

**MINUTES
SPECIAL MEETING
DOVER CITY COUNCIL
COUNCIL CHAMBERS
JUNE 7, 2000
7:00 PM**

1. ROLL CALL

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

2. NEW BUSINESS:

- A. Resolution RE: Establishment of Capital Reserve for General Fund as of June 30, 2000. Sponsored by Mayor William E. Boc, by Request.

Berry moved, seconded by Hindle, to refer to a public hearing on June 14, 2000. All in favor.

- B. Resolution RE: Transfer of General Fund Unreserved Fund Balance to the School Maintenance Reserve Trust Fund as of June 30, 2000. Sponsored by Mayor William E. Boc, by Request.

Berry moved, seconded by Hindle, to refer to a public hearing on June 14, 2000. All in favor.

3. OLD BUSINESS:

- A. Resolution RE: Fiscal Year 2001 Budget Appropriations, Property Taxes and Fees. Sponsored by Mayor William E. Boc, by Request.

Berry moved to substitute amended resolution as a whole, seconded by Mayberry. Berry stated the amended resolution is lower by \$94,479 due to the fact that the School Board has additional revenue from the Town of Barrington projected for tuition next year, as well as, a decrease in the city health costs. The new tax rate would have an impact of 79¢ on the City side and \$2.14 on the School side and a negative 7¢ on the County side for a total starting point tonight of \$2.86, that means, the new tax rate would be \$31.42, if adopted as is. Motion passed on a roll call vote of 9-0.

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Berry moved, seconded by Mayberry, to adopt the amended resolution at Special Council Meeting held June 7, 2000.

The Mayor asked the City Manager for the City's presentation. Mr. Beecher stated that last week, there had been questions asked, so he brought the impact of the City side down to \$0 for presentation purposes. He asked Jeff Harrington to explain. Jeff went over all the non-property tax revenues of \$548,910 and over last year's projected revenues. He also went over a power point presentation on the FY2001 Budget, (see handout in City Council folder of June 7, 2000). Berry has a question regarding the General fund balance. If the General fund balance for last year should have been \$2.5 million and it was \$2.1 million, what is the current projected balance? The City Manager commented to reach level funding on the City side, we are projecting \$1.6 million in appropriations, which still leaves \$1.1 million in expenditures that will have to go on to the tax rate for next year. He stated there would be an increase in the general fund balance. He went on to say he had asked the department heads to reduce each of their budgets by 7% and presented a handout (see handout in City Council folder of June 7, 2000) with these cuts reflected.

The City Manager stated the majority of the budget is contractual and would result in reducing current full-time positions. Mayberry asked about the fund balance and what the interest rate is. Harrington stated the current rate is 5.8%. The City Manager stated that for 8 years we had no fund balance. When he first came here, we were borrowing up to \$5 million per year. We now have a \$2.5 million fund balance. We now borrow 50% less than 5 years ago. If the fund balance is built up we won't have to borrow more. On July 1 every year we have to borrow \$2.5 million to carry us through until the tax money starts coming in October of each year. The cost of doing this is \$300,000 interest expense to the taxpayers each year.

Nossiff thanked the City Manager for all his work this week, but what he is still stuck on is the property tax levy.

Harrington stated this is related to the School Board budget. The City Manager referred to the last page of the resolution and the \$86,040 amount and the \$831,104 that is the school board reduction. The School Board will receive \$94,479 from Barrington. The City Manager asked for the School department's presentation.

Mr. LaSelva came forward explaining how reducing the school budget by \$2 million for a \$0 impact on taxes would affect them; this would eliminate any new positions and layoff and reduce 35-40 teachers. He doesn't have to explain the impact this would have on class sizes; it would be a devastation to the education process as that is where our money is if we were to have a \$0 increase.

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Mayberry asked about the Woodman Park School renovations that have been tripled since the beginning of the project. LaSelva stated this figure is based on the engineer's report. Mayberry went on to ask, why should we repair Woodman Park School if we are going to build a new elementary school in two or three years? LaSelva stated that perhaps by adding two or three classrooms to Woodman Park School we may not need a new school for a few additional years, but the study is not yet complete.

Berry asked about the teachers' contract article that was in the newspaper tonight and are these covered in this year's budget. LaSelva clarified that the money is not there for the teachers' contracts because he only has a tentative agreement with the two contract groups so far.

Schmidt asked LaSelva about the repair and renovation of Woodman Park School and is it true that some of the items are not up to code. LaSelva stated it does not meet the modern (current) code standards of today.

The Mayor asked about coming back later with a budget amendment if we pass this resolution tonight with the 11 new teachers, if that money would be eaten up with the teachers contract money? Nossiff agrees with the Mayor's comments on staff positions, what he is struggling with is why aren't there commensurate reductions. LaSelva stated the specialist teachers are music, art and physical education. One teacher from each of these subjects will be transferred to the Dover Middle School for the grade 5 kids that will be starting there in the fall. These subjects still need to be taught so new teachers will need to be on hand at the original elementary schools to also teach these subjects.

Nossiff asked are you prepared to make a commitment to restrain from making any new positions. LaSelva stated if he does not hire new teachers, how will he service the new grade 5 at the middle school with these subjects. He went on that he will not have 30-1 ratio classes in his school district, so he cannot make a commitment like this.

Andrews Parker does not want to say anything about the school contracts until we have the facts. Berry reminded everyone about the budget resolution at hand. Mayberry stated he can't vote for a \$286,000 increase and won't so he is proposing an adjustment of \$400,000. The Mayor asked him to put it in the form of a motion, Mayberry moved to reduce the General Fund Budget by \$400,000 by dividing it three ways, with \$175,000 coming from cash reserves, \$75,000 from the city side and \$150,000 from the school, seconded by Hindle as he feels there is room in each of these budgets to move around. Berry stated he can agree with the \$75,000 cut on the City side, as he feels this is reasonable, but he is having a difficult time with reducing the fund balance. He went on to state, the number one goal 6 or 7 years ago by the State Financial Planning Committee and the City was

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keeping a fund balance at around 6%. He is still in a dilemma about the School side also but \$2.86 for a tax rate is still too high.

Andrews Parker wants to propose reducing the City side by \$175,000, \$50,000 from the School side, and \$175,000 from the fund balance. She asked if we have four police officers paid by grants, why can't we reduce their salary from those positions? The Police Chief stated the grant positions have no effect on the taxpayer. Nossiff needs guidance for what effect these reductions will have on the tax rate. The Mayor explained ten cents per \$100,000 in reductions. Mayberry wants to keep the tax rate under two dollars. Reese wants to propose reducing the City side by \$150,000, \$75,000 from the School side and \$175,000 from the fund balance. He stated that except for a couple of emails everyone he has spoken to is not comfortable with the proposed \$2.90 tax rate. \$400,000 is the minimum amount he is looking at reducing this budget by.

Nossiff asked about the use of the fund balance, is there any prohibition about using the fund balance? The Mayor stated it affects the bond rating and the financial people say the minimum amount is 6% or \$2.5 million we should have. Nossiff feels any invasion of the general fund tonight will be made up quickly this year with all the building going on and we will be pleasantly surprised. The Mayor wants to start with Mayberry's idea about dividing the issue. Andrews Parker does not agree; she feels we will have to keep going back and changing each one over and over.

Schmidt addressed the consequences of using the fund balance. Jeff Harrington reminded the City Council of the credit rating agency's opinion with regard to the fund balance. He stated that what determines what you take in for taxes only sets the rates; it has the same impact on the fund balance. It is not a player in unanticipated revenues, but comes from other non-tax revenues.

Schmidt is not in favor of reducing the fund balance as proposed. Nossiff asked Harrington about the new proposed tax assessment person and why this person won't create revenues that have not been mentioned tonight. Harrington stated the new person will decrease the tax rate not increase the tax revenue, the assessed values are as of April 1st each year. The City Manager stated we will pick up the same additional revenue but it won't change the amount of spending and doesn't bring in revenue. The Mayor asked Jeff what our current bond rating is. Jeff answered B-AA-1.

Mayberry stated, in looking at the audience, he does not feel they are catching the good economic times, as he is. Andrews Parker stated she recognizes the importance of the fund balance but she is surrounded by people on a fixed income in her ward. She won't support this budget. The Mayor defended the current bond rating, stating we save money in the future by not taking money from our "savings account".

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Dunnington is concerned about the Mayor's comments on the fund balance and especially if we cut \$175,000 from the School department, as he does not feel this should be cut. The citizens cannot support a \$2.86 increase. Mayberry wants to vote on the fund balance. Mayberry agrees to a friendly amendment for simply voting on the \$175,000 reduction to the fund balance, seconded by Hindle. Motion passed on a roll call vote of 6-3, Schmidt, Boc and Dunnington opposed. Berry moved, seconded by Mayberry, to remove \$75,000 from the City Side of the budget. The Mayor offers a friendly amendment to remove \$100,000, from the City Side, there is no second.

Berry moved again, seconded by Mayberry, stating he does not want to reduce the school side but still wants to cut \$75,000 from the City side. Motion failed on a vote of 3-6, Schmidt, Berry and Boc in favor. Reese moved, seconded by Hindle, to amend the resolution by reducing the City side by \$200,000 and the School side by \$25,000. Motion to amend failed on a 3-6 vote, Reese, Andrews Parker, and Hindle in favor.

Hindle stated he had attended all the School budget hearings and he feels they (the school board) had cut all they could before this. He questions the new data collection clerk in the assessment office, as well as the Mayor's support of feeding the horses, because in the past, the people were promised they would have to provide no funding to support the horses and now we need the funding. He went on to state, the school textbooks are very outdated and have not been replaced for many, many years.

Dunnington commented the school can find some place in their budget to reduce it by \$25,000 but he feels \$200,000 is too much. The Mayor agrees. Nossiff is uneasy and feels like he is under the gun. He wants time for LaSelva to comment on a \$25,000 cut. Motion to reduce fails, Reese, Andrews Parker and Hindle in favor. Mayberry moved to reduce the City side by \$110,000 and the school side by \$115,000, there was no second. Dunnington moved, seconded by Boc, to reduce the School side by \$25,000 and the City side by \$125,000. Motion fails on a 3-6 vote, Boc, Berry and Dunnington in favor. Hindle moved, seconded by Boc to reduce the City side by \$150,000 and the School side \$0. Motion fails on a 3-6 vote, Hindle, Dunnington and Boc in favor. Mayberry moved, seconded by Boc to amend by reducing \$100,000 from the City side and \$75,000 from the School side.

Nossiff wants LaSelva to tell us what the impact of reducing the school side by \$75,000 would be. LaSelva stated he would have to start with the proposed technology position and cut that. Schmidt commented these cuts would only have a minimal effect on the taxpayer. Motion failed on a vote of 4-5, Boc, Berry Mayberry and Dunnington in favor. Berry has to leave for an appointment. Reese moved, seconded by Hindle, to amend by reducing \$150,000 from the City side and \$25,000 from the School side. Motion passes on a vote of 5-3, Boc, Reese, Andrews Parker, Dunnington and Hindle in favor.

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Main motion to adopt resolution with all amendments passes on a roll call vote of 5-3. Nossiff, Schmidt and Mayberry opposed.

Nossiff commented we can lower the increase even further in the next few months. Harrington stated there are certain State Revenues we won't know about until September. And it will depend on the amount of growth in the City over the past year. But he does feel it will be lower than the \$2.51 passed this evening.

4. OTHER BUSINESS

5. ADJOURNMENT

Reese moved, seconded by Dunnington, to adjourn, motion passed on a 7-1 vote, Nossiff opposed.

Judy Gaouette
CITY CLERK