BOARD OF MAYOR AND ALDERMEN

February 19, 2002 **7:30 PM**

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

Presentation of the City's Management Letter by Scott Bassett of McGladrey & Pullen, LLP.

Mr. Bassett stated I am with the auditing firm of McGladrey & Pullen. Last month we delivered the general purpose financial statements to the Board and as I said at the next meeting we would be happy to discuss the observations that we made during the course of our audit. In the current year we had eight observations. Five were repeats from the prior year. These are in the form of management comments. Through government auditing standards there are certain criteria that you have to meet for a reportable condition or material weaknesses. Observations are the least material. This year there were a couple of things we noticed that we would like to talk about item by item and answer any questions that you may have. Item one is unreconciled tax differences. During the course of the year, with HTE the first two billings between the Assessor and Tax Collector records there were some unreconciled differences. Although they are immaterial in amount, we suggest that and I believe the departments are doing it now, that those amounts be reconciled pretty close to the penny. As you know, if you have a $2,000 difference it could be $10,000 one way or $12,000 the other or even greater than that and it is something you should take a look at. I believe they are doing it now and I wouldn't expect that to be a comment in next year's audit.

Alderman Wihby asked didn't that come up last time and we were told that it was going to be corrected then.

Mr. Bassett answered I have that as a new comment this year, the unreconciled difference between the Tax Collector's Office and the Assessor's Office. Going down and looking at the subsequent billing, it has been corrected in the current year that you are in.

Alderman Wihby asked how about last year.

Mr. Bassett answered it was not corrected for the year that we audited this year. The year before there was a much larger difference.

Alderman Wihby replied right and weren't we told then that it was a concern. Maybe you didn't recognize it but I remember somebody coming to this Board and telling us that there was a problem because there was a big difference and we were told that it was being taken care of.

Mr. Bassett responded I don't believe that I had it in my management letter this year but we looked at it this year and saw the two of them and it has been corrected is my understanding.

Alderman Gatsas asked, Scott, where are the management responses. Is there a reason why they are not included here because normally they are included with the management letter.

Mr. Clougherty answered we have provided a response. I am not sure why it is not available tonight but I would be happy to respond to each one of them if you would like.

Mayor Baines asked do we have it in writing. Do you have copies of that, Scott? We will proceed while we have someone make copies.

Mr. Bassett stated the reconciliation process at the Water Works Department. Currently the City maintains their records on the HTE system and the Water Works Department maintains a separate system. At the end of the year it takes some time to reconcile the two differences. The records that we audit…we believe the HTE records are the records of the City and we audit through those transactions and we reconcile back to Water Works. We recommend that if you are not going to use one accounting system that at least a reconciliation take place on a monthly basis between the two sets of financial statements that are prepared between the City and the Water Works Department. Contract Compliance Officer. This is a repeat from the prior year. Many long-term contracts take place within the City and each contract has some unique characteristics to it and also Federal and State awards have some characteristics to them where you need to maintain compliance. It is quite difficult to be knowledgeable about all of the various State and Federal requirements that are out there. It is our recommendation that the City take a look at that and have someone oversee all contracts to make sure that in each contract that is awarded to the City you are meeting those requirements and also that you put the specific compliance requirements for your vendors out there to follow.

Alderman Gatsas asked did you look at the civic center contracts at all.

Mr. Bassett answered the civic center uniquely was outside the course of the capital projects funds within the City. It was my understanding that it was all being maintained through the Development Corporation and at that point the City would take ownership and lease it back after year end so we did not take a specific look at the civic center project and it is not included in the financial statement.

Alderman Gatsas stated there was a management agreement between Ogden Entertainment and the City of Manchester pertaining to parking. If you didn't look at it then I assume you are not familiar with it. This was part of the agreement that probably sets back on your observations that talks about a fund being set up by opening date for $325,000 for parking.

Mr. Bassett asked what date would it start.

Alderman Gatsas answered it says "Ogden shall establish a parking reserve fund to be committed to its financing flows with funding secured by opening day for $325,000."

Mr. Bassett replied correct me if I am wrong but I believe the civic center opened in the fall of 2001.

Alderman Gatsas responded it says by closing date. In other words when the financing was secured prior to closing or just at closing there was supposed to be a $325,000 parking reserve fund set-up.

Mr. Bassett stated I am not aware if one has been set-up or not. I would have to take a look back in the work papers.

Alderman Gatsas asked, Kevin, can you help us with this parking issue.

Mr. Clougherty replied my recollection is that the requirement was that a parking reserve be set-up but it was going to be funded through excess…I don't have the management agreement in front of me but it was going to go from excess naming rights beyond what had been included in the proformers and I think that came in rather close to what the estimate was so there was not any excess dollars to be put into that fund. There were some other areas where it was pretty specific in terms of what money was going to flow into that parking reserve and fund it if available.

Alderman Gatsas asked is there a reason why this Board wasn't made aware that there was a shortfall in that funding agreement.

Mr. Clougherty answered what we are waiting for as we reported to you is to have some monthly financials from the management company. One of the things that they are working on that we can incorporate into those is a decision that was made tonight at the previous meeting about parking revenues so they can get us that information.

Alderman Gatsas stated, your Honor, it was pretty clear that this was a $48 million deal. I had some concerns about parking because people may have parked on the West Side of the City and we weren't going to see those revenues. I remember it pretty clear that we made an amendment that said there would be a $325,000 parking reserve fund set-up and we were never told that that fund wasn't set-up and as far as I know when I read in the paper the naming rights were $11.3 million. Is that correct, Kevin, or did I misread that in the paper?

Mr. Clougherty replied I don't think you misread it. I think what you have to do is understand what makes up that $11 million. It is not all cash that is going to flow in the first year. The recommendation was that a fund be set-up. The fund is set-up. There were certain revenues that were going to flow in to fund that up to $325,000. Those revenues did not materialize and, therefore, the fund is not at this point to my knowledge fully funded. That doesn't mean that as the process goes along that that will not occur. To my knowledge right now that is not the case. I will wait until I get the financials from the arena manager and we will pass that information on.

Alderman Gatsas stated I guess my point is I would assume that somebody following the closing of the civic center agreement would have made this Board or the previous Board aware that that fund was not…well I guess it was set-up but it wasn't funded.

Mr. Clougherty replied again I am not sure that somebody hasn't because they had passed along the information on the naming rights and what that was made up of but I will go back and check on it.

Alderman Gatsas responded it says here "the parking reserve can be drawn upon by the City in its sole discretion only in the event that the parking revenues earned by the City do not equal or exceed the monies put by the City to Ogden for the above formula. This fund shall only be funded by naming rights revenues in excess of $250,000 net to the building per year as well as the proceeds of the capital campaign conducted by the Chamber of Commerce and the Manchester Development Corporation and non-MCCA parking related advertising and promotional revenues generated by the City on City owned facilities. The fund is not a corporate obligation of Ogden." I believe it further says that it actually belongs to the City.

Mr. Clougherty replied yes. The $250,000 as you recall is what we thought based on consultant reports was the achievable annual amount that would be received for naming

rights. As you know, we pretty much hit that number so there was not a lot of excess naming rights dollars out there. It came in pretty close to what the estimate was. The idea of the parking facility was that if there were excess dollars in excess of what the original estimate was, it could go in there. There is also, as you mentioned, the possibility that if the Development Corporation does its fundraising that those dollars would go into that parking fund and be something that could be used.

Mayor Baines stated I would like this discussion to be referred to the Special Committee on the Civic Center so they can gather information. Mr. Clougherty, I would ask that you gather further information and I would like Scott to continue with his audit report.

Alderman Shea stated my understanding is that the Highway Department has a person who does certain types of contractual arrangements. Is that correct?

Mr. Bassett replied yes.

Alderman Shea asked so what you are referring to are other contracts drawn up by different departments, which would not involve any relationship to the Highway Department. Is that what you are referring to here?

Mr. Bassett answered I think any contract whether you are spending money or receiving money…even if the Highway Department does maintain their own record and controls over their long-term contracts, in my opinion I would think that if we had someone overseeing contracts as a whole for the City that would improve internal control because there could be certain things that the City may need from a legal standpoint that many contracts may not have. The Highway Department specifically we did not find anything wrong with the contracts that we took a look at there, but it would be my opinion that one Contract Compliance Officer for the City just to review those contracts would be adequate.

Alderman Shea stated I am not sure who to address this question to, your Honor, but right now if there is a contract drawn up exclusive of the Highway Department who would tend to oversee contractual agreements.

Mayor Baines replied the individual department heads do it but just going back on what Scott has indicated, if you remember about two years ago right after I became Mayor some information came forward that the contracts that we had with a couple of the parking garages were not escalated and the City had not been receiving the payments we should have been receiving. It is my understanding that that responsibility used to be the responsibility of the City Coordinator when the City had a City Coordinator who looked after those. To answer

your question, when they are under the purview of specific departments, they are monitored by those departments.

Mr. Clougherty stated right and I think that is the issue. If you want to have the Finance Department monitor contracts, we have to have a copy of the contract but there is no mechanism to make sure that we have a contract before they are approved. For example, at the State if you are going to get into a contract over $10,000, you have to have that contract go before Governor & Council and it is not a contract of the State until they approve it. Part of that Governor & Council process is that any contract before it gets on the Governor & Council agenda has to be reviewed by the Attorney General to make sure that it has all of the safety requirements that they think are necessary to protect the State and it is reviewed by the budget office and the Treasurer's office to make sure the appropriations are there for that purpose and then it goes on the agenda for Governor & Council and then it is an official record and it is kept in the Secretary of State's Office. We don't have a process like that where there is a single clearing house that all of the contracts go through for approval so it may be that there is a contract out there that some department head has entered into maybe towards the end of their administration and the City Clerk wouldn't know about it and we wouldn't necessarily know about it nor would the City Solicitor know about it. Consequently, when these things do come up in history like the one that came up on the parking item, we can't monitor something that we don't know. The same things is true for amendments. It is not just the original contract but also the amendment process after that. I think that is what Scott is talking about – putting in some kind of central depository so that every contract has to go somewhere so that we have a record of it and we can track it and make sure that it gets properly entered into the City's accounting system. Right now we kind of rely on each department to do that themselves.

Mayor Baines stated again this has been around for a long time and it may be the type of issue that we want to refer to the Committee on Administration to come back to the Board with a recommendation so that next year Scott is not sitting before us saying the exact same thing. The Clerk will note that this issue will go to the Committee on Administration.

Mr. Bassett stated the fourth observation is a repeat from the prior year also regarding the policies and procedures manual. I think now that you are through your system conversion it is a good time to take a look at your policies and procedures. Not only your accounting procedures but also things such as contract awards and lease agreements – something so you have a policy in place so that important financial transactions are being recorded properly. Many of the comments that we have here could be removed if we did have an up-to-date policies and procedures manual. I have been given a first draft of one by the Finance Department. I have not had a chance to review it, but I would imagine that it is a start. I can take a look at it and give them some suggestions where they can improve it or add to it or

delete from it. Again, I think it is a good practice that a policies and procedures manual be in place. The key aspect of this type of manual is it is an ongoing process. It will always be updated as you change certain accounting transactions through the course of the life of a year. It is not just important to get one done. In my opinion it is more important to keep it up and to keep it current.

Alderman Gatsas asked can we have an explanation, Kevin, of why this wasn't done last year when it was a reoccurring event.

Mr. Clougherty answered as you recall we went to the Board and requested financial assistance to do that. We denied and were asked to do it in-house and we told you at that time it would take us some time to develop that because we couldn't drop all of the other things we were doing. I think it is important to note that it is not that the City doesn't have procedures…if the City didn't have procedures and policies you would not have the good reports that you have tonight. We have no management reportable conditions and these are some helpful hints that the auditors are asking us to consider. So, it is not that there haven't been procedures it is that they haven't been codified in one manual. We had to go back and write that. We have written that and it is something that we had to do along with all of the other things we do and we provided it to the auditors. They are going to take a look at it and instead of having it as we had hoped if we had been given the appropriation, for the start of this fiscal year, it will be available for the start of the coming fiscal year and we look forward to getting that printed and distributed.

Mr. Bassett stated number five is a repeat from the prior year but again I think this is a change in the administration policy. Non-tax revenue is collected in many departments throughout the City. From a pure control standpoint, the fewer collection sites you have, the stronger the internal control. If there is a means or a way to improve that, where we centralize at a revenue collection center or something of that nature where money is received and deposits are made, I think that would tighten the controls. I know that it is quite difficult in the municipal environment, but I think it is something that if you could take a look at and condense, it would strengthen the internal controls that are currently in place within the City. Number six is more of an observation then a recommendation to the City. As you know the use of virtual city halls and e-government is something that has taken on a new life with many, many people using the Internet. I think it may be way to take a look at and streamline some collection processes within the City. Obviously before you would enter into this security would be an issue and privacy would be an issue with how it works but we see the use of this becoming more prevalent through the communities that we deal with and I suggest that you take a look at it and see if it is right for the City of Manchester.

Mayor Baines stated just so you know and I will let Kevin speak a little bit about this but we will be unveiling our new website on our about May 15. That has been an ongoing process and once we have that up and running, the next phase we are going to be looking at is e-government and some of the challenges that are there. I don't know if you want to say anything more about that Kevin from your perspective?

Mr. Clougherty replied I just echo what Scott is saying. I think this is a relatively new area. It is one of those when it is nice to be out in front but it is probably more prudent to be waiting for some of the protocols to come along. Our concern is safety and privacy. The biggest concern with the Internet when you talk to corporate treasurers around the country is fraud. We want to make sure that before we go ahead and introduce the cost and there will be some cost to get onto the Internet, that it is with the right protocol whether that is going to be credit cards or some kind of security. Once we know what that is, we will move ahead but in the meantime we are doing a lot of planning and collecting a lot of information and working with the banks and we will be prepared to move when the security is right.

Mr. Bassett stated number seven has to do with the Manchester Airport and it is a repeat from the prior year. There are many third party contracts there again really going back to a Compliance Officer that who could maybe take a look on a spot basis some of the revenue collection points and just review some of the data that has been provided to the Airport as to how they recognize revenue. Again, it is something to take a look at.

Mr. Clougherty stated I would just like to comment that with regards to that the Airport has a CPA working in their financial area and they are coordinating the information. I think they have made a lot of steps in this regard and I suspect that they will make a lot more. They have already taken on some of the reviews and I expect they will do more in the future. I think there has been a lot of progress made there.

Mr. Bassett stated number eight has to do with a central purchasing system. In various departments throughout the City we note an inadequate segregation of duties over the purchasing function. In some instances the same person was responsible for requisitioning the goods, approving the purchase and receiving the goods, assuring that adequate funds existed in the budget and posting to the general ledger. Those are incompatible duties for one person to have. Again, centralized…I guess that would be the theme of this letter, centralization and maybe taking a look at the whole administrative structure and seeing if something can be centralized and served from one department or several individuals instead of many. The last item, GASB 34, which we are in the process of adopting and as I said at our last meeting that will change drastically the format of your financial statements for the year ending June 30, 2002.

Alderman Gatsas asked of the eight observations that you made, how many were repeated observations.

Mr. Bassett answered five.

Alderman Gatsas asked normally when an auditor comes in and sees five repeat observations…did you see any improvement in the observations that were repeated.

Mr. Bassett answered yes I did. I knew they were working on the policies and procedures manual and hopefully that will go away next year. Again, these are recommendations and observations. Several of these observations have a cost benefit effect. I think as auditors we communicate to you that management makes the decision as to investing the funds to act on a recommendation. I would be more concerned if I had reportable conditions and they were not addressed. I think here many of these things unfortunately would include some type of funding and again I think that is a management decision to follow-up on looking at the cost benefit relationship to the observations.

Alderman Gatsas asked could you tell us which ones those would be.

Mr. Bassett answered sure number one. I think that is done and that is a procedural matter with no cost. Number two is a training matter. I think HTE is working now and in my opinion Water Works should try to get on the HTE system and use that as their centralized accounting. The Contract Compliance Officer would take funding from the City.

Alderman Gatsas asked so you don't think at this time that the City has anybody in place…

Mr. Bassett interjected I think it is segregated. As you noted there are contracts out there and there is not one central location for you to go to and see what contracts are supposed to generate a revenue stream for us or what contracts you have for long-term liabilities and contingent liabilities. They are not located in one spot and in my opinion it would be helpful if they were.

Alderman Gatsas asked wouldn't you think that that would be a function of the Finance Department to know what the revenue streams are.

Mr. Bassett answered with the purchasing function being decentralized…I think if we centralize the purchasing function and the Contract Compliance function I think you would get there as far as centralization. I don't know if you could have…it would be a difficult task for a Contract Compliance Officer if purchasing wasn't centralized where all contracts included the same verbiage that the City required and if there is a revenue stream…as Kevin

stated he is not sure that he has seen all of those contracts to know if there should be a revenue to be recognized. I think they do the best they can but there could be contracts out there that they are not privy to or signing off on or know all of the details on.

Mr. Clougherty stated that is exactly the point. To the extent that we know about the contracts we monitor them and go forward. To the extent that somebody is making an amendment or a change to an existing contract and not notifying you, you can't monitor that. You can't possibly know that. I don't mind being held responsible for revenue generation if we are going to have access to the contracts, but if the department head can go out and make an amendment and change and not provide that and not have a central repository like the Clerk's Office that makes it very difficult.

Mayor Baines asked how long has this procedure been part of this government the way it is right now.

Mr. Clougherty answered as long as I have known.

Alderman Thibault stated many years ago we were talking about centralization, your Honor, and we are still talking about it.

Mayor Baines stated that is really a legislative function. If the Committees of the Board would come with specific recommendations of how to handle that we could make some changes but this is basically the standard operating procedure in this government and has been for a long time.

Mr. Clougherty stated in the absence of a policy or process, we will do the best we can to collect the information and include that in the financial statements, but we understand that something could be changed that we are not aware of.

Deputy Clerk Johnson stated the only point that I was just discussing with the City Solicitor's Office is that if it is a multi-year contract it does have to come to the Board. Anything that is multi-year is brought before the Board and goes through that legislative process similar to the State.

Alderman Gatsas stated I would think that in the short time I have been here and I understand that some Aldermen have been here for a lot longer and if Alderman Cashin were here he could tell us what started this whole evolution but in the short time I have been here we have had two contracts now that I am aware of, one is the parking contract that is certainly a very important issue in revenues to the City, which was found last year or the year before. Now there is a contract that is talking about parking again for the civic center. I

don't have to tell you that the citizens of Manchester are probably as fed up as we are talking about parking. I think that at some point here somebody has to be responsible for contracts because to say that we don't have them…I assumed that every contract we approved here somebody must be looking at because if not I don't know how Scott is doing an audit not knowing where the contracts are coming from.

Mayor Baines replied the City Solicitor reviews all of the contracts.

Deputy Solicitor Arnold responded we certainly review the contracts that are sent to us.

Mayor Baines stated I only sign the ones that the Solicitor's Office has reviewed. Now we have referred this to the Committee on Administration, haven't we.

Deputy Clerk Johnson replied yes.

Alderman DeVries asked where last year we had changed the way that the Airport has the ability to enter into contracts of their own accord without having to come in front of the Board of Mayor and Aldermen, is there a way to have the Contract Compliance Officer still work and oversee the Airport contracts or is that going to always have to be separate from a City function.

Mr. Bassett answered that would be a difficult question for me to answer but I think that they have the authority to review the contracts and obviously those contracts are quite unique to an airport authority. They probably have the expertise to make sure that all of the requirements are in there. I think what I was talking about with my eighth comment is that maybe somebody could take a look at the third party vendors to improve that. You could separate it. I think that would be okay.

Alderman DeVries stated I believe with the Airport it was done to expedite the contracts. I wasn't on the Board but I believe that was the intention. Do you find that to be a problem?

Mr. Bassett replied we had no specific problems with the Airport contracts and their monitoring of those contracts.

Alderman Lopez stated I have my report from last year and you gave us a two and a half page document in reference to management judgment, accountable estimates, etc. and none of that is attached to your recommendations this year. Why not?

Mr. Bassett replied that is a professional letter that we were required to issue. We did deliver those at the end of January. I am not sure if you received one. I have one here with me to speak about and I think I spoke about it at the January meeting also.

Alderman Lopez stated but usually it is attached to your report and that is just a point I wanted to make. All throughout your report and I am just asking you this as an auditor, you always use the words should or may. Is there any time that an auditor would say you shall or will do that?

Mr. Bassett replied independent accountants can never take the role of management so we can't make those type of management decisions. We make the recommendations, but it is up to management to implement.

Alderman Lopez asked could you explain GASB 34. I have heard a little bit from listening to the School District auditor. What is your interpretation of that?

Mr. Bassett asked as far as the changes.

Alderman Lopez answered the changes that are going to affect, according to information that was given to the School Board, it is a tremendous job. Is it a tremendous job and are were there or how do we stand?

Mr. Bassett replied it is a major undertaking. I think the biggest time consuming aspect of that is going to be to accumulate your data for the general fixed assets. Now the City has gone through upped their threshold and moved some of the assets that they are going to have to depreciate and that was the first phase. The second phase with the fixed assets is going to be to start depreciating them since their inception. I believe that is a tremendous inputting task that the City is going to have. As far as the financial statements themselves, in the way the records are maintained and the reports that you can generate from HTE, I don't think that is quite as large an undertaking as far as getting to be GASB 34 compliant. The MD&A is going to take some work on the City side, which is management discussion and analysis as far as drawing conclusions to budgeted results. You have to get going on it. I think you have taken the first step but you are probably in Phase 1 of five phases that you have to go through in order to issue a timely report next year.

Alderman Lopez asked next year you will look at that and that will be the inspection you are going to do.

Mr. Bassett answered I will have to under the Generally Accepted Accounting Principles make sure that you are conforming with GASB 34.

Alderman Shea asked you conducted what would be called an external audit, is that correct.

Mr. Bassett replied yes.

Alderman Shea asked that means what you did was see if the financial office practices conform to generally conceived accounting principles.

Mr. Bassett answered what we did was with the body of the financial statements that we spoke about last month, we went through those generally accepted auditing standards and we were able to give an opinion that those financial statements were materially correct.

Alderman Shea asked we do have people in our City government that do internal audits.

Mr. Bassett answered you have an internal auditor, correct.

Alderman Shea asked but we do not have any outside agencies auditing our financial department. Would you recommend that at some point we have an internal audit of our City's financial policies or standards or cash flows and so forth or do you think that is not necessary?

Mr. Bassett answered I do some of that. Obviously, we go through…we have to make an assessment and a control risk for the various functions within the City and through those functions we assess risk. Internal audits of any department would be good. I think you have an internal auditor that could do that. We do have a requirement in the government auditing standards to take a look at the internal controls of the financial reporting and we have done that and we did not have any reportable conditions in the current year but it is a full…we are not giving an opinion on the internal control and how it functions. We make observations based on our assessment of risk.

Alderman Shea asked, Kevin, has your department ever had an internal audit that you know of since you have been the Finance Officer other than through your own auditor, Mr. Buckley.

Mr. Clougherty answered no. The audit that we undergo is the audit by the external, independent review. They take a look at the reliability of the system.

Alderman Shea asked would you recommend at some point in time that there be an internal audit or do you think it is not necessary.

Mr. Clougherty answered I think it is necessary and we do have Kevin as part of his operation take a look at the different functions within the department.

Alderman Shea asked so you are saying that someone within your office would internally audit the records and so forth and you think that is sufficient rather than having an outside agency like his accounting firm.

Mr. Clougherty answered no. What I am saying is Kevin has…to get back to the comment by Scott earlier about segregation of duties, what Kevin does is strictly auditing. He does not do any of the transactions in the treasury operation and he does not do any of the financial reporting. His job is strictly to do those reviews. It is just like in the Department of Transportation at the Federal level there is an Inspector General that works in that department and makes sure that all of the duties that are supposed to be segregated are carried out so he does have some independence in that sense and he is looking at those things on a regular basis as a review of all the other departments that go through. For example, when he takes a look at the Welfare audit he tracks that through the Finance Department too to make sure that all of those things are reliable and that when he gives an opinion it is something that can be based on. That is not to say that you could not go out and hire a third auditor to do some type of review of the internal controls. You can do that but it should not be done by somebody internally.

Mayor Baines asked in your experience is the internal auditor usually attached to the Finance Department within a municipality or is that usually a separate office.

Mr. Bassett answered unfortunately what I see is an internal auditor many times in many communities becomes a troubleshooter. Basically if somebody leaves the Tax Department they are down there helping. In the corporate world an internal auditor would report to an audit committee. That is where they get their direction and basically something outside of internal management is where they would get their direction from regarding the daily activities of an organization. Typically, from this Board there is a smaller committee, an audit committee that the internal auditor would report to. Where he is parked is not as important as who he reports to. You may be getting to, in my view, more of an operational type review than what I did here. Many communities do go through operational reviews where they take a look at the operations within a certain department and it is not as financial as it is to make it more efficient and to make sure that controls are in place. I think that the type of review you are looking for is an operational review and many departments go through those and many municipalities have those done on a…I have three or four clients where outside of the external audit we go in and take a look at a few departments every year and give them an operational review, which is more of a consulting engagement than an engagement on the generally accepted auditing standards.

Alderman Shea stated my understanding is that Kevin Buckley will go over to the Highway Department and audit their books or Welfare and so forth but in the final analysis the one he is accountable to is Kevin Clougherty, who he works under. This may be a very good practice but occasionally I would think that in order to make sure that everything is proceeding, I won't say every two or three years but say every five or ten years possibly just for the sake of any corrective measures or any kind of suggestive ways of operating it would be helpful to do this if the expense is not prohibitive. I am not sure of that.

Mr. Bassett replied I would agree with that.

Mr. Clougherty stated I concur with what Scott is saying. We really try to follow the corporate model and the audit committee is the Committee on Accounts and you have Kevin come before you and talk about what audits are going to be done and if you take a look at that list he has given you, you will see that on their one of the things he is looking at now is the treasury function. He is doing that review of Finance as well but to have an outside review of your internal controls is not a bad idea. The one thing I would say is that it be truly independent. One of the problems…we are all reading about Enron and one of the problems with Enron was that the auditor was giving them accounting advice. One thing that we have made sure here is that the auditor is truly independent. When Scott comes in he does not have any other consulting arrangement with the City. He is doing a strict audit on us and taking a look to make sure that we are following generally accepted accounting principles. I think that is important. If you want to have somebody else come in and take a look at another aspect of the operation, that is fine too.

Alderman Gatsas stated Scott you were talking about a two and a half page document with Alderman Lopez. What did you call that?

Mr. Bassett replied it is a SAS61 letter. Basically it is…

Alderman Gatsas asked do you have a copy of that.

Mr. Bassett answered yes I do and I know I had given some to Kevin. It is basically part of our requirement that we communicate to the audit committee the significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility and that we comply with our professional standards. The things that are mentioned in there are…

Alderman Gatsas interjected is there a reason, Kevin, that we didn't receive on.

Mr. Clougherty replied I am not sure that you didn't receive it as part of the package at the last meeting when the financials came out. I will have to go back and check. I believe it was included.

Mr. Bassett stated if not I can make sure that we get copies out to you tomorrow.

Alderman Gatsas asked but basically what it is is a little different than a management letter.

Mr. Bassett answered it is a required communication from our…

Alderman Gatsas interjected it is really an in-depth summary and analysis of the audit.

Mr. Basset stated yes and it summarizes pretty much how we conducted our audit and any significant matters that may not meet the definition of a management comment, but it is something that should be communicated to the audit committee. It is a letter directly to the audit committee of the City.

Mr. Clougherty stated I believe the full Board got it as part of the package that we handed out but I don't think there was anything in the SAS that wasn't in the…

Mr. Bassett interjected I think that what I would like to do since I do have it here is I would like to go through it with you and if you need copies of it, I know they have them at the Finance Office. I was in the middle of talking about what it would cost to the City. I think I was on number four, the policies and procedures manual. That is a cost of time if you decide to do it in-house so it is not a significant cost to the City. Non-tax revenue collections. Probably up front it is a cost to the City but once the policy is in place it would probably end up saving you money as you centralize the various departments that are collecting revenue. Number six, obviously there is a cost to that up front but hopefully the benefit outweighs the cost once it is up and running. Number seven there is probably a cost to it, but if you do recover some revenues then hopefully they offset each other. Number eight probably has a cost up front but I think with number eight in the long run the benefit would outweigh the cost.

Alderman Gatsas stated I looked at three packages that we received on the audit and none of those packages have the SAS61 letter.

Mr. Bassett stated Kevin I believe when we submitted the compliance reports to you and the management letter at the end of January it could have been in that transmittal.

Mr. Clougherty replied Randy is making copies now and we will distribute them.

Mr. Bassett asked would you like me to walk through it.

Mayor Baines answered please proceed.

Mr. Bassett stated basically the SAS61 letter is a letter where we talk about things like the nature of our audit and any significant transactions or adjustments that we had to make. It is a required communication to an audit committee. The first statement that we make is that we conducted, as we were hired to do, an audit in accordance with generally accepted auditing standards and we were able to do that. There were no scope limitations and there was nothing that limited us in proceeding and examining as professional standards require. The City did adopt one significant accounting policy during the year; GASB 33 and that really impacted how you account for contributed capital within the City. Previous to GASB 33 it would go right to your equity section and not go through your P&L statement. Under GASB 33 it now runs through the P&L. Significant or unusual transactions during the year – we did not identify any of those. Management judgement and accounting estimates are something that the committee may want to take a look at during the cost of the year. The significant estimates within your financial statements include pension and IB&R, actuarial assumptions, and things of that nature. Significant audit adjustments and this would be where we consider the adjustments that we make are unusual. We did not have to make any of those to any of the financial statements provided to us. The trial balances that we had received from the Finance Department were materially correct when we received them. We did not encounter any disagreements with management. We are not aware of any other consultations with other accountants regarding any emerging recognition issues or revenue recognition. No major issues were discussed prior to McGladrey and Pullen being retained and we did not encounter any difficulties in performing the audit. Number three, as Kevin alluded to, management advisory services would be where if we did any significant or material consulting services for the City we would have to disclose that to you in this letter. We did not. If I had to sit back, I believe that the internal controls of the financial reporting are adequate in the fact that we did not have any reportable conditions and we are a firm that is not known to be shy about writing those. We take those quite seriously. We think that is a significant by product of a yellow book audit or of a governmental audit. Again, I think a lot of things go back to centralization and administrative policies and you should take a look at that and if it is something that hasn’t been looked at for some time, maybe it is time to step back and see how we can utilize it now and get some savings out of it.

Alderman Wihby stated basically I am looking at this two and a half page report and what you just went over and it seems to me that our Finance Department has done a great job. You are going to have items from one year to another that you are working on that get reported again but I don’t think there are any major items that haven’t been talked about like

the policy manual that we knew they were working on. So you would rate this one of the better ones that we have had here in the City?

Mr. Bassett replied I am not familiar with your prior audits but from the large cities that we do, again, the fact that we don't have reportable conditions is a very positive sign. I think that compliance report speaks for itself, yes.

Mayor Baines stated I concur with those comments and I think the Board of Mayor and Aldermen and the citizens of this City should be very pleased with this report and the excellent job that has been done by the Finance Office in terms of making sure that the integrity of the reporting is of a very high caliber and that we can have great confidence in the reports that are given to us so I would like to echo those comments.

Alderman Gatsas stated I agree and if we had gotten all of these documents at once…now we have them all and I agree with you.

Alderman Wihby stated we have a School report, item 4 on the agenda.

Mayor Baines replied I thought Mr. Plodzik was going to be here tonight but I don't see him.

Alderman Wihby asked this company like we hire them and they do the audit separate from Finance, is Mr. Plodzik and his company separate from School or are they hired by the School.

Mayor Baines answered Mr. Bassett is hired by us.

Alderman Wihby stated okay he is hired by the City to watch over Kevin.

Mr. Bassett answered I am an independent auditor.

Alderman Wihby asked is Plodzik & Sanderson an independent auditor.

Mayor Baines answered yes.

Alderman Wihby asked so they don't work for the School Department and do the audit.

Mayor Baines answered no; they are an independent auditor.

Presentation of the Manchester School District's Audit and Management Letter by Stephen Plodzik of Plodzik & Sanderson, PA.

Mayor Baines stated there must have been a miscommunication so we will have to invite Mr. Plodzik back another time.

Mayor Baines asked Mr. John Trisciani to come forward and introduce the new General Manager of the Manchester Transit Authority.

Mr. John Trisciani stated I am now Chairman of the MTA Commission and I thought I would let you know that we are moving forward and with me I have the gentleman who has already taken over as General Manager of MTA. He is from First Transit and his name is Mr. David Smith.

Mr. David Smith stated I am truly pleased to be here. I have enjoyed my first week in Manchester and the southern tier of New Hampshire and look forward to the next year and service to you. I grew up in the southern tier of New York in Ithica and I grew up in a place where there were four seasons, however, I spent most of my working life in the Midwest and the West and it feels like coming home again. I am truly happy to be here.

Mayor Baines stated we welcome you to Manchester and we look forward to working with you. I want to commend the Commissioners of the Manchester Transit Authority for the work that they did in making this decision. I think it was the right decision and I had the good fortune of participating in discussions with you and we look forward to working with you to improve transit service here in the City of Manchester. Welcome aboard.

CONSENT AGENDA

Mayor Baines advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

Approve Under Supervision of the Department of Highways

A. Verizon Pole Petitions submitted as follows:

1) #11-892 located on North Bay Street;
2) #11-893 located on Jewett Street;
3) #11-934 located on South Willow Street;
4) #11-935 located on Cohas Avenue;
5) #11-936 located on South Willow Street;
6) #11-937 located on East Industrial Park Drive;
7) #11-938 located on Webster Street; and
8) #11-939 located on West North Street

Informational – to be Received and Filed

B. Communication from the City Clerk advising of the receipt of a petition from election officials requesting that salaries of officers be increased.
(Note: being submitted for informational purposes only will be addressed at a meeting of the Committee on Administration/Information Systems and forwarded under separate cover to Mayor and Aldermen.)

C. Communication from Chief Driscoll submitting crime statistics for the City during 2001.

D. Copies of minutes of a meeting of the MTA held on January 3 & 10, 2002 and copies of the Financial and Ridership Reports for the month of December 2001.

E. Communication from the Governor's Commission on Alcohol & Drug Abuse issuing an invitation to attend a public forum on alcohol and drug issues on Tuesday, April 2, 2002 from 6:30 to 8:30 PM at CMC.

F. Communications from the NHDES advising that two (2) public hearings will be held for temporary permits from Velcro USA, Inc. and the Union Leader Corporation.

G. Communication from the NHDOT advising of contemplated awards.

REFERRALS TO COMMITTEES

COMMITTEE ON FINANCE

I. Bond Resolutions:

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars ($2,500,000) for the 2000 CIP 760100, Crystal Lake Phase I Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Nine Hundred Thousand Dollars ($2,900,000) for the 2000 CIP 760500, CSO Abatement Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars ($2,500,000) for the 2002 CIP 714002, Treatment Plant Improvement Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars ($1,000,000) for the 2002 CIP 714102, 2MG Water Storage Tank Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars ($1,000,000) for the 2002 CIP 714202, Distribution System Project."

J. Resolutions:

"Authorizing the Finance Officer to effect a transfer of Two Hundred Fifty Thousand Dollars ($250,000) from Contingency to the Rent – Welfare line of Welfare (0869)."

"Amending the FY 1997 & 2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Thousand Twenty Two Dollars ($1,022) for CIP 212102 – Emily's Place Operations Program."

"Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars ($15,000) for CIP 213402 – Tenant Assistance – Security Deposits Program."

"Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Twenty Five Thousand Dollars ($125,000) for FY2002 CIP 613102 Millyard Improvement Project."

"Amending the 2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Four Thousand Dollars ($4,000) for the 2002 CIP 711302 LED Replacement Program."

"Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars ($15,000) for the FY2002 CIP 810002 – Valley Cemetery Master Plan project."

"Amending the FY2001 & FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Two Hundred Fifty Thousand Dollars ($250,000) for the CIP 811202 Architecture/Engineering Facilities Capital Planning Project."

"Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of Four Million Five Hundred Thousand Dollars ($4,500,000) for certain Manchester Water Works Improvement Projects."

"Authorizing the Finance Officer to effect a transfer amount of Two Hundred Fifty Thousand Dollars ($250,000) from the 2001 CIP 330401 McLaughlin Middle School Addition Project to the 2002 CIP 811202 Architecture/Engineering Facilities Planning Project."

REPORTS OF COMMITTEES

COMMITTEE ON COMMUNITY IMPROVEMENT

L. Recommending that the Board authorize transfer and expenditure of funds in the amount of $1,022.00 from FY97 2.20724 Helping Hands Entry Door System to FY2002 212102 – Emily's Place Operations Program and for such purpose a resolution and budget authorizations have been submitted.

N. Recommending that the Board authorize acceptance and expenditure of funds in the amount of $4,000.00 from PSNH for the FY02 CIP 711302 – LED Replacement Program, and for such purpose a resolution and budget authorization has been submitted.

O. Recommending that the Board approve a Resolution authorizing and appropriating funds in the amount of $2,500,000 to FY02 CIP 714002 Treatment Plant Improvement Project – Design; $1,000,000 to FY02 CIP 714102 2MG Water Storage Tank Project – Construction; and $1,000,000 to FY02 CIP 714202 Distribution System Project – General Improvement.

P. Recommending that a request for CIP project extensions through June 30, 2002 as enclosed herein, be granted and approved.

R. Advising that it has referred Resolutions related to the transfer of money from the McLaughlin Middle School Addition Project to the Architecture/Engineering Facilities Capital Planning Project to the full Board for referral to the Committee on Finance without review or recommendation.

S. Recommending that a request from Bruce Thomas of the Highway Department to complete various projects as part of the City's Chronic Drain program be granted and approved.

T. Recommending that with regard to a petition to discontinue a portion of LaGrange Avenue, the Board find that the portion of LaGrange Avenue petitioned for discontinuance, having never been opened, built, nor used for public travel, has been released from public servitude pursuant to RSA 231:51.

U. Recommending that a petition to discontinue Millstone Avenue be referred to the next Road Hearing to be scheduled by the City Clerk.

COMMITTEE ON HUMAN RESOURCES/INSURANCE

V. Recommending that a proposal for restructuring of health, elderly and youth services into a Department of Public Health and Community Services be denied.

X. Recommending that a request from Police Chief Driscoll for approval to establish and hire part-time police officers be granted and approved.

Y. Advising that it has reviewed and approved ordinance amendment:

> "Amending Sections 33.024, 33.025 and 33.026 (Licensed Practical Nurse, Airport Security Specialist) of the Code of Ordinances of the City of Manchester."

and recommends same be referred to the Committee on Bills on Second Reading for technical review.

COMMITTEE ON TRAFFIC/PUBLIC SAFETY

AA. Recommending that certain regulations governing metered parking in the downtown area on Saturdays be rescinded.

AB. Recommending that certain regulations governing standing, stopping and parking, be adopted and put into effect when duly advertised.

HAVING READ HTE CONSENT AGENDA, ON MOTION OF ALDERMAN O'NEIL, DULY SECONDED BY ALDERMAN THIBAULT, IT WAS VOTED THAT HTE CONSENT AGENDA BE APPROVED.

H. Invitation to Board members to participate in the St. Patrick's Day Parade scheduled for Sunday, March 24th beginning at 1:00 PM.

Alderman O'Neil stated I just want you to know that you are all invited to march in the St. Patrick's Day Parade scheduled for Sunday, March 24. The Grand Marshall is a colleague of ours on the Board of Aldermen, George Smith. Hopefully everyone can get out that day and if you have a chance to respond to Mr. Sheehan I know it would be appreciated.

On motion of Alderman O'Neil, duly seconded by Alderman Smith, it was voted to receive and file this communication.

Mayor Baines stated while we are talking about St. Patrick's Day, on March 12 we are having the second annual Mayor's Blarney Breakfast to benefit Special Olympics and the March of Dimes. It is going to be held at the Center of New Hampshire. The keynote speaker is the Mayor of Somerville who is an Irish immigrant plus some other surprise guests. If you are interested, please see me for additional information. I think last year we raised $15,000 or $16,000 for those two charities and we have already exceeded that for this year's event as well so I am very excited for the two worthy causes here in our City.

Resolution:

> "Amending the FY1999, FY2001 and FY2002 Community Improvement Programs, transferring, authorizing and appropriating funds in the amount of To Hundred Fifteen Thousand Dollars ($215,000) for FY2002 CIP 613202 Newbuild 1 Affordable Housing Project."

Alderman Wihby noted that he had removed this resolution from Item J stating I voted against this in the Committee and I wanted to be able to pull it off and vote against it at the full Board.

Alderman Sysyn moved the item for discussion. Alderman O'Neil duly seconded the motion.

Alderman Wihby stated it seemed like I didn't quite understand the whole concept but it was something to the effect that we were going to be transferring this amount of money and it was going to end up being $500,000 or $550,000 and it was for two units of housing. One

two-family and one three-family. It just seemed like a lot of money to spend over half a million total even though we were going to get back half of that money from rent to have five units of low income housing. It seems to me we could find a better way to spend that money.

Mr. MacKenzie stated the request was made by Neighborhood Housing Services to transfer some funds they had in other housing projects towards this project. Alderman Wihby is correct that there are five dwelling units in two separate projects that would be assisted by these funds. They were not looking for $500,000 in City funds, they were looking to transfer $215,000 from these Federal funds that we get, HOME funds, and they were providing the rest of the funds from other sources. The total was close to $500,000 for the project of which $215,000 would be funds through the City of these Federal funds.

Mayor Baines asked what are the sources again. $215,000 from HOME funds?

Mr. MacKenzie answered from funds that had been allocated to Neighborhood Housing Services, but which they did not utilize or need for the other projects.

Mayor Baines asked those funds were from what.

Mr. MacKenzie answered there were three older projects like housing rehab.

Mayor Baines asked City funds.

Mr. MacKenzie answered HOME funds. It is all HOME funds from HUD.

Alderman Shea stated at that meeting I felt that it was very important that we help the people of our City who are willing to live in residences. We approved $125,000 for the Millyard to have shrubbery and so forth and I am saying $125,000, which is a very good cause and approved by Alderman Wihby to put shrubbery up and spruce up the Millyard but when it comes time to help people and that is what we are in the business of doing it is unconscionable to vote the $125,000 on the one hand and then not support people who are willing to put their…in other words these are people who need the residences. They pay taxes. They are people like I was at one time when my dad had to depend on other people because there were five kids in the family and others here. I say that this is one of the most wonderful projects that we could help people with. We speak about trying to help people live in the City, get a start and do something positive and this is one of the best things. The lady that was in charge of Neighborhood Housing spoke before our group and explained what was going on and the Committee at that time voted, I believe it was 3-1 or 4-1 to approve this and

I think it is a worthy kind of thing and we should do it. I appeal to the members of the Board to support this.

Alderman Wihby stated Alderman Shea really knows how to twist things around. My rationale is not against helping low income families. My whole reason why I brought this up is I think it is expensive to help five families for over $215,000. I think the funds could be better used to help more than just the five families. That was my concern. It wasn't that we shouldn't help them but that we should better use these funds for additional people rather than just five families.

Alderman Shea replied that was not brought up at the meeting.

Alderman O'Neil stated as Chairman of the Committee and with all due respect to my colleague from Ward 7, I think in the discussion we were all unanimous in the need. I believe I voted with Alderman Wihby on this in opposition because the cost per unit is extremely high. I think that is what the concern was. It was not the willingness to try to help get some people housing, it was just extremely high. I just wanted to clarify that.

Ms. Sal Steven-Hubbard stated I am the Deputy Director for Neighborhood Development with Manchester Neighborhood Services. The cost of developing housing is extremely high, especially when you develop housing for people who can't afford to purchase housing unless you subsidize it. So the subsidy funds, the HOME funds that the City gets from the Federal government and then grants to Manchester Neighborhood Housing Services is to fill the gap between what it costs to produce housing and what you can sell it for or rent it for to a low income family. That is exactly the purpose of these Federal funds. The cost per unit is high. There is no way to debate that. It is approximately $118,000 per unit and that is what it costs. That is why we are requesting this money.

Alderman Guinta asked are you saying that it is more expensive to build low income housing than it is regular housing. Is that what you said or did I misunderstand the statement?

Ms. Steven-Hubbard answered I said it is more expensive to build housing than you can sell it for to a low-income family. In other words, low-income families can't afford to purchase…

Alderman Guinta interjected thereby the subsidy is higher.

Ms. Steven-Hubbard replied that is correct.

Alderman Wihby asked can't you use this money to buy a five tenement or a building where there are more units in there.

Ms. Steven-Hubbard answered if it is over a four family then it is no longer eligible for home ownership. It becomes commercial lending as opposed to home ownership lending so anything five units and above, if we buy it, then we tend to rehab for rental and not for sale to a homebuyer.

Alderman Wihby asked couldn't you buy two four family places.

Ms. Steven-Hubbard answered they are really hard to find. We could do that. We have done that in the past with both single family and with three and four family houses.

Alderman Wihby asked is it because we basically want to use that area up, I mean the empty lot. Is that why we have chosen those two places?

Ms. Steven-Hubbard answered that is about the only vacant land that we can identify in residential areas. Everything currently is occupied. There is little or no unoccupied housing. Therefore, the relocation costs involved in purchasing existing stock, rehabbing and reselling and also involves relocation of existing families, which creates a second level of pressure when there isn't really any housing out there. So, the creation of new housing has been kind of moving to the forefront of our priorities. It is not just the in fill of blighted areas, which is certainly a benefit of this project but it is also the creation of new housing.

Alderman Wihby asked have you ever paid this amount before to do something like this - $118,000 per unit.

Ms. Steven-Hubbard answered I think the last home ownership project that we did, which was the Renaissance Homes Project, which was the development of eight townhouses on Central Street and on Silver Street, the cost per unit was around $106,000 per unit and that was five years ago. We are looking at $118,000 a unit five years later and I think it is in the ballpark.

Alderman Gatsas stated I know it has been awhile since I had much to do with construction, but $118,000 per unit for a 1,300 square foot unit is over $100 a square foot.

Ms. Steven-Hubbard replied that is total development cost not construction cost.

Alderman Gatsas stated I think maybe what somebody needs to do…I believe that affordable working class housing is a necessity in the State of New Hampshire but I think for us to sit

here and say that $118,000 a unit is not extensive or…I would like to see some plans to show us how that cost is being arrived at. When you are talking about $236,000 for a two family that just doesn't sound reasonable to me when you see the market conditions out there. You could probably go out and buy three units, three separate buildings for that kind of money and condo them so that families could get into them at an affordable rate.

Ms. Steven-Hubbard stated current market conditions for existing housing that needs significant rehab is around $55,000 a unit. That is slum housing that needs gut rehab. That is what we are seeing out there on the market right now. $55,000 a unit in conditions that you would not want to put your children in. So, doing that ends up costing at least as much as new construction.

Mayor Baines asked just translate that $55,000 into that figure we are talking about now, which is $118,000 per unit.

Ms. Steven-Hubbard answered if you take that $55,000 that I talked about, that is for acquisition of existing housing. Then you add to that the cost of the rehab. You still need to hire an architect and engineers and you still need to pay the construction loan costs and you still need to add on to all those other costs. Currently, our rental numbers are over $118,000 a unit for rehabbing existing housing.

Mayor Baines replied including cost of purchase you just said though.

Ms. Steven-Hubbard responded the $118,000 that Alderman Gatsas is talking about is total development cost. That is acquisition of the property, architecture and engineering, construction, the broker's fee to sell it, the cost of closing and carrying a construction loan. It is all of the costs of the project combined.

Alderman Gatsas asked are these projects put out to bid.

Ms. Steven-Hubbard answered yes.

Alderman Gatsas asked the two units that you talked about, the one on Silver Street and the one on Central Street, were those built by the same people.

Ms. Steven-Hubbard answered the same people as whom.

Alderman Gatsas asked were both projects built by the same builder.

Ms. Steven-Hubbard answered yes. It was put out as a single contract for eight units. The $106,000 again was total development cost. It was not the cost of construction. The cost of construction was around $72,000 a unit.

Alderman Gatsas stated I would just like to see some in-depth numbers of how that is…I didn't do any research but I am going to go out and do some tomorrow.

Alderman Lopez stated Mr. MacKenzie has worked with Felix Torres for many years now. Mr. MacKenzie, as the Planning Director working with Felix Torres, are you satisfied with this?

Mr. MacKenzie replied I would have to say that I haven't looked at the numbers myself in detail. I believe our staff has. I do know that the easy properties have already been taken care of. The properties that were easily acquired for low cost and then redone. We are dealing with properties now that are typically more expensive to both acquire and develop than in the past. We are very limited on our housing stock. There is a housing task force that has been looking into that but there are no easy answers and there are no easy properties to pick up cheaply and develop cheaply anymore.

Alderman Lopez moved to refer the Resolution to the Committee on Finance. Alderman Shea duly seconded the motion. Mayor Baines called for a vote on the motion. The motion carried with Alderman Wihby being duly recorded in opposition.

Report of Committee on Administration/Information Systems

K. Advising that it has approved Ordinances:

> "Amending Chapter 38: Code Enforcement of the Code of Ordinances of the City of Manchester by inserting new penalties in Section 38.06(A): Citation Penalties for various violations of Chapter 91: Health and Sanitation."
>
> "Amending the Code of Ordinances of the City of Manchester by removing Chapter 50: Solid Waste and removing portions of Chapter 130: General Offenses relating to littering and placing these sections within Chapter 91: Health and Sanitation."

as enclosed herein; and recommends that same be referred to the Committee on Bills on Second Reading for technical review.

Alderman Lopez stated I think this is a great ordinance and I think it is about time that this happened. The City has become very dirty lately and a lot of people are commenting about that. I just have one question before I move this. How is the public going to know about the changes in the ordinances? What are we going to do to educate the public that if they throw a cigarette out the window they can be charged $100? How are we going to enforce this?

Mr. Thomas stated over the next few months we are going to be getting the word…

Mayor Baines interjected could you just explain to the people listening what we are talking about.

Mr. Thomas stated first of all part of this revised ordinance places the Highway Department under the Health Department so that we can give out citations. Part of this ordinance deals with the totter program that you have heard about in the past. Basically what it does is it is now going to combine all of our efforts in addressing both solid waste and litter problems and will give us the ability to issue citations at a far higher amount. We will be getting the word out through inserts in sewer/water billing. We plan on getting on to MCTV to do some presentations on the totter program and some of these revised fines that go along with the ordinance. So, over the next few months you will be hearing about this.

Alderman Lopez asked, Deputy Chief Duffey are you going to be enforcing the law in reference to this ordinance that is coming forth. Is someone who throws a cigarette out the window going to get a $100 fine?

Deputy Chief Duffey answered we can do that.

Alderman Lopez replied I know. You can do anything you want to do but are you going to enforce it like the open containers? Have you ever arrested somebody for an open container?

Deputy Chief Duffey answered yes.

Alderman Guinta stated I agree with Alderman Lopez that this is a very important ordinance, however, there is a further question with respect to the streets and the sidewalks and especially in downtown Manchester. What can we specifically do to aid clean up of those areas? In addition to these ordinances and these fines, which I hope will deter people but should they not for some reason what can we do to extend some sort of proper clean up of the streets and sidewalks. I get plenty of complaints from downtown business owners about the condition of the sidewalks.

Mayor Baines replied we did work very hard on a container program with your predecessor and others were involved in that to clean up the alleys downtown and I think there has been a very significant improvement.

Alderman Guinta responded you are right and the business community does thank my predecessor and this Board for that commitment. I think at this point the business owners are looking for now a further commitment based on new things that have been identified.

Mr. Thomas stated again we keep increasing the amount of efforts that we put in the downtown area. We are working with Intown Manchester right now. They actually hired us to go down and sweep the sidewalks along Elm Street on a regular basis. In addition, we do have a much higher level of street sweeping in the downtown area than in any other part of the City. The alleys, I believe, have improved dramatically with the container program that we pushed through. Again, I think that we will continue to focus on the area downtown.

Alderman Guinta asked is there a specific reason or why is Intown Manchester required to hire your department to clean a City sidewalk.

Mr. Thomas answered we are doing it for them because it is cheaper than if they were to go out and hire a private contractor. Now if the Board of Mayor and Aldermen so desires and is willing to fund, we can go down and sweep the sidewalks every week.

Alderman Guinta asked so you are saying that the funding is not there.

Mr. Thomas answered that is correct.

Alderman Guinta asked what kind of funds are we talking about to sweep the streets of downtown Manchester.

Mr. Thomas answered I can put that estimate together for you. It is not only funding, it is also labor requirements. We don't have people who are just hanging around waiting to go and sweep the sidewalks on Elm Street. Those crews are busy dealing with snow issues in the winter and construction during the construction season. Again, if this is something that the Board so desires, we can put together a proposal to be included as part of this budget process.

Alderman Guinta asked so the current budget that you have does not include cleaning the inner City or the downtown area.

Mr. Thomas answered it includes sweeping the streets on a regular basis at least once a week and twice a week during the height of the season. We are not funded to go down there and sweep the sidewalks on a regular basis. Typically what we try to do is do the sidewalks in the springtime right after the winter season. We also go down and try to clean the sidewalks

along South Willow Street, the bridges and the other major streets. Again, on a regular basis we are not funded to do that.

Deputy Clerk Johnson stated perhaps the CBSD is one of the funding mechanisms for the downtown area and perhaps Alderman Guinta could follow-up with Mr. MacKenzie on that because that is actually the fund that he is referring to that is paying for the clean-up of the downtown area.

Alderman Thibault stated I would certainly like to see the downtown cleaner than it is although I believe there has been quite a bit of improvement in the last couple of years. At that point I would certainly say that we don't get a sweeper every week or two in my ward. I know that they can't do that every week or every other week. We are lucky if we get it twice in the summer.

Mr. Thomas replied you get it three times a year. That was part of the bid that we put out.

Alderman Shea asked, Frank, is it customary for your department to sweep sidewalks. My constituents would appreciate that too.

Mr. Thomas answered again we are not geared up to sweep sidewalks. What we do is in the downtown area we do sweep the sidewalks with our own people after the winter and before construction. We will do that on Elm Street and on the bridges and on South Willow Street and other major streets. No, we don't go out there and sweep every sidewalk.

Mr. Clougherty stated just to clarify, the Central Business District is assessed a tax and the purpose of that tax is so that they can get additional purposes. They are going to use the money that they are collecting or that is collected from that special assessment to have the streets cleaned and they have decided that Frank and his staff can accomplish more with the money that they have available then if they went with a private contractor. That is the source of funding. It is not that he has extra money in his budget to go ahead and do it.

Alderman Guinta stated I do think it is important to talk about the cleanliness of downtown considering that we are trying to invite people downtown so I appreciate the time to speak about the issue. Are you currently under contract with Intown Manchester or are you in negotiations with them?

Mr. Thomas replied we are not under contract with them. They approached us saying that they had some money to sweep the sidewalks every two or three weeks. We gave them a price and basically we are just charging our overtime and labor to them. We are not under any contract. The deal we had was we would periodically do that as long as it is not

interfering with our other activities, such as snow removal and whatnot and we have been going down every two or three weeks and sweeping the sidewalks.

Alderman Guinta asked and that started when. This year or last year?

Mr. Thomas answered it started this fall.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to accept, receive and adopt the report of the Committee and refer this item to the Committee on Bills on Second Reading.

Report of Committee on Community Improvement

M. Recommending that the Board authorize transfer and expenditure of funds in the amount of $15,000.00 from FY02 CIP 213502 Tenant Assistance – Transitional Housing Program to FY02 CIP 213402 – Tenant Assistance – Security Deposits and for such purpose a resolution and budget authorizations have been submitted.

Alderman Gatsas stated I notice that it has been moved from Tenant Assistance to Security Deposits. Wasn't there a security deposit account that was set up two budgets ago?

Mr. MacKenzie replied The Way Home, the organization that runs the program, asks for funds for Tenant Assistance every year. They are running short this year because of the housing shortages. They are actually requesting the transfer from one of their other projects, which is the transitional housing on Spruce Street, into security loans because of the problems that we are currently having with finding affordable housing.

Alderman Gatsas responded my question is that we had set up in another budget cycle I believe, not this past one but the one before in CIP, for security deposits. Do we know what the status of those have been. Have they been paid back so we could re-lend them?

Mr. MacKenzie stated again the City allocates additional monies each year for security deposits so you are correct. Two years ago there were funds given to The Way Home. They do try to recycle funds but there is some monies that do not come back plus the demand grows each year. So two years ago there was funding set aside and this year there were additional monies set aside for security deposits.

Alderman Gatsas asked so once we give them the money for security deposits we don't know whether they have given any one person a security deposit more than once so that nobody else is eligible. Is there any accounting that comes back to the City so we can see that these funds are utilized on a regular basis or is it just something that is a given that the security deposits are gone?

Mr. MacKenzie answered these are grants to The Way Home and they are from a special program of the Federal government, emergency shelter grant monies. They do go specifically for the purpose intended. We do not monitor names and addresses of people they grant these to. We do request that they provide monthly beneficiary reporting for HUD purposes to see how many families they have assisted with these monies. We do monitor them in accordance with the HUD guidelines.

Alderman Gatsas asked is there any way that you could forward those monthly reports to this Board so that we could see if they are indeed using those funds for security deposits for families that do need them.

Mr. MacKenzie answered yes we can.

On motion of Alderman Osborne, duly seconded by Alderman Pinard, it was voted to accept, receive and adopt the report.

Report of Committee on Community Improvement

Q. Recommending that a request of the Economic Development Director, Finance Officer, Planning Director, City Solicitor and Destination Manchester Coordinator to expend up to $60,000 from the proceeds of land sales in the Manchester Air Park development, which is currently being held by the Manchester Housing and Redevelopment Authority be granted and approved. The Committee notes that approximately $10,000 will be used for appraisals of property related to the Courthouse Square Project and approximately $50,000 will be used for a feasibility study of minor league baseball in Manchester.

Alderman Lopez asked Jay Taylor and Bill Jabjiniak to come forward. Regarding this minor league baseball situation, there have been minor league reports done in this City previously and there have been volunteers who have worked on minor league baseball. I am very surprised that we are going to take $50,000 and do another study and that we don't have enough educated people in the City here so if someone came in with some type of proposal we couldn't sit down and determine whether or not we are getting something good before we just actually go out there and spend $50,000 for them to tell us that they want us to put $1 million into Gill Stadium or another $50,000 down at Singer Park or anyplace like that. Let me ask you this question. Has anyone presented any type of proposal to the City in writing that they are interested in with any statistical data?

Mr. Taylor replied I have not seen a written proposal at this point but apparently there have been a number of meetings over the past couple of years between the Mayor and various City officials and the interest seems to be falling around the idea of building a new stadium versus putting money into Gill Stadium, which is the report that you provided me a copy of, the one that was done in 1997 I believe. The idea that every time we talk to one of these groups…they have all of the figures on their side and we don't have anything to tell us

whether we are going in the right direction or not. What I mean by that for example is it would be helpful to know what the naming rights for a stadium might bring in, what kind of revenue stream it might bring in. We all know that if somebody is coming in looking for the City of Manchester to build somebody a $10 million stadium and rent it to them for $500,000 a year that is not going to fly. We all know that. We are looking to try to find revenue streams that would support the construction of a new stadium and not fall on the backs of the taxpayers. The only way we can do that is to get somebody to do some sort of a study that would provide us the various revenue streams that are out there and available to be used for that purpose. None of us have that type of expertise. Just to give you an example, we did that sort of a study with the arena and I believe similar studies were done with the Airport to try to find out where the revenue sources were and to identify and quantify them so we would have something to hang our hats on when these proposals come in. That is the purpose behind…

Alderman Lopez interjected how long have you known that minor league baseball was interested in coming to Manchester.

Mayor Baines replied let me address that because usually when those contacts are made they generally end up in the Mayor's Office. Since I have been Mayor I have had three conversations with individuals and groups interested in bringing minor league baseball to Manchester. All of these conversations have been of a very serious nature. Most recently they perhaps have reached a point where we either have to determine whether it is financially feasible to do it or we should cease having these conversations. I will tell you there is a, as was reported in Vin Sylvia's column in the *Union Leader* this weekend, there are very serious efforts underway to bring minor league baseball to Manchester and we need to determine whether it can be done and whether it is financially feasible. We are not going to build a stadium and we cannot divert our resources from committed projects in the City including the senior center and the schools projects and the Granite Street widening and other projects. We are not going to do that. We want to see if it is financially viable for a stadium to be built and have it virtually self-supporting in that sense and we need to do due diligence to find out if that can happen and to look at the various revenue streams that would come available whether it be naming rights, concessions, advertisements and all of the other revenues that can be associated with stadiums of this nature. That is what we need to do. As I said in the article and I will say again, minor league baseball is going to come to Manchester. There is no doubt in my mind whether it is next year or the year after or five or ten years from now. We are a market that is very conducive to minor league baseball and I think the success of the civic center and other venues make Manchester a destination and a viable entity but it is a very serious nature. I believe as Mr. Ramsey was quoted as saying in the newspaper I think we have the ability to attract baseball at a very high caliber as well. So the interest is there and we need to find out whether it is doable. This money is set aside for

economic development. We are not taking this money from anything that can go to anything other than exploding economic development opportunities. I hope that answers your question.

Alderman Lopez replied I thank you very much and I share your comments also. Let me ask you this. Singer Park has nothing to do with this minor league baseball is that correct?

Mayor Baines asked the Foundation. We have not had any conversations with them.

Alderman Lopez stated I know they did a complete study and they did a pretty good job when they made a presentation to get the money from the City. I agree that it is not a major priority in my book when we need a lot of money in a lot of other locations. We talked about Hanover Street and the theatre district and Mary you mentioned that before. That is economic development. There are other projects that we can use $50,000 on. I am only saying that I believe there are enough intelligent, educated people in this City that if somebody were serious about coming in here and giving us the particulars like they wanted a 6,000 seat stadium and some other stuff that is in the report that I gave you from 1997 and that could lay out some type of plan, like the multi-million company that comes over here and wants to build Courthouse Square at least they have something that they can present. We have something that people are talking about on Bridge Street and Elm and they have something to present. That is the reason I am not going to vote for these $50,000. It is not right. It is just on verbal stuff coming before us without any type of a plan when there is intelligent and educated people in the baseball field who could get this done.

Mayor Baines asked Mr. Clougherty why this kind of analysis and expertise is necessary.

Mr. Clougherty answered you get what you pay for. There are a lot of people in the City who are very knowledgeable and very capable whether it be a part-time effort and it would take some time to gather that information. It might be days by the time you get a final report. If the City is serious in entertaining the proposals that are coming to the Mayor then you want to get a very professional and timely analysis of what the market will bear out there. Virtually every one of these companies or teams is going to come to you and tell you that they can generate this naming right or that naming right. I think you really want to go out and poll the business community to see if, in fact, that is true and there is that support before you move forward. Conducting a professional feasibility study before you get into any of these enterprises whether it is the Airport or expansion of your water systems is essential for funding. I would recommend that if you want to move forward you are going to have to do this type of study. Unfortunately, they cost between $30,000 and $50,000. The $50,000 that is being requested is hopefully the high end. They have to go out to bid and get the responses back and hopefully it will come in lower than that.

Mayor Baines stated the other thing is for example the issue of luxury suites and boxes in stadiums. I don't know anybody that can come and tell us right now what would be the going rate for something like that for baseball. Those are the types of issues that need to be studied and analyzed. To be quite frank with you, if we don't do this I am going to stop entertaining these conversations because we just need the data. I have made it very clear to everyone that I have talked to that we are not going to be diverting from the commitments we have made in the community and I can assure you we are not going to support a proposal or bring a proposal to you that will divert the focus of this community on projects that all of us are committed to.

Alderman Thibault asked are you saying that no City money will be used.

Mayor Baines answered that is my hope. That we can go and do this kind of study and find out to what extent it can pay for itself and what the margin would be. That would have to come back to the Board to see if it is a project that we want to continue exploring.

Alderman Shea asked in your discussions were there people interested in bringing some sort of a minor league ball club here that would be affiliated with one of the local clubs.

Mayor Baines answered these are very sensitive matters and I think there is a possibility of looking at affiliations. I think there is some interest in affiliations but again that has to be explored by people who come here and the connections they have with major league baseball. I think there is a good opportunity for Manchester to secure an affiliation.

Alderman Shea asked when a feasibility study like this is done…I realize you are looking for streams of cash but what other types of information comes forth. In other words is it inviting someone to help out with the building of the structure?

Mr. Taylor answered in my mind there are a couple of other areas that I think we would be looking for information on in addition to the revenue streams that would support this. For example, I think we would want to look at the cost of building these types of facilities to find out…we don't want to buy a Cadillac if a Ford will work. We don't want to spend $20 million if we can do the same thing for $10 million. That is one issue. The other issue is looking at sites. There have been a number of sites mentioned, including the renovation of Gill Stadium. Is that a practical approach for this type of thing? I don't have a clue. Do we need a certain size piece of land in order to do this and if that is the case maybe certain sites that have been mentioned in the past are ruled out because they are not large enough. We don't have that information. I don't have any idea what is really needed for this type of thing so it is a whole gamut of this kind of information that would come in that would enable us to

make some sort of a recommendation to this Board as to whether or not we should proceed with these discussions or not.

Alderman Shea asked I am wondering are we going to approach this feasibility study from the point of your or the City taxpayers paying for a stadium to be built or are we going to approach it from different points of view like a George Steinbrenner coming in and building it or someone else that is in the baseball field that is willing to take a chance on building it.

Mayor Baines replied we would allow him to do that, Alderman.

Alderman Shea stated I am just wondering is this part of what we are trying to do. We have, like the Mayor has mentioned, we have obligations that are pressing obligations and this is sort of a want rather than a need so I am just wondering how this feasibility study…

Mr. Taylor interjected I think we can all probably sit here tonight and agree that if somebody is coming in and looking for the City to build them a stadium it probably isn't going to fly. I think what we are trying to identify are potential sources of revenue that would make the stadium financeable with no negative impact on the City's tax rate. I think that is what we are trying to get at here. I am not going to sit here and tell you that is going to happen. I am saying we need to find out if it is possible. If it is not possible, that is what we are going to tell you. If it is possible we will tell you how it can be done and what the sources of revenue are and then it will be the Board's decision as to whether to proceed or not.

Mayor Baines stated the ideal would be looking at what the debt service would be for bonding X number of dollars and can X number of dollars in revenue be generated to pay the deficit so that it would have a neutral impact or wouldn't have an impact on the tax rate. That is what we hope the results of this are. We don't know. That is the reason to do the study.

Alderman Guinta asked am I correct to state that this is non-taxpayer money and that this is money allocated already to be used for economic development in the City.

Mr. Taylor answered this is money that was derived from the sale of land at the Manchester Airpark development. The proceeds from those land sales has been specifically reserved by the Board of Mayor and Aldermen for use in furthering economic development projects. It can't be used to buy a fire truck or build a fire station or whatever.

Alderman Gatsas asked can we separate these questions so that if we want to vote for the $10,000 for appraisal of the property we are able to do that.

Mayor Baines answered let's do that. Let's take the $50,000 for the feasibility study first. We will take that as a separate motion.

Alderman Smith stated I brought this up at our CIP Committee meeting and they said we couldn't do that.

Deputy Clerk Johnson replied what I will do is separate into two separate reports. One for the $50,000 and one for the $10,000. That can be done.

Alderman Smith stated I was told that it couldn't be done at the last meeting.

Mayor Baines replied well the Chair has ruled that we will do it.

Alderman Wihby stated it is one question. That is not how it was passed in the Committee.

Mayor Baines asked the City Solicitor if there is a reason we cannot separate them.

Deputy Solicitor Arnold answered not that I am aware of.

Mayor Baines stated we will separate them for the purpose of a vote. I will accept a motion for $50,000 for the feasibility study.

Alderman O'Neil moved to amend the report to approve up to $50,000 for a feasibility study of minor league baseball in Manchester. Alderman DeVries duly seconded the motion.

Mayor Baines called for a vote. The motion carried with Aldermen Lopez, Shea, Gatsas and Osborne being duly recorded in opposition.

Alderman O'Neil moved to amend the report to approve up to $10,000 for appraisals of property related to the Courthouse Square Project. Alderman Pinard duly seconded the motion.

Alderman Gatsas asked, Jay, can you tell us how much money is in that account from property that was sold at the Airpark.

Mr. Taylor answered the last time I looked it was a little over $500,000.

Alderman Gatsas asked are you saying that those funds can be used for economic development. Give me some examples of what you mean?

Mr. Jabjiniak answered I think we used some recently on the building up the street. If I remember correctly the Bond Building has some Airpark money in it.

Mr. Taylor stated this purpose here would be another example. I am trying to think of where we have transferred some money. I am drawing a blank here but I am sure I can come up with some if I am given more time to think about it.

Mr. MacKenzie stated the most recent one of a fairly large amount was the Hackett Hill development project.

Alderman Gatsas asked how much money was that.

Mr. MacKenzie answered I believe it was $250,000.

Alderman Gatsas asked what was it for.

Mr. MacKenzie answered there was cash allocated to that project and the Board used that cash to do other projects and reimbursed the Hackett Hill development project with this $250,000 from the Airpark.

Alderman Gatsas asked was some of that money, the $250,000 reimbursement, the Derryfield project.

Mr. MacKenzie answered that is correct.

Alderman Gatsas replied so these funds could be used for an enhancement at Derryfield Park. We have already done it once.

Mr. MacKenzie responded the Airpark monies cannot, no.

Alderman Gatsas asked if it were transferred to Hackett Hill then we could do it.

Mr. MacKenzie answered yes that is what the Board did.

Alderman Gatsas asked so we could transfer funds from this account to the Hackett Hill project and from the Hackett Hill project we can make those funds available to Derryfield Park or Livingston pool or Prout Park.

Mayor Baines stated the Board basically by a vote can do most anything they want to do in terms of appropriation of money.

Alderman Gatsas stated I was wondering how that appropriation got to Hackett Hill to begin with and how during the budget process of last year the money moved from Derryfield Park to other projects and then we refunded that some time in November. I guess I can take this forward to CIP and I guess Mr. MacKenzie you can help find some money for Derryfield Park.

Mr. MacKenzie stated if you follow that same procedure, which the Board has done, in essence you are reducing the total amount of the pool available for economic development. There was money set aside, cash money set aside from land sales that went to the Hackett Hill development project and there was money set aside in the Airpark that has to be used for economic development. You can do those transfers I believe but if you do you are reducing the total amount available for economic development.

Alderman Gatsas stated if we are going to spend $50,000 on a study to entertain a baseball team to come to Manchester, I would think that $50,000 would be better utilized in completing a project at Derryfield Park that would include swingsets, parking and tennis courts that are vitally needed for that area of town. If we are going to spend $50,000 there then certainly we should find appropriations so we can do Derryfield Park, which is a park in the center of the City that certainly would be used as much as Livingston or Prout.

Mr. Clougherty stated my comment is I want to go back and do research on that. My recollection is that the proceeds from the sale have to go to economic development and because it was bond proceeds it has to be used for a life type of thing. If, in fact, some of the proceeds were diverted to Derryfield or some other park, I am not sure that is something that should have happened and we can go back and look at that tomorrow. I will tell you going forward that I don’t think because something happened once that you should build your policy on that going forward. I would say that you better go back and research your bond documents and take a look at the use of those funds to make sure that you are using them for economic development. If you want to make an argument that parks improvements are economic development, I guess I would have to see something pretty detailed that makes that argument.

Alderman Gatsas stated I assume that Mr. Clougherty is not asking me to do the research.

Mayor Baines stated Mr. Clougherty will do the research on that and report back to the CIP Committee.

Mr. Clougherty replied exactly. I think you want to make sure you are on solid footing in the use of those funds going forward.

Alderman O'Neil stated I share Alderman Gatsas' frustration with what happened with Derryfield Park. I won't say we were misled but I never want to go through that again. We made a commitment and then were never told that the second phase of it didn't come through and that is why I am gun shy with a lot of these seed money items for other projects where we are told it is not going to cost us any money down the road. I do think with regard to both of these items in Q that this is the right direction for the City to move in. It is the cost of doing business and I give Alderman Gatsas my word that I will work with him to try to identify money to complete at least the first phase of Derryfield Park.

Alderman Gatsas stated I just want to tell Alderman O'Neil that that is somewhere around $1 million.

Mayor Baines called for a vote on the motion to amend the report to approve up to $10,000 for appraisals of property related to the Courthouse Square Project. There being none opposed, the motion carried.

Report of Committee on Human Resources/Insurance

W. Recommending that the Building Program Supervisor position be reclassified from a Grade 17 to a Grade 18, and that the minimum qualifications be changed to reflect an educational requirement of an Associate's Degree. The Committee notes that such recommendation is based on the results of a review of the position, and recommendations made by the Human Resources Director.

Alderman Smith stated two years ago I think the City undertook the Yarger Decker study and everybody was put in the proper classification. Now Human Resources wants to get a Building Program Supervisor from Grade 17 to Grade 18 and they put down an educational requirement of an Associate's Degree. I think this is opening up a can of worms because there are a lot of other inspectors and supervisors all over the City that would probably come in and make requests for reclassification and I don't think this is proper since you just had a study two years ago.

Ms. Lamberton replied in fact there was a study done two years ago. There were a certain group of employees who were not satisfied with the decisions that Yarger Decker made. Those employees have been told that sometime after July 1 they can have their positions looked at. In this instance, as part of the process of looking at a position we would have an employee fill out a questionnaire and we would analyze the position and look at the point factor system that we have now in effect within the City. I would then compare this position to other positions that have an equivalent level of responsibility, such as other positions that do inspecting. The end result of that is that this position would be properly graded and consistent with the other inspector type positions throughout the City.

Alderman Lopez stated I would just like to say that the Committee looked at this extensively. All of the documentation is there and this was the final conclusion. The documentation backs up everything and that is why the Committee approved it.

Alderman Wihby stated my understanding of the study was that you have to put in place something like this where it is reviewed on an ongoing basis as long as you do it right and there are not political games being played but it is done by the Human Resources Director in conjunction with someone putting in for an upgrade. That is exactly what the study wants us to do, not just to have everybody stay where they are until we have a problem again.

Alderman O'Neil asked, Ginny, how many are you currently reviewing at this point.

Ms. Lamberton answered maybe four or five that the departments or employees have requested.

Alderman O'Neil asked how many have you denied.

Ms. Lamberton answered I am sorry. I have reviewed more than that. I have denied all but this one so probably six.

Alderman O'Neil asked so all that has come in is approximately 10 total.

Ms. Lamberton answered yes to date.

Alderman O'Neil stated I share the concerns of Alderman Smith. I was on the Human Resource Committee when we held all of these appeals and it just got out of control. I am concerned that if we approve one it is going to start happening regularly.

Ms. Lamberton stated it is very important…you know I take this process as probably one of the most serious things that Human Resources does because of all of the impact it has and the domino effect that it can have. In reviewing the position, I am not concerned about who the employee knows or anything else. I am looking at the level of the responsibility of the position as it relates to our point factor system and as it relates to other positions City wide. That is my responsibility to insure that when I make a recommendation I am solid on that and I am not going to create other problems. If other employees want to have their positions reviewed and their department head supports that, the department head is required to put a narrative to me telling me how the level of responsibility has increased in that position. If a department head can’t do that, that is not a very good sign that anything is ever going to change.

Alderman O'Neil asked, Ginny, as part of the process does the department head need to sign off on it.

Ms. Lamberton answered yes. There is a questionnaire on our G drive and the employee fills out their duties and responsibilities and then the department head has to affirm that those duties and responsibilities are, in fact, valid. Today a department head in one of my audits disagreed with what the employee said quantitatively.

Alderman O'Neil asked but does the department head need to sign off.

Ms. Lamberton answered absolutely.

Alderman O'Neil asked so if the department head does not approve of the reclassification it doesn’t happen.

Ms. Lamberton answered I would certainly look at it but that would have an impact on my decision-making.

Alderman Shea stated you compared four or five people did you not in comparison to this position.

Ms. Lamberton replied positions. I think it was more like seven or eight. We also looked at the positions that inspect and have supervisory responsibilities in relationship to these positions to, which do have higher salary grades. We also looked at the educational requirements for these positions and higher level positions. It is not something that can be done in just an hour. It takes quite a bit of time and staff.

Alderman Shea responded there is a weighted system too, right.

Ms. Lamberton replied that is the point factor system.

Alderman Lopez stated one other thing that I would like to add to this is I think it is a very good process that HR goes through because she has denied some people and I have heard comments about what a detailed person she is and how she gave very good justification for a denial and they accepted it gracefully. Before they used to get a denied and not even an explanation why but her explanations are very good and detailed.

Mayor Baines stated I am very confident that it is an apolitical process, which I think is very critical. She must be allowed to make decisions like that and I am confident that she is doing that.

Alderman Wihby moved to accept, receive and adopt the report. Alderman Lopez duly seconded the motion. Mayor Baines called for a vote. The motion carried with Alderman Smith being duly recorded in opposition.

Report of Committee on Traffic/Public Safety

Z. Recommending that temporary closure of streets, changes in parking regulations and use of the parks for events as follows:

a) St. Patrick's Day Parade scheduled for Sunday, March 24th (to include painting of shamrocks on roadway) – Dan O'Neil
b) 11th Annual Memorial Weekend fireworks display scheduled for Sunday, May 26, 2002 (rain date May 27)-WGIR (Arms Park)
c) 5th Cruising Downtown scheduled for Saturday, June 22, 2002
d) 4th Annual Easter Seals Walk scheduled for Thursday, June 20, 2002 (Veteran's Park)
e) YMCA 5K Road Race scheduled for Saturday, June 1, 2002 (Arms Park)
f) Manchester MS Walk scheduled for April 20, 2002 (Arms Park)
g) Merchant's Automotive/Credit Union Pre-owned sale April 10-13 or April 20th (Rubenstein Lot)

be granted and approved under the direct supervision of the City Clerk, Fire, Police, Traffic, Parks and Risk Departments.

Alderman O'Neil stated I want to refer this to the City Clerk on a clarification.

Deputy Clerk Johnson stated the St. Patrick's Day Parade, referenced as item a), was approved by the Committee subject to review and approval of the Police Department along with some other agencies. We would include closure of Elm Street, between Auburn and Valley Streets as part of that report at the recommendation of Police. In reality, Item A on the attachment to the report would be the only item that the St. Patrick's Day Committee would be requesting in addition to the closure of the streets.

On motion of Alderman Wihby, duly seconded by Alderman Pinard, it was voted to accept, receive and adopt the report with inclusion of the Clerk's comments.

Mayor Baines presented nominations as follows:

<u>Conduct Board</u>
Robert Pariseau to replace Jackie Domaingue, term to expire October 1, 2004

<u>Elderly Services Commission</u>
George Morrissette to replace Victor Goulet, term to expire January 2005.

On motion of Alderman Thibault, duly seconded by Alderman Lopez, it was unanimously voted to suspend the rules and confirm the nominations of Robert Pariseau to the Conduct Board, term to expire October 1, 2004 and George Morrissette to the Elderly Services Commission, term to expire January 2005.

On motion of Alderman O'Neil, duly seconded by Alderman Pinard it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Baines called the meeting back to order.

OHTER BUSINESS

A report of the Committee on Finance was presented recommending that Bond Resolutions:

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars ($2,500,000) for the 2000 CIP 760100, Crystal Lake Phase I Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Nine Hundred Thousand Dollars ($2,900,000) for the 2000 CIP 760500, CSO Abatement Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars ($2,500,000) for the 2002 CIP 714002, Treatment Plant Improvement Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars ($1,000,000) for the 2002 CIP 714102, 2MG Water Storage Tank Project."

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars ($1,000,000) for the 2002 CIP 714202, Distribution System Project."

ought to pass and layover; and further that Resolutions:

"Authorizing the Finance Officer to effect a transfer of Two Hundred Fifty Thousand Dollars ($250,000) from Contingency to the Rent – Welfare line of Welfare (0869)."

"Amending the FY1999, FY2001 and FY2002 Community Improvement Programs, transferring, authorizing and appropriating funds in the amount of To Hundred Fifteen Thousand Dollars ($215,000) for FY2002 CIP 613202 Newbuild 1 Affordable Housing Project."

"Amending the FY 1997 & 2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Thousand Twenty Two Dollars ($1,022) for CIP 212102 – Emily's Place Operations Program."

"Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars ($15,000) for CIP 213402 – Tenant Assistance – Security Deposits Program."

"Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Twenty Five Thousand Dollars ($125,000) for FY2002 CIP 613102 Millyard Improvement Project."

"Amending the 2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Four Thousand Dollars ($4,000) for the 2002 CIP 711302 LED Replacement Program."

"Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars ($15,000) for the FY2002 CIP 810002 – Valley Cemetery Master Plan project."

"Amending the FY2001 & FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Two Hundred Fifty Thousand Dollars ($250,000) for the CIP 811202 Architecture/Engineering Facilities Capital Planning Project."

Amending the 2002 Community Improvement Program, authorizing and appropriating funds in the amount of Four Million Five Hundred Thousand Dollars ($4,500,000) for certain Manchester Water Works Improvement Projects."

"Authorizing the Finance Officer to effect a transfer amount of Two Hundred Fifty Thousand Dollars ($250,000) from the 2001 CIP 330401 McLaughlin Middle School Addition Project to the 2002 CIP 811202 Architecture/Engineering Facilities Planning Project."

ought to pass and be Enrolled.

Alderman Smith moved to accept, receive and adopt the report. Alderman Osborne duly seconded the motion. Mayor Baines called for a vote. The motion carried with Aldermen Wihby and Gatsas being duly recorded in opposition to theFY2002 CIP 613202 Newbuild 1 Affordable Housing Project Resolution.

Communication from Alderman Osborne proposing a change to the Rules of the Board by changing the time allowed for individuals speaking at Public Participation sessions from two minutes to three minutes.

Alderman Wihby stated my concern, your Honor, is if you go for three minutes sometimes you are not going to let people speak or are we just going to go longer. Can we have some discretion that when it is not busy and you see the list that you give them three minutes or do we have to decide one way or the other.

Mayor Baines replied well we are pretty liberal on the time. Most of the time they are given three and if you go to three it will be four and if you go to four it will be five. Generally speaking, I think you can express what you need to express in a relatively short period of time. Again, it is up to the Board.

Alderman O'Neil stated my concern is some of the nights that we have a half an hour and then we have to start the regular Board meeting and suspend it and then sit here for another half an hour or 45 minutes and that happens fairly regularly and then we are trying to take votes at 10:30 PM or 11 PM. I certainly share Alderman Osborne's concern about the time but some nights it just drags on here and it is very late that we are getting out of here.

Mayor Baines responded I also think that people can express themselves and be prepared. It is pretty easy I think.

Alderman Shea stated as usual I take the opposite view as it were. I feel that it takes a lot of courage and people take time to come here and they are willing to discuss their problems and they start to open their mouth and pretty soon Leo is saying 30 second left and your time is up. I don't have a problem with three minutes. I would support this motion.

Alderman Osborne moved to amend the Rules of the Board by changing the time allowed for individuals speaking at Public Participation sessions from two minutes to three minutes. Alderman Shea duly seconded the motion.

Alderman Wihby stated my concern is if you go to three minutes and you have thirty people by the time you get to the last person they have probably left. We see that happen a lot too. Is there some way that if there is time we give them three minutes otherwise we go to two depending on how many people show up?

Mayor Baines replied you could amend the motion to state that it is up to the Mayor's discretion to give people up to three minutes to speak at Public Participation sessions.

Alderman Wihby so moved to amend the motion to amend the rules by allowing up to three minutes to speak at the Mayor's discretion. Alderman Shea duly seconded this motion.

Alderman Gatsas stated I don't want this coming back to the Administration Committee. We had it last year. We had this discussion already. We came back and a year later we are discussing it again. We decided on the two minutes.

Mayor Baines called for a vote on the motion to amend the motion. There being none opposed, the motion carried.

Mayor Baines called for a vote on the main motion as amended, approving the change to the rules by allowing up to three minutes to speak at public participation meetings at the Mayor's discretion. The motion carried with none recorded in opposition.

Mayor Baines asked is the 7:30 PM start time for the Board meetings actually in the Charter.

Alderman Wihby answered yes.

Mayor Baines stated the question was could it be posted to start immediately following the public participation session.

Alderman Wihby replied it says 7:30 PM in the Charter.

Mayor Baines stated I agree with Alderman O'Neil. I would rather use that 20 to 25 minutes to continue with the meeting since we are all here but we will look into that further.

> Communication from the Frank Thomas, Public Works Director, requesting the Board accept State Hazardous Waste Clean up funds, enter into a contract with the NH Department of Environmental Services, Waste Management Division for the Spring 2002 Household Hazardous Waste Collection project, and authorize the Public Works Director to execute such documents as may be required.

On motion of Alderman Thibault, duly seconded by Alderman Forest, it was voted to approve the request, accepting such funds and authorizing the Public Works Director to execute such documents as may be required.

Resolutions:

> "Authorizing the Finance Officer to effect a transfer of Two Hundred Fifty Thousand Dollars ($250,000) from Contingency to the Rent – Welfare line of Welfare (0869)."
>
> "Amending the FY1999, FY2001 and FY2002 Community Improvement Programs, transferring, authorizing and appropriating funds in the amount of To Hundred Fifteen Thousand Dollars ($215,000) for FY2002 CIP 613202 Newbuild 1 Affordable Housing Project."
>
> "Amending the FY 1997 & 2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Thousand Twenty Two Dollars ($1,022) for CIP 212102 – Emily's Place Operations Program."
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> "Amending the FY2002 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars ($15,000) for CIP 213402 – Tenant Assistance – Security Deposits Program."
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"Authorizing the Finance Officer to effect a transfer amount of Two Hundred Fifty Thousand Dollars ($250,000) from the 2001 CIP 330401 McLaughlin Middle School Addition Project to the 2002 CIP 811202 Architecture/Engineering Facilities Planning Project."

On motion of Alderman Shea, duly seconded by Alderman Wihby, it was unanimously voted to suspend the rules and dispense with reading of the Resolutions by titles only.

Alderman Shea moved that the Resolutions ought to pass and be Enrolled. Alderman Pinard duly seconded the motion. Mayor Baines called for a vote. The motion carried with Aldermen Wihby and Gatsas duly recorded in opposition to the FY2002 CIP 613202 Newbuild 1 Affordable Housing Project Resolution.

TABLED ITEM

13. Communication from Alderman Garrity requesting that the Board ask the Board of School Committee to either unfreeze approximately $377,000.00 allowing that it be expended for SCIP projects chosen by the School Board, or be turned over to the City as unused funds for projects not completed.

This item remained on the table.

NEW BUSINESS

Ordinance:

"Amending Chapter 33, Section 33.047 Probationary Period of the Code of Ordinances of the City of Manchester."

Deputy Clerk Johnson stated we have presented to the Board an ordinance for consideration and it is being presented actually on behalf of department heads, although some of the

departments heads are not aware of it. It amends Chapter 33, Section 33.047 Probationary Period of the Code of Ordinances of the City of Manchester and basically it gives the discretion to the department head to extend probationary periods for new employees. It is a practice that has occurred in the City up until this time, however, the Human Resources Director has recently advised that it is no longer contained in the ordinance that is on the books. Therefore, it is requested that the Board suspend the rules and place this on its final reading this evening without referral to Committees to allow the discretion of the department heads to continue.

Alderman Wihby moved to suspend the rules and place the ordinance on its final reading by title only at this time without referral to the Committees on Bills on Second Reading and Accounts, Enrollment and Revenue Administration for discussion. Alderman Lopez duly seconded the motion.

Alderman Wihby stated I think what we are trying to do is make it possible to have an extra six months for all employees. I guess the first time I read it, it looked like we were talking about Fire Department employees only the way it is written.

Deputy Clerk Johnson replied Fire and Police presently have the 12-month option.

Alderman Wihby responded but if you read the sentence it says “shall be considered the period of probation” and then it says “except Fire Department” and then it says “in any event an employee.” I just want to make sure that it is understandable that it means all employees and not just Fire. Did the Solicitor’s Office write this?

Deputy Clerk Johnson replied the Solicitor reviewed it and the intention was to add the six months for the non-affiliated employees. Police and Fire have a 12-month probationary period currently.

Alderman Wihby asked should it read “in the event any employee”.

Ms. Lamberton stated currently the uniformed police and fire officers have a 12-month probationary period. That is why it says “a six month probationary period except the uniformed police and fire personnel.” They already have that. The remaining employees are limited to a six-month probationary period so if they are borderline it forces the department head to either make them a regular employee or fire them.

Alderman Wihby responded I understand what you are trying to do but I don’t know if it is clear enough so that everyone understands it is all employees. Above that sentence it talks about the Fire Department and then it says “in the event an employee”. When I first read it I

thought employee meaning Fire Department. I know that it means everybody but is this clear enough?

Mayor Baines asked has this been reviewed by the City Solicitor's Office.

Deputy Clerk Johnson answered yes it has.

Mayor Baines asked is it clear enough.

Deputy Solicitor Arnold stated I believe it is. I did not review it myself. I understand that Mr. Clark and Mr. Muller reviewed it.

Alderman Gatsas stated the probationary period for a new hire is six months.

Ms. Lamberton replied that is currently the ordinance.

Alderman Gatsas asked what is the probationary period or what time period before that employee is eligible for health insurance.

Ms. Lamberton answered the employee is eligible for health insurance the first of the month following his or her date of hire.

Alderman Gatsas asked so an employee can come in, get health insurance in the first month after hire and then be terminated five months later.

Ms. Lamberton answered yes.

Alderman O'Neil asked can someone explain to me what the purpose of this is and why it was brought forward.

Ms. Lamberton answered since I have been here there have been a couple of departments that have wanted to extend the probationary period of their probationary employees. Currently the way the ordinance is written there are no provisions to extend it. Very recently, today, another department head was faced with the same problem of an individual who they felt with a little more time they could make a successful employee but based on the way the ordinance is written and the timeframes around the end of this person's probationary period, they would probably have to terminate this employee rather than just working with them for perhaps another month or two to make them a successful employee.

Alderman DeVries stated I have a question and maybe Ginny can help me. The very last sentence is also addressing the case of a promotion. It says there will be a probationary

period for six months for somebody who has accepted a promotion and then they would return to the lower position with the rate of pay to which he would have been entitled…

Ms. Lamberton interjected pursuant to another ordinance so the rate of pay that they received upon demotion is provided for in another ordinance.

Alderman DeVries stated I just wanted to make sure that everyone understood that we are not just talking about new employees but about any individual who has been promoted as well.

Mayor Baines asked, Carol, do we have to do anything with the wording of this ordinance.

Deputy Clerk Johnson answered it is my understanding based on my discussion with the Solicitor's Office and the review of the Human Resources Director that this will accomplish the ability for department heads to extend probationary periods to non-affiliated employees.

Alderman O'Neil asked why didn't this go through Committee.

Mayor Baines answered because I think there is some urgency to it. I have reviewed this as well and I think it is an appropriate request to be made.

Mayor Baines called for a vote on the motion to suspend the rules and place the ordinance on its final reading by title only at this time without referral to the Committees on Bills on Second Reading and Accounts, Enrollment and Revenue Administration. There being none opposed, the motion carried.

On motion of Alderman Wihby, duly seconded by Alderman Garrity, it was voted to read the Ordinance by title only, and it was so done.

This Ordinance having had its final reading by title only, Alderman Osborne moved on passing same to be Ordained. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

Alderman Guinta stated I want to make a quick announcement that on March 12 at 7 PM the Neighborhood Housing Services has scheduled a Ward 3 constituent meeting to address the alarming crime numbers related to Ward 3.

Mayor Baines asked do you know that is election night. I just thought I would bring that to your attention.

Alderman Guinta asked don't we have a meeting that night.

Mayor Baines answered no. I just want you to know that March 12 is a special election for Executive Council.

Alderman Guinta replied I appreciate you bringing that to my attention. So I can safely assume that no one here will be at that meeting. At any rate I just wanted to let everybody know that there will be a meeting that evening for Ward 3 residents in the community room at NHS and we are going to specifically discuss the crime issues relative to Ward 3 and I would be happy to report back to the Board of Mayor and Aldermen regarding that issue.

Alderman Gatsas stated I have asked the City Clerk for myself and Alderman Sysyn to send a letter to Mr. MacKenzie and Mr. Clougherty to check on the funding for Derryfield Park and report back to the CIP Committee at their next meeting so we can have Alderman O'Neil not have to worry about rolling up his sleeves.

Alderman Lopez stated, Frank, I noticed in the commission meeting on Pond Drive…you know we are going to be in spring pretty soon and eminent domain for that particular area. I have asked the City Solicitor to look into that and make it a priority to get eminent domain for the Highway Department to go in and finish that project that Frank and a lot of other people have been working on to get the sewage system in that particular area.

Deputy Solicitor Arnold stated I can tell you that the statutory procedure has already been started.

Mayor Baines stated tonight at the Committee on Accounts meeting the Finance Office presented reports on revenues in this fiscal year. The report indicates that at the present time if the trend continues we may be about $1.1 million short in revenues that were projected in building this budget. You need to know that we are monitoring that situation very closely in association with the Finance Officer. We hope to look at some more positive trends when April's results are known. We just don't have a clear indication at this time. It does raise concerns. As you already know, we are running a $1 million deficit in the Welfare Department and based upon this information and further information from the Finance Office we are going to be sitting down with the various departments to look at that. The ramifications of that are when we built the budget in years past since I have been here we have always had about a $1.5 million fund balance going into the budget. That means

money that was not spent by the various departments and that has helped us in dealing with the budget. Absent that that creates a very significant challenge, especially looking at revenue trends going forward in the fiscal year. Also noted is that we are not going to be receiving any increases in revenue from the State this year and we have to monitor that situation. We are not going to talk about gambling tonight, Alderman Gatsas. I am just giving you the backdrop of the budget process. Last year we had about $8 million more in revenue than the previous year on the School side. Those revenues are not there this time around. I just want to caution you that we are already meeting with departments and looking at their presentations. I have had several meetings with the School Department. They are meeting tonight and that is where Wayne Robinson is. There are some significant challenges on the School side obviously with the third year of their contract being implemented this year. That reminds me of the same situation that we faced on the City side during my first two years in office. The same thing is happening on the School side this year. You need to know that when you do get the budget, we will all be rolling up our sleeves trying to figure out how to move forward and present a budget that is fair to everyone concerned. You need to know that the backdrop is a very serious concern to me. It is the worst situation I have seen. Obviously it is my third budget approaching and you need to know that is the backdrop that is there when we are sitting down with departments. In our conversations with the departments before we listen to the presentation they have to listen to me say all of the things that I told you this evening. You need to know that. We are going to do the best we can but once it comes to the full Board of Mayor and Aldermen we are going to work very hard and hopefully we will have the numbers to make this budget work.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

City Clerk