said the average property is assessed at \$230,000, which will equate to a \$59.00 increase above and beyond the budget that was passed in June. He said if the Council was going to do something it would have to be a budget amendment that would require a 2/3 vote. He said it would have to occur by the first meeting in September, to have it go to public hearing and finalized before our numbers went to the Department of Revenue Administration (DRA) to set the tax rate. He asked the City Manager if that was correct.

City Manager Joyal said if the Council was going to adopt a budget amendment it would have to be done by the end of September, because the City goes to the State in October.

Mayor Myers said several members of the School Board were present, along with School Department Business Manager Laura Verville. He said the City's Finance Director, Dan Lynch, was also present.

Councilor DeDe said the courts have reversed the decision of the legislature, and the \$110 million that they took from the Doctor's Fund for insurance has to be put back. He said the State will be short \$110 million, and it is troubling. He said there is also more coming.

Mayor Myers said the State is trying to decide if they are going to appeal that court decision. He said he was trying to deal with what they knew today.

Deputy Mayor Trefethen said before the Council went any further he felt it would be useful to hear from the School Department on any changes they have.

Mayor Myers said he sent an email to many people asking several questions, including the School Superintendent.

Ms. Verville said it was difficult at this time to determine what kind of savings the School District can anticipate. She said as far as savings from retirements, they are already seeing that the School Board has had to approve an additional position for Garrison Elementary School. She said as enrollments have been increasing, there is a concern that the Superintendent will be



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coming forward to request three additional positions that weren't budgeted for. She said it was difficult for them to say what they have for that type of savings through attrition. She said she recognizes the positions that have departed and are entitled to severance – basically severance amounts have been under-budgeted for. She said some of the savings will be absorbed through severances. She said they don't have a projection of who will be departing in the 2009/2010 school year. She spoke about the \$94,000 retirement increase. She said on healthcare, it is also too soon for them to say, because open enrollment is open until October 1st. She said as the economy changes they are also seeing employees adding on other family members to their healthcare. She said they were hopeful that they would meet the natural gas expenditures for 2009/2010. She said they didn't meet it in 2008/2009 because of the volatile prices, along with the extra footage for the Woodman Park School.

Deputy Mayor Trefethen said he heard from people in the community that the School is likely to see an increase in tuition payments from Barrington or Nottingham, because students formerly going to private schools will be going to public schools, choosing Dover as one of their options. He asked her about the students from Dover that went to private schools who are changing to go to Dover's schools where there would be no additional revenue. Was she seeing any trends?

Ms. Verville said this was something they were watching. She said it looks like they will be picking up nine students from Barrington and Nottingham. She said they are seeing students from Dover migrating back to the public school. She said there was also the caveat that students from Barrington and Nottingham will move away during the school year. She said in September it seems okay, but then there is the fallout during the year, because the tuition is prorated on a per diem basis.

Deputy Mayor Trefethen asked if the current mix of students was 2/3 Dover residents and 1/3 out-of-town residents.

Ms. Verville said that was correct.

Deputy Mayor Trefethen said this really impacts the High School.

Ms. Verville said that was correct.

Deputy Mayor Trefethen asked if it was too early to tell the increase.

Ms. Verville said it was too early.

Councilor DeDe said he was under the impression that the satellite schools, Barrington and Nottingham, had to commit to a minimum number, and now he's hearing that it is actually on a per diem basis throughout the year.

Ms. Verville explained that if Barrington said they had 100 students enrolling, then they declare that count on March 10th. Barrington commits to paying 95%. She said if students leave throughout the year for whatever reason, the student's tuition is a per diem rate.

Councilor DeDe said while there is a commitment for a certain number in March, the City doesn't get that if the student leaves.

Ms. Verville said that was correct.

Mayor Myers asked if Barrington was locked into the 95% that they committed to in March, even if a bunch of students left.

Ms. Verville said they were locked into the 95% of the commitment.

Deputy Mayor Trefethen said the Dover Schools may have 120 students from Barrington and if 20 move, Barrington is still only responsible for 95% of the 100 committed to in March.

Ms. Verville said that was correct.



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Mayor Myers asked if any action with the State legislature cut catastrophic aid, school building aid, or any other area that the School didn't anticipate for.

Ms. Verville said the building aid will be funded. She said catastrophic aid will be calculated in August and September, but they are looking at about 70% being funded, probably around \$240,000.

Councilor Weston said the School had to make up for \$94,000, and asked if they were going to do it within their budget, or if they were going to have to ask for a budget amendment.

Ms. Verville said that she and the Superintendent have not had any conversations saying that they would be asking for a budget amendment. She said they hope to make it up within the budget.

Mayor Myers said he sent the email to as many people as he could think of to get some answers. He asked the City Manager to give his response to his questions.

City Manager Joyal went over the impacts on the City side of the Budget. He said the Mayor was correct with his overview of the impact to the City's budget. He said the Mayor asked him to look through the budget and see if there were any areas where the City had more current data, i.e. utility rates, utility costs, and energy costs, and see how they stacked up to what was projected in the budget and adopted by the Council. He referred to a handout on the utility portion of the budget, which represents the funds for utilities, and went over it with the Council. He referred to the right-hand column, which showed the savings, and one instance of additional cost, from what was budgeted. He said they expect a net savings of around \$103,000 just in utility usage. He spoke about the increase to the retirement costs of \$15,000 from people who retired that the City didn't anticipate. He spoke about the additional expense of \$5,000 for two people who were out on disability leave that was not anticipated. He said they have one employee who will be returning from military leave, and the expense that wasn't budgeted for to replace him while he was gone. He said they will have another employee going on military leave later this year. He said the combination of those two military leaves added \$1,000 to the budget. He said a portion of the School Resource Officer was supposed to be funded for by the School through a grant, and the Superintendent has informed the Police Chief that the School may not be getting as much from the grant as anticipated, but he felt he could make up the difference. He said they were expecting a loss of \$2,500 to \$5,000. He said the net result is that the budget has about \$6,400 of wiggle room in a \$100 million budget.

Mayor Myers asked about the Resolution to capture dollars before it rolled into Fund Balance in order to be allocated towards General Street Repairs, and if they had an estimate of anything to cover that.

City Manager Joyal referred to another handout, which was a very preliminary and unaudited analysis of the Fund Balance, and went over it with the Council. He said the Council's Resolution to use up to \$200,000 for General Street Repairs is not going to happen, because the funds are not available.

Deputy Mayor Trefethen said the Unreserved Fund Balance was lower because of losses in investments, and not because the Council dipped into that money.

City Manager Joyal said in general terms the City started with \$5.5 million in Fund Balance, came in \$800,000 short in revenues and \$210,000 short from the McConnell Center. Add back the savings in expenditures, and the City has actually reduced the Fund Balance by \$93,000.

Deputy Mayor Trefethen asked about the money for the McConnell Center and if it will get paid back.



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City Manager Joyal said that was correct. He said the Pro Forma that was put together for the McConnell Center indicated that there would be a shortfall for the first four or five years, before it would start recovering from a deficit. He also wanted to highlight the change in Deferred Revenue in property taxes. He said that line reflects the tax year as it comes to a close and there are outstanding tax bills, and the City has to defer the revenue for what will not be collected, the properties that will go to lien. He said last year the City saw about 50% of the property taxes remained uncollected and went to lien. He said that figure shows up as Deferred Revenue. He said the City is projecting that the same percentage will remain uncollected this year. He said the net impact is zero.

Mayor Myers referred to the first handout and said there was no significant change in the price of asphalt.

City Manager Joyal said that was correct.

Mayor Myers asked if there were going to be any energy savings realized from any of the Energy Efficiency Program projects.

City Manager Joyal said there probably won't be any savings this fiscal year, because most of the projects won't be implemented until next spring, due of the schedule of the Arena and it needing to be opened during the winter.

Councilor Callaghan said the Council needed to agree that this money be found within the existing budget, and not allow a tax increase to move forward. He felt the Council owed it to the taxpayers.

Mayor Myers asked Councilor Callaghan if he was looking to do that strictly on the City's side of the budget, School's side of the budget, or a combination thereof.

Councilor Callaghan said he was looking to do it only on the municipal side of the budget at this point. He said the School hasn't figured out how to handle the \$200,000 reduction in their budget, and he didn't know what other areas they can cut. He felt the City should make the first effort to come close to that kind of money.

Mayor Myers said the reduction in the revenues did nothing to the School's expenditure amounts. The City did not cut them \$200,000 toward expenditures, but adjusted revenue, which in turn raised the amount of dollars that will be raised through property taxes. He said he didn't disagree that the City should look for a way to pay for this without going to the taxpayers, but City employees took wage freezes and many took wage cuts, and that did not happen on the School's side. He also pointed out that revenue was cut to the City's side of the budget, but the School received an additional \$800,000 in revenues coming from the State above and beyond what they received last year. He said while their property tax impact was 2%, their actual spending increased by 3.8%. He referred to the phrase used by the Governor and several Senators: In the aggregate City and Towns received more money this year from the State than last year. He said the problem with aggregate, with every City and Town, is it went to the School side of the equation, and it cut from the municipal side of the equation. He said he wasn't opposed to looking for savings on the municipal side of the budget, but was opposed to looking for savings only on the municipal side of the budget.

Councilor DeDe said the School wouldn't have had the \$800,000 if it was up to the legislature. He said it was because they lost a lawsuit and were required to send that money to the cities to the School's side. He said the City's side has borne the brunt of it. He said this has not been caused the by the City of Dover, not by the contributions and sacrifices from the employees for the City of Dover, and not for lack of working on ways to get the budget whittled down. He said



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it was caused by actions and inactions that took place in Concord. He said there have been cuts made that were very difficult. He said the reality is that when the citizens see their tax bill go up \$58.00 they are not going to think of the two senators and six representatives, but at the nine councilors around the table. He felt after what has been done with the budget this year that there weren't any avenues to turn to. He said he doesn't like that the average tax bill will go up \$58.00, but the reality is that the Council didn't do it.

Mayor Myers clarified that it isn't just \$58.00, but an additional \$58.00.

Councilor Scott said there will be a lot of angry people in Dover who will not be able to pay higher taxes, and will blame the Council.

Mayor Myers said they were open to suggestions.

Councilor Scott said that was why they have a highly paid City Manager. He said he should look at places where they might lay off people. He said he saw in the paper where Concord was considering laying off 700 people.

City Manager Joyal said they don't have that many employees. He said that was the State of New Hampshire.

Mayor Myers asked Councilor Scott if he felt cuts should be made just by the City's side of the budget, or if any of it should occur on the School's side of the budget.

Councilor Scott said he felt it should be both. He said it's the taxpayer that is caught in the vice. He said they had to use extraordinary measures not to increase taxes.

Councilor Weston spoke about the \$200,000 surplus that was moved to the General Street Repairs and said it should go towards the \$675,000 that the City is short. She said when the City removed the \$200,000 revenue from the School's side, the City had to make it up. She said the Council should also reverse that by a budget amendment, and even though the shortfall goes on the School Department, the City at the same exact tax rate could have \$200,000 extra to spend at no tax increase. She said those two items would save the City \$400,000 right off the top, which brings the tax rate increase down by \$0.08.

Mayor Myers clarified that the City Manager's handout showed that the \$200,000 the Council hoped to capture was \$6,000. He said that money didn't materialize.

Councilor Weston said the Council can still change the revenue from the School Department and reverse the Council decision. She said that \$200,000 takes the City's shortfall down to \$475,000, and lowers the tax rate by \$0.08. It would be a beginning.

Deputy Mayor Trefethen clarified that if the Council decides to have a budget resolution; it will open the whole budget, and take 6 votes to change. He said he isn't hearing any consensus that comes close to 6 votes. He said Councilor Weston would need 6 votes to reverse the \$200,000, but will also open the budget to other changes that the Council might want. He said he might be wrong, but he doesn't see it passing with 6 votes.

Councilor Carrier asked if it would be an acceptable practice to lower the percentage of the recommended Fund Balance, with a crisis situation such as this.

City Manager Joyal said he would not recommend doing that, because the Council's current policy is actually low. He would strongly recommend that the City get up to the 10% range. He said by having a lower reserve on hand you're sending a message to the creditors.

Councilor Callaghan said he didn't want to start the whole budget process over again, because it was not as fun as it's supposed to be, but he felt the Council should have a mini budget review again, with ideas that the Councilors have of areas that might be cut.

Mayor Myers said he was disappointed that no one had any suggestions.



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Councilor DeDe clarified that if the City reduced its Fund Balance, then the cost of borrowing money goes up. He said he understood that the citizens are going to be angry with the Council. He hoped their memory lasted long enough for the State elections, because that was where the problem was. He said the City did a tremendous job in putting together a reasonable budget with a great deal of cost containment and sacrifice on the part of a damn fine group of employees. He said in spite of that the State downshifted these things to the City, and it was going to get worse. He said the reality is the City has services it needs to provide. He said when a water main breaks in the middle of the night, there is a group of dedicated employees there fixing it. He said if there is a fire in the City, there is a group of dedicated employees taking care of it. He said no amount of budget planning is going to save the City, when the key to the problem isn't here in the City.

Councilor Weston said she put Ms. Verville in the hot seat, and now it is the City Manager's turn. She asked the City Manager where the \$675,000 was coming from.

City Manager Joyal said he would go back to his department heads and look at that. He said he knew the Council wasn't expecting a specific answer tonight, but he would offer to the Council that they go back to the proposals that were originally presented to the Council. He said there was \$200,000 of items that the Council added back into the budget because of the insurance savings. He said it was a question of priorities. He said as City Manager the Council can direct him to go back, use his judgment, and reduce the budget. He said the fact of the matter is that it is going to be a reduction in services, whether direct services provided to the public or maintenance to the infrastructure with long term effects. He said he couldn't believe that Councilors at this point in time, after the changes the City has gone through, would suggest further layoffs and not expect an impact. He said he would probably suggest to the Council to reduce certain hours of certain services, eliminating outside subsidies and grants, and prioritizing services around funding for schools, public safety, and maintaining the City's infrastructure. He said Recreation and the Library are not going to be on the top of his priority list. He said the Council needs to look at the history of the City's Departments over the last few years, and see that the City has consistently reduced personnel and direct services to the public. He said they have reduced Library hours and reduced Recreation programs two years in a row. He said they are not putting the amount of money that they should into the City's streets and roads. He said there is a backlog of work orders and maintenance requests that the City does not have the people to keep up with.

Councilor Weston asked the City Manager if he was saying to take that \$200,000 out that the Council returned back in.

City Manager Joyal said the City realized savings in insurance, and the Council used the savings to put items back into the budget. He said that would be the first place that he would suggest that the Council look at. He said items like fireworks or grants to outside organization, that don't provide public safety, maintenance, or educational services to the citizens of Dover.

Councilor Weston asked how much the City Manager felt he could find within the budget.

City Manager Joyal said he could find how much the Council wants, but he asked that the Council understand the impact of their request. He said he would do it, and he will base it on his priorities as the City Manager representing the needs of the community as a whole. He felt that wasn't doing the citizens justice, because the Council as elected officials are not taking ownership of the priorities that the citizens feel the City should be delivering.



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Councilor Weston said she agreed with Councilor DeDe that ultimately it's not the Council's responsibility, but the Council is going to have to deal with it. Councilor Weston said she agreed with Councilor Callaghan that the budget needs to be done all over again. She said she hoped that the City Manager could come to the Council with some form of list to work with.

City Manager Joyal said he could provide a list. He asked that the Council take into consideration the sacrifices already made by the City, and ask that the School also provide a list of recommendations. He said the School portion makes up 65% of the tax-supported portion of the budget. He said the City is a small piece of the tax puzzle.

Councilor Weston said she understood and she agreed. She said when she heard about the City's wage freezes she asked what the School was doing. She said the School Department really had to take a good look at their budget to see what they can do. She still felt that the City needed to look at our side of the budget.

Mayor Myers said to Councilor Weston that she asked Ms. Verville where she would find \$94,000 in the School's budget, or if she would need to come to ask for a budget amendment. He said she asked the City Manager where he was going to find \$675,000, and didn't ask if he was going to ask for a budget amendment. He said those were two different questions.

Councilor Weston said hopefully the School will come back with some decreases. She wished she had asked the School Board and Ms. Verville to do that before they left the meeting.

Mayor Myers said they didn't give the School that direction, and he asked the Council to give them some direction before they left. He said they were invited for that specific reason.

Councilor McCusker said there were no comments at the time when the School Department's budget was presented, and the Council accepted it. At the same time there was a lot of scrutiny about the City Manager's proposed budget. He said there was some savings in the health insurance and it was divided up and put back into the budget. He said it was contradictory because the Council knew the City had bare bones whittling that was done, and the Council knew that the School side of the budget didn't have the same level of cuts that the City had. He said the Council accepted the School side of the budget anyway, saying to the School Department that they can spend more than they had last year. He said the Council told the School Department that the City will take the hit, with employees' wage freezes, cutting and dropping services. He referred to revenues and said the City had to adjust the revenue figures to be accurate; otherwise the City would have to deal with it at the end of the budget year instead of right now. He said it wasn't honest to do otherwise. He said the Council could theoretically add revenue to every revenue line in the budget to offset the \$600,000. He asked if the Council expects the School Department to make up the \$200,000 later in the year, then why can't they make up for it right now? He said why not take the \$200,000 in revenue and add it to the tax rate, because it's going to happen anyway. He said if they took every employee that receives a City of Dover paycheck, and told the people that weren't receiving a wage increase or taking a pay cut to sit down, it would be fair to ask the people that were still standing how to make up the \$600,000, because we're all in this together. He said the taxpayers don't say they're happy to pay the School increase, but not the municipal side increase. He said he is pro-education because he has a bunch of kids in the school system. He doesn't want to cut athletics or special things that are offered. He said he didn't want the Library closed any more hours, because he had gone there twice when it was closed. He said it stinks not to have the summer camps for kids who can't afford to go to private camps because the City can't hire the



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extra counselors. He said it never used to be this way, but now the City Manager has to make these types of cuts.

Deputy Mayor Trefethen said the Council has asked the City Manager to come to the Council with suggestions, and he's done that; he did that in April. He said the idea that this should be delegated to him will not get his vote, because 99% of the citizens will blame the City Council in October when they get their tax bill. He said the Council is looking at the average tax bill going up about \$250, and if the Council adds the \$675,000 to the tax roll, it will be another \$58, totaling \$300 to \$310 for the average tax bill. He said he didn't know too many people who are going to make a distinction in their wrath against the City Council over an additional \$58, because he felt their reaction was going to be the same with \$250. He said they will be upset that it went up, period. He said if the Council really wanted to get serious about serving the taxpayers, and he didn't think collectively they did a good job with that, then they have to make some very difficult decisions. He said some of the decisions have already been proposed and shot down. He said the Council needs to revisit them again. He spoke about all the areas that he doesn't want to cut. He said it is going to make everyone upset. He said there is no incentive to the School Board to reduce their budget. He said the only way they will get the School Board to cut their budget is for the City Council to tell them that they weren't getting that amount of money, and then they will have to make the same difficult choices the City made. Mayor Myers clarified that the budget passed in June added \$194 for the average household, and this would add another \$58. He said of the \$194, \$76 was the City portion; \$95 was the School portion; and the County was approximately \$23. He said for the past five years the City's portion of the budget has increased on average of 2.3%, the School has increased 4.9%, and the County has increased 10.4%.

Councilor Scott said these were unusual times. He said the Council needs to find \$675,000 and they need to think of unique ways to find it. He said the City spend \$20 million in payroll and benefits. He said the City should consider changing it to 35 hours per week, and said they will see almost the same production. He said Dickinson owes the City \$1 million, and he didn't understand why he wasn't being forced to pay it. He said the City needs big money and it can only come from payroll and benefits.

Councilor Cheney said she agreed with Councilor Weston's suggestion of putting the revenue figure back the way it was for the School Department. She did feel that there would be a problem with rehashing the budget, because she had some strong feelings about the City Manager's proposals. She said she knew that it was unpalatable to discuss changing the Council policy on the 6% Unreserved Fund Balance. She asked the City Manager for more clarification on why it would cost more to borrow money. She said she understood that the City had a A+ rating with Moody's, and felt it would just lower the rating and put more on the City's behalf to prove that the City can borrow the money. She felt taking the money from the Unreserved Fund Balance would get the City out of this crisis.

City Manager Joyal said the rating agencies provide a credit score for the City. He said if the Council was to change some of the City's existing financial policies, then the rating agencies will not look favorably on that. He said the rating agencies actually want to see a higher fund balance. He said the rating agency will think the City is taking a step backwards if they decided to change the policy, and that will reflect negatively on the City's rating. He said a lower credit rating translates into higher interest rates.



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Councilor Cheney said during this emergency situation that it might be time for the Council to consider a Resolution to pull the City out of this bind. She said it's not every day that the State takes \$600,000 out from underneath the City. She didn't feel it would set the City back in their rating by borrowing more money. She said Dover is a very viable entity, and she said there are a lot of other communities and states that are in a lot worse condition.

Councilor Carrier said if the Council worked with the School, City, and possibly increased taxes a minimum amount, then it could be covered. He said it also could be taken out of the Unreserved Fund Balance. He said it doesn't have to be all one place.

Mayor Myers said he had a big concern with using the Fund Balance, and he would not support it because it is not an emergency. He said the City is running current with its tax collections. He said it puts the City in the hole for \$600,000 next year, because it is not a one-time expense. He said the State is doing this with the stimulus money.

Councilor DeDe said he would be supportive of a measure that would direct the School Department to reduce the spending plan by \$300,000, and direct that \$250,000 be reduced on the City side of the budget. He said it would be appropriate to start with the recommendations that have already been made by the City Manager. He said the City Manager's Budget book did give the Council a list of additional budget cuts that would be available to the Council to consider.

Councilor Scott said the School's budget is primarily people costs, and it should be matched by the City's side. He said something out of head count on both sides makes sense. He said he agreed with Mayor Myers about not borrowing from the Fund Balance. He said the Council also doesn't want to close the swimming pool or the ice arena, because those are things that are felt by many people. He said it was the people on the payroll that have to be reduced, either by hours or heads.

Deputy Mayor Trefethen referred to Councilor Scott's comment and Councilor DeDe's suggestion. He said if the School did the same action that the City employees have already taken, then he felt that would meet the \$300,000, i.e. a wage freeze, but he sees no willingness to do that.

Mayor Myers felt that Councilors Carrier's and DeDe's proposals have some merit. He said he did want to give the City Manager some direction for the cuts, because they need to have 6 votes to pass the amended budget.

City Manager Joyal said he wanted to remind the Council that on October 1st there will be two police officers laid off; custodians has been laid off; recreation positions has been laid off; there have been reduced hours and positions in the Library. He said there have been incredibly long lines at the City Clerk's Office at certain times of the month. He asked the Council if they wanted him to get rid of people there. He said maintenance is having difficulty keeping up with maintenance tasks with the people we have. He said they have seven or eight people that maintain all of the City's streets. He said he can't cut people in the Fire Department, because of the grant. He said he has already reduced positions in Inspection Services. He said they have eliminated positions in Planning. He said the Finance Department has not had a change in personnel since he has been here, and they are in the process of converting to a new financial management system, which will require an incredible amount of staff time in addition to what they normally do on a daily basis. He said a comment has been made about reducing hours, and said that has been discussed many times and the City has labor contracts that have very strict provisions about hours and scheduling, and the City has no leverage to negotiate those,



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because we're already asking them not to take a pay raise. He said they have turned every stone looking for ways to save money, and will continue to do it. He urged the Council to look at the impacts before cutting items from the budget.

Mayor Myers said he didn't believe the City could go any deeper in cutting employees. Mayor Myers suggested reducing General Street Repairs by \$100,000, take the savings that the City Manager identified with utilities, and that would leave the \$68,000+ on the retirement cost that he would suggest allocating to every City department proportionately, then that would cover the \$200,000 on the City side and the \$68,000 for retirement. He said he would also like to revisit the Tolend Road project if it is going to be pushed out to future years in the CIP.

Councilor DeDe asked if this proposal was going to be put forward to a public hearing.

Mayor Myers said he would have to defer to the City Manager or Finance Director on the procedure. He said if there was consensus of the Council to post an amendment to the budget for specific items, he didn't know if that precludes anything else from anything else being brought up at the time once the budget is opened.

Councilor DeDe said he was actually only talking about if it was only going to be the dollar figures that we're talking about. He said there could be some minor hashing out of the details after the public hearing, and then the Council would still be within the dollar figure that we're talking about.

Mayor Myers said he didn't know if the Council could post a public hearing with just a dollar amount, and if they would have to post another public hearing if anything substantially changed. He asked the City Manager about the procedure, and then he said he would ask the Council if there was anything they could get a consensus on to move forward on this.

City Manager Joyal said he believed the Council would be safe in putting forth a budget amendment resolution that showed a general reduction for purposes of getting it to a public hearing for the City Departments and for the School Department. He said there should be a workshop about the specifics of the reductions before it goes to public hearing.

Deputy Mayor Trefethen said he felt the Council needed to have a workshop. He said he knew that the Council is already booked up on Wednesdays, so he recommended a workshop on another night.

Councilor Cheney said she appreciated the suggestions. She asked if the Fund Balance is 6%. She asked if the balance was really \$5.4 million, and if that was over the 6% policy.

City Manager Joyal said the unaudited figure is \$5.4 million as of June 30, 2009, which is 6.4% or 6.5%. He said the balance was \$5.5 million, 6.8%, as of June 30, 2008. He said that was a key indicator that a financial analyst would look at.

Mayor Myers asked if there was an official consensus to offer to the School.

Councilor DeDe said he originally said \$300,000, but he would be willing to accept \$250,000.

Mayor Myers asked if there was a consensus to \$250,000.

Councilor McCusker said the City is reducing it \$200,000 by reducing General Street Repairs by \$100,000 and \$100,000 from utility savings, which brings it down to \$475,000.

Mayor Myers said the \$75,000 was the City's share of the retirement costs, which the City Manager has to find within the budget. He said it was the \$600,000 in revenue that the City is really short.

Councilor McCusker said Councilor DeDe recommended \$250,000 from the School, which leaves \$150,000 left that will be a tax increase.

Mayor Myers said that was correct, which is roughly \$15 added to the average household.



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He said that was a very good idea to take a little bit from everybody.

Mayor Myers said the Council had to agree on it.

Deputy Mayor Trefethen said he could see where Councilor DeDe is suggesting, but he felt not a single teacher, teacher's aide, or program would be cut from the School's budget if their employees stepped up to the plate and instituted a wage freeze.

Mayor Myers said the Council is just giving the School a figure, and the School Board decides where to cut.

Deputy Mayor Trefethen said he was talking directly to the Teachers' Union and the other unions in saying no programs have to be cut if they institute a wage freeze.

Councilor Weston said they should ask the School Board what the saving would be if every employee did not take a raise – no COLA or Step. She said they are guessing at the amount right now.

Mayor Myers said the City employees equated to over \$200,000, so it was safe to assume the School Department would be more than that.

Councilor Weston said they also had UNICO, which is a large contract.

Mayor Myers asked how many school employees there were.

City Manager Joyal said there were more than City employees, even with the contracted services.

Councilor Weston asked if it included UNICO.

Mayor Myers said no.

Councilor DeDe said the Council has bottom line authority, but the Council doesn't get to pick how they do it.

Deputy Mayor Trefethen said he was suggesting that the School's employees determined how to come up with the \$250,000.

Mayor Myers asked if there was a consensus to engage the School in that dialogue.

Councilor McCusker said it was a start.

Mayor Myers said he would contact the School Board formally.

Councilor Callaghan said he felt the City should find out what they can do first, before going to the School.

Mayor Myers said the consensus was that there should be sharing between the City and School Departments.

Councilor Carrier said this is a shared venture. He said most of the Council sitting here still have children in the School system and are impacted as they sit here. He said they were all in it and all impacted by it. He said the Council is not the bad guy giving it to the School system. He said they were a community and it needs to be equally shared. He said the School Board has really smart people that can sit down and figure this out.

Mayor Myers said they would figure out when to have a workshop. He said he will formally touch base with the School Board Chairperson on the direction of the Council.

Councilor Cheney said this would have to be completed by October 1st in order for the State to set the tax rate.

Mayor Myers said it would have to be completed by the second regular meeting in September.



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3. CITIZEN'S FORUM

Citizens are invited to speak on the subject matter of the Workshop. Statements shall be limited to five minutes.

Mayor Myers, seeing no one wishing to speak, closed the Citizen's Forum.

4. ADJOURN

Deputy Mayor Trefethen moved to adjourn; seconded by Councilor DeDe.
Vote: 9/0.

DRAFT