

The Claremont City Council held a meeting on Wednesday, December 10, 2008, in the Council Chambers of City Hall.

The meeting was called to order by Mayor Cutts at 6:30 p.m.

Members of the Council present were:

At-Large Councilor Thomas (Toby) Batchelder, III  
At-Large Councilor Robert Picard  
At-Large Councilor Keith Raymond  
Assistant Mayor Andrew Austin  
Mayor Deborah Cutts  
Ward II Councilor Paul LaCasse  
Ward I Councilor Christopher Lewis

Members absent:

At-Large Councilor Kyle Messier  
Ward III Councilor Jeffrey Goff

Also present were:

Guy Santagate, City Manager  
Jane Taylor, City Solicitor

### **MAYOR'S NOTES**

Mayor Cutts thanked Anne Cleveland for her letter of thanks in the *Eagle Times* editorial. She thanked Cynthia Silva and the people who helped her with the lighting of Broad Street Park. She noted there was an article in the December 1 issue of the *Union Leader* about North Country Smokehouse. Claremont is doing great things. There was a second article in the *Union Leader*, "Breathing New Life Into Claremont Mills."

Mr. Raymond said vendors from around the state have read those articles. It's nice for Claremont.

Mr. Austin said in his newspaper column, Senator Odell talked about Mike Satzow, North Country Smokehouse, winning the 2009 Richard L. Knowlton Innovation Award.

### **REPORT OF THE SECRETARY**

**A motion was made by Mr. Raymond and seconded by Mr. Picard to accept the minutes of the November 5, 12, 19 and 25, 2008, City Council meetings.**

**Roll Call Vote: Motion carried 7-0.**

## **APPOINTMENT TO BOARDS AND COMMITTEES**

### Claremont Development Authority

**Nomination was made by Mr. Raymond to appoint Kevin A. McCaffery to seat # 3 of the Claremont Development Authority. Seconded by Mr. Batchelder.**

**Roll Call Vote: Carried 7-0.**

### Conservation Commission

**Nomination was made by Mr. Batchelder to appoint Stephen Powers to the seat with greatest length of time left on the Conservation Commission. Seconded by Mr. Lewis. [Per Michelle Aiken, Boards and Commissions Coordinator, vacant seat 6A will expire in 2010 and 7A in 2011, so he will serve in seat 7A]**

**Roll Call Vote: Carried 7-0.**

## **OLD BUSINESS**

### Ordinance 503 Winter Parking – Second Reading – Public Hearing

Police Chief Alex Scott said this ordinance would allow overnight parking in two limited areas: the “Bullpen” in Opera House Square and a small section of the Franklin Street.

There was discussion about snow removal for the lots. Bruce Temple, Public Works Director, said those lots would be plowed when there is an opportunity. They will do the best they can. No cars will be buried. The level of service in those areas will be diminished.

Mr. Picard asked if it might be that the lots would never clear out. Mr. Temple said no, that the two lots would simply have a lower priority.

Ms. Taylor reminded everyone this ordinance would have a two-winter limitation. The ordinance does not change the existing length of permitted length of time during the day. The Bullpen has two-hour parking.

Mayor Cutts opened the public hearing.

Larry Converse, Ward 2, asked about liability if snow gets built up and someone gets hurt. Ms. Taylor said if we are using our best efforts, it would fall under Act of God category.

Mayor Cutts closed the public hearing.

**A motion was made by Mr. Batchelder and seconded by Mr. Raymond to adopt Ordinance 503 Winter Parking.**

Mr. Batchelder read the explanation of proposed action into the record.

**Roll Call Vote: Motion carried 6-1 with Mr. LaCasse voting no because this will become a quagmire for the City.**

Back Taxes Delinquent Data Request – Councilor Picard

Mr. Picard said he had requested the information because over \$500,000 is owed to the City in back taxes. Constituents had asked if that would be on their tax rate. He said Mary Walter, Finance Director, said Tax Anticipation Notes cover it. Ms. Walter said there is minimal tax impact on citizens.

Mr. Santagate said these are quality accounts receivable because they are attached to the property. Most people end up paying their taxes, but in the mean time, the City receives 12% or 18% interest. The property cannot be transferred without the taxes being paid. History shows we are consistent in our collection effort and the amount owed to the City. This may change if the recession turns into a depression.

Mary Walter, Finance Director, showed a PowerPoint presentation about Tax Collection History (see attached).

Mayor Cutts asked the City Manager if having a Fund Balance actually saves the taxpayers money. Mr. Santagate said the ratings organizations look at if a municipality increases its savings, pays down debt, invests in infrastructure and has a good cash flow. Fund Balance is our savings.

Mr. Picard asked if there are currently any properties we could take for taxes. Ms. Walter said there are not.

**CITIZEN'S FORUM**

Ray Gentle, Ward 3, said Comcast is in violation of its contract with the City. The areas involved are Winter Street north of Thrasher Road, Hanover Street north of the River Valley Community College, Kingsbury Street, Hogsback Road, Hanover Street and Red Water Brook Road. Some of the affected neighbors were in the audience and he had names and e-mails from those who wanted cable services. On March 7<sup>th</sup>, several of them made a plea to Comcast for service. He believes they meet the density requirements for service. On May 10, 2007, a Comcast representative confirmed they met the requirements. He was told they would have services in the spring of 2008. They still do not have cable and have no completion date. There was one new service put in on Winter Street at the Thrasher Road end. He said the City is losing revenue (City gets 5% of the gross). Young professionals moving to the City will want access to

cable and high speed internet. He asked for the Council's and City's help. Comcast contract expires in 2009, and he urged the Council to support a completely wired community.

Richard Dietz, Ward 3, said to research properties on the City's website, you need high speed internet. Three to four years ago Adelphia told him it would cost \$35,000 to hook him up. So, he chose a dish for broadband for \$55 a month and a dish for cable for \$55 a month. He said high speed cable increases home values. He said there are no pages on the City's website about expanding internet service in the City. He urged the Council and City Manager to focus on it.

Vin Hawkins, Ward 3, said dial-up is frustrating. He is an educational consultant. He hopes the Council addresses the issue as soon as possible.

Mayor Cutts asked to place this on the January agenda in order to get information about how this can be fixed.

## **NEW BUSINESS**

### Resolution 2008-24 Approval of Encumbrance Budget – Public Hearing

Ms. Walter said some projects didn't get completed during the year. She asked to change the 411 account from \$5,000 to \$1,000 (expenses came in and a reduction is needed) for a total of \$140,400. Planning did not spend all of the money for the Master Plan; they are still working on it and want to encumber it. The Exterior Public Message Board is for outside the Visitors Center. Park Patrol has been a successful project. Consulting – Data Records is for the cemeteries and having summer interns do the work. Community Agencies – Arrowhead and Track Lighting we are waiting to receive the bills.

Mr. Picard asked if the \$41,000 for the Transfer Station includes a scale. Mr. Temple said not in the near future. Mr. LaCasse asked what it does cover. Mr. Temple said the maintenance building, balers 3-phase power and purchase of the "hut." They charge \$3 per bag. The Transfer Station usually runs \$100,000 in the hole, but this year the gap is closed. Cornish and Newport residents no longer use the Transfer Station.

Mayor Cutts encouraged the Council to review the minutes and solid waste reports. She reminded everyone that recycling is not about making money and there is great activity in the community surrounding this issue.

Mr. Picard is adamant that we need to look at a scale in the future. Ms. Walter said if we do not look at the whole picture, Public Works will have to pick up trash on the sides of the roads. Mayor Cutts said before she puts this on an agenda, she would need assurances the Council would review the documents.

**A motion was made by Mr. Lewis and seconded by Mr. Raymond to adopt Resolution 2008-24 Approval of Encumbrance Budget with the modification that the amount for 411 be \$1,000 for a total of \$140,400.**

Mayor Cutts opened the public hearing. No one spoke. She closed it.

**Roll Call Vote: Motion carried 7-0.**

Resolution 2008-25 Overspend Welfare Budget – Public Hearing

Mary Walter, Finance Director, said by state law we are required to overspend the Welfare budget, if needed. She complimented Welfare Director Suzanne Carr for controlling expenses.

Mayor Cutts opened the public hearing. No one spoke. She closed it.

**A motion was made by Mr. Raymond and seconded by Mr. Picard to adopt Resolution 2008-25 Overspend Welfare Budget by up to \$40,000.**

**Roll Call Vote: Motion carried 7-0.**

Acceptance of \$972 for the Mini Cardinal Football Program from Fundraisers

Scott Hausler, Parks and Recreation Director, said the money came from: bake sale \$122; raffle of Patriots tickets donated by Patty Marro \$350; Embroidery Creations donated \$500. The money is to be used for replacement equipment for Mini Cardinal Football.

**A motion was made by Mr. Batchelder and seconded by Mr. LaCasse to accept \$972 for the Mini Cardinal Football Program from fundraisers with great thanks.**

**Roll Call Vote: Motion carried 7-0.**

Reversion of National Guard Armory to City of Claremont

Ms. Walter said we were told 18 months ago we would get the Armory back from the National Guard. We have gotten it back without environmental reports. The systems were being drained for the winter. At this point we do not want to use or sell it without the environmental reports. The building is rock solid. The state did asbestos mitigation. It is a nice building and we have gotten phone calls from people who are interested in it. This is just an update; there is no action required.

Motion to Adopt City Forestry Plan

Mr. Temple asked the Council to adopt the forestry management plan. The development of the plan got started in February/March 2007. We worked with Chuck Hersey, Sullivan County Forester who works through the UNH (University of NH) Extension program. We sent out 30 RFPs (Request for Proposal) to foresters around the state. We have 1300 acres of property spread out through 9-10 parcels. We worked with the Conservation Commission and brought on Meadowsend Timberlands, Ltd. In November, the Conservation Commission recommended

adoption of the management plan. There are 12 parcels, each with its own plan. Worked closely with Parks and Recreation. This is not clear-cutting. The plan is not financially driven. Resolution 2007-14 set up a special reserve fund for revenue from any timber sales with the exception that timber sale revenue from the water and sewer properties will go into the water and sewer funds. The Plan is available at the Library, Public Works, Planning and City Hall.

Mayor Cutts opened the floor to public input.

Jim Fairbanks, Ward 3, said the City is wise to manage the forest we have. He is a hunter and fisherman. He would like to see the proceeds go to the parks. He suggested we harvest wisely.

Art Bastion, Ward 1, looked at and found the project very good. He is a landowner and owns a tree farm and has it in a management plan. He is a certified logger. He thinks the funds generated should be put into easements for the properties so that they can never be developed. He thinks this program should be approved.

Pierre Bourque, Ward 3, has a large piece of property (not in Claremont) with woods. Complete harvest is not appropriate. It should be a self-sustaining process. He also said we should be able to use this land for all purposes, including hunting and fishing.

Joe Osgood, Ward 2, said unmanaged forest lands are prime for forest fires. More people in this town should manage their properties.

Mr. Temple said the goal is to be self-sustaining. The City spent \$21,500 to develop the plan which will be paid back once the plan is being worked. Sixty percent of this property goes into water enterprise funds. Resolution 2007-14 established that monies will go into a fund for management of the land.

Ms. Taylor said in July 2007, Council set up the fund through Resolution 2007-14. The money can't be spent without Council approval. Money from the enterprise parcels goes back to the enterprise funds, which also requires Council approval to spend. Expenditure of the other funds is up to the Council. Tonight is to approve plan.

Mr. Austin asked about the probability of the profit being made from land around the reservoirs. Mr. Temple said that is probably accurate because of the nature of the area. Mr. Austin asked if the money paid for the plan could be paid back by those properties. Ms. Taylor said she believes so. Mr. Austin would like to see some of the profits go to Parks and Recreation.

Mr. LaCasse asked about making it so those lands can never be developed. Ms. Taylor said each parcel has to be taken on its own merits. Moody Park can only be a park. Reservoirs require certain amounts of land around it to be protected. If the Council wants to protect land, it is up to the Council. Mr. LaCasse said to Mayor Cutts that he would like that on a future agenda. Mr. LaCasse asked about posted properties. Mayor Cutts asked that specific questions be directed to the City Manager's office. Mr. LaCasse asked that requests and answers be shared with the Council.

**A motion was made by Mr. Batchelder and seconded by Mr. Austin to adopt the “Forest Management Plan for the City of Claremont Forestlands,” dated August 2008, as endorsed by the Claremont Conservation Commission, and authorize the City Manager or his designees to take such actions as may be necessary to implement said Plan in accordance with local ordinance and state law and regulation.**

**Roll Call Vote: Motion carried 7-0.**

Meeting with Senator Odell, State Representatives and County Commissioners

Mayor Cutts welcomed the Legislators.

Senator Bob Odell said he has been reappointed to the same committees (Energy, Environment and Economic Development; Finance Committee; and Ways and Means Committee). He is the Chair of the Ways and Means Committee. There are four major issues we face. The first is the current budget, which ends June 30<sup>th</sup>. It has been reduced substantially, but there is still another \$75-\$100 million more to cut. The second issue is the budget for the next two years. The state is currently taking in less money than last year. The third area is the Public Employee Retirement fund. The pool of money is lower, but we still have the same commitments to retirees. The last issue is the highway fund which is down. People are driving less and the revenue is not there. The cost of highway maintenance is going up.

Mr. Santagate said a crucial issue for Claremont is property taxes for over-burdened residents. The major drawback is the surprise in December when residents get the second half of the bill. There is one bill for three entities (City, schools and county). There is no mechanism to coordinate the three budgets. Because we are legally separate entities, the City sends out bill, and collects the money and then sends their share to the schools and county. At the next meeting, he will ask the Council to endorse a property tax cap for Claremont. We will need the three entities that are involved to agree. The school department has said it wants to cooperate with the City on financial projects, because it involves the same taxpayers. If the Council endorses this, he will go to the school and then the County for a 2.5% tax cap, so that the net amount raised by property taxes cannot increase by more than 2.5% on the prior year's dollars. He thinks the property tax is the worst tax in the world. The cap will be on the net amount to be raised.

Mr. Odell said the property tax is foremost in people's minds. The other part is predictability. Claremont votes on the school budget in March, but the state works on the budget until June. He believes it is important to fund the schools using a formula that is there and for Claremont that is \$12.5 million. The schools are building their budgets on that formula.

Mr. Picard asked about Rockingham [slot machines]. Mr. Odell thinks it will be defeated. Other states took the machines out because of economic and social disruption to the communities.

Joe Osgood, State Representative, said in addition to three places to share the taxes, there is a fourth; the state is sending expenses back to counties and the City that doesn't show up on the surface. The state is run by the wealthier communities. He will express his opinion on things that affect Claremont. Mr. Santagate said the point Mr. Osgood is making is that there are very visible things that happen when the tax bill goes out and there are invisible things such as when costs are pushed down from the state and the county to the communities. If we force the issue by law, it will smoke out all those issues.

Mr. LaCasse asked about the school budget from the state and if the amount could be set before the school budgets were voted on. Senator Odell said changing the date would be very difficult. We should be able to set an amount and then stick with it, but that doesn't happen; an example is some money from the tobacco program was supposed to go for tobacco prevention, but none has. The money is used for the state General Fund.

Mr. Austin asked since the state is lacking money in highway funds, will it raise the gas tax. Senator Odell said this is above his pay scale, but he feels if there is no money from the federal government, they might not have any other options.

Representative Sandy Harris said on the state level they are looking at not passing the budget cuts down to the county. It is important to do more talking. She has been asked by Rep. Gagnon, new Chair of the County Delegation, to be a liaison between the City Council and County Delegation. She would like to talk with the Mayor after every Council meeting. She invited the school committee to be part of this as well. Mr. Santagate said it is important that the school committee participate. There is no certainty of taxes and capping taxes by law makes a lot of sense. He will approach the school committee on that. One of the Bills Rep. Harris put in is to look at different ways to raise revenues and all revenues should be up front (some are now hidden). When the state doesn't meet its obligations, we pay more for the nursing home, prison, etc.

Mr. Austin said the momentum is important to keep going in Claremont and to have Rep. Harris and Senator Odell promote what Claremont is doing, we can make it happen in spite of the economy. Rep. Harris said Claremont is hopping and having a restaurant where people can meet will put Claremont on people's radar.

Representative John Cloutier, Ward 1, said it will be a very tough and challenging next two years. Because of the budget problems caused by the economic downturn, there will be tough choices to be made and some sacrifices will have to be made. He has been on the House Public Works and Highways Committee and expects to be reappointed. He hopes to get funds for highways. The state highway fund is in the red every day an additional \$100,000. The public wants good roads, so we have to seriously consider a gas tax. They cut back the 10-Year Plan and had to cut a minor project in Claremont as part of the reductions. Property taxes – he will continue to do what he can to fight so the state does not pass down taxes to the local levels. Give municipalities the authority to give tax exemptions if seniors volunteer to help in their communities – he filed a Bill and will notify the mayor when it will come up. He would like support from the Council either in person or in writing. This will be enabling legislation for 60+

year olds only and a maximum amount of \$750. He said Rep. Osgood and he are on the Executive Finance Committee of the County Delegation (40% of the Committee); he is vice chair. If we could limit the property tax increase to 2.5%, that would be great. It all depends on the nursing home. We have a good nursing home in Unity; it is clean and well run. He encouraged people to use it. To improve the budget we need to get more people into it whether short or long-term.

Mayor Cutts said seniors are a segment that wants to be involved and suggested they may be able to staff the Visitors Center.

Rep. Cloutier said he is pleased to have done his part to turn the Armory over to the City. The Adjutant General office has assured him there are no serious environmental issues.

Mr. Lewis made a statement that to be successful, the county, City and schools need to have communication like this. In the near future he would like to have a workshop to discuss the individual goals for each entity. We need to look at financial issues holistically.

Ben Nelson, County Commissioner, said the County has partnered with the City on projects such as Pleasant Valley Estates, CDBG (Community Development Block Grants) and to bring in a sizeable amount of money for the Mill Project. He also stated that some money from the cigarette lawsuit was to pay for the sick and infirm due to smoking, but that the nursing home got zero; the money went into the state's General Fund. He said the Governor said there would be no jury trials in February. No per diem will be paid, but we will still have to house and feed those people pre-trial. He invited the Council to their budget meetings.

Mayor Cutts said she looked forward to meeting again and including the schools.

#### Motion to Approve Water/Wastewater Plants Contract

Bruce Temple, Public Works Director, said in 1987 the wastewater treatment plant was brought on line. At that time operation of it was contracted out. Until 2003, it was operated by Dufresne & Henry. In 2003, we went out for proposals to operate it and the water plant. Aquarion started operating the plants in January 2004. At the end of the three-year contract (2004-2006), we exercised an option to extend the contract for two more years. This year we went out for RFQs (request for qualifications). In addition to operating the water and wastewater plants, we wanted help with the pump stations. The reviewers were Mr. Temple, Wayne Leonard, Assistant Public Works Director and a retired engineer. AOS Operating Company (Aquarion) was selected. Two firms submitted RFQs. Mr. Temple explained the City's RFQ process under its purchasing policy ordinance. The price is about \$23,000 less than for 2008. Aquarion has done an excellent job since 2003. In 5 years, they have averaged 2.5% to 3% increases per year.

Mr. LaCasse asked about AOS (Aquarion's) qualifications. Mr. Temple said we were looking for certain criteria i.e. multi-plant operational experience in NH; operators licensed in NH; corporation registered with the state of NH and Aquarion met those qualifications. Mr. LaCasse wanted to know the qualifications of the other company before voting. Mr. LaCasse said he

would like this to go out to bid again. Mr. Santagate said this is not a bid and he explained the difference between a bid and an RFQ. Mr. Temple said the parent company is United Water Suez Environmental with \$2 billion in assets. Mr. LaCasse said he did some background checking on United Water on the internet. He said they are not nice people and several cities are kicking them out worldwide. Mr. Temple said he has been pleased with their service locally.

Mayor Cutts noted it was an expert panel with objective criteria and no company is perfect. Aquarion has done well for Claremont. Mr. LaCasse said he has no problem with Aquarion, but they were bought out by United Water, owned by Suez, and it is not a nice company.

There was discussion about the firms. Mr. Temple said information was sent to three companies, Pennichuck Water, Aquarion and Severn Trent. Two RFQs were received from Aquarion and Severn Trent (in association with another firm).

Mr. Santagate said when Aquarion came on board in 2004, they charged almost \$200,000 less than Dufresne & Henry and they never broke stride.

**A motion was made by Mr. Raymond and seconded by Mr. Batchelder to authorize the City Manager to enter into a multi-year agreement with AOS Operating Company for a five (5) year term to operate, maintain and repair the City's water and wastewater treatment facilities in the monthly amount of \$84,846.48 (\$20,082.25 for water and \$64,764.33 for wastewater).**

Bernie Folta, Ward 3, asked who the citizen engineer that participated was. He said the issue is trust. He asked if there is a way to reduce the amount of mistrust. He thinks it is to increase the amount of scrutiny.

Mayor Cutts clarified her statement to Mr. Picard that it is not the Council's role to scrutinize the review from an engineering perspective.

Mr. Temple said the retired engineer is Joe Engel. He had asked that his name be kept confidential. He has been a citizen of Claremont for a long time. He understands the process. Mr. Santagate thanked Mr. Engel.

Mr. Raymond said as a follow-up about trust. He trusts that AOS will continue to do a good job. He invited the public to go view the facilities.

Mr. Austin said to Mr. Folta that the members of the Council are not specialists and their job is to listen to people who know the job and to make decisions on that.

Mr. LaCasse said it is the Council's position to question and to get the best bang for the buck. He thinks there should be more searching on this company's background. It is prudent to check with cities that have had bad experiences with this company. Mr. Santagate said they have been here for five years and people who have worked for them think they are a class A company. He suggested that if someone has mistrust, to bring the specific information forward. Mr. LaCasse

said he doesn't have a copy of the contract and he doesn't know what the City is getting into. Mr. Santagate asked if Mr. LaCasse found any good information about the company. Mr. LaCasse said yes, but most of the reviews on the internet were negative. He did not talk to any of the companies involved.

Mr. Lewis said about Mr. Folta's statement that it has less to do with mistrust and more to spread fear whenever possible. There were qualified people on the panel to determine the qualified company.

**A motion was made by Mr. Lewis and seconded by Mr. Austin to move the questions.**

**Roll Call Vote to move the question: Motion carried 5-2 with Messrs. Picard and LaCasse voting no.**

**Roll Call Vote on motion: Motion carried 5-2 with Messrs. Picard and LaCasse voting no.**

Mr. Picard said he voted no because it is not in Claremont's best interest and Mr. LaCasse said he had not seen the contract.

#### **CITY MANAGER REPORT**

Mr. Santagate said next month he will bring to the Council a suggestion to spearhead a drive to cap property taxes at 2.5% over the prior year. We can't afford to have the December surprises. He said if the City, schools and county adopt that, it will work wonders for the community.

Mr. Austin said he would like a workshop to get Mr. Santagate's thoughts on that issue.

Mr. Picard asked about the school renovations. Mr. Santagate said the school bond could be outside the cap.

Mr. LaCasse said the Town of Franklin has a 2% cap and asked if we could get information from them to see how it's working.

Mayor Cutts said a workshop would be good.

Mr. Lewis asked if a workshop would include the school and county.

Bernie Folta, Ward 3, pointed out there are seven school board members with rotating expirations. There could be three new board members in March.

Steve Raymond, Ward 1, said to make sure the cap doesn't affect the school. He asked if the schools pay a water bill. Mr. Santagate said the water enterprise system is set up by state law. Schools have to pay a water bill. Financing of a new school is not in the operating budget; it would be bonded. The cap would be on the operating budget only.

## **FUTURE AGENDA ITEMS AND DIRECTIVES**

Mayor Cutts asked Mr. Santagate to do research about Comcast (in response to the citizens that came forward tonight) and to come back in January. Mr. Santagate said he would like to have someone from Comcast to come to the meeting, so it may have to be in February.

Mr. LaCasse asked if Comcast will be at the meeting, if the Council could have a copy of Comcast's original contract.

Mr. LaCasse asked about putting the City's forestry land (watershed and parks) under conservation easements so they cannot be built upon. Ms. Taylor will check to see what is in conservation now. Mayor Cutts asked for it in April.

Mr. Batchelder said Council seats on boards and committees need to be addressed in January. Mayor Cutts said there are significant vacancies on other boards and asked for volunteers and asked Councilors to solicit volunteers.

## **COMMITTEE REPORTS**

### Master Plan Committee

None

## **CONSULTATION WITH LEGAL COUNSEL**

None

## **ADJOURNMENT**

**At 10:40 p.m., a motion was made by Mr. LaCasse and seconded by Mr. Picard to adjourn.**

**Motion carried 7-0.**

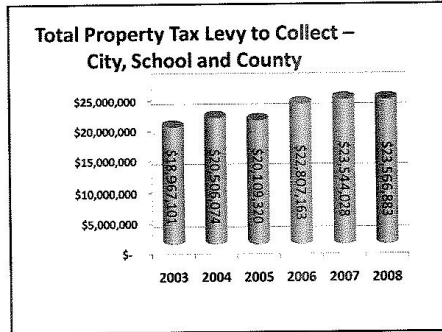
Respectfully Submitted,

Dorée M. Russell  
Clerk to the Council

12/17/2008

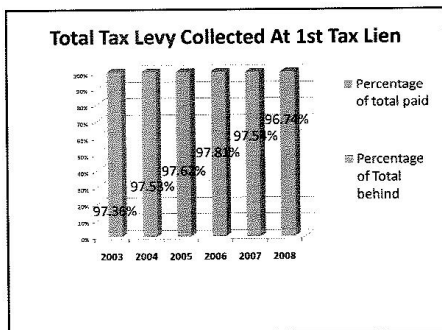
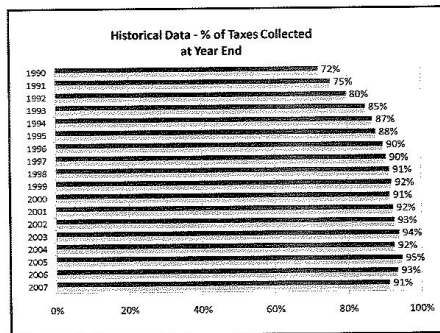
**Property Tax Collection**

Have we been hurt by people not paying their taxes?



**What happens if people don't pay their bill?**

- Property owners have 30 days to pay their property tax. After that date the bill accrues interest at 12%. If the property goes to tax lien (usually that is when it is over 90 days) the interest rate jumps to 18%.
- Since many banks began "escrowing" taxes with people's mortgages our collection rates have been over 90% by year end for many years now.



**Properties taken by Tax Deed for non payment of taxes since 2000**

12/17/2008

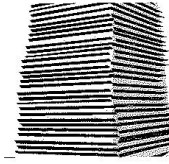
**So, who pays  
when others can't  
(or don't)**

There are some people who don't pay their property taxes on time each year for various reasons and, if you ran a report over the past several years, many of same ones show up each year.

Sometimes this is done for tax implications; sometimes people consider the interest rate they'd have to pay to the City better than what it would be if they put it on their credit card.

Sometimes they are businesses which may have an assessment issue which for 2007/08 accounted for \$1.3 million of the outstanding amounts due.

- The State realizes that there will always be times when there are cash flow issues (like when your budget starts on January 1 but you don't send out your first half tax bill until May, or when people haven't paid within the 30 days and you still need to pay bills!



This is why the City is allowed to authorize TANS (tax anticipation notes). This allows us to borrow money to bridge that gap.

If you want to further reduce your costs associated with borrowing money you need to make a concentrated effort to build your fund balance.