

MINUTES
SPECIAL MEETING
DOVER CITY COUNCIL
COUNCIL CHAMBERS
WEDNESDAY
MAY 30, 2001
7:00 P.M.

The Mayor called the meeting to order, explaining this is the end of the long budget process they have been addressing for months.

1. ROLL CALL

Mayor Boc, Councilors Dunnington, Hindle, Mayberry, Nossiff, Reese, Schmidt, Andrews Parker, and Mayor Pro Tem Berry were all present.

2. Resolution RE: Fiscal Year 2002 Budget Appropriations, Property Taxes and Fees. Sponsored by Mayor Wil Boc, by Request.

Berry moved, seconded by Mayberry, to adopt. Reese moved, seconded by Andrews Parker, to amend by subtracting \$650,000 from the school side and \$650,000 from the city side of the budget.

Reese explained about all the people that have stopped him at Shaw's Supermarket this past week and how they feel they cannot afford the proposed \$4.43 tax rate. It is not that they don't want it, they just can't afford it. Reese went on we need to cut this budget by over a million dollars.

Andrews Parker feels the same way; we just cannot afford it and we must start someplace. We should not pit the school against the elderly and she herself cannot afford this rate.

Schmidt feels before we get too far into the discussion, he would like to ask the City Manager to tell us what the impact of a 650,000 cut will be on each side. Reese interrupted with a point of order, he wants the motion voted up or down. Mayor Boc clarified as a point of order, Schmidt has permission to find out the impact.

Mr. Beecher explained in general terms when you reach that level of cuts, you are talking employees. The new employees that were mentioned last week in the general fund, these are some of the things Mayberry had talked about; he does not know what he will do.

Berry thanked Reese for his cut and how he too has been approached by people to cut the budget. He recognized the Veterans at the Memorial Day Service today and how the elderly simply cannot afford this increase. He feels we are all in this category; he feels this is the largest increase in spending in recent history. He wants to make this an affordable place to be able to work, live, learn, play and someday retire here. He applauds Reese for his motion.

Mayberry would like some guidelines for this evening: should we include school budget and, how shall we break this down? The Mayor explained the City Manager can tell us what he wants. The City Manager stated he wants specific guidelines if they want to use the fund balance. Mayberry agrees we need to make cuts and go deeper, especially on the city side.

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He mentions the old vets and young people as well, he likes where Reese is heading, he wants to go deep with the cuts.

The Mayor says if we cut 300,000 from the school side, the City Manager will need direction on everything we cut on the city side.

Hindle says the discussion is on spending tonight; we have voted on two major items recently, they are the Arena and the Public Works building. Those he voted against as he feels the tax rate would be unfair. He also wants to see cuts, but the school has said they are only a quarter of the problem. He explained how he would cut the budget. He feels there are issues in the CIP down the road that will continue to increase the taxes.

Nossiff says spending is unchecked and money is being spent in historic fashion. We have a lot of issues coming up in the City; the North End fire station, for one, and this Council has approved unprecedented spending. He will be standing by his figure of \$2.50. The school side only has a net 31cent increase in this budget of the four plus dollar increase. The cuts should come disproportionately from the city side. Many people are going to get a 30% surprise increase due to the revaluation that is going on; he asked the City Manager to confirm right now if this is not correct. There is going to be an add-on to every one out there of virtually 30%.

This has Nossiff more concerned than anything. Yes, the rate may come down in the spring but we cannot count on this happening.

The City Manager responded that it is correct and it is not correct. Any increase that occurs will result in an overall reducing of the tax rate. There are certain things that will happen, the issue is the spending level. That level is 355,000 some of it is set off by revenue, but we will be billing the people for 36 million dollars. The expenditure level is what determines the tax rate. It is not going up 20 % across the board. Nossiff feels there are some individuals that will feel the brunt of this. The City Manager says it is only creating an equal sharing of the burden throughout the City. Nossiff feels there is a lot of misinformation out there.

Dunnington feels we have all struggled with this for six weeks, and the feeling in the community is universal, we are talking affordability. Some of the horror stories he has been hearing are just that. He has lived here all his life and he pays a lot of taxes. For us to go back to the community with a meaningful cut, 10 cents won't do anything to this budget, we must balance this with the basic needs of the community. He wants to lop a million dollars off of the budget, but he does not want to take much off the school budget either. He went on with his idea of cuts; we will have to settle with a decrease in services.

The Mayor wants everyone to have his thoughts known; he is not ashamed of the work of the last four years. We all have different items we feel are important; you can't spend a million on streets without paying for it. He mentioned that it is his job to make the cuts, he referred to Brenda Whitmore's editorial and email, and how no one can stomach a \$4.43 increase, not even big spenders like him. We should not be cutting to the bone, however. Do we want to cut the 3 new positions in the police department? We now have a great response time, and do we want to cut that? He does feel a million dollar cut from the city side is unbelievable and won't work. We already have a million dollars in contracts, and health insurance is incredible. He mentioned the fund balance, and how past councils have worked hard to build this up. He still feels 150,000 from each side of the house is acceptable.

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The City Manager corrects some misunderstandings about the school being a quarter of the problem. He asked them to think about the budget this way for a moment. The budget he proposed increases the operational budget by 1.3 million plus 90 cents is in debt service, there is a 70-cent increase on spending on the city side for the operational budget, the school is going up 3.5 million dollars. He explained he cannot control the debt service, actual spending on the city side if you take away the personnel side is only a 324,000 increase.

The City Manager continued, to make a long term dent in the budget, he gave several examples. If he takes away transfers to the capital budget, the long term is the largest tax increase since 1990. He gave some examples of various surrounding towns, they have things they do not include their entire budget, we have 21 and half million bucks. He continued with examples. You must think about this.

He continued, on things we can control, we are up 324,000 only; this does not include electricity and heat. He can run the city on a dollar or a dime but please tell him what services you want cut because you won't have the same level of services. He stated our recreation budget is higher than average, we have two swimming pools for instance and two ice arenas, to get down to the figure you want, we are talking people and it will impact the services.

Reese moved the question, seconded by Berry. Motion to move the question passed on a 7-2 vote, Schmidt and Nossiff opposed.

The Mayor states the amendment on the floor is to cut 650,000 off the school side and the city side. Nossiff questions this, saying 650,000 off the school side of the budget is not going to work; they will use the fund balance for the balance of the school. The Mayor clarifies, the consensus would be 300,000 from the unanticipated revenue would kick back into the general fund. Discussion ensued, then Berry explained we can do this, it will be the same as a supplemental budget before the 30th of June. Reese's motion to amend failed on a vote of 3-6, Reese, Andrews Parker and Berry for, all others opposed.

Mayberry made a motion to cut the School side by 450,000 with 150,000 of this amount from the operating budget 300,000 of this from surplus revenue and not keep it on the school side. Mayberry added he wants the 300,000 surplus to come back to us from the school plus another 150,000 from the school. He wants to deal with just the school side now.

Andrews Parker wants to discuss the resolution as a whole, Schmidt seconds the motion. Nossiff clarifies, the impact would be 31 cents, the City Manager says that the 300,000 does not impact the budget. Nossiff will oppose this. The Mayor says Mayberry wants to cut the school budget by 150,000 and the fund balance by 300,000. Andrews Parker feels like she is playing poker and wants to talk about this as a whole. The Mayor says the City manager is saying the school has three and a half million to play with.

Berry says you cannot compare apples and oranges and what can be covered by the revenue streams that are there. Reese feels 150,000 is just peanuts, there is a million dollars in one time spending, and we just cannot afford this. The amendment is to reduce 450,000 from the school side; this would put us down to a rate of \$4.01. Mayberry and Dunnington in favor, all others opposed, motion failed on a vote of 2-7.

Berry moved, seconded by Andrews Parker, to cut 325,000 from the City side and 500,000 from the School side with no new positions from the City Manager. Berry explained his

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motion. The Mayor asked Jeff what the effect of this would be. Berry added, taking 380,000 from the fund balance would reduce the rate to \$3.33. Nossiff will not support this as spending is still too high. He wants the employees with grants to move on; there is a lot of government detail. His understanding was that the Arena would break even. Why can't we get some of our existing employees over to the Arena to cover some of these positions. This is the price that must be paid for the spending, but we cannot afford more than a \$2.50 increase. We need some foresight before we throw money out the window. We need to find a 400,000 or 500,000 from the school. Schmidt congratulated the council on defeating Reese's proposal. We must confront the reality that we have already voted to fix the streets, sewer lines, etc. The cuts do not do anything to relieve the crushing burden on some of our taxpayers. He believes they have cast the votes that would gut the budget. Nossiff's cut would be almost two million dollars. He is prepared to make responsible cuts and he feels so far the cuts go beyond that. It is now our time to pay for these expenditures. We are costing the citizens more if we take the money out of the fund balance. It is our obligation to pay for these items.

The Mayor went over the current proposals,

Hindle says he does not agree with the cuts proposed tonight on the school side. Each town is different but the figures are fact, Dover spends less money per child than other areas. With regard to the streets, people want better sidewalks, but with each comment he received from the public, people are concerned with the spending at the Arena and the Public Works facility and with the schools in such bad shape. He now wants Armand LaSelva, Superintendent of Schools, to speak, to tell us what this impact would have. Reese interrupts that he does not want the Superintendent to speak. They decided to limit him to 5 minutes; Mr. LaSelva says it will mean some of the new positions will have to go. He has to fill the 33 additional minutes that are required per day, he says you want 500,000. Personnel will have to go, as he cannot cut programs. Berry says Mr. LaSelva's budget is down by 10% this year. Berry addresses the fund balance issue, and about when the economy starts to turn, and when bankruptcies start occurring again, this is our rainy day fund for the problems of the city.

Mayberry clarifies that housing has not slowed in Dover; Berry says houses are not affordable, though. Mayberry has listened to the idea of compromise, but his numbers are reasonable. Reese interrupts we have a motion on the floor. Mayberry yields; motion to amend fails on a vote of 3-6, Andrews Parker, Boc and Nossiff in favor.

Mayberry stated there are 4 parts to this budget. He moved to reduce the City side by 498,000 and 200,000 on School side and also earmark the 300,000 surplus, for the school bond and add it and 700,000 from the fund balance for a total of 1,698,000. This brings us a little closer to our goal. Dunnington seconds the motion. Nossiff wants clarification from Jeff, as he is worried about the school surplus. Jeff says that brings it down around a \$2.94 rate based on that amendment and reduces the \$4.43 by 1.70 tax rate. Jeff tried to figure the impact this would have. He went on that is 9 cents for every 100,000 of evaluation. Mayberry wants to take 2 police cars, a large truck and some other equipment out, stating we can always come back for a supplemental budget, the School cannot. Nossiff supports this if Mayberry will bring the City side up to 750,000 from 498,000 Mayberry cannot do it. Motion failed on a vote of 3-6, Boc, Mayberry and Dunnington in favor.

The Mayor wants to get the school side done. Nossiff disagrees; he feels we are making progress,

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Mayberry moved, seconded by Schmidt, to divide the question and work on the School side separately from the City side. Motion to divide passed on a vote of 5-4, Andrews Parker, Reese, Berry and Nossiff, opposed.

Hindle moved to use the 300,000 surplus, and cut the school by 400,000. Schmidt and Mayberry second for discussion purposes. Mayberry asked Hindle to amend his motion to 450,000. Hindle does not want a poker match, but he will go along with that amount. He added we need to find some money in contingency for our schools. This will be 150,000 reduction and 300,000 from the surplus. The Mayor is concerned that this will cut the City side too drastically; this motion will reduce the tax rate by 39 cents. Motion fails on a vote of 6-3, Mayberry, Hindle and Dunnington in favor.

They take a 5 minute break.....
After the break.....

Andrews Parker moved to take 300,000 and 300,000 surplus of the unanticipated revenue from the School side. Reese seconds the motion. The mayor will vote for this amendment. Berry is still not sure; he has to look at the 500,000 in his mind. Mayberry asked if Andrews Parker would consider 50,000 less, Andrews Parker stated no and neither would Reese. Motion passes on a vote of 7-2, Mayberry and Schmidt opposed.

Berry makes a motion on the city side, to reduce by 500,000; this will be a total million-dollar reduction, Andrews Parker and Mayberry second. Nossiff says this only takes us down a \$1.00 on the tax rate. Nossiff wants more of a cut. We are talking about financing our spending. We should NOT pass on this kind of increase. He feels we are over the top. Mayberry has a question, can we have a separate vote on the fund balance. The Mayor says no, but if the council wants to reduce the fund balance too, maybe we can if this amendment passes. Motion to amend failed on a vote of 3-6, Andrews Parker, Berry and Boc in favor.

Mayberry made a motion for reduction of 500,000 on the City side plus an additional 500,000 from the fund balance. He state that will bring us down to a reduction of \$1.56. Jeff says that would be a \$3.02 tax rate. Mayberry amends his motion to 520,000 from the operating side and 500,000 from the fund balance. Jeff says that brings it down to a \$3.00 rate. Dunnington seconds the motion. Dunnington feels we are sending a message to ourselves as well as to the people that we understand the problem. Reese has a question for Jeff, the current proposal is using the 525,000 plus 300,000 from the operating side. Where would that leave us in the total fund balance? The Mayor says we may be looking at a higher number than what he planned but he will vote for it. Berry does not like using fund balance because there will come a time when we need it. Nossiff would be looking to go higher in reductions than this; he would still like to stay at a rate of \$2.50. He feels we can get there with minimum of pain. He continued, we are not cutting a thing, we are voting to spend 700,000 from our fund balance. Schmidt says with all due respect, if you are talking about 50 cents this will have next to no impact on peoples' finances. He feels we are not doing the homeowners any favor especially if we take it out of fund balance.

Mayberry flashed a hundred-dollar bill, saying this does make a difference; it's groceries, prescriptions and tanks of gasoline. We need to try. Jeff has the numbers ready. The amendment would bring the fund balance to 1,000,075 with a leftover of 679,000 that is the maximum that should be used or a percentage rate of 5%, with 500,000 out of the City operating budget and 525,000 out of the surplus. Mayberry stated, we used a million dollars from the fund balance last year, this is not new science.

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Andrews Parker wants to move the question, seconded by Mayberry. Motion passes on a vote of 6-3, Boc, Schmidt and Nossiff opposed. The Mayor stated we have an amendment on the table to cut the City side operating budget by 500,000 and to cut 525,000 from the fund balance. Motion to amend passes on a vote of 6-3, Nossiff, Hindle and Schmidt opposed. The Mayor stated, what we now have before us is the combination of the School and City, with a motion to reduce the School operating budget by 300,000 and take 300,000 from their unanticipated revenues and to reduce the City operating budget by 500,000 and reduce the fund balance by an amount of 525,000 for a new tax rate of 2.99.

Main motion to adopt budget resolution passed on a roll call vote of 6-3, Hindle, Nossiff and Schmidt opposed.

4. ADJOURNMENT

Reese moved, seconded by Mayberry, to adjourn at 9:05 p.m. All in favor.

**Judy Gaouette
City Clerk**