

CITY OF DOVER
STATE OF THE CITY

7:30 am Tuesday March 10, 2009

Coheco Country Club

Remarks of J. Michael Joyal, Jr.

City Manager

[Title slide – J. Michael Joyal, Jr.]

Thank you. I'm pleased to have been invited here once again this year to share with you some of current issues and activities that are taking place here in our City.

First let me begin by also thanking the Greater Dover Chamber of Commerce for arranging this opportunity and our host, Federal Savings Bank, for sponsoring these ongoing monthly forums. While here I too would like to express thanks to Pam Simpson for her leadership and involvement in many different community activities positively representing the Chamber membership and also extend congratulations to Kirt Schuman, the Chamber's new incoming President and Executive Director.

I also want to specifically thank Donn Hatt, Kelly Glennon and their employees at Federal Savings Bank for their commitment to the Dover community and continuing investment in many, many worthy causes here in our City - most recently a sizeable contribution towards the new Chamber offices and Visitor Center. They truly have set the bar high when it comes to community banking here Dover. Thank you to them and congratulations!

Now, in giving thought to how best to start my remarks this morning, I wanted to project an appropriate tone that would illustrate the current positive state of our City but also recognize the obvious difficulties that are before us today and those that lie ahead.

[Slide – State of our City is Sound]

It is with that purpose in mind that I stand here before you this morning to proclaim that the “State of Our City is Sound”.

I chose the word “sound” because it refers to something that is generally in good form, sensible, healthy. But at the same time, I believe it is a word that by definition does not preclude the fact that improvements are and will always be in demand and challenges are certainly inevitable. The need for improvements to our public infrastructure, our municipal services and our finances will always be in demand one way or another. And yes, right now, aiding in the revival of our nation’s economy is the primary challenge confronting all of us.

I also use the word “sound” because our community’s position today puts us far ahead of many others. Our current finances, our quality of life and yes, many, but certainly not all, aspects of our local economy remain solid. Unlike many communities in other parts of the country, we still have the ability to successfully respond to the economic challenges that are now upon us and those still further ahead beyond the horizon.

[Slide – Quote: It’s the economy, stupid]

Without question, our nation is going through one of, if not, the most difficult economic times on record. Every day we are hit with more bad economic news from across the country and around the world: financial

markets falling, company after company laying off employees, a stagnant housing market, and bankruptcies increasing. Although our City, our State and our region are better positioned than most to weather this global crisis, we are not immune. I imagine it is fair to say that we all cringed, maybe even shed a tear or two, when we opened our year-end investment statements. We also know family, friends, and neighbors right here in Dover who are experiencing the effects of a faltering national economy in one way or another, some more than others.

A willingness to take bold and uncharted action to stabilize financial institutions and stimulate our nation's economy is now being led by those in Washington. However, unlike the federal government, since we don't have the ability print and distribute oodles of our own money, there should be no doubt that there will be difficult and often times, trying decisions to be made as we prioritize, trim back and ultimately balance our municipal budget in the coming months.

[Slide – Quote: Road to Success]

We need to remember: The road to success is always under construction. Sometimes, like now, it just happens to be a lot bumpier.

[Slide – Budgeting = Setting Priorities]

After now having hosted two public forums encouraging citizen input, I am in the throes of meeting with our department heads to prepare a proposed budget for our fiscal year beginning July 1st. My budget proposal is required to be presented to the City Council on or before April 15th. At that point, the Council will seek further public input and conduct their review over the weeks following so they may adopt a final budget by no later than June 15th.

In my preliminary budget meeting with City Councilors earlier this year, they expressed interest in seeing a budget which bases the increase in the overall tax levy on 2% as opposed to the 3.8% CPI amount allowed under our tax cap formula. Although we hope to secure federal stimulus dollars for our schools and funding for some specific capital construction projects this coming year, sacrifices will still be inevitable to achieve these budget levels. In addition, if the remaining cost downshifting still being proposed to resolve the State's budget issues is allowed to occur, even deeper sacrifices directly affecting our municipal services will be required.

As budget priorities for the coming year are adjusted and ultimately established by the City Council over the next few months, we cannot stop planning for tomorrow just because it is difficult today. With our need to balance local budgets within the constraints of our current economic environment, we still must maintain a long term view, one that is realistic and sustainable from year to year. Tough times like these will test our ability to make reasoned decisions which can endure over the long run. Perhaps now, more than ever, it will be crucial for our community to have the continuing leadership necessary to advance the collective interests and long-term well-being of our community while at the same time having the intestinal fortitude to follow-through and undertake the actions ultimately deemed necessary.

[Slide – Making a Difference – names fly in automatically]

The continuing leadership I am referring to comes from many people who have willingly stepped forward to become involved in representing the interests of our community's citizens and businesses – These are people who unselfishly give of their time and energy striving in their own personal way to better our community through public service. These include people who

volunteer to serve in some of our more recognizable positions such as our Mayor Scott Myers, our City Councilors, several who are here, our school board and our planning board to name a few. But it also includes many other citizen volunteers who involve themselves in countless community events, committees, and local non-profit and civic organizations.

There are the many businesses and their employees who give back to our community in so many ways. And of course, there are our municipal employees, the police officers, the firefighters, the teachers and our highly respected and very capable directors who manage the operations of all of our various City departments.

Our elected officials, citizen volunteers, business owners and employees have all helped in their own way to guide and move our City forward. They have sought out information and corralled ideas together to address any number of problems confronting our community. They have moved ideas forward taking our community to where we are today. There have certainly been times of frustration given the different opinions and inevitable conflicts that arise in public decision-making. But, in general, there still remains a sense of accomplishment and personal satisfaction realized by those who make the effort to become informed and contribute to bettering our community.

[Slide – Dover/NH Advantage]

I mentioned earlier that Dover is positioned better than most communities to weather the economic downturn being experienced across the country. This was noted by Professor Ross Gittell a UNH economics professor and the invited speaker at last month's forum series. Professor Gittell in his remarks concerning the projected depth and duration of the current recession, made

a point in stating that the NH Advantage will likely result in our state and, in turn, Dover, fairing better than most other areas of the country.

Because of the advantages we have, Professor Gittell indicated that our economy will likely suffer less and recover quicker from the economic recession. The NH/Dover Advantage indicates that our region as compared across the country continues to be an attractive place to locate a business and raise a family. We rank #1 in such areas as having a favorable tax climate, the most livable and safest state, and the lowest poverty level. We rank 2nd for healthiest state and 10th for per capita income across the country, 3rd in New England.

[Slide – Labor Force and Unemployment chart]

The relative strength of our local economy is clearly evident in our labor force and unemployment rates. Historically NH has had a lower unemployment rate than the rest of the nation and Dover has been lower than the NH rate. This continues to hold true.

Moving on from the economy, I will take you through a few charts illustrating how some key operational and financial statistics relate to growth in the City. Let's start with student population...

[Slide – student chart]

Our student population in Dover has declined slightly over the last two years, and was at 4,183 students in 2008 as compared to a high of 4,255 in 2006. There has not been a tremendous in flow of new families nor a sizeable reduction.

[Slide – development activity chart]

Overall Development activity in the City has declined for the fourth year down to 398 permits issued in 2008 as compared to a high of 654 issued in 2004. Interestingly, despite the decline in the overall number of permits the average dollar value has remained relatively consistent primarily due to some larger scale commercial renovation projects being built throughout the City in 2008. Meanwhile and not surprisingly given one of the key weaknesses in our economy, residential home construction has fallen off significantly.

[Slide – vehicle registration chart]

A clear indication of a slowing economy here in Dover is the decline in the number of vehicles being registered. For the third straight year, the number of permits issued has declined and is equivalent to levels seen earlier in 2003.

[Slide – full value assessment chart]

This past year the City's full valuation continued to climb slightly primarily due to some new construction being added to the tax roles and the relative lasting strength of commercial property values. It is expected that values will begin to show decline across all sectors in the coming tax year.

[Slide – average home value chart]

The average residential home value declined in the past year and is expected to decline further in the coming tax year. Even with the decline in value, when viewed over the course of the last 10 years home values are still reflecting an appreciation of 14.5%, a much better return than most investment portfolios these days.

[Slide – average home tax bill]

The average homeowner's tax bill increased by 1.1% in the past year while reflecting an average 4.3% increase over the last 4 years. Included within the increases seen in tax bills over the last 4 years are the City's operating costs, including payroll expense, which notably have been held at or below inflation levels. The majority of the annual increases each year have actually resulted from increased cash investments in repairs of existing capital assets while weaning the City from the use of debt financing.

[Slide – General Fund balance chart]

The City's unreserved general fund balance at the end of fiscal year 2008 was \$5,584,000 up nearly \$500,000 from the prior year. Our current fund balance represents 6.9% of the annual budget and remains above the 6% minimum level established as a financial policy by the City yet still below the upper 10% threshold suggested by credit rating agencies. Of all measures, the availability of Fund Balance is a key financial indicator of the health and soundness of the municipalities finances. In terms of financial health, the City has made steady progress in building fund balances over the last 4 years and partly as a result has been recognized with credit rating increases. A trend that absolutely needs to continue especially during difficult economic times, at least until we reach the 10% level.

[Slide –projects and activities]

There are several projects and activities that have been successfully completed during the past year and more in the works in the year to come. Some of projects of note include the opening of our new North-end Liberty Fire Station last fall, the completed renovation of the Woodman Park School and the soon to be underway renovation of the Horne Street School, planned

parking changes in the downtown area, progress being made along the waterfront, and the grant funded expansion of public transit services throughout the City.

Other projects not listed, but also of note include the ongoing effort to address the Willand Pond flooding issues, the conclusion of the Cocheco River dredging later this year, the siting of a new North-end water tower to address both water pressure concerns and added capacity, the successful opening and positive impact of the Children's Museum in the downtown, the anticipated implementation of energy efficiency improvements in City facilities beginning this summer, and the continuing development of a new form based code which seeks to encourage development which will fit with the aesthetic and other characteristics of an area.

[Slide – north end fire station]

After nearly 3 decades of study and planning, the City's new north-end liberty fire station was opened and become operational last November. The station, built on land donated by liberty mutual houses the administrative offices for the Fire department and also the recently consolidated building inspections services function. A new fire pumper has been placed in service and grant funding along with a reorganization of department personnel has offset the cost for the 4 additional firefighters needed to fully staff the station. Response times for fire and medical emergencies in the north end of the City have improved significantly and, with three stations fully staffed, provides improved emergency response capabilities throughout the city. With the new station on-line, the fire department is now awaiting the arrival of a recently purchased demonstration tower truck that had been found for a significant savings to replace the City's 20 year old tower truck.

[Slide – public schools]

A major renovation of Woodman Park School has been completed which included a major addition to the building and the installation of fire and life safety measures such as sprinklers and upgraded alarm systems. Funding is now in place for renovations to begin next at the Horne Street elementary school with oversight of the design work by a Joint Building Committee of school and city council representatives expected to begin in the next few weeks.

[Slide – parking]

In following upon an ad-hoc parking committee's recommendations completed last fall, which just so happened to be chaired by Kirt Schuman, the City Council has established a Parking Commission to provide ongoing review and recommendations for the implementation of a comprehensive parking system in the downtown. The commission, to consist of 6 members, is currently in need of interested residents and business owners who will begin by advising throughout the phased implementation of a pay and display system. The commission will also be working throughout the remainder of this year with a soon to be designated parking administrator in reviewing all existing parking regulations including fees for permits and enforcement fines. Ultimately, the expectation is to improve the downtown parking system so that it provides for sufficient parking during peak periods while also creating a dedicated revenue stream that will support future downtown parking improvements.

[Slide –waterfront]

The waterfront project continues to proceed with a number of activities occurring simultaneously. The Dover Housing Authority's Cocheco Waterfront Development Advisory Committee completed development of design

guidelines last fall and is now in the process of negotiating the final Land Disposition Agreement. The original deadline of 12/31/2007 for development of the LDA had been extended to allow CWDAC and the Dickinson Development group sufficient time to finalize the guidelines. A fully executed Land Disposition Agreement is expected to be completed by later this spring at which time, the developer will be obligated to proceed with the development project, occurring in phases over a number of years. In the meantime, construction activity that will aid the development of the waterfront parcel is underway. The Washington Street vehicular bridge is currently under construction with an expected completion date in 2010. The overhaul of the River Street Wastewater pumping station has been designed and specifications are going out to bid for contractors to begin work later this spring. The pumping station overhaul includes complete upgrades to the various systems in the building that will make the operation of the facility more cost efficient while also addressing worker safety issues.

[Slide –Public Transit]

Having secured federal grant funding for a three year period, the City has contracted with COAST to operate an in town bus loop known as FasTrans. The FasTrans service currently consists of 2 routes that extend outward from the downtown Dover Transportation Center. One route travels through the downtown and along Sixth Street to the County complex on weekdays making both scheduled and unscheduled stops on demand for riders. A second route travels through the downtown and along Portland Avenue to the Arena Park and ride on weekdays also making scheduled and unscheduled stops. The FasTrans service connects riders to other transit services including intercity COAST service, UNH Wildcat buses, C&J Trailways and the downeaster train. This new service is providing a convenient means

for employees to reach employers and for residents to travel to and from the county complex, locals businesses and outlying parking areas.

In wrapping up this morning, I would like to encourage those of you who have yet to consider volunteering to serve on a public board or committee, to do so. Your input is important and truly is needed to help continue to shape our community going forward. If you don't think you can make a difference, consider these points...

[Slide –Quote - Mosquito]

"If you think you're too small to have an impact, try going to sleep with a mosquito."

And

"The world is run by those who show up."

Thank you.

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