

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN  
(RE: FY2011 BUDGET)**

**January 13, 2010**

**5:30 PM**

**Mayor Gatsas** called the meeting to order.

**Mayor Gatsas** called for the Pledge of Allegiance, this function being led by Alderman Craig.

A moment of silence was observed.

The Clerk called the roll.

Present: Aldermen Craig, Ludwig, Long, Roy, Osborne, Corriveau, O'Neil, Lopez, Shea, DeVries, Shaw, Greazzo, Ouellette, Arnold

Messrs: D. Cornell, J. Minkarah, M. Boldin, B. Sanders, T. Clark, J. Gile,  
R. Robidas

**Mayor Gatsas** stated I wanted to give an explanation of what I handed out tonight. U.S. Cellular has a contest right now that the Webster Street School is involved in. They are the only school in New England that is eligible to win \$100,000 for participating in this program. Every ticket has a verification number on the back. It doesn't cost you anything to participate. There is no requirement. All we ask is that you go online, take the number that is on the back and put it into the computer and send it along to help Webster Street School win \$100,000. For all you listeners out there, if you go the Mall of New Hampshire and go to the U.S. Cellular store, ask them for one of these and when they

give you the ticket, put it into the computer and enter in Webster Street School so we can help them along to see the \$100,000. There are ten schools throughout the country that will win \$1 million. I don't know if Alderman Craig has anything more to add.

**Alderman Craig** stated you did a wonderful job, thank you.

**Mayor Gatsas** advised that the purpose of the meeting shall be discussions relating to the proposed FY2011 budget for the following departments:

- a) Assessors
- b) Economic Development
- c) Solicitors
- d) Office of Youth Services
- e) Human Resources

**Mayor Gatsas** stated you have a packet in front of you that should have been bound. We'll have the next one bound for you. When we have these meetings, we will get them to you. I apologize that you didn't get them earlier, but some of the departments just finished them up today. I can tell you that all departments have been meeting with me on a regular basis to come forward with these budgets to make sure that whatever questions are out there can be addressed as you folks ask the questions. We're going to try to keep these discussions as brief as possible. We will have opportunities to bring them back in. They are going to give a ten minute presentation and then allow the Aldermen to ask whatever questions they may have. In your packets, you will find that each department is separated. Finance put together a sheet that shows you the adopted budget in 2009, the actual expenditures that happened in 2009, the actual budget expenditures for 2010 and the modified and adopted budgets of 2010. It will give you an opportunity...they have met their 1.5% reduction that I have asked them to meet. The explanations that you will see throughout these discussions also talk about revenue sources that they may have ideas about. They are bringing them forward for this Board to decide whether they want to

incorporate them or not. Again, I applaud the departments as they come forward tonight for the effort they brought forward. The first one we will hear from is the Assessors.

**Mr. David Cornell**, City Assessor, stated we understand that this year's budget will be difficult, like most budgets in the past. Here are the highlights of our proposed budget. We were requested to submit a budget of 98.5%. Last year, our approved budget was \$621,645 figure. If we reduce that by 1.5% that brings us down to the \$612,320 number. As far as the highlights, certainly one of the most important facts in the current budget, even with the 98.5%, is that we would not need to lay anyone off. That is certainly a very positive factor. Our two positions that are currently vacant, a customer service position and a third assessor position, with the proposed budget would have to remain vacant. Over the last few years with the economic downturn, especially with how it relates to property taxes, our workload has increased considerably. Just the traffic at the office with phone calls and abatements has gone up. Certainly, we feel that a fully functioning professional staff is essential in protecting the tax base and ensuring that we are complying with all state laws in regards to all assessing practices. We have some new Aldermen on the Board so we thought, very briefly, we would go over the overlay account and how that functions. As you will see, it gives the tax base of each year since 1990 and the percent of change in the tax base in the overlay account. When abatements are filed and abatements are granted, those funds are paid out of the overlay account. That is a brief explanation of how that works. As you will see on the second column with the net tax base, that gives you a historical snapshot of what the tax base has done every year. The figures in red indicate a dropping of the tax base. The next slide is the number of abatements for each year. What you will see on the bottom is the total dollar amount filed and in the red column is the total dollar amount that is still active. For 2005, there are no active abatements left. For 2006 there is roughly \$16 million in abatements left. It should be noted that as you go across each year, many of those cases will be duplicates. For 2007, the \$59 million figure would include the \$16 million from 2006. There is some stacking that you should be aware of. This slide shows the total dollar amounts. This next

slide shows the total number of properties. For 2006 there is about \$16 million still outstanding and in this case it shows that there are 28 properties outstanding. On our tax base and overlay, as we get closer to the March 1<sup>st</sup> and April 1<sup>st</sup> date, we will have a better feeling of how we will project this year. In your packets you have line items of our budget. We would entertain any questions that you have.

**Alderman O'Neil** asked the years quoted in here are our fiscal years? They are the City's fiscal years or calendar years?

**Mr. Cornell** replied they are tax years. They are a year behind the fiscal year.

**Mayor Gatsas** stated the tax year is April 1<sup>st</sup> to March 31<sup>st</sup>, which is different than the fiscal year.

**Alderman O'Neil** stated if we use 2009 for an example...that is April of what year to March of what year?

**Mr. Cornell** replied for 2009 figure will not be finalized until March 1<sup>st</sup> because an individual has until March 1, 2010, to file for the taxes that they paid in 2009, which would start...

**Alderman O'Neil** interjected so that is April 2009 through March 2010?

**Mr. Cornell** replied that is correct.

**Alderman O'Neil** asked when is reval going to come up again?

**Mr. Cornell** replied that's a good point. The reval is scheduled for tax year 2011.

**Alderman O'Neil** asked can you give that to me in fiscal year so I don't get confused?

**Mr. Cornell** replied there is a CIP request and we have been working with the Mayor on that. It will be funded this year and another portion next year for the reval. In the spring of 2011...

**Alderman O'Neil** interjected can I stop you there for one minute? This year meaning fiscal year 2011/fiscal year 2012?

**Mayor Gatsas** stated we'll be looking for a portion of it this year.

**Alderman O'Neil** asked the budget that we are working on?

**Mayor Gatsas** replied the budget we are working on now. We will be looking for a portion of it because we don't have to pay the full amount until completion so we'll take the balance out in next year's budget going forward. We only need a portion this year to get it started. Next year we will pay the balance.

**Alderman O'Neil** asked the work load of the reval will be 2012/2013?

**Mayor Gatsas** replied 2011 will be the work load.

**Alderman O'Neil** stated where I am going with this...I'm sure there have been a lot of efforts by you and Mike, but things have not shut down with just two assessors. Correct? I know you both have worked extremely hard to keep up with the work of three. When does the third assessor become critical? The third assessor will become critical at some point once reval is accepted. Correct?

**Mr. Cornell** replied absolutely. We understand that we are in difficult times so we are doing the best that we can and we are going to continue to do the best that we can. With the reval coming on, typically we see big spikes in the abatement and the workload during the reval years. That would be in calendar year 2011 that we would see a big spike in a work load again.

**Alderman O'Neil** asked we may be okay in fiscal year 2011?

**Mr. Cornell** replied we're going to do our best. Our preference would be to fill it, but we understand the budget situation that we are in. We understand that that may not be filled and we're going to do the best that we can.

**Alderman O'Neil** stated I guess my point is that we have to start thinking about not getting too far ahead, but in fiscal year 2012 the third assessor may become a key player in trying to budget.

**Mayor Gatsas** stated I think, Alderman O'Neil, that during that next budget period that we will have serious conversations about it. Certainly, they have been doing a good job with what they have right now.

**Alderman Shea** stated I am primarily interested in the tax base. Could you give us some indication as to where we might be with the tax base? That is very critical.

**Mr. Cornell** replied as you know, the real estate market is in some challenging times. We're doing the best we can. There is some new construction out there that we will be capturing and we have abatements coming in. It is too early to give any preliminary figures on that right now, but we are in some challenging times, but we are doing the best that we can.

**Alderman Shea** stated I know that there wasn't much of an increase from 2008 to 2009. Do you anticipate that it might be less than 2009 or about the same?

**Mr. Cornell** replied there is a possibility that the tax base might go down. Even last year our original projections were that the tax base was going to go down. It ended up being much better than that. We ended up with a positive increase. If you look historically, you see five years since 1990 that the tax base has gone down. It is not unprecedented that the tax base has gone down. Certainly, that is a possibility, but we're doing our best and we should have some better figures in about eight weeks.

**Mayor Gatsas** stated Alderman Shea, that presentation will come in February to really start talking about revenues. I think they are working on those numbers to see what is out there on construction. At the end of February, I think they will be able to come in and talk about some hard numbers. That will be much prior to where we are. That is scheduled for February 17<sup>th</sup> so we can have those discussions then.

**Alderman DeVries** stated to continue the reevaluation discussion briefly...do you anticipate that might be a statistical reevaluation as opposed to a field evaluation?

**Mr. Cornell** replied our base data is still very good and we feel that we will definitely pass the Department of Revenue's evaluation. In that case, we're projecting that we would be able to have a lower amount than we had in 2006.

**Alderman DeVries** stated that's good news.

**Mayor Gatsas** stated we're negotiating now, Alderman.

**Alderman DeVries** stated the past couple of years, and I think it can be noted that some things set aside for the layover had been questioned or challenged and that is your statutory authority. Do you have any background to give us as to how we sit going into the set aside for this year? Was it adequate? Was it not?

**Mr. Cornell** replied as we said today, we are in a fairly comfortable position. The overlay account does have about \$2.2 million in it, which is good because we still have a lot of liability out there with the number of properties under appeal.

**Alderman DeVries** asked the \$60 million?

**Mr. Cornell** replied right. That is just for what we have for 2009. As we said, if you match up the liabilities from what is in the account, we're in a fairly good position.

**Mayor Gatsas** asked can you very slowly explain the overlay account for the new Aldermen if they want an explanation? I think Alderman DeVries questioned last year when the assessors came in looking for \$1.2 million. When we settled out we were about \$800,000.

**Mr. Cornell** stated originally, we asked for \$1.4 and we ended up with about \$1 million.

**Mayor Gatsas** stated those are the dollars that we put in to pay for those 144 units that are out there being discussed now. On a yearly basis, we can't as a Board, as much as we sometimes try, reduce that number because it is reflected in the budget. Those conversations will come in when we have those discussions of revenue. They will have a better idea of where they are on the overlay account and how that reflects to the taxpayer.

**Alderman Lopez** stated for travel and conferences going into 2011 you have \$5,230 and in 2010 you only spent \$1,130 as of the 26<sup>th</sup> of December. Why would you come in with that amount of money? Are you anticipating something going into 2011 that you haven't accomplished in 2010?

**Mr. Cornell** replied we have certain classes that we need to take for certification. Last year, because of the work schedule, we had two individual who were out on medical leave for extensive time. Quite frankly, we had to put off some of the classes that we would have taken. Last year we didn't spend as much as was budgeted for.

**Alderman Lopez** stated the mileage reimbursement...what is the difference there? Same question.

**Mr. Cornell** replied the figure is below that, but we do a lot of our pickups in the springtime. That may pick up in the springtime.

**Alderman Lopez** stated since you don't have a third assessor, you have another employee who does the same job as a third assessor. Is that correct?

**Mr. Cornell** replied because we are a small staff we all have to pitch in, but Mike and I are coving most of the workload as far as the assessor's duties. As far as the office duties, we have had to shift a lot of stuff around the office to make sure the work gets done.

**Alderman Lopez** asked do you have another employee who is basically doing the same job as the previous assessor?

**Mr. Cornell** replied no, but we've had to shift around our entire workload.

**Alderman Long** stated within this budget, does any of this consist of contracted services like data processing or is this all done within staff?

**Mr. Cornell** replied it is all done within staff. The debt of processing for \$3,500 is a company that provides a data service to us and then you will see software for our web posting for our vision website, but essentially it is all in house except for certain software.

**Alderman Long** asked the data processing is software? As far as the processing itself, that is done in house?

**Mr. Cornell** replied that's correct, yes.

**Mayor Gatsas** stated the next department that we will hear from is Economic Development.

**Mr. Jay Minkarah**, Economic Development Director, stated I thought, if I may, particularly for the benefit of some of our newer Aldermen, give a brief overview of the department and some of the key functions that we provide. Overall, our goal is to continue to develop and foster a sustainable economy for the long term future of the City. We do that in three key areas. One, we are involved in a lot of the major development projects in the City. Those include City sponsored project such as the River's Edge or the Hackett Hill Development, as well as a number of other development projects that are happening and key policy issues, particularly in transportation and transit areas. We have another block of functions that are what we call business assistance and that is mainly managing the revolving loan fund, which makes loans from anywhere between \$20,000 and \$150,000 to businesses that are building jobs within the City. We also have some smaller programs like our riverside improvement program. We have a new revolving loan fund that is focused on energy efficiency that just started. We have yet to make our first loan, although I think we will shortly. We also do a lot of work with businesses that are

growing or struggling within the City to try to match them to programs and resources that help them sustain themselves and create jobs. Another chunk is marketing and promotion of the City, which is also a major part of what we do. Overall, our budget, as you can see, is fairly small. We will be coming in this year meeting the guidelines of the 1.5% reduction. That brings us down from \$288,672 to \$284,342. That is a reduction of \$4,330 off the bottom line. Most of that we achieved by cutting back on our marketing budget as well as our travel budget. I should add that those are very closely related. Most of the travel that we do is directly related to marketing. We believe that most of that will be offset through contributions that we anticipate receiving through the Manchester Development Corporation. I should add that we do provide support to the Manchester Development Corporation and they have helped to sustain our marketing program over the past few years with an annual contribution of \$20,000. We've also supplemented our marketing budget through grants that we have received, particularly from the State Department of Resources and Economic Development. We have been very successful over the years receiving grants from them. We anticipate that we will continue to do that. Of course, we are going to be more aggressive in our pursuit of grants. We've also successfully applied for C-Tag grants that we have used to support some of our marketing and promotion efforts. We have also received contributions from private industry. In particular, Public Service of New Hampshire has been a great supporter of some of our initiatives, especially out of state marketing initiatives. I should add that the same thing is true for the DRED grant which is typically out of state initiatives. Most of these have been heavily underwritten and we are going to continue to pursue those opportunities. We have not included those in our budget presentation, but they are the primary way that we are going to sustain our marketing efforts. We do have some other very significant grant applications out there. We have applied for a very large Brownfields Grant through the EPA. We are optimistic that we will get that, but of course, I don't know. We should find out in April. We also anticipate applying to the US Economic Development Administration. They have a couple different grant programs and we are going to be

pursuing those as well. We are pursuing every opportunity out there that we can see for grant revenues. With that, I'm happy to answer any questions.

**Alderman O'Neil** stated you mentioned this \$20,000 from MDC. Did you get that in fiscal year 2009 or the current fiscal year?

**Mr. Minkarah** replied yes, we did.

**Alderman O'Neil** asked is that over and above...which is the actual for fiscal year 2009? \$17,000? That includes money from MDC?

**Mr. Minkarah** replied no, it does not. The MDC money does not show in the budget.

**Alderman O'Neil** stated the proposed 2011 budget...you budget \$5,700 for marketing. There will also be \$20,000 on top of that?

**Mr. Minkarah** replied that's what we anticipate.

**Alderman DeVries** stated are you running at 100% for staffing?

**Mr. Minkarah** replied yes, we are at 100%.

**Alderman DeVries** stated details on all of the grants and other sources of money...if you could provide that in writing whether it is Chamber, MDC, whatever, if you could provide the detail on that it would be appreciated.

**Mr. Minkarah** asked the ones that we anticipate applying for or are currently applying for?

**Alderman DeVries** replied the ones that you have received in supplement to the budget that you are asking us to approve.

**Mr. Minkarah** stated I would be happy to do that.

**Mayor Gatsas** stated Alderman, you also want the ones that they have applied for.

**Alderman Lopez** stated I need clarification since I sit on the MDC Board of Directors. We have not approved anything going into 2011 for supplement marketing. In 2010, when the program was presented to us, to buy some equipment and go to Canada...Jay can talk more about that than I can. They allocated \$20,000. It doesn't mean that MDC is going to continue to allocate \$20,000. It has to be voted on.

**Mayor Gatsas** stated I think by the time we look to finalize this budget we will know whether those funds are here or not.

**Alderman DeVries** stated I'm not sure if you addressed it because I did come in a couple minutes late. Are you planning on continuing with the hiring freezes, the out of state travel freezes, and others?

**Mayor Gatsas** replied that will be on our agenda for Tuesday to discuss if we are going to follow through on the freezes. Anyone looking to do a hire has to come through the office.

**Alderman DeVries** stated if I could make a suggestion and a follow up, I know it has been frequently discussed at the Committee on Accounts that there are occasions when out of state travel to a conference for continuing education requirements can be more cost effective for a department. I'm hoping that any department can look ahead to their continuing education needs and give us that kind of evaluation so that we know we are

accomplishing the most cost effective solution for the City, which I think is what we are all digging for.

**Alderman Arnold** stated Alderman DeVries, that is a great transition into my question. Jay, I noticed a reduction on the line item for travel and conference. Can you clarify with any detail if that is a specific conference or is it something more like continuing education that is going to have to be made up in coming years?

**Mr. Minkarah** replied it is not related to a specific conference. Most of our travel is related to marketing. In this current fiscal year, we budgeted for four out of state trade shows that we are going to be taking our Manchester booth to exhibit and meeting perspective companies who want to come to Manchester. We anticipate that we will probably cut that back to two in the coming fiscal year. The travel is directly tied to that.

**Alderman Arnold** asked so it doesn't have anything to do with accrediting the staff or anything like that?

**Mr. Minkarah** replied in this case, no.

**Mayor Gatsas** stated for a clarification, Alderman Arnold, I asked that question. In the past, I had asked Jay how many conferences they went to and how many new businesses they brought back. They were going, but they haven't brought a business back in the last five years. I think we can do it locally rather than travelling out of state.

**Alderman O'Neil** stated it may take just that one though, Your Honor. If they hit that one it could be a 2,000 person company.

**Mayor Gatsas** stated I appreciate that, but we'll be looking at new avenues to bring business in.

**Alderman O'Neil** stated I think Alderman DeVries went down the path of vacancies. HR has been very good at updating us with a very detailed package. Jane, every month could we...I don't expect there would be a lot of changes, but it would be great if we could tie it to the departments we are talking about. I know there is some stuff going on every week and there are some positions that have been authorized to be filled. It might be helpful when we are sitting down with a department to know exactly where they stand.

**Mayor Gatsas** stated Jane, if you could look at the schedule and provide the Aldermen with the departments that are coming in next week, Clerk, Finance, Library, Welfare and Information Systems, and their vacancies, what they have carried for 2010 and each week there after. This would be rather than having to pick through that big thing so this is manageable.

**Alderman Corriveau** stated I hope this question is somewhat germane...for the new members of the Board could you give a brief synopsis of the new energy efficient loan fund? Where does the funding come from? When is it going to be dispersed? Roughly, what types of business are you looking to disperse them to?

**Mr. Minkarah** replied we received \$100,000 out of the approximately \$1 million grant that the City received through the stimulus bill that was targeted toward energy efficiency. Basically, the City took \$100,000 of that \$1 million and dedicated it to a revolving loan fund for business. These would be loans that are made up to \$20,000 for individual businesses for specific energy efficiency improvements. There are a lot of requirements that come with this money. You have to be able to demonstrate that you have a specific turn around. You have to be able to pay back that money within two years. It is a very short window and of course you have to meet federal guidelines in terms of what it is used for. Primarily, we see these funds will ideally be used for equipment installation, things like replacing a furnace or putting in a new boiler, or things that are more efficient. You do have to demonstrate those savings. That is the difficult

part. You can use it for things like replacement windows, installation, but you have to demonstrate those savings. There are a lot of reporting requirements that come with it. The more you can do it for equipment rather than construction it is easier on the reporting end. You also have to report on the hours that go into the installation of the equipment because the stimulus package is primarily aimed at job creation so we do need to report on the hours. It is a revolving loan fund, so as these loans are paid back, they will come back to the City and we will be able to lend them out again for energy efficiency improvements. We have seen a lot of interest. It is brand new. We just got the guidelines within the last couple of weeks, but we already have an application in and we're looking forward to moving forward with this. We think it is a great initiative.

**Alderman Shea** stated to tie in with the tax base, I was wondering if you could give us a little bit of insight into any kind of marketing progress that you are making with businesses coming into the City or anything that might be encouraging as far as having more commercial and industrial types of taxes coming in.

**Mr. Minkarah** replied I wish I could be more encouraging than I'm going to be. I think that what we have really seen for the most part is that most of the activity that is happening in the real estate market is people who are moving around within the market or within the region. There are very few businesses anywhere that are looking to open up a new facility or move a facility from one community to another. Some of that is happening, but there isn't a lot. With the economy the way it is, most are in holding patterns or in a watching pattern. We are finding that when we go out and talk to businesses, there are a number who may be interested in doing something, but they aren't going to do something right now. They are not going to make a significant move or investment right now. There are some exceptions to that. There are a few out there who are looking to make some significant investments, but for the most part, it is mainly people who are moving around the existing market. We've found that when we have gone out of state or in Canada. There were firms who really wanted to break into the

American market. If you want to succeed and grow, particularly for manufacturing in Canada, you have to be exporting to the U.S. and to do that you need a foothold in the U.S. It is very significant. They are still waiting and watching before they make a significant investment. Everyone wants to see what is happening. There are some things happening out there that are encouraging and we definitely have some businesses that are growing and expanding. I wish I could say that they are the majority, but they are not. There are some special users out there as we know when we look at the River's Edge Project, you have individual users who are growing and expanding. We have also seen a lot of that in higher education, which doesn't necessarily expand...we think it contributes to the economy, but it doesn't expand the tax base. We are optimistic that we will see things turn around, but right now I can't say that there is a lot of activity.

**Alderman Shea** asked do you have any predictions as to when there might be a different report?

**Mr. Minkarah** replied I dare not predict.

**Mayor Gatsas** stated there were some people who came in to talk to me in the last week. In the Millyard, they are looking to put in 91 housing units, along with some retail space and commercial space. It seems to be a significant project. They are filing their financing plans now. I think that will be coming forward soon.

**Mr. Minkarah** stated I will add, and I think the Board is aware, that we certainly have retailers that are still interested in expanding. Those tend to be very specific retailers who are doing well in the current economy. You see that kind of activity happening as well.

**Alderman Long** stated you referenced that your staff supports the Manchester Development Corporation. If you are not reimbursed, do you have the hours logged in or how much it cost your department or what resources were used in your department financially?

**Mr. Minkarah** replied we have not attempted to do that type of a calculation. I think we could. The general level of support is not particularly high. It is your typical administrative support, doing minutes, sending out agendas and staffing the meetings. There has been more activity lately primarily because, I think the Board is aware, Manchester Development Corporation is pursuing the acquisition of a development parcel in the City so there is more activity related to that. We could certainly look back and give you an estimate if that is the pleasure of the Board. I will say that MDC has been very supportive of our department in other ways, such as supporting the marketing.

**Alderman Long** stated that would be good. Thank you.

**Mayor Gatsas** stated next we will be hearing from Youth Services. Do you want to go through the explanation?

**Alderman Lopez** replied no, I just have a question for you. When we look at the salary line item, are all the merit pays and COLAs included?

**Mayor Gatsas** replied absolutely. Everything for 2011 is included in that line. Let me give a brief explanation so that people understand. When you look at your sheet, you will see at the bottom it says salary to be added to 2010. As we were preparing the budget for 2010, there was a salary line item that should have been included, but was not. It was a shortfall that Alderman Lopez and I forgot about as the discussion happened. It is an acknowledgement that as the budget was being prepared, and Mr. Boldin brought it to my

attention and I agreed, that we said we would do that. In that budget, I asked them to put that number in 2010 and work off of the \$628,000 to achieve his 1.5% reduction.

**Mr. Marty Boldin**, Youth Services Director, stated we have presented a budget that essentially has...the way that we got to 98.5%...there are four line items that would be changed. The first one is the salary line item, which would be reduced by \$11,030. That money is used to pay young people, in this case one person, to help us answer the telephones in the afternoon and during breaks in our front office because the person who answers the phone doesn't have any relief in the front office. Over the years, we have hired people to do that. We would have to lose the position. The second line item comes from our phones. Four of our staff members will be giving up cell phones. The two bottom line items are special projects and the red ribbon week. OYS has traditionally supported a variety of programs helping young people go to camps and do a variety of delinquency prevention initiatives. We have traditionally used special project money to pay for that. In the coming budget we would not be able to do that to make our 98.5% budget. By putting those things out there, we feel that we could get to 98.5%. I also passed out a piece of paper that shows a significant increase in services requested from OYS over the last several years and it also shows some of our more promising outcomes. Most significant is the reduction of young people entering the system. We are very proud of that work.

**Alderman O'Neil** stated I'm trying to follow here and I'm missing the math. You said that on salary there is an \$11,000 difference? If you take your current budget, fiscal year 2010 at \$499...

**Mayor Gatsas** interjected you need to add the \$59,000 to that \$499 figure. See the bottom line figure? Salary will be added to 2010 \$59,976. You need to add \$60,000 to that number to get to the number. It is on the bottom sheet that shows you the detail. That number is added to the top line and that is actually what the salary line is.

**Alderman O'Neil** stated okay. Let's go to cell phones. What line item are those coming out of?

**Mr. Boldin** replied those would be out of the phone line item.

**Alderman O'Neil** asked that's \$531?

**Mr. Boldin** replied yes.

**Alderman O'Neil** stated again, that is showing...do I have to get rid of the top sheet? On the others the top sheet followed right along.

**Mayor Gatsas** stated you need to go to this sheet that says HTE. It does not make the adjustments that he made in his line item. Bill, did you have time to make those adjustments in the line item?

**Mr. Bill Sanders**, Finance Officer, replied no, I did not.

**Mayor Gatsas** stated that's probably why you don't see them. The Finance Department didn't get them in soon enough to put it in the top sheet.

**Alderman O'Neil** stated salary, phones, red ribbon week and special projects...is that right, Marty?

**Mr. Boldin** replied yes, sir.

**Alderman O'Neil** stated because I was trying to follow on the top sheet that wasn't adjusted, let's go through it again. Salary is?

**Mr. Boldin** replied it would be \$557,832.

**Alderman O'Neil** asked and the reduction is?

**Mr. Boldin** replied \$11,030.

**Alderman O'Neil** asked and the impact is?

**Mr. Boldin** replied we would no longer have a person to help us with the front office part of our work. The reason that is significant is because the person out there is essentially alone. If she has to leave for anything...it is important at OYS that we answer the phones. Traditionally, we have had a young person do that.

**Alderman O'Neil** stated at one point that person was bilingual.

**Mr. Boldin** replied she is absolutely bilingual, yes.

**Alderman O'Neil** asked is that Spanish?

**Mr. Boldin** replied yes.

**Alderman O'Neil** stated talk about the phones. Give me the number and the impact.

**Mr. Boldin** replied approximately \$2,100 will be removed from our salary and essentially four staff members at OYS who are provided City cell phones would be using a personal cell phone to answer calls from clients, families and referrals. We have offered that because the positions were designed specifically for people to be in the field and receiving significant communication in the field.

**Alderman O'Neil** asked are they the only four employees who have City cell phones?

**Mr. Boldin** replied yes, they are.

**Alderman O'Neil** stated special projects...

**Mr. Boldin** replied OYS has traditionally received approximately \$5,000, which over the last several years we have leveraged against grants, relationships with non-profit organizations and people who sell sports equipments and we have helped young people get into camps at reduced cost to keep them off the street in Manchester over the summer. Last year we sent approximately 200 young people to camp by using portions of that money, leveraging it against other kinds of activities that are available in the City, and helping out non-profits by helping out the kids that we work with.

**Alderman O'Neil** asked can you get us a detailed breakdown of that?

**Mr. Boldin** replied I can give you the number of kids, what camps they went to and the approximate costs that we paid for using...

**Alderman O'Neil** interjected and who you paid?

**Mr. Boldin** replied yes.

**Alderman O'Neil** stated finally red ribbon...The \$250 really had to come out? I don't know what a \$250 difference would make to the red ribbon fund.

**Mr. Boldin** replied OYS has traditionally bought a few tables for red ribbon. This is an extremely tight budget as we have all discussed, so we had to look at keeping the lights on.

**Alderman O'Neil** stated I don't know if we will see this in CIP. There is some...

**Mr. Boldin** interjected the Youth Reach Program.

**Alderman O'Neil** asked does that normally come out of your operating budget?

**Mr. Boldin** replied no, that would have to come from CIP.

**Alderman O'Neil** asked where does it come from currently?

**Mr. Boldin** replied this is the first year that we are asking for any match on that.

**Alderman O'Neil** asked is that part of the grant?

**Mr. Boldin** replied it is a three year walk down from 100%, which is this year, to 66%, which would be next year, and then 33% the year after that.

**Alderman O'Neil** stated so the 100% was for FY10.

**Mr. Boldin** stated that was \$135,000.

**Alderman O'Neil** asked for fiscal year 2012 it will get down to 33%?

**Mr. Boldin** replied that would be correct.

**Alderman O'Neil** stated we may need to look at this in CIP then.

**Mr. Boldin** stated I would appreciate it.

**Alderman O'Neil** stated there was a recommendation in the audit about trying to help support some financial...

**Mr. Boldin** stated to help us with what would be called an administrative service assistant.

**Alderman O'Neil** asked that would be for payroll and accounts receivable?

**Mr. Boldin** replied yes, payroll, timesheets, and general statistics.

**Alderman O'Neil** asked at one time when you were housed in the Rine Center, did the Health Department assist with that?

**Mr. Boldin** replied the Health Department gave us a half time person at that time.

**Alderman O'Neil** asked does that person physically need to be in Youth Services or can he or she be in another department?

**Mr. Boldin** replied it would be very helpful if some of their physical time was in Youth Services because that's where the records are and that's where a lot of the work and the maintenance would need to be done. The big thing would be having specific dedicated time to get that person to help us do the work that we need to do.

**Alderman O'Neil** asked Your Honor, have you had a chance to look at that at all? I wish I brought the audit with me.

**Mayor Gatsas** stated there was lengthy discussion about that in my office. Marty, can you remind me of how many employees you have over there?

**Mr. Boldin** replied 13.

**Mayor Gatsas** stated if we start dispensing people to do payroll within departments with 13 employees...I hear you and understand you, Alderman...

**Alderman O'Neil** interjected is there someone somewhere else who could help out?

**Mayor Gatsas** replied that is a good question. When you start looking at the assets and the liabilities when you get into that and the cost effectiveness, 13 employees in a department will turn into departments that have 30 employees looking for the same thing. I'm trying to reduce that.

**Alderman O'Neil** stated I don't disagree with you, but I'm trying to figure out if there is another way to approach it.

**Mayor Gatsas** stated we've had conversations with Mr. Sanders and maybe we can find a way to collectively do it. Those are other discussions.

**Alderman Shea** stated you mentioned that you were going to lose \$5,000 to send kids to camp to get them off the street. When they do go to camp, do you ever find out what impact that has on their life? Do you make a report to anyone? How do you justify having this money and sending kids off? What kind of criteria do you use to evaluate the results?

**Mr. Boldin** replied there is an anecdotal answer to that and then there is the data answer. The data answer is really driven by dollars and cents. We have worked with a variety of non-profits to drive down the cost of services when we send kids away so that OYS or the City isn't paying full costs. We are leveraging services and dollars against each other. When we had the ability to develop and beef up our data collection and reporting mechanisms, we could provide a variety of data that would talk about kids being off the street and the number of hours they are off the street. We can even get as advanced as talking about calls for crime during those hours to prove the worth of those services. I would also offer to the Board that the programs that we work with specifically are designed to work with high risk youths. The young people that we send to these programs are not random. They are identified as kids, if they are not going, then we have another kind of problem with them on the street. That is why the City has given us the money in the past and the state fund has given 6.5% in the past. The other service providers in the community have helped us in providing resources for these young people.

**Alderman Shea** stated when they come back, does their behavior improve or do they become the same as they were before. In other words, if we have spent money, there should be a positive result. It shouldn't just be a negation to get them off the street and get them away from crime.

**Mr. Boldin** stated I would ask you to refer to the sheet that I handed out with the four graphs on it. One of the things that we have seen in Manchester that is quite remarkable is that over the last four to five years, we have increased the number of young people who are being serviced by OYS and we have decreased the number of kids who are going to YDC. We have also decreased the juvenile crime rate in the City. That is not all OYS. That is about community collaboration, Weed n' Seed and a Police Department that understands the value of diversion, and a supportive Board of Aldermen, but I think those results on the sheet in front of you are pretty stellar and the work of the people who work

at OYS is to be lauded. Quite frankly, we are seen as a model program across the rest of the state for the work that we do with at-risk youth.

**Alderman DeVries** stated back us up the employee issue and the difficulties your department will have dealing with this particular budget. Have you considered trying to utilize a VISTA volunteer or has there been conversation?

**Mr. Boldin** replied OYS has a VISTA volunteer. We also have a staff person given to us by the New Hampshire National Guard from the Counter Drug Task Force. On average, we use about four interns a year. We provide the equivalent of two full time employees at no cost to the City on an annual basis. The issue with us is not if we are trying to figure out how to do it all the best we can. Quite frankly, VISTA volunteers are not supposed to be answering the phone. It is not a part of their mission. One of the things that happens to us at OYS is that we get a series of phone calls. OYS is a City department where it is absolutely necessary that you don't get the press one to speak to the director, press two...it is really important that we pick up the phone. We make an effort to do that, but we hire that person because they provide us with a valuable service.

**Alderman DeVries** stated the final page of the report with the budget justifications...that is just additional detail.

**Mr. Boldin** stated that is not my report. I believe that is Human Resources.

**Alderman DeVries** stated they generated the report. It is talking about the EAP Office. There are no changes within your budget. It doesn't look like that detail is in any way affecting your bottom line for your budget. You have already detailed out where you are making your cuts and it doesn't appear that the items you listed there in detail are being cut.

**Mr. Boldin** stated two of the three items there have been cut. Unfortunately, the edits did not make it to HTE on time.

**Alderman DeVries** asked what did not?

**Mr. Boldin** replied there is a \$2,107 reduction to the telephone, which would be on page 18 of the budget justification form. We are essentially reducing the entire \$5,000 from the special projects fund.

**Alderman DeVries** stated the first one for \$38,000...

**Mr. Boldin** stated that's rent and that stays. Just to be clear, we are paying about \$.30 per \$1 for rent. Our rent is essentially very cheap for us.

**Alderman O'Neil** stated I had asked for a breakdown of special projects and the \$5,000 City contribution to that. Did you also say there were other funding sources for special projects?

**Mr. Boldin** replied the state developed a form of grant called the 6.5% incentive funds, which are being discussed in Concord right now to be reduced. As a juvenile delinquency diversion program, OYS has traditionally, along with the Fire Safe Setters Intervention Program, received \$8,000 from that. The Fire Department, through OYS, has received \$10,000 from that. Both of those funds were cut dramatically this year. I understand that there is legislation to eliminate them all. I'm not sure what the status of that is.

**Alderman O'Neil** asked can you give us a detailed breakdown of special projects with the funding sources and what it is going for?

**Mr. Boldin** replied absolutely. This \$5,000, to be clear, is City money.

**Alderman O'Neil** stated I understand that, but you said there was other money that comes into the special projects. It is not \$5,000. It is a program greater than that. That is what I am looking for over the next week or two.

**Alderman Lopez** asked just for conversation, how does Youth Services interact with Weed 'n' Seed?

**Mr. Boldin** replied we are essential to operating with Weed 'n' Seed. Regis Lemire was at the first table with Weed 'n' Seed. We have supported virtually every Weed n' Seed initiative. The WYR grant was put into Weed n' Seed that involved interagency cooperation and enabled us to do well. OYS recently received...well, let me be clear...the Weed 'n' Seed site received, but OYS is managing, a gang prevention reentry initiative. We are one of only ten communities in the country that received that money. We work very closely with the Department of Justice and we think Weed 'n' Seed is absolutely essential to making the City work well. We highly support that program and we feel it supports us as well.

**Alderman Roy** stated the last couple of years we haven't hired anybody extra. Correct? The number of staff has remained the same?

**Mr. Boldin** replied the WYR project went from CIP to general fund dollars two years ago.

**Alderman Roy** stated the number of people working at OYS is what I was asking.

**Mr. Boldin** stated it has increased by two over the last two years.

**Alderman Roy** asked would that be why we are seeing a 40% increase in contacts? It seems like a very high number. I know those people work hard. I'm trying to figure in my mind how they can actually handle 40% more without more personnel.

**Mr. Boldin** replied this is going into a level of detail and specificity that is going to be hard to answer, but the answer that you see in front of you...

**Mayor Gatsas** stated I know you will give us a detailed answer, but we'll just go for the long answer right now.

**Mr. Boldin** stated the increase is new clients who are walking through the door at OYS. The number of kids that we see is much bigger than 700. We see thousands of kids every year. The reason this number is important is because this is the number of brand new cases walking through the door. This shows a significant increase in demand for services from the community. It is a significant increase.

**Alderman O'Neil** stated I think Alderman Roy's point is related to additional staffing, whether it is WYR or the new outreach program. That was two additional staff. His point is that in the past two or three years there have been at least four additional staff people. The WYR people are in the last four years.

**Mr. Boldin** stated to be extremely explicit about this, WYR was implemented in 2004. If you look at the massive number of people who came in 2009, the two staff people that we have hired under a grant started in July and August. That significant increase, I believe, is directly attributed to the needs of the community at this time.

**Alderman O'Neil** stated Marty, the chart shows that there is a correlation. If WYR came on in 2004, there is a significant spike in 2009. There has to be a relationship.

**Mr. Boldin** stated I was saying that this year there was a 40% increase in our service.

**Mayor Gatsas** stated in 2009 there were two other people hired at OYS. They were both bilingual.

**Alderman O'Neil** stated that is Alderman Roy's point. That has to affect those numbers. That's the point.

**Mayor Gatsas** stated correct. I think that's what he is saying. Those two people came in and you can see the spike in the number of cases being seen.

**Alderman Shea** stated I want to bring up a little of my background. I worked at YDC for about five years. You are seeing more youths who are not being committed to YDC. In other words, what are you doing, without revealing any personal information, now that wasn't being done then when Mr. Schubert and others worked at YDC? What is happening so that you are reducing that load?

**Mr. Boldin** replied it is not just OYS. It is OYS in cooperation with the Police Department and the programs that work in the intercity area coordinated by Weed 'n' Seed. We are all a part of it. Essentially, we have done two very significant things. First, we developed a coordination between ourselves, the Police Department, the School District, Division of Juvenile Justice Services, Division of Health and Human Services, and the local mental health center to take a good look at every young person that is about to go into the system and ensure two things. One, if there is a way to keep them out of the system and promote public safety to do that at all costs. Two, someone has to make sure that the Police Department, OYS and School District aren't having three different kinds of cases developed at the same time. By coordinating those services we have been able to have an intersystem look at every high risk young person and develop a plan for them to not go into the system.

**Alderman Shea** asked the cost of servicing these youths has been filtered down from the state to the local community in the sense that more people have to work with them.

**Mr. Boldin** stated you can look at it that way, but I think a healthier way to look at it is when a young person goes, the most expensive cost to the community is them reentering into the community, schools, special programs, and counseling. The longer you can keep a young person out of the system and functioning in society the better society is going to work. I think that the real piece of data that is important is not just that we are reducing the number of young people who are going to YDC as a team, but we are reducing that along with seeing a reduction in juvenile crime. That is a very significant piece of data.

**Alderman Shea** stated not that I'm opposed to that. I think it is a good point.

**Alderman DeVries** stated thank you, Marty. I think it is fair to say, having sat at the table reviewing a lot of what is going on in the state right now, in the economic times that we are in and the turmoil that many in our community have felt for well over a year that demand is up dramatically for all social service agencies in the state. You are not immune from that.

**Mr. Boldin** stated absolutely not.

**Alderman DeVries** stated I thank you because I know this Board instructed you over the last few years to do additional outreach into the schools to have a greater presence in the schools. I think I heard from the discussion that was held earlier by my fellow Aldermen that the two new grant funded individuals that joined your staff joined late in the budget year. Yet, you didn't think that they were a significant reason for the increase of intakes that you have had as an agency. It has probably had more to do with outreach into the school.

**Mr. Boldin** stated I think both things are true simultaneously. One, we do have new staff people so there is going to be some increase in the number of young people that we see, but it is also important to note that before those people were hired, in 2009 there was a significant increase in the call for services from OYS. It is not simply one or the other. I think that both have an impact, but you cannot deny the fact that more people are calling us for services than ever before and that is not just because we hired two new people.

**Mayor Gatsas** stated while I have your attention, and I know this doesn't have anything to do with the budget, but I want to make sure that you know. Evan Rosset, the manager down at the MTA resigned abruptly yesterday. I wanted you all to hear it from me in case you read or heard about it. I heard it this afternoon. That is just for informational purposes and doesn't have anything to do with the budget. I wanted to make sure everyone hears about it before they read about it. Next we will hear from the City Solicitor.

**Mr. Tom Clark**, City Solicitor, stated for those of you who don't know, this is Harry Ntapalis, our risk manager, sitting with me. The Mayor has asked us to prepare a budget of 98.5% of our fiscal year 2010 budget. We have put together those numbers. This is very early in the budget process and we have been continuing to work with the Mayor's Office to either reduce other expenses or to find other revenues. We believe we will make efficient headway working with the Mayor. The budget for our office is basically salaries. The way we marked it up at this point is to keep the expense items the same and reduce the salary item. We intend on working forward and we anticipate that we will get to where we need to be.

**Alderman O'Neil** stated I had some problems with the last department and trying to figure out the figures. Am I correct that your shortfall is \$16,000? Is that what we are talking about?

**Mr. Clark** asked which shortfall are you talking about?

**Alderman O'Neil** replied to get to the 98.5%. It looks like it matches the second sheet as well.

**Mayor Gatsas** stated I think the reduction is about \$38,000. In the line item for wages it is \$27,000 and another \$11,000 in auditing. It shows you a net of \$16,000, but I think, as the Solicitor said, we've been working on some of these contractual arrangements that they have in the office for auditing. We are in the process of renegotiating right now. There are a few different items. I think that the City Solicitor is saying that he is showing you that it is a \$27,000 reduction in wages and he must find that in contracts because everything is in the wage line. There is not a whole lot more in the line items below.

**Alderman O'Neil** stated I guess my point...Tom, do you expect any staff reduction?

**Mr. Clark** replied not at this point, no.

**Alderman O'Neil** asked do you have any vacancies now?

**Mr. Clark** replied we have no vacancies in the office.

**Alderman O'Neil** stated thank you, Your Honor, for that explanation. That was helpful.

**Alderman Shea** asked when we discussed this you had a higher number then you indicated tonight. Could you explain that to the people here?

**Mr. Clark** replied the way the budget process is set up right now, you take your fiscal year 2010 budget and develop a number that is 98.5% of that. The City and the Board has approved a 3% COLA for January 1<sup>st</sup> and a 1.5% COLA for July 1<sup>st</sup>. If you take all those into effect and you kept my staff completely intact, I would be short somewhere around \$60,000. As I said before, we anticipate being able to narrow that number down an awful lot. We have been working very hard with the Mayor's Office and working with the vendors that we use and we believe that we are going to be able to come back to this Board with a much better number.

**Alderman Gatsas** stated maybe at the expense of some other contracts that are out there, Alderman, and reducing those amounts, but we are working on it and getting close.

**Alderman Shea** stated I'm sure they will be reduced.

**Mr. Clark** stated as I said, this is very early in the process.

**Alderman O'Neil** stated you need to walk me through the \$60,000. I don't see it in here.

**Mr. Clark** stated it isn't in there.

**Alderman O'Neil** asked weren't we told that this was all updated? All those numbers are supposed to be in there.

**Mayor Gatsas** stated if you go to this page, rather than the front page, that's the problem that you are seeing.

**Alderman O'Neil** stated even when I use the second page, Your Honor, it is still \$16,000. I don't see the \$60,000. That's where I am having a hard time. My understanding was that the numbers were supposed to include the cost of living adjustments and merit increases and now I'm being told that this sheet doesn't include that.

**Mayor Gatsas** stated they all include them. They are just doing the deduction of the 1.5% from the \$1,086,000. They are showing you that number and then showing you the expenditures. If you notice, the staff development number hasn't changed. Some of these numbers have not effectively changed. To meet the requirement of the 1.5% because of the 3% COLAs, it is about \$60,000. If they were going to come forward with a budget it would be about \$1,142,000 to meet that for 2011 with the COLAs increased for wages. Instead, we have told them to take those wages, put them in and meet the COLAs and then bring a budget forward with other cuts. If you look at the contract line, you will see that that has been cut by about \$11,000. There will be other contracts coming forward in revenue increases that Risk will talk about during the revenue process. I've told the departments to either cut their line items or give us revenue sources that will come back to the general fund to offset the cuts.

**Alderman O'Neil** stated it was not an issue with the Assessors Office or Economic Development that was handed out. We agreed that OYS was off. I guess it either has those numbers or doesn't have those numbers in it. Again, Your Honor, I am looking at two pages and they are both saying that his budget is \$16,000.

**Mayor Gatsas** stated I'm looking at the same thing.

**Alderman O'Neil** stated I don't see the \$60, 000. If numbers aren't in there, just say that it needs to be updated.

**Mr. Clark** stated this budget process is a little different then what we have done in the past. We have taken our fiscal year 2010 budget, \$1,860,000, and prepared a budget that is 98.5% of that. That is the \$1,690,000. If you had looked at my staff with no vacancies and kept all of the expense items flat with no changes, and just added in the COLAs that were granted for January 1<sup>st</sup> and July 1<sup>st</sup> and totaled it all up, you would be \$63,358 short.

**Alderman O'Neil** stated I do not doubt that, but why doesn't it show up in the other departments?

**Mr. Clark** replied I don't know how the other departments prepared theirs. I'm telling you that we took the 2010 level and reduced it by 1.5%. I took the reduction out of the salary line item because I basically have no other expenses to take it out of. Since that time, we have been working with the Mayor's Office to try to reduce the expenses through renegotiating some contracts and we're also looking at raising revenues in other areas.

**Alderman O'Neil** stated I'm still not seeing it, but we're not going to get it tonight. I'll talk to Attorney Clark in the next few days.

**Alderman Ouellette** stated under the audit 702, I'm noticing Dues, Fees and Licenses has a \$9,000 reduction.

**Mr. Clark** asked what line item?

**Alderman Ouellette** replied 810 under audit. Is that right? You have increased it.

**Mr. Clark** stated auditing 907?

**Alderman Ouellette** replied no, under 702 audit, account number 810...is it crooked?

**Mr. Clark** stated it is 907.

**Alderman Ouellette** stated that has increased by \$9,000.

**Mr. Clark** replied yes. That is a contractual obligation. That pays for the McGladrey firm that does the outside audit for the City and audits all the City departments and books. It is a multi-year contract. We are currently in negotiations with them to try to bring that back down again, but that is the contractual number as it is right now.

**Alderman Lopez** stated let's go back to this \$60,000. The way you have the budget here with \$1,690,000...you're not laying anybody off. Is that correct?

**Mr. Clark** replied at this point, my anticipation is that we will not have to. We will be able to get to where we need to be.

**Alderman Lopez** stated if you needed the other \$60,000 in addition, like the Mayor said \$1,133,000, we're talking about trying to find revenue in order to bring you whole.

**Mr. Clark** stated correct. We're going to be looking at additional revenues in other areas and reducing expenses.

**Alderman Lopez** stated we haven't come to that point yet.

**Mr. Clark** stated it is very early in the process.

**Mayor Gatsas** stated for clarity for Alderman O'Neil, I told the departments...we have always gone to Highway and said here is a number and work with the budget and control your number. I have faith and trust in our department heads that we can give them a number and have them work with the number and achieve what they need to see rather than telling them their line items are etched in stone. I think we should give them the ability to move those numbers.

**Alderman O'Neil** stated I agree with you, but I thought the intent was that this cover sheet...I don't know who prepared it. I thought that in the salary numbers it was going to include their COLA and their merit increases because earlier departments said that it did include those numbers. In order for us to be working apples to apples all the sheets have to be done the same way. That's all I'm saying. I know Tom prepared it his way, but at the end of the day, Finance and HR are supposed to be verifying the numbers. Right?

**Mayor Gatsas** replied I don't think this sheet on the front accounts for the COLAs coming out of 2010.

**Alderman O'Neil** stated one of the departments earlier said that it did.

**Mayor Gatsas** stated those were small and could be adjusted. I don't think these do.

**Mr. Clark** stated I think part of it is that my office has no vacancies. Some of those offices had vacancies so the COLAs didn't have the same effect.

**Alderman O'Neil** stated whether there is a vacancy or not it should be in there.

**Mr. Clark** stated not if they are not funding that position.

**Alderman O'Neil** stated I was led by the earlier departments to believe that if the department had nine employees, but was budgeted for ten, the merit and the COLA was still included.

**Mr. Clark** stated I can provide you with the information that you need.

**Alderman O'Neil** stated I'm trying to get it so we are working off the same format for each department.

**Mr. Sanders** stated it is my understanding that in all departments' budgets the salary line item included all merit, COLAs, and longevities that are due to the employees. I haven't sat with the City Solicitor, but the form of how the sheet is put together in the Solicitor's Office may be different. All other departments I would be very surprised if they don't include the COLAs, longevity and merits.

**Mr. Clark** stated I'll sit with the Finance Officer and we'll get it cleared up for you.

**Alderman O'Neil** stated I think we had to do the same thing in Youth Services. Their number wasn't correct. I agree with you to let the departments manage, but I want us to be working off the right number.

**Mayor Gatsas** stated you should have the correct numbers so that we can see them. We shouldn't be hearing \$60,000 from the department and then \$27,000 from Finance. There is a disconnect there. Next we will hear from the Human Resources Department.

**Ms. Jane Gile**, Human Resources Director, stated I have Red Robidas here with me this evening. For those of you who are new to the Board, he is the security manager for the City of Manchester. Because all HR departments are not created equal, I thought I would give, for the benefit of the new Board members, a brief overview of what the HR

Department in the City of Manchester is comprised of. HR does a weekly payroll for about 1,350 employees and all the other associated payroll functions. We are also responsible for benefits administration, which means the dental, health, life, AD&D, and long term disability. We also administer a 457 deferred compensation plan and offer employees flexible spending accounts. We are responsible for recruitment of employees throughout the City. We do job classification and any reclassification requests. We also perform personnel consultations with department heads or supervisors and do some personnel investigations if they are indicated. We are also responsible for compliance with state, federal, and City Ordinances. Some of the federal requirements we have to adhere to are FMLA. We get about four or five FMLA requests a week. We are also in compliance with FLSA, ADA, ADEA, and HIPAA requirements. We also perform drug and alcohol testing. We schedule all medical services for employees. We have a lot on our plate and on top of that, we also are responsible for employee relations. For those of you who aren't aware, the City has 12 unions. Any of the grievances that are filed that need to go to the next step in the grievance process, HR performs that function in terms of setting up pre-arbitration hearings and working towards resolving those conflicts at that level. Presently, we have ten staff members, three of whom are part time. Our full time equivalent is eight and a half individuals that are employed in the HR department. Per the request, the HR Department has worked hard to come up with a FY11 budget that represents less than the requested amount. We were requested to come in at 98.5%. We have come in at 96.7% budget. That is due to, as most departments coming before you also did, reductions in the salary line item. For the past year, we have funded an employee relations chief negotiator. That has not been filled. That position has been vacant for almost two years, since the retirement of David Hodgen in March 2008. In the interim, those responsibilities have not gone away, but they have been absorbed by a department staff in HR as well as the Solicitor's Office. We are not requesting to fill that position, but we are requesting that the Board allocate monies to support this function through contracted services. We would like to submit a RFP that would provide collective bargaining and labor relation services. We have allocated a new line item that

we are requesting a little over \$36,000 for this effort. There are also some minor revisions in our operating budget. You will see some decreases and some increases in various line items in terms of the operating portion of the budget. Those are basically reflecting our projected costs and what we have experienced in those line items over the last fiscal year. Within the budget for HR we also have some non-departmental expenses, the first of which is employee medical services. As I said to you before, that line item we are reducing by \$10,000 and that is based on our experience of that line item. The line item is comprised of pre-employment physicals and TB testing for employees. It also does our alcohol and drug testing program and it provides testing for pulmonary testing for EPD. This reduction, I want to caution the Board that what we are not including in this line item is any allocation or funding for Hazmat physicals. That has been an issue at the Fire Department. They have not resolved or reached an agreement in terms of providing or mandating Hazmat physicals for the Hazmat team. That is an issue, in the event that there is an agreement ever reached on that where we would be coming to the Board for a supplemental allocation request. At this point in time, in terms of the non-departmental budget, we are also requesting \$30,000 for contract security. At this point, I am going to turn it over to Red Robidas because this is his request.

**Mr. Red Robidas**, Security Manager, stated the request for the \$30,000 is to take care of other City departments that do not have funds within their...

**Mayor Gatsas** interjected let me stop you there. For clarification for other members of the Board, the non-departmental item isn't comprised in this budget process through HR. It is a separate line item on the budget. All non-departmental things that you may see that come from the Clerk get lumped into the budget process. I think everyone got the budget books. You will see them in a line item that says non-departmental. When they are talking about non-departmental it doesn't affect their 1.5% because it is in another line item.

**Mr. Robidas** stated these security line items for the \$30,000 are to assist other City departments in repair or replacement of some of their existing security equipment because they do not have funds available within their budget items. None of these items have been budgeted. Many of these items have also been purchased over the years through Homeland Security grants or CIP funding. However, as the years have gone along, they have become worn and broken down and they no longer have the funds. We do have replacement needs for some equipment that is no longer functioning out there. For security purposes, I would rather not identify specifically where they are located, but we do have equipment throughout City departments that are not functioning and they do not have the funds to replace these particular items. I have attempted to connect with Mr. Maranto from CIP, but he is on vacation. When he returns, I will review the list with him and see if some of those particular items can be addressed through the CIP process.

**Alderman Roy** asked the Hazmat physicals are regulated by federal regulations, correct?

**Ms. Gile** replied that's true.

**Alderman Roy** stated so we don't have a lot of wiggle room there. I'd asked legal about that a few months ago and I haven't gotten an answer yet.

**Mr. Robidas** replied we have an answer for you. Regarding the Hazmat physicals, we discussed that in detail with the Fire Department. Under the OSHA regulations, we are required to offer it to them each year, but we are not required to mandate it, nor can we mandate it. The administration has taken the position at the Fire Department to offer it to each Hazmat technician each year and note whether they accept it or denied it. For the past several years now, they have all declined it, including any entry level. They have not been adding any new members to the Hazmat team.

**Ms. Gile** stated the entry level is mandated.

**Alderman Roy** stated it is the code of federal regulations 1910-120 that covers it. We are not an OSHA state, but we go along with the EPA and they do the same thing. That is why I went to legal about it. The way I read it is that you will have a physical every two years. It doesn't say you will offer it. It says you will have. It doesn't make any sense to me. I was a Hazmat technician and it is very important to have a baseline physical. I find it hard to believe that everyone is refusing it. On the potential new revenue costs, I see a couple of red flags. The extra cost for the drug and alcohol testing...it says that there is a potential for saving \$5,000. Wouldn't that have to be negotiated?

**Mayor Gatsas** stated let me address some of these for you, Alderman, because I was the one who made these come forward. The question that came up is that right now, if someone tests positive they must go forward with more drug testing. It is our responsibility to continue to test them. It makes no sense to me that the City is going to test somebody and pay for it. One bargaining unit has it that the individual pays and the other one has it that we pay. I don't think that is consistent with what should be happening if someone tests positive for a drug.

**Alderman Roy** stated I don't disagree with you. It seems like it may be difficult because that is included in the bargaining agreements, as the Mayor said. Wouldn't we have to renegotiate that? The reason I am asking that is that we just extended the contracts for two years and said nothing else would change. I'm wondering how that is going to work. It would be the same for the biweekly payroll.

**Ms. Gile** stated because Red is in charge of the drug and alcohol testing program, I'm going to have him answer that question for you.

**Mr. Robidas** stated presently, the only contract that mandates that the City absorb the cost is the firefighters contract. It was decided at the time that the contract was negotiated

for random selection for firefighters. The other contracts only address that the City has to pay the actual random test, not any follow-up testing. We also follow the federal laws. That is what we are using for all those contracts. The federal motor carrier laws are silent to that. All they say is that there is certain criteria that needs to take place and are silent as to discipline and additional cost. Those are not addressed in the contracts, with the exception of the fire fighters.

**Ms. Gile** stated as an added point, we did a quick survey of other communities about who incurs those costs, if there is a positive test, and in many communities and in one municipality there is a zero tolerance and anyone who tests positive is immediately terminated. There are other communities where any of those charges for the SAP evaluations, the employee incurs that cost as well as any follow up costs .There are different variations in the communities across the state, but for the most part, Manchester is pretty liberal with this policy.

**Alderman Roy** stated we've taken a different tact and said that these individuals are sick and need help and we've helped them into rehab. In most cases I think they have come back to the work force and done a good job, which is great. My concern with it is and maybe it is different than the Fire Department, but in the other groups that have this, once the follow up test goes, is it a determined number of follow up tests, like three in a year or can we call as many tests as we want on you? The reason I am asking is because it would seem onerous for people if there wasn't an exact number of how many follow up tests there could be, not that they would know when it would happen.

**Mr. Robidas** replied the regulations call for the substance abuse professional who does the evaluation to have the sole determination of how many tests that individual has. The professional, who is licensed, arrives at that conclusion based on the information that he or she receives and orders up to 15 tests per year, with a minimum of six, and that can be extended for a period of five years. That is strictly at their discretion.

**Alderman Roy** stated okay, so it is spelled out. Biweekly payroll is the next thing.

**Ms. Gile** stated biweekly payroll is in the infancy stages. We really need to develop that concept. As I stated previously, we do a weekly payroll for 1,350 individuals on a weekly basis or more, depending on the time of the year. It is very labor intensive. There are some operational costs involved in that, but from our perspective, from a preliminary stance, there could be preliminary labor costs or labor savings in terms of staff time that is allocated to this process. I know in the HR Department every week it is very labor intensive. We would envision that on the off weeks we could really do some of the work that needs to get done that isn't getting done without increasing our complement of employees. Workers comp, unemployment and appeals would be accommodated that much better.

**Alderman Roy** stated I see the benefit. Does that have to be negotiated?

**Ms. Gile** replied we have looked at the labor contracts and none of the labor contracts are specific in terms of prohibiting that from happening. I'm sure they wouldn't all agree that it was the best thing since sliced bread.

**Mayor Gatsas** stated these are ideas that I have pressed the department to come forward with as revenue sources. This is not something they are putting on the table. It is for us to look at, understand and if we decide we are going to implement them it would be the Board's recommendation, but I can tell you that these are things that I have looked at and I think you will find that there are not only savings, but when the Finance Director comes forward and tells you what he has for a number, I think you will see that number growing as we have discussions on that.

**Alderman Roy** stated I was trying to get my mind around how easy it was going to be to implement it.

**Mayor Gatsas** stated I had the same questions about whether they were in the contracts or not. I had it looked at before we put it down on paper.

**Alderman Shea** stated when you detailed how many payroll people you have, do you do the school payroll as well?

**Ms. Gile** replied no, we do not.

**Alderman Shea** asked so that is a separate one? When you say you do 1,500 that is just the City employees?

**Ms. Gile** replied about 1,350 on average. That is City employees.

**Alderman Shea** stated when the School District does theirs, is that checked by your or the Finance Department?

**Ms. Gile** replied no.

**Alderman Shea** asked that is a separate entity?

**Ms. Gile** replied yes, separate.

**Alderman Shea** stated that used to be done when it was a department. They are doing work at the School Department that used to be done by the Finance Office before it was changed to the Human Resource Department. I know that historically. Could you, as an afterthought, save any kind of duplication with additional help? I know at one time we

studied the fact that if only one department were to do the payroll it would result in a savings. I know we looked into that. Is that some sort of efficiency that could be adopted in the event that that could be done?

**Ms. Gile** replied it wasn't considered in this proposal, but I'm sure that if the Board so directed it could be a possibility.

**Mayor Gatsas** stated to answer your question, Alderman Shea, I think there is a consolidation and efficiency task force that is hard at work that will be exploring all those avenues.

**Alderman Lopez** asked Jane, how soon are you going to go out for an RFP and when can we get it back? I know a couple years ago we talked about doing the same thing and some of the quotes came in at \$50, \$60, and \$80 an hour.

**Ms. Gile** replied no, they would be higher than that.

**Alderman Lopez** asked how much work and what type? Are you going to be able to write a RFP and get it out? Will we know in plenty of time to decide whether or not we want to go this route? Could you enlighten us as to how much this individual is going to do that we can't do since we have legal services and you in place?

**Ms. Gile** replied I can tell you right now that we did do an RFP about a year ago. The information that we received back is probably a year old, so we would have to go out with an RFP. HR cannot do that on its own. Any contract to hire legal services has to go through the Solicitor's Office. When we did the RFP it was basically in cooperation with the Solicitor's Office. There was a prototype in place. In terms of sending out a RFP, I don't think it would be as difficult because we do have people who responded to the last RFP and we do have a list of potential places to send the RFP. In terms of the cost

estimates, they would be higher than what you suggested. The firm or the individual that would be hired to do the contracted legal services would be primarily to do any collective bargaining agreements in the event that we were heading in that direction. That is not something that is due for another three years or so. That is why the figure is somewhat low. If they were to do the 12 bargaining agreements during those years, I think they would be contracted for more if that was the direction that we were taking. They would assist us in the arbitrations, in terms of being the expert who is contending against other seasoned union attorneys. Arbitration is almost like a court hearing. You have to have prep work and witnesses. There is a protocol that is in place in terms of the whole process, so having that legal expertise is key to being able to handle the arbitrations that are coming up. We have four or five arbitrations coming up from now until the end of the year that we know of. You are right, the Solicitor's Office, in cooperation with HR, are handling those. My concern is that should that situation continue, we are going to be jeopardizing some of the HR functions because when you are dealing with that kind of thing, some of the other things are slipping by the wayside. I know from my perspective that I have to balance the priorities. Is the priority the arbitration or an another type of employee concern?

**Alderman Lopez** asked in short, you have been authorized to go out for an RFP and you can get that back by the end of February? That's what I think.

**Ms. Gile** asked could we do the turnaround by the end of February?

**Alderman Lopez** replied yes and give us some type of idea of the costs.

**Ms. Gile** replied we could try. I'm not sure if I could get it back by the end of February. We can try.

**Mayor Gatsas** stated yes, we can.

**Alderman Arnold** stated 390 has to be my favorite line item for any department. Unless I missed it, the other departments we heard from tonight did not propose any change in their 390, Other Services, line item. I notice a marginal change in yours. I guess that makes you the lucky individual that I ask. Can you explain what is included in that for your department?

**Ms. Gile** replied there is \$6,100 that we pay to our contracted benefit strategist for our flexible spending accounts. There is \$8,900 that is allocated towards the costs of our arbitrator. When we go to arbitration, depending on the union that is arbitrating against the City, the cost of the arbitrator can be split 50-50 or in some cases the loser pays all. It depends on how many arbitrations we do and what their relationship is in terms of who pays.

**Alderman Arnold** asked I imagine that the reduction of \$19 is to round it off?

**Ms. Gile** replied yes, just rounding.

**Alderman DeVries** stated I'll start with the review that we just had of the potential outsourcing for grievance and negotiations. It should be no surprise to you that in the past, this Board has questioned whether or not the utilization of the number of times the City challenges the union side on grievances is panning out to be cost effective for us. We have asked for some information from you in the past. I would like to set that into motion again because it seems that we frequently challenge things that are just loss leaders. It seems that the review at the beginning of the process is where we need to focus if we are looking to save some money.

**Ms. Gile** stated we probably had a couple dozen grievances come through the HR Department in the last year. Of those, probably half of them are headed towards arbitration. There are 50% that are handled at pre-arbitration or resolved in some way. Of those seven arbitrations that were arbitrated and settled in 2009, five of them were ruled in favor of the City, one was ruled in favor of the union and one the party settled at arbitration. I'm not sure what you are saying. If you are saying that the City shouldn't contest or are we contesting incorrectly...

**Alderman DeVries** interjected what I'm asking for is beyond the brief explanation that you have given. If you could give us the backup information so that we can review what is the dollar amount in question, at the beginning that is being discussed, the value of the item that is the focus of the grievance and how much is it costing us to see this out through the process so that we can really get our arms around this. I hope it doesn't sound like I am trying to challenge you one way or another, because I don't know until we have that. I know in the past we have asked for that kind of information. I believe it needed to be sent to us confidentially.

**Ms. Gile** stated the HR Committee does receive that on a monthly basis.

**Alderman DeVries** stated that is where I would like to start.

**Ms. Gile** stated they do receive it on a monthly basis.

**Alderman DeVries** asked and you will forward that with some background to all Aldermen? Having not served on HR, I haven't seen it.

**Mayor Gatsas** stated I think the problem, from what we had discussed in the past, Alderman, is that the HR Committee received it because of the confidentiality of the information. I'm not looking to close anybody out. I'm sure that if people want to stop into the HR Department and take a look at it they can, but to send it out arbitrarily to everybody here, because of the sensitivity of the information...

**Alderman DeVries** interjected I'm thinking that if it was handled as a confidential memorandum, the same way we receive our contract information, so that we have some idea, not only of the sensitivity, but also the full impact.

**Mayor Gatsas** stated I don't have a problem. Let's take a look at it and see what is accommodating for all the Aldermen.

**Alderman DeVries** stated the outsourcing in general, whether it is the drug and alcohol or this item with a negotiator...is there an effect on school?

**Ms. Gile** replied we did not include the schools in this at all.

**Alderman DeVries** asked is there an effect on schools? Do they rely on you for any of those?

**Ms. Gile** replied I have not been contacted by the School District. I don't know what they are doing.

**Alderman DeVries** stated our negotiator does not sit in for the schools is what you are telling me.

**Ms. Gile** stated the previous negotiator did negotiate the contracts with the schools. I am not sure of the arrangement that the School District has now in terms of any grievances that might be filed or negotiated. What we have here is just for the City side.

**Alderman DeVries** stated I noticed that you picked up the drug and alcohol testing that had previously not been charged back to the Enterprise department.

**Ms. Gile** stated that's correct.

**Alderman DeVries** stated you are suggesting that that happen. Can I assume from that that you have done a most thorough review of each and every item that HR offers, whether it is job testing or whatever, to be sure that all of those items are charged back to Enterprises? I can assume that nothing else is missing?

**Ms. Gile** replied yes. Mr. Robidas did look at that line item and he came up with a \$4,500 figure.

**Alderman DeVries** asked if there is a new job physical, they pay in their Enterprise line?

**Mr. Robidas** replied that is what we are proposing to do. Primarily, the two biggest Enterprise departments that we are looking at are EPD and Aviation.

**Alderman DeVries** asked the two that you are looking at are what?

**Mr. Robidas** replied EPD and Aviation.

**Alderman DeVries** asked Water Works?

**Mr. Robidas** replied the agreement with the Water Works and the City is that we don't do chargebacks because they don't charge the City for the water. There has never been a constant chargeback.

**Mayor Gatsas** asked would you like an itemization on what it is from Water Works, Alderman?

**Alderman DeVries** replied if we negotiated free water that's okay. I didn't realize that.

**Alderman Ludwig** stated I wanted to go back to Alderman Lopez's comments relative to the chief negotiator. If I have this straight, at the present time, in terms of negotiations there is not a lot going on right now. Is that right?

**Ms. Gile** replied yes, under the action of the Board.

**Alderman Ludwig** stated arbitrations come up...?

**Ms. Gile** stated all the time.

**Alderman Ludwig** stated you are contemplating writing a RFP to do this work. I totally understand that we are all in this to save money and by contract seems to be the way to go. I'm for that, too, I guess. The length of a contract that you would write for someone like this firm would be how long?

**Ms. Gile** replied we could do a year to year.

**Alderman Ludwig** asked this company would be attorneys?

**Ms. Gile** replied it depends. The RFP that we would send out... the previous chief negotiator had been a town manager. He was experienced in terms of negotiations and in terms of dealing with arbitrations. If there are individuals of that nature who could do the work that would be great. There are a number of law firms that specialize in this type of work. I'm familiar with one, my previous employer, and we did contracts with labor law attorneys for these types of things. It is not unusual.

**Alderman Ludwig** asked when you write this RFP, this would include these attorneys or people with experience doing arbitrations...at what level do they jump in? At the pre-arbitration level?

**Ms. Gile** replied I think it would be a decision that would be based on the nature of the arbitrations. I think there are some pre-arbitrations, and correct me if I am wrong, but people who are familiar with some of the arbitrations that come up to the point of the pre-arbitrations oftentimes can be settled at that level. If it looks like it is going to be settled at that level, we would not call the attorney in on that type of a situation. If it looks like there is that potential and if there is a significant cost to the City, I think those determinations would be based on the nature of the case that is coming forward and whether or not it would serve us well to have the attorney at the pre-arbitration stage.

**Alderman Ludwig** stated so a department head who was involved in a potential pre-arbitration would have to give either this company or firm a heads up that he or she may need them there because we think this is more than we can handle ourselves.

**Ms. Gile** stated no, it would come to this department. It would come through HR. As you know, in the grievance process itself, we are asking more of departments so that when the grievance comes forward, the grievance is clear as to how the contract has been violated and what they're asking for a remedy. In turn, when it gets up to the levels of the grievance process, we're asking more of departments to be clear on why the grievance

was denied and on what basis so that when it gets up to the pre-arbitration level, we have a good understanding of what the issue is. Sometimes we don't always know.

**Alderman Ludwig** asked who from Human Resources would be attending a pre-arbitration? In my previous experiences, there would have been several pre-arbitrations. If you left management alone in a room with a union, not much would have been settled.

**Ms. Gile** replied I would continue to do those or the Deputy Solicitor. If it looks like it is going to arbitration, the Deputy Solicitor also sits in. If it is just a pre-arbitration that we can try to work out the differences, I am involved in those.

**Alderman Ludwig** stated I know at this time we are using the Solicitor's Office to do the arbitrations. Is the person assigned from the Solicitor's Office typically the same person?

**Ms. Gile** replied yes.

**Alderman Ludwig** asked so he has some knowledge in contracts?

**Ms. Gile** replied yes.

**Alderman Ludwig** stated again, I'm all for trying it and for savings, but I don't think that it should go unsaid that when you are without a negotiator, in my opinion, the City is at a severe disadvantage. This isn't about winning or losing because sometimes the City should lose and sometimes the City should win. I totally understand that. When the continuity is lost from a person who knows the contract and the past practice, there is an awful lot to be said about that individual. I'm not trying to put you on the spot.

**Ms. Gile** stated you are absolutely right. I agree with you.

**Alderman Ludwig** stated there is a lot to be said about someone who has a file. That is all I'm saying. I guess, if this is the way we are going to proceed, this is the way we are going to proceed.

**Ms. Gile** stated my preference would be to fill the position.

**Alderman Ludwig** stated I understand. This is probably worth the college try. I don't want to live in the past, but the fact of the matter is, in my initial experiences, without a negotiator in the City and without a person who has the background knowledge in this area of expertise, management didn't come out on top very often. I just hope that we aren't going back to that. In contracting a firm, if nothing else, it should probably go out longer than a year. In terms of Alderman DeVries' question about cost, sometimes it is not the cost of the arbitration, but it is the cost of the precedent of what you are negotiating. That is a huge issue because you could be setting precedent by agreeing to something even if you do it without prejudice. You could be agreeing to something that has a huge financial impact on all departments. I'm not against it, but I wanted to lay those out there.

**Alderman O'Neil** asked what is the salary for the negotiator?

**Ms. Gile** replied \$74,000.

**Alderman O'Neil** stated it is a combination of this \$50,000 from savings and salary and a little bit in the \$36,000 for contract services. Wasn't the negotiator budgeted in 2010?

**Ms. Gile** replied it was.

**Alderman O'Neil** stated that was probably not intentional.

**Mayor Gatsas** stated it was intentional because there were discussions very similar to where Alderman Ludwig was. There was a 50-50 version of whether we put the position in and hired someone or not. I think the reason was because this would have been a year that we would have been negotiating contracts so I think that's why it was there.

**Alderman O'Neil** stated I think we have to set our priorities in the City. Number one, contracts are settled through 2012. In the last year, this Board has committed to telling department heads that they need to cut down on grievances and resolve them at their level so they don't go to arbitration. We have seen a reduction in the number of arbitration cases. For a period of time, one department denied every grievance and it was either settled pre-arbitration or went to arbitration. We are already paying the Solicitor staff. We're not talking about staff reductions there. We are already paying the HR staff. In my opinion, using this \$36,000 to bring in a law firm isn't the best use. We are going to have challenges with how many police officers we have, how many firefighters we have, how many teachers we have, how many Highway or Parks employee we have and that's where the priority has to be. I think we are getting along. It may not be the greatest situation in the world, but we are getting along and we are going to service without a negotiator. In all honesty, I have been here long enough to know that the negotiator doesn't settle contracts. The Board of Mayor and Aldermen do.

**Mayor Gatsas** stated I agree with you and that is why we are starting these discussions as early as we are.

**Alderman O'Neil** stated this \$36,000 could go somewhere else to better serve the citizens of the City in my opinion. The other item regarding the security for \$30,000...shouldn't that be referred to CIP anyway? Security equipment?

**Mayor Gatsas** replied I think that is where it is. I think that's where the discussion, because it is interdepartmental, should be brought up.

**Alderman O'Neil** stated it shouldn't be in the non-departmental budget. I think it should be in the CIP budget.

**Mayor Gatsas** stated non-departmental is usually cash or CIP. It is the same thing so it is a matter of where we move it around. It will be something that will be in the CIP budget so we can move it into CIP or leave it in non-departmental and deal with it there.

**Alderman O'Neil** stated I would prefer...we talk about Jane managing her time. I would prefer not spending time doing a RFP for a law firm and concentrate on the other things that need to get done in the City. She is going to spend time writing it, receiving questions and interviewing. We already have staff being paid and there doesn't appear to be staff cuts in either HR or the Solicitor's Office. That is where the concentration should be and not in bringing on a law firm at \$36,000.

**Mayor Gatsas** asked do you want to make that in the form of a motion, Alderman?

*On motion of Alderman O'Neil, duly seconded by Alderman Greazzo, it was voted to instruct the Human Resources Department to not go out for an RFP for negotiating services.*

**Mayor Gatsas** stated you don't have to go out for the RFP, but we will take that \$36,000 out of that line item.

**Alderman Shea** asked how did you come up with 98.5% for the departments' budgets? I would like the rational.

**Mayor Gatsas** replied that is a great question. As I reviewed the budget before I started the process...I think the 98.5% when you really look at the numbers is closer to a 5% or 6% reduction in our costs. I looked at it as the easiest way for them to reflect because I

didn't know where those COLAs fell at 3% because some people didn't have the COLA amount that is there or the steps so it was easier to spike a number and let the department come back and tell me what that number looked like because not every employee had the same kind of increase. The Finance Office is working on an individual basis of what those cuts are going to look like per department. It could be as much as a 5% reduction in some departments. We will see that in the next few weeks.

**Alderman Shea** asked should they anticipate a further reduction if situations develop or is this going to be the bottom line as far as the departments are being asked? Could there be an extra half percent less? Should we be saying to them where would you reduce your budget if you were given .5% less?

**Mayor Gatsas** replied I think that is a very fair question. As you see the schedule we have set up, I've set it up intentionally so that we start talking about revenues a little later in the year. The numbers that we are seeing coming in from auto registration will be a little clearer, we'll have a clearer picture on what the building permits look like that are out there, and the assessors will have a better handle on what that number is so it will give us the opportunity to develop some other things that we are working on in the health insurance side. Rather than saying that's the final number, until this Board decides where we are going, what we see for revenues and what we see for other exercises that we are using that are outside the box, I am certainly telling the department to be very careful with their 1.5%. We could be coming back and looking for other reductions. Right now, I feel confident that a lot of the things that we are discussing and a lot of the proposals that are coming forward are going to be okay at the 1.5%. It is truly not 1.5%. It is closer to 5% or 6% reduction in their budgets.

**Alderman Shea** stated my follow up question has to do with the remark you made before, Your Honor, about the payroll in the City and the school. You made mention of the Efficiency Committee. I watched them on TV last night. They were going here and

there in my judgment. What is their role? In other words, can you define what they are going to do and what we as a Board can expect?

**Mayor Gatsas** stated they are going to be working on whatever ideas they have to bring forward by March 15<sup>th</sup>. They will give a presentation to this Board and we will have an opportunity to look at those ideas, have discussions about them, see which ones are and aren't worthwhile and see if we are going to incorporate them into the budget process or we aren't. We are going to have an opportunity to look with fresh eyes from the outside and take a look at things they come up with. They may come up with the idea that it is efficient that we do or do not do payroll for schools. I'm not sure what they are doing and I don't have any preconceived notions of what they might come up with, but I think it is important that we have fresh eyes to do some things and ask questions that the 15 of us forgot or didn't ask. Someone might have a pretty good question that they can get an answer on.

**Alderman Shea** asked so the final decision for what they do...

**Mayor Gatsas** interjected it is right here with this Board.

**Alderman Shea** asked would that apply to the other committees?

**Mayor Gatsas** replied both committees will be presenting their findings to both Boards. They will be presenting them because the efficiency and consolidation is looking at the school side also. We will have a joint meeting with both Boards and have them do the presentations and consolidation along with the student alignment that is coming forward on April 15<sup>th</sup>.

**Alderman Lopez** sometimes I wonder if we rush to judgment. The rest of the departments coming in, so that we completely understand...I look at the Assessors and it is very clear in their budget and maybe everyone could work in the same vein as far as using the same paperwork. I think that's important in the budget process. There should be budget highlights of what you laid out for them to do and what it requires them to do. They indicated their vacancies in customer service and assessor positions. I think they spell it out very clearly. As we go forward, I wish the other departments would do the same thing. In addition, I think HR should spell out what a negotiator is and why we should move forward. I think that's the confusion. What is going to suffer is important, too, so that we can make a concrete decision as to the direction that we are headed even though we're not going out for an RFP because there is not money involved in that. She already had that listed last year so it is redoing it. I caution that we make decisions without getting clear cut answers from HR about what is really going to suffer. I'm not for hiring an attorney, but I need something so every department is in the same thing. What am I not going to be able to do with this budget? I think that has to be up front.

**Mayor Gatsas** stated I have tried to be as specific as I could with the departments so that the information that we see is identical. I think four of the five departments tonight produced that. I will sit down with Mr. Clark and try to get a clarification from where he is so that if we need to bring him in again for a short stint at the next meeting we can.

**Alderman Ludwig** stated I think I did a horrible job in my first speech because this didn't turn out the way I wanted it to. I'm going to give it another try. I didn't speak because I want to hear myself talk. I disagree with the \$36,000 for the contractual services because I just don't think the continuity from a business like that or set of attorneys can do us justice. As a former department head, I can tell you it was a relief. I'm going to go out on a limb here and say that I didn't have a lot of grievances in the department. Everyone wants to cut down on grievances because they take up precious

City time, cost employees to sit at a table and that is a waste of money as far as I am concerned. The fact of the matter is, to be able to pick up the phone and be able to speak to someone in Human Resources who is on the ball in terms of the contract, past practices and everything about it to me is...is \$74,000 a number for that person? I'm not sure, but I would have preferred to see her take this \$36,000 and add it to a number and go out and look to see if they can find someone to fill this position down the road. I know we are not here to fill positions and I know we're not here to build a bigger budget, but I don't think I ever had to pick up the phone and speak with the former Human Resources Director to even deal with that. I think it is a difficult thing for her to attend pre-arbitration cases. Looking at the time that she puts into it and how everything goes forward in terms of how arbitrations work out, I hope it is just not off the table forever because I don't think it is a good thing to do in a City this size and the number of cases that come forward.

**Mayor Gatsas** stated we are in the first day of the process.

**Alderman Ludwig** stated I understand, but for the record, I want to make that clear because my intent was not to take away the Human Resources Director's ability to dig herself out of a hole I think she is in. I don't know. I never met this lady, but I think the fact of the matter is that that's the way I see it from my perspective as a department head. It was an important position and we might want to take a look at it again.

**Mayor Gatsas** stated you certainly have that opportunity to look at that again. If we find that budget constraints aren't as tight as we thought and this Board thinks that...I hear where Alderman O'Neil is going and I believe that is true, but in two years when we start looking at 17 contracts again, I think it may be imperative that we bring someone on that time. I think the Human Resource Director has done a great job with the grievance situations that we have and I agree with Alderman O'Neil that in the last eight months since we started sending those reports to the HR Committee, it seems as though the number of grievances has dropped dramatically. I think the department heads are

handling it the way they should be, addressing it at the front end and trying to get some closure on it. Again, I think that we will have the opportunity to bring it up again. I think it is important, as we go through this process, as I said, I think everyone should have the opportunity to go through the numbers that they are bringing in for revenue sources and understand them because we're not just arbitrarily looking at fees, but we should look at when the last time something was increased, what it means to the City, what it means to the safety of the City and what it means to a department. I will push pretty hard on thinking of revenues and how they can be employed.

**Alderman Ouellette** stated I was looking at the budget timeline and I appreciate having everything up front so we can plan which departments are coming so we can get our questions ready. The one that sticks out is towards the bottom of the page, MCTV/MCAM. Is it your intention to have them present a detailed budget for this Board to consider rather than the failed way we have been doing it in the past? I could speak for my colleague Alderman Jim Roy as well. We do not want to repeat what we went through last year.

**Mayor Gatsas** stated I certainly understand that and I think that is an important discussion. I think the discussion first must be where we stand with the contracts that we have. I'm in discussion with both sides of that situation in the next couple of days. We will try to make some valid decisions on where we are going and how we are going to get there. I think it is important that we talk about three years ago. The budget for both entities was about \$490,000. This year, because Comcast rates are going up, it is going to be up over \$900,000. I'm not too sure if that is the direction that we want to be going in. I think we have had an opportunity for three years, because maybe the decision we made then wasn't the right one, to correct it moving forward. I'm meeting with the Superintendent tomorrow to have some discussions about those contracts because the contract is between this Board and the School Board and I think that is the first discussion that we must have. We are also moving with the other entity on the other side and I think

that we need to put some harmony to what we are doing. We are all doing well with two Boards who are working collectively together and I think that is an important thing. I think you will see that at the next meeting, I will be bringing something forward just from a vote perspective for this Board to show endorsement for the letter that went to the Department of Education to say that we would like to have testing for a five year period for refugees being helped, not that we have any say in that as a Board, but I think it is a vote that we should take to show confidence in support of the other Board. I think that when we start working and doing those things together, we will hopefully have some closure with what we are trying to do with that in the next three or four weeks.

**Alderman Ouellette** stated I appreciate that and I think that is something that I agree with as well. I think those contracts we have learned are at best flawed. I think that we would be doing the citizens of Manchester a great service by renegotiating those contracts.

**Alderman O'Neil** asked the 565, does that include any merits or COLAs for your employees? Your Honor, can we make sure those are included on all those sheets?

**Mayor Gatsas** replied those discussions will be next Monday when those five...

**Alderman O'Neil** interjected as Alderman Lopez said, the Assessors did a nice job. They included that, but it doesn't include the customer service. That would be helpful to us.

**Alderman DeVries** stated probably I'm the only one here feeling it, but obviously this is a different budget process than we have followed in past years. Traditionally, the Mayor brings forward his budget and in the presentation we get a flavor for the direction that the Mayor would like the City to go in. It seems, from having sat here tonight, that instead we're getting tidbits with each presentation of the direction and some of the thought that you have for efficiencies. It would be helpful if, from the beginning, there is better

clarification of these back pages of the budget presentation coming out of the department. I'll use the one in front of me which is OYS, but the potential new revenues cost savers...excuse me, that was HR. If you could clarify or if the departments would clarify what are the recommendations coming forward that have the blessing of the department, that they know are sound ideas and what are suggestions that you would like us to bounce around as potentials. That way we can focus our questions, time and energy into the items that haven't been vetted by the department heads. Since this is a different process, if we can get a better idea going into these meetings as to what has been kicked around and if the department heads say that is a good idea and they want to do that we may be able to focus our energies better.

**Mayor Gatsas** stated I appreciate your statements. I think that it is important that the discussions that I had with departments to look at every alternative in the budget, because for me to sit there and ask the questions and the department head give an answer and then I give a presentation and then they come in here and all of a sudden the answers are different...I have gone through that process as a Senator. I watched the presentations during the Governor's phase of a presentation, which is like the Mayor's phase, and then they go into the House and they do a presentation there and it is a little different than what you heard in the Governor's presentation and it is different for the Senate, too. I want to make sure that we are all on the same page and we all understand what we are working for and what we are striving to do. If we can collectively do that as a group and hear the same information that I am hearing...I don't want anybody coming in here and giving you folks a different story than what I have heard. When I asked for revenue ideas, sometimes revenue ideas coming from departments puts stress on other facets of City government. That is for us to make those decisions and a department is only giving us the offerings of saying here is what I think then I can justify, if I believe they are strong enough, or this Board can justify, why those are things we can include in the discussion. As you can see, they came up with about \$85,000 increase in revenues for alarms. That is part of Matt's budget and when the City Clerk comes in and has those discussions those

are when those discussions should start happening. I think it is important that we first talk about how much we can cut spending. I think they have done a great job with that. When Mr. Sanders opens up the 1.5%, I think you are doing to see that it is closer to 5% or 6%. The departments have really worked to make sure their numbers are as close as they can possibly be without reduction of services and without reduction of employees. That was the guideline I gave—do what you have to do before you cut employees.

**Alderman DeVries** stated what I heard a couple of times during our different discussions were comments from you that were ideas that you had. That's fine and fabulous, but it makes it difficult for me, when I am trying to interpret what ideas that are being put down on paper that are coming forth from the department and what are ideas coming forth from you. Maybe it was just the way the discussion went here tonight, but that is what I got out of it.

**Mayor Gatsas** stated let me give you an example. For a department to come in and say that they are cutting the contract for the auditors, that is not something they came forward with. They showed me a significant increase in the audit costs as I looked at them across the board. I said to them go back and see if the auditor wants to continue doing business and they want an extension of the contract and see if they will reduce their costs. That is a discussion that is coming from me. I don't think the department head can come in and say that they are going to go to the auditor and see if they can reduce costs there. Some of those ideas, as we were talking...another one that is a very valid one that you saw HR come out with is offering the non-affiliated employees an opportunity to buy out of the health insurance plan if they have a comparable plan somewhere else. Right now, the unions have an opportunity to opt out and pick up \$1,500. That is not offered to the non-affiliates. I think that is an opportunity. As you can see, they couldn't put a number down because they don't know what that number is. As we progress and fill out a survey and they come back and say that there are 40 employees who are willing to do that then we have a number to understand what it is.

**Alderman Shea** stated I'm not sure if anyone wants to elaborate on that. You mentioned something about sending something up to that state. Did you want the Aldermanic Board to do anything?

**Mayor Gatsas** replied at the next meeting we will have a vote. It is on the agenda for the next meeting. It isn't tonight.

**Alderman Corriveau** stated Your Honor, will the Task Force on Efficiencies and Consolidations...I don't know how often they will be meeting, but will their minutes be made available to this Board so that we know the process they are going through on finding efficiencies?

**Mayor Gatsas** replied their clerk happens to be in the room with us this evening. Everybody will see those minutes on a regular basis.

*There being no further business relating to the FY2011 budget, on motion of **Alderman Arnold**, duly seconded by **Alderman Shea**, it was voted to adjourn.*

A True Record. Attest.

City Clerk