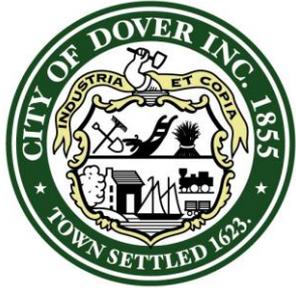


The State of the City



polecon research



The Honorable Scott Myers
Mayor

Mr. J. Michael Joyal, Jr.
City Manager

Mr. Brian J. Gottlob
PoEcon Research

7:30 a.m. Tuesday, February 12, 2008
Coheco Country Club



Forum Series

The State of the City

The Honorable Scott Myers

Mayor, City of Dover



The State of the City

Mr. J. Michael Joyal, Jr.

City Manager, City of Dover



The State of Our City is
GOOD

We must continue to find our way
along a path towards

GREATNESS







Volunteers Make Dover Great

- Arena Commission
- Zoning Board of Adjustment
- Recreation Advisory Board
- Utilities Commission
- Cemetery Board
- Solid Waste Advisory Commission
- Transportation Advisory Commission
- Coheco Waterfront Development Advisory Commission
- Library Trustees
- Conservation Commission
- Dover Business and Industrial Development Authority
- Dover Housing Authority
- McConnell Center Oversight Committee
- Open Lands Committee



Professional Staff Make Dover Great

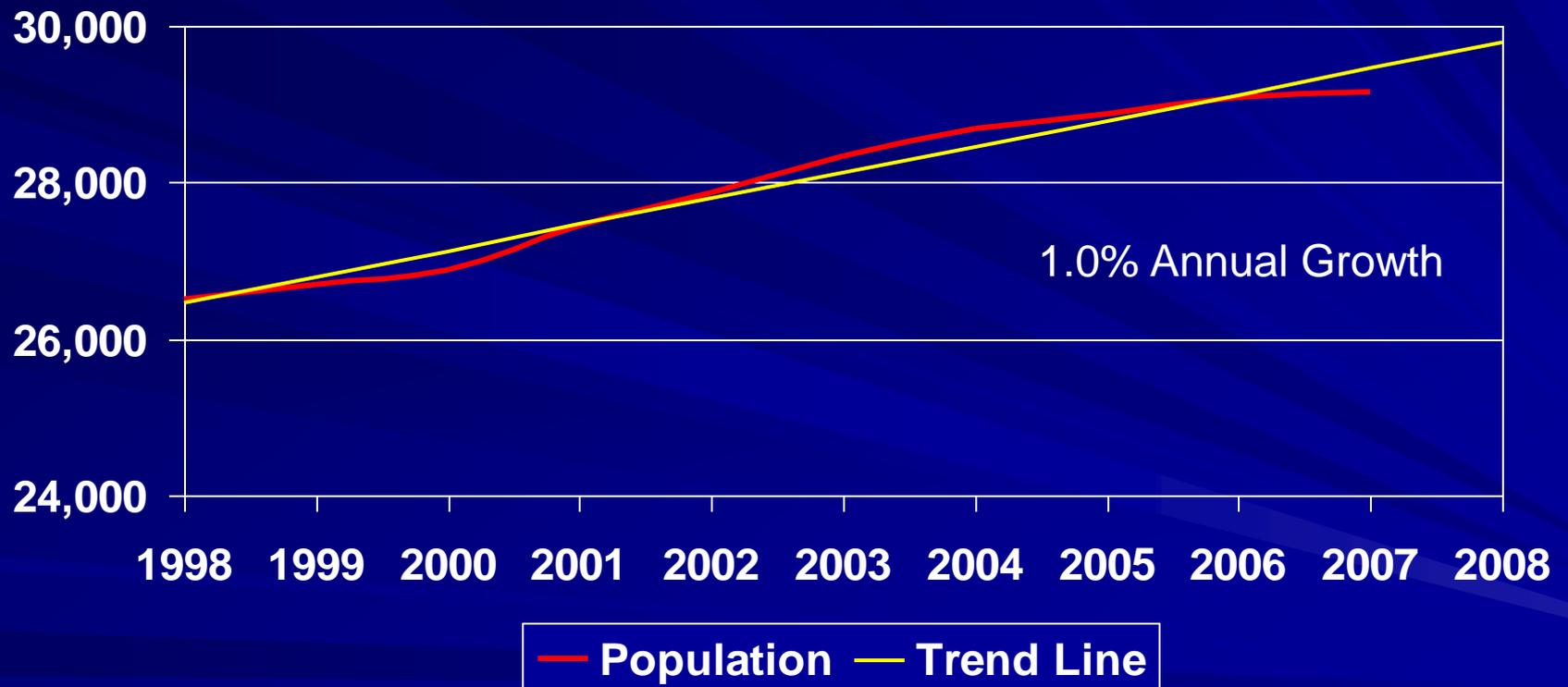
- Executive Offices
- Finance
- Planning and Community Development
- Police
- Fire & Rescue
- Community Services
- Recreation
- Public Library
- Human Services
- Public Schools

“If you're doing something you care that much about, and you believe in its purpose deeply enough, then it is impossible to imagine not trying to make it great. It's just a given.”

Jim Collins, Author

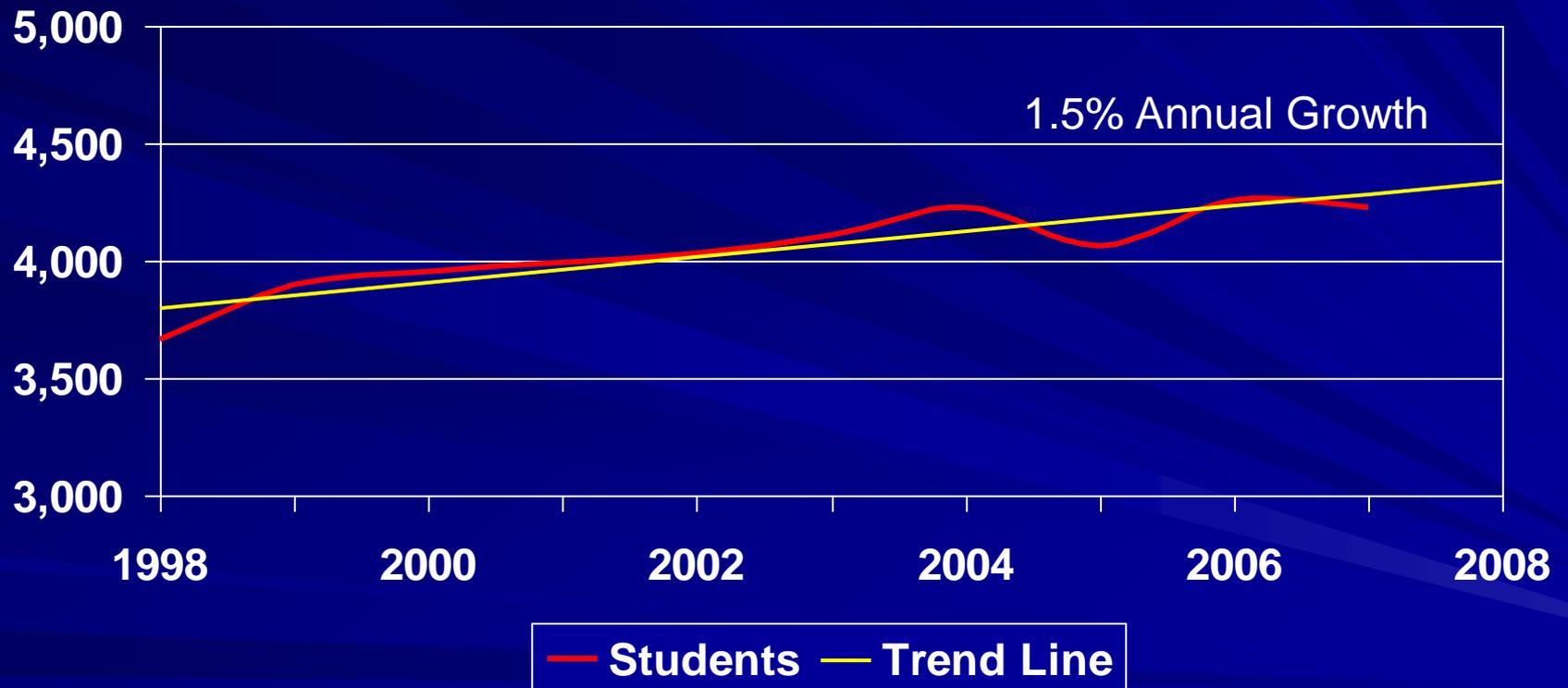
From Good to Great: Why Some Companies
Make the Leap... and Others Don't

Population growth



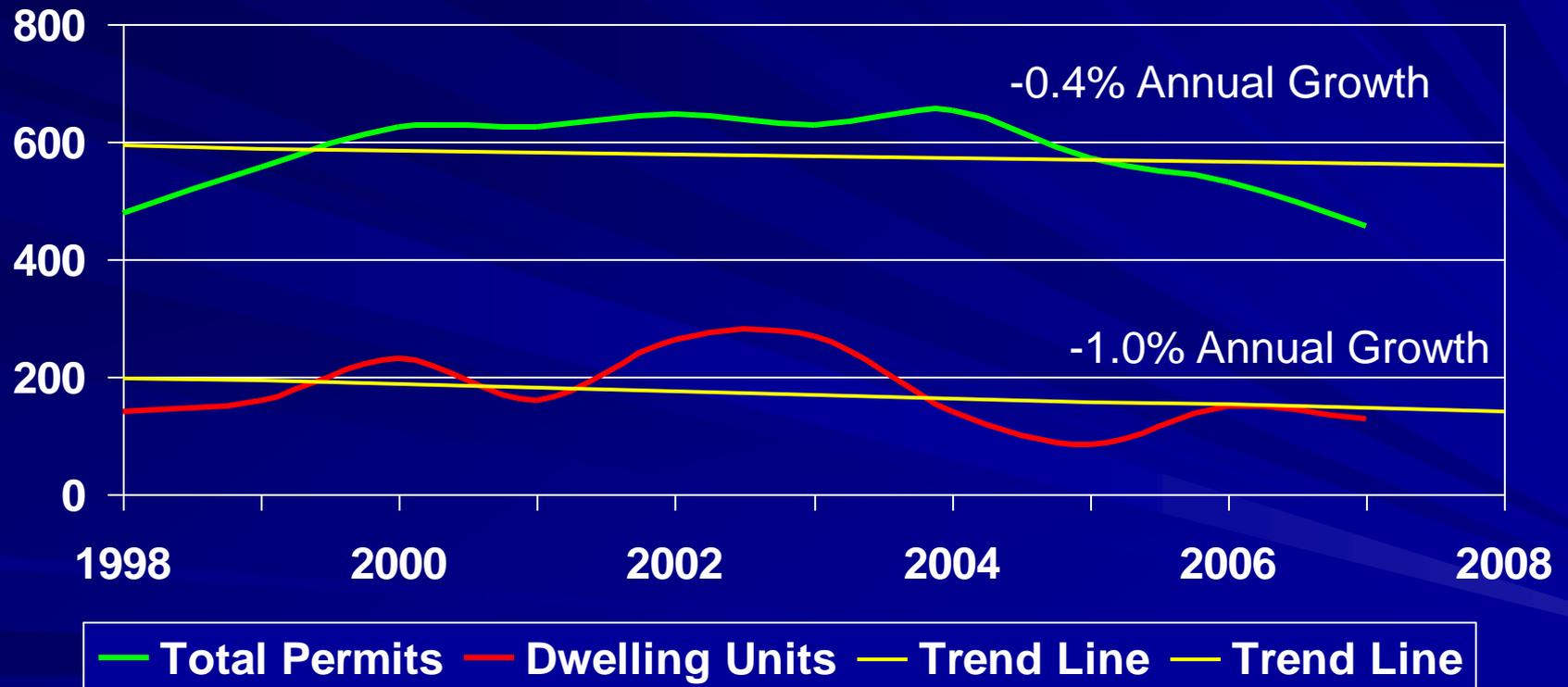
Source: NH Office of State Planning

Student growth



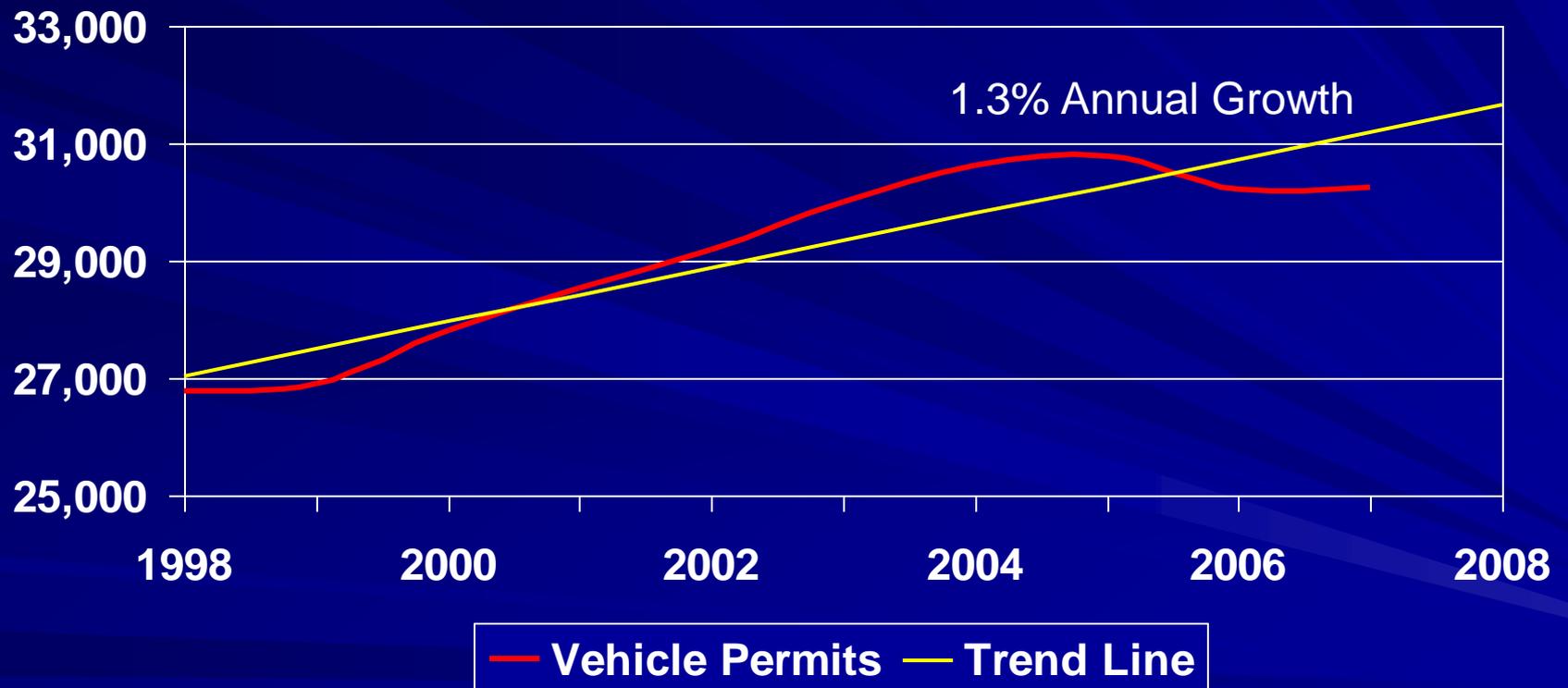
Source: Dover School Department

Development activity



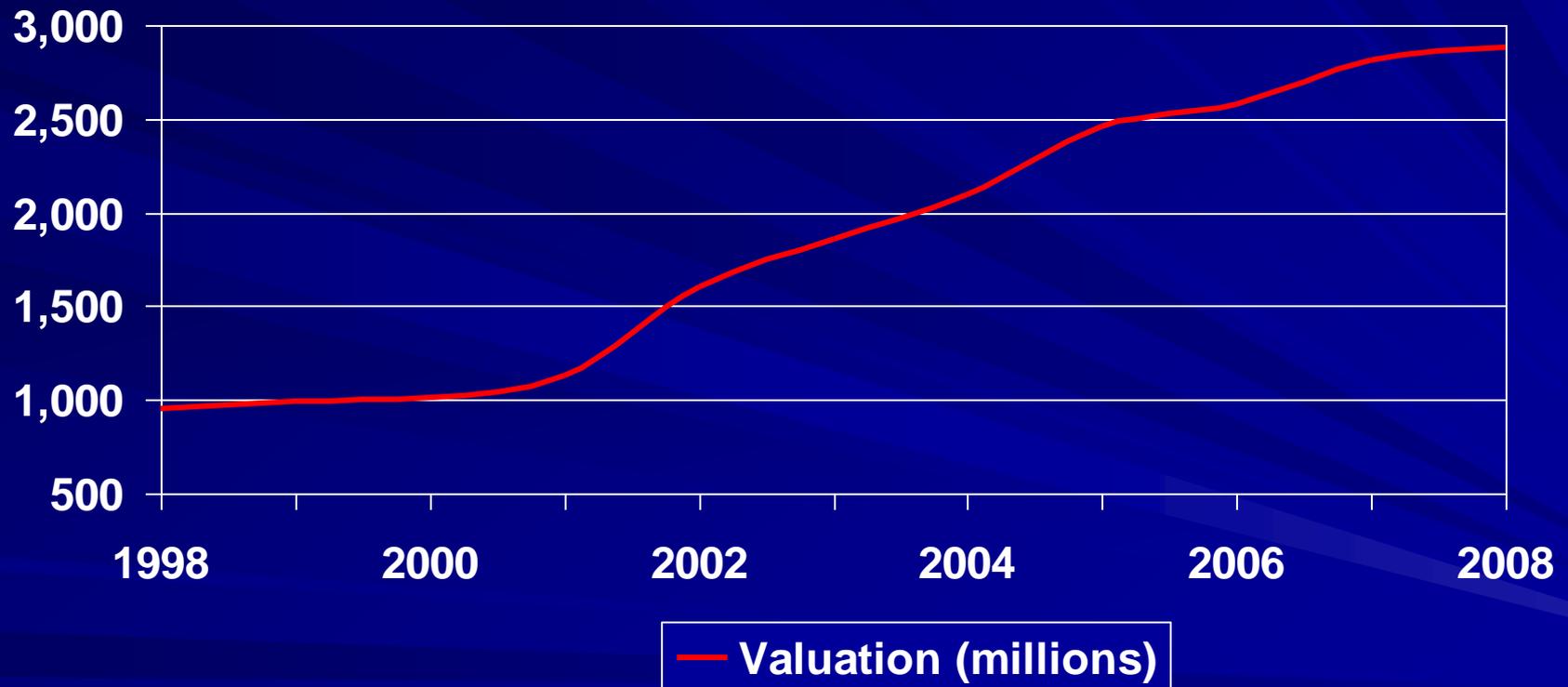
Source: Dover Planning Department

Vehicle Registrations



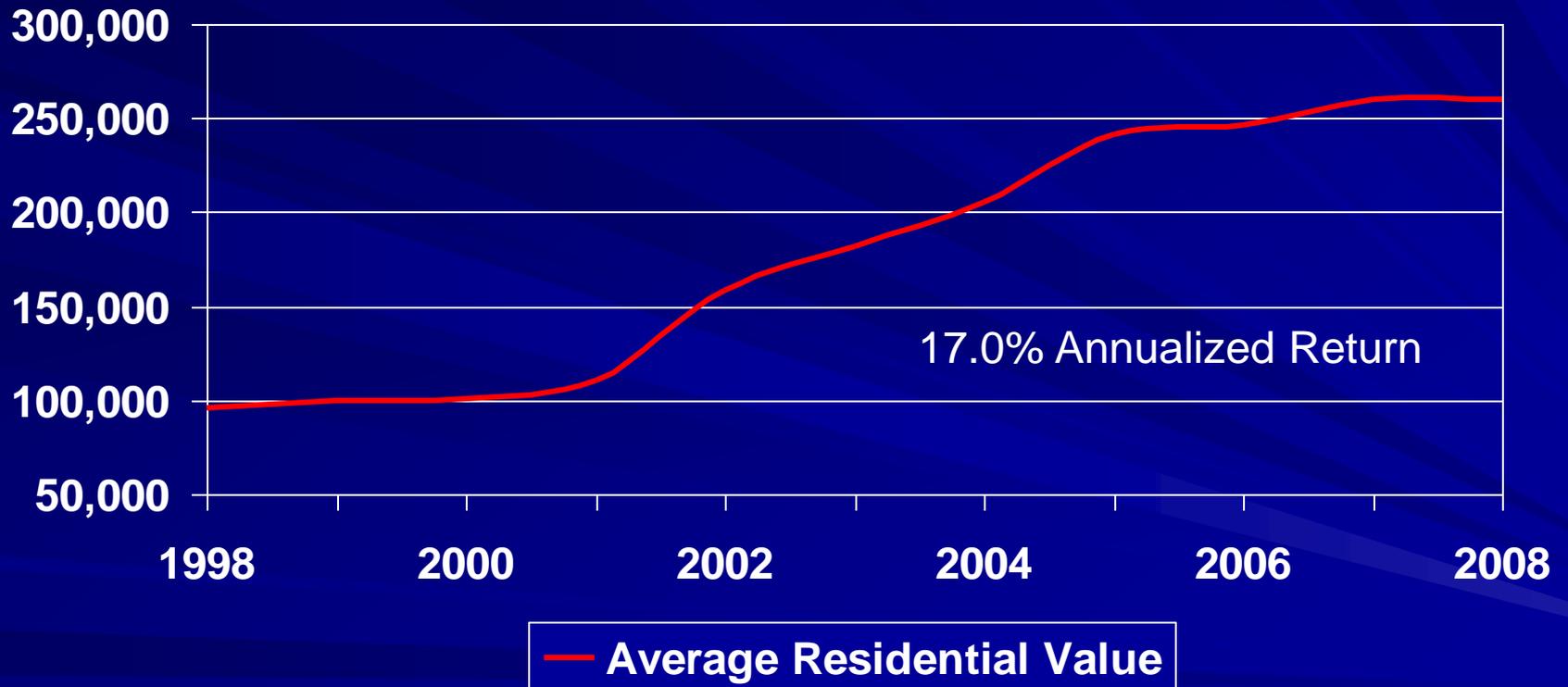
Source: Dover Finance Department

Assessed value



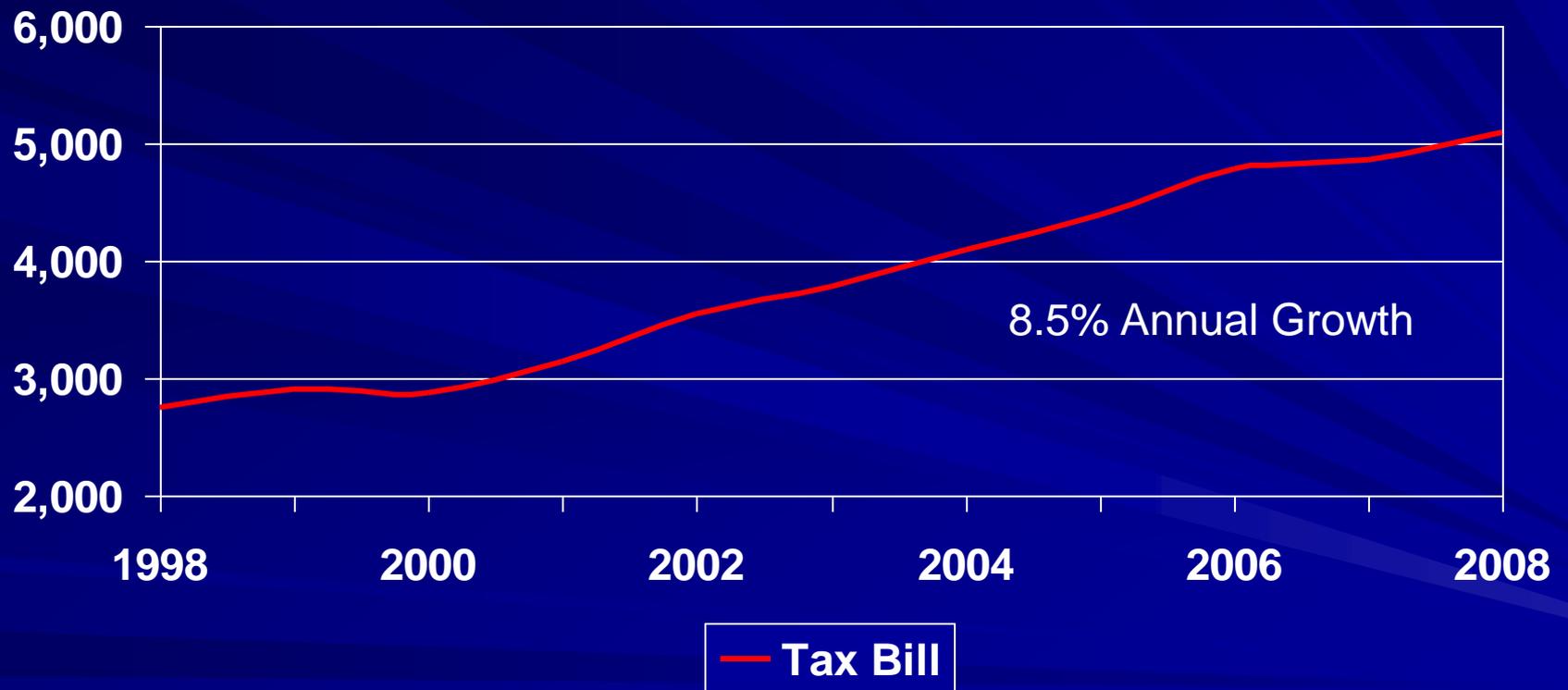
Source: Dover Finance Department

Average Home Value



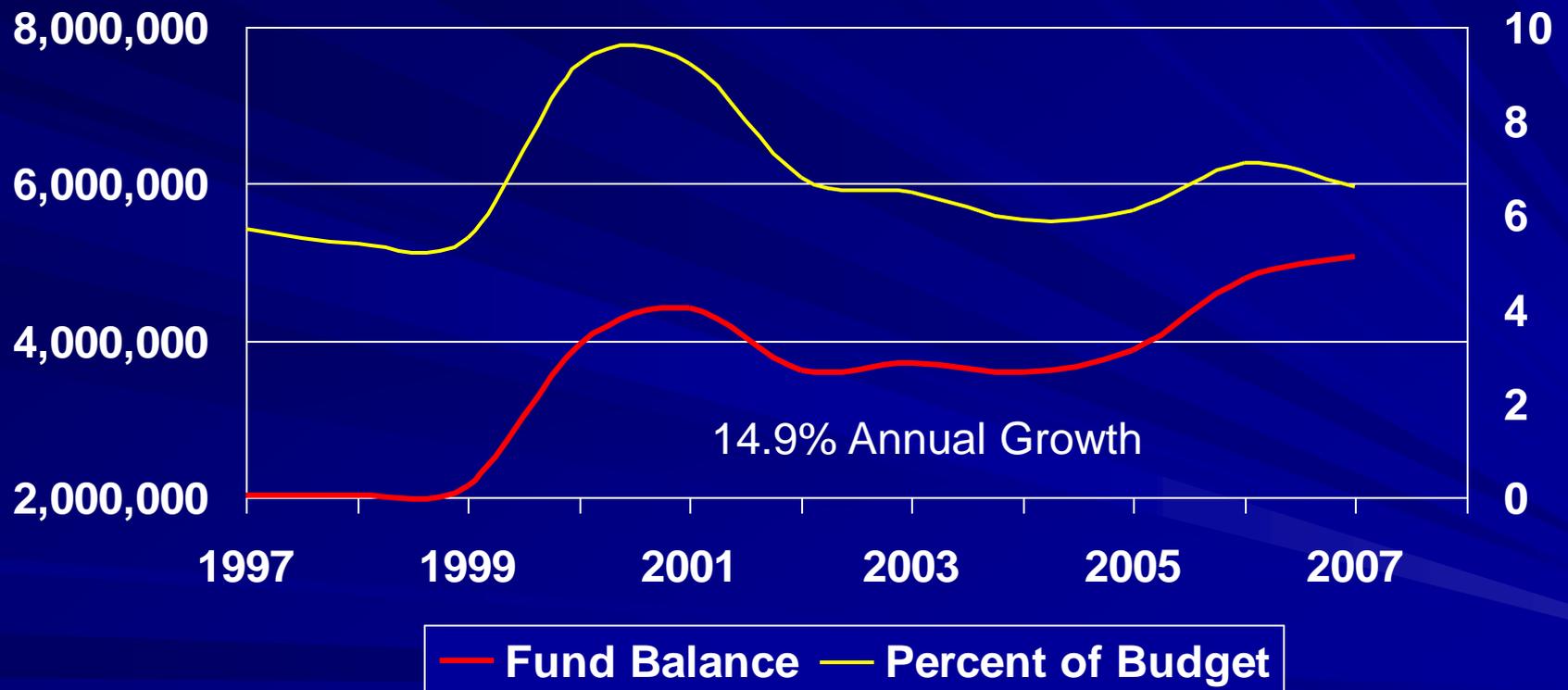
Source: Dover Finance Department

Average Home Tax Bill



Source: Dover Finance Department

General fund balance



Source: Dover Finance Department

Projects and Activities

North End Fire Station

Public School Renovations

Streets & Sidewalks Repairs

Downtown and Waterfront Development

Master Plan Update

Tax Cap Charter Amendment Implementation

North end Fire Station



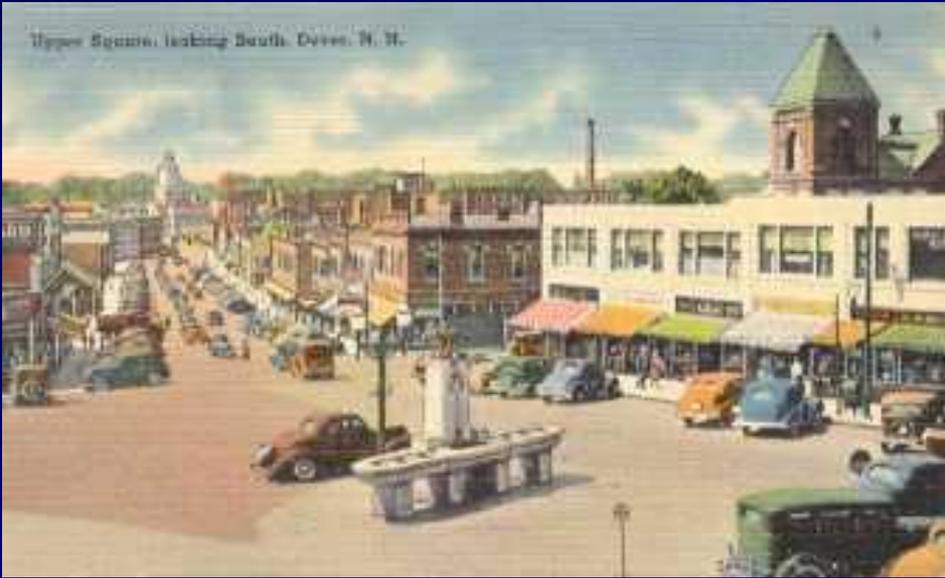
Public School Renovations



Streets & Sidewalks Repair



Downtown and Waterfront Development



Master Plan Update



Our Most Immediate Challenge

Successful Implementation of Tax Cap



Our Continued Trek to Greatness



“We must maintain unwavering faith that we can and will prevail in the end, regardless of the difficulties,

AND

at the same time, have the discipline to confront the most brutal facts of our current reality, whatever they might be.”

Jim Collins, Author

**From Good to Great: Why Some Companies
Make the Leap... and Others Don't**

The State of the City

Mr. Brian J. Gottlob

PolEcon Research



Trends and Directions in The Dover Economy

Presentation to the Greater Dover Chamber of Commerce
“State of the City Forum”
February 12, 2008



Brian J. Gottlob
PolEcon
Dover, NH
(603) 749-4072
bgottlob@poleconresearch.com

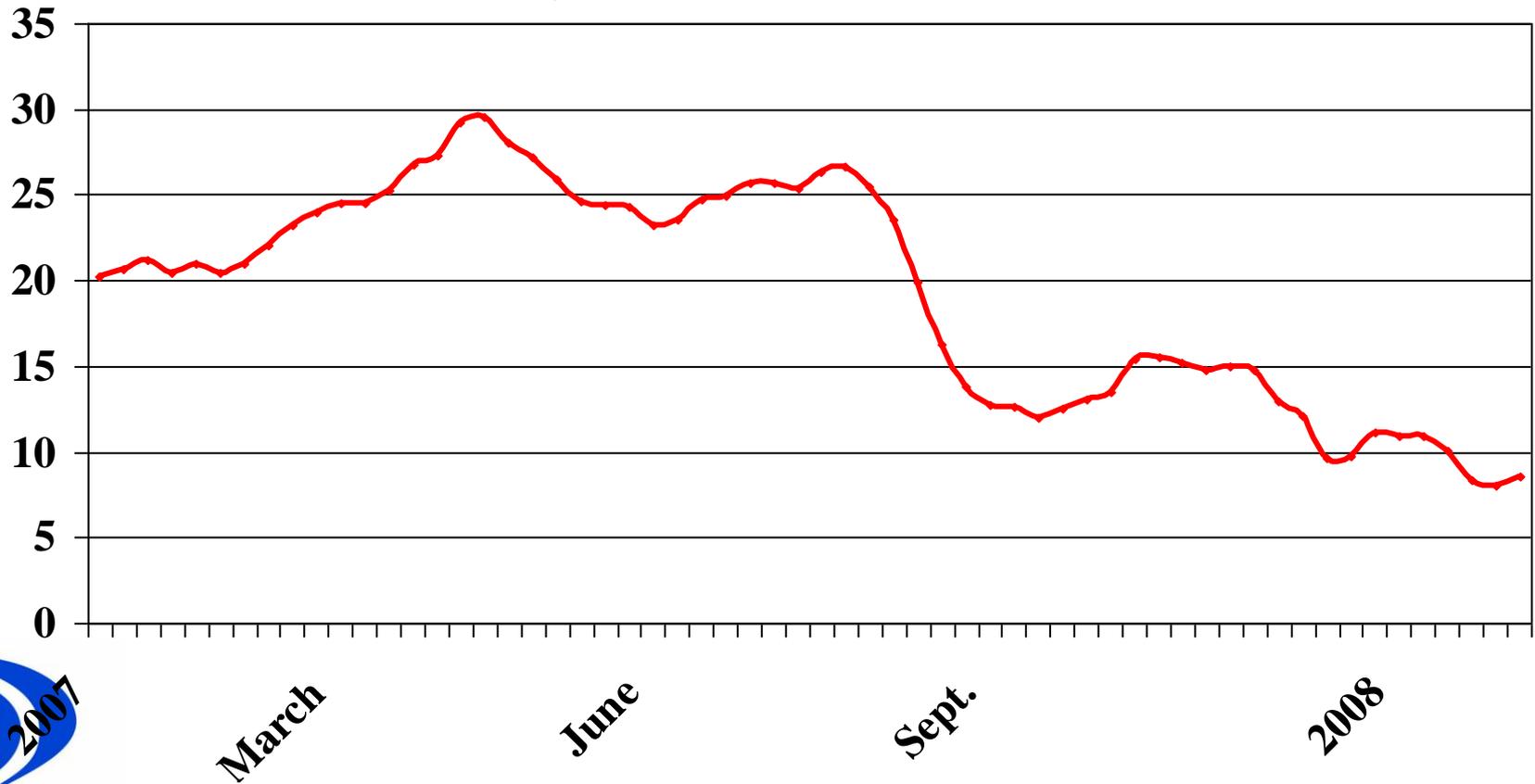
U.S. Economic Overview

- Slowing Economy Through Summer (Recession is Semantics – Weakness Will be Clear)
- Housing and credit markets are biggest risk
- Impacts spreading to consumer & business confidence as well as spending
- Labor market continues to weaken
- Large monetary (interest rates) and fiscal stimulus will limit severity of downturn



Nationally, Business Confidence Has been Eroding Since the Summer “Subprime Shocks”

Weekly Business Confidence Index

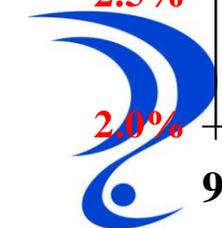
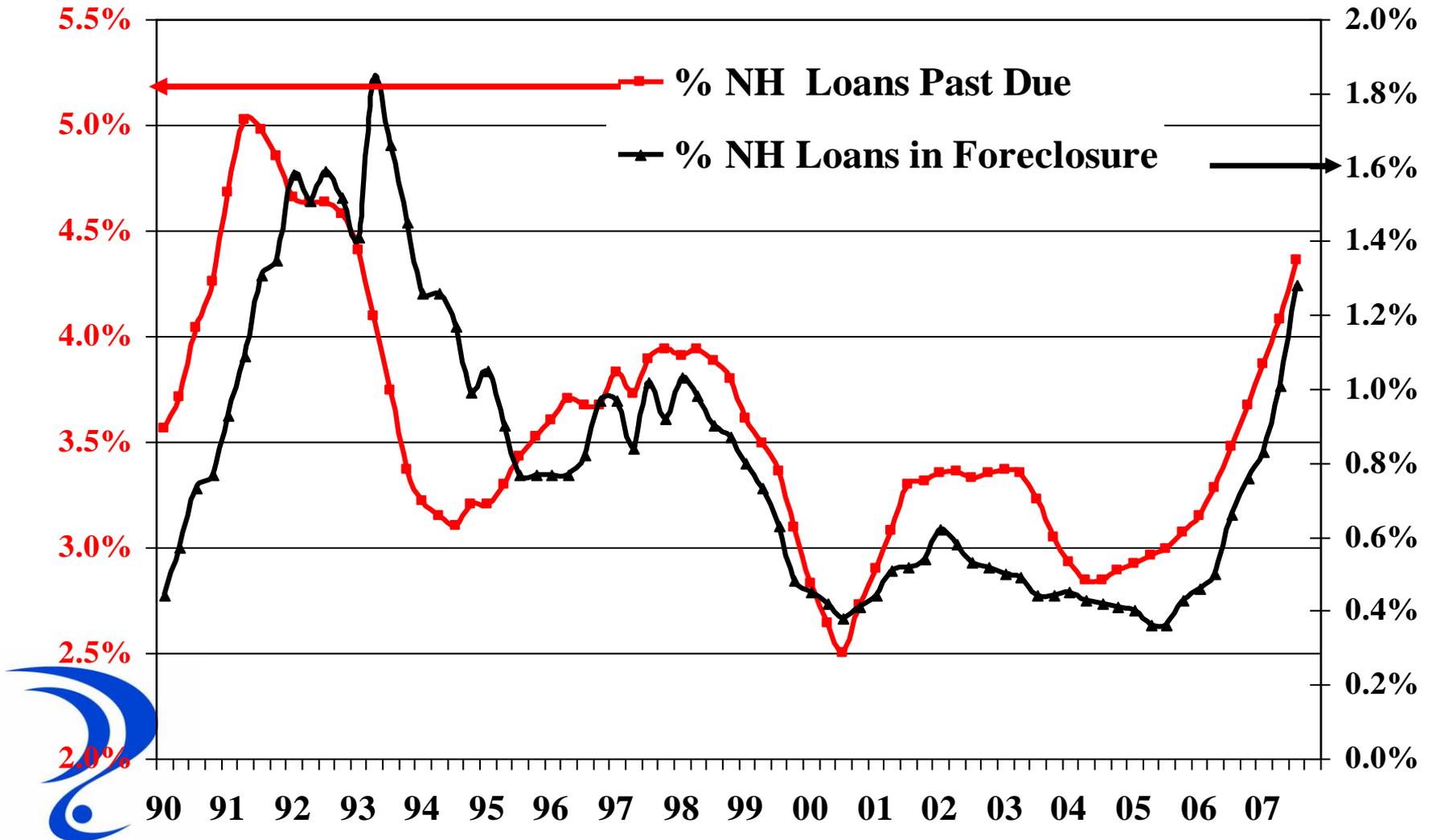


N.H. Economic Overview

- Performance will be better than the rest of New England
- But we are not immune to weakening national economy
- Housing just beginning to affect the labor market
- Business access to credit is key – remember the 1990-91 recession?
- Long-term success depends on our ability to continue buck unfavorable regional demographic trends

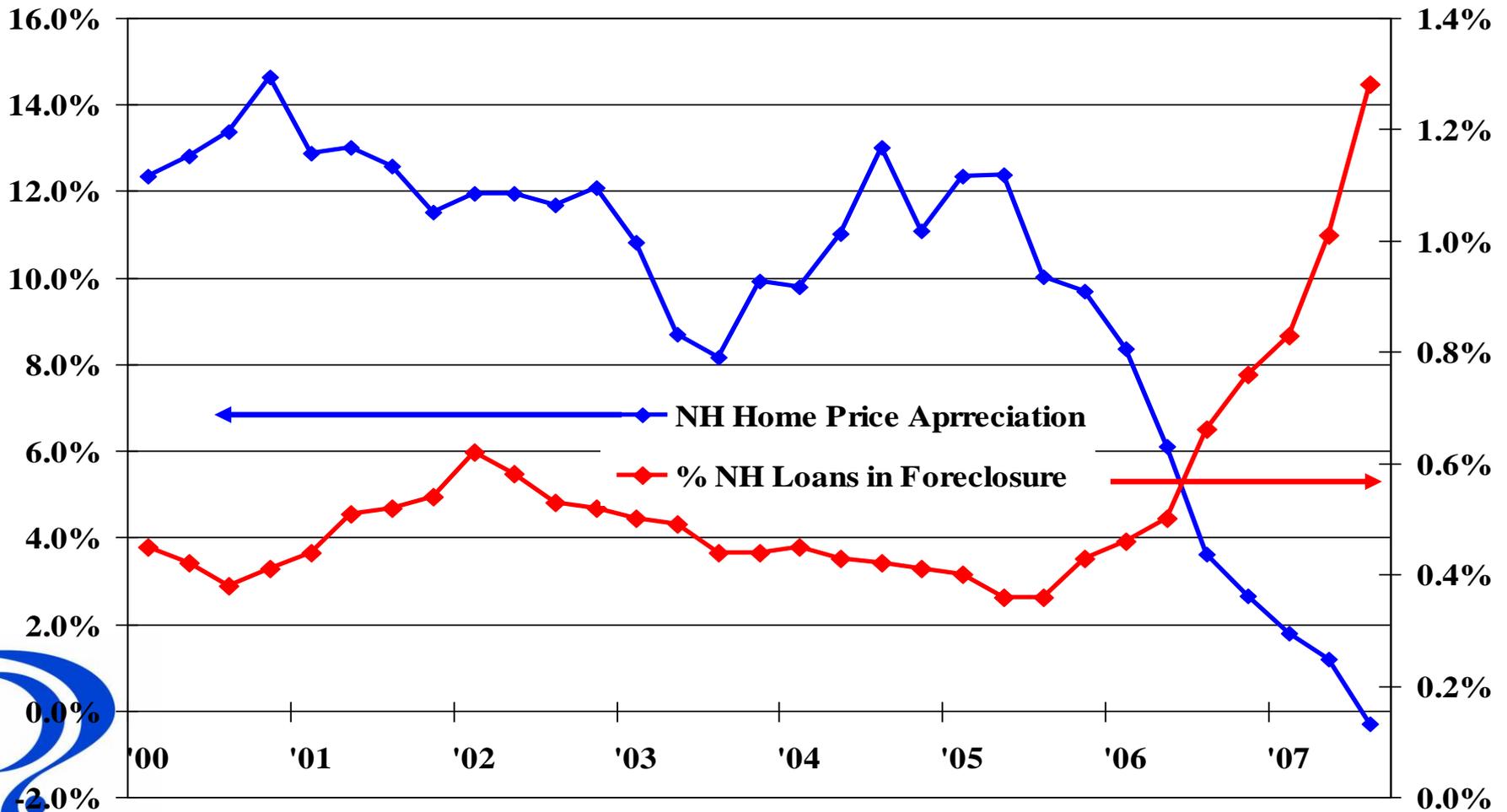


Delinquencies and Foreclosures in NH Showed No Signs of Slowing Through Q3 of 2007



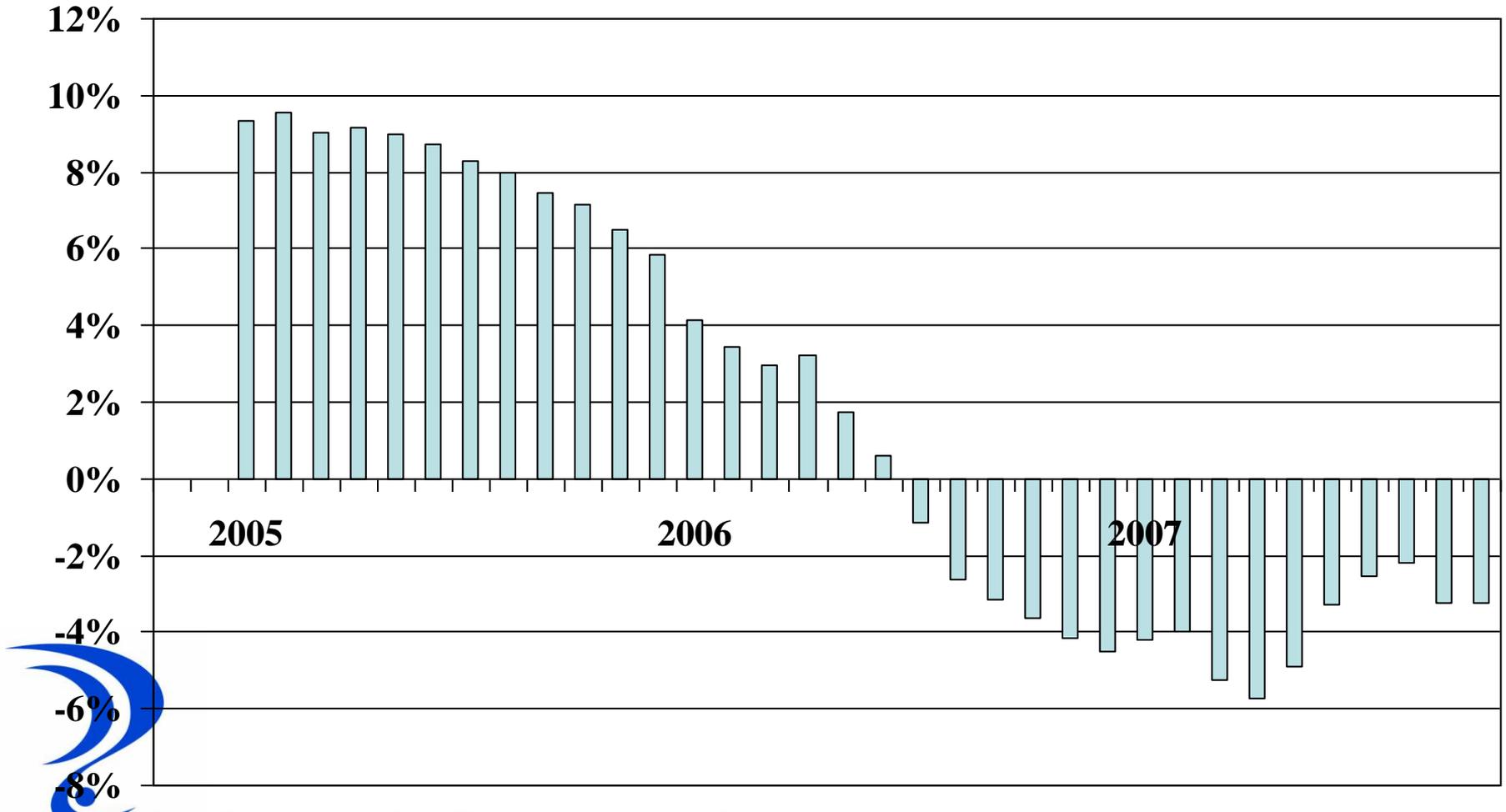
Unfortunately, Home Price Trends Will Determine How Many Loans Eventually Fall Into Foreclosure.

NH Housing Price Appreciation (OFHEO Index) & Loans in Foreclosure



Price Appreciation in NH Has Been Negative Since Mid-2006. NH is one of 21 States as of October, With Negative Appreciation

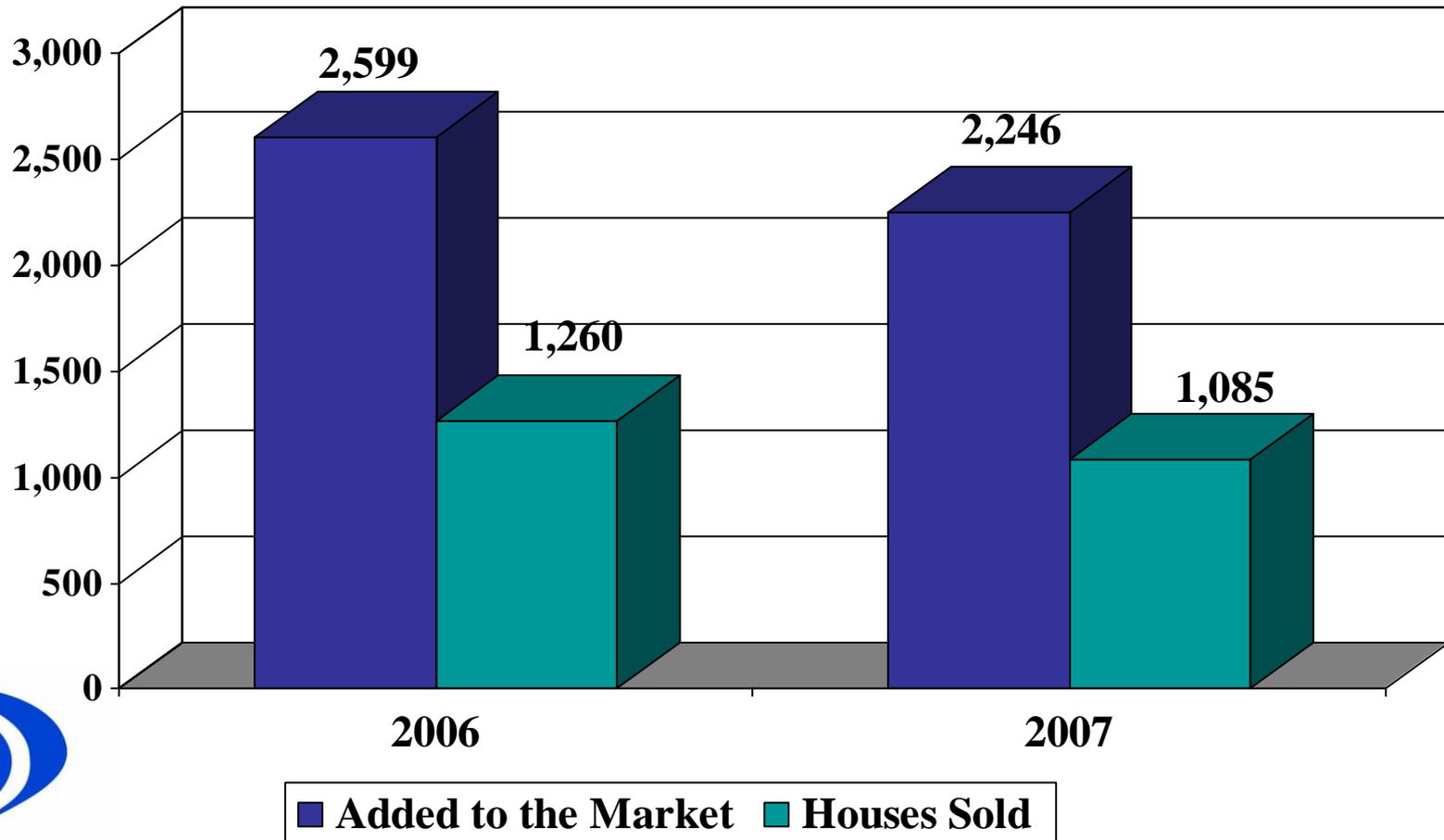
NH Home Price Appreciation



Source: Loan Performance Inc., First American Core Logic

The Housing Market Won't Stabilize Until The Supply of Unsold Homes Declines, but Inventory Continues to Rise (Albeit a Bit More Slowly)

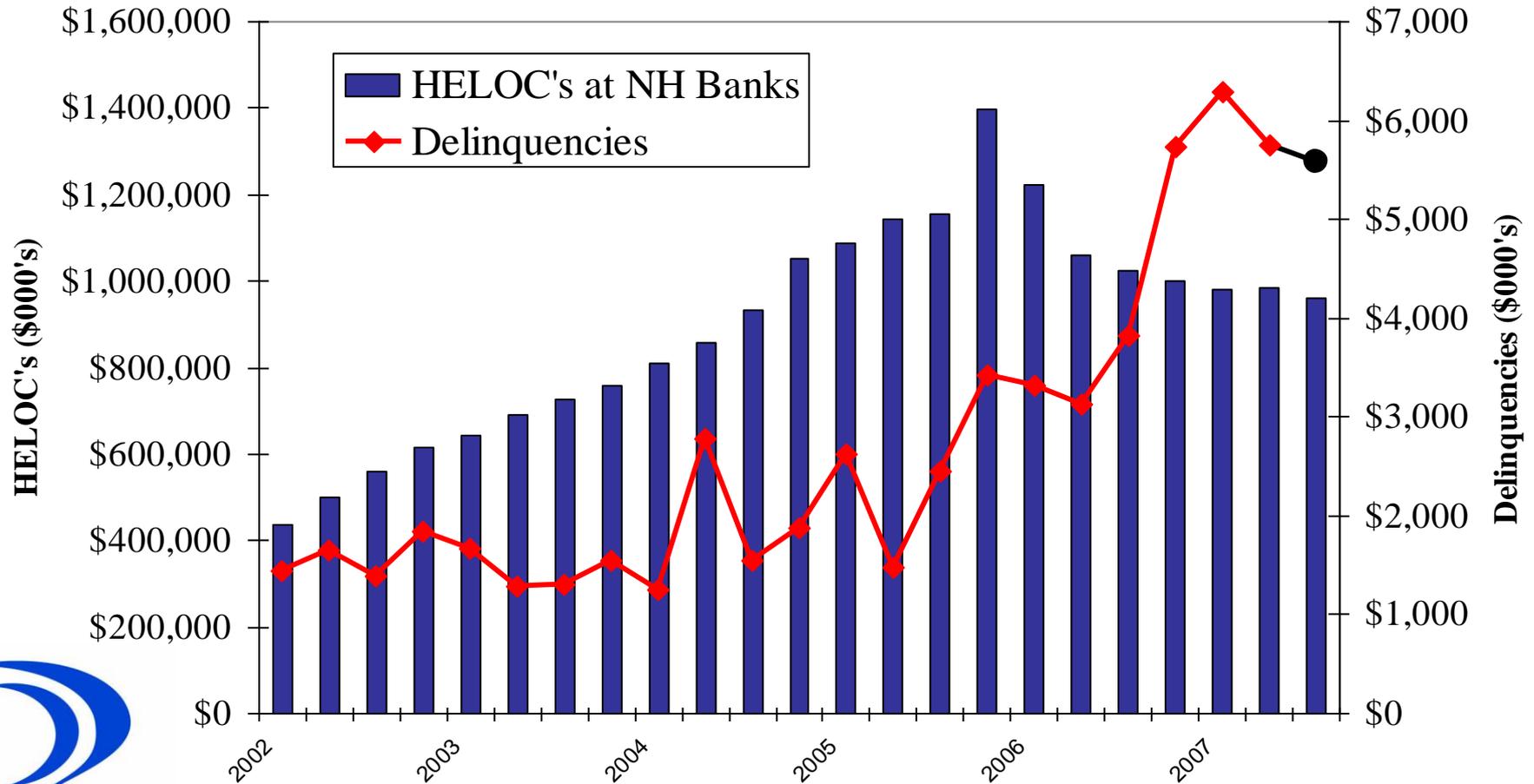
Houses Added to Strafford Co. Market and Home Sales



Source: Northern NE Real Estate Network (does not include all inventory and sales in the state)

The “Wealth Effect” of Reduced Home Values.

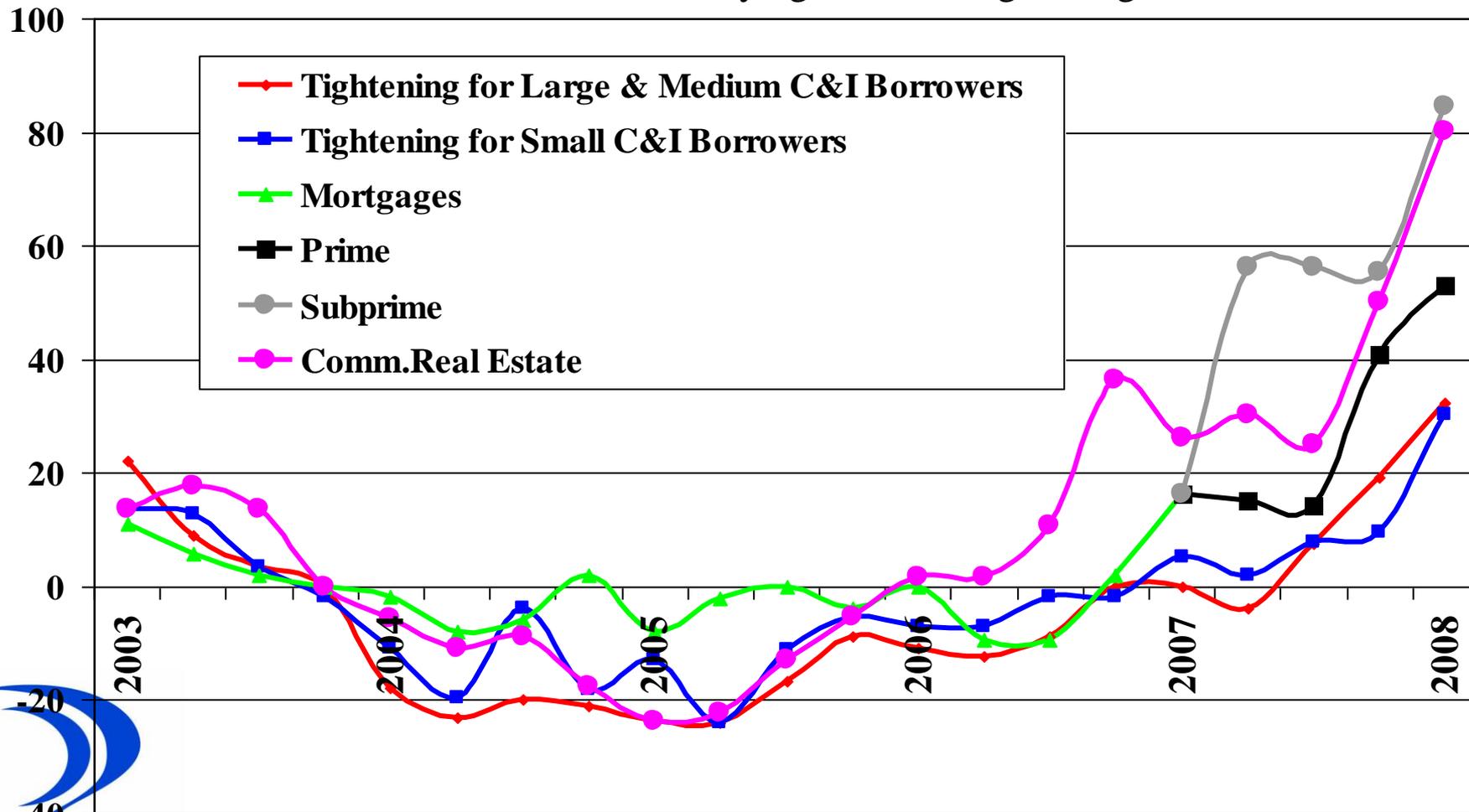
Home Equity Lines of Credit (and Cash-Outs Refi's) Fueled Consumer Expenditures. Now HELOC's are Trending Downward in NH While Delinquencies Increase



One Fallout From Subprime Crisis - Tighter Credit

The Federal Reserve Senior Loan Officer Survey Shows All Types of Credit are Tightening

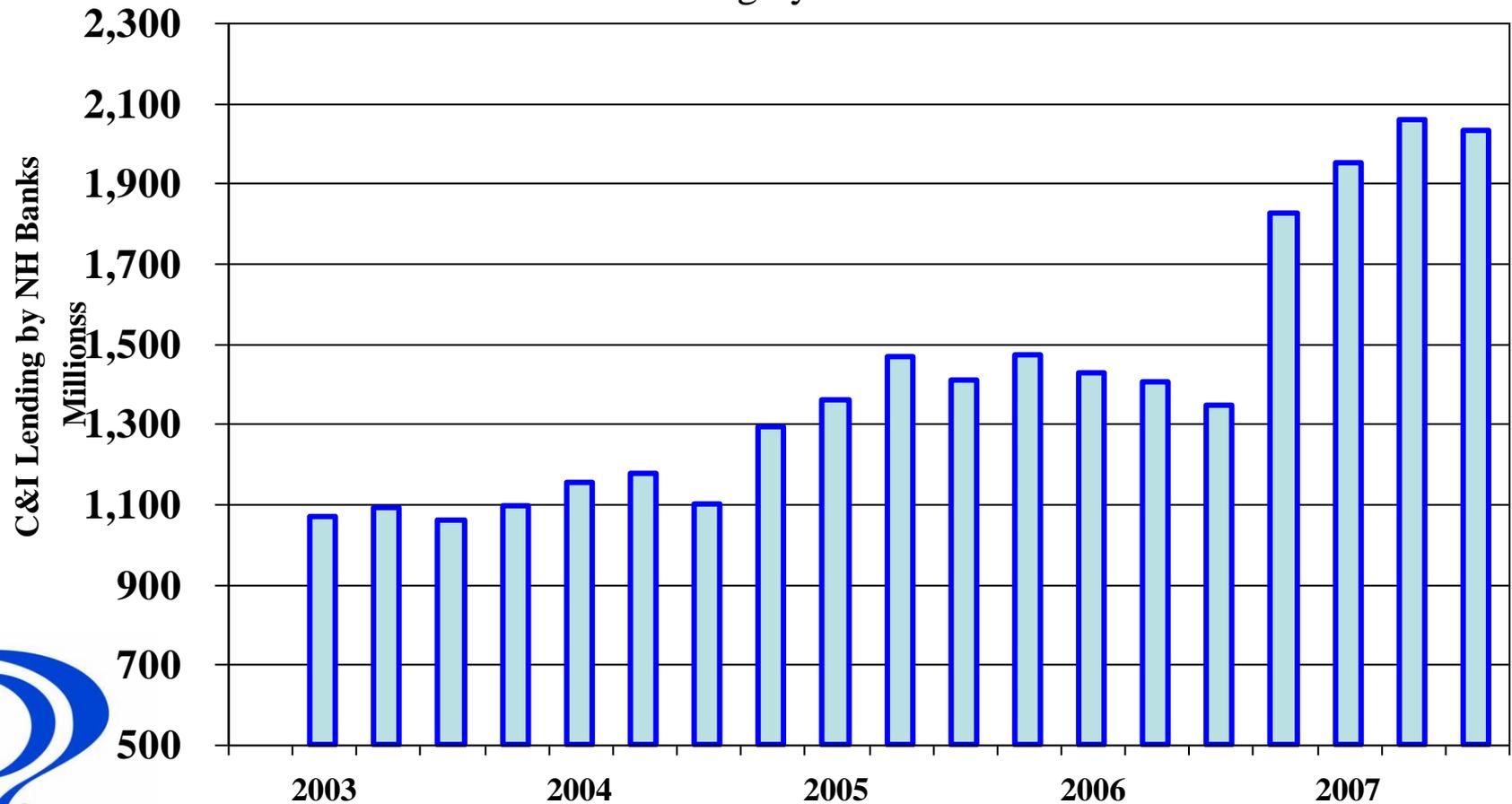
% of Loan Officers Saying Credit is Tightening



To Date, Commercial and Industrial Lending By NH Banks Does Not Seem To Be Affected by Credit Market Woes

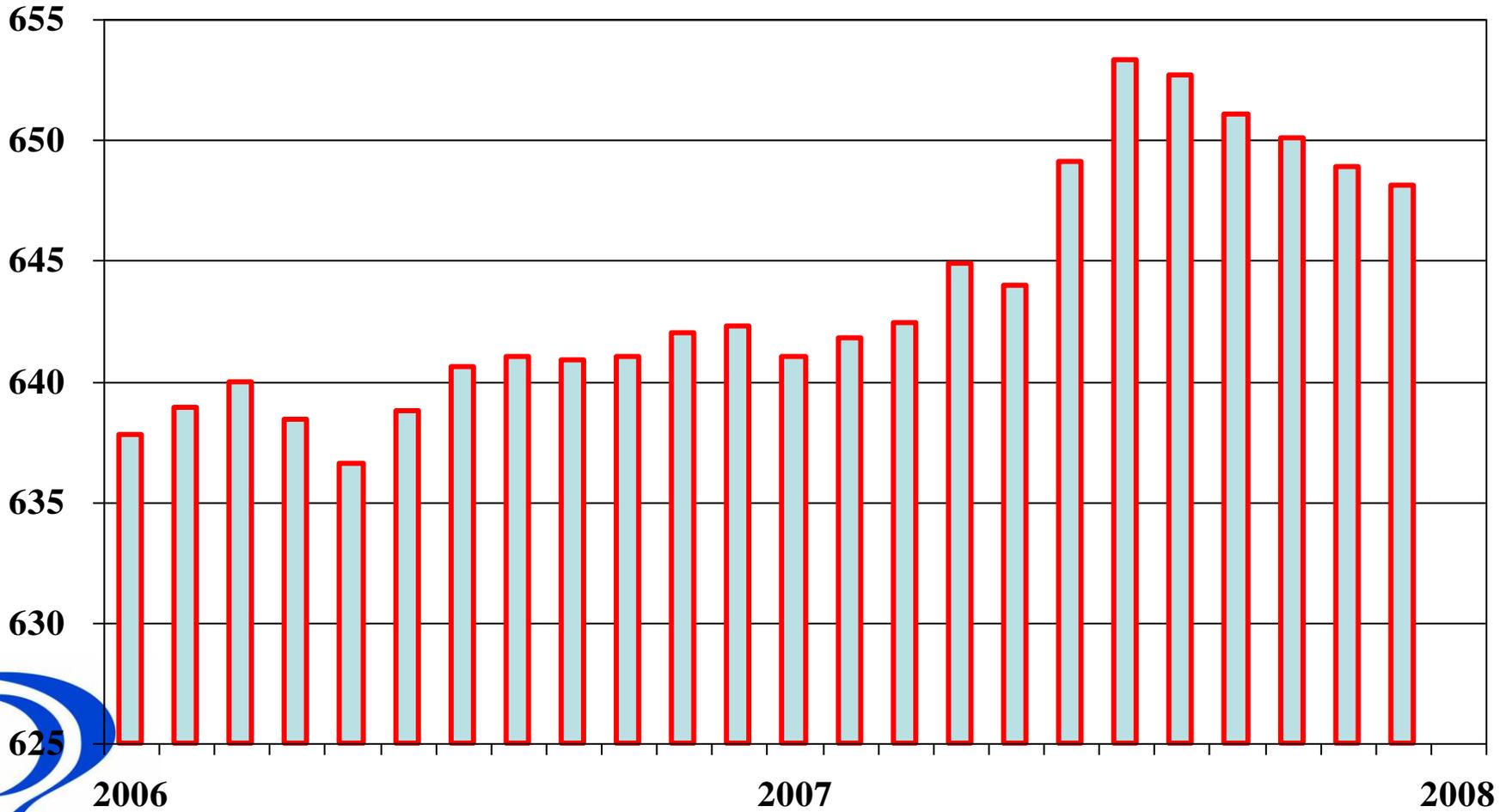
(Well Functioning Credit Markets are Essential for Economic Growth)

C&I Lending by NH Banks



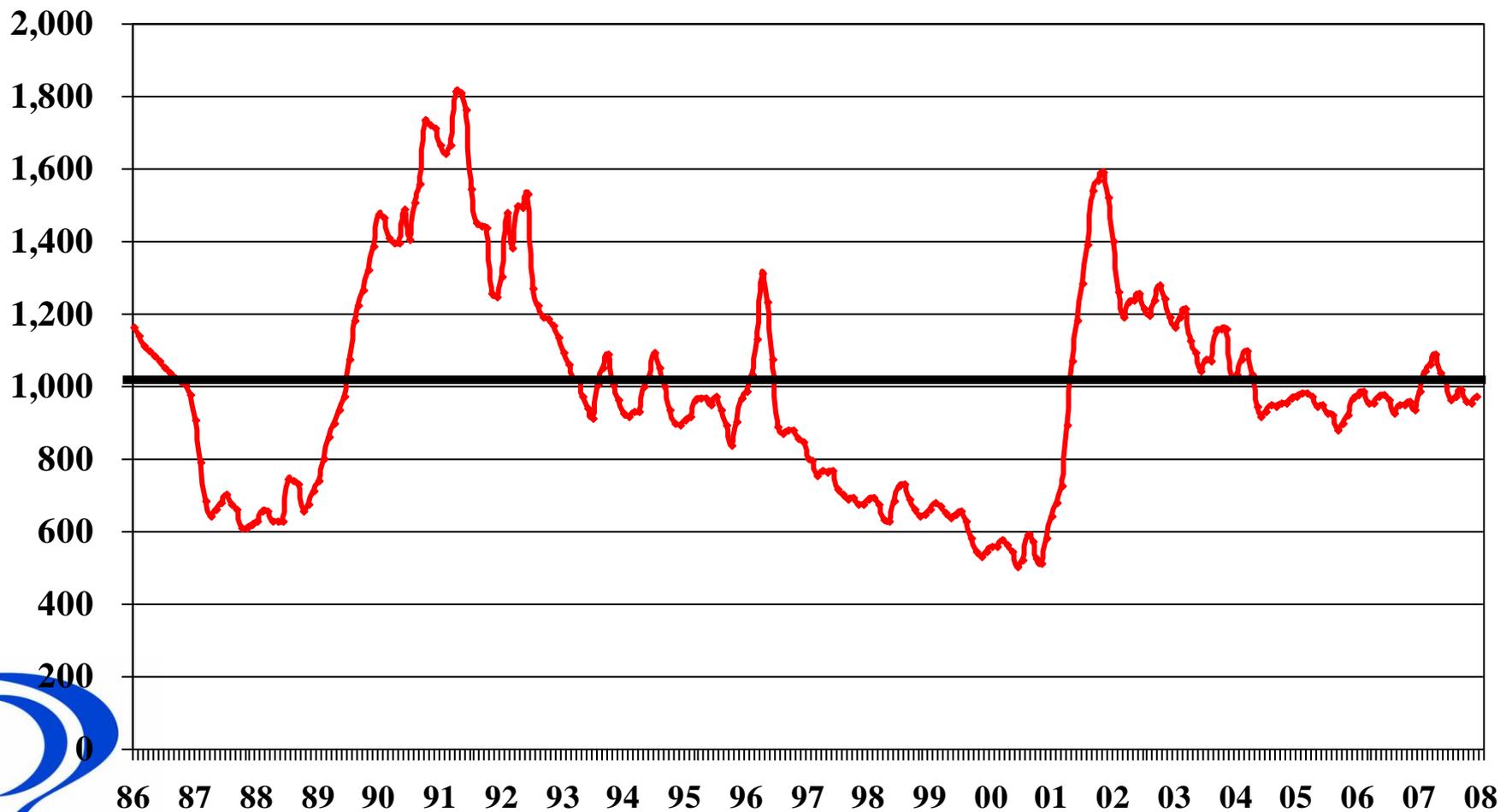
NH Employment Peaked This Past Summer

(and the Peak Will Likely be revised Downward)

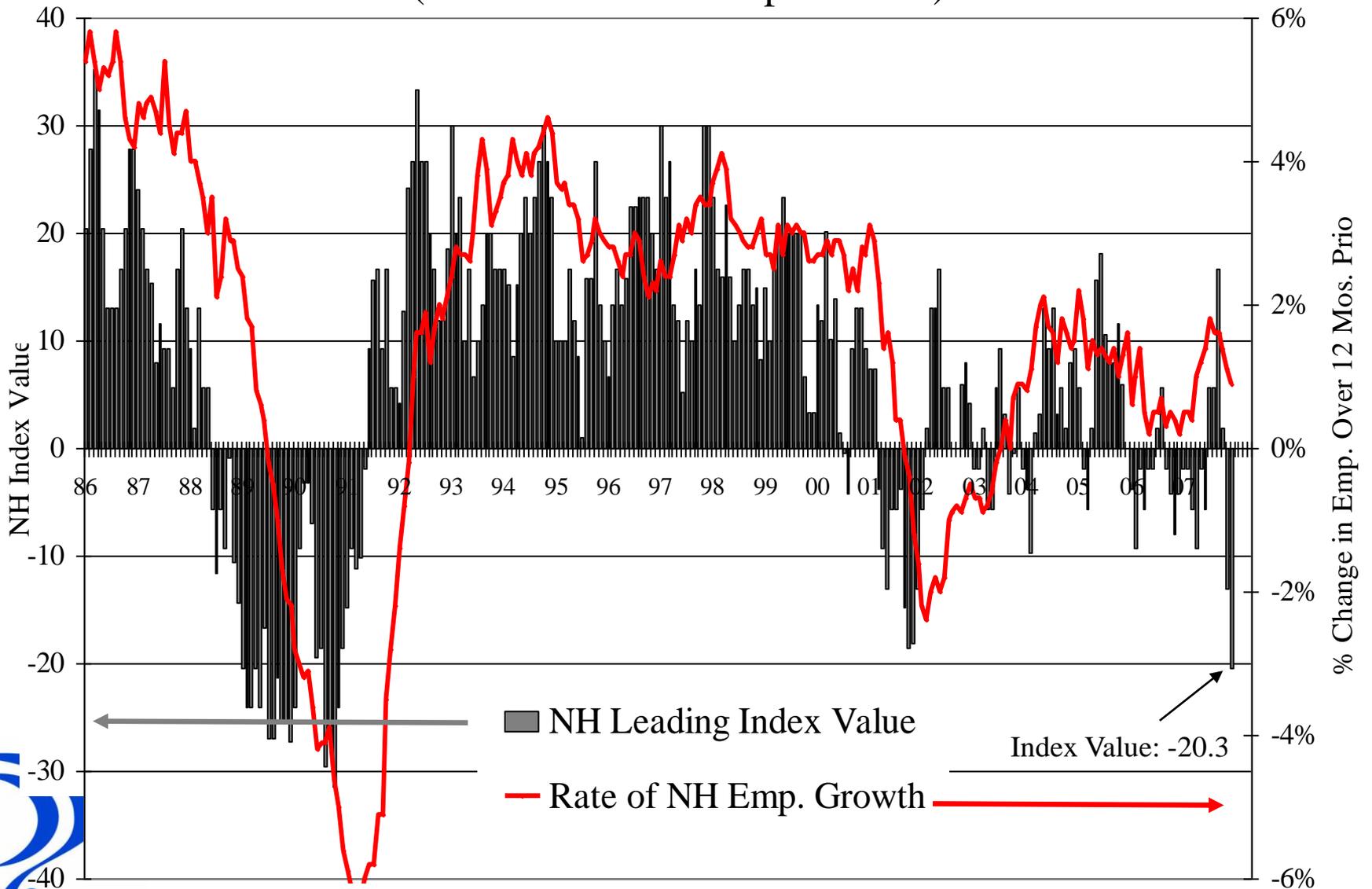


New Claims for Unemployment Offer One Sign That We May Avoid Recession

Average Weekly New Unemp. Ins. Claims in NH



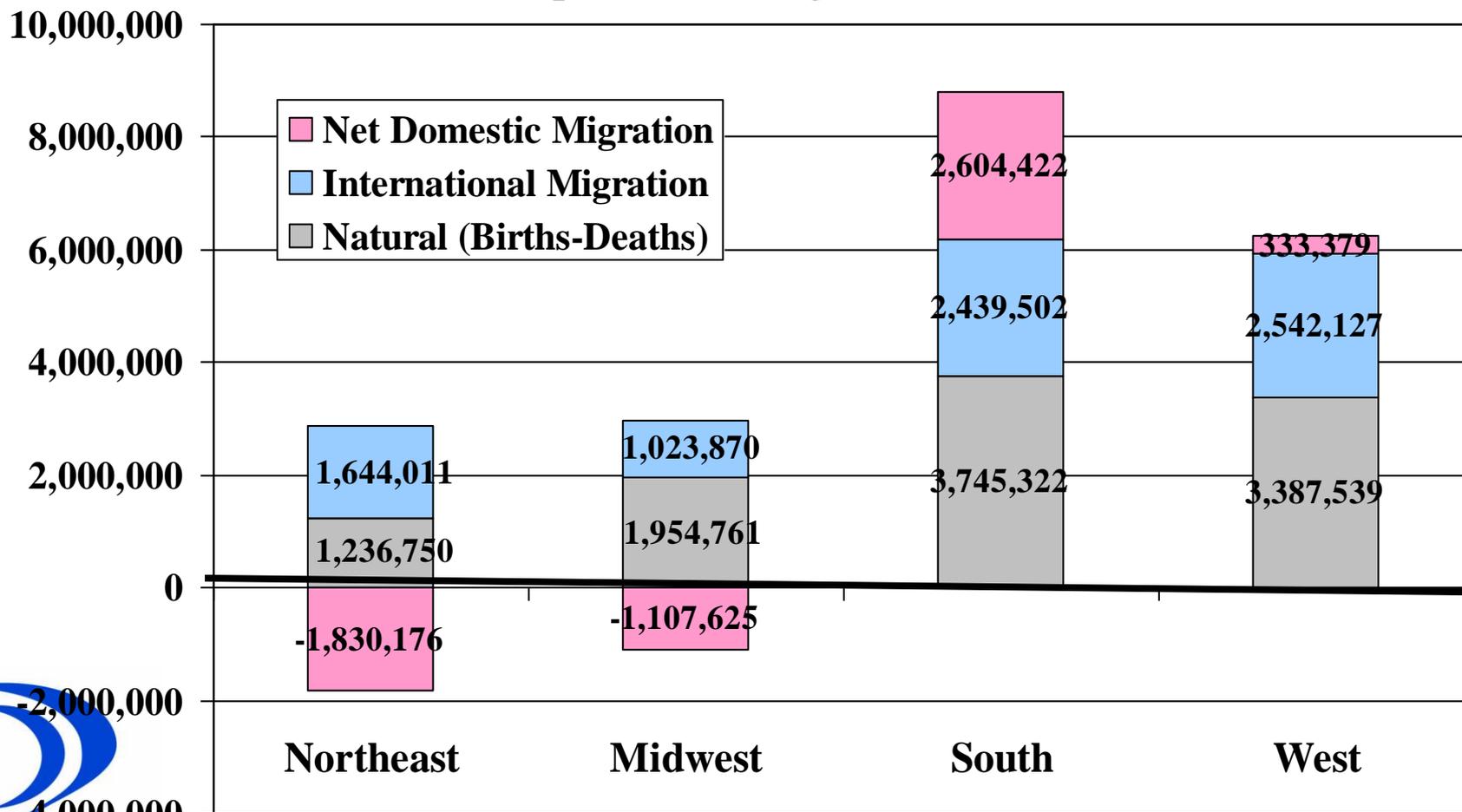
The NH Leading Index Has Turned Down Sharply (Recession Risk Jumps to 60%)



The Northeast Continues to Have Population Growth but it is Losing Out to the South and West

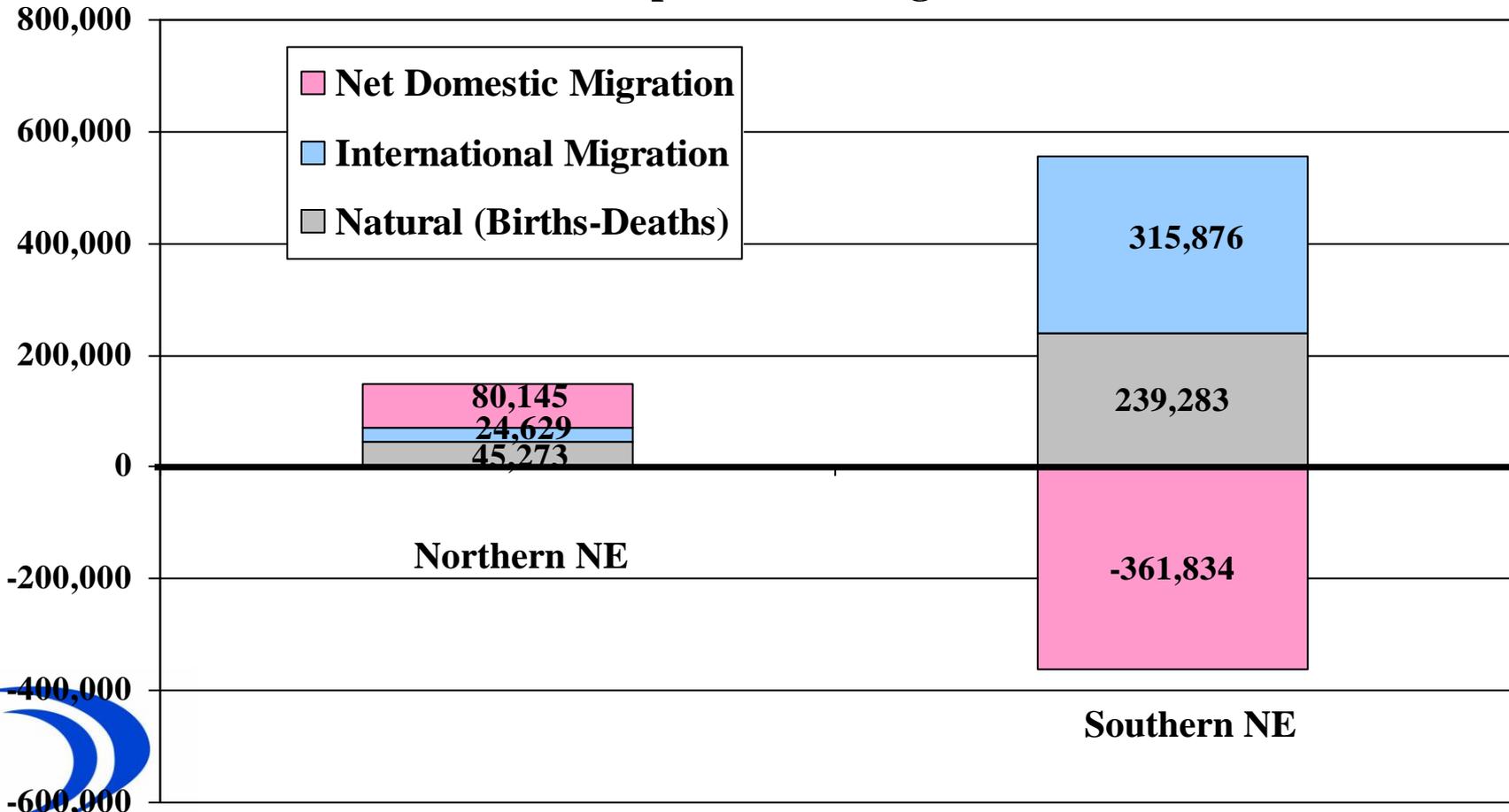
(Residents Fleeing the Northeast)

Population Change 2000-2006



Northern New England (Mostly NH and Maine) Attract Residents From Other States While International Migration Keeps Southern NE from Pop. Losses

Sources of Population Change 2000-2006

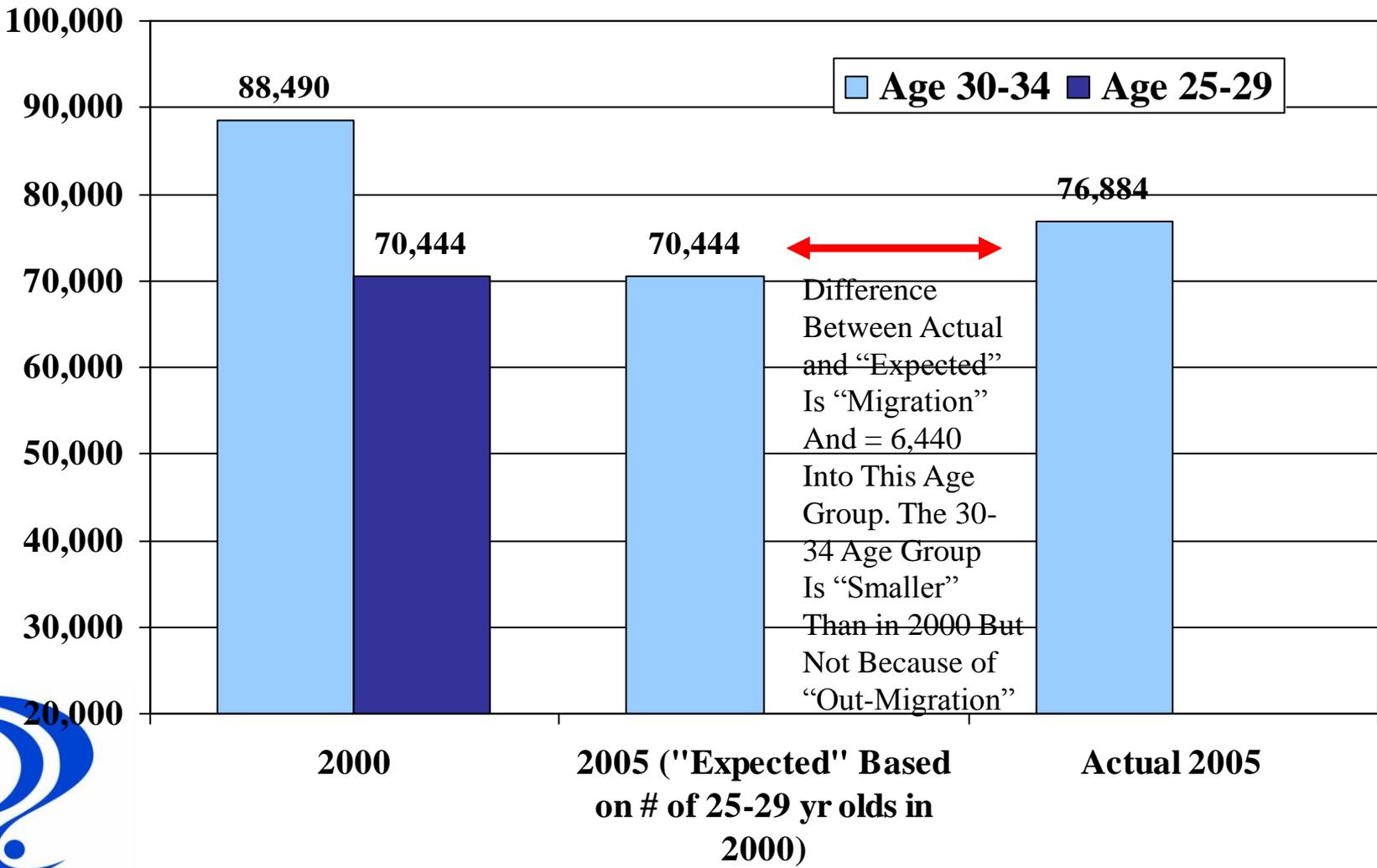


New Hampshire is Not The Oldest State Nor is it Aging Fastest – But There are Demographic Challenges

- NH has lower fertility rates (third lowest in the nation)
- Lower mortality rates (because of better health of seniors)
- Both of which are signs of success
- All civilized societies age as they prosper – it is inevitable
- NH is attracting fewer 30-44 yr olds because there are fewer of them everywhere – especially in the Northeast



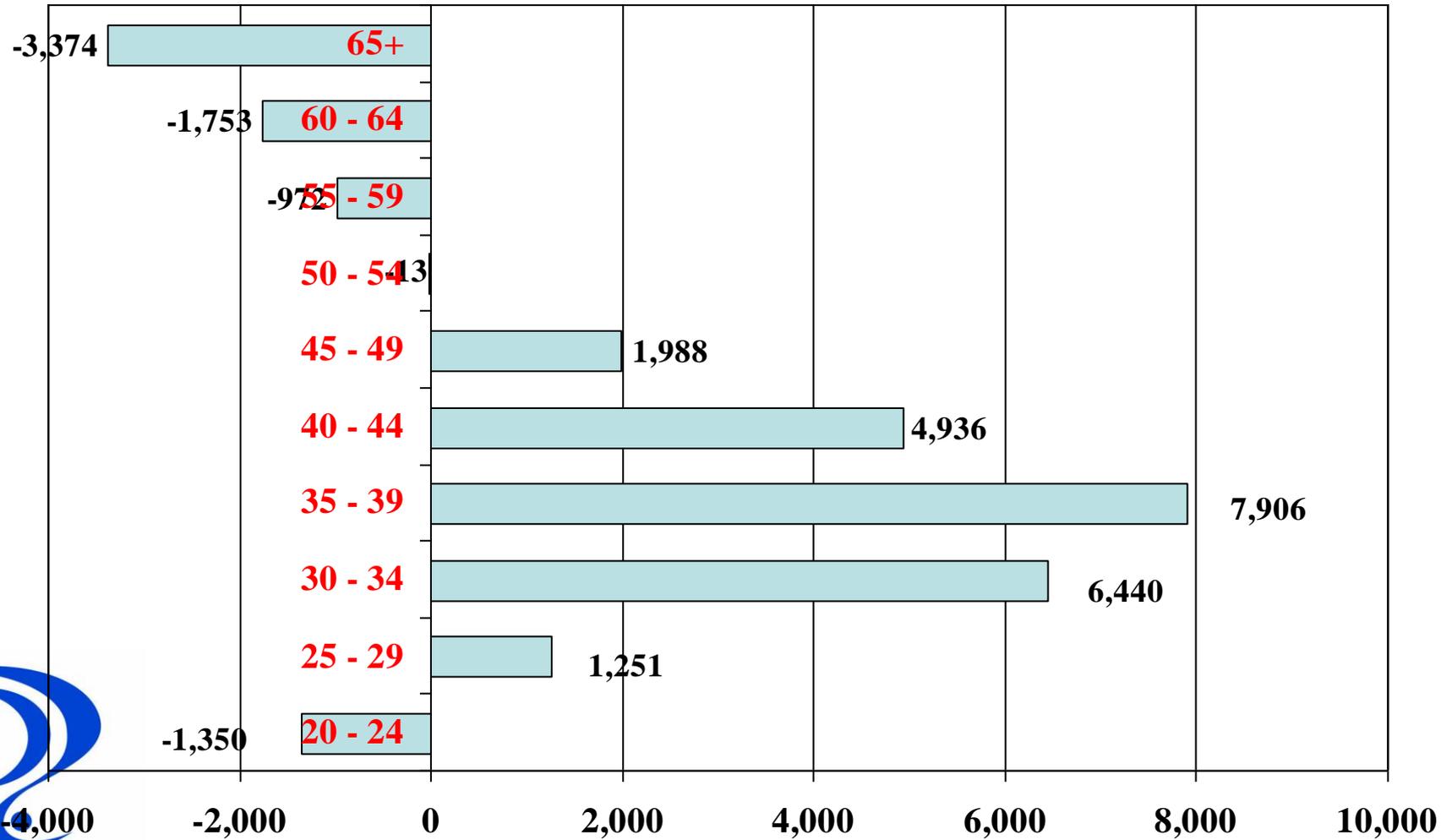
The Mistaken Logic Of NH “Losing Young Families”: The Difference Between a Smaller Age Cohort Because of Getting Older or “Age Progression” and a Smaller Cohort Because of Moving Out-of-State



Examined This Way NH Continues to Attract Young Households

(Albeit at a Slower Pace than in the 1980's and 1990's)

Estimated Net In-Migration 2000-2005



Source: PolEcon analysis of "Current Population Survey" data

Dover's Economic Performance has Been Strong
and We are Better Positioned for Long-Term
Prosperity



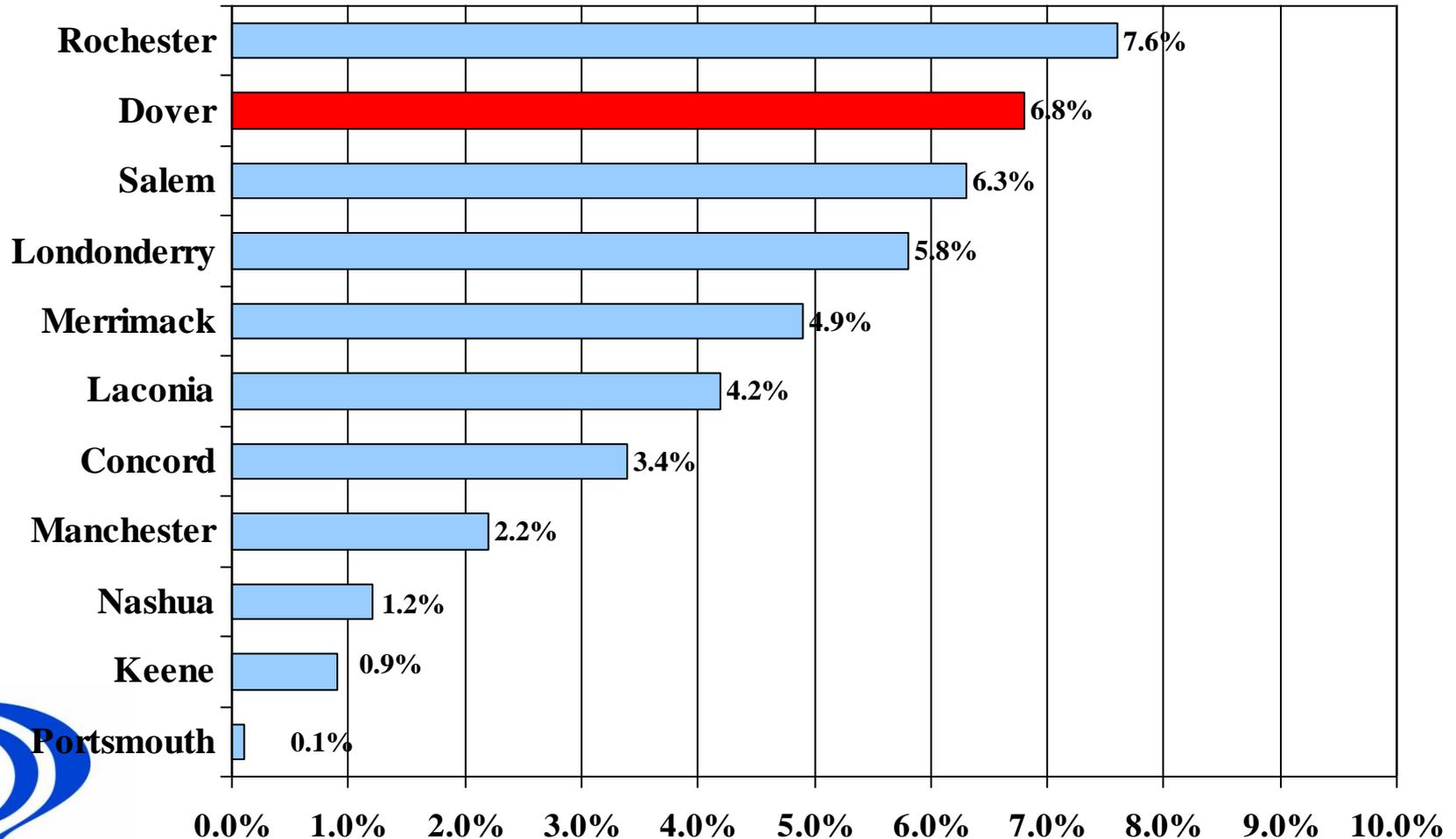
Important Trends in Dover

- Changing demographics
 - Higher levels of educational attainment - “up-skilling”
 - Increasing income - “up-scaling”
- More diversified economy
 - Less reliant on cyclical industries
 - Less reliant on a few, large employers
 - Better able to weather national and state downturns
- Changing expectations
 - By residents
 - By businesses
- What hasn't changed (enough) our view of Dover



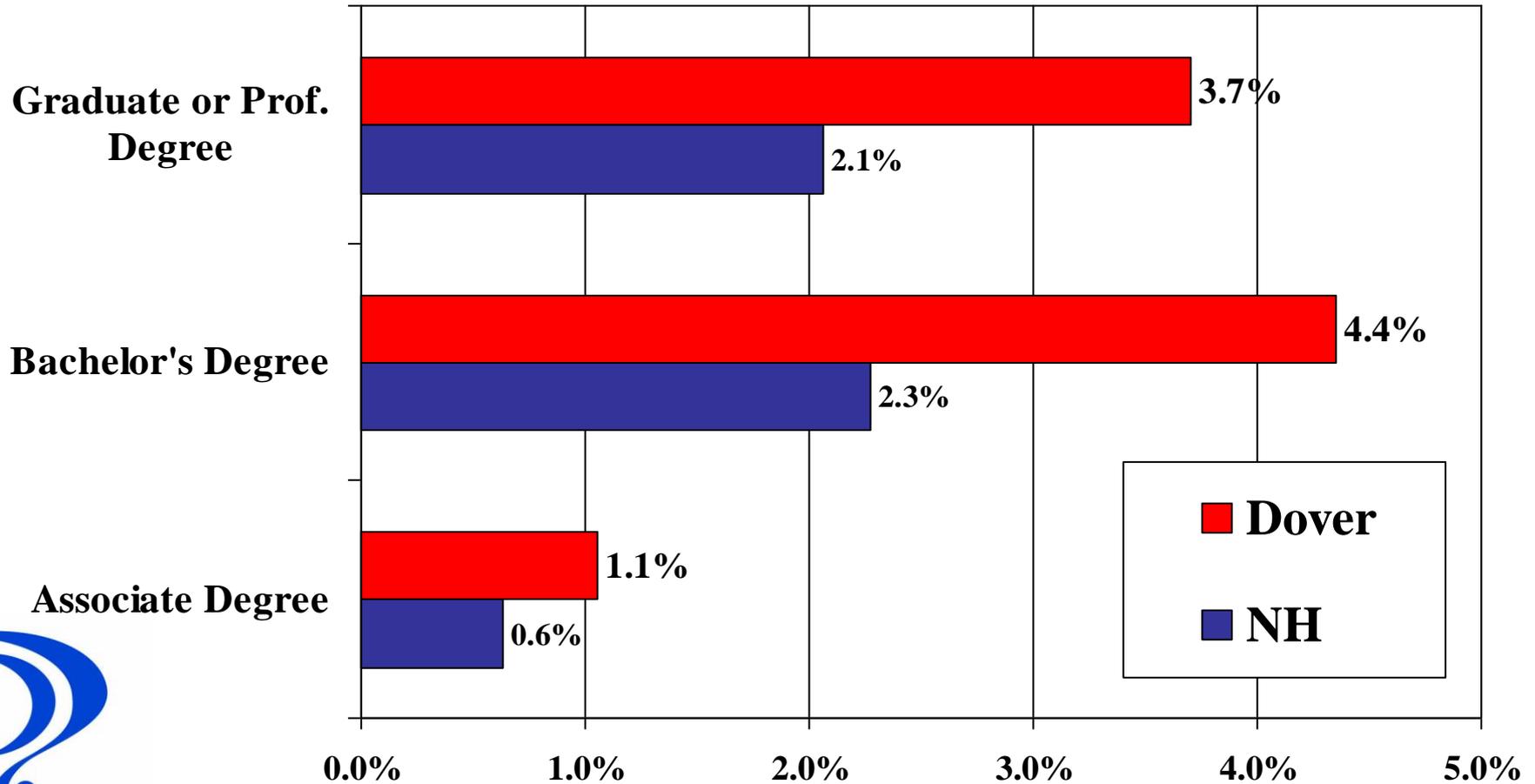
Population Trends Confirm Dover's Attractiveness

Population Change 2000-2006



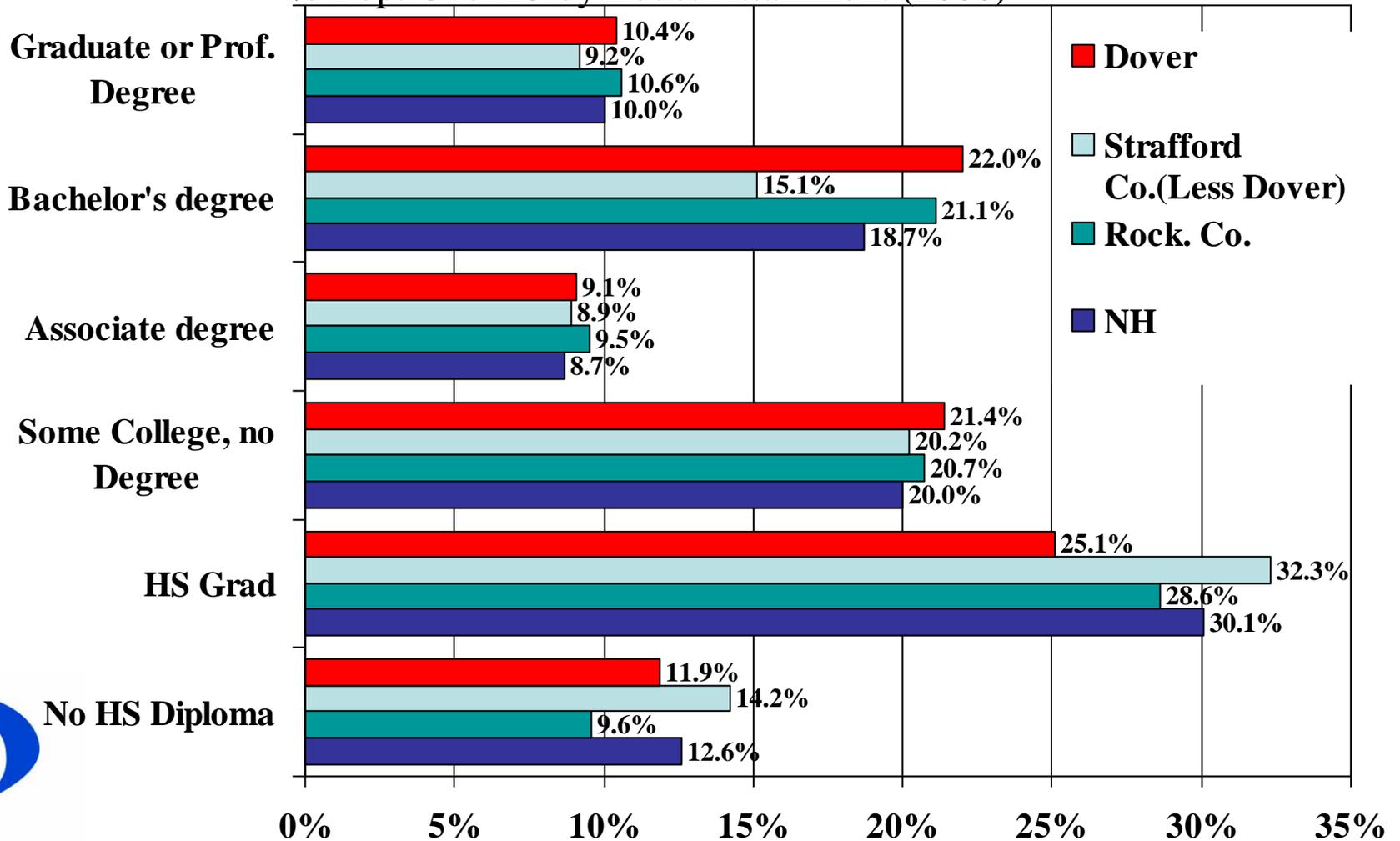
Dover Has Added Highly Educated and Skilled Residents Faster than Has NH as a Whole

**% Change in the Composition of Pop. Over 25 by Educ. Attainment
1990-2000**



Dover Now Has a Population and Labor Force that is Well Educated, Higher Skilled, and Better Able to Support Growth Industries

% Pop. Over 25 by Educ. Attainment (2000)

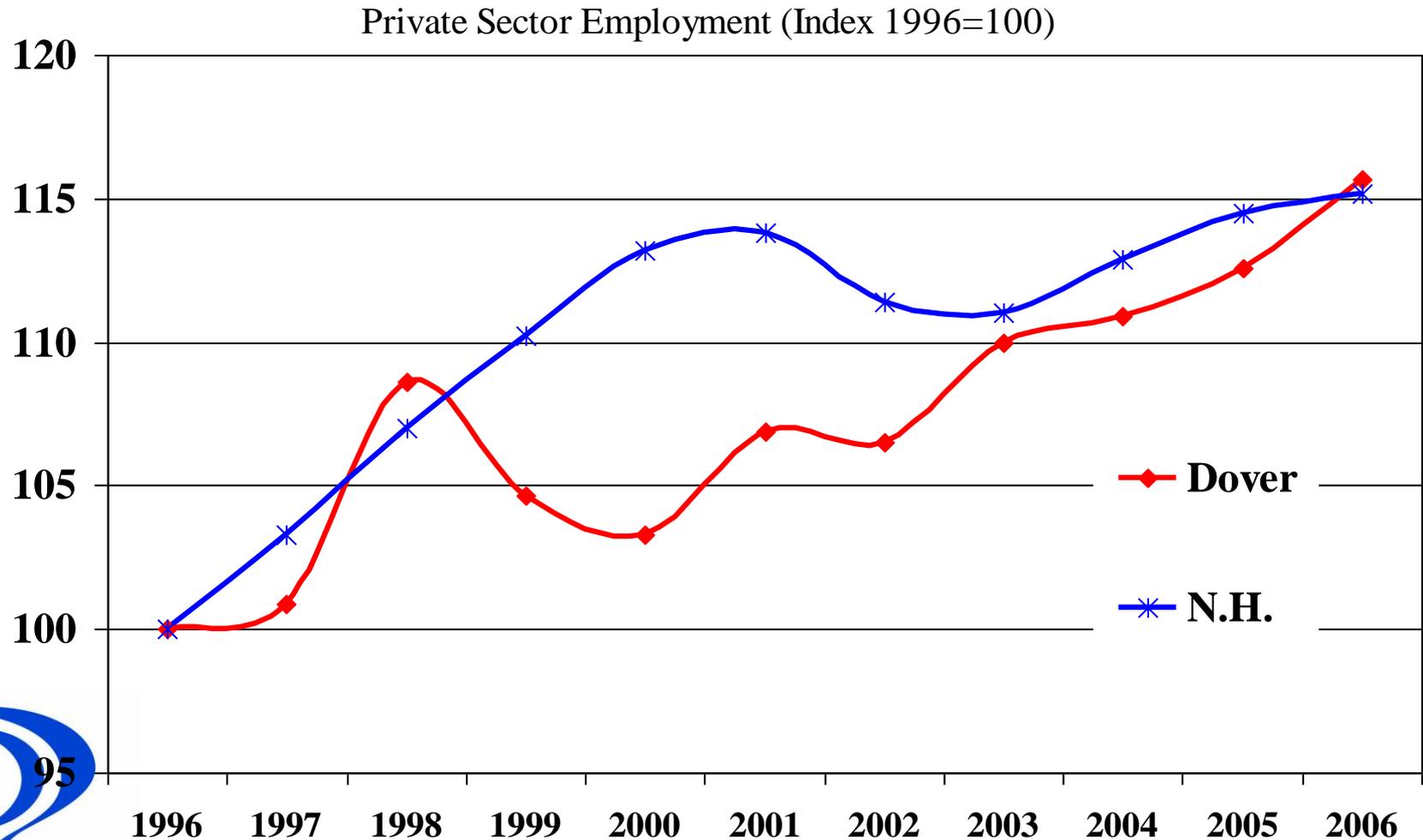


The most valuable resource in the 21st century is brains. Well educated people tend to be mobile. Watch where they go because where they go robust economic activity will follow

.....and change and conflict will inevitably follow

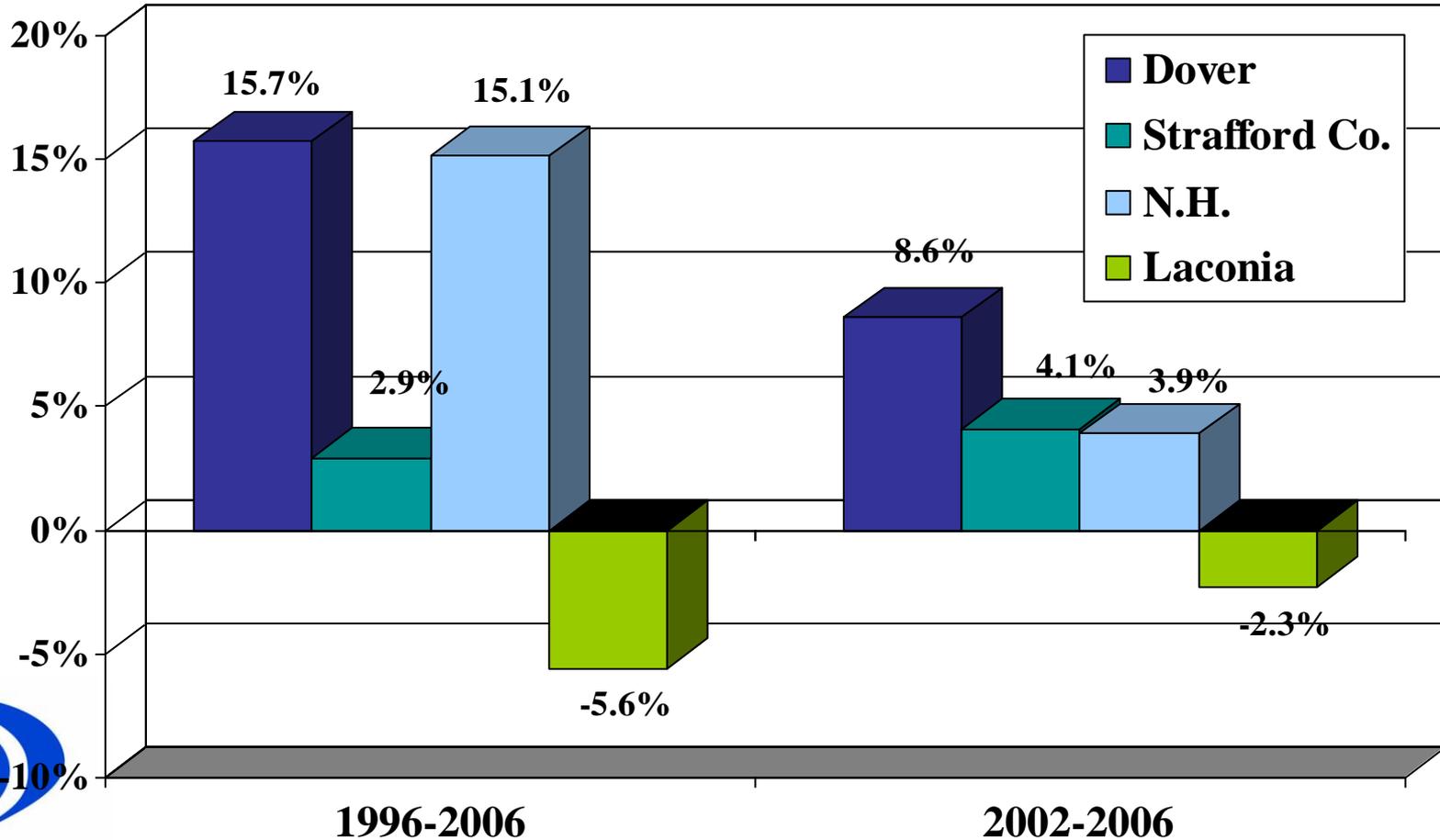


Since the Turn of The Millennium, Dover's Rate of Private Sector Employment Growth Has Significantly Exceeded That of NH



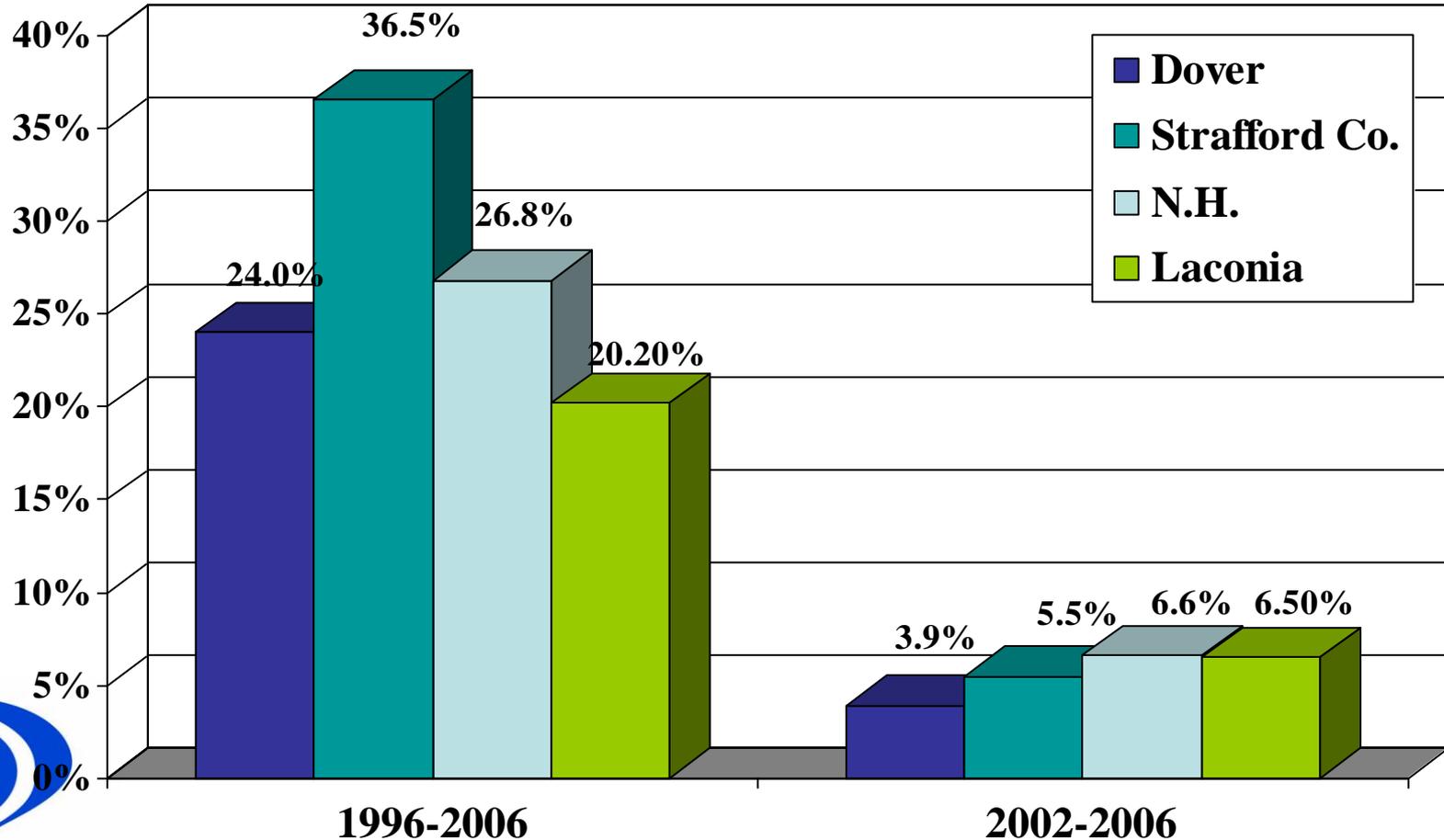
Employment Growth Has Been Stronger in Dover – Especially in Recent Years

Private Sector Employment Growth



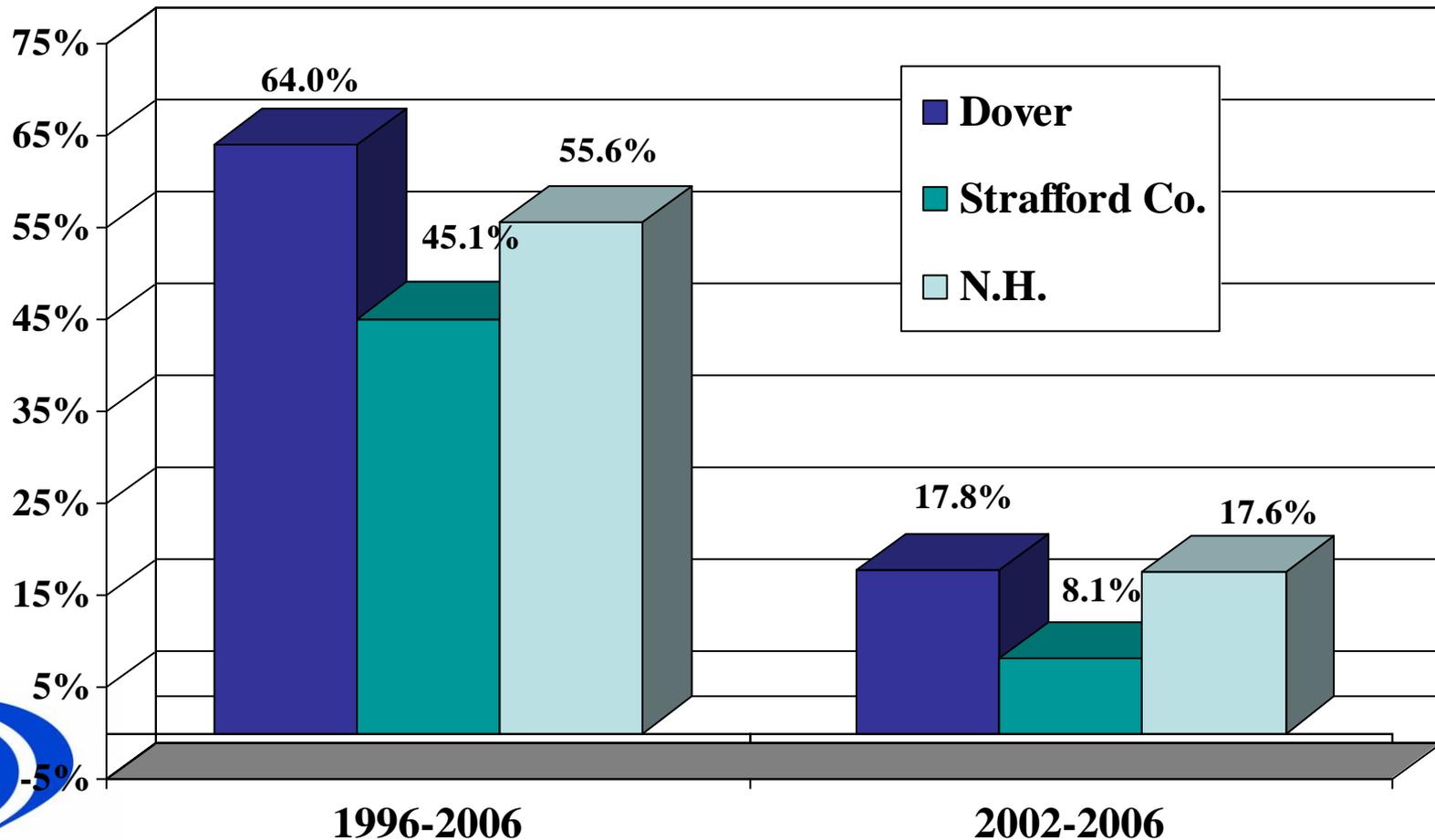
Compared to Other Communities, Local Government Emp. Growth Has Been Lower in Dover in Recent Years

Local Government Employment Growth



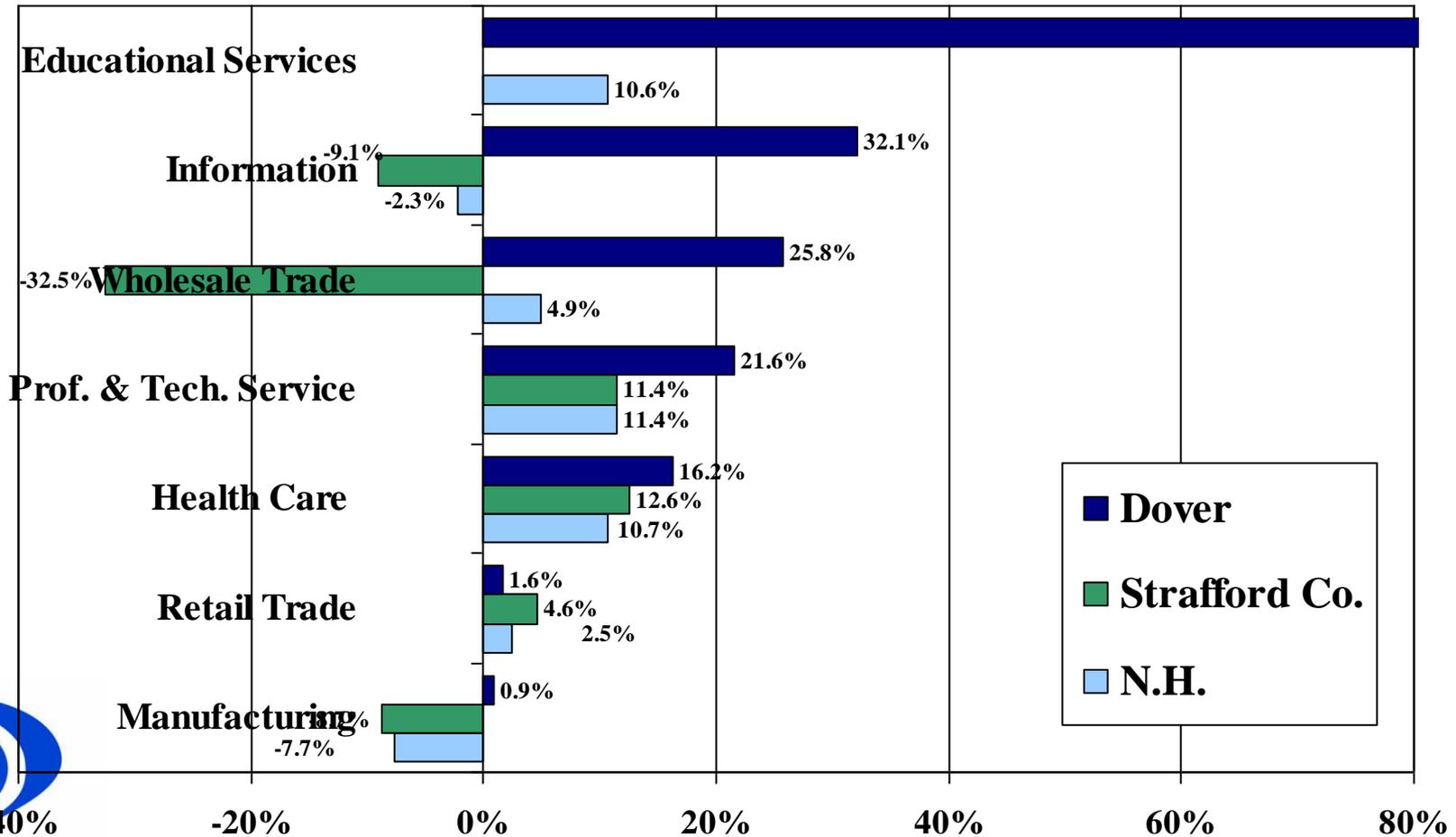
Avg. Weekly Wages Show Dover Having Solid Gains in Job Quality

Private Sector Growth in Avg. Weekly Wages



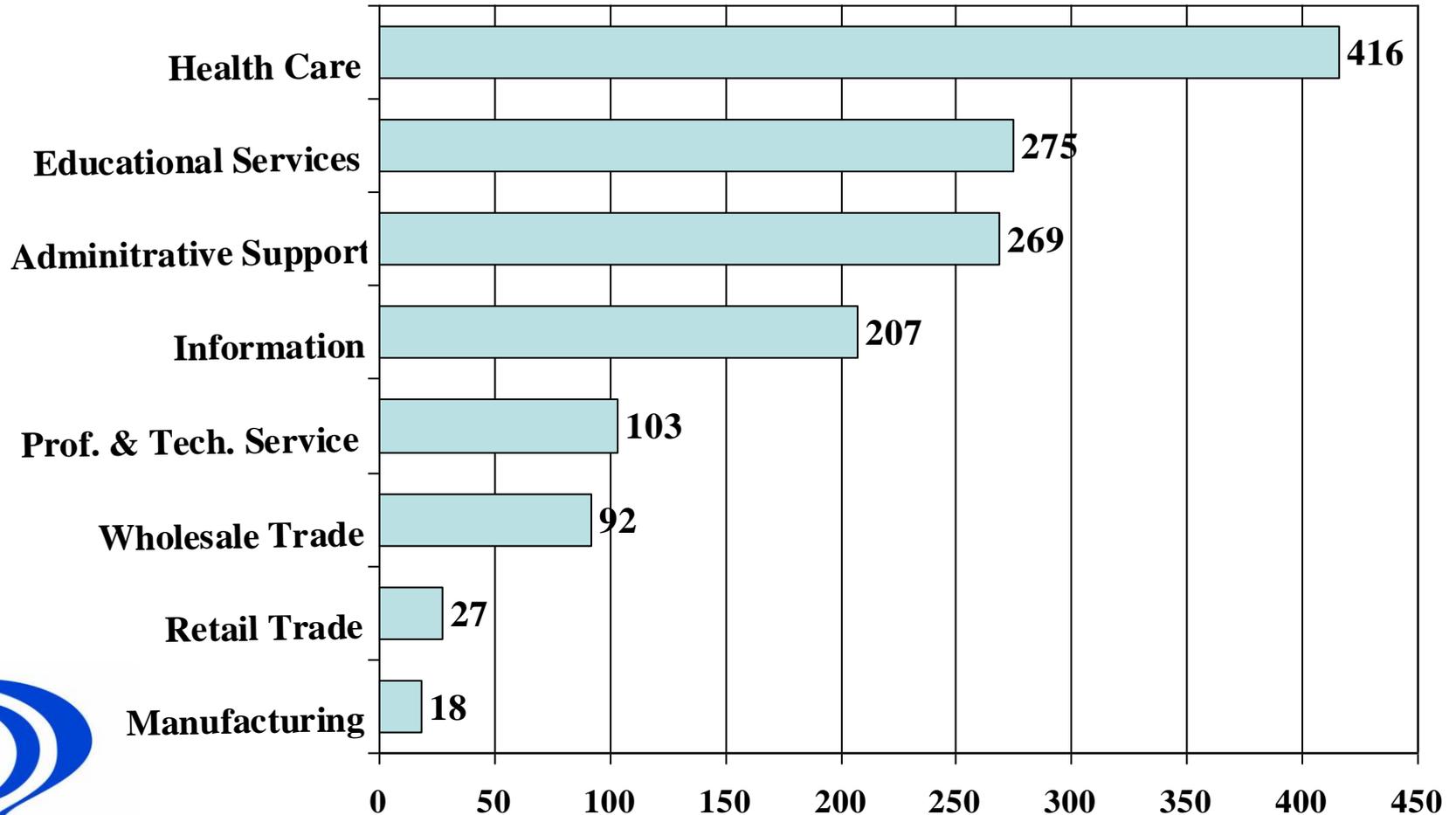
Dover is “Transitioning” Nicely to a More Diverse Economy, Adding Employment in Newer or Faster Growing (Nationally) Industries, While Stanching the Manufacturing Losses of the 1990’s

Emp. Growth 2002-2006



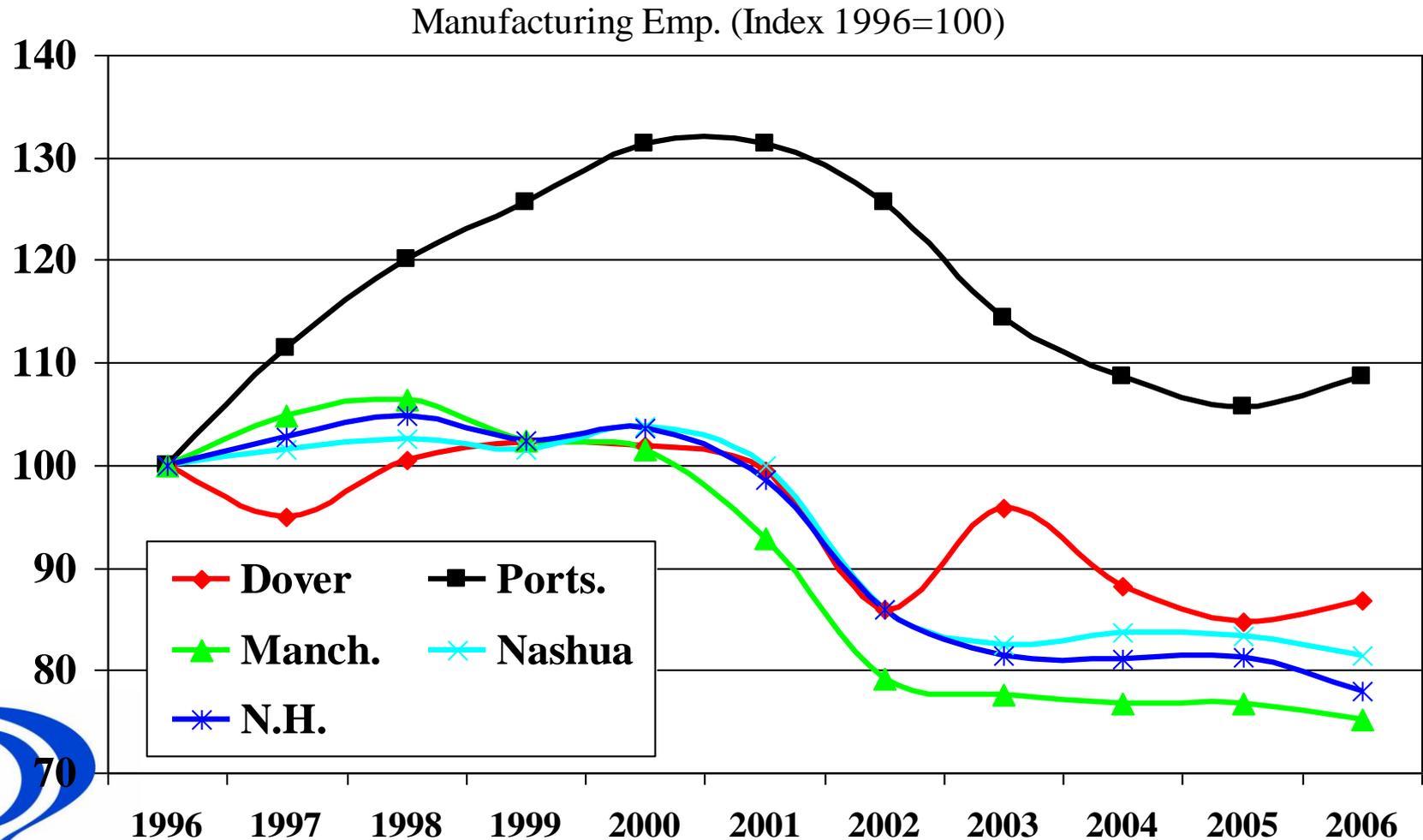
The Numbers Behind the Percentages

Emp. Growth 2002-2006



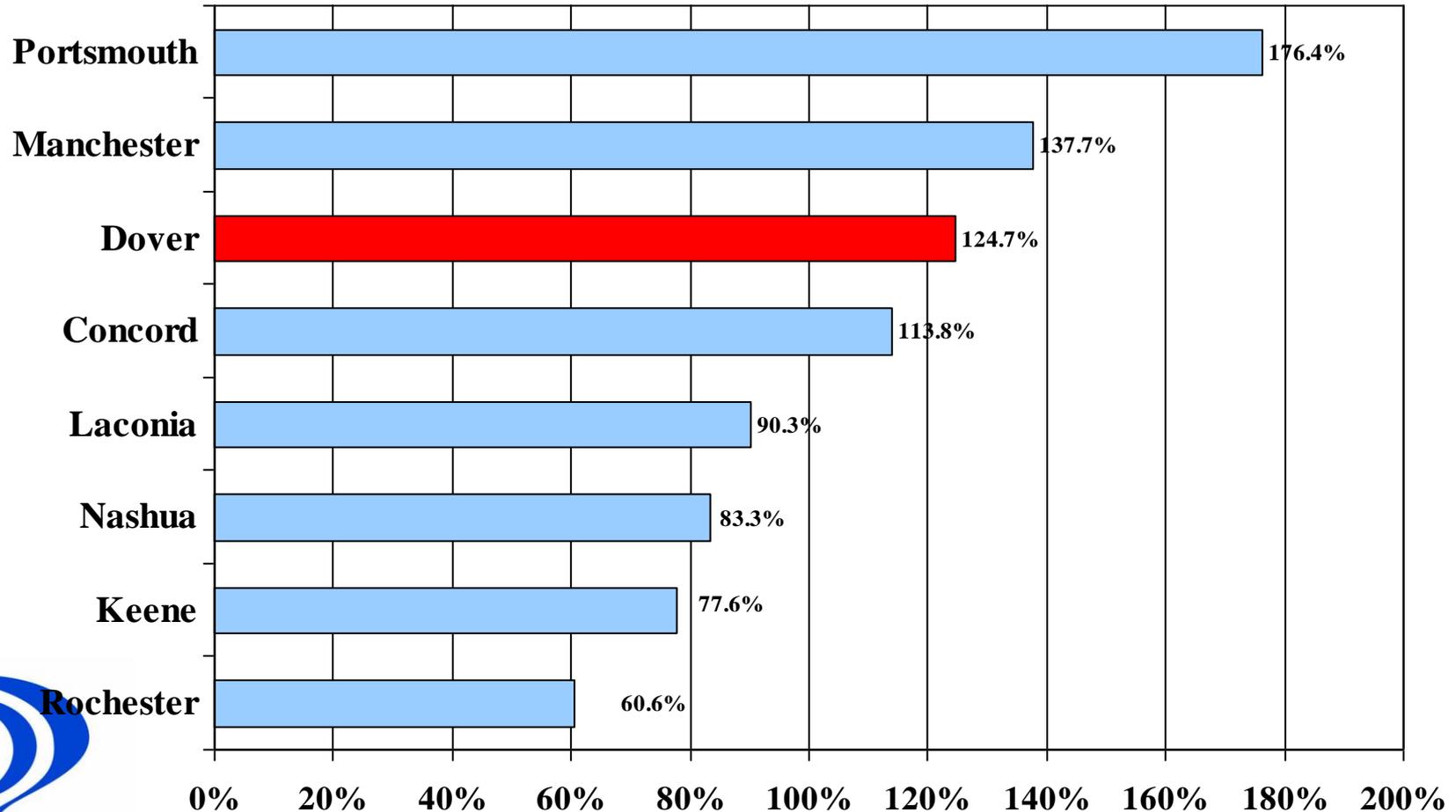
Compared to Most Regions in NH – Dover Has Not Lost as Much of Its Manufacturing Base

(Portsmouth Benefits From the Presence of Pease Tradeport)



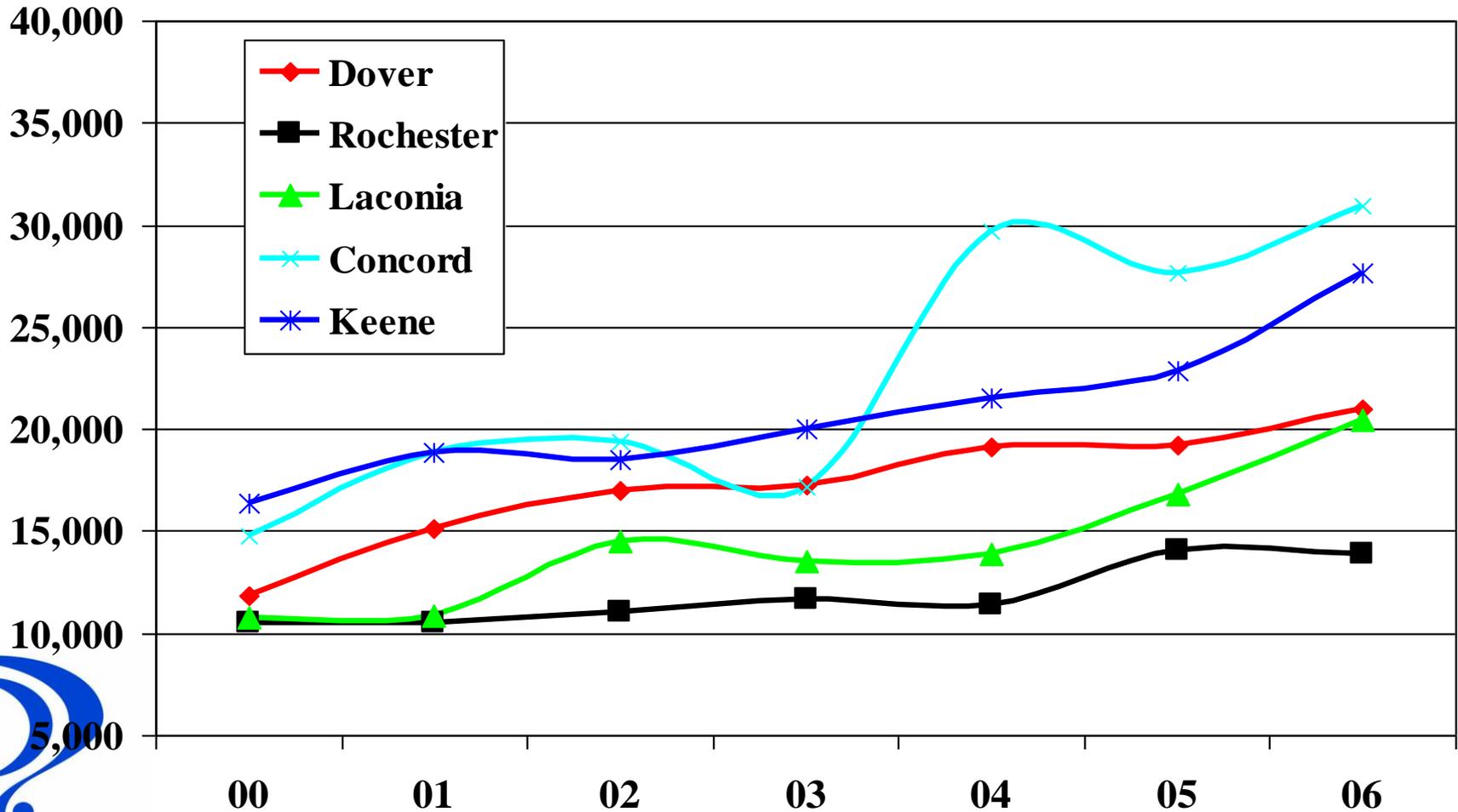
Along With Employment Growth, Dover Has Done Comparatively Well Expanding its Commercial/Industrial Tax Base

Pct. Change in Commercial/Industrial Valuation 1999-2006



Continued Strong Growth in Commercial/Industrial Valuation is Needed to Balance Recent Population Growth

Comm./Ind. Valuation per Capita



Moving Forward There Are Many Challenges, Here are a Few

- Manage conflicts over changing expectations/views of city
 - Prosperity depends on the quality and “amenity value” of the city
 - With changing demographics comes different expectations for services
 - How we resolve this conflict determines our long-term prosperity
- Fiscal prudence is important and necessary but communities can’t “cut their way to prosperity” – implementation of the “tax cap” could unwind recent economic gains
- Increasingly Dover’s employment base can “blend” into the fabric of the community but there is a need for more strategic locations to accommodate businesses
- A higher skill economy requires connections to (and identification with) higher-education institutions – Dover has little of either
- Dysfunctional democracy delayed the positive trends, it could just as easily reverse them



DOVER



First

First in New Hampshire,
First with You!