

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING – PROPOSED CHARTER AMENDMENT)**

September 2, 2008

5:00 PM

Mayor Guinta called the meeting to order.

Mayor Guinta called for the Pledge of Allegiance, which was led by

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen M. Roy, Gatsas, J. Roy, Osborne, Pinard, O'Neil, Lopez,
Shea, DeVries, Smith, Ouellette.

Aldermen Sullivan, Garrity, Domaingue arrived late.

Mayor Guinta advises that the purpose of the public hearing is to hear those wishing to speak in favor of or opposition to the consideration of amendment to the Manchester City Charter inserting a Section 6.15 Limitation on Budget Increase. Anyone wishing to speak must first step to the nearest microphone when recognized, recite his/her name and address in a clear, loud voice for the record; that each person will be given only one opportunity to speak and any questions must be directed to the Chair. If the Clerk would present the proposed Charter amendment question.

Deputy City Clerk Normand asked Mayor would like to have the entire Charter Amendment read?

Mayor Guinta asked do we have copies of this for the public review.

Deputy City Clerk Normand replied we could certainly get copies.

Mayor Guinta stated we could get copies made and if anyone from the public would like to see it.... It actually is not too long. Let's read it into the record.

Deputy City Clerk stated:

6.15 Limitation on Budget Increase.

A. Limitation on budget increase.

Recognizing that final tax rates for the City of Manchester are set by the New Hampshire Department of Revenue Administration pursuant to RSA 21 J:35, I, the board of Mayor and Aldermen of the City of Manchester and the Manchester School District shall develop their annual budget proposals and shall act upon such proposals in accordance with the mandates of this section.

Override Provision. Budgetary restrictions described in any part of Section 6.15 may be overridden upon a vote of two-thirds (2/3) of all aldermen elected. Such override expires following adoption of the annual budget. Subsequent budgets are supplemental appropriations require additional two-thirds (2/3) override votes, or the limitations expressed in this section will apply.

1. In submitting their proposed budgets to the board of aldermen, the mayor and school district shall not propose total expenditures in an amount exceeding the budget established during the prior fiscal year increased by a factor equal to the change in the National Consumer Price Index-Urban as published by the United States Department of Labor for the calendar year immediately preceding the year of the budget adoption.
 2. In establishing a combined municipal budget, the board of mayor and aldermen shall be allowed to assume an estimated property tax rate only in an amount not to exceed the tax rate established during the prior fiscal year increased by a factor equal to the change in the National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding the year of the budget adoption.
- B. Exception to budget increase limitation. Capital expenditures, and the total or any part of the principal and interest payments of any municipal bond, whether established for school or municipal purposes, may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-third (2/3) vote of all the aldermen elected. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all the aldermen elected, vote to renew the exception for the next budget year.
- C. Budget limitation in revaluation year. When the board of mayor and aldermen accepts an increase in real estate values as the result of a city wide revaluation, the board of mayor and aldermen shall adhere to a maximum increase in real estate tax revenue as follows: The real estate taxes raised from prior budget year shall not be increased by a factor more than the change in National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year

- immediately preceding budget adoption, then this figure shall be used in establishing the new municipal budget.
- D. Budget limitation with annual changes in assessments. When annual changes in real estate values occur as a result of State of New Hampshire assessing requirements, the board of mayor and aldermen shall adhere to a maximum increase in real estate tax revenues as follows:
1. The real estate taxes raised from the prior year shall not be increased by a factor of more than the change in the National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding budget adoption, plus real estate taxes calculated by applying the prior year real estate tax rate to the net increase in new construction. “Net increase in new construction” is defined as the total dollar value of building permits less total dollar value of demolition permits issued for the period of April 1- March 31 preceding budget adoption.
- E. Total Expenditures. Total expenditures for any given budget year shall not exceed the amount of funds reasonably calculated to be derived by the tax rate established pursuant to Paragraph A.2. herein, increased by the other revenues generated by the City.

Mayor Guinta stated this amendment is an attempt to limit increases in the municipal budget to increases in the National Consumer Price Index-Urban as published by the United States Department of Labor. This amendment contains various exceptions to the limitation and ability to override such limitations. Furthermore this amendment contains provisions for annual changes in real estate assessments and changes in assessments during revaluation years. May I also note that this is a voter driven amendment requiring 3,874 signatures which is 20% of the register voters from the last election and the petitions submitted 4,036 ballot signatures, therefore requiring a public hearing in moving this to a ballot question this fall. I would ask now that anyone who first wishes to speak in favor, please come to the podium and when we are done with those wishing to speak in favor, I will ask anybody who wants to speak in opposition.

Deputy City Clerk Normand stated Your Honor, I have sign-ups here that are not identified on how they want to speak, so I can just call off

Mayor Guinta replied fair enough.

Win Hutchinson, 386 Orange Street, Manchester, NH, Ward 2 stated:

I am here to speak in favor of the petition going on the ballot. I have heard a lot of talk about how it destroys the flexibility of the City to raise money or to do the peoples' business but in reality you know that is not true because you still have the ability to override the max if it is deemed necessary by the Board of Mayor and Aldermen. I have also heard that the people do not understand what they are doing when they vote for this. Well, I have a message for people here. The voters of Manchester really do understand, and they ask the right questions. I personally went around for a few signatures, and the questions were pretty straight forward. Can the Alderman override it? Yes they can. Is it going to hurt the school system? No it doesn't. Is it going to mean that we are going to layoff City Employees? It does not mean that. So you know that the people really do understand, and they know what questions to ask, and they have earned the right to vote the proposal up or down. Every year we go through public hearings. Every year there is a big hassle as to what we are going to do with the City budget, and I think it is time that we have the people have input without any bias. They go into the voting booth and they vote, up or down. If they vote it down, obviously, they think the Aldermen are doing a great job and you will continue on your way. If they vote for it, you work with a new set of challenges. But it really does not change much, based on what happens next year. We saw the kind of cooperation between Aldermen that needs to take place if they are going to do the people's business. So I am in favor of the amendment going on the ballot and let the people decide what to do with it. Thank You.

Jonathan A. Melle, 30 Hanover St. Manchester NH, Ward 3 stated:

I have an article that I want to hand out and then I will speak about the tax cap. I made copies at my own expense. I am handing out a copy of "Three Reasons to Reject the Tax Cap: Drafters ignore the High Cost of Mandates". I hope you take

the time to review the article. This author, John Andrews for the Concord Monitor ,talks about different costs that the Cities of New Hampshire have to pay the County, for the school districts. Some key points are that you have to pay 80% of the taxes collected that go to the county and schools. For the county you are paying for nursing home care and jails and there has been laws passed that are going to push more of the cost onto the local tax payer. The cost for nursing homes with the aging population are projected to sky rocket very high within the next two decades. The jails are crowded in New Hampshire. Recidivism is at an all time high, and county taxpayers must also pay these growing cost. Where does the county get the money for running nursing homes and jails? They get it from local taxpayers. That is a portion of your budget. The tax cap makes no account for that and that means it is very flawed. School districts, as well, cost a lot of money. What is going to happen due to the tax cap? Traditional municipal services are going to be cut to pay for these service costs imposed by other units of government. Then there are mandatory costs in the retirement system law and that cost is going to increase and there have been laws passed to push that tax burden back on the local tax payer by the State. You have the cost of energy like gas and heating buildings that is increasing very high more than inflation or what the tax cap accounts for. You have employee benefits like health insurance as well as pensions that cost three times the rate of inflation. The tax cap does not account for that. So you have traditional municipal services that you are going to cut. So when you support this tax cap, you will be cutting your constituent local services so that the county gets its money, the school district gets its money, you are not going to have police on the street. You are going to have higher crime, snow is going to pile up, and your roads are going to get worst. You are making a trade off here, it is not a panacea. The last key point is that this is a democracy. You could take a few people on any City board and they could form a coalition, meaning a minority rule, to stop any override. The majority should rule and that is why the people elect you. Please look over that article. Also I want to talk about

Mayor Guinta's record this year. I spoke at the hearing at Memorial High School and I talked about how budgets work, that you have inflation averages about 5% a year, you want to stay within that and it compounds each year so that taxes usually rise unless you are Congress and George W. Bush and you print a lot of money. In the last 7½ years, one dollar is now worth 59 cents because of the cut taxes but they put in the money and borrowed the money. You cannot do that in the State, County, or local government. So you had a 3.7% budget, you had 7 million dollars taken out of the rainy day fund that may hurt our bond rating, you have large sums of money taken out of one-time accounts. You have considerable increases in many fees. So when you add it all together, you probably raise taxes 2-3 times the rate of inflation on the last budget. If you add all the sums of the fees, taxes are taking money out of the rainy day fund account. That does not meet the tax cap proposal and you should lead by example. Such as if you are in the Army and you are ranked, what like a captain or a major, what do you do? Do you lead from the front or do you send out your privates to stand on the front lines? If you are a true soldier you lead by example and you stand on the front line. You take the hill. You do not hide behind people of lower rank and you know that is what leadership is, you take the heat. You lead from the front, you take the hill, you fight the battles. That goes to my last point. There is a trade off here between our Mayor and his political ambitions. Mayor Guinta's record is that he forms PAC's to run for governor this year but then he dropped out of the race. Then, in the last couple of weeks, he endorsed a congressional candidate John Stevens for Congress, which is his choice, and around the city, Mayor Guinta is rumored to run for a higher office in 2010. If Carol Shea Porter wins against Stevens or Bradley, the Mayor will probably run for Congress or if Governor Lynch steps down he will run for governor. He will point to the tax cap as one of his accomplishments. I am here today. I am a disabled veteran. I do not have a job right now. I am facing a very unfair trial by a local cop who abused me; who illegally used force against me and the City could get sued from that. I do not

know if I have the heart to sue the City. I like government. I like the people. I served my country. The President honored me at a hearing one block from the White House in July 2004 for protecting innocent lives. I am here today because I care about Manchester and I care about my county and I just... You have to realize this should not be about people running for Governor, Congress, State Senate or higher office. This should be about the community and when you pass this tax cap, and I am not against it going on the ballot, I think that people have the right to vote. I am opposed to the tax cap but not opposed to the referendum and the right to vote. I am here today to say when you pass this cap, it is flawed because it does not structure in the cost of county and school and entitlement, retirements, healthcare energy and all variable costs. So you will be cutting what? You will be cutting your police force; you are going to have more crime. Hopefully you will cut the bad police officers and keep the good ones but that is a different issue. You are going to be having worse roads. You are going to be having diminished municipal services because you are going to have to pay these costs to your nursing homes, to your jails to your retirees, to your employees. So you are making a trade off here and I hope reality is looked at and not political ambitions. I spoke here because I care and I want to thank you time and I respect all of you here today. Thank you.

Mayor Ken Merrifield, 33 Country Walk Drive, Franklin, NH stated:

I just want to say from the onset that I am a former resident of Manchester and currently the Mayor of the City of Franklin, and I am very respectful of your rules of order and would ask if it is appropriate for me to address this.....

Mayor Guinta replied without objection we would be happy to have you here.

Mayor Merrifield stated thank you, Your Honor. As I mentioned I am currently the Mayor of the City of Franklin and I think I can share with you some insights coming from a City who has had a tax cap in place for nearly twenty years now. When I left the Manchester area and moved to the City of Franklin, we had the sixth highest equalized tax rate in the State of New Hampshire and the City was impoverished. High tax rates did not yield high revenue. When we adopted the tax cap in 1989, we began a trend downwards toward finally a state average in equalized tax rates. So today Franklin enjoys a tax rate that is near the state average. I think the tax cap opponents and proponents in Franklin would have to say that we are much healthier financially today than we were when the tax rate was enacted in 1989. The second point that I would like to raise is that over the history of the tax cap in Franklin as the people gained more experience with its impacts and with its effects, it became more popular. The Franklin tax cap has been on the ballot and is now sitting on the referendum on four occasions and each time the voters embraced it by a greater margin. By the time in 2002, 80% of the voters embraced the tax cap that you have before you. Its functional equivalent - 80% of the vote approved. Finally, for those who fear that the tax cap will tie your hands and make it impossible for you to improve your city, I would share. Now remember we are talking about a community that is the size of Wasilla, Alaska. Okay, so keep the relative scale in mind. But in the City of Franklin we have over the 20 -year history of our tax cap we have either renovated or built or paid the bonds for every school building in our school district. We have built a state of the art police station and courthouse. We have built bridges for routes 3 and 11 over the Pemigewasset River. We are constantly buying vehicles every year. We bought two fire trucks in the history of the tax cap, again a small community but 2 fire trucks, and we are buying one this year. I think it goes without saying from my prospective, that the tax cap has not hampered our ability to succeed, our ability to improve our community, and I would just offer if there were negative effects on the community that the people could not tolerate I doubt that we would

be enjoying 80% approval for the tax cap at the polls. So I have to run to Franklin and run my own City Council meeting tonight. I am going to take my leave of you but I want offer anyone in the City who is interested in hearing more about our experience, they are welcome to visit our website at www.FranklinNH.org and my personnel email address is on that website. Feel free to contact me. Finally, from the smallest City in the state to the largest, I want you to know regardless what the people of Manchester decide, we are very much hopeful for your continued economic success and the other successes that you seen in the City of Manchester. Thank you very much for your time.

Mayor Guinta replied thank you.

Alderman Lopez stated may I ask a question since the Mayor of Franklin is here and was a resident. On your website could you provide the necessary information: what is the population of your City; Size of your Fire department, Police department and Highway department and your total budget for the year.

Mayor Merrifield replied the total budget for the year is 25 million and I alert you to the fact that we are much smaller city than Manchester. I think you will find relative terms of scale; you will be able to raise an awful lot of more money than the City of Franklin. Our total evaluation for example is about 670 million in the City of Franklin. As to population, we are just under 9,000.

Alderman Lopez replied thank you.

Alderman DeVries stated thank you Mayor for joining us tonight, very insightful. You said that when you started, your tax cap was well above average or on the high end of property tax.

Mayor Merrifield replied sixth worst in the State.

Alderman DeVries stated I truly do not know where Manchester stands but I do not think we are anywhere near the top. I guess what I am trying to factor is during the course of the 20 years, did you find that you were bonding up to the tax cap frequently?

Mayor Merrifield replied I think with the exception of one year, one year, maybe two years in our history, we had used all of the money allowed under the cap. But what it has allowed us to do, I think, is to smooth the tax burden over the years. We can buy more capital this year and in another year as was mentioned here earlier, county costs were excessive in a given year. We are facing bond payments for a nursing home and a jail in Merrimack County right now and so this year's budget, for example, we were not able to spend a lot on capital because those costs had increased so much. It forces you to be inventive; to recognize that you have a arbitrary line that you cannot cross and it makes you be very inventive in any number of avenues in forming your City Budget.

Alderman DeVries asked what do you mean by inventive? Are you bonding more than you normally would?

Mayor Merrifield stated in some cases we would pursue greater grant funding from the State and it may mean that we have to use fund balance which, by the way, we have a very healthy fund balance. In order to get 50 cents for a quarter, we are willing to do that. We also have, I am not sure about Manchester's situation, but our situation but we have host agreements with the regional solid waste coop and we are aggressive negotiators for our host agreements because every dollar of revenue matters.

Alderman DeVries stated Your Honor I could have 50 more questions but I am mindful of that this is a public hearing and there are time constraints and there is a lot of people that want to speak. Hopefully we will have the opportunity as you suggested of continuing this. Thank You.

Mayor Merrifield stated, Your Honor, really anyone interested in learning more about our experience.

Alderman Osborne interjected that he had one question. What has been your population of growth within the last 10 years?

Mayor Merrifield replied modestly upward. Recently we have seen a larger influx of people. I had mentioned the renovation of our school buildings. This past year we had to expand the size of our K through 2 elementary school building, added six classes to that, under the tax cap, because of the growth in our school system.

Alderman Osborne asked what do you figure as a percentage?

Mayor Merrifield replied I could not give you exact figures. It is modestly upward; we have seen an uptick in recent years.

Alderman Osborne replied thank you.

Mayor Guinta stated thank you very much we appreciate you coming down to speak to us and good luck with your meeting.

Mayor Merrifield replied and good luck with Manchester in this question.

John Slattery, 139C Parker St, Manchester, NH Ward 10 stated:

I just wanted to speak briefly to you folks, on behalf of myself, who are young residents of the City and who went and carried these petitions. I tried to garnish support for them. Basically what I saw is people like myself, who are renters, who did not understand that the City property taxes affect them. At the end of the day, if property taxes go up, the landlord is not the person who is going to be paying it, it will be me. So I want to make sure this proposal is approved and I want the amendment on and I just want to speak in support of it.

Tammy Simmons, 142 Parker St. Manchester, NH Ward 10, stated:

I happen to be the Executive Director of the New Hampshire Advantage Coalition and I am also a homeowner and a taxpayer. I would like to thank all of those who spent so many hours collecting signatures to get us to this public hearing. As well as the six thousand people who actually signed the petition. While we may have only had 4,036 valid signatures, we had 6,000 people who for one reason or another, they may of moved or were not registered to vote and they did not know it. I just want to make note that the staff in our City Clerk's office should be proud of themselves for working diligently and efficiently verifying the signatures on our petitions while at the same time having to do the same with numerous other petitions of those wanting their names placed on the ballot in November as well. For them, I am very appreciative. Every day households throughout the City have to make decisions on how we spend our hard earned dollars. We decided which cell phone plan we choose; how often we will eat dinner out; whether to repair our existing vehicle or purchase a new one; and how much we will save if anything for emergencies. All too often these are not easy decisions as our household incomes are often growing far slower than the rate of inflation, if they are growing at all. I spent my entire summer talking to taxpayers. Thousands of them, literally thousands of them. I have really talked to more taxpayers than any candidate running for statewide office this year. After having endless conversations one

thing came very obvious, people want City government to make the same tough decision that their households have too. You and I could sit here for hours and discuss and discuss the pro and cons of the spending cap. Heck I spent my whole summer arguing the pros and cons of the spending cap. The reality is people in Manchester have sent a very clear message when they signed this petition - stop increasing spending! It really is as simple as that. In 2005 around 6,000 people signed a similar petition to put a spending cap on the ballot; they wanted City spending brought under control. Also in 2005 after the taxpayers endured a 18 ½% increase in spending under then Mayor Baines' helm, they again sent a very clear message when they elected our current Mayor to get spending and taxes under control. That year's tax increase hit everyone hard: the seniors on fixed incomes; the young family struggling to raise their kids and people like myself who work and live a modest life just trying to make ends meet month to month. Here we are three years later and while we have had far smaller spending increases under Mayor Guinta, we are still haunted each year because of that one huge increase of 18 ½% jump in 2005. The message from taxpayers has not changed. They expect the government to do exactly what they do each and every day. They expect the government to make the hard decisions that they have to make. Nobody says it will be easy but most believe it can be done. They have to because the people are just plain out of money. I thank you this evening for taking the time for hearing from both sides for such an important issue and I look forward in spending the next two months talking to yet another couple thousand people about the merits of the spending cap. Thank you

Alderman Sullivan stated Your Honor just a very quick question. Tammy, what other municipalities have enacted this sort of.....

Tammy Simmons asked enacted or have it on the ballot for this fall?

Alderman Sullivan stated have passed it and are currently operating under.....

Tammy Simmons replied I believe Nashua has one, Laconia has one, Franklin has one, Dover has one, Derry has one on part of there budget, Keene has something, I am not exactly sure I do not have everyone's chart memorized and then we have four cities this fall like ourselves: Concord, Rochester and Somersworth that will be voting on it.

Alderman Sullivan questioned so Nashua, Laconia, Franklin, they are the ones that actually have this up and running?

Tammy Simmons replied yes.

Norma Champagne, 233 Tarrytown Road, Manchester, NH stated:

Good evening, I worked on this petition very hard along with the other folks that have already spoken and I feel that the people of Manchester are telling you something that they want you to hear. We need to pass this now; it will be on the ballot hopefully, we need to stop spending. I am a senior and I am on a fixed income. I do a lot of volunteer work that I do not get paid for but I do not mind doing it. You probably see me at City Hall. I feel that you need to pass this immediately. I am glad to listen to the Mayor from Franklin. He was very interesting, but I think the people are speaking and I think you better open your ears and do what they want. Thank you.

Josette White, 508 S. Main, Manchester, NH stated:

I am here today to speak against the tax caps. I have a couple of points to make and forgive me if I am not very well spoken on this but I think from the very beginning of this conversation, it has been unclear what the impact on our community will be. At no point has anybody even able to tell us what this means

from dollars in the pocket of residences and services that we have to make choices between. We heard from our friend and Mayor from Franklin who they were able to purchase some fire trucks but they had to have some conversations this year about turning off stoplights in their town and I do not think that is a conversation that makes sense for Manchester. I think that we are very different in size and in population and the reality that we are facing is that the one size fits all plan does not make sense. I think that this tax cap will hinder the ability of you all to have every tool you need to make the important decisions that we face has a community. It is very different then a household budget, where lucky households get to decide between a dinner out in Manchester. It's deciding between public services, between taking a fire truck off at night like Concord had to do and turning off stoplights, removing snow or going to four- day work weeks. I feel very strongly that you have every tool that you need to make the important decisions for our community. I feel that this conversation has been rushed; I think it is important to come before the voters. But placing it on our ballot in November - it is a very big ballot there are a lot of decisions to make. We have not had the time to have the conversations that we need to have about what this means to our town. So I think that the tax cap is not the right decision for Manchester and I think we need to have a real conversation and the tax cap limits the dialog and limits our options and opportunities to make the decisions that are right for our City. I want to thank you all for being very inventive. You face tough decisions in your jobs every day and I want to make sure you have every tool that you need before you so I can continue to be proud of Manchester so I can continue to tell people that it is a great place to live and encourage more folks to move here. If we do not have the options to have a conversation that we need to have, that will no longer be the reality that we have here in Manchester. Thank You

Norman Morais, South River Front St. Apt. #10, Manchester, NH stated:

I would like to relate my own personnel experience which I think relates to running the city. I was a director for my entire career. I had 11 managers responsible for various departments. Management every year for the last 8 years of my career mandated reductions in work force. I gathered my 11 managers in a meeting and I would declare that to them and I heard all kinds of uproar very much like you folks have been hearing when you debate with your own various department managers. I found that after reducing work forces that approached 15 sometimes 20% per year with the level amount of work, I found that ingenuity would set in. People would rally on around how to figure out how to do the job. I found that as we developed efficiencies, we eliminated meaningless work tasks. Very shortly after the reductions, there were happy people. They rallied together worked together to achieve better results. I think that the same thing could happen. You have various departments that say they can not do the work. I heard every possible reason why they should not reduce but they did and we were able to be a much better company for it. Thank You.

Jean Esslenger, 76 Goodwin Street, Manchester, NH stated:

Good afternoon this is my first time ever addressing the board. I just want to say that I support the tax spending initiative. In walking through my neighborhood in Ward 1, going door to door, talking person to person, people were thrilled to have the opportunity to sign that initiative. They are all looking to reign in City spending, knowing that the spending cap also allows the 2/3 votes for the Aldermen to go beyond that in case of an emergency if necessary. I just want to encourage everybody to continue to support that and to let you know that in my neighborhood, people are really thrilled for this opportunity.

Deputy City Clerk Normand stated that is all we have Your Honor.

Mayor Guinta asked is there anyone from the public that wishes to speak in favor or in opposition, please come forward.

Larry Gagne, 126 Lake Side Drive, Manchester, NH, stated:

This is my first time doing this, I am a plain speaker I am not very articulate or eloquent. I signed the petition for the cap with those safeguards with a 2/3 majority of you all overriding it in case of an emergency. You know I have lived in Ward 6 about 40 years and I have a little 5 room ranch and put 2 kids through school and I am retired now and many times I looked at my yard on how I can improve my residence. I would have loved to have a garage so that I would not have to scrape the cars before going to work at 6 a.m. to the post office, but I could not afford it, so I did not do it. I would loved to put a deck in the back of yard so I could enjoy barbecues in the summertime but I could not afford it so I did not do it. I made the hard choices to live and pay my taxes and take care of the property the best I could and work and you know what I am still here and I am 64 years old. I am still here. I still do not have a garage and I still do not have a deck. It does not matter. So please allow this to go for the November referendum and let the people decide. Let's live within our means. Thank You.

Tom Naples, 824 So. Mammoth St. Manchester, NH Ward 8, stated:

I would urge you to let the citizens of Manchester to have the opportunity to vote up or down this November. I am in support of it and I am here tonight to ask you to approve it.

Mayor Guinta asked if there is any one else from the public that wishes to speak in favor or opposition?

Dan Garrity, Ward 1 stated

Just a couple of things I would like to say I am against the cap for the reasons you know. Let me start from the beginning. I have been a resident of Manchester for over 51 ½ years. I paid taxes here for over 27 years, property taxes and rent before that and what have you. Manchester is my home. I see Manchester as a growing community a lot different from Franklin. Franklin has 3 fire trucks and I think we have one fire station with more trucks in it. We have more streets in Ward 1 than Franklin has in it's town. I cannot see you comparing us to something of that nature. The other thing that concerns me is that; can you put a cap on violence; can you cap the crime fighters? I happened to work with a gentleman that had his skull fractured with a pipe in the inner city downtown. What scares me is that it was within an hour after sunset. It was not at 12 or 1 or 2 o'clock in the morning. It was before 9 p.m. Two gentlemen stepped out of the car and attacked him and his companion and he is now in Mass General with swelling of the brain. These are things that concern me. I feel that we need to address. I feel that we have an excellent police chief who is doing a fabulous job but you are going to be tying his hand with 2 ½ percent. We have incoming students. Can we cap that? Are we only allowed to have so many students in the City? We have many. You know we are in the 21 century. We should be teaching our teachers this new technology to teach our students. The snow plowing. The forecast is for more snow that we had last year. In my opinion ,I spoke to the people who signed the petition and I only spoke to a couple of them. One said it sounded like a good idea and the other said he signed it because the teachers did not get pink slips. In my opinion, the primary reason why the people signed this petition is to keep as much money in their pockets as possible. I spoke with professionals in the real estate market. It is the consensus that the value of homes will dive drastically with a tax cap. A 2 1/2 cap will be catastrophic for the effects of the city. This would be the nudge to get the good citizens of the city to move out of town. They are going to go elsewhere. In my opinion that is all

that it is. You know I put my full trust and confidence in the Board of Mayor and Aldermen to do the right thing. Thank You.

Mayor Guinta stated is there any one else that would like to speak in favor or in opposition to?

Ryan Marvin, 139 Parker Street, Manchester NH Ward 10 Stated

My understanding that there is no city or town in the state where this has been on the ballot that it has ever been rejected including in places where it's almost perennially on the ballot, primarily trying to remove it in places where it is instituted. If it was that detrimental it would have been voted down somewhere. Now what has not been pointed out is that, we are calling it a spending cap. It is not even necessarily a cap on spending in general. It is just a guideline. There is no situation where your hands will ever be tied. The only thing that this is instituting is the accountability. If you are going to increase the budget over a certain reasonable line, then we want you to be accountable for it. We want you to vote up or down whether you want to increase it. I do not see any problem with asking you to do this. I think that you should be on record every time that there is going to be 18% tax increase. I want to know who exactly voted for it. That is all I have to say. I do not want to pay more and get less.

Mayor Guinta asked is there anyone else who wishes to speak.

Alderman Lopez stated Your Honor. We received a document from the Finance Officer. Is it appropriate at this time, in a public meeting, for him to comment on it or do you want to wait for the full board?

Mayor Guinta stated that we could have that has part of the record of the public hearing without objections with the member of the board. Do you want to give a brief overview on the document that you passed out at the request of the Board?

Alderman Lopez stated that the Board requested information from the Finance Officer.

William Sanders, Finance Officer, stated the handout that we prepared I worked in collaboration with the City Solicitor. The first page of the handout is just our understanding based on our reading on how the cap will work. I very quickly will just touch on a couple of points. It would apply to all city departments including the Enterprise Fund; including the airport, environmental protection division. The possible exception would be the water works and it would also apply to the school district. It would apply to all expenditures including the CIP program. and the annual debt service. Limitations could be overridden by a two-thirds vote of the Alderman elected which has been mentioned and we believe in our reading that two-thirds of the Alderman could also vote each year just to completely set aside Section 615 if they so desire in any budget. That is also permitted. There are three basic limitations on the budget process. One relates solely on the Mayor's proposed expenditure budget. The second relates to the tax rate that the Board of Mayor and Aldermen can assume in any year when they are preparing the budget and that is related to the National Consumer Price Index- Urban. And finally we believe it is an all encompassing limitation at the bottom, Section E, which applies to total expenditures. You could not exceed the amount of funds to be derived under section A2 which goes through how the tax rate is calculated increased by other revenues generated by the City. And there are some special rules related to revaluations. Briefly the second page touches on some observations that the City Solicitor's office and myself have taken. They are not firm decisions but they need more investigation and more conversation with our

bond council, financial advisor and probably DRA. The first would very briefly be that the finally tax rate for the City of Manchester, as it is true for every community in New Hampshire, is set by the Department of Revenue Administration and they are not bound by any tax cap charter, and they will set the tax rate that they believe needs to be established to meet the expenses of the City in coordination with the Finance Officer and the Tax Assessor but they do have the final decision for every City in the State of New Hampshire and they are not bound by this. Their final decision is in November of each year. For example we would be going up to Concord in November of 2008 to set the tax rate for the budget that the Alderman have established last May. If the tax cap was in effect and we came back with a different tax rate, there would be some issue on how some of the Aldermen would deal with that situation. I have also included a comparison of the historical CPI-Urban with Manchester's tax rates; this amendment would also preclude a biennium budget process because the second year of the biennium obviously the CPI information would not yet be known. If the amendment is passed in November 2008 it would be effective on July 1, 2009, making it operable for the Fiscal 2011 budget. The amendment does not specify how a reduction in the City's total assessed value would affect the cap. It talks about increase in the assessed values but does not deal with the situation or at least we could not discern with a situation with a reduction in an assessed value which in the current marketplace is not an unreasonable possibility. Just as a point of reference a 10% reduction in the City's current assessed value would increase the tax rate by 9.6%. So all things being equal, if that unfortunate situation occurred, we would be outside the bound of the cap without doing anything. It also does not cover statewide property tax rates and the county taxes which are included in the cap and included in the budget of the Alderman and the revenue estimates. We have no control over those items. Finally we discussed the amendments with bond council and our independent advisor, Public Financial Management. We have asked them to provide us with communications on the matter as it would affect our

bond rating and any other fiscal issues that we have not identified based on our current study. I would hope to have those letters by the end of by the middle or end of this week and will provide them to the Aldermen as soon as they are in our possession. The final page of the handout was based on the US Department of Labor, what the Bureau of Labor Statistics CPI would have been. Just as a point of reference, on page 3 of 4, I looked at the past nine years 2001-2009. We are actually in Fiscal Year 2009 today. Just comparing the CPI urban rate increase with what our final tax rate increase was and what the Aldermen's estimated tax increase was in each of those nine years. In five of the years, the tax rate that was established by the BMA and the DRA would have been in excess of the CPI-Urban rate. So in five of the nine years we would have to come back and cut spending in some way. Two of the years were revaluation years so the assessed values went up and the tax rate came down. That is in two of the other four years. And in two of the years, we were below the CPI just through the budget setting process. That was the material that we prepared.

Mayor Guinta asked is there any questions or comments from members of the Board?

Alderman M. Roy stated for the Finance Office, I appreciate the yearly breakdown. I guess you have nine fiscal years here. What would the differences be between the CPI Urban increase, the estimate tax increase and the final tax increase?

William Sanders, Finance Officer asked do you mean the difference in dollars?

Alderman M. Roy replied: Or the difference in percentages

William Sanders, Finance Officer stated in those five years, for example, in 2003 the CPI/Urban increased by 2.8%, and the final tax increase was 7.81% .

Alderman M. Roy stated right I can do it on a yearly bases but if you had to do a summary of the nine years. If this was in enacted in 2001, where would we be today and if this was enacted in today ... it is great to look at our history and see if this was effective or not or what it would have done for city government.

William Sanders, Finance Officer stated it would be difficult for me to assume what the Alderman would have done and how city government or city spending would have changed in 2003, for example. I thought about trying to do that but I do not know what the City would have done in 2003 to reduce spending but that would have probably been about 5 million dollars.

Alderman M. Roy stated in 2003 just so I can look at that number with some knowledge... Actually let me ask you this question, a number of speakers referenced an 18% tax increase. Do we have history of that over the last nine years.

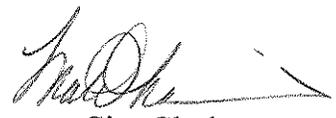
William Sanders, Finance Officer stated no with all respect to the speakers, I believe it is possible that we had a expenditure increase of 18% in 2003 when the school district started the design build project and had incremental debt service but the substantial portion of that 18% increase was offset on the revenue side by the tuition income from Hooksett, Candia, Auburn and Bedford. I can't reconcile to an 18% tax increase. I can't see an 8% tax increase that I have shown here but it would have been revenue outside the taxes that would have paid for a portion of that expenditure increase.

Alderman M. Roy stated okay, thank you. Thank you Your Honor.

Mayor Guinta stated since all speakers have had an opportunity to be heard those wishing to speak having been heard, the testimony presented will be taken under advisement and considered by the Board of Mayor and Aldermen later this evening September 2, 2008 at our full Board. This being a special meeting of the Board, no further business can be presented and a motion to adjourn would be in order.

*There being no further business, on motion of **Alderman Pinard**, duly seconded by **Alderman Ouellette**, it was voted to adjourn*

A True Record. Attest.


City Clerk