

BUDGET Revealed

YOUR GUIDE TO THE BUDGET PROCESS AND COMMUNITY FINANCES

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No. 5 | Thursday, April 2, 2015

Budget session looks at education, departmental proposals

The City Council held a budget workshop session on Wednesday, April 1, 2015, at 7 p.m., in Council Chambers at City Hall.

During this workshop, the City Council reviewed the proposed budgets for the Executive Department, School Department, Planning and Community Development, the Finance Department, and DoverNet.

The workshop can be viewed by clicking on the image below:



City of Dover
New Hampshire

Proposed Budget
Fiscal Year 2016

As submitted to the City Council
By City Manager J. Michael Joyal, Jr.

**UPCOMING
BUDGET**



MEETINGS:

**Wednesday, April 8
7 p.m.**

City Council Meeting
School budget
public hearing

**Wednesday, April 15
7 p.m.**

City Council Workshop
Budget review

**Wednesday, April 22
7 p.m.**

City Council Meeting
City budget public hearing

**Wednesday, April 29
7 p.m.**

City Council Workshop
Budget review

**Wednesday, May 6
7 p.m.**

City Council Workshop
Budget review
and
Special Meeting
Budget adoption

**Wednesday, May 13
7 p.m.**

City Council Meeting
Budget adoption, if not
adopted on May 6

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INFORMATION:

Budget Revealed

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The slideshow presentations, along with other related budget materials, can be viewed at the Budget Revealed [online resource](#) for the [fiscal year 2016 proposed budget](#).

A summary of the budget details presented to the City Council during the April 1 workshop follows:

Education

The Education component of the proposed budget totals \$52,496,341, an increase of \$4,367,237, or 9.1 percent. The Education budget represents several divisions, including student support services, instructional programs, administrative services, facilities and operations and transportation. Another category, "Other," includes support services not directly related to previous accounts, such as the costs of unemployment compensation, general liability coverage, workers' compensation, severance pay, physical exams, immunizations, criminal records checks, and technology. It also includes the first year of debt service for the Dover High School and Career Technical Center renovation project. The amount of proposed debt service is \$2,086,500. With debt service included in the proposed budget, the Education component of the budget is over the tax cap, which requires a two-thirds majority vote of the City Council to adopt.

The Education budget can be [viewed here](#).

Executive

The Executive Department proposed budget totals \$849,566, an increase of \$39,461, or 4.9 percent. The Executive Department budget includes the following divisions: the City Manager's office, General Legal Counsel and Economic Development.

The Executive Department budget can be [viewed here](#).

Finance

The Finance Department proposed budget totals \$1,741,824, an increase of \$109,111, or 6.7 percent. The Finance Department budget includes the following divisions: Finance and Accounting, Tax Assessment, City Clerk and Tax Collection Office and the Election Division.

This Finance Department budget proposes funding to restore hours of operation at City Hall to five days a week, while retaining extended hours Monday through Thursday.

The Finance Department budget can be [viewed here](#).

Planning and Community Development

The Planning and Community Development proposed budget totals \$635,173, an increase of \$122,839, or 24

percent. The Planning and Community Development budget includes the following divisions: Planning and the Community Development Fund.

The Planning and Community Development budget proposes funding to begin site improvements for the adopted Waterfront Tax Increment Financing Plan and additional planning staff hours to facilitate a revised development plan.

The Planning and Community Development budget can be [viewed here](#).

DoverNet

The DoverNet portion of the proposed budget totals \$795,211, an increase of \$150,809, or 23 percent. DoverNet addresses the improved use of information technology in the delivery of municipal services, which promote greater efficiency, effectiveness and accessibility of community information and services. The proposed budget includes funding for additional staff hours within Information Technology to address the growing demand and significance of these services.

DoverNet is included in the "Other Charges" category. This category also includes funds such as Miscellaneous General Government, which manages funds not directly attributable to a department, including the budget for unforeseen emergencies, severance pay for employees and changes to tax assessments resulting from the abatement process. The proposed Miscellaneous General Government Budget is \$985,720, a decrease of \$199,242, or reduction of 16.8 percent.

The budget for "Other Charges," including DoverNet, can be [viewed here](#).

BY THE NUMBERS

Appropriations	FY15	FY16	Change	% Chng
Personal Services	20,718,402	22,059,466	1,341,064	6.5%
Other Operation Costs	9,547,387	10,046,188	498,801	5.2%
Total Dept Operations	30,265,789	32,105,654	1,839,865	6.1%
Capital Outlay & Reserve	2,239,826	2,533,349	293,523	13.1%
Debt Service	6,226,490	6,641,791	415,301	6.7%
Total	38,732,105	41,280,794	2,548,689	6.6%

City Appropriations Summary

The table above reflects the components of City appropriations. The largest component is the Personal

Services section of the budget. The total increase of the Personal Services section of the budget represents \$1,341,064 or 6.5 percent. Other operational costs make up an increase of \$498,801 or 5.2 percent. These two components make up departmental operations and maintenance with a net increase of \$1,839,865 or 6.1 percent. The next largest component is Debt Service at an increase of \$415,301 or 6.7 percent. Capital Outlay has an increase of \$293,523 or 13.1 percent. The components of the increase are discussed below.

How They Break Down

Salaries and wages

This portion of the budget represents an increase of \$865,102 or a 6.4 percent increase. There is an overall increase to staffing of 12.49 full-time equivalent positions in all budgeted funds. These position changes include the addition of a full-time Planner, a full-time Police Officer, four Firefighters, a full-time Building Inspector, a full-time Truck Driver, a full-time Maintenance Technician, and additional hours in the City Clerk/Tax Collection office. The DoverNet Fund budget reflects the addition of a full-time IT Administrator. The Recreation Programs Fund budget reflects the addition of a full-time Senior Center Program Supervisor.

Medical and dental insurance

This fiscal year Dental insurance is included at no increase in premium rates. Health insurance is budgeted at an increase of \$57,012 or 1.82 percent. The City has worked with employees and insurance providers to achieve new health plan offerings to reduce the overall cost for health insurance. Since FY96, employees have contributed toward the cost of health care. The table reflects the budgetary savings for active employees from FY10 through FY16 resulting from these initiatives. The \$13.8 million in savings to the City is the result of employee withholdings and the insurance buyout program.

Retirement

The City Retirement costs represent an increase of \$331,425 or 13.4 percent. The rates set by the New Hampshire Retirement System (NHRS) used to fund the NHRS are set every two years. NHRS increased rates effective July 1, 2015 for FY16 and FY17. The rates are applied against wages. In FY10 the State down-shifted a percentage of their contribution to the City, and an additional down-shift in cost from the State took place in FY11. The State down-shifting was scheduled to end in FY12 and return to the 35% State contribution towards Police and Fire (Group II) positions. However, the entire 35 percent State contribution towards Group II positions is a

cost that continues to be down-shifted to the City during FY16. A component of the contribution rate increase is to address the unfunded liability of the NHRS. A portion of the employer contribution rates is an attempt to decrease the NHRS unfunded liability by FY2039.

Worker's Compensation

The City has moved from fully self-insured for worker's compensation coverage to an insured plan. The City will remain self-funded for claims existing prior to July 1, 2014. The FY16 budget reflects a level-funding for annual premium allocations for the City General Fund departments, as well as all other departments. The actuarial report for 2014 projected a 44 percent decrease for claim costs for FY2016, this is based upon existing claims incurred for years 2014 and prior. For years 2015 and forward, the City is expecting to remain under an insured plan for worker's compensation. Purchased Services - This represents a net increase of \$356,874 or 10.8 percent. The largest increases represents \$154,120 for maintenance of buildings, vehicles, and equipment; and \$190,294 for technical services for the City's portion of the first full year of operational funding for the Tolend Superfund remediation systems.

Supplies

This represents an increase of \$136,443 or 5.5 percent. The largest increase consists of utility costs, which represent a cumulative increase of \$107,368 for Natural Gas, Electricity, Propane and Heating Oil. A portion of the utility costs increase is due to reflecting the full cost of the Public Work's Facility in the General Fund, with an offsetting amount of revenue of \$56,576 being reimbursed equitably by the Water Fund and Sewer Fund.

Capital Outlay

This represents a net increase of \$293,523 as compared to FY15. Although the increase is \$293,523, the direct impacts to project funding identified within the approved Capital Improvements Program for inclusion in the annual budget is substantial. The FY16 adopted CIP identified \$2,975,689 in Capital Outlay to be financed in the FY16 General Fund operating budget. The amount included in the General Fund budget for Capital Outlay, including the reserve transfer of \$575,000, is \$2,533,349 or 85.1 percent of the amount adopted in the CIP. The FY16 proposed General Fund budget for City departments reflects a 6.1 percent level for capital outlay, including the reserve transfer of \$575,000. Credit rating agencies believe that a minimum of 5 percent of the budget should be earmarked for capital outlay to avoid debt burden and to keep flexibility. The FY16 budget promotes the utilization of capital reserve funding to procure such capital equipment as police vehicles, public works heavy equipment, and fire/rescue

equipment.

Other Expenses

This represents a net decrease of \$194,346 or 18.2 percent. The major changes relate to decreases of \$261,987 in estimate for Abatements. This decrease is offset by an increase of \$34,430 in Grants/Subsidies and an increase of \$16,396 in Contingency to meet a target level of 0.40% of General Fund budget. The financial policy target was to increase Contingency from 0.38 percent (FY15 level) to 0.5 percent in FY2016.

Transfers

This represents a net increase of \$265,165 or 8.82 percent. A transfer in the amount of \$2,546,483 to the OPEB Liability Fund for the General Fund portion of retirees' insurance obligations represents an increase of \$115,165. There is a decrease of \$66,835 for grant funded Police Department positions due to the loss of federal grant funding received in prior years. In FY16 the Police Department has been successful in obtaining new grants to reduce the impact of declining federal funding. The \$575,000 proposed to be added to the General Fund Capital Reserve is an amount required to be contributed to the reserve account to adequately fund planned CIP approved expenditures for Police Vehicles, Fire/Rescue Equipment, and Public Works Heavy Equipment. The proposed transfer amount to the General Fund Capital Reserve is consistent with the FY16 financial policy target. In FY16 the amount of \$150,000 is budgeted for transfer to the Waterfront TIF Fund to cover Year 1 of anticipated debt service as presented in the TIF Plan.

Debt Service

The City Debt Service is a net increase of \$415,301 or 6.7 percent. A portion of the increase is attributable to the net impact for debt issued in the spring of 2014 for authorized projects such as Tolend Road Reconstruction and Silver Street Reconstruction.

(This information appears on Page 22 (12-3) of the fiscal year 2016 proposed budget. The proposed FY2016 budget can be [viewed here](#).)

EFFICIENCY AND COST- SAVINGS INITIATIVES

Each year, City staff implements and follows budget initiatives and best practices that help reduce costs and improve efficiency across all services and operations. The

cost-savings initiatives have saved the City millions of dollars over the last several years. Many of these efforts will or have the potential to reduce costs for years to come.

These savings are largely the result of the hard work and creativity of City staff and department heads, in concert with the funding decisions made by recent City Councils. Each edition of Budget Revealed will highlight some of these cost-savings initiatives.

Better use of community resources reduces the cost of social services

The City's Public Welfare Department, as always, helps residents in need with basic services such as food, housing, utilities and heat, as well as offering guidance on where to seek additional help. In the current fiscal year, through February, the Public Welfare Department has directly assisted 941 people, based on initial contact with the department by 3,143 people.

The Welfare Department works to utilize additional community resources to help shoulder or reduce the cost to the City of providing assistance.

For instance, in previous years the City spent several thousand dollars on food assistance. In Fiscal Year 2014, that figure dropped to near zero, thanks primarily to the Public Welfare Department's location at the McConnell Center, adjacent to other social service agencies. The Strafford County Community Action food pantry, for example, is one floor down and can now accommodate most requests for food.

Strafford County Community Action assists people with many other basic necessities, including security deposits, utilities, and food. As neighbors in the McConnell Center, it's much easier to share resources and assistance. This relationship has also helped the City reduce the cost of heating aid. People in need of heating aid are now directed to Community Action Partnership of Strafford County first. As a result, the City has cut the cost on heating assistance to \$2,471 so far this fiscal year, despite a colder than normal winter. Welfare also utilizes grant funding for the "Rapid Rehousing" of the homeless, or those about to become homeless in Dover and the county.

The Welfare Department also makes referrals to the SHARE Fund and Dover Women's Aid. This often prevents eviction or utilities from being shut off.

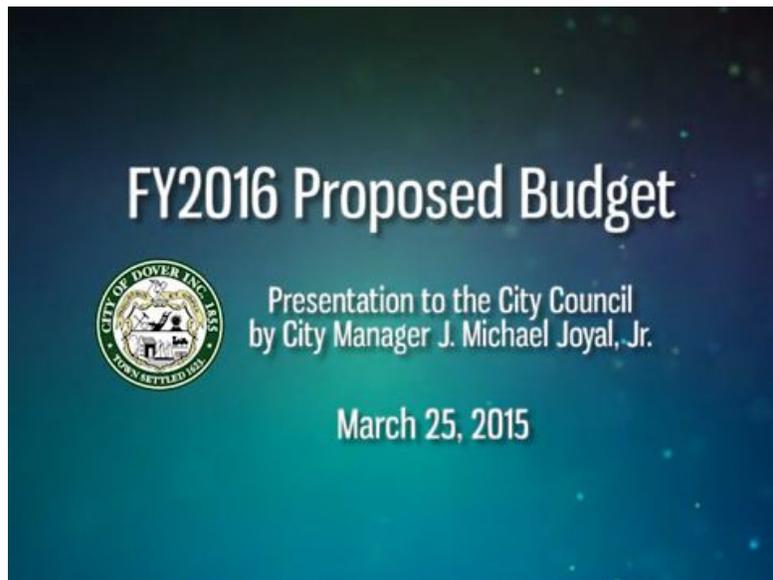
The City also saves thousands of dollars a year on assistance for the homeless. In the past, the City was required to rent motel rooms for all of the homeless population. Now, homeless individuals are directed to the area's Coordinated Access for a homeless shelter where

they can receive adequate shelter along with guidance and other assistance. Nonetheless, Welfare has seen an increase in the homeless population, and some homeless individuals had to be sheltered at a motel until shelter space is available. However, the length of time these individuals need to stay in area motels is down significantly.

All Welfare Department clients who need ongoing non-narcotic medicine can now apply for help through the Bridge Program. This program makes contact through local physicians to the pharmaceutical companies, which supply the medicine for free or at significantly reduced rates. Many can now apply for the expanded Medicaid Program (HIPPP) through the State. This program will cover most medical expenses (except dental) with a small co-pay.

BUDGET PRESENTATIONS

City Manager J. Michael Joyal, Jr. presented to the FY2016 proposed budget to the City Council on Wednesday, March 25, 2015. The presentation can be viewed by clicking on the image below.



For more information and multimedia resources related to the budget, visit [Budget Revealed here](#).

DID YOU KNOW?

The Role of the City's governing boards

The City Council, consisting of nine members, is the legislative body elected in non-partisan elections every two

years, with one representative from each of six wards, two elected at-large and a Mayor. The City Council is responsible, among other things, for passing ordinances, adopting the annual budget, adopting a six year capital improvements program, adopting bond authorizations, appointing committees and boards, and hiring of the City Manager.

The City of Dover is empowered by state statute to levy property taxes on real property located within its boundaries to fund operations.

The Dover School Department is a dependent school district. The City Council has bottom line appropriation authority for the School Department budget. The seven member Dover School Board is elected in non-partisan elections every two years and has authority to allocate and move appropriations within its budget.

The Role of the City's administration

Administrative functions are carried out by the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, compliance with State and Federal laws, for overseeing the day-to-day operations of the government, for appointing the heads of the various departments, for negotiating with the various bargaining units of the City and making recommendations to the City Council on various issues.

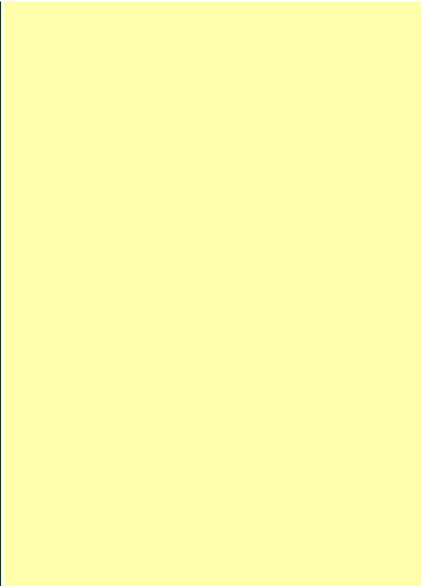
Administrative functions of the dependent School district are carried out by the School Board. The Board is responsible for carrying out policies and procedures, compliance with State and Federal laws, overseeing the day to day operations of the dependent School district, negotiating with the various bargaining units, making appointments of school personnel, establishing curriculum and addressing various issues.

BUDGET RESOURCES

Want to know more? Check out this Budget Revealed session, hosted by City Manager J. Michael Joyal, Jr. In this video, the city manager details the budget process.

This session can also be seen on Channel 22. For upcoming times, tune in to DNTV Channel 22.

Click on the image below to view:



BUDGET Revealed

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