SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(RE: FY 2014 BUDGET)

April 09, 2013 **5:00 p.m.**

Mayor Gatsas called the meeting to order.

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

The Clerk called the roll.

Present: Aldermen Craig, Ludwig, Long, Osborne, O'Neil, Levasseur, Shea, Katsiantonis, Gamache

Absent: Aldermen Roy, Corriveau, Shaw, Greazzo, Arnold

Mayor Gatsas advised that the purpose of the meeting shall be discussions relating to the proposed FY2014 budget for the following departments:

Airport

Mr. Mark Brewer, Airport Director, stated thank you for your consideration of our FY14 budget. My understanding from the City Clerk's Office is you just need me to state into the record that we at the Airport are satisfied with the budget for the Airport as presented by the mayor. As you know, we are an enterprise fund and there are no implications to the City tax rate based on the proposed budget. We appreciate your support.

Assessors

Mr. Robert Gagne, Assessor, stated we also are just here to let you know that we are okay with the budget as presented and to answer any questions if you have any.

Alderman Long stated I need you to give more explanation on the money you put aside for the overlays. This number is the number you are comfortable with in the overlay?

Mr. Gagne responded yes, it is. We have been keeping track of cases as they settle and balances that we still have in the prior years. Although we do expect more outlays than that for the fiscal year, we have surplus from a prior year that will come forward and take care of that.

Alderman Long asked the biggest undecided moment is when we reassess correct? Right now you are pretty much comfortable?

Mr. Gagne answered yes. As we get out from the revaluation year, basically when you do a revaluation it stirs things up. The reason we do the reval is because there is some inequity in the system so there are some taxes that go up and some that go down and some that stay the same. Of course the ones that go up they tend to take a closer look at their assessments and after a year or two those filter through the system and we have either adjusted those that are appropriate or convinced those taxpayers that their values are okay and it doesn't carry forward after that. The activity is greatest in that first year and declines each year after that.

Alderman Craig asked regarding the overlay, can we bring that down because we have money coming forward or is that where it needs to be?

Mr. Gagne replied I believe that is where it needs to be, given our exposure. We are actively at this point settling and working out a lot of the 2011 cases, which takes care of 2011 and 2012 but not to the point where it looks like we will have extra surplus for those years other than what we factored into this report.

Alderman Craig stated you mentioned that you don't expect to pick up as much additional value this year and I am assuming you are talking about when you went to the DRA. When we passed our budget the tax increase was 1.41 and when you went to DRA it went down to 1%. Can you please explain what happened and whether or not you foresee any benefit to the City when you do go to DRA this year?

Mr. Gagne responded last year we ended up picking up additional value by the time we reported our tax base in the fall, which is September/October depending on when we have our numbers ready. If I recall, we picked up about $85 million last year. When, at this time last year, we had anticipated I believe $15 to $25 million. One of the biggest contributors to that were the utility values increased quite a bit. We don't control that. We use the Department of Revenue's numbers and we don't get those until late summer just before the MS1 is reported. We picked up a little over 1/3 of the value of that increase or $35 million. We don't expect that again this year. It would surprise me a lot. As far as other pickups, we have been doing our pickups on residential and commercial properties and so far this year the dollars we are picking up are being offset by the settlement of those 2011 and 2012 abatement cases. Once we have settled those and

adjust the value for 2011 and 2012, we also have to lower the value going forward. So we are losing some of our tax base with those settlements.

Alderman Craig asked so is it your opinion that when we go to the DRA we will not see a difference?

Mr. Gagne replied we will see a difference but just before coming here we checked our numbers and I think Michael can speak to that.

Mr. Michael Hurley, Assessor, stated the last two weeks we fluctuated between adding $5 million to $15 million to the tax base. The reason it fluctuates is because we are also in the middle of 30 settlement cases. One day it looks like we are going to gain $10 million and then we lose a couple of million. In the last two weeks it has fluctuated between $5 million and $15 million.

Alderman Craig asked since the revaluation, can you describe briefly where the City is in terms of valuation? Are we exactly where we should be or have things gone up or down?

Mr. Gagne answered in the year of the revaluation, our median ratio that the DRA calculates was 101.5% and that is pretty close to 100%, which is where we want to be. That was for 2011. For 2012, our number was 107.4%. When that number goes up it means our values came down and they came down roughly 6% which is okay as long as it is uniform and it appears to be. Our other measures like COD, coefficient of dispersion and a few other measures show that there is equity in the system but our values are down. We track that week to week when we see the transfers come in and it looks like we are holding our own at this point. If we had to give an estimate of what the ratio would be for 2013 it is probably going to be close to where we were for 2012 meaning that the values have stabilized and are going to be pretty stable over the year. We have six months' worth of sales to look at now. The department looks at sales six months before and after April 1st. Well, we just had April 1st so we have six months' worth of sales that we looked at and we are about where we were in 2012 so it will be about 107%.

Alderman Craig stated to that point, when you say you have six months of sales to look at can you please explain that? Are you behind six months so you haven't looked at six months' worth of sales and therefore tax revenue?

Mr. Gagne replied no. The period of time that the DRA looks at when they calculate our statistics is six months before and after April 1st. So they look at sales from October 1, 2012 to September 30, 2013. Chronologically we have only come up with the six months prior to April right now. We are looking at six months of actual sales because that is what has occurred so far.

Alderman Craig stated you mentioned in your memo that you are currently operating with three out of ten positions unfilled. I heard of one incident where a person bought a property in June and sold it in November and then the person who sold the property received the tax bill in March. I am wondering if your department is up-to-date in terms of processing tax bills so that we can make sure we are getting the revenue in or would another employee help generate more tax revenue?

Mr. Gagne responded well I am not sure why they would receive a tax bill in March because the tax bills went out in November.

Alderman Craig replied it was a delinquent bill in March.

Mr. Gagne stated the transfers were behind for a time. We had about three and a half or four months' worth of transfers that hadn't been entered. We are sensitive to getting those entered for the lien date and certainly for the first tax bill. We don't lose any revenue, however, if those transfers aren't entered in a timely fashion. It is just that the proper party isn't notified but the taxes are still due. We are caught up at this point. I think the last transfers we entered were March 15th or 16th and it takes at least a couple of weeks for us to get the information from the registry so we are current right now.

Alderman Craig asked so there wouldn't be a plus on the revenue side if you added to your staff?

Mr. Gagne answered no, there wouldn't be. I would like to add to the staff to do that clerical work but there are other considerations. We are getting it done. Mike and I are doing some of that work. It is not what we would normally do if we had a full staff but we are not opposed to getting down in the trenches and doing what needs to be done so that is how we are operating at this point.

Alderman Shea asked what is the proportion of commercial and industrial property to residential?

Mr. Gagne replied are you asking what is the tax base of commercial versus residential?

Alderman Shea responded how much do local property owners contribute and then how much do commercial and industrial contribute?

Mr. Gagne answered I don't have that off the top of my head. We did calculate that.

Mr. Hurley stated for a ballpark figure, I believe the tax base is 62% residential and the rest is commercial/industrial.

Alderman Shea asked is that changing at all? In other words are local property owners paying more proportionately than commercial and industrial properties?

Mr. Gagne replied if you look at the total amount of tax revenues based on the type of property it is 62%/38% but that doesn't mean that the residential properties are paying more than their fair share. There is more residential value than commercial value.

Alderman Shea stated the City's intent a few years back was to make sure that the people that pay real estate taxes on their own properties paid less and the commercial and industrial properties would go up. The equation at one time was 70%/30% and then we wanted to bring it down to 65%/35% and then lower.

Mr. Gagne responded it would be nice to have more commercial tax base but we don't control the market forces. If you go back to 1970 or so we were pretty close to 50%/50% and now we are 62%/38% and that has a lot to do with where the demand is for new construction and also the demand that affects values going up during that period of time. Residential values fluctuate up and down more than commercial does. Commercial properties are subject to longer term leases and when the market is going down their revenue is a little steadier and when the market is going up they can't capture that so much because they have long-term leases. It is not something that we have a knob that we can turn; we are just reporting what the market forces are doing out there.

Mr. Hurley stated that has been pretty consistent for the last five years. Since 2006, it has been 60% or more residential.

Alderman Shaw asked in the residential taxing if someone owns a house and they rent it out even though they are making money on it it is still considered a residential property correct?

Mr. Gagne answered yes, that is correct.

Alderman Shaw asked even the larger multi-families or developments like Legacy Place? Is that still considered part of the residential tax base?

Mr. Gagne replied Legacy Place is considered commercial. Anything with four units or more and that is the threshold that the state defines as commercial. So a three-family would be residential and four units would be commercial.

Alderman Levasseur how does the process work? Is the valuation counted when you receive a permit that it is paid for or upon completion of the actual development like when they get a COC?

Mr. Gagne answered it is what is there on April 1st. If it is complete on April 1st we pick it up for the year and if it is partly constructed we pick up what is there. If we visit on April 1st and there is a foundation, that is all that gets valued for the year.

Alderman Levasseur responded when you say you visit, how does that work?

Mr. Gagne replied we have a routine that we can pull the building permits from the building department side over to our assessing software. We actually pull that information into the record and we print reports right in our office of what needs to be visited. We also flag any properties that were incomplete last year with what we call a UC code, an under construction code and we will print a report and visit those properties this year. Now we can't visit every property on April 1st. We try to be as close to April 1st as possible on those where there is a question as to how complete they are but if we are unsure we can check with the building department and see what their inspection records show. Basically, we pick up what is there April 1st.

Alderman Levasseur asked why is April 1st the deadline when our budget starts on July 1st and we have to have the budget in the second week of June? Why would we not be able to collect that in May and June? I would imagine many of the building permits are coming in in April and May.

Mr. Gagne replied it is state law.

Alderman Levasseur responded when you say you visit you actually have to physically go there and what is the purpose of that?

Mr. Gagne answered well we have to measure and list the property and to do that you have to visit. We have a commercial appraiser and we have a residential appraiser and we also have our mapping engineer during the busy season help us out with inspections and Mike and I will do inspections on occasion.

Alderman Levasseur asked is that for new construction only or is that for any renovation?

Mr. Gagne answered anything with a permit.

Alderman Levasseur stated I have a few more questions concerning your budget. What is the increase that you are seeking? I don't have my paperwork in front of me right now.

Mr. Gagne replied it is 1% or $603,245.

Alderman Levasseur asked what does that number represent?

Mr. Gagne answered that is the Assessor's budget.

Alderman Levasseur responded no, I want to know what the increase is from last year. I don't have the actual number that the increase is.

Mayor Gatsas stated it is a 1% decrease just like every other department.

Alderman Levasseur asked so you don't know what that actual number is?

Mayor Gatsas stated $6,093.

Alderman Levasseur asked so as far as Yarger Decker and COLA's you are eating those?

Mr. Gagne responded we have money in our budget to absorb those. We are running a surplus this year and that is why the numbers work. That is due to the number of open positions that we haven't filled.

Alderman Levasseur replied so you can't tell me what your actual salary increases are in your own department or do you know what that number is?

Mayor Gatsas stated it is a reduction of $6,093 in the salary line item from last year.

Alderman Levasseur stated I have seen other departments that are asking for…as I misconstruing the number that has been put in front of us for each department? Those are actually reductions? I thought they were increases.

Mayor Gatsas replied I would say most of the smaller departments are reductions. That is why we passed this paperwork out to you.

Alderman Levasseur responded I thought I was going to be able to get it on my computer but I guess we don't have Wi-Fi in here. They are going to get me a copy of it.

Mr. Gagne stated I have the mayor's budget worksheet here and in FY13 our budget was $609,338 and for FY14 it is $603,245.

Alderman Levasseur asked and you don't have any issue with the severance?

Mr. Gagne answered no; we have no one who is eligible to retire.

Alderman Levasseur responded so you aren't going to be looking for any kind of help from the aldermen with a possible severance issue?

Mr. Gagne replied no, we are all too young in my office.

Alderman Osborne asked if you take residential and commercial and you are talking about a three family and a four family becomes commercial correct? Everything being the same as far as square footage and lot size what is the difference in the tax rate?

Mr. Gagne answered there is no difference. They pay the same tax rate. The state of NH has a uniform tax rate regardless of the property type. The only exception is utility properties where the state collects the statewide property tax so we don't bill them.

Alderman Osborne asked so the residential and commercial definition means nothing as far as the tax rate?

Mr. Gagne replied correct.

Alderman Craig stated I just want to clarify one thing before I ask my question. The budget that the mayor presented, when we do a comparison we are comparing his proposed budget to the 2013 DRA tax rate budget. It is not the budget that this board presented or approved. It is the DRA budget. So when we are all looking at it I just wanted to make sure that we all know that. You mentioned that there is a surplus in your budget…

Mayor Gatsas interjected just for clarification DRA does not set a tax rate budget. They set a tax rate.

Alderman Craig responded I am just saying that in comparison, this budget right here isn't the budget that we approved. There are changes.

Mr. William Sanders, Finance Officer, stated there are changes but only in the context that contingency has been allocated to departments that requested contingency to make the comparison year to year make sense that the aldermen approved. The only thing that the DRA changes is we reassess our revenue situation but expenditures that are appropriated by the aldermen are not changed at the time of the DRA.

Alderman Craig responded this indicates a 1% tax increase and some of the line items are not exactly what we approved.

Mr. Gagne stated there is one other item that changes when the tax rate is set. The tax rate is to the even penny and the difference between what you collect with rounding goes into the overlay account. If there is a little bit less it is reflected in the overlay account and in most years it is a little bit more.

Alderman Craig stated you mention that there is a surplus this year but I don't see that in Mr. Sanders' report.

Mr. Gagne responded I did report a surplus in our department.

Mr. Sanders stated you will need to do that this week then because I don't have anything at this time for the Assessors. That would be good news to the City.

Mr. Gagne responded well it is not huge dollars.

Alderman Craig stated the tax rate comparison I thought was very interesting. Do you know what the other towns provide from a municipal perspective? Our municipal tax rate is the highest and our school tax rate is the lowest, which we continue to hear but I believe that our services within the City are much more robust than in other cities. Is there a way that we can quantify that?

Mr. Gagne responded not easily. We can quantify it pretty easily with Auburn and Candia, as far as the services that they provide and Bedford. I don't believe they have trash pickup. Other cities there may be a couple of the seacoast cities that have bag and tag for trash. Rochester or Dover might have that. I am not familiar with what they do or don't provide. I know that they plow the roads and repair their potholes.

Mayor Gatsas stated I think the interesting part of that description that you sent is the equalized valuation in the community per child. Is that on that sheet?

Mr. Gagne responded the equalized tax rate is on there but if you are talking about the report…

Mayor Gatsas interjected well maybe it isn't there and I will have to get it to everybody but the report shows the equalized valuation per student for the ability to raise taxes. I think we are at $538,000 and the sending towns around us are up over $600,000 if memory serves me right.

Mr. Gagne stated yes, that is a comparison of tax base to student population. That was an additional report that you and I had talked about.

Alderman Craig asked can we get a copy of that?

Mayor Gatsas answered yes.

Alderman Levasseur asked regarding the issue of the 62/38…I am not sure if this is what the alderman was asking but compared to Nashua are they 62/38 or Salem because they are border towns do they have a much higher commercial impact?

Mr. Gagne replied I would have to research that. I worked in Nashua before coming back to Manchester and it wasn't precisely the same ratio. It might be a little heavier on industrial/commercial but it is not 50/50.

Alderman Levasseur asked when you determine commercial, do you determine a two family or a three family to be commercial?

Mr. Gagne answered two and three families are residential.

Alderman Levasseur asked where do you draw the line on an apartment building that it becomes commercial?

Mr. Gagne replied four units is commercial.

Alderman Levasseur asked above four units?

Mr. Gagne responded four units and above.

Alderman Levasseur asked if you took all of those two and three families and added them in at a commercial rate…

Mayor Gatsas interjected the state won't let you do that.

Alderman Levasseur stated and you aren't allowed to set a different rate for commercial than you are for residential anyway. Correct?

Mr. Gagne answered yes.

Alderman Levasseur stated if you could you could play all kinds of fun games with these but you aren't allowed to because of Supreme Court rulings I believe. They all have to be valued the same no matter what definition you put on them correct?

Mr. Gagne responded right it has to be market value and the same level of market value on the value side and a uniform tax rate, again with the only exception being that the DRA collects the state school tax on utility properties and we don't.

Alderman Levasseur asked if we were to take a percentage and include two and three families, which are generally rental income properties and add that into the commercial we would see a much different split.

Mr. Gagne replied well it would be a much different split but it wouldn't affect you…

Alderman Levasseur interjected not cash wise. So it doesn't really matter even in Nashua if…so why do we make that determination? Is there a reason for it?

Mr. Hurley stated it is the way you value properties. Usually, when you look at the market two-family and three-families, one of the units are owner occupied and when you see four units and up those are usually investor properties. It is just the way the appraisal is done.

Alderman Levasseur stated the people out there are watching and a lot of them are very upset about the fact that they can look at their neighbor's property and a house can be valued at $230,000 and a three family is valued at $189,000. Can you tell the people how the determination is made on the value of a property? Is it based on square footage or recent sales?

Mr. Hurley replied it is market sales and if you look at all of the two and three family market sales they are in many cases lower than single families. It is what the market is saying right now. So the market is saying that two and three family values are dropping more than single families.

Alderman Levasseur asked is that set by statute on how the value is determined in our city or everywhere in the state? In other words, could we change it to square footage if we wanted to?

Mr. Gagne replied we have to value the properties to their market value, whether it is by square footage or bedrooms or number of bath fixtures. You need to construct the model in your canvas system so that when you input the data about the properties and input the data about the value and the tables it computes a market value.

Alderman Levasseur responded I want to make sure I understand you. If a three family has 3,000 square feet and the single family next door has 1,000 square feet and the single family is paying a lot more in taxes because the one next door sold for a higher price…if we did it by square footage would that not be a fairer way of getting a tax rate? You are seeing so many multi-families that are getting away with extremely low values. Say you have a three-family building in a very nice section of town, I have seen some of these values and they are really low and I have seen a house with a 50 x 100' lot in a good section of town where they are paying a high price in taxes because of where they are and what the neighborhood is and the value of the neighborhood. Would it make sense for us

to revalue and set a different standard for how we value our properties in the City? I mean, if we did it by square footage, wouldn't a multi-family be paying proportionately more based on the square footage of the whole building compared to what it sold for?

Mr. Gagne replied right but then we would have the wrong value. It has to be market value.

Alderman Levasseur responded okay, so it has to be market value by state statute?

Mr. Gagne answered yes, actually state statute and the constitution. Just so everybody out there understands, we report the value but it is the market participants that set the value; the people who are buying and selling properties. When you say, where do we get the value? Well, we just observe what is going on in the market and report that.

Alderman Levasseur asked we are not allowed a standard of deviation based on foreclosures or auctions or burned down buildings that are selling for $25,000?

Mr. Gagne replied we do not use those sales to set values.

Alderman Levasseur responded you don't have to?

Mr. Gagne answered no, we shouldn't and we don't. We use only arm's length transactions. We don't consider short sales or foreclosures or bank resales. We don't consider sales between related parties. It is arm's length sales that are confirmed to be arm's length.

Mayor Gatsas stated I think back in the 90's and early 2000 the reason for such a differentiation between commercial and residential was because we had a lot of condo conversions. The buildings that were commercial were changed to residential because they were condos and I forget what the percentage was but I think we had that conversation maybe three years ago and it was a pretty high percentage that converted and almost took it from a 50/50 to the 60/38.

Mr. Gagne replied I wouldn't say it contributed to the entire amount but it did contribute a significant amount because it is $1 off the commercial side and $1 on the residential side. Any complex that had four units or more…if you have 100 units converted from apartments to condos all of that value ends up on the residential side.

Mayor Gatsas responded and off the commercial side.

Mr. Gagne replied correct.

Alderman Levasseur asked when you do the condo conversion though you make out a lot better.

Mayor Gatsas answered I didn't say that but when you look at the percentages it changes the percentage dramatically.

Central Fleet

Mr. Wesley Anderson, Central Fleet Director, stated I prepared some notes to help with the conversation, if you would like them. Otherwise, I will be happy to answer your questions. If you look at my bottom line, which is at the bottom of the first page, for FY14, if we have a winter like this year, I will not be able to make that budget. If we have a winter like the previous year, the answer is probably yes and the only reason I say that is because most of my budget is spent during the winter period, basically December through April. There could be something that comes up after that timeframe that was unexpected. If you go to the next slide, you can see that 94% of my department's budget is based on personnel, repair parts and utilities that I basically perform services for other departments. About $117,000 is the internal cost that I need for everything from fueling my vehicles to preventative maintenance on my building. In FY14 I eliminated one mechanic II position and if you look at the budget you will see that there was a decrease in the budget line but not a full position because of the cost associated with merit raises and such. For FY13, my budget had $150,000 in contingency that the City provided that we are able to draw from if necessary. Additionally, I had $130,000 of credit for repair parts that I brought in from other departments. That is what is keeping me going this fiscal year. The cost of operating and maintaining new vehicles is increasing of course. Mainly this is due to the environmental standards and computers that are associated with the engines. Some of the questions you asked were the impact of having to cover the severance. Basically, if I have any of my people during the year and I do have two who are eligible to retire, I will have to leave that position vacant until such time as I generate enough savings. The true issue will come up if it happens late in the fiscal year where I can't generate enough savings to generate the cost associated with the severance package. Then I would have to pull the funds from the other accounts that I have available, which for the most part will either be repair parts or the utilities. The impact of additional revenue from my standpoint is the more revenue I generate, the more expenses I create.

If I pick up more departments like Water Works, I will generate more revenue but I will also have more expense associated with repairing the vehicles. I really don't have an additional revenue source, as far as the aldermen are concerned, with the exception of one thing and that is if we start putting mark ups on the services I provide. That is additional revenue without any additional expenses. However, those mark ups will be paid by other departments so it is a net loss. There is no really effective revenue increase to the City as a whole. The next slide is on personnel. To help make sure that I am in a position to make my budget for FY14, I will be keeping one additional position vacant and I am going to restrict some of the operational improvements to help minimize the impact on the budget from a personnel standpoint. I will also do some restrictions on operating hours and support for overtime; mainly limiting the number of people that we use for sanitation support that may happen on a Saturday or late at night due to a holiday. Repair parts you can see what we have. It shows what we have spent to-date or I should say what I predict is going to be spent. What it really comes down to is we are going to have to be really careful on which vehicles we repair and don't repair. If they are scheduled for replacement in 2014 or 2015 we are going to have to make a call at that point; do we take the vehicle off the road because we can't afford to repair it. On the utility side we are at the point where I am feeling more comfortable with, what I think for this type of year, the expenditures are going to be. On the electricity side, we are averaging about $18,000/month. That will put us around $215,000 a year, which is more than what we have in the budget for next year but it also looks like our natural gas is coming in under so they are pretty balanced in that way. All of the other accounts you see on the next slide is my other. Those are the pieces that I have to spend to support myself and the department which then enables me to support the other departments. What is the impact of the budget as it sits? I am going to have to limit repairs to those necessary to meet safety requirements. We will be very careful and we will pull vehicles out of service based on planned replacement and cost of repairs. I need to do this in conjunction with the support of the departments so I don't impact their operations. I am going to have to be very careful in what I do for vehicle season preparations, i.e. preparing the pavers after the winter to get ready for the summer paving season. For your information, this is what I removed to-date from service from this fiscal year due to the same issues. You can see I took four vehicles out of service because they are being replaced in 2014. Then I had to take eight vehicles out of service because there condition was such that it didn't make sense to put any more money into them and we are working right now to see what I can do about replacing those vehicles. The bottom line again, is if we have a winter like this year I will not be able to meet the 2014 budget. If we have a winter like last year, probably, yes, and any winter in between it will be a toss-up.

Alderman Long stated on the increasing revenue, we had spoken about servicing surrounding municipalities' vehicles. Has there been any discussion about that?

Mr. Anderson replied I haven't pursued that piece yet because in order to do that right I really need to know what my cost of operations are and the fleet management software, which we are in the process of obtaining. That is what I need to determine what those costs are. If a customer really came to us and asked, what it is going to cost, I can tell them for repair parts but I can't really tell them the true cost of my labor and overhead. That is the piece we have to work on.

Alderman Long asked I was under the impression that software was bought that would allow us to do that and figure out unit pricing?

Mr. Anderson answered no. We are in the process now of purchasing it. We have issued a Request for Information and had all of the candidates submit information. We have narrowed it down to two and tomorrow we start our first meetings with them to finalize the candidates.

Alderman Long asked this software would allow you to be more specific on unit pricing?

Mr. Anderson replied correct.

Alderman Long responded best case scenario when do you feel that information would be available?

Mr. Anderson answered with time to train staff and get everything converted; you are probably talking a year process to get it in place so we can start capturing the data. A year after that I would feel comfortable with it; although, I would say that the data would be just as reliable as that year. The more years you get, the more reliability you will have with that data.

Alderman Long asked how many people did you say are eligible for retirement in FY14?

Mr. Anderson stated there are two eligible and there is one that may be a disability retirement. I think there is a chance that one of them next year may retire.

Alderman Long responded do you know what that number is for severance?

Mr. Anderson replied it depends which one goes because each person is different as far as how much vacation and sick time they have.

Alderman Craig asked what about the eight vehicles taken out of service?

Mr. Anderson stated in the case of the Bobcat, there are other options for cleaning sidewalks at that point or putting them on other jobs so they are not dependent on that per say. In the case of two of the vehicles from the Planning Department, we gave them our pool cars to cover the shortfall until such time as we resolve that. So instead of having five pool cars I have three.

Alderman Craig asked what do you do with these vehicles that you have taken out of service? Have you sold them or are you planning on selling them?

Mr. Anderson answered we sell them and the money goes back into the MER program, and depending on BMA approval because it is coming up at the next meeting, we will use those funds to purchase replacement vehicles for those departments that aren't budgeted in the next MER.

Alderman Craig replied if this budget stays as it is, are you going to be modifying your MER program going forward because if you don't have staff to service vehicles is it wise to order more vehicles for the City?

Mr. Anderson responded actually, the MER program should go on the way it is because what we are doing is replacing vehicles. I am looking at really how to become the most efficient and smart and cost effective on a year-to-year basis. The vehicles that we purchase, how we purchase them, and what we purchase with them is where we can save operational repair dollars on an annual basis. Seven year warranties based on all of the environmental requirements and all of the complexities of the engines make sense because what we are doing is putting the costs associated of repairing those items back on to the manufacturer and the dealer. Although it may cost us a little bit more when we purchase it, we bond it and spread the cost so eventually it will lower our annual operational cost associated with repairs. We are looking at that now.

Alderman Craig asked if we have a winter like we did this year what would you need in your budget to be able to handle that?

Mr. Anderson responded that is hard to call. I should be able to give you better numbers in about a month because we are still repairing things from it. I would expect that at the end of April I will have better numbers to give to you.

Alderman O'Neil asked could you get us the numbers on the two potential retirees and their severance?

Mr. Anderson answered yes, but I won't be able to tell you which one is leaving.

Alderman O'Neil stated just the two numbers would be good and you can get those to the City Clerk or Finance Department. What is your authorized complement today?

Mr. Anderson responded as of the first of July, which is what I have been planning for, it will be 27. I will not be filling one position next year so that will drop me down to 26.

Alderman O'Neil replied what are you as of today though?

Mr. Anderson stated I am authorized for 28.

Alderman O'Neil asked you are at 27 today?

Mr. Anderson replied I actually have a few positions vacant and I am in the process of hiring.

Alderman O'Neil stated we had a discussion a few weeks ago, and Mr. Sanders can jump in here and Your Honor you are in the middle of this, because you can authorize or not authorize the filling of vacancies, but I understand there is a number out there that we need to take care of X number of vehicles but I am concerned about the surplus number going into next year. If everybody just fills all of their positions before the end of this fiscal year there is going to be limited surplus which doesn't help us next year. That is just something that I think we have to try to balance.

Mayor Gatsas responded I agree with you. I sat with Wes and a couple of the positions that we discussed and filled are positions that he has had folks leave and take other positions in other departments. Basically, the number two person that was there has left and filled another position somewhere else and he definitely needs that or he isn't going to have anybody to do the backup work for him.

Alderman O'Neil asked is that the administrative person?

Mr. Anderson answered I basically had my administrative person take a position in Public Works and my inventory specialist person took a position in Public Works and a mechanic took a position in Public Works and I had two retirements.

Alderman O'Neil replied can you get us, through the City Clerk, a one page of what you are authorized for, where you are today and where you are hoping to be as of July 1 by specific positions? I am concerned…Your Honor, did you sign off for him to fill all of those?

Mayor Gatsas responded I did.

Alderman O'Neil stated Wes, the only thing I can tell you is you have to be cautious because if we don't get to a number you could end up laying somebody off. I think you u have to prioritize where the positions are that you fill at the moment.

Alderman Levasseur stated I very much appreciate your presentation. I like the way you presented it so we could read it in small pieces. I am not saying the other guys haven't done a good job but this is very well set out for us. You said that natural gas prices are going down and I just want to make sure that I read this right. You have natural gas increasing from $140,000 to $188,000.

Mr. Anderson responded what we think we are going to spend this year based on what we have spent through March is about $140,000. What we have budgeted next year is $188,000. So we think we will be under in regards to the cost of natural gas but we will be over in electricity so we will have to use whatever we save in natural gas to cover electricity.

Alderman Levasseur asked you said you have 27 employees currently and you will be going down to 26 next year?

Mr. Anderson replied I am authorized for 28 this year with 27 authorized next year and I will be keeping one position unfilled so I will have 26.

Alderman Levasseur stated someone may want to help me with my memory but last year I think the mayor proposed a budget that had 19 positions. Could you have survived with 19 positions?

Mr. Anderson responded the way we are organized now and the way we provide the support and what I have to do administratively, if I don't pick up Water Works I think the number should be 25. As things change and we get into fleet management software and we see things happening, numbers could change but based on Matrix's numbers and what I saw this winter and how we need to operate to meet operational requirements, the number is truly around 25. If you add in Water Works it will be around 27.

Alderman Levasseur replied if you take on Water Works wouldn't they be responsible…is there a chargeback? We do this with the schools. If we go over and plow their parking lot we get a chargeback. If you looked at last year's budget for each line item from each department that you have taken over and you took that number and put it into your number is that number higher or lower than what the departments had last year?

Mr. Anderson stated what will happen and I will just explain Water Works and that will help set the stage. More than likely and we haven't worked all of the details out but for repair parts it won't come out of my budget line. We will charge it directly against their department. That is what we are doing right now with our enterprise accounts. It is not an expense against my department. On the labor side of the house, because they are enterprise, I would then charge them the labor cost of repairing the vehicle and that would be billed to them on a monthly basis. So the revenue that I generate is part of that revenue line that we showed in the budget this year. They have spent approximately $60,000 a year in repair parts.

Alderman Levasseur asked is that strictly for Water Works?

Mr. Anderson answered yes. You figure that same amount or maybe a little bit more is labor and that will be hard to track until I get the vehicles here and we start seeing what it takes to repair them.

Alderman Levasseur stated my question would be for the departments who lost their mechanics and had to take that amount of money out of their own line item but you are not doing this chargeback with any other departments right?

Mr. Anderson responded the only departments I charge are those that are enterprise or in the specific case of the special investigative unit their undercover and specialty vehicles are all federally funded. I charge them for repair parts but not labor.

Alderman Levasseur replied so as we speak you think you are running at…I don't know what efficiency rating you want to give or maximization number you want to give but at 26 employees you don't see yourself able to take any less than that correct?

Mr. Anderson answered yes, if I get Water Works.

Alderman Levasseur asked how does that occur? Is that something that is being negotiated somewhere?

Mayor Gatsas stated it is already done.

Alderman Levasseur asked so that is coming?

Mr. Anderson answered yes, on the first of July.

Alderman Levasseur responded so because of Water Works you can't go below 26?

Mr. Anderson replied correct. If I do then we will start having issues regarding what is the priority for repair and some departments may then not be able to have high priority things repaired in time to meet their requirements.

Alderman Levasseur asked do you know whether or not you are more efficient with the system you have now, as far as turnover on vehicles, compared to the old system?

Mr. Anderson responded we are because of how we have laid it out but we are also more efficient because we had a three-person night shift that does our services and a lot of our vehicle station inspections. That helped us improve our efficiency to be able to do more repairs.

Alderman Shea stated many of the questions I had related to what some of my colleagues have already mentioned. The only point is that if you do absorb anyone from Water Works do you then run into any kind of union problems in that regard? We did have that problem and I don't know if it is settled yet with police and fire.

Mr. Anderson replied the intent was and we have positions open that I could hire the Water Works employees for and we are still going through that process. If they don't apply for my vacant positions then they would remain over in Water Works and fill duties they have over there. If they come over as new employees to me they come over as new employees and not a member of their Water Works union, which I believe is Steelworkers.

Alderman Shea asked do they come in as new employees or employees that have seniority?

Mr. Anderson answered they would come over as new employees to the department but they are still in the City's employment system so they would retain their retirement benefits, etc.

Alderman Shea asked would they come in with the same health benefits, etc.?

Mr. Anderson replied yes. They are just going to be new employees to the department, not new employees to the City.

Alderman Shea asked and your department is predicated on what kind of seniority of lack of seniority? Could you explain that?

Mr. Anderson responded based on how the rules are for AFSCME, the shifts are determined on seniority. The senior people get the choice of which shift they want to work on and which piece of the day shift. They would come over as junior employees for the purpose of which shift.

Alderman Shea replied so as far as the morale is concerned in your department, how would you rate it?

Mr. Anderson answered we do have our issues and we are working through it because of the four different departments merging with the different operational procedures and the different union contracts. It is a challenge at times but we are working through it.

Alderman Shea asked do you feel that as the department goes along and you establish the confidence in the employees that there will be acceptance as far as what is going on? There was a major change that we had to negotiate to make sure everything was in order for the employees. I am just trying to make sure that things are going alright in your department and the employees are moving along because it is new and change is difficult.

Mr. Anderson responded yes, change is difficult and it is going to take time and it is going to take more time to get all of the employees to adapt, because, even now, we are still identifying more changes in procedures that are necessary for being a separate department.

Alderman Shea stated I am being repetitious but do you feel that your department, at this stage, should be at 26 employees and if you absorb Water Works it should go up to 27?

Mr. Anderson responded 27 with everything being perfect based on the Matrix report. There is more analysis that I have to do based on what I actually see. That is where we should be with Water Works. If I don't take up that mission, 25 is the number that we should be at. The plan is to target for 26 and depending on additional retirements and how efficient we are that number may change next year to help make sure I can make it to the end of the fiscal year.

Alderman Corriveau stated I would also like to thank you for your presentation. It is pretty easy to understand. One of my concerns, as an alderman, is obviously we are constrained in what we can do, in terms of spending, with the cap. I think year by year it is going to become more imperative for each department, let alone yours, to do their utmost to increase revenue outside of taxable revenue. I noticed that in your response to the written questions you said the Central Fleet Department can generate more revenue if it adopts a markup system for its reimbursable customers similar to those municipalities whose fleet maintenance operations are funded through an internal service fund and you also mention a markup system in your presentation. The first question, in terms of this markup system, is do you need authorization from this board to implement that system?

Mr. Anderson answered yes, but let me back up and explain what a markup system truly is. For the way we are operating now, the markup would apply to the enterprise accounts like Water Works, EPD, and Parking. What would happen is we would charge them the cost of overhead and that piece would be true revenue. Of course, they would have to increase the fees to the customers to meet that. The in-house departments, if we started

charging a markup then basically I am taking money from Public Works to bring it over to me and there is really no net gain and not net loss. There is zero impact for additional revenue. All an internal service fund really is talking about for non-enterprise accounts is a way of figuring out what the cost of doing business is for each department. So you would know through an internal service fund what the cost of doing business is for Public Works and the Police Department and Fire. The internal service fund concept works well when you need the revenue coming in from the enterprise accounts to cover the cost of their fair share of providing the support for overhead, which in my case would be the cost of running the maintenance facility and the cost of running the fuel station.

Alderman Corriveau asked are the enterprises paying their fair share right now?

Mr. Anderson answered basically right now they pay the cost of the labor and the repair parts. We don't charge a markup.

Alderman Corriveau replied if there were to be a markup on the enterprise side of things, what sort of new revenues would we be looking at?

Mr. Anderson responded I would have to sit down with Finance and we would have to do some long range analysis of how we charge off the cost of capital for the purposes of the fuel station and the building and how we spread it across to be fair to the non-enterprise accounts and the enterprise accounts to make sure it is right.

Alderman Corriveau asked are there any local municipalities who use your men and your parts and your facilities to have their vehicles repaired?

Mr. Anderson answered no. At this time the only people I service are the City of Manchester.

Alderman Corriveau asked have you been approached or are you authorized to work on any other vehicles outside of the City fleet?

Mr. Anderson replied I have not.

Mayor Gatsas stated that is the same question that Alderman Long was asking when he wanted to know how long it was going to take for him to be ready to do that.

Mr. Anderson stated what it really comes down to is I need a fleet management software package and then I need about a year of recording data into it to get some fairly reliable costs and then I will be in a position to talk to surrounding municipalities. Now understand that that will also increase expenditures in my department because I will have to pay the cost of the repair parts that I am putting up.

Mayor Gatsas asked so if you are reimbursed your repair parts and your labor then you are fine and the balance of whatever the additional charge is would go into the City general fund?

Mr. Anderson answered correct.

Alderman Corriveau asked so in other words, we are still a year away from figuring that out?

Mr. Anderson replied yes.

Alderman Corriveau stated in terms of your options to reduce future operational costs, you mentioned natural gas or converting to natural gas but you don't have a number. Do you have a number of what that conversion to natural gas would look like? You mentioned it is cheaper than diesel.

Mr. Anderson responded for the last six months to a year it has been running about $1.50 cheaper per diesel gallon equivalent. The challenge for us is how do we make it work because if we build our own refueling stations we have the cost of that construction but there are firms out there that are looking to come to NH to start doing this and provide that service.

Alderman Corriveau asked is that a bondable expense if we were to construct a natural gas filling station?

Mayor Gatsas answered I think there are discussions happening at the airport for a refueling station to be there.

Alderman Corriveau replied we wouldn't see any of that revenue though would we?

Mayor Gatsas responded it isn't about revenue; it is about how do we reduce our costs if we can get our vehicles converted and get them fueled at that depot.

Alderman Corriveau asked so City vehicles would be able to use the airport fueling station?

Mayor Gatsas answered there would have to be a discussion about it but they are building one.

Mr. Anderson stated the piece for that location is I would have to talk with the Public Works to see if we are gaining savings through the cheaper fuel and are we losing savings from having to travel so far to fuel up. There are other discussions on that part that we would have to look at. It is a long range thing that we do need to look at to lower our operational costs in the future.

Alderman Corriveau asked so it is absolutely cheaper to go the natural gas route, correct? I assume it is an expense the City can bond.

Mayor Gatsas stated I can tell you that probably 14 to 16 months ago, I had conversations with Kevin Sheppard in regards to a group that came in to see us about doing a station on Elm Street and trying to do a public/private partnership where we could get the ability to fill our vehicles there and possibly do some sort of partnership but it started getting out of control in price and the price to convert the vehicles. Now we are purchasing vehicles that have the conversion built into them. I think the cost when we were looking was $35,000 to $45,000 for conversion of the trucks that we currently own.

Mr. Anderson stated the intent is not to do it through conversion but do it through replacement over a period of time. In this case, we are in a chicken and egg scenario. I can't start purchasing the new vehicles that are 100% natural gas until I have the system lined up but the outside parties won't talk to us until they know how we are doing the reception of the new natural gas powered vehicles. So it is something where we have to work through both sides at the same time.

Alderman Corriveau replied I understand that. I guess when I was reading through your presentation what struck me was if you are concerned about the pending construction costs for a filling station and that is spending that we can do through a bond as opposed through revenues and then we realize cost savings by purchasing natural gas I would think that is virtually a no-brainer.

Mr. Anderson stated it is just something that we have to look at to make sure that it makes sense. That is all I am saying that we need to do for the future.

Alderman Osborne asked since you took the helm as fleet manager, when the departments used to maintain their own fleet, what would you say, and maybe you can't answer this, but dollar wise or percentage wise these departments are saving at this time?

Mr. Anderson responded I can't answer that for the other departments. I can tell you that, as a whole, what we are saving is on the City costs for having four separate parts inventories. We have one parts inventory location and I don't need to have multiple items stored in separate locations. If everybody has a Chevy Impala, I only need one part for that Chevy Impala in my shop versus having four parts in all of the other shops to support that same Chevy Impala so we are saving that way. The real savings will come in as we get more efficient and are able to do more repairs because I am able to shift work from one person to another person to maximize the people.

Alderman Osborne asked so you feel that right now it is probably a wash for the departments?

Mr. Anderson answered at this point, we are gaining efficiencies, which is lowering our costs and improving our ability to repair vehicles and we will just keep gaining that in the future as we get more information and systems in place. It is a progressive process. It is not…I can't tell you how much right now because we are basically growing into it.

Alderman Osborne stated well I guess each department will know that and they can tell us.

Alderman O'Neil asked Wes, in the breakdown of complement that I asked for earlier, that will be excluding Water Works correct?

Mr. Anderson answered correct.

Alderman O'Neil asked can you put an add on to if one or two mechanics come over from Water Works?

Mr. Anderson replied at Water Works right now you have two mechanics and one supervisor.

Alderman O'Neil responded well can you just be clear that it doesn't include Water Works and if you want to put something on the bottom of the page regarding Water Works that is fine. I just want to caution in this markup discussion whether it is coming out of the general fund or the enterprises, it is still our citizens paying for it. I supported the idea of the central garage and I think it will be some savings. It is not going to be immediate but I, for one, would be cautious about supporting a markup system because that is either getting passed on to the taxpayers or the rate payers. It is easy to say with the enterprise funds let's do it but our water, EPD and parking customers would have to pay for that. I think we need to allow Wes to get as efficient as he can and that is where the savings will be to the departments. Today, I don't know that I could support a markup system.

Alderman Levasseur stated I agree that the markup is just out of one hand and then right into my back pocket because if you are going to mark it up they have to go and find the revenue also. As far as servicing anybody outside the district, I know this was brought up before when we talked about bringing in revenue but I can tell you right now if you inspect Goffstown's vehicles or fix Hooksett's vehicles and something happens and something breaks or they hit a tree or hit a person there is nothing lawyers like more than someone with a deep pocket and obviously we are someone with deep pockets. We could pass an ordinance that you guys have to inspect all of our taxi cabs and that might help the system a little but then we will be on the hook if you guys don't inspect them properly or something breaks. There is a chain of events that could create a litigation nightmare. I hope that never occurs and that idea gets flushed down into the sewer system. I don't see anything positive coming out of that at any time at all. As far as what you have been able to do, would it be fair to say that now that we have a fleet management department we have been able to free up department heads from having to deal with that issue, as far as managing the mechanics and making sure that they are doing their jobs? I would imagine that has helped.

Mr. Anderson replied that has but we have also found that we are able to turn vehicles over faster. Part of it is having everybody in the same place and part of it is just the fact that we have more assets available in the new facility. When we have five lifts in one building and the other ones only had one, if something was on it and something else came in they had a choke point.

Alderman Levasseur stated well, all of the mechanics are in one location so they can all use each other's knowledge and experience too, I would think.

Mr. Anderson responded yes, and if one is slow on one type of vehicle and I have another type of vehicle that they are trained on and it's ready I can give it to that mechanic to work on.

Alderman Levasseur stated I have one more question. Let me ask you about the inspections. We know you are busy inspecting our own vehicles. Do we have to pay a fee to the state to get an inspection sticker or are we out of that system?

Mr. Anderson answered we inspect them ourselves.

Alderman Levasseur asked so we don't get charged an extra fee to do that?

Mr. Anderson answered no.

Alderman Levasseur asked so when we put a sticker on we don't pay a fee for that at all?

Mr. Anderson replied no, but we do pay for the books and everything. The cost is minor.

Alderman Levasseur asked how many bays do you have?

Mr. Anderson responded 19.

Alderman Levasseur asked if I walked over there today how many would be full?

Mr. Anderson answered at this time of year ¾ of them would have something in them. During the winter timeframe I could have used more bays at times.

Alderman Levasseur asked so you would put your efficiency rating at a good 75% to 80%?

Mr. Anderson replied it is hard to say because I don't really have the system to give you that information yet. Would I say we are more efficient than we were before? Yes, because of the new facility and having everybody in one place.

Alderman Levasseur asked is your business a recurring business as far as you already know next year that you have inspections and how many vehicles have to be inspected and you know that a percentage of tires are going to need to be changed and all vehicles are going to need an oil change? Can you start planning a lot better for next year after this first year that you have been in business?

Mr. Anderson responded I would say yes, once we get the new software. That first year will start giving us good costs and that will then enable us to do predictions for our recurring type costs. Of course, there is non-recurring costs also depending on what breaks, etc. but the things that we do on a regular basis we will be able to predict.

Alderman Osborne stated the City shouldn't be in the real estate business and I don't think the City should be in the garage business either. If he is saying that he is going to be filling up all of his bays, how are we going to be able to go out and look for business? I don't get that.

Mr. Anderson responded there are periods of time in the winter, just because of the nature of…

Alderman Osborne interjected we shouldn't be in the garage business. We have enough of our own vehicles to take care of.

Alderman Ludwig stated just to add on to Alderman O'Neil's request I believe he asked for a list of your complement. Could you indicate someplace on there who is in the bargaining unit and who isn't?

Mr. Anderson replied yes, I can do that.

Alderman Ludwig asked can anybody go over there and have their car washed? You aren't having car washes over there on Saturdays are you?

Mr. Anderson answered no. We are just doing City vehicles, although we did come to an agreement with Pinard Waste and for a fee they are running their vehicles through. We are the only facility that has a large truck automated car wash. This is our test case to see how it goes.

Mayor Gatsas stated that is a $25,000 revenue, so good job.

Alderman Levasseur asked what is the cost associated with having them wash their trucks at our facility?

Mr. Anderson replied about 2/3 of that amount and the rest is overhead and such, which goes back into the general fund.

Alderman O'Neil asked was the board going to be informed of that at some point?

Mayor Gatsas stated I don't think he has completed it.

Alderman O'Neil stated it sounds like there was a deal done and it would be nice if the board was informed.

Mr. Anderson responded we are actually starting our first test next week to see how it goes.

Alderman Levasseur stated I don't see that as projected revenue in your budget.

Mr. Anderson replied I answered that in the letter.

Alderman Levasseur stated before we go forward does the City charge the fleet department for water?

Mayor Gatsas replied no there is no charge for that.

City Clerk

Alderman O'Neil stated I spoke with Heater Freeman earlier this week and with Matt still recuperating we are going to put off the City Clerk until next week to give her and Joanne a chance to have a conversation with Matt and put something together.

City Solicitor

Mr. Thomas Clark, City Solicitor, stated it is my understanding that you all received the update with our answers to the budget questions. I am here to tell you that the mayor proposed a budget of $1,275,623. That is about $10,900 short in our salary line, which we will make up during the year through other savings. Absent something extraordinary,

we believe we will be able to make it through. Generally, we are not a revenue producing department besides the chargebacks, which is the cost of insurance for the other enterprises and the second injury fund that we have to participate in through the state program. If you have any questions, I would be happy to answer them.

Alderman Levasseur stated I don't know if this is true, but Harry are you leaving?

Mr. Harry Ntapalis, Risk Manager, replied I have extended my retirement until January 31, 2014.

Alderman Levasseur stated that is good for us. You are getting hit with a little bit of an increase because we are not getting the new position that was added from the county down to us or the AG down to us. How is that working?

Mr. Clark replied the numbers that the mayor proposed for our department take into account the full complement, including the new domestic violence prosecutor. There will no longer be a separate CIP project with the grant funds going there. Now the grant funds will come in as revenue to the City and budgeted as a normal position.

Alderman Long asked you don't have an issue with severance because there is nobody retiring in 2014 as far as you know correct?

Mr. Clark answered yes, as far as I know.

Alderman Long stated the school district contract has a revenue projection of $120,000. What does that involve?

Mr. Ntapalis responded that is a chargeback. We have an annual chargeback with the School District. Currently, it is $116,000 and I am projecting a $4,000 increase because of premiums that we are looking at that may go up regarding schools. The School District reimburses us for the coverage that we provide them.

Alderman Long asked these contracts are non-liability contracts that the City of Manchester covers?

Mr. Clark replied basically, yes, plus our safety officer goes out and views the property.

Alderman O'Neil asked can I get that retirement date from you again, Harry?

Mr. Ntapalis answered January 31, 2014.

Alderman O'Neil asked what fiscal year does that put us in then?

Mr. Clark answered that will be in the next fiscal year but we haven't finished talking to Mr. Ntapalis about it.

Alderman O'Neil asked so, as of right now, severance is not an issue but if Harry does go on that date and there is no severance then you have to make that up correct?

Mr. Clark replied we would have to leave that position vacant for a while to make up the money.

Alderman O'Neil asked can you get us what that severance number would be if he does retire in January 2014?

Mr. Clark replied I can get you a ballpark.

Alderman Craig stated I have a question for you regarding revenue generation. When people are arrested in the City, for things like disorderly conduct, it is my understanding that they are…we go by the state ordinance. Can we utilize our City ordinance for that and that way the revenue would come to the City versus going to the state?

Mr. Clark responded there are some charges where you can use the City ordinances. Generally, it doesn't carry the same weight so it depends on the type of defendant you have. Some people you want the state charges so that you can eventually get jail time. The City violations are just violations; they are not misdemeanors. If it is a violation and there is a City ordinance then the money does funnel back to the City but it is not a large number.

Alderman Craig asked could there potentially be a heavier use for City ordinances than there is today?

Mr. Clark answered I would have to talk to the police about that and get back to you.

Alderman Shea stated Harry, you have been a wonderful public servant and in your position almost irreplaceable. Having said that, I wonder how you will proceed, Tom, in terms of any responsibilities that Harry does assume now, in terms of the transition? Would there be a possibility that the person replacing him would be available in your department now?

Mr. Clark stated that is something that we will be looking into.

Alderman Levasseur stated we are expected to have some sort of a surplus in this fiscal year?

Mayor Gatsas stated I have anticipated a surplus of roughly $750,000.

Alderman Levasseur responded I don't know how this works but assuming that Harry has saved up vacation time, could we pay him this year in this budget for vacation time so that we wouldn't have to worry about that check affecting them going forward?

Mayor Gatsas answered no, we cannot do that now.

Alderman Levasseur asked what is the plan for the surplus you are anticipating?

Mayor Gatsas replied I have applied it to pre-payment of retirement.

Alderman Levasseur asked not to a severance account?

Mayor Gatsas answered no, it is a different allocation of dollars and a different place.

Alderman Levasseur stated well I am just trying to think outside the box.

Mayor Gatsas responded well the box has to be something that you can think outside of. You can't take surplus from this year and pay severance next year. You can't pre-pay severance.

Alderman Craig asked why not?

Mayor Gatsas stated unless you know who is retiring. Can you pre-pay severance?

Mr. Sanders stated no. City retirement is a very attractive pre-payment alternative because it is a statutory liability of the City that we can pay at any time and it enables us then to reduce retirement in the next year, which is what the mayor's budget does by $750,000 and then that savings in retirement can be used for other things. In this particular situation, even after using that $750,000 there still wasn't money available to put into severance. Since the mayor's budget was proposed, the surplus has increased about another $140,000. We will have another forecast next week, which hopefully will be a little bit better than that so there is some additional surplus above and beyond what the mayor had but absent anything else I would recommend that we pre-pay additional retirement so we can reduce it and use that money for what the aldermen choose to use it for.

Alderman Levasseur asked is vacation accrual defined in the statute as severance? What is the definition of severance? Everything that is owed the day after retirement and we can't make our own rules to decide that if we want to write a check for this year to alleviate the issue on next year's budget we can't do so statutorily? Are we bound by that?

Mr. Sanders answered I would be very reluctant…the state retirement system has rules about how severance is to be included in pension calculations and the City retirement does and I would only pay it upon the retirement of the person for the unused sick and vacation accruals. I think to make individual choices to pay someone and not paying another would be a very bad idea.

Alderman Levasseur stated but if there is a surplus within the department itself and they are going to turn money back…we do that on the school side. If they have a $1 million surplus they take that money and buy as much as they can this year so they don't have to give the money back. I have seen you do that when you were over there and it was good business practice. I am wondering if vacation and sick time accrual is counted towards their last year and their pension?

Mr. Sanders replied yes, it is counted towards their final pension calculation.

Alderman Levasseur responded so they wouldn't want to take that payment anyway?

Mr. Sanders answered no, they wouldn't.

Alderman Shea stated certainly, I am not a legal man but wouldn't we run into a problem if someone took severance and then decided later that they didn't want to retire?

Mayor Gatsas replied I don't think that the state would allow you to pre-pay severance and I don't think the federal government would allow you to do it.

Alderman Shea asked doesn't that have to officially be done after a person actually signs the retirement papers?

Mayor Gatsas answered yes.

Alderman Shea asked so even though someone extends their retirement date, that doesn't necessarily mean they are going to retire. Something may come up and they decide that it isn't appropriate for them to leave at that time or they may be extenuating circumstances where they are forced to leave before a certain time. Again, it has to be within the context of the fiscal year that they leave.

Mayor Gatsas stated I agree.

Alderman Shaw asked if a person who is employed by the City commits a crime or does something while they are within their working capacity…I don't want to say on duty because you couldn't call someone who is working in the Clerk's office on duty but if somebody is working is the City liable for their expenses when they go to court or do they have to provide that themselves?

Mayor Gatsas answered I assume that the question is, if they are not doing work at the City at the time…

Alderman Shaw interjected if they are doing it while they are at work. If they are working and they commit a crime somehow are we liable?

Mayor Gatsas replied that is a question for the Solicitor but I don't think we are.

Alderman Shaw asked if they are off and on their own time it would be different?

Mayor Gatsas answered no, we wouldn't be liable for that either.

Alderman Levasseur stated maybe I can answer that. There was a case that I brought against the City. Adcock vs. Robinson and the City did pay for Robinson's defense even though it was a civil case and even though he was found liable I don't think the City got their attorney fees back. I think you may be asking if it was a criminal issue and at the beginning you would have to defend them as an employee under that but it is very rare that we ever see that occur. The City did defend Mr. Robinson in a liability case that was brought by a resident of the City. They did pay and even though Mr. Robinson was forced to pay out of pocket for medical expenses, I don't believe the City ever ordered him to pay for the attorney fees to defend that case.

Human Resources

Mr. Jane Gile, Human Resources Director, stated HR is here tonight just to reaffirm, as requested, that the HR department can live within the proposed budget for the department. As you know, we all answered some of the questions that Alderman Craig presented to us and we are here to answer any questions you might have.

Alderman Long stated to get the best number of potential retirees…I mean there are two numbers. There are 216 eligible retirees just from these answers and a potential for FY14 of 35 retirees. Now what is the best number to multiply that by to get a closer look? Is it $40,000 or $35,000? One is $1.4 million and one is $1.2 million.

Ms. Gile replied I would have to look at that a little more closely. It is difficult, I think, for us to gauge and it depends on the employee's length of service and it depends on the amount of sick and vacation leave that they have available to them. You have something before you that you are referencing right now but I don't have it.

Alderman Long responded well I have all of the answers. The department heads gave us the potential number of retirees for FY14. I just took the larger numbers and it came out to 35 retirees. I was trying to get the closest number I could.

Ms. Gile stated I think people are averaging somewhere in that vicinity. What did you quote? $35,000 to $40,000? Yes, I think that is pretty close.

Alderman Long asked so those are safe numbers?

Ms. Gile replied I would have to look at it before I can give you a definitive but it looks like it would be reasonable.

Mayor Gatsas stated the one I signed today was $19,000.

Ms. Gile responded some can go more than that.

Alderman O'Neil stated Jane, I appreciate the answers you gave us and you did indicate on the question regarding retirement that there are three eligible.

Ms. Gile replied there are actually four in the department that are eligible. I can speak for two that definitely aren't going to but there could be two that do.

Alderman O'Neil asked you said it is possible that at least one was leaving and I want to understand because you put a number of $35,000 to $45,000 and that is per person correct?

Ms. Gile answered yes.

Alderman O'Neil asked if we were to…you can't pin people down but there could be one potential retirement in your department and it would be about $45,000 in severance?

Ms. Gile replied yes.

Alderman Craig stated you mentioned that there is a slight salary shortfall. How much is that?

Ms. Gile responded if you look at the budget and I don't know what you have before you so I am kind of at a loss but it is in the area of $20,000.

Alderman Craig stated in your last point here you talk a little bit about tests that you provide and in FY13 there is a projected cost of $4,500 for employees who test positive for drugs or alcohol. I guess that is the opportunity for revenue. You said that it may be in the union contract. Can you verify whether or not it is?

Ms. Gile responded what I said and maybe I was not clear enough; was that if we were to charge people for those follow-up tests it would have to be negotiated with the individual unions under whom those employees fall.

Alderman Craig asked so it is in the contracts?

Ms. Gile answered no, it is not in the contracts that they are charged that fee so if we were to charge them for the follow-up testing we would have to negotiate that.

Alderman Craig asked is it in the contract that the City will pay for it?

Ms. Gile replied I don't know if Red Robidas wants to answer this. It is not defined in the contracts per say but we did go to arbitration on a case where we did begin charging an individual for the follow-up testing because of the fact that we did change the drug and alcohol policy and the opinion of the arbitrator was that we could not charge them.

Alderman Craig stated at the beginning you talk about management services and how you renegotiated some contracts to get some reductions. Are there any other opportunities?

Ms. Gile responded no.

Alderman Ludwig asked Jane, is your department charged back from the solicitor's office for grievances?

Ms. Gile replied no.

Alderman Ludwig asked how would we track the time they are spending on grievances? I know they flow through your department. How can we get our arms around the amount of hours that the solicitor's office is spending on grievances and any other activities related to the HR department?

Ms. Gile answered we spend a lot of time between HR in terms of the pre-arbitration and then subsequent arbitration. I would have to talk with the solicitor's office. I don't track my time but almost every day I am dealing with something that has to do with a grievance that has been filed or trying to resolve grievances outside the actual pre-arbitration or arbitration process itself. It is very time consuming.

Alderman Ludwig stated I am not one to give departments exercises in futility but I would really like to hear from somebody…if someone could spend some time figuring out how much time you have to spend and how much time the solicitor's office is

spending and is it in our best interest to have someone do that for us that could provide some continuity to what goes on? To me even the best attorneys in the world and we probably have some of the best ones but regardless it is something that if you are not familiar with the contracts and you haven't followed the individual cases going forward to be able to create some kind of file in terms of what has happened in the past I think we are at a disadvantage every time an incident comes up that we don't have somebody in place that can say look I dealt with this before and I know exactly how it works rather than trying to shift you, and maybe you have been learning a lot in the past few years but to me that number has to be a lot higher than the cost of…I just think it would provide some continuity to what we are doing here. Not to mention some of the negotiations that could get started. The mayor should have been tracking billable hours for negotiations last year.

Mayor Gatsas stated I think I know where you are going. What you are saying is we used to have a negotiator in place and can we find out whether those hours are…

Alderman Ludwig interjected are you telling me you didn't spend a lot of hours negotiating last year?

Mayor Gatsas responded there is no question that I spent a lot of hours.

Alderman Ludwig stated I am wondering if it makes sense and I am really coming at this…I know that this person probably wouldn't be inexpensive necessarily because he has to maybe have a law degree or something close to it and could we find someone to do those kinds of things? Maybe I am going nowhere on this and I am not trying to send you on an exercise to spend the rest of this year trying to figure out what that number is.

Ms. Gile stated I think it is important to understand that when we say a contract negotiator or…it is more than negotiations; it is really labor relations and that runs the gamut of many different things. You can be in face-to-face negotiations or you can be in the face-to-face pre-arbitration or you can be in the arbitrations but what goes on behind the scenes is very time consuming like doing all of the collateral phone calls and having discussions with the departments about what surrounded the incident that brought the grievance. There is a lot of work that goes into that and I think any of the attorneys that are on the board probably understand that there is a lot more background type of stuff that has to be done on a day-to-day basis. From my perspective and of course you are going to see that I am bias in this but yes I do think that the City can benefit from someone whose job is labor relations.

Alderman Ludwig asked how can we come up with something that says look this is what we spent and this is what we could actually pay a person? I go back to the fact that there is continuity. I can remember back when we had a part-time solicitor and we were trying to bring that person up to speed on what past cases were and case law and whatever. It was horrendous. We really did a very poor job and then we ended up getting somebody and it was a breath of fresh air to have somebody that you could say remember we had this already and it took a lot less time and the results were a lot better. I think more things got settled at the pre-arbitration level. Not that you aren't doing a good job but I really think there is a lot that goes into it. I would just like to know and we probably can't afford it but maybe we can down the road what the cost of that would be for us to do it ourselves like we are doing it now compared to hiring a full-time person.

Ms. Gile replied we would probably have to do some kind of time study or something of that nature.

Alderman Ludwig stated I don't want to send you off on a long drawn out thing but I bet if you spend a little time looking at your time and the solicitor's time you are probably going to come up with a number that exceeds what we would pay someone to do this. I would like to hear something at some point.

Alderman Levasseur stated I wish I would have started the meeting at 5:00 p.m. with this statement. It would be nice to hear from each department head as to what they have done in their department to make it more efficient in the last year and also what they see going forward for efficiencies or asking this esteemed body for money if necessary to save more money in the future. Each of us sit here and we don't know what you do on a daily basis. We have a basic understanding of what goes on. I don't know why Red is part of the HR department and maybe somebody could tell me. Maybe you, Jane, could give me an idea of what you do on a weekly basis and then bring in Red to explain what he is doing in the HR department and if you see any efficiencies going forward in the next year.

Ms. Gile stated HR has many facets. One of the big things that people think is we hire and we fire and we do all of that stuff. Well there is that component of it. We also do a lot with compliance issues, whether it is FMLA or the Fair Labor Standards Act, we have payroll that runs out of our office, which is a weekly event and it means that we have to make sure that all of the payroll clerks do all of the overtime and other calculations correctly. We also manage the personnel system so that any changes to employees,

whether they get raises or whether they have a longevity step due, etc…all of that stuff is processed through our department and input into our system on a daily basis. Any of the benefits that employees receive, whether it is health or dental or long-term disability, all of those kinds of things are also run through the department.

Alderman Levasseur asked would it be fair to say that you take questions from all of the employees regarding those things?

Ms. Gile answered yes, employees and retirees. The other issue that we also deal with…I mean Red does his security stuff for the City and the school district and that is a very busy job as well. There is another staff person that processes all of the FMLA requests and we get over 200 a year. They also do the recruitment and the classification system so that if there are job changes and reorganizations in the City, or anything of that nature, it goes through our department. We have a very diverse staff, each with things that they are responsible for within the department. There is a lot of work that goes through here and there is a lot of interaction with the departments on a daily basis, notwithstanding all of the labor relations stuff that we are also involved in.

Alderman Levasseur asked did you, at one time, have the same responsibilities for the school district? Did the HR department on the City side have the responsibility for hiring and taking care of the same things you are talking about now?

Ms. Gile answered I wasn't here then but my understanding is that it was under HR, however, because the school district is more specialized in terms of certifications of teachers and so forth they had people who might have had more expertise at the schools but it was in one department.

Alderman Levasseur asked I don't know how long you have been here, five or six years maybe?

Ms. Gile answered five.

Alderman Levasseur asked do you see any changes that could be made in your department that could benefit the City from a cost savings standpoint?

Ms. Gile replied we work on it every day. When there are things that we can improve, we work on it as we can. I think one of the major things we did this year that will hopefully catch on is we completely revised our website so that employees can use it and

download forms and information and all of the contracts are on there, etc. Everything is now in one place. It is a value to the employee and a value to people who are outside the City that might be looking for jobs. They can see everything that we have available so it is pretty transparent.

Alderman Levasseur asked Red, how did you become part of the HR department? Could you give us a history?

Mr. Ronald Robidas, Security Manager, stated when the position was created it was discussed where the best place would be. There are several aspects beyond the physical security aspects that dovetail into the HR department. We have the drug and alcohol policy and I am responsible for the drug and alcohol testing. I am the ADA coordinator for the City and we also have several investigations that take place through the year and those all dovetail into HR, so to put that position at the time in another department wouldn't have been beneficial to the City.

Alderman Shea stated just for a historical perspective, at one time the finance department headed up payroll for both the schools and the City. When I became an alderman, there were not one and not two but three people on the HR committee. Mr. Moran was the head and then Connie, who went to Delta, was another. Your Honor, when you came aboard I am not sure if it was transferred at that time. Do you remember?

Mayor Gatsas stated when I became an alderman in 1999 the department had already been separated and the function came out of finance for payroll and everything else and went into HR.

Alderman Shea asked it was only after the school district became a separate department that they changed over.

Mayor Gatsas answered they were already separated when I came.

Health

Mr. Timothy Soucy, Public Health Director, stated thank you for giving us the opportunity to speak with you tonight. We did provide a written response to the aldermen as all of our colleagues did before. Really the one issue that I want to speak to tonight is federal sequestration and its potential impact on the health department. I will

tell you that when we went through the budget process with the mayor, if today was February 28th, we would probably be having a very different discussion. In our budget negotiations with the mayor and the finance office, our ultimate budget was about $18,000 short on the City side. We believed that we could make that up in the upcoming fiscal year and we were fine with that budget. On March 1st the federal government implemented sequestration with reductions across the board of 8-12% at the federal level. The health department has been very aggressive throughout the years in securing grant dollars. Those grant dollars do two things. They help us expand our programs and they help us minimize our expense to the taxpayers of Manchester. You will see in the spreadsheet that we have provided that in FY14 we are anticipating bringing in well over $1 million in grant money that will help support the operation of the health department. Unfortunately, about $740,000 of those grant dollars are tied to federal dollars that come from the federal department of Health and Human Services through our state department of Health and Human Services and then back to the health department. My concern as we move forward is the potential impact of sequestration. Just using round numbers, if we are talking about $730,000 in federal money, using a conservative estimate of 10%, which is the round number we are hearing at the federal level, that is a potential $73,000 shortfall that we weren't counting on. It is no one's fault in this room. It is not the mayor's fault or the department's fault or the aldermen's fault. This is an issue that was sprung upon us the first week in March because the federal government was unable to come to an agreement and sequestration went into effect. As we move forward tonight what am I asking you for? I am not asking you to put $73,000 back in my budget. I understand that we all have issues that we need to address in the City with the upcoming budget process. I am asking you to give me the ability to manage my budget as you have in the past. We could probably have a discussion about ultimate line item authority but that is something that I have not even talked to the mayor about. At the end of the day, the problem with sequestration is, we don't know when the cuts are coming or if the cuts are coming or what the full impact of the cuts will be. I looked at the budget presented by the mayor and at the end of the day, if the board said to me, Tim, do the best you can in managing your budget and if you need to come back to us for contingency because you are $20,000 or $30,000 or $40,000 short because of sequestration that is something that this board would entertain. Those are the items that I wanted to bring to your attention tonight. On the City side of the budget, we are okay going into this budget based on the mayor's budget but we just don't know what the impact of sequestration is on our budget and that could present some real problems if the full effects of those cuts are realized in the next fiscal year.

Alderman Corriveau stated Tim, thank you for mentioning sequestration. It is a question I have for a few other departments. First, you have a page of health department grants and you mention subject to sequestration $738,000 of which it looks like $310,000 is PHP/PHEP. What is that?

Mr. Soucy answered our emergency preparedness grant…PHP stands for public health preparedness so I apologize for the acronym. We have two different funding sources. One is what is called the Public Health Network Grant and that is about $90,000. The second is PHEP, which is Public Health Emergency Preparedness, which is that $310,000. I will tell you that that grant this year was $436,000. We have already taken a 10% hit on that before sequestration so we have already had to make up $43,000 with that grant. Fortunately, in this fiscal year, out of that $436,000, we had a couple of large projects and one-time expenses, if you will, that will not occur next year so we are a little bit short on that grant going into FY14 before sequestration but those are our emergency preparedness dollars.

Alderman Corriveau asked could you tell me what kind of services are provided under that funding?

Mr. Soucy answered the biggest chunk of that is really salary and benefits. We use that money to fund at least fully or partially seven positions in the department and that is everything from our emergency preparedness coordinator to our IT person…the bulk is really salary and benefits. The rest helps support things like the City's back up emergency operations center, which is housed at the Rines Center and some of our additional communications capabilities.

Alderman Corriveau asked are you in frequent contact with the NH Health and Human Services Department? What are they telling you about sequestration? Are they telling you that it is coming and they are experiencing it? What are you hearing?

Mr. Soucy responded everyone is a little gun shy, to be honest with you. I think those of us that are erring on the side of caution are saying, if those cuts were to come, what would it look like. The problem is, as you can see out of that $738,000, we probably have 10 or 12 different funding sources. If I get a 10% cut in immunization and then a 10% cut in TB control, it is not one pot of money it is small cuts in all pots of money. We talked to every one of those programs and every contract we bring before you has a clause in it at the state level that says "subject to federal funding." If we were to get a full $75,000 hit, and I am just using round numbers, we would have to look at how would

that impact our staff because the bulk of our budget is obviously salary and benefits and if we have staff reductions what would that look like in terms of service reductions. Once again, if it is $10,000 in immunizations, I am not going to eliminate the immunization clinic but we may have to scale back on the clinic. Until we know what the full effects of the cuts are, it is difficult to predict what the exact implications would be.

Alderman Corriveau responded but you do assume that there would be an impact on personnel and services provided to the community?

Mr. Soucy replied that is correct. I am going in with the mayor's budget $18,000 short. I can't take another $70,000 hit in salary and benefits.

Alderman Corriveau asked as soon as you hear anything from the state of the feds, please notify the board. I have one final question. I have been looking at revenues for every department and of the $225,000 revenue projection, $205,000 is from food license fees. Tell me about that. What do we charge for those licenses and what do surrounding communities charge? I know that you mentioned in the answer to these questions that you don't believe there is an ability to generate additional revenues right now but it seems like you only have really one way to do that even if you could. Give me a little background on the food license fees and then why you don't think there is the ability to generate further revenues through that line item.

Mr. Soucy stated I apologize upfront because I don't have the exact breakdown but I can tell you that our food permit fees range from a $15/day fee for a temporary event up to $1,000 a year for a large supermarket with multiple prep areas. So food permit fees are based upon the number of seats in a restaurant and what they do on a daily basis. That is how the permit structure is done. It is set in ordinance so any time we come for a fee increase we have to come to the board to request a fee increase. I think our last increase was about four or five years ago. Understanding the economic climate, we would always weigh if this is the right time to raise permit fees. I will tell you the $205,000 when we say that we have increased our revenue projection by $12,500 that was all in food permit fees. We looked very closely at what our original estimate was and what we have seen in the past couple of years and whether it is new restaurants coming into town or restaurant turnover, we were comfortable with that additional $12,500 in revenue tied to food permit fees.

Alderman Corriveau asked so the $12,500 does come from the food permit fees?

Mr. Soucy answered yes.

Alderman Corriveau responded and you said it was four or five years ago when those fees were last raised. Is that something we need to take a look at? How often should we be looking at changing these fees? I mean the economy is slowly improving.

Mr. Soucy replied you are asking a good question because my colleagues…there are about 15 self-inspecting towns around the state and those are folks who license and inspect food service at the town or city level versus the state and whenever someone is ready to raise their fees, you see a blast e-mail go out to everyone else saying can you send me your fee structure because we want to remain competitive, yet generate the maximum amount of revenue that we can.

Alderman Corriveau asked has that been occurring at all lately?

Mr. Soucy answered it has been and really we have to almost look at Nashua as our closest city in size. They have some that are higher than ours and we have some that are higher than theirs. At the end of the day they are pretty close so we do try to monitor that. Certainly if it is the board's will we can go back and work the numbers to see what a 5%, 10% or 15% increase would look like.

Alderman Corriveau replied if you are hit by the sequester would that be one of the options that this board should look at to help make up that shortfall?

Mr. Soucy responded just a rough number and once again if we look at 10% you are talking $20,000 in additional revenue. Would it help? Absolutely, but once again that is a policy decision that the board would need to make. It may not totally overcome the amount of money lost.

Alderman Long asked on that health department grant, the homeless healthcare, is that subject to sequestration also?

Mr. Soucy answered yes, it is subject to sequestration. That is a contract that we then subcontract out so our effect of that sequestration…we would not be affected if that money were to be reduced. There would be some reductions in services and I can tell you that our healthcare for the homeless project that we contract with is already talking about possible reductions in oral and vision care for the population they serve if

sequestration does go into effect but it has no direct effect on the Manchester Health Department.

Alderman Long asked would it affect the current contract?

Mr. Soucy replied no. Our contracts are subject to federal notice of grant awards.

Alderman Long responded the March 1st sequestration is five months into the federal fiscal year. Are you receiving 10% less than you anticipated in FY13?

Mr. Soucy answered we have not had any impact in this fiscal year.

Alderman Long asked is there any money that will be coming before the end of June?

Mr. Soucy asked will there be any reductions in the funding we are getting between now and the end of our fiscal year? It is a possibility but once again it is unknown.

Alderman Long stated I thought the 10% was in effect on March 1st.

Mr. Soucy responded yes, but to be quite frank, the federal government has not got all of their ducks in a row to figure out how to make those cuts. We are at the bottom of the trickle down effect. Until the cuts are made at the federal level and passed onto the state level and then passed on to us, we don't know when or what those cuts will look like.

Alderman Long stated it seems like a complicated mathematic calculation and they might not have it together until 2016.

Mr. Soucy replied correct, and that is why I am not coming to you this evening saying please put $75,000 back in my budget. I don't think that is prudent for the City.

Alderman Long asked so it doesn't affect your current budget.

Mr. Soucy answered it could but we don't know the answer to that.

Alderman Long asked how is the severance going to affect your department?

Mr. Soucy answered I certainly share some of the same concerns that my colleagues before me have mentioned regarding severance. We have 10 folks eligible for retirement next year. We don't have any indication yet that anyone is going to retire. Ten people at $20,000 or $30,000 in severance is certainly a large chunk of money. I think, as someone previously said, we would be in the same position with severance. If someone were to leave and we paid that out of our salary line item we would have to wait to fill that position until we made up that difference and potentially that would cause an impact on services.

Alderman Craig stated I understand what you just said regarding severance for the City side of the house but on the school side it looks like there are two nurses that are going to retire and I don't believe you can keep those positions vacant so what would your plan be with no severance?

Mr. Soucy replied once again we would look at our overall budget. We do have money allocated in our school budget for substitute school nurses so we would use our floating nurses and subs to fill in that gap until we made up the difference and came back to the mayor for the authority to rehire.

Alderman Craig asked if other nurses were out then…so you think you could get by with using your floater nurses with the retirements on the school side?

Mr. Soucy answered I will tell you that it will be a problem. We are facing a problem right now because we have three or four nurses out on any given day. I have 1.5 float nurses and then we go to our sub pool. If we can't get subs I am pulling the second nurse from high schools and plugging them in on a day-to-day basis. It would certainly be a challenge; there is no question about it.

Alderman Craig stated if we need to allocate $40,000 to your department out of contingency the current contingency in the mayor's proposed budget is at $400,000 so that is 10% of this proposed contingency. It is $1 million less than what we approved last year. I would say that we would need to try to put more money into contingency to be able to do that.

Mr. Soucy responded I have no problem taking 10% but that is a policy question for the board.

Mayor Gatsas asked do we chargeback severance?

Mr. Soucy answered we could. We haven't had anyone retire where we have had to do that. It would go back to the school district budget.

Mayor Gatsas stated because everything in here, benefits and all. is included in the school chargeback.

Alderman Craig asked so in the school district's budget have they accounted for these two nurse retirements?

Mr. Soucy answered we have not had that discussion with them.

Alderman Craig replied so their budget does not include that?

Mayor Gatsas stated their budget includes $2.2 million as an all in. I don't think it has ever been addressed before who is going to pay the severance for a nurse who retires.

Alderman Craig stated well in any case it is going to be an issue, whether on the school side or City side we haven't accounted for that.

Mr. Soucy replied correct. We would still have to make up that difference.

Alderman Shea stated I was very pleased last night to hear that three schools will be judged as community schools. Can you give me an indication of what you think the relationship is there? In other words, let's assume that it is now one of those areas that need shots, etc. Can that be implemented so that there is less of an impact on other grants that you don't receive?

Mr. Soucy responded that is a great question. Last night we announced to the school board that the three schools to be chosen as our pilot community schools under our Robert Wood Johnson Foundation grant would be Beech Street, Gossler Park School and Bakersville School. Those schools were chosen for a number of reasons. We looked at things like neighborhood poverty rates, neighborhood crime rates, a school's ability to participate in the program, and the fact that City Year was in these schools to capitalize on some of those issues. Once those pilot community schools are up and running, the goal of a community school is to understand what the needs of the neighborhood are and use the school as a hub and a safe haven to provide additional programs to neighborhood residents. One of those is certainly clinical services and that is something that we would

explore. We would love to get into a model where we have school based clinics. That is a few years down the road but that is something we are looking at.

Alderman Shea replied what I am interested in finding out is because of the impact of the sequestration would some of the services that would be rendered through that grant be implemented in the grant that you just received?

Mr. Soucy answered we would have to look at that. We had money from the Robert Wood Johnson Foundation and it was matched by the endowment for health grant from United Way Charitable Foundation and Cogswell. The bulk of that is around salaries for the positions associated with the grant. We do have a little bit of money that we could allocate for different projects and Anna can correct me if I am wrong but we would have to go back to the Robert Wood Johnson Foundation and our other funders to say this is what we want to use the money for. Until we get the plan done, however, I don't think we would be in a position to do that.

Alderman Shea asked when do you expect the plan to be done?

Mr. Soucy replied it is a two-year planning process. Our goal is to really use the first year to plan and our second year for implementation so that we can get the project off the ground. We are at least a year away.

Alderman Shea responded so you don't see any kind of interrelationship between the lack of funding from the grants affected by sequestration and using some of the money you just got to provide some of those services?

Mr. Soucy replied I do not believe we would be in a position to do so.

Alderman Shea stated my second question is do the nurses go to all of the schools on a daily basis now? If there is a smaller school like Hallsville do they go every day now?

Mr. Soucy responded yes.

Alderman Shea stated well that is very good because when I was there we shared the nurse with Bakersville.

Mr. Soucy stated the needs of the children have changed and in order to be compliant with the state statute because of the medical needs of the children there, each school does have an RN.

Alderman Levasseur asked are there any free services that you provide to residents?

Mr. Soucy replied the only free services we provide are to clients that come into our STD/HIV clinic that meet a certain set of guidelines that make them high risk. Those costs are offset by a state grant. Everyone else…if someone comes in for STD/HIV clinical services, they pay for the service. If someone comes in for a TB test, they pay for the service. We do provide free immunizations to children. Due to the way NH is set up, the insurance companies pay for the vaccine for children. So whether you go to a doctor's office or our office, the vaccine is free. We do not charge for that. For adult vaccines we do charge a corresponding fee.

Alderman Levasseur asked are there going to be any ramifications from Obamacare? My understanding is that October is when…most people think it is 2014 but October is when the plan is to be implemented in the beginning stage. The reason for that question is are there going to be any offsets coming from the insurance mandates back to the City through the health department when the plan is implemented or are there going to be more costs associated with it?

Mr. Soucy answered it is an interesting question. Under the Affordable Care Act, come October 14 you are going to expect many more people to be enrolled in Medicaid. We are actually sending a staff member up to a session in Concord tomorrow on how to begin to bill Medicaid for certain services that we provide that we don't currently bill. We may be able to generate some additional revenue. When we have looked at billing Medicaid in the past for things like immunizations, it became cost-prohibitive because it cost us more to do the billing than the revenue we captured. With more people on Medicaid, we are going to once again explore whether billing for Medicaid would become a profitable entity for us.

Alderman Levasseur responded would you be able to push or do you think the demand may come down on the City if there are these opportunities with the Affordable Care Act to go to your local hospital or to other providers?

Mr. Soucy replied to be honest with you the best way for the City, as a community, to deal with expansion of Medicaid, and this is something that the mayor, myself, the hospitals and Dartmouth-Hitchcock have been working on, is through expansion of the community health center. When the community health center expands, they get an enhanced reimbursement for every Medicaid patient they see versus a primary care doctor in a private practice. So the more folks that are on Medicaid that are seen at a community health center, the community generates its maximum amount of revenue and they get into a better system of care than using emergency rooms.

Alderman Levasseur asked would you be able to give us a projection, maybe after tomorrow's meeting, on the possibility of additional revenue coming in?

Mr. Soucy answered I think I would be uncomfortable with predicting it for FY14 until we get a lot more information. I don't think the two-hour planning session that we are going to attend tomorrow is going to give us all that information but it will give us the basics to start the conversation.

Alderman Levasseur stated every year around August we get into the same situation where mosquitoes are really starting to cause problems. Are we already ahead of that this year? Are you going to be looking for money in August or is that something that was included in your budget this year?

Mr. Soucy replied we never put it in our budget because we don't want to allocate the money and not spend it. If it becomes warranted based on the data that we are seeing, we come back to the board and ask for money out of contingency. I think last year we asked for $15,000, which would account for two rounds of spraying. We did one and returned $7,500 to the City to go back into contingency. It is based on the data that we collect during the summer months.

Alderman Levasseur asked have you seen an increase in services over last year, or if you have seen a decrease or level based on population and immigrants coming in? I don't know if refugees affect you in a different way. We are expecting another 250. Can you elaborate on that?

Mr. Soucy answered when refugees come into the City we are one of the first stops. They come into our office for TB testing, immunization for the kids and lead screening for the kids. Immunization for the kids is free because it is free for all kids that come in.

Lead screening for kids is free because it is free for all kids that come in. We receive $20,000 from the state as a grant to help offset our costs associated with refugees. We use $10,000 of that for interpreter services and we use $10,000 to offset our staff costs.

Alderman Levasseur responded when you say it is free it is still time taken by your staff from other duties.

Mr. Soucy replied that is correct and that is what we use some of that $10,000 to offset.

Alderman Levasseur asked are you expecting an increase next year based on some of the projections we have been hearing?

Mr. Soucy answered no, and actually if we are looking at 200…I think we were at 200 this year and 200 last year and the numbers before that were even higher and we were getting less money. I think we are doing okay.

Alderman Levasseur stated you started off by saying you just want to manage your budget and you are comfortable with the number you have and you aren't looking for an increase but you wouldn't like to see another 1% decrease.

Mr. Soucy responded I would certainly not like to see another 1% decrease. I would like to see as much money as the board would like to give us. We believe the 1% decrease over last year, the $18,000 that we are short, we can manage going forward. It was the issue of sequestration that I really wanted to bring to the board's attention.

Alderman Levasseur replied you are not asking the board to increase the revenues through the food permits correct?

Mr. Soucy stated I would take my direction from the board. If the board wants me to run those numbers, we will run those numbers.

Alderman Levasseur asked but isn't it incumbent upon you to give us the direction that says, listen, we need to increase our revenues and this is where we can do it? You are not bringing that forward correct?

Mr. Soucy answered I am not based on the proposal you have in front of you.

Alderman Shea stated I want to compliment the members of your staff for attending with you.

Alderman Osborne asked how do we compare with other cities and towns as far as charges for food permits?

Mr. Soucy answered as I said in response to Alderman Corriveau's question I think we are comparable and actually at the highest end of the scale.

Mayor Gatsas stated I want to congratulate Tim and Anna on the Robert Wood Johnson Foundation grant. They were up against 440 communities throughout the country and they came forward with that grant. They did a great job and they worked really hard.

Mr. Soucy stated I would like to commend Anna and her staff for their work and certainly Gabby. What you don't see is Gabby is obviously the numbers person and every year when the state comes in to do audits we get perfect audits year after year and we have about 20 outside funded projects so we are fortunate to have a great staff.

Alderman Levasseur stated I would like to say, as somebody who works with Mr. Soucy as a restaurant owner, that his service to this community and his direction and leadership is invaluable. I find him to be very accessible and someone who takes phone calls and does a fantastic job for the City.

Mayor Gatsas stated as a side note, Alderman Levasseur, the question you should have asked HR was what does she think the impact of Obamacare would be on the City. My understanding is that in the first year we are looking at a $100,000 fee and because we have a Cadillac plan in 2014 it could be somewhere around $1 million. If you have a plan that is on a single plan if it is an increase of over $10,300 you pay a penalty on that amount that is over the $10,300 and we have a Cadillac plan so our plan falls into that mix.

Alderman Levasseur replied well, McDonalds got a waiver; can't we get one? Maybe it is time for you to send out a letter because that is a very interesting…I don't know if there has been any exemptions for government. It's a great point. Has that been brought up anywhere?

Mayor Gatsas responded no that discussion is just starting and, as soon as I get all of the firm numbers in place, I certainly will share them with this board and find out what we want to do.

Alderman Levasseur asked who would be responsible? The employee or the City?

Mayor Gatsas answered the employer.

Library

Denise van Zanten, Library Director, stated I want to thank you for the opportunity this evening to speak with you. What I want to do tonight is highlight how the library spends our appropriation and show you the services we do provide. We are not the library of old. We have a public library system here that you can be very proud of. If you have any questions about the budget or services, I will be happy to take them at the end of the presentation, which should take about 20 minutes unless I start to talk really fast. Finally before I begin you have all been given the packet so you can follow along. The summary of what I am going to cover with you this evening is four slides on library information, facts and figures and then there are some slides wrapping up library services so you can actually see what we do at our library. Did you know that the Manchester City Library actually has a charter with the City which dates back to 1854? Our mission states "the Manchester City Library shall strive to provide quality services and materials to meet the cultural and educational and information needs of our diverse and changing community." We have two locations open 83 hours a week. Our informational database is an e-book that is accessible online 24 hours a day. Our staff started the first electronic newsletter in the City, MCL Notes, in 2006. Library users can actually borrow items from any of the other libraries in our consortium and we have over 230,000 volumes of materials in numerous formats. We have access to thousands of e-books online. We work with numerous community partners to promote reading. Our meeting rooms can be rented at both libraries and they are free to non-profits. We have over 50,000 card carrying library members. The West Side branch has been operating for over 30 years and the Carpenter Memorial building will be celebrating its 100th anniversary in 2014. It wouldn't be a budget presentation if I didn't include statistics so the next sheet you will see is the usage for calendar year 2012. We keep a lot of statistics at the library to meet the state library's annual report. I believe our numbers speak for themselves. We add over 350 new card members a month. Our computers are used thousands of times a month, including those people who use our wireless internet with their own laptop. Programs and events held at the library are very well attended. We had over 450,000 visits in 2012, which means an

average of 38,000 people came through our doors every month. Our visitors are all ages and come from all walks of life. If you would like more information, our annual reports are actually posted on our website or you can contact Dee directly since she does all of the library statistics now. The next is a chart that compares our library's current City appropriation to other NH libraries. As you can see, we have the lowest per capita at $24.72/person even though we serve the largest and most diverse population in our state. However, I am not here tonight to focus on our funding appropriation as we are facing the same challenges as other City departments in the upcoming fiscal year. I do think that this is important information for you to know as I continue to highlight what our libraries do accomplish. I would also like to make you aware of some downshifting we face from the state. I don't know if that is something I have mentioned. The state library has had a lot of budget cuts over the last few years and they stopped paying for a lot of the databases that they provided with federal funding. We have had to pick up those databases out of our own budget appropriation because they are very popular with the community. I have also included in the back of your packet a more complete chart. It includes hours of operation and employees and just a note that Manchester and Concord are the only two libraries in the state currently operating two library buildings. I also have some information here about how much your library card is worth. A family of four using a Manchester City library card during the month of April could actually save over $900 by using library services, from books to e-books to biographies to DVD's. Also, they could attend a movie at the library, as well as use one of our discounted museum passes. My question to you is do you have a library card because you should? I am now going to review some of the materials that the library provides to our community. As you can see from the list before you, we are not just about books. Right now you can borrow a book from your library in hard cover, large print or download it to your e-reader, Nook, phone, Kindle, I-Pad and the list goes on. If you prefer to listen to a book, you can do so either on compact disc or download it onto your computer. We also have movies on DVDs and the next thing coming to the library is streaming of movies. There are a lot of prescription services that are starting, similar to what you see for music. We also provide magazines, pre-loaded e-readers, museum passes and framed prints.

Mayor Gatsas asked can I ask board members to pay attention to what we are being told, please?

Ms. van Zanten stated libraries are expected to provide materials in more formats than ever before. The technology is here and the biggest challenge for libraries going into the future is finding a way to spread our funding so that the new formats can co-exist side by side with the traditional services. One of the core services of the library is information

and research. Public libraries are also about information and we are supposed to be the people's university and this is what we strive to do for our community here in Manchester. The format of and access to information has changed over the years as more and more data is put onto website and into databases that your libraries provide to you 24 hours a day as long as you have a library card. We have many state and federal documents and paper but more are being made into pdf files to be accessed on our library computer system. We do still have the tax forms for those of you who have waited to file your taxes. Our NH history room contains many resources about Manchester and NH history. One of the favorite collections is the Manchester high school yearbooks. Whenever we give tours, even the parents and teachers start looking for the people they know. So if you went to public school in Manchester, just know that your high school photo is being preserved for history. Another service we provide is microfilming. We have the *Union Leader* back to the 1860's and it is something that we would like to digitize in the future for access online. We have created specialized selections, such as career guidance selections now that job searching is so important for our community. Of course, there are the basics of research that are done in our community. Children will come in to do their homework and sometimes it is the parents coming in to do the homework for their children. People still need to find information on how to plant a garden, how to write a resume, how to plan a divorce, how to file their taxes, buy a house, identify a bug or learn English. This is what your library does. We also have to know the services provided elsewhere in the community as we do make referrals. We can help someone find who has housing, who is offering English as a second language classes or who has room in a computer literacy class because ours is full. A new service that we are seeing growing very quickly in public libraries and especially at our library is instructional assistance. Our community is turning to the public library for help with all of the new technology that is in their life. Our librarians have found that after a new device is released there is a good chance that someone is going to show up at a public service desk in the library with it still in the packaging asking us to help them start it up. We are talking about setting up their accounts and turning on the device. Our professional staff needs to know about every e-reader, every Android phone, all of the Apple devices and be able to show and teach our patrons this as well. One of the bigger things we started is computer classes, which are now expected in our library. Our patrons need us to show them how to use a mouse, set up an e-mail account and even submit a resume. We have many companies here in Manchester who refer people to the library to do their online job applications. We also give a lot of basic instruction daily on how to use our PC's and one-on-one help. Our staff has become mentors and teachers besides being information specialists. We also provide tours to numerous community organizations and local schools so they know about our resources. We do library

orientations. Just recently all of the students from Hallsville School visited the main library for a tour and orientation on our resources. Children's services is probably the section I could rave the most about. My children's librarians are fantastic. They take early literacy to heart. What is listed on the sheet before you cannot show what our rooms look like during programs. It cannot show the joy in the eye of a child who is listening to a story and then making a craft to take home. It does not show the hours of dedication and preparation that the staff does to serve this age group in our community. You would have to come and see it for yourself. The next big program we have is the annual Teddy Bear Picnic and that is during school vacation week. Our children's services are so popular that other libraries have actually tried to steal my staff and, Your Honor, I am trying to figure out how to make this a revenue source for myself by hiring them out. Our children's materials are well selected and specialized collections have been developed over the years to assist our community, such as home schooling kits, a parenting collection, as well as a teacher's resource section. If my children's librarians tell me they want to fill a room at the library with sand and build sandcastles, I am going to let them. Other programming that the library does is for our teens and adults. Our teen librarian has an anime club, a cooking club and a set gaming time that keeps our teens entertained and using both libraries. Our teen areas are actually full after school. The rest of our programming runs the gamut of being recreational, cultural and educational. We show movies once a week on Wednesday afternoons. We have musical performances at least once a quarter. We have had instructional classes on gardening, composting, fly fishing, decorating and hiking. We have had numerous animals in the building from snakes and alligators to cats and puppies, a monkey, a fox and some goats. Our summer family series is an annual tradition and last year it was fully funded with corporate donations. I have also included in your packet the April flyer of library programs and I invite you to come to the library next week as it is National Library Week and we have one of our big book sales. The last service I want to highlight for you tonight is community outreach. One of the important services we have developed over the past few years has been outreach into our communities that we serve. Libraries are not just about the four walls we are contained in. Besides the traditional outreach services of home deliveries, we also attend community events and can sign you up for a library card on the spot. We are proud to have partnered with numerous community groups over the years. We have worked with the Monarchs and Fisher Cats to promote literacy. We are the host site for the Hippo Press's silent film festival and we are part of the continuum of care to assist the homeless in our community. My staff presents story times at the Mall of NH and at the Currier Museum of Art. They also visit daycare centers and community locations to do a story time. My circulation manager leads book discussions once a month at a local retirement center. If you invite us out into the

community there is a good chance we will come. If you have any questions, I will be happy to answer them.

Alderman Long stated thank you, Denise. I have no doubt of our library's reaching out to the community and all that you do inside also. The question I have is out of the usage numbers you gave do we track out of Manchester usage? If someone from Hooksett or Auburn or Candia is using the library?

Ms. van Zanten answered we don't track who the person is but part of our usage does include items that let library patrons come to our library and check out materials and things that we send out to other libraries. That is a different statistic that I didn't include here.

Alderman Long replied if I live in Hooksett, can I get a library card for the same price?

Ms. van Zanten responded most of the libraries have non-resident fees and they try to keep them based on what the tax appropriation is. For example, Bedford charges $100 for the card. We are charging $50.00 right now. I am not sure what Hooksett is.

Alderman Long asked do we have a non-resident rate?

Ms. van Zanten replied yes it is $50.00 for the year. If someone wants to come to the Manchester City Library they can buy a library card with proper identification.

Alderman Long asked so you would have that number as to how many cards were not Manchester?

Ms. van Zanten answered it is only a few. I looked it up and there aren't many people who take advantage of it.

Alderman Long responded so if I am from Bedford and I am going to go into Manchester…

Ms. van Zanten interjected you would just use your Bedford card at our library. There is no charge. Also I can go to the Bedford library and use my Manchester card for no charge.

Alderman Long asked is that similar to Hooksett?

Ms. van Zanten replied yes Hooksett is part of our consortium. There is only one consortium in the state right now, which is the Greater Manchester Integrated Library System (GMILS) and has been in place for about 20 years. There are 12 libraries; 9 public and 3 academic and us.

Alderman Long asked do we know the numbers of people coming in from this consortium? If I come in from Hooksett and I use my Hooksett card I am good but you don't track it?

Ms. van Zanten answered no, we don't track that.

Alderman Long responded we are less expensive, correct?

Ms. van Zanten replied I think we are on the lower end but I think Hooksett and Goffstown might be lower than us. I can look that up if you would like.

Alderman Long asked with the services that you offer, what drives the implementation of these services?

Ms. van Zanten responded patron demands and trying to be cutting edge. Libraries have been dealing with technology right from the beginning. E-books started about three or four years ago. We are part of a state consortium right now to meet the demand for that.

Alderman Long replied so the services are driven by the patron's needs?

Ms. van Zanten answered yes and obviously if there is a service that is no longer being used we are not going to keep doing it. For example, video cassettes are no longer something that most people use so we no longer buy them or use them; we have DVD's now.

Alderman Long asked so prior to offering a service you look at your budget?

Ms. van Zanten responded yes. What we have been able to do to implement new services at the library is to ask the foundation to be the seed source and then we have had to incorporate it into the budget as we go forward.

Alderman Long asked the state downshifting…what is the number?

Ms. van Zanten replied luckily with the state library what they do is because they can't afford it they do a consortia deal so they will get a rate for all of the libraries in the state. Unfortunately, because we are the largest library in the state, everyone thinks we have the biggest pot of money so our rate is always much higher than others. I would say it is under $2,000 for the two databases that we had to pick up. Other ones we just decided not to participate in because our patrons didn't ask for them or weren't using them well.

Alderman Long responded do you see any other anticipated downshift from the state?

Ms. van Zanten answered not right now.

Alderman O'Neil stated thank you very much for that presentation. When you talked about instructional services you talked about the library staff going over and above and providing a great deal of assistance to users of the library. Number one, do they have to hold a library card to get those services?

Ms. van Zanten answered no.

Alderman O'Neil asked so somebody can just walk in off the street and a staff person would assist them with setting up an I-phone or something like that?

Ms. van Zanten replied there is a limitation on time. We are very short-staffed so it isn't like we are going to spend hours with them but most of the people who do come in are our residents but we don't proof people.

Alderman O'Neil stated in talking about the severance, in response to the letter from Alderman Craig and Alderman Long you indicated that the library currently has eight employees who are eligible and then you said currently I anticipate that two or three employees could retire. If we are trying to work with a severance number, can you give us your best…do we use two or none or what?

Ms. van Zanten responded I have employees hedging their bets. I do not have definitive. It is "I might go" or "maybe I will." I think most likely there will be one next year but again I thought there were going to be two this year and there aren't any.

Alderman O'Neil asked and what are you using for an average?

Ms. van Zanten replied for the two or three that I listed here including the $13,000 incentive the top would be $96,000 for those three based on what their accruals were at the end of February.

Alderman Craig stated thank you for your presentation. I know that you are doing an awful lot outside of books but I have to say when I think of the library I think of books, which makes me concerned when I look at your budget because you have $1.00 in the line item for books. Can you please talk to me a little bit about that and what your plan is?

Ms. van Zanten responded over the past few years like most of the departments we have been absorbing the raises that we give our employees and the only place the library really had any extra operating funds has been our book line. It has gone from almost $200,000 in 2007 I believe down to practically nothing for next year. As you know, the trustees and I are still having discussions about appropriating our budget lines but to avert layoffs we are going to put the money in the salary line. We have to run the building so we need to put money in our utility lines. Right now, we are brainstorming. We do have other revenue sources. We have our fine money and our trust fund accounts; however, those are not doing as well either. I am anticipating $80,000 in fine money for next year and $85,000 in trust funds and the trust funds are restricted so there are certain limitations there. We may have to look for grants to see if there is anyone who might be willing to at least pay for children's books next year. It will be challenging. We are the largest library in the state and unfortunately our material lines are one of the smallest.

Alderman Craig asked in addition to the books, microfilm and films and records and music…in a perfect world what would you want those appropriations to be?

Ms. van Zanten replied when I was the head of technical services almost 15 years ago at the Manchester City Library I probably had a City appropriation for materials around $250,000, which I spent as part of my responsibility.

Mayor Gatsas asked how much was your salary line item at that time?

Ms. van Zanten answered I don't know.

Alderman Long asked with respect to microfilm and books are there grants offered for these purposes?

Ms. van Zanten replied not necessarily. They are considered operating expenses. We were fortunate a few years ago in receiving from a local trust some money for children's materials and I hope to ask them again. The foundation does have some money but our donors really don't donate to buy books; they donate to buy additional items off our wish list.

Alderman Long responded such as?

Ms. van Zanten stated that is how we do a lot of our newer implementations and we also have on our wish list refinishing the 100 year old oak tables in the building, adding bookends and things that we don't pay for out of the City budget but that aren't necessities.

Alderman Long asked so what you are saying is the buying of books is considered an operational expense?

Ms. van Zanten answered yes; a core function of a library is buying materials and providing new things for our patrons.

Alderman Shea stated thank you for your presentation. You mentioned the interaction with the schools. Could you elaborate a little bit on that? For instance, do they visit? I know at one time the schools had very limited libraries but now most of them have library facilities and the book mobile doesn't visit anymore. How do you interact with the schools?

Ms. van Zanten replied actually our children's librarian stays in touch with the schools very closely. We work with them to promote the summer reading program so the kids keep reading over the summer. We go to all of the open houses. We have done kindergarten registration. We try to make sure that all of the children in the City have a library card and can get to one of the two buildings. We also have teachers who ask us if they can bring their students for tours. Like I said we had Hallsville a few weeks ago and Mount St. Mary's just contacted us today about bringing their class in. We work with the charter schools as well and we know a lot of the teachers.

Alderman Shea stated you said you interact with the Monarchs and Fisher Cats. I know that the Fisher Cats have people who to go different places and read to children. Do you do that as well?

Ms. van Zanten responded actually we have had Max and Fungo come and do story times at the library but the programs we actually do is the Fisher Cats with our summer reading program actually give passes if the kids read a certain amount of books. Also we started with the Monarchs a couple of years ago their reading program, which is you shoot, you score, you win, you read, which they are still doing. If the kids read a certain amount of books they get a pass for a free ticket to a game.

Alderman Shea stated at one time the West Side branch was running into the problem of not having enough hours. Is that still a problem?

Ms. van Zanten replied we are still at the 24 hours that we were two years ago and that is working well. We are open Wednesday through Friday. We regularly get requests to open more hours so when the economy turns around and we are all flush with money we will add more hours but right now we are doing well over there.

Alderman Levasseur stated thank you for the comparisons to the other towns. Concord has $1.6 million and $1.2 million goes to salaries and benefits and they put $179,000 to materials. The City of Manchester has a $2.7 million budget and $2.5 million goes to salaries and benefits. How many people do you have working at the library total?

Ms. van Zanten answered we have 42 positions filled for an equivalent of 36 full-time employees. That is down from 51 when I took over.

Alderman Levasseur asked out of a $2.7 million budget you only allocate $55,000 for books and materials yet Concord with a $1.5 million budget allocates $178,000. I cannot express to this board that Manchester is not receiving a bang for its buck as long as this Yarger Decker system stays in place. She has no control over her salary and benefits line and the step increases and the longevity increases. As you can see by simply looking at that page that she gave us from all of the other towns and all of the other cities, it is insidious. Just like the welfare department in our own City compared to Nashua that has a tax cap and doesn't have Yarger Decker. Our salaries and benefits are killing us and you can see that we don't get enough money to buy books for the library and we don't have money for books for schools and we don't have enough money to put tar on our sidewalks and our streets because of this crazy system that we have with our benefit packages. I just look at these numbers and can't believe that this is what is going on. Now I got a call from somebody concerning the West Side Library. My understanding is that you are open three days but the employees are full-time employees and when they are not working on Monday and Tuesday they go over to the east side. Is that true?

Ms. van Zanten they are at the main library on Monday and Tuesday and they work at the branch Wednesday through Friday.

Alderman Levasseur replied if you still have those employees and they are still being paid their salary and benefits, why can't they go over there on Monday and Tuesday?

Ms. van Zanten responded because they replaced the people we laid off when we had the cuts two years ago. We have consolidated the staff and on Monday and Tuesday nights the main library is open until 8:30 PM so they help cover the night shift there. The branch's operational costs are very minimal but it doesn't have a very efficient heating system so it is not cost effective. We are using our staff as efficiently as we can. I am down a lot of positions for the size library we have. We are open 83 hours a week and we are not open on Sundays, which is something that our patrons are asking for and I don't have the money in the budget for overtime.

Alderman Levasseur asked you couldn't cut your hours on the east side to open up on the west side or is there not as much of a demand on Monday and Tuesday over there?

Ms. van Zanten responded the branch, even when it was open five days a week, had barely 6,000 visits. The main library has 35,000 visits.

Alderman Levasseur asked do you turn off the heat on Monday and Tuesday over there?

Ms. van Zanten answered we do. It is an electric heat system so we can turn it off and leave a small back up system on.

Alderman Levasseur stated so $55,000 for materials. I have watched you work and I have watched you run this department for a long time and I have to give you credit. I know you are doing everything you can to keep the library open but when you say $55,000 for materials I would assume that some of that has to go towards your own materials for your staff. I am not talking about books but you need paper for copies, etc. correct?

Ms. van Zanten replied no that is under operating costs and you can see the supply line has been cut back significantly as well but we are very efficient at the library. My crew turns off lights as soon as they walk out of a room. We are brainstorming right now on how we can save more on supply costs next year.

Alderman Levasseur stated I always judge a business based on the complaints that we get and we don't get any about your department. We don't have people coming here and complaining about the work and the efficiency of your department so you should be congratulated on that because it is an extremely public place that people go to. I know you don't have any control over your salary and benefits but we do and we need to start working on that so you can get more money for other things. I have one more question. You say that you have trusts. Is the money that you get from trusts not included in these numbers that you are putting out here?

Ms. van Zanten replied in this per capita it is not included. The money from the trust funds and fines, if I was to add that in, which is mainly for materials and programming, it takes us to $26.53 per capita.

Alderman Levasseur asked if I produce 100 widgets it is going to be a lot less expensive to produce 100,000 widgets isn't it? I mean the bigger your population, the more money and the lower your costs should be don't you agree? Is that a fair comparison? We are 100,000 and Portsmouth has 42,000 or whatever. If we are a bigger place we should be able to do it for a much cheaper cost I would think.

Ms. van Zanten answered I think we are very efficient but it would be nice to be more on par with Rochester even.

Alderman Levasseur stated well you are bringing up these numbers and I am looking at the numbers and compared to their budget appropriation and salaries and benefits and the amount they have for materials it looks like these other towns salaries and benefits are a lot lower than ours in Manchester, which enables them to put more money into their material line. Do you agree with that?

Ms. van Zanten responded yes, I agree with that. A lot of the other cities and towns have not been giving large raises. They have only been giving COLA's.

Planning & Community Development

Leon LaFreniere, Planning & Community Development Director, stated thank you for the opportunity to come before you. Given the hour and the task still ahead for the board I will be extremely brief in my comments just to point out a couple of things in our budget situation. Primarily I wanted to come before you to offer an opportunity to answer any questions that you may have. The mayor's budget number maintains the complement that we currently have this year. It does not fill the two vacancies created by the FY12 budget. I would anticipate that we would be able to maintain our service level delivery with this budget. The expense budget is up by just under $28,000 and our COLA's and steps total approximately $36,500 so as you can see we have absorbed most of that cost within our budget. With regard to the revenues, I would point out that we are showing an additional $100,000 in the mayor's number. That anticipates ordinances changes to increase the base minimum permit fees and the plumbing permit fees. Currently, the plumbing permit fees are approximately 1/3 of what the other trades charge for fees and we have a situation where there is not parity between the various trades. A change to the ordinance will allow us to gain some parity, as well as increase our revenue picture slightly. We anticipate that we will have those ordinance proposals, along with comparison data for the board to consider at the first meeting in May. With that, I would just offer the opportunity to answer any questions you may have.

Alderman Craig asked the ordinance changes and the increase in fees that you just mentioned, that money is included in the mayor's budget?

Mr. LaFreniere answered it is.

Alderman Craig replied so that wouldn't be additional? That has already been incorporated?

Mr. LaFreniere responded it is additional over last year's projection but it is not additional over the mayor's number.

Alderman Craig asked are there any other opportunities where the fees are not in line with other communities?

Mr. LaFreniere answered we have approached the subject of fee increases very carefully. We feel that it is one of those, if not marketing tools, at least a marketing obstacle when you have the highest fees and we have avoided that by being very conservative with our fee increases to make sure that we were not over the comparable communities that are charging fees for the same type of services that we provide. I think that between the concern about raising fees to be too high and the fact that we don't have the staffing levels to be able to generate additional fees in the form of additional inspections, I don't think that there is a lot of opportunity to increase fees at this time beyond what we projected.

Alderman Craig stated you mention in your letter here that there is a potential opportunity to generate additional revenues but you don't have the staff. Can you come back to this board and let us know what the cost of the employee would be versus the amount of revenue that would be generated so that we can determine whether it would be worth it to hire someone?

Mr. LaFreniere replied certainly.

Alderman Craig stated I believe last year you provided a list of developments or new projects that you had anticipated when the mayor put his budget together. Is there anything that will be happening in the city that will be generating additional revenue that we could utilize?

Mr. LaFreniere responded we are always concerned about the fact that the budget process requires us to project so far in advance. We don't realize the majority of our revenue until somebody actually comes in the door for a building permit. There are some fees that we get outside of that process, especially with applications for a sub-division or a site plan or maybe for a certificate of compliance but the bulk of our fees are generated at the time the building permit is issued. So we do try to keep very close tabs on projects that are out there that we have been getting inquiries about and we have built those into the revenue number that has been projected. I don't have any big projects lurking out there that I am aware of that would cause that number to skew significantly.

Alderman Craig asked what about the liquor store on Elm Street?

Mr. LaFreniere answered that I fully anticipate coming in in the FY13 budget.

Alderman Craig stated I have a few questions regarding CIP. The document that your staff provided was excellent. What I am curious about though is for the different sources, whether it is CDBG or HOME or other can we get what the total amount of money available is and whether or not all of the dollars were expended in this budget?

Mr. LaFreniere responded all of the dollars were identified in the budget. It should have been part of the original budget submission but I will make sure that it is clearly identified for the board.

Alderman Craig stated I have a question about the Committee on Community Improvement requests from the school district outside of the ones that come through Facilities. Where are those? For example, I know that some of their requests for closing in Beech Street School with walls and shades and things like that where do those requests fall within this process?

Mr. LaFreniere answered those requests are brought forward typically through the Facilities Department or school district. There is no cash in the budget.

Alderman Craig stated but they are not in the document that we received and we were told that the information goes to your department and then it sort of…when we were in a meeting last night I said it is not in the document that we got. So I just didn't know where those requests go. I think it is important that this board understand the requests that the school district is making outside of the ones from Facilities.

Mr. LaFreniere asked for facility improvements?

Alderman Craig answered no; those are included in this document. They have other requests. The intercom system was a request they had and they had a list that we got from Karen DeFrancis today that she said she gave to your department and I am wondering why they are not included in our total City CIP request.

Mr. LaFreniere replied both the intercom system and technology improvements, as well as the energy improvements were brought in as part of the FY13 budget, as a budget amendment to the FY13 CIP and not as part of the FY14 budget.

Alderman Craig responded I am just basing it on what the school board member said last night.

Mr. LaFreniere stated I think they may be confused about how that was brought in.

Alderman Craig asked so Ms. DeFrancis sends the information to you and then you incorporate it in the City CIP packet?

Mr. LaFreniere answered we only add it in in the form of a revised start up and identifying funding sources and in this case there would be bond proceeds that would pay for those activities. To my knowledge, they weren't submitted as part of the FY14 budget.

Mayor Gatsas stated I think the question she is trying to ask is the school district has a list of a number of items like enclosing Beech Street School for $3 million or building a new school for $11 million. I don't think that that presentation comes forward to anybody other than the school board looking at it in Buildings & Sites and addressing it. I have not ever seen it.

Mr. LaFreniere responded I would agree.

Alderman Craig asked so they put a list of CIP items together but you never…no one ever says whether or not we can fund it?

Mayor Gatsas answered they look at what they want to fund on that side and then we go from there.

Alderman Craig asked so it never makes it to the City side of CIP?

Mayor Gatsas replied no. If you look at the CIP where they came in for $3 million it was for improvements for energy efficiency. Some of the other things they came forward for was two years ago there were bonds we had left to complete the elevator at Bakersville along with some other items. The only time we see a complete sheet…I know that I see a sheet being on the school board of all of the items that they have and it is 50 or 60 but I think they only bring forward to Building & Sites the things they are looking to do.

Alderman Levasseur asked how is it going in your department? Is everything going smooth?

Mr. LaFreniere responded we do our best.

Alderman Levasseur asked when you had the consolidation, how has that affected your department?

Mr. LaFreniere replied it certainly presented some challenges but I think it has realized a lot of efficiencies and I think we are a better department for it.

Alderman Levasseur asked do you see any efficiencies going forward in the next year?

Mr. LaFreniere responded I think we continue to make our operation more efficient. As the aldermen are aware, we recently came in with an additional reorganization and restructuring with some of our positions. This is the third time we have done that including the actual consolidation and with each effort we try to fine tune and make the most of our staff.

Alderman Levasseur asked have your inspections slowed this year compared to last year? I think last year you lost one or was that the year before?

Mr. LaFreniere replied that was in the FY12 budget and that was one of our code enforcement inspectors.

Alderman Levasseur responded have you been able to replace that position?

Mr. LaFreniere answered no.

Alderman Levasseur stated you just made a move where you added two, but eliminated one position. How is that going to help going forward with inspections or whatever?

Mr. LaFreniere replied it diminishes slightly our administrative capacity but provides us with resources where I think they are needed within our current framework. What I mean by that is it allows us to bring on an additional planner role that we don't have currently and fill another vacancy and that will allow us to respond more rapidly and more efficiently to develop and customer requests, as well as to help us respond to our reporting requirements, which are becoming more and more stringent all the time with regards to our federal funding requirements with our CDBG entitlement, the ESG funds and the various other federal programs that we administer funding streams from. The reporting requirements are becoming quite significant and as a result it is becoming more

difficult to handle those within our existing staff framework. I think it will serve us well to be able to respond to those reporting requirements.

Alderman Levasseur asked are you going to see fewer opportunities for grants next year or are they going to be on par?

Mr. LaFreniere replied we are projecting a decrease in our CDBG entitlements. We projected a 10% decrease based on information that we received from HUD. Since the budget was submitted, we have been notified that we are likely to get an additional 5% decrease in our ESG funding, Emergency Shelter Grant, which is a relatively small grant but it will require us to make some minor adjustments on those funding streams and we will be submitting that to the aldermen for consideration.

Alderman Levasseur asked concerning the plumbing permits, do you need a vote from this board to increase those?

Mr. LaFreniere answered yes; I will be bringing an ordinance forward, for your consideration and I will bring in all of the supporting documentation to describe what it is we are trying to do and why we are trying to do it.

Alderman Levasseur responded are you looking for revenue on that?

Mr. LaFreniere replied our total increase is $100,000 and approximately 60% of that would come from the plumbing permit fees.

Alderman O'Neil stated Leon, you did indicate in responding to Alderman Long and Alderman Craig, that you have one employee who indicated that he or she may retire in FY14. If you had to give a ballpark number, what would it be?

Mr. LaFreniere answered $33,000 inclusive of the $13,000 incentive.

Alderman O'Neil asked can you give us an update on the reorganization? What is the status? Has it been fully approved by the board?

Mr. LaFreniere replied yes, that is my understanding.

Alderman O'Neil asked have you promoted the two people?

Mr. LaFreniere answered we have posted the jobs internally and interviewed.

Alderman O'Neil stated don't take my comments as this is about your department but it is in the City's best interest that we carry as much surplus into next year's budget as we can. My concern is if those promotions happen and then the new hires come on board it is going to lessen the amount of surplus you can return at the end of this fiscal year. That has a direct impact on what we may or may not be able to do in FY14. We need every department to be in this together. I would hate to see that people, and you are not the only one that is filling positions, fill positions and then we…you know we are not going to be able to print money. The mayor has given us the framework and we have been working behind the scenes and we still have work to do but what concerns me is people get hired and promoted and then we have to lay off because we don't have enough money. We are tracking to have about the same number of employees retire in FY14 as we did in FY13 and that is going to be somewhere around $1.3 million. Right now that money is going to have to be made up by the departments unless the board can come up with some funds. I would encourage not only your department but any of the departments to slow down the hiring and promotions for the remainder of this fiscal year. It is highly unlikely that we are going to the end of June with the budget but give us a chance to do our work before the departments get boxed. We may be able to do something with severance or we may not but I hate to see people get hired and then get laid off. I am just asking all departments to slow it down for eight weeks or so to figure this out so that we are not impacting people's lives. Right now, I don't know how we are making it up. Again, Leon, this is to all departments. Just slow the process down. I know that everybody is going to say the work is there now. Well, if we lay off people, you are not going to have anyone for the entire FY14.

Alderman Shea asked Max, could you tell me how many people you supervise?

Mr. Matthew Sink, Deputy Director of Building Regulations, stated I supervise the building regulations division and it is approximately 13 people.

Alderman Shea asked and Pam how many do you supervise?

Ms. Pamela Goucher, Deputy Director, Planning & Community Development, stated I think about 12.

Mr. LaFreniere stated our current complement is 35. Of those 35, 31 are general fund positions and 4 are grant funded. There are four vacant general fund positions including the two that were laid off in the FY12 budget.

Alderman Shea asked if somebody new is hired they pay 20% towards their benefits correct?

Mr. LaFreniere answered yes.

Alderman Shea stated I concur with Alderman O'Neil a little. If it is a new hire they have to pay 20% and if you were to hire a new person then part of that medical expense would be brought down to a lower level. In his discussion he was saying that any promotions within your department should be looked at carefully in order for them not to be laid off or someone to be laid off. Is that what you heard too?

Mr. LaFreniere replied yes, I believe that is what Alderman O'Neil was saying.

Alderman Shea asked so with the two people we approved to be promoted because Sam left you were able to use his salary to reduce amounts in your department correct?

Mr. LaFreniere answered yes.

Alderman Shea stated so it is not really costing you any more other than the possibility that you may have a severance next year. Is that pretty much correct?

Mr. LaFreniere responded we still anticipate a surplus in this year's budget that will be available and I don't have any retirements projected for this fiscal year.

Mayor Gatsas asked and that is including filling all of the positions?

Mr. LaFreniere answered yes.

Alderman O'Neil stated Leon, I know it is kind of a work in progress and I don't want to pin you down on a number tonight but obviously if you don't fill those positions and they are budgeted, the salaries for those positions can be part of a surplus going forward. Correct? If you don't spend the money it is a surplus. So if we are going to fill all of the positions and you are returning $10,000, if you waited a few weeks you could return $40,000 or $50,000 and that is in the best interest of the City. That was my point. I am

not saying he doesn't need the positions. I am just saying that for the fact of about six or eight weeks it helps us out going into next year's budget the more surplus we have. If he doesn't fill the positions, he doesn't spend the money. If he doesn't promote the people, he doesn't spend the money. I believe that he is still going to return a surplus but if it is $10,000 vs. $50,000 I will take the $50,000.

Mayor Gatsas stated but the work has to get done.

Alderman O'Neil stated if we are boxed approving the budget and we can't do anything with the severance, I don't know what they are going to do next year. They are going to have to make up that $33,000. We are in this thing together. It is not every department for itself. What are the large departments going to do? We have to make up some money on this. This severance issue is the issue on the City side. You did the best you did Your Honor with the budget you presented us but it is now in our hands. I want to prevent layoffs as much as we can and right now unless we can print money I don't see any other way to go if departments are filling positions. I don't know any other way to do it.

Mayor Gatsas responded I am not looking to debate you on this but I think the budget that is before you took into consideration that there would be no layoffs.

Alderman O'Neil replied I understand that.

Mayor Gatsas stated you and I have recognized in the past when we sat as aldermen that there was never a severance account and the departments handled whatever their severance amounts were going out. The questions are easy as I said but the answers are difficult. If he has a retirement then he has to work his budget and if it is within that he can't hire.

Alderman O'Neil asked who is to say we don't cut his budget? We may have to cut budgets to make this whole thing work.

Mayor Gatsas answered well that is your opinion not mine.

Alderman O'Neil stated I understand that. All I am saying is give us as much flexibility for the next few weeks as possible until we figure out where we are going. That is all I am saying.

Mayor Gatsas asked are you including all departments, including the police department?

Alderman O'Neil answered well, if we have commitments, I can't do anything about it. If we don't have commitments on positions, we can slow things down.

Mayor Gatsas stated but I am not convinced that if he has three retirements tomorrow that we shouldn't be filling those police officer positions.

Alderman O'Neil responded I don't disagree with you but is he going to be able to fill them tomorrow?

Mayor Gatsas stated I get a sheet and I don't know if he has a police officer ready to go. I can ask the question.

Alderman O'Neil replied well this is going to come up in our discussion when we bring Chief Mara up, but he is holding doing anything with the Assistant Chief position over this whole severance issue.

Mayor Gatsas responded only because I haven't signed it.

Alderman O'Neil stated I am not sure he is even looking to move forward on it until the budget gets straightened out.

Mayor Gatsas stated I think the five or six captains that he has there do a great job.

Alderman O'Neil replied I don't disagree with you. We have some talented people but still in an organization such as police…we are going offline and we can have this discussion later but all I am doing is asking the departments to slow down and give us a chance because I don't know how this is going to play out in the next six or eight weeks.

Alderman Corriveau asked Leon, first you mentioned that there is one employee who will be retiring and you said this position comes with some pretty specific requirements. You don't have to go into detail about the particular employee but is this a revenue generating position and will you be able to fill this position? This is a highly qualified individual that you need to seek.

Mr. LaFreniere answered it is a revenue generating position and it does present challenges because of the way that division is structured. We have an inspector for each discipline and they carry licenses that pertain to their discipline. If I lose one inspector that has that license then it is not as if I can just shift another inspector over to cover because that other inspector doesn't have the appropriate licenses. If I have an electrical inspection to perform I need a master electrician to perform that inspection. I can't have a master plumber cover that inspection. That becomes a challenge both from the standpoint of our revenue generating capacity but also our service delivery. If we are holding up inspections then we aren't getting the revenue.

Alderman Corriveau asked do you have the money in your budget for the severance now?

Mr. LaFreniere answered no.

Alderman Corriveau asked did you take into account the lost revenue for that retirement?

Mr. LaFreniere replied I did not.

Alderman Corriveau stated I find your department sort of unique among some of the other City departments in that you are one of the few departments that certainly pays for itself with the revenue you generate and in fact you generate a slight surplus. One of the challenges I am finding with this year's budget is that I understand you want to be conservative in increasing revenues but I tend to think that with the situation the City finds itself in with this budget we may actually have to be aggressive and not conservative. I am not necessarily asking you to do anything you are uncomfortable with but if you believe that this position more than pays for itself, I want you to have it because it generates revenue for everybody else. Do you see where I am going with this? I agree that those layoffs from two years ago were really unfortunate particularly for your department. These were, as you said, two revenue generating positions. If we can replace revenue generating positions, we might take a short term hit but we will realize long term savings within one or two years. That is something I really want us to do. As I said I find your department unique in your ability to do that. I guess I am asking you to be a little aggressive here.

Mr. LaFreniere responded I don't mean to indicate in any way that we are not aggressive in terms of trying to seek out all of the revenue opportunities that are appropriate but rather I feel it is important to not put the City in the position of overstating our revenues and then having to make it up at the other end. For example, if we say we are going to take in $3 million in revenue and we only make $2 million then obviously that puts the City in a very difficult position.

Alderman Corriveau replied I understand that. My position is that if you are saying that you can account for $2,075,000 in revenue but if we give you two or three more positions that could account for $2.5 million in revenue. Do you see where I am going?

Mr. LaFreniere stated I do and we can certainly do some additional analysis.

Mayor Gatsas stated what he is saying is without the three positions that he put in for he might not be able to make the $2,075,000. That is what I think he is saying.

Alderman Corriveau stated I was not talking about the discussion that Alderman Shea and Alderman O'Neil were having. I am talking about the severance position, which is not included in his budget and the two positions lost from two years ago. Those are the positions I am talking about. Does everybody understand that?

Mayor Gatsas replied I understand but before I can hire the three in your right hand, I have to hire the four that are in your left hand.

Alderman Corriveau stated I suppose I am approaching your particular department budget from a pretty aggressive standpoint. As I said, I feel the economics of the tax and spending cap are such that every department has to just do anything it can to generate revenue and unfortunately for you, you are one of those departments that is in a prime position to do that. If this board can help you do that better I would rather be aggressive than conservative.

Alderman Shea stated my comment is we pay you a very good salary and we pay your two assistants a very good salary and we shouldn't try to micromanage your department. My point is that we should have confidence in what you bring forth to the HR committee or the BMA regarding personnel adjustments in your department and I feel that very strongly. I think that you are either going to be a competent department head or you are not going to be a competent department head. The mayor has to evaluate the department heads because that is his role and responsibility and that is what we depend on. I realize

that there is a discussion about improvements and so forth but I feel very strongly that we should have complete confidence in our department heads and anybody who can bring back surplus there should be major consideration for that surplus to go into certain types of improvements for that department and not funneled off into other situations that are important and necessary. It is up to those departments to utilize their skills and abilities to do the same thing that other departments might do.

Alderman Levasseur asked Mayor, in your budget, where is the increase for permit fees?

Mr. LaFreniere answered the $100,000.

Alderman Levasseur asked what about the budget total? Is it just this department?

Mayor Gatsas answered yes, just that department is $100,000.

Alderman Levasseur asked how much is in your budget for one-time money?

Mayor Gatsas answered there is no one-time money in my budget.

Alderman Levasseur asked what about impact fees? Isn't that one-time money?

Mayor Gatsas replied it was already used. At the fire station, I believe we used $7,500.

Alderman Levasseur responded what about the trust funds from the school district?

Mayor Gatsas replied it is not in this budget.

Alderman Levasseur asked on the increase on the permit fees, what percentage is it? Is it just the plumbing permit that you are going after?

Mr. LaFreniere answered right now, the plumbing permits generate 1/3 of what the other fees generate and do not cover the cost to provide the service.

Alderman Levasseur asked well how much are you increasing the permit fee by? Is it 1% now and you are going to 2%?

Mr. LaFreniere replied right now it is an al a carte fee schedule so it is so much per sink and so much per fixture and so on. Probably four or five years ago we came to a percentage based fee structure for the electrical permit which has worked very well and we anticipate using the same philosophy with the plumbing permits. So it is a different methodology. It will increase the plumbing permit fees but they are artificially low.

Alderman Levasseur stated I was just wondering what the percentage was.

Mr. LaFreniere responded it is going to be a significant percentage.

Alderman Levasseur asked about 66%?

Mr. LaFreniere answered probably closer to 55-60%.

Alderman Levasseur asked if the board doesn't vote to increase the plumbing permit fee, how is that going to affect your budget? Are you going to be short $55,000?

Mr. LaFreniere responded no, $60,000 approximately.

Alderman Levasseur asked so $60,000 will be taken out of your budget on that vote?

Mr. LaFreniere replied you have to keep in mind that it is a projection and it is based on a point in the future and we may get more in building permits and less in plumbing permits or vice versa. We take a look at it in the aggregate and try to anticipate. It is hard for me to be able to say this far out what exactly the reduction will be but I can tell you that it is based on our current projection and trending over the last four or five years.

Alderman Levasseur stated going back to what Alderman O'Neil was saying about going very slow in the next 10 weeks, I would strongly suggest that this board implement a hiring freeze for the next 10 weeks. I don't know if we have the ability to do that at this meeting but at the next full board meeting I would like to get a vote from this board that we have a hiring freeze for the next 10 weeks.

Mayor Gatsas stated there is already one in place.

Alderman Levasseur responded the last time we had a meeting you actually told us that there wasn't one in place and all of the departments come to you and you approved them.

Mayor Gatsas replied that hiring freeze has been in place since last year.

Alderman O'Neil stated you did say, at the last meeting, that you signed off on a lot of them.

Mayor Gatsas responded I signed off on them because they came before us and it is not a total freeze. If you are saying don't hire another person, don't hire a fireman, don't hire a policeman then…

Alderman Levasseur interjected well I don't know what your definition of freeze is but freeze means freeze. You are saying that is a freeze that kind of thaws whenever you want it to thaw.

Mayor Gatsas responded it is not when I want it to thaw.

Alderman Levasseur stated if a freeze is in place then there should be no more hires. If we have to make a…I guess we should vote that says we are going to freeze this at 0 degrees instead of 32 degrees. A freeze is a freeze. We need to freeze this now so we can go forward. My question is do we have to fund pensions or could we take our money and fund a severance line?

Mayor Gatsas replied you don't have to fund pensions at all.

Alderman Levasseur asked you put money in your budget for that right?

Mayor Gatsas answered look, the questions are easy but the answers are difficult. We have a budget that I presented to you that I believe that we don't have to lay anybody off in this City. Now, the severance account is a difficult line item; there is no question. The question was either I fund the severance account or I lay employees off. I made the decision not to fund the severance account and to not lay employees off. Now from there, departments in the past, even when you were an alderman 10 years ago, had to fund severance out of their budget. It was never provided as a side item.

Alderman Levasseur responded correct but they didn't have to come in with a 1% reduction. They would come in and have that number in their budget and add it in based on what their projections were.

Mayor Gatsas stated right and there was no tax cap.

Alderman Levasseur replied I am not arguing with you. I don't have a problem with your method, I am just saying that you are comparing 12 years ago to today and that is not a fair comparison. They are coming in with a 1% reduction and being told you are going to reduce your budget and by the way we are going to throw severance at you and you can't add that in your budget. Twelve years ago when I was an alderman, if they knew they had a retirement they included it in their budget because there wasn't a line item for severance.

Mayor Gatsas responded think about what you are saying. When somebody leaves…tomorrow, if somebody in Planning leaves and it is a $30,000 payment, his choices are two if he is at full complement. It is pay the severance, which he must, and leave the position open.

Alderman Craig stated but that affects his revenues.

Mayor Gatsas replied you are right. It does affect revenues but it doesn't affect a lay off today.

Alderman Levasseur stated if we don't vote for that permit increase then there is probably going to be a lay off in that department.

Mayor Gatsas stated if you are just associating the department with the revenue they generate and that is all it is applied to, the $2 million just barely gets them to a number that he can afford. If you are going to tell departments throughout the City that you can only exist with the revenues you generate…

Alderman Levasseur interjected on the issue of funding the pension and again I am not arguing with you about it but I want to know; what was your mindset behind funding the pension and not funding severance? I am sure there is a reason and a rationale for it. Maybe you could explain it to us.

Mr. Sanders stated payment of the pension is applied to the next year's budget. So in the mayor's budget we prepaid $750,000 of City retirement and we will pay it this June when we have our surplus. So we could reduce in next year's budget the pension cost that we otherwise would have had to put in there and that $750,000 was available to do other things with. If in the remainder of this year we generate another $500,000 of surplus above and beyond the $750,000 that is in the mayor's budget, the aldermen could

approve prepaying an additional $500,000 of pension, reduce the pension cost line item in the mayor's budget and put the $500,000 into severance. When we talk about prepaying the pension, it is just a conduit to get the money in the next year and then it is up to the aldermen where they want to put it. You can fund severance but just mechanically. I am not trying to make it complicated but mechanically the way we do that is we prepay pension because then we know we saved the $500,000. We didn't go off and buy motor oil or something that is difficult to know if we are saving it. If we pay that $500,000 in pensions we know we saved it next year. Then you have the $500,000 that was in pension cost to put somewhere else like severance in this situation. The pension has been the mechanism…

Alderman Levasseur interjected so you put the money in there but you can still take it out and move it around?

Mr. Sanders answered you can take it out of pension because you already paid it and you can move it to another line item.

Mayor Gatsas stated it is just like last year when you took the fund balance surplus that was created by the surplus that we had and by a vote of 10 people we sent it to the school district. That was a fund balance surplus.

Alderman Levasseur responded it looks good when you say we are prepaying pensions but we are not really…when somebody tells me they are prepaying something, they are actually taking the money and sending the check and it is not in our hands anymore. When I hear prepayment…

Mayor Gatsas interjected that is exactly what we are doing.

Alderman Levasseur stated but then you are just reducing the line item and you still have the cash anyway so why can't you just put it in the severance account?

Mr. Sanders replied no. In the mayor's budget we must make a $750,000 payment to City retirement before the 30th of June and then that money is available in next year's budget because pension costs are now $750,000 lower and if the aldermen approve another $500,000 assuming we have surplus, mechanically we prepay the pension on June 29 but you would have already taken that into account and put that $500,000 in severance.

Alderman Levasseur asked my next question is how much is in pension right now in the mayor's budget without surplus going in there?

Mr. Sanders answered right now City retirement is in here at $5,794,000.

Alderman Levasseur asked so if we pay $750,000 that number is going to drop?

Mr. Sanders responded it has already been dropped by $750,000. In the mayor's budget he already dropped it. If you pay another $500,000 to City retirement, it would go to $5,294,000 and then you could put $500,000 in severance.

Alderman Levasseur stated I appreciate the clarification.

Alderman O'Neil stated not to beat this to death but all of the departments are in this together. If we start singling each one out…if Mr. LaFreniere has that one retirement, he can, with some struggle make up the $33,000, probably, if he has to pay for the severance out of his budget. If he has a second retirement he is in some trouble. The City Clerk's office is a small department with 15 employees. They have two potential retirements next year. If those people retire and they retire early in the year they have to leave those positions vacant for the whole year to make that up. The work still has to get done. All I am saying is, if you recall, there was about $3 million in surplus coming out of the last fiscal year. A good portion of that came from Public Works. We could say, okay, Kevin, you keep all of that money but we didn't. We kind of put it together for the good of the City and prepaid pension which allowed us to move some money to schools and we still had another $1 million that we used to prepay pensions. My point is I don't want to put a freeze on. Departments have commitments out. All I am asking the departments to do is slow down to give us a chance to approve the budget.

Alderman Levasseur stated I think there is a freeze.

Alderman O'Neil replied my point is slow down because we are all in this thing together. What happens at Planning affects Police and what happens at Police effects City Clerk. We are all in this thing together.

Mayor Gatsas stated I totally agree. Listen, it was not easy to do what I did and it is not going to be easy for this whole board to come to a common understanding of what we have to do.

Alderman O'Neil replied the bottom line is the more surplus we can carry into next year the more we can prepay the pension and that money becomes available to put back into the departments.

Alderman Craig stated I know it wasn't easy to do your budget but what is bothersome to me is you are saying there are no layoffs and you are leaving it up to the department heads to potentially lay people off, if they can't make their numbers. If we look at the numbers, the budget last year for general fund was $134 million. This year is it $134.9 million. For severance last year it was $800,000. This year it is zero. For contingency last year it was $1.4 million. This year it is $400,000. If these departments have a retirement late in the year, they have no options. If they have gone through their budget, there is no fluff here anymore. If they have a retirement, what are they going to do? What is their option?

Mayor Gatsas responded that is a great question and the same question I struggled with. The difference is laying people off today to fund the line items when we don't know what the future is going to be…I don't believe next year is the year we are going to face a lot of retirements. I think it is going to be the following year that ends the $13,000 where we are going to see a much bigger problem with severance. I don't see it coming this year. Health insurance costs that are out there that we are seeing…people are utilizing health insurance. They are staying on because the health insurance plan that we have is a Cadillac plan. There was a gentleman that just came before you less than two and a half hours ago and there was a retirement sheet on my desk that he was leaving. He pulled it. Why? I asked him why. He said I don't think I am really ready yet. I look at this and say, if we can project the future on who is leaving, then we have a clear understanding of where we are at. We don't have that clear future because Fire saw a percentage of their people leave, when? In the period when they had the $13,000 pay out.

Alderman Craig stated the departments that are here this evening, the projections that they have made in terms of people who will retire, if you add them up it is 37 people so I don't know why you are saying it is not many, because I consider that a lot.

Mayor Gatsas responded there were 60 positions that we filled last year.

Alderman Craig replied this is just from the departments here. We have no money to pay for the severance in the budget that we are looking at.

Mayor Gatsas stated I don't disagree with you but, in the past, no department has ever had severance that they could draw from. They had to make it up in their budget line.

Alderman Craig asked you are saying in the past, many years ago correct?

Mayor Gatsas answered four years ago.

Alderman Craig stated but like Alderman Levasseur said, they budgeted for that. The difference is…

Mayor Gatsas interjected I hope nobody would say that because I don't think there is an alderman, who has sat on this board, in the past, that understood that in their line there was money for severance.

Alderman O'Neil stated I disagree with you on that.

Mayor Gatsas asked do you think there was a severance line item that we didn't know about?

Alderman Craig stated they budgeted for retirement.

Alderman O'Neil stated absolutely they budgeted for retirements.

Mayor Gatsas stated well they might have done it but they never told the board because I never knew it. I was assuming that the budget we were giving them, if we were increasing taxes, I would hope that when we did that that we were being legitimate with the taxpayer and not charging them more for a possible retirement that might not have come.

Alderman Craig responded if I could follow-up, I would rather not go back four, five or six years. I would rather look at what happened last year and look at what is potentially happening next year and the numbers we have in front of us don't set the City up appropriately and I think all of us sitting in this room need to acknowledge that. For you to consistently say, my budget has no layoffs, they may have no layoffs today but there could be layoffs next year.

Mayor Gatsas replied I guess I can say that as well as I can say there might not be any layoffs and there might not be any retirements. It is only a projection that we all make. That is what budgets are. You are throwing a dart at a board and saying, I hope we are where we think we are going to be.

Alderman Craig stated they should be responsible though.

Alderman Ludwig stated I think the piece that is missing here, and I don't think that departments budgeted for severance. I think you are right.

Mayor Gatsas responded well you were a department head in the past.

Alderman Ludwig replied right and I don't think that happened. What we did have was, if you want to go back three, four or five years you can see the reduction in workforce that has taken place through attrition. It continues. These department heads no longer have the ability to shift people around. Leon might have had the luxury of having inspectors with multiple licenses so he could shift them around but that is the piece that we are missing. The department heads don't have the flexibility anymore with the number of people that have been eliminated over time to accomplish what they need to accomplish. That is what we are faced with. I don't think you did anything wrong. You picked an alternative that you felt was the least hurtful to the City and the citizens and departments. We can sit here and pick that apart, for whatever reason, but if you went back and we all say don't talk about how many people you had in your departments 10 years ago…we can't talk about that anymore. Those people are gone. I think even this year, if someone has a department of 30 people ,you say have you hired any people and they say, no, and you say how many vacant positions do you have, and they respond two ,so you take them now there complement is 28. You do that year after year after year and department heads are just forced to work with less. So they have less ability to juggle and get things done in their departments whether it means losing revenue or whatever. I think that is what they are faced with. I am certainly not knocking you. This is a good try. I would rather have them try to manage through it then lose people up front.

Mayor Gatsas asked wouldn't you agree that when you were a department head you never had the luxury of working your entire budget? The only department that was ever authorized to do that was highway.

Alderman Ludwig answered that didn't make me happy.

Mayor Gatsas asked if you had the ability to move your line items within your budget like we have done with every department in the City now…we have told every department operate on your budget and do the best you can because I have faith in the work you are doing as a department head. The only place that we gave the luxury to in the past was highway. We told them here is your number and manage within your budget. We have now opened it up to police and fire and parks and to planning. We have taken much different view on what we do with departments and how they run their budgets versus what it was four or five years ago.

Alderman Ludwig responded I agree with that. I think that it is appreciated. I just think that they have to sit here in front of us…they can't come up and cry about what they no longer have in their budget because we have reduced them year after year. If they come up here and say, well, I had this many people last year we responded we don't want to hear about that. So they don't come up and say those kinds of things but they all know it out there. The public has to know. When they call me and say how come we are not getting our snow plowed I say we don't really have the people in place to take care of that 20" snowstorm as quickly as we did 10 years ago and maybe we shouldn't have that many people in place. I am not saying that. I am just saying we don't anymore and people have to recognize it. I always tell people to bear with us because we will get to their street. I think that is where we are at. I am not speaking for department heads. If they want to say that I am wrong, they can say that I am wrong but I know they are working with less. You are not wrong either.

Mayor Gatsas stated the question I would be asking department heads, as they come up, would be, would you like to lay people off today or do you want to work within your budget tomorrow. That is the question I asked when they came in front of me and nobody said I want layoffs. I didn't tell them I was cutting the severance line. I never talked about the severance line. That was the last decision I made before I made that budget presentation and Mr. Sanders was right there and it was a tough decision to make.

Alderman O'Neil stated I think this is a healthy discussion tonight. A wildcard in this whole thing regarding the buyout has been the changes to the state retirement system with police and fire. Those are two of our three largest departments in the City. I could be wrong on this, Alderman Ludwig, but wasn't there a day that health insurance was in each department's budget? I think the way we do it now is a good way; non-departmental.

Mayor Gatsas stated the health insurance they were never accountable for.

Alderman O'Neil responded now a number doesn't even show up. I think and Alderman Roy pushed for this, I think that a severance non-department line item is a good thing. We just have to fund it. It takes pressure off the departments. We are all in this thing together. That is my point. Let's just slow down and not see how many positions we can fill. There are commitments out there. I think next week they are swearing in seven new police officers and I know there are probably some job offers out there. All I am doing is asking the departments if they have commitments fine but if not slow down a little bit for the next six or eight weeks.

Mayor Gatsas stated I have not given police the authority to promote. I thought it was more important to get the boots on the ground and have police officers on the streets. We don't have to promote people tomorrow because obviously that is a cost item.

Alderman O'Neil replied we are kind of on the same page but at some point I think it is going to be appropriate for him to promote. He has six qualified captains but at some point it is going to put a strain on them. He needs to have an assistant chief at some point for an organization as large as his.

Mayor Gatsas responded I agree but looking at that position today and moving forward because remember, and I could be wrong, but I assume it is going to be a captain that moves to that position and then a lieutenant is going to move into the captain's position and then the sergeant is going to move into the lieutenant's position and then an officer is moving into the sergeant's position. So when you look at it because of the way we do promotions you have to get at least a 10% increase. When you start adding those six positions up, that is a lot of money.

Alderman O'Neil stated Alderman Ludwig, city government looks a lot different today than it did 10 years ago. Look at the Police Department. Chief Mara eliminated two deputy positions for some sergeant positions. Chief Burkush has given up at least one deputy position. Kevin Sheppard has had more organizations join him with just him and Tim Clougherty up top. Government looks a lot different and I think our people are doing a great job and not complaining about it. I want to have as many options as possible when we go to approve a budget. I don't want to see anyone get laid off. I don't know today how we are going to get $1 million or $1.3 million in the severance account.

Mayor Gatsas responded I don't think we need that.

Alderman O'Neil replied but Alderman Craig is right. We have the same number of people based on what the departments are telling us for next year as we had this year and what did we spend. $1.2 million? I can have a difference of opinion with you, but even if I split it with you we are going to have $600,000 or $700,000 of severance.

Mayor Gatsas stated if somebody leaves what you want to do is pay their severance and whatever is left in the department's line item budget for salary for that person, let's pull it out and put it into the severance account and they won't be able to fill that position. That is an easier thing to do. If you are looking to put money into a severance account, that is the way I would suggest you do it.

Alderman O'Neil responded but that doesn't help put police officers and firefighters on the street or help get garbage picked up. It doesn't help with the services that the public requires if we don't fill those positions.

Fire

Mr. James Burkush, Fire Chief, stated with me tonight is Linda Miccio, Business Manager; we met with the mayor on several occasions to discuss our budget. We did receive an increase. We were not subject to the 1% reduction but our number is about $200,000 less than where we feel we need to be and that is going to impact our overtime line.

Mayor Gatsas stated Chief, I think you and I had a conversation that there was a possibility that we could extend the $13,000 buyout and what you thought the number of firemen who would come forward this year would be.

Mr. Burkush responded looking for some way to resolve the budget deficit, I felt that if the firefighter's union was offered the $13,000 buyout that we could realize additional cost savings. This year we paid 13 people the $13,000 buyout, which was about $180,000. Going into the budget the mayor estimated that we would finish this year with about a $200,000 surplus and we estimate that is where our surplus has gone is to the $13,000 buyout. When you look at the cost savings for us of bringing in a new firefighter, it is $20.00 an hour and they pay 20% of the healthcare and obviously they are in good physical shape and don't really use the health insurance, so for us, if an incentive was offered in this fiscal year only, we felt it would be a good way to save our budget.

Alderman O'Neil stated I need a quick clarification. Chief, when you say this fiscal year do you mean FY13 or FY14?

Mr. Burkush replied FY13.

Alderman Craig asked how many retirements would you anticipate if we were to offer the $13,000 this year?

Mr. Burkush answered I would estimate that we would see about 10 people go out by June 30th.

Alderman Craig asked who would pay the severance for those people?

Mr. Burkush replied we would anticipate that the severance would come out as it does now.

Alderman Craig stated there is nothing left.

Mayor Gatsas stated we are paying it now. There are people retiring and we are paying them.

Alderman Craig responded we haven't made a transfer from contingency.

Mayor Gatsas replied no, I believe payments are being made, and correct me if I am wrong Mr. Sanders, but nobody is leaving without a check in there hand.

Mr. Sanders stated the checks are being paid and in the forecast we are showing that we are going to be $1.5 million over in severance and that is being offset by the contingency account. If 10 more firefighters left, at $40,000 each, we would need to find $400,000 more in this year's budget.

Alderman Craig asked we don't have that much in surplus, correct?

Mr. Sanders answered no; the last forecast showed about $890,000 and if we paid $400,000 more in severance, we would be at $400,000 and that would be below what the mayor has in his budget so you would have to reduce the mayor's budget by $300,000 to get it back. The Chief and I have not spoken about this. I am just going through some arithmetic because all of the savings would be in next year.

Mayor Gatsas stated we haven't heard from the highway department yet because it finally stopped snowing. There might be some surplus there.

Mr. Sanders stated well, it would be isolated in this situation and the impact on FY13 would be a reduction in surplus by about at least $400,000. If you put the $13,000 in there that is another $130,000 so you are probably over $500,000 of incremental costs.

Mr. Burkush stated if I look forward, we have 66 people who are eligible to retire. I have 17 people with 30 years riding on fire trucks. In my opinion, we have to get the 30 year people out. It is only going to be worse the following year.

Alderman O'Neil stated just for clarification, Chief, you are a 30-year person.

Mr. Burkush responded 36 and Linda is 35.

Mayor Gatsas asked you have some that are close to 40, don't you?

Mr. Burkush answered we have one that we are anticipating will retire this year. In severance this year we spent $435,000. The reduction in the $200,000 would be a reduction of on duty staff. We would have to manage our overtime over the fiscal year. That is an issue. Then severance would cause us to keep the position open for six months and then we would have to reduce staff and we wouldn't be able to fill those positions. Years ago when the department had to absorb that we had 16 additional personnel or floating positions and that number is down to 6. Severance would be quite an issue for us going forward.

Alderman Craig asked if we were to provide the $13,000 this year and you had the 10 people retire, how many individuals do you anticipate would retire next year? Would these be the 10 so you would assume 0?

Mr. Burkush answered I think that the people who were going to go in FY14 would go now but I can't guarantee that. The $13,000 incentive is a year and a half of pension benefit so if somebody was going to go out in FY13 they would look at it and say I will go out by June 30th, as they did last year. Why we didn't show the salary savings with the buyouts is because we had to pay for the $13,000. The cost for the new employees is a significant savings for us.

Alderman Craig asked regarding overtime it looks like your line item was decreased by $200,000 but you are about $130,000 over your budget this year. Can you talk to how you are going to manage that?

Mr. Burkush replied in addition to our overtime line item, we also pay coverage of vacancy out of our salary account and single shift vacation is a contracted amount so we have that in our salary line of $150,000. Also we have seen a reduction in vacation buy back. We know last year we spent $683,000 in vacation buy back. We are projecting about $465,000 so about a $200,000 savings and that is how we are filling our vacancies; with savings on vacation buy back and salary account savings.

Mayor Gatsas asked Chief, from a mathematical point of view you just moved those numbers so that the overtime account would look like there is a still a surplus and you still have money left and the vacation buy back would be down by $200,000 correct?

Mr. Burkush answered correct. We just moved money around.

Alderman Craig asked this year do you feel like you will be coming in with a surplus or just meeting your budget.

Mr. Burkush replied we are starting to generate a small surplus. Like I said vacation buy back is down and it looks like we will have a small surplus.

Alderman Corriveau asked Chief, you believe that if you were offered the same buyout plan by June 30th, there would be a solid 10 that would take that? One of my concerns is with a number of 66 eligible retirements. I would want to make sure that we get a pretty rock solid number. I wouldn't want to throw the $13,000 number out and get 20 people who want to take advantage of it. If we offer the buyout at $13,000 and capped it at 10…could you explain in more detail how that helps you next year? I know it is moving numbers around but maybe provide a little more detail.

Mr. Burkush responded it costs the top step firefighters about $30.00 an hour. An entry level firefighter is $20.00 an hour. Going to the Yarger Decker scale it is about 50% over their 13 steps and their seniority and that is how they get from $20.00 an hour to $30.00 an hour. When you factor in that we are paying straight time for overtime, it is really cost effective for me to have a lot of new firefighters, as it keeps our costs down significantly. Again, if you have lieutenants and captains…we have a district chief who is probably going to go out and severance for a district chief is probably going to be about $65,000.

We could easily spend $500,000 in severance. For us to get them out this year would be better than trying to absorb the $500,000 in severance next year because that would be very problematic for us.

Mayor Gatsas stated if you got the number that Alderman Corriveau is looking at, maybe what you need to do is have Linda work some numbers and if you hired 15 people at the lower rate what would that savings be in overtime and wages for the next calendar year. If you could give us that number that would help everyone.

Alderman Corriveau stated yes, thank you. That is where I was going. I have a question for Mr. Sanders. If the City were to authorize…can the City afford to authorize $130,000 out of contingency from this year for the buyout plan? What is contingency right now?

Mr. Sanders replied at this point, I would say that we should focus on the forecast that the department heads did for surplus because contingency is available but there is a deficit in severance and without getting complicated here we should go right to the bottom. The forecast that we gave you last month said there was about $890,000 of surplus. There will be another forecast in a week but using the $890,000 if we do what the Chief is discussing, we will probably pay out $500,000 at least in combination of severance and the $13,000 or maybe a little more. That surplus is going to go from $890,000 to $400,000. Actually we will have overspent our appropriation which is a whole other thing but a big piece of the surplus we have is a revenue surplus and we need to go through a process to spend it. Maybe the surplus gets better, but let's just say it doesn't and we end with $890,000 and we spend this $500,000 and come in with a little less than $400,000. With all due respect to the mayor, his budget is a little upside down at the moment because he is assuming we have $750,000 to spend on pensions and we don't. So the City has a $350,000 problem in his budget, if you are following me. He thought we had $750,000 and that is actually a little less than what the forecast was at the time. We had to spend about $400,000 so he has a $350,000 problem in his budget. It is actually the aldermen's problem now. You have to increase the City retirement number by $400,000 and you have to cut costs somewhere else. Nothing is going into severance. You can take it out of contingency and zero out contingency and I don't mean to be quip about it but I am cutting to the chase. Unless you are prepared to cut a department, the only other place to go is to zero out the contingency line item.

Mayor Gatsas stated as a follow-up to what Alderman Corriveau was saying, when the Chief does the math on the number of people he is assuming will leave and what that delta would be from the $20.00 an hour to the $30.00 an hour along with vacation buyback and all of those other things, it could be $100,000 or $150,000 that you can take out of that line item of the fire department and that would be one of the cuts that he is talking about.

Mr. Sanders stated I have all the respect in the world for the Chief but I am just doing my job right now. If we are going to be candid, let's just say seven district chiefs retire and the high end salaries leave and we pay the severance. Are we actually saying that we are going to go out and hire 10-15 young firefighters and not promote up the ranks to fill the district chief and captain and lieutenant jobs? This buyout situation, in its pure form, only works when you eliminate positions. We have had this discussion before and I don't mean to do it on camera but I don't want to…if you eliminate the position you want the high end guy to leave. You don't want the young guy to leave. You don't want to layoff the young guy. You say I am going to offer a buyout to get the higher salaried guys out, but the experience of this year, from my bleacher seat, is that and I understand that you need the management resources and the high end people and you need to promote some people for those positions but that significantly dilutes the savings. So when the Chief does the math, and it is not my place to tell him how to do it but this issue of actually who is leaving and who is taking it, and it is not going to be a young firefighter or any young firefighter but old guys like me. This is really important conversation that you have had tonight. This has been a really good conversation and there is a lot of common understanding coming out of it. Approving this $13,000, if it didn't work this year there is that old rule about doing something that fails over and over again is going to result in what? For me, I have to see the arithmetic and I have to see if you are going to stay at 198 and you are going to stay with the number of district chiefs and all of the same things they are going to have to take a lot out of your budget next year to pick up on the mayor's point.

Mayor Gatsas asked how many people do you have out on worker's compensation?

Mr. Burkush answered nine.

Mayor Gatsas stated well that is what is driving your overtime line up.

Mr. Burkush stated in the past, we have only had three or four people out long-term.

Mayor Gatsas stated what is driving his overtime is people out on worker's compensation and there aren't other bodies around to fill the positions.

Mr. Burkush replied that is correct.

Alderman O'Neil stated it may be worker's compensation but in that number you have a number of people who are out for off-duty injuries.

Mr. Burkush responded right.

Alderman O'Neil stated you shouldn't just say it is all worker's compensation. People got injured off the job too.

Mayor Gatsas stated but there are nine people out and that is what is driving his overtime.

Alderman Corriveau stated the other question I had for you, Chief, is in the budget it looks like from this year to next there is an $87,000 drop in revenue. What accounts for that?

Mr. Burkush replied that is because we don't have an ambulance contract for the second half of FY14. The revenue from the ambulance contract is reflected as a revenue for us. Once we come up with next year's ambulance contract, that revenue number will fill in.

Alderman Corriveau asked so there is a little wiggle room in there you are saying?

Mr. Burkush replied yes; we just couldn't put it in the projections because we are not sure if we are going to extend the contract or go out and get another ambulance provider.

Alderman Corriveau responded if we weren't looking at that situation would there be no change in revenue or would there still have been a drop?

Mr. Burkush answered it would be about the same. There wouldn't be a drop.

Alderman Shea stated this is really not a question but I think the only benefit in analyzing what Bill had said concerning the buyouts is that we would know how many people would want to retire. In other words, you would have a grasp on severance if, in fact, you put that out there and asked the membership if they would like to retire. That would be an idea but other than that because of what Bill mentioned and that is where I was going in terms of how beneficial it is if, in fact, you do have senior people taking advantage and being replaced by junior people but you do have to make the necessary improvements to your department. It would help for severance because you would know, pretty much, whether or not anyone is willing to retire.

Alderman O'Neil stated Bill Sanders and I have probably talked about this issue 20 times if we have talked about it once and on surface it looks like we should do it but we are going to end up committing funds this year that we…I am going to go back to the surplus, that we could be carrying over next year to help us in all City departments. Tonight I couldn't support offering a buyout. Number one, we would have to do a contract change that I don't even know if they would agree to but it looks good on the surface but I am not sure when we get into it and this is not just about the fire department but all of the departments. For the good of the City I am not sure it is where we want to go. I know that we have commitments through other agreements that we have to honor but the $500,000, I guess we could come up with somewhere this year but it makes the situation going into next year worse.

Mayor Gatsas stated I suggest, Chief, that you do some calculations and come back. If you have 10 people leave, what do you think your budget would look like going forward and how would that reduce the number that is on the sheet that is before us tonight?

Mr. Burkush stated on a good note, we did move into the new fire station today so that is operational. We will be doing a ribbon cutting sometime in mid-May. We thank the board. I am really concerned about the following fiscal year.

Alderman Levasseur stated I was under the impression when we had the buyout of $13,000 that those positions would not be refilled. That is why I thought we were giving them early retirements. If you said you were trading me 10 this year for 10 next year then I would take that in two seconds because the savings going forward with 10 positions not being filled next year would certainly help your budget and a lot of other budgets in the City but I am not going to vote for another situation where we just give an extra $13,000. If there are firefighters who have been there for 30 years and they are

sitting there say well I will retire because I am getting an extra $13,000…I mean talk about cheap. With the amount of money that these guys get paid and the fact that they are going to get their severance check at the same time I don't think they will decide to retire just because they are getting another $13,000. If 10 guys get out of there we have $130,000 and next year we get 10 younger guys and then all of the promotions happen and we are paying all of the severances. I don't see that as a win-win for the City. What I am worried about next year is you have asked for a $750,000 increase and you are still worried about the fact that your budget is not going to meet next year. I mean you are worried about next year's budget at a $750,000 increase…is that how much you got?

Mr. Burkush stated no. It was $136,000.

Alderman Levasseur replied I apologize. So you got a $136,000 request last year. How many retirements did we have this year?

Mr. Burkush responded 13.

Alderman Levasseur stated so if we had 13 retirements we should be saving a bundle going forward.

Mr. Burkush replied you can't compare last year to this year because we had the layoffs and we brought people back so it is not a true comparison.

Alderman Levasseur responded right but every other department is looking at a 1% decrease. You are not seeing a decrease but an increase in your budget and you are worried. If you get 10 retirements next year or 5 retirements without the $13,000 being thrown in there you are in trouble also.

Mr. Burkush asked with our severance? Yes.

Alderman Levasseur stated you don't have any money in there for the retirements and a lot of these guys are going to get there…how many days can they accrue for sick time? Is it 90?

Mr. Burkush responded an average severance is about a half a year's salary.

Alderman Levasseur asked so if it is an $80,000 salary they get a $40,000 check?

Mr. Burkush answered that is correct.

Alderman Levasseur stated so if you have five retirements, that is $200,000 and the $136,000 that you increased…you didn't make that number because you didn't even know that the severance was going to hit you when you presented your budget.

Mr. Burkush responded correct.

Alderman Levasseur stated if you had known you would have gone to $376,000 and said you had to anticipate at least five retirements. Right?

Mr. Burkush replied we would have looked…

Mayor Gatsas interjected there is no $13,000 buyout.

Alderman Levasseur stated but he is still saying that if five retire he has $200,000 that he knows he is paying out. You wouldn't have come to us with $136,000. You would have added the other $200,000 and said you needed $336,000.

Mayor Gatsas stated he could have asked me for that but I don't think I would have given it to him.

Alderman Levasseur asked Chief, have you requested to close down any fire stations this year at all to save money in this budget?

Mr. Burkush answered no.

Alderman Levasseur asked how about next year? Are you looking for any kind of cost savings?

Mr. Burkush replied with the $200,000 reduction in our budget, there will be staff reductions if our overtime exceeds our budgeted amount. We average our amount. Staff reductions are problematic as you know. I am not going to sit here and say we are going to close stations or anything right now.

Alderman Levasseur asked are you anticipating some layoffs next year if this number of $136,000 stays and you have five retirements?

Mr. Burkush answered without a severance account we will have to reduce on-duty staff. We are not planning on laying anybody off.

Alderman Levasseur asked if five retire, say in June, what would your savings be?

Mr. Burkush replied you wouldn't save anything. You either have to reduce…

Alderman Levasseur interjected if you don't hire five more guys then you would be okay.

Mr. Burkush responded no, because who are you going to put on the fire trucks? We have nobody extra. You have to put somebody on the trucks or reduce the staffing.

Alderman Levasseur asked so in other words your overtime would spike?

Mr. Burkush answered absolutely.

Alderman Levasseur asked do you know what those numbers are? Could you do a few different scenarios for us where you could say if we did 10 retirements this year at $130,000 plus the severance what your anticipated savings would be next year?

Mr. Burkush replied we can get you that number.

Alderman Levasseur stated basically, it is a projection so if you take the top 10 guys and I am sure they are not all district chiefs and then you took that number and then make sure you add in your promotions so we know what that increase is going to be and that will give us a pretty real number. I don't think we only have to take money out of contingency. Isn't there another fund that we had last year?

Mayor Gatsas replied it was severance and it is empty.

Alderman Levasseur responded no, there was another surplus account that we had. If it makes sense mathematically and it is a dollar for dollar savings, it may be something that this board is willing to do without taking any money out of the contingency account. I am not saying I am going to support it but if it is a dollar for dollar savings and will keep his complement next year…you may be able to show us some projections that make sense. You did a heck of a job this year with your overtime issues and you are coming in $30,000 in the black, which will be very impressive if you do that.

Mayor Gatsas stated if he didn't have nine people out, he would probably be returning $200,000.

Alderman O'Neil stated another factor and this isn't just for the fire department but where are those employees at their steps? If they are locked at their 13th step the only thing they have coming is a COLA but when you start moving younger people up now you have the steps included. It is a little more involved then just saying $13,000 to get the higher person out.

Alderman Levasseur responded the projections have to be real for us. I agree with you. If they are real and you can show us something there may be an opportunity.

Alderman O'Neil stated I agree with Mr. Sanders. The basic premise of the buyouts is it works when the position doesn't get filled. If we are filling the position I am not sure it makes sense to do a buyout.

Mayor Gatsas stated that is why I prepared the budget the way I did.

Alderman Corriveau asked Chief, is there any impact to your department as a result of the sequestration?

Mr. Burkush answered no.

Alderman Corriveau asked so it is not affecting any of your grants or anything?

Mr. Burkush replied no.

Alderman Corriveau stated in your response to the written question about severance you said the department will be forced to maintain positions vacant for six months. Any idea on how many positions would be vacant for six months as things currently stand?

Mayor Gatsas stated it all depends on how many retire.

Alderman Corriveau replied okay, so probably six to eight then.

Mr. Burkush responded correct.

Alderman Levasseur asked on the worker's compensation is there any opportunities to settle those cases? Are any of them permanent injuries? Will there be some savings there?

Mr. Burkush answered no.

Police

Mr. David Mara, Chief of Police, stated here with me is Steve Hoeft, Business Manager. I am going off the preliminary FY14 budget request and, in a nutshell, we got roughly a 3% increase over what our budget was last year, for a total of $644,345. However, what that includes is funding for seven police officers that weren't in the last budget and we had to pick up funding for some of our other grants and that is how we got to where we are at. If this budget is adopted, we would be roughly $179,375 short and that shortage would come out of our overtime line. Keep in mind that last year in our budget for overtime $100,000 of it came from a grant.

Alderman O'Neil asked just to pick up on the overtime, when you say last year, are you talking about this current fiscal year?

Mr. Mara answered yes.

Alderman O'Neil asked do you happen to know the total overtime?

Mayor Gatsas stated it was $1.1 million.

Alderman O'Neil stated and the mayor's proposal is a little over $1 million. Where would that be spread? Is that planned overtime or overtime when you have a major incident that you need to respond to or is it a combination of the two?

Mr. Mara responded we track our overtime pretty closely and what we are finding trending this year is for instance our court overtime is something we don't have control over. Court overtime is when a police officer goes to court and there is a three-hour minimum that they have to be paid. It could go longer than that but he has to be paid for as much time as he is there. We really don't have control over that. To give you an example, year to date in FY12 we were at $289,696. Right now we are at $343,743. You don't know when court could be. We are short people in communications. Last year at this time it was roughly $106,000 and this year we are at almost $147,000. These are the

type of things we are looking at. Patrol overtime or any other overtime last year we were at $269,000 and this year we are at $279,000. We are up in overtime this year.

Mayor Gatsas stated also in his budget, the grant funded positions that we thought we were done paying for last year had another $245,000 that we had to account for in the budget this year. It was not anything that was anticipated.

Mr. Mara stated we discussed this previously. As these things run out, it is what the City had to match. The bulk of the 3% increase that we have is as you recall the concessions that were made by my two sworn unions, as part of that agreement we had to get seven positions and that is where the seven positions I talked about earlier come from.

Mayor Gatsas stated and if the support staff comes forward with the same sort of benefit changes that both the patrolmen and supervisors got it is about another $222,000 that is available if memory serves me right.

Alderman O'Neil stated Chief, not today, but maybe by the end of the week, you could send out what your authorized complement is and with the swearing in next week where that will bring you.

Mr. Mara replied I can tell you. Our authorized complement is 227. Right now we are at 210 and we will be at 217 and I have three positions open. Two of those we have permission to fill but it is going to be a process so I don't anticipate that it will be done by the end of this fiscal year. One position is the assistant chief's position and that will get us up to 220. We actually have 221 but one is on military leave and we are not funding that at this time.

Alderman O'Neil asked your employees still have the option of the buyout correct?

Mr. Mara answered yes until July 1, 2015.

Alderman O'Neil asked what is your expectation for retirements?

Mr. Mara replied I can tell you that this year we had seven police officers and two civilians retire so far. Next year we have 32 sworn personnel and 16 civilians that are eligible to retire and I anticipate 5 sworn just by looking at this list and knowing their time and their grade and their age. It could be more. I didn't anticipate getting seven this

year. I agree with the mayor when he says that next year, FY15, is when we are going to see a lot of people retire before the end of that buyout.

Alderman O'Neil asked do you happen to know, ballpark, on the five sworn what the severance would be?

Mr. Steven Hoeft, Business Manager, replied I would say we would be looking at $300,000.

Mayor Gatsas stated it is about $50,000 per person, Alderman.

Mr. Hoeft stated $250,000 would be a conservative number.

Mr. Mara stated $250,000 with the buyout but then we would have to absorb in our budget the $13,000.

Alderman Craig stated on the second page of the memo you gave us you talk about a couple of items – increasing the roles of the resource officers and authorizing to fill all emergency service dispatch positions. Are you suggesting that if we do that there will be a savings?

Mr. Mara replied there would certainly be a savings if we filled all of our dispatch positions. Currently, there are four open. We are authorized to fill two and we have to keep two vacant. I don't want to be disingenuous. I believe that salary wise we would be able to have a good shot of making up that money in our budget but that doesn't go toward the benefit side that the City would be paying. I have tried to quantify that if we were at full staff for communications there is no guarantee of that. We have run numbers but we do believe there would be a savings in our communications division. What happens is when we are short in communication we have to take officers to fill those positions. So we are taking officers off the street and if we don't have anybody in communications, I would rather pay somebody in communications overtime as opposed to an officer that gets a higher rate. Sometimes we are paying an officer overtime to work in communications, which is not cost effective.

Alderman Craig asked can you get us the numbers on that?

Mr. Mara replied I have it here and we can send it to you.

Alderman Craig stated when Solicitor Clark was up here, I talked to him about City ordinances and whether you and your staff can utilize City ordinances in some instances instead of state statues and maybe that could generate revenue within the City. Can you sit with him and discuss that? It is my understanding that there is not a disorderly conduct ordinance for the city.

Mr. Mara responded I can tell you, from my experience as a prosecutor working in the legal division, that I don't think you would see any real significant revenue. If you look at the state statutes and that includes the motor vehicle statutes, we would have to draft our own ordinances to mirror those. Right now the ordinances that we have don't cover the type of behavior that is common that we enforce.

Alderman Craig replied I am not talking about all behavior but is there some that could be covered by ordinances within the City. You don't have to answer now.

Mr. Mara stated I can tell you right off the top of my head, because I am very familiar with our ordinances, there really isn't too much that we could do.

Alderman Craig asked could we develop some new ordinances?

Mr. Mara answered yes, we could, but again we would be doing that strictly as a revenue producer.

Alderman Shea asked do you feel that your operating costs are less now that you are in your new building?

Mr. Mara replied with our operating costs, one of the things we are nervous about is we have only been there a short time for this fiscal year. We are grappling with what expenses are going to be popping up. For instance, we are looking at custodial services. Right now, we are doing a combination. If you look at the building we had before, it was 36,000 square feet that needed to be cleaned and we are now at between 72,000 and 73,000. We are getting by with a combination of the custodial help we have and we are also contracting out with Aramark. We are still shaping how we are doing to do that.

Alderman Shea asked so you really don't have a handle on that?

Mr. Mara replied no we don't. We don't feel at this time that there will be any significant operating costs and of course we realized savings sending our fleet over to Central Fleet.

Alderman Shea stated I would like to compliment Alderman Craig and Alderman Long because I am going to be using their worksheet and I thank them for posing these questions. Number six says that you anticipate five sworn and three civilians will retire and you have listed about $360,000+.

Mr. Mara responded that would include the civilians.

Alderman Shea stated number eight has to do with increasing the role of reserve officers. Have you made any progress in that regard? That is to say to use them when you would normally use officers for overtime?

Mr. Mara stated right now we have an authorized complement of 20 special police officers or reserves. Right now they get paid out of an account that we have where we charge vendors. They don't pay into retirement. We have a fund that we use and they get paid roughly $18.00 an hour and we utilize them within the department. They are required to work at least eight hours a week. We currently use them for things like grand jury presentations because it is time consuming and we put officers that who are experienced doing that. We have the do that so we don't have to have our detectives do it. We have them serve subpoenas because that again is a tedious task that takes a lot of time. What we would like to be able to do and we are going to try to work with the patrolmen's union is perhaps using them in booking when things get busy in there to supplement the booking officer that is in there so we don't have to use a police officer. We are trying to come up with ways to cut costs.

Alderman Shea asked would you try to implement that at the beginning of the next fiscal year?

Mr. Mara answered we don't know how much we are going to be able to do that but we are hoping that it will save us some overtime. We are going to try everything we can.

Alderman Shea replied what would give you a better idea as to how to do it? Is there some obstacle like you don't have enough reserve officers?

Mr. Mara responded it gets complicated because we have collective bargaining agreements.

Alderman O'Neil stated I was looking at revenues and the school chargebacks. Do the school chargebacks cover the eight resource officers plus crossing guards?

Mr. Mara answered yes.

Alderman O'Neil asked so $732,000 covers everything? Now they only pick up the school resource officers for the school year correct?

Mr. Mara replied yes, but we have some additional costs with that.

Alderman Shaw asked the ordinance that we put in with the pawn shops, has that generated any money for the police department?

Mr. Mara answered yes. We are pleased with what it is generating. I don't have the exact numbers but it is going to pay our licensing fee and we are still working with Information Systems about interfacing with our computer system. We don't know if that is going to be a cost but what we are hoping to do to save money is hire a part-time person and have them funded by the revenue. That person will do nothing but pawn shop and work on burglary information, again freeing up police officers. It has been very successful as far as arresting burglars and finding people in possession of stolen property. The more we can do that I am hoping to eventually get the perpetrators of the street and cut down on the amount of time we are spending investigating those type of things. Without going off on a big tangent but our juvenile division, detective division and domestic violence all have big caseloads.

Alderman Shaw stated I started out my working career part-time in records so if you are looking for somebody part-time maybe I could end my career there too.

Alderman Levasseur stated thank you, Chief, for coming in front of us. I am looking at the back of the presentation you gave us. Are those revenue numbers?

Mr. Mara replied yes.

Alderman Levasseur asked on the school chargebacks do we know whether or not we are getting a $1.00 for $1.00 charge?

Mayor Gatsas stated the revenues are on page 51.

Alderman Levasseur asked what are these numbers because this page doesn't have a number on it?

Mr. Mara asked is that the sheet that was attached to the questionnaire?

Alderman Levasseur responded yes.

Mr. Hoeft stated for the school chargebacks we do $1.00 for $1.00 for all of the crossing guards and then four of the resource officers are $1.00 for $1.00 for the school year and the other four are at entry level but it is $1.00 for $1.00.

Alderman Levasseur asked when you say $1.00 for $1.00, are you talking wages or are you putting everything in there?

Mr. Hoeft answered everything.

Alderman Levasseur asked so that is a pretty accurate number?

Mr. Mara replied it is a pretty accurate number but we have eight school resource officers. Four of them are getting paid $1.00 for $1.00 for their salaries and the other four are at entry level salaries.

Mayor Gatsas stated I think what he is trying to say is that for the four officers they give the school district a break.

Alderman Levasseur responded that is my point. I want to know how much the break is.

Mayor Gatsas stated it is entry level instead of…it may be $100,000.

Alderman Levasseur responded that is a lot of money. I was just bringing that up to see if that number was accurate. If you are getting shortchanged $100,000, that revenue would really help you going forward I would imagine. Cruiser rental…I didn't know we could rent cruisers.

Mr. Mara replied that is for certain details. If a construction company is working at night and they want to block a major street off they will be able to rent a cruiser as well as a detail officer.

Alderman Levasseur asked is there a reason why your witness fees have dropped quite dramatically compared to your projection of $85,000?

Mr. Hoeft stated sometimes we have to wait for the district court to send us the money so there is a lag.

Alderman Levasseur asked so you think that you will hit that number?

Mr. Hoeft replied yes.

Alderman Levasseur stated revolver permits are up. Do you expect that number to stay the same next year?

Mr. Mara responded I think there is a possibility that it will go up. We have seen a significant increase since the Newtown incident and all of the talk about federal legislation. The number of people applying for gun permits has increased dramatically.

Alderman Levasseur asked what was your full complement for this year?

Mr. Mara answered it is 210 right now but on Monday it will be 217. Currently, we have three open positions. The mayor has given us permission to fill two of them and the other position is the assistant chief position that we have not gotten approval for. Our approved complement is 227.

Alderman Levasseur asked what about the civilians? Do you have vacancies on the civilian side also? My understanding is there were three terminations. Were those filled or did you leave them unfilled?

Mr. Mara replied what I can tell you is right now we have 6 vacancies out of a total of 64.

Alderman Levasseur asked is that six from this year or is that carry over?

Mr. Mara answered there are six right now.

Alderman Levasseur asked okay so you are at 217 and you have had two approved. Are you going to be at 220 officers for the FY14 budget?

Mr. Mara responded we plan on being at 221 but keep in mind that one of them is in the military and is away. So 220 that will be a combination between City funded and grants.

Alderman Levasseur asked what about on the civilian side? What is your FY14 complement going to be?

Mr. Mara replied we are going to have to keep two dispatchers open, one transcriptionist and an administrative assistant.

Alderman Levasseur asked so you are going to go from 64 to 66?

Mr. Mara responded we have to have three vacant in our budget. Keep in mind that our civilian staff is…we are a skeleton crew as far as that goes.

Alderman Levasseur asked do you see a surplus at the end of this year?

Mr. Mara currently we are projecting $120,000. We can't anticipate some things. For instance, if there is a murder or something significant happens we might have a bump in our overtime that will affect that. With the vacancies and when we are hiring these officers we anticipate having a significant surplus.

Alderman Levasseur asked if you keep these positions unfilled for 10 more weeks do you know what that number would be? Well it doesn't matter because you already hired them right? What about the other two? Are they going to be hired in this year's budget?

Mayor Gatsas stated it will take them at least three or four months to hire those two.

Alderman Levasseur asked are you saying 220 without the 2 that have been approved.

Mr. Mara replied no, that 220 includes the 2 that have been approved.

Alderman Levasseur responded so the $120,000 that you are talking about for a surplus now doesn't anticipate getting those 2 before the 10 weeks are up correct?

Mr. Mara replied correct.

Alderman Levasseur asked Mr. Sanders, is that $120,000 in your $890,000?

Mr. Sanders responded yes. I believe that was the last forecast.

Alderman Levasseur asked so it is not necessarily a big issue to have a hiring freeze because you are not going to get anyone in the next 10 weeks anyway right?

Mr. Mara replied no, and if we did we anticipate having them start at the beginning of the next fiscal year.

Alderman Levasseur asked of the 217 this year, does that include the 3 from the grant?

Mr. Mara answered yes.

Alderman Levasseur stated so there are really four. Are those four new positions or are they just filling in for retirements?

Mr. Mara responded they are filling in for retirements.

Alderman Levasseur asked so you really haven't added any new police officers?

Mr. Mara answered with the concessions made and with what happened we are at 220 and that is what we are planning on for the next fiscal year.

Alderman Shea stated in Washington there is a moving target and the moving target concerns the weapons ban. Under one of the proposals there may be additional money for school safety. If that were the case are you eligible to apply to the federal government? In other words if they are going to vote for anything they will probably vote to put more safety officers in the schools so my question is how would that impact your department?

Mr. Mara responded the current mandate we are under from the board, if it was a grant that didn't deal with matching funds, if it was just a straight grant we would certainly take a really good look at that. In my opinion as chief, anything like that I would definitely want to get input from the board and the school officials before I made a decision on whether or not we would apply for anything like that.

Alderman Shea stated I know that we do provide school resource officers but if they were to pass something that may be money that would not necessarily be grant money but money that they would be willing to give the police department to upgrade whatever safety measures they could provide for the school children. Again, I am just using this as a discussion point.

Mr. Mara replied we get notification of new grants and we look at everything and if we think it will help we will certainly pursue that.

Alderman Corriveau asked Chief, how many grant positions will there be in FY14?

Mr. Mara answered there will be 16 total.

Alderman Corriveau asked do any of those expire the following year?

Mr. Mara replied no.

Mr. Hoeft stated FY15.

Mayor Gatsas stated that is when the big bite comes.

Alderman Corriveau asked in terms of any of those grant positions or any of the state or federal money that you receive, will you be experiencing any impact form sequestration?

Mr. Mara answered I was just in contact with our congressional offices and have been getting answers. The way the letter was written to us where they put us on notice, I believe…

Alderman Corriveau interjected who put you on notice?

Mr. Mara replied the COPS program. At this time, I feel comfortable saying and we have talked about this and I have tried to get answers but current grants that we have already been awarded are safe. Where this is going to impact us is going to be the JAG grant. It is a grant that comes out and we use it for equipment and overtime. I believe that is where the sequestration could have an affect but we have to wait like everybody else.

Alderman Corriveau asked so in terms of equipment purchases…how would sequestration impact that? Do they offer rebates back to you?

Mr. Mara stated a lot of the equipment we get is paid for by these grants. It is for items that we don't have in our budget that we feel are essential. We depend on those grants every year to get those things.

Alderman Corriveau stated in the written response to the questions you said to pay severance costs you would not be able to fill current and future vacancies. Are the future and current vacations you are referring to the five sworn and three civilian anticipated retirements? Those would not be filled?

Mr. Mara answered when I say they wouldn't be filled, if severance was in our budget we would have to absorb the cost for the severance pay and the $13,000 and by the time we did that depending on when they retire because most people don't retire at the beginning of the fiscal year but we would not be able to absorb those costs in the salary line so we would have to leave them open.

Alderman Corriveau asked how many would that be as of right now?

Chief Mara replied our projection is seven positions. It all depends on when they retire and what their severance is and how much time we have to make it up in FY14.

Alderman Corriveau stated my final question is I see a $17,100 drop in revenues but you also mentioned gun permit revenues are going up and we have the second hand dealers ordinance so how did we see a decrease? That is not a huge number but why is there a $17,100 drop?

Mr. Mara responded the state mandates $10 for a gun permit. If we could have an increase for gun permits they could go up two fold and it is really not going to have an impact on our revenues. If you look at the amount of time and effort it takes to investigate one of those, it really hampers us.

Alderman Craig stated you mentioned there is an increase in the court overtime. What is causing that?

Mr. Mara replied we track all of our overtime. Any time somebody has overtime they put in an overtime card. We have court cards and then we have stickers that we put on the cards for different overtime and we track it. Every week I take a look at our overtime and we try to figure out what it is and why court is going up. We look to see if there is a corresponding amount of enforcement, if we are making more arrests, or are we giving our more summonses. Sometimes we just can't figure out why. A lot of times what happens is people have had raises and their overtime rates go up but that still doesn't explain everything. We really don't understand why it is going up. It could be more people pleading not guilty and going to trial.

Alderman Craig responded so you are tracking it but the data is not showing us why?

Mr. Mara answered yes. We do have a court overtime reduction process. We have two prosecutors and what happens before every arraignment is everybody who pleads not guilty we talk to them and we try to get pleas then. Another thing we started is the summons mediation program. If you got a summons for speeding, you would send your summons into DMV and DMV would send you a court date. What we started doing 10 years ago is now DMV will send the information to the court and the court will send out a letter and invite them to mediation. We are able to clear a lot of those cases by doing negotiated dispositions. We save tens of thousands of dollars that way. We also have a very, very robust community service program where we offer people community service for certain offenses and we are able to cut down cases that way as well. We are always looking for ways to try to cut down court time.

Alderman Craig replied that is great but I am not understanding the overtime. What I read is that courts are not open as much as they used to be. Is it a matter of police officers not being notified in time?

Mr. Mara stated district court is open and hasn't changed their hours; maybe superior or civil court but not criminal court.

Alderman O'Neil stated Chief, you weren't up here for this discussion but I said we would go to a discussion about the assistant chief's position. Have you requested the mayor to fill it?

Mr. Mara answered no, I didn't and the reason is because the mayor and I have had discussions about it.

Mayor Gatsas stated well the request is in and we have had discussions about it.

Alderman O'Neil stated I know that you and I, Chief, early on talked about it and you wanted to see where the budget went. It is your full intention to hire an assistant chief correct?

Mr. Mara replied the way our organization was restructured, we eliminated two deputy chief positions so you have the chief, the assistant chief and six captains. Each captain is in charge of a division. So to have the chief oversee everything…I am not saying I am not up for the task but I am saying that things can fall through the cracks.

Alderman O'Neil asked so in the interim it is okay but not too far down the road that needs to get authorized so that you can fill that position correct?

Mr. Mara answered it is necessary.

Alderman O'Neil stated well, sooner rather than later, Your Honor, you should approve that position. He does have some very capable captains but at some point the system is going to break. The structure that the Chief set up when he gave up two deputy positions was to have that assistant chief position and I hope at some point that can get filled.

Alderman Long stated from what I am understanding ICE has picked up their operations in Manchester. Do we supply officers for those operations?

Mr. Mara replied we don't supply officers. They notify us. We are not part of the investigation but if they say hey we are going to be at this address, depending on the circumstances we will send an officer but our officers are not part of that operation. We are not in the planning or the enforcement.

Alderman Long asked so as a courtesy, we send an officer?

Mr. Mara answered yes, just like we would do if any other agencies like the US Marshall going to look for a fugitive or if DEA was going to look for somebody. It is our City and we want to have a presence.

Alderman Long asked and there is no reimbursement?

Mr. Mara answered no.

Alderman Long asked is there any other initiative like FBI or what have you that we are required to have officers available or is just a matter of courtesy that we do that?

Mr. Mara replied it actually goes the other way. We are usually involved in task forces where we have an officer on a task force. The federal agencies actually bring a lot more resources into the City than we expend helping them so we actually make out in the deal. We get a lot more law enforcement in our city due to our cooperation with federal law enforcement.

Alderman Shea stated I will say the same thing to you ,as I said to Leon; we are not here to micromanage your department. We have full confidence in you. You do an excellent job in my opinion as do all of the officers on the force. When you feel that you need to hire the assistant chief, I will be happy to support that. That is my thinking regarding all of the department heads. We pay you a very good salary and you all do a wonderful job and I want to thank you.

Public Works

Kevin Sheppard, Public Works Director, stated we appreciate you having us here tonight and if it is okay with you we will shorten our 40 minute presentation and just hit some bullet points. We can appreciate what the mayor has gone through in putting together his budget. I know the mayor worked very closely with us during his process. We had several meetings and they were good discussions but in the end we came up with a budget and we agreed to a budget with the mayor and we said there would be no layoffs. Alderman Craig asked us to respond to a number of questions and we have responded. My plan was to just highlight a couple of items in my response. The first one being that we will keep an additional vacancy within our Parks Division and that is maintenance of the parks. I know that Alderman Ludwig, last year, had concerns about the additional vacancy because we need to maintain our parks. The second item I wanted to bring up is obviously severance. Everyone has been talking about that. This year we had about 11 retirements. We have over 30 employees over the age of 60 right now working on the streets of Manchester or in different areas of the Highway Department. We have approximately 51 employees across Public Works and 38 within Highway that are eligible for retirement. The 38 within Highway…the liability on those meaning severance payouts is over $1 million potentially. I am not saying all of those people are going to leave this coming year. The projection I gave to Alderman Craig was 11

employees, which is similar to this year. Beyond severance, we will continue to maintain some unfunded positions. As the mayor noted, we worked closely with him in managing our vacancies. We do send requests down to the mayor and we meet and discuss vacancies and he approves the positions that he feels should be filled. We manage our salary line item. We don't actually budget a full complement for the Highway Division. What we do is short our Highway Division salary line item by about $300,000 because we know we are going to have vacancies throughout the year. We know we are going to have some retirements and there is going to be time between positions. So when position A retires we know it is going to be two weeks to two months to fill that position so we don't budget for that. We learned that many years ago. Beyond severance, which has been discussed at length tonight we are concerned and I know the mayor is concerned as well about the roads and the condition of the streets in Manchester. We need to start doing something with the streets. Again, I understand what the mayor and aldermen have been up against in the budget. I am sure when times turn around or should certain things happen up in Concord that may help us in the future to take care of our streets. Touching really quick on revenues, at our drop-off, we have seen our revenues go down over 20%. That started a few years ago when we started taking bulky waste free of charge. Due to the arsons throughout the city, the BMA chose to start allowing people to bring bulky waste to our drop-off. It is about $70,000 in revenue that we have lost in the past couple of years and I believe a majority of that is due to allowing people to bring bulky waste there for free. Trash metering, which is very similar to a pay-as-you-throw program is an idea we are looking at. We have had discussions with a company, Waste Zero, that implements programs like this. This is an idea where you give back to residents. I have talked to the mayor in the past about this where people buy bags for their trash but they actually receive rebates throughout the year. Another area we are looking at is defining who our customers are. Right now, in the city, if you put your trash at the curb, if any restaurant or any commercial business or anybody puts their trash at the curb, we will pick it up. We have apartment buildings with over 60 units putting their trash at the curb and we pick it up. Our recommendation is to start defining who our customers are. You have heard the assessors talk tonight and they define commercial as 4 plus units. I took a quick look at 5 plus units and if we said we were going to limit pick up to 5 units and under it could potentially save the City over $500,000 in solid waste costs. That is a rough number based on the information we have. In the future, we have stormwater costs that we are really concerned about. The EPA has recently come out with what they call a phase II of the MPDS stormwater program. In the past five years we went through phase I. In phase II they are putting through something that they call total maximum daily load on a lot of ponds and streams throughout the state. In Manchester we see this as a potential impact of a few million dollars. In the past we brought a stormwater utility

charge forward to the BMA and at that time they were not interested but I am sure we will be coming back to the board to discuss this phase II stormwater permit. This draft permit came out in February. We are currently reviewing it and I have plans to sit down with the mayor to talk about and I am sure I will be back to talk to the aldermen. Our next step is to comment on it back to EPA. We are going to be meeting with NHDES soon but we have grave concerns as to what the impact of that is going to be on the City of Manchester. Real quickly, I know that Alderman Levasseur asked what departments are doing to save money. As part of our consolidation, under the Public Works building, we have moved three administration offices into one. We have been able to save money in our administrative division. We have eliminated some positions because of that reorganization. We have taken a look at our building technicians. Highway used to have building technicians and Parks had building technicians and Facilities has building technicians. Now we are trying to get them to work together. As I said in my letter we are always looking at ways to reduce costs and create efficiencies. If you noticed over the past winter we started putting salt brine on the roads before winter storms. Although that is not necessarily a cost savings, we feel it has increased the safety of the traveling public. What the brine does is it starts melting the snow and ice as soon as it starts coming down. Typically our men are not out on the roads until about 30 minutes after we start getting accumulation. What that brine does if you have noticed it on the main roads, is it actually starts melting that. It starts melting that snow keeping the roads safer until we can get the salt down. The vehicle storage building; I know the mayor and board were big supporters of that. That has helped us increase the safety and efficiency of our crews. We are getting our crews on the road a lot sooner. Asset management is another thing we are taking a look at. We are working with our environmental protection division to implement an asset management program. Asset management will allow us to better track our costs. You heard the Fleet Manager, Wes Anderson, talk about the program that he is looking at. We are able to track our costs but we believe an asset management system will allow us to better track those costs and define our costs and see where our money is being spent. This will help us to plan for the future.

Alderman O'Neil stated you mentioned keeping a vacant position in parks open. How many people are assigned currently or what should the total complement be at parks?

Mr. Sheppard replied if you are talking about the fields, I believe there are 11 recreational maintenance workers. There are four current vacancies and we would have to keep an additional vacancy beyond that.

Alderman O'Neil asked so there would be five vacancies?

Mr. Sheppard answered correct.

Alderman O'Neil stated on the severance you mentioned that you had 11 retirements in this fiscal year or to date and if you had to guess there could be 11 more in FY14. Any idea what that number equates to?

Mr. Sheppard replied this year it was about $318,000 for those 11 plus the $13,000 that came out of our budget. I apologize for not introducing Don Pinard who is our BSO. He has been here with us every year. He is telling me that he has heard that two additional people may be going this year as well.

Alderman O'Neil asked so are we thinking $400,000 will be the number for Public Works then?

Mr. Sheppard responded I would say about $360,000 or $370,000.

Alderman O'Neil stated on the revenue side you mentioned bulky items. In your opinion do you think by doing that the city is cleaner?

Mr. Sheppard responded I believe so. Do I believe that some people take advantage of it? Yes. Do I think it helps keep the alleys clean, which potentially reduces arsons? Yes.

Alderman O'Neil responded so the bulky items are not just white goods. It could be couches, etc. Does it include white goods?

Mr. Sheppard replied no.

Alderman O'Neil asked is there any data on the brine treatment? I did see it and to be honest with you the first time I saw it I said to myself boy a garbage truck is leaking or something and it wasn't until the next storm that I saw the truck out on Mammoth Road. Do you have any data on what the cost is to do that and what you may be saving on salt or the operation of having to have drivers go out early?

Mr. Sheppard answered we don't have much information. I know there are a lot of people that say putting brine down will save you some money. I think what it does more than saves money is it buys us some time to get the salt down and keeps the roads safer until we get the salt down.

Alderman O'Neil asked is it costing us any more money?

Mr. Sheppard responded typically it is done on straight time. We do not want to put it down before 24 hours before a storm so if it is a Sunday storm we will have a truck come in for about eight hours on Saturday to do it so that would be overtime.

Alderman O'Neil asked is that driver one less driver that you have to use on salting then?

Mr. Sheppard answered no, but it is an inexpensive treatment. I think Tim knows the cost.

Mr. Timothy Clougherty, Deputy Public Works Director, stated it is $500 or $600 for the material and the overtime of eight hours is really inconsequential.

Mayor Gatsas asked how many miles does the material cover?

Mr. Clougherty answered on one application we do about 90 miles, which is all of the main arteries. That is the one trip. It is really not the material cost it is the time it takes to put it down.

Alderman O'Neil asked regarding asset management you are not asking for funding in this budget correct?

Mr. Sheppard replied correct. We have been lucky to work with our environmental protection division to help cover some of those costs.

Alderman Craig asked do you have a surplus for this year?

Mr. Sheppard answered at this point, I am not prepared to answer that. We did use most of our winter budget but we are talking a look at Parks. Some of their plowing this past winter was straight time versus overtime. Also, we have been keeping some positions vacant. We believe that the next time we report to Bill we will be reporting a surplus. We definitely won’t be reporting a shortfall.

Alderman Craig stated you requested $1 million from CIP for roadways but there is nothing in the budget. What is the source of that right-of-way rehabilitation program? Is that money that usually comes from the state?

Mr. Sheppard responded the right-of-way reconstruction is typically a City bond or City cash. I do know that we have about $500,000 in our revenue, which is part of the car registration fee. The Tax Office does collect money that used to fund that but that funding was taken away from resurfacing and my assumption was that it was put in as part of the operating budget.

Alderman Craig replied so where did the $1.5 million that was allocated this year come from?

Mayor Gatsas answered the MER account. We bonded it. We put off the purchase of vehicles. I think we only had $750,000 for purchases.

Alderman Craig asked so in your budget we don't have any money…

Mr. Sheppard interjected the mayor put in some money for CDBG street reconstruction. I believe it is roughly $200,000.

Mayor Gatsas stated $235,000.

Mr. Sheppard stated we plan on doing some work for Water Works this year and it may not be the streets we prefer to reconstruct or pave but we will be doing some work for EPD as well this year.

Alderman Craig stated you mentioned that there are some line items within Parks that are going to have to be reduced. Can you tell us what those are?

Mr. Sheppard responded we haven't gone through specifically but we will be taking a look at items like fertilizer and potentially holding off on hiring a temp for a week. Once we get our final budget and we take a look at where we ended up this year, it will help us figure out which line items we will have to cut.

Alderman Craig stated the last item you mentioned was regarding the pay-as-you-throw and defining our customers. I am happy to hear that you put a dollar figure with that because we have talked about it a number of times but we haven't been able to quantify what the savings are. If you can do that, I think we should have a solid waste committee meeting and address that and talk about the other items you have here including whether or not we need to change the policy and start charging for materials brought to the drop-off. We may be at a point now where we tried this but maybe we need to go back to how it was and how are other communities are doing it.

Mr. Sheppard responded the other option we considered is to have them pay for collection at the curb but at the drop-off it is free.

Mayor Gatsas stated Kevin and I had a conversation about that and we were talking about $30,000 or $40,000 a year in revenue if we swap that around. That makes more sense.

Alderman O'Neil asked are you in a position tonight to talk about school chargebacks as it relates to Facilities or Parks? Have you been given numbers from the school district?

Mr. Sheppard answered we have and they are the number that the mayor has in his budget. We feel comfortable with those numbers at this time.

Alderman Craig stated there has been discussion about whether or not the City should switch to vehicles similar to what Pinard uses, which are automated garbage trucks. Is there a way to tell us what your recommendation for that is? Obviously there would be a huge cost for the vehicles but would there be a savings going forward if we were to make a change like that?

Mr. Sheppard replied I know Alderman Roy asked that question before and we brought some information forward. One of the things is it would be a major change in the way that we deal with solid waste, not only for our operations but the bottom line is everybody in the city would be required to put everything curbside in a container. As you drive around the city right now, you see how things are put at the curb. If we go curbside with carts, that would be the requirement. I can bring that forward but to me that would be a major change and I would need the support of the Board of Mayor and Aldermen to support that.

Alderman Ludwig asked Kevin, in the Parks general fund, you said how many positions were vacant? Five?

Mr. Sheppard answered right now we have six.

Alderman Ludwig asked what is the complement now at Parks?

Mr. Sheppard replied 42 plus the 6.

Alderman Ludwig responded there are 42 people in the general fund? There can't be.

Mr. Sheppard stated I would have to look at the breakdown.

Alderman Ludwig asked how many vacancies are there in the recreation division?

Mr. Sheppard answered all of the vacancies are in the general fund.

Alderman Ludwig stated Alderman Craig asked about temporary help. I am totally confused. As far as I am concerned, at this point, whether the truck is green or orange if the work is getting done, in the places it is supposed to get done, I am good with that. I would like to know when highway people are working for parks or vice versa, are they being charged to parks or to highway?

Mr. Sheppard responded it depends on whether it is the enterprise.

Alderman Ludwig replied well, let's say they are working on the golf course.

Mr. Sheppard stated typically we would charge the enterprise for the cost.

Alderman Ludwig stated my question then would be why wouldn't it be more prudent to bring in temporary help at $12.00 an hour than charge highway people to work on the golf course?

Mr. Donald Pinard, Business Services Officer, answered the only work we would do on the golf course would be cart paths and stuff like that.

Alderman Ludwig replied right and brush clearing and I am happy it is being done, but I want to make sure that we are not inflating the price of golf by putting a more expensive

highway worker over there when we can put a $12.00 an hour temporary employee over there.

Mr. Sheppard answered the Highway Division gives the enterprise a good rate when we send people over there.

Alderman Ludwig stated well, to me the best bargain is temporary help. You can use them anywhere you want and send them home when you want and send them home when it rains and the mayor has reduced that line item by $18,000. To me, that is the best bang for your buck you can get.

Mayor Gatsas stated I didn't reduce that line item. The reduction came from the department.

Alderman Ludwig replied it says recommended.

Mayor Gatsas responded that is what they recommended to me. I didn't get into those line items. I only looked at the gross numbers.

Alderman Ludwig stated well that to me just seems…you know the snow is gone and places always look lousy this time of year including my own yard. I just think they are a good bang for your buck and I don't understand why we would shortchange that line item. I don't get that. In the parks as well, I have to ask but there is a 25% increase in the salt line item?

Mr. Sheppard replied we started moving away from sand in schools and moved towards salt.

Alderman Ludwig asked straight salt, as in not mixed?

Mr. Sheppard answered correct. We have seen that it is a lot easier to clean up and it removes the ice quicker and it is safer for the children.

Alderman Shea stated Kevin, you have four hats and you are doing a great job. I have a few questions, and I guess other aldermen may have received calls, about the recycling carts being out. Is there any way that people can get them or is there some talk about getting more money for them?

Mr. Sheppard responded we are out of our blue recycling carts. One thing that I would like to take a look at is if we do have any budget balance, whether we can buy recycling carts or the money goes into the general fund. We have over 200 residents right now waiting for the blue carts and they cannot recycle because they need a blue cart. It isn't like they can buy a Tupperware bin and put it out there because it will not be picked up.

Alderman Shea asked let's say someone moved from a residence, do they take the cart with them or leave it?

Mr. Sheppard answered no, they shouldn't be taking them. The recycling carts are tied to the address and I know it doesn't always happen but they are supposed to be kept at the address.

Alderman Shea asked how much are we going to be allowed for new paving in our wards? I know that Bobby Roy will be coming around pretty soon and we have to make decisions.

Mr. Sheppard responded I wish I could say that we are going to have a lot of money but there is not much funding. We do have some balances from last year and whatever was left in the ward is what we will be coming out with. There is no new money for paving.

Alderman Shea asked so you will let us know how much each ward will get?

Mr. Sheppard answered yes.

Alderman Shea stated well as long as it is even that is fine.

Alderman Levasseur stated I will say something and maybe it is provocative but I would support mandatory carts for every single home in the city whether it is four units or less or whatever you want and I would also actually mandate that they pay for them themselves. I just bought two for my house and I can't imagine that anybody wouldn't want one of these things. They are warrantied for 10 years. If a wheel falls off or anything breaks, you bring it to the drop-off and they either fix it or give you another one. The price, compared to just buying something at Home Depot, is cheap. I don't know what we have to do, as a board, and I don't know if there is a political will or everybody is going to wait until after the election, but it seems to be that it is a no brainer for a lot of reasons. First of all, I am appalled that I drive up on Union Street and I see small garbage cans with bags hanging out of them and bags on the side. That is our beautiful north end.

If you come down south it is carts everywhere around our historic district and we have great pick up. It saves so much time and I am sure it saves on back injuries. With the efficiencies that we have and the machines that we have right now, I can't believe we aren't hearing more from your employees about the fact that they have to get out and pick those things up. I don't know why there isn't a rush to support this. This is just a no brainer to me. I don't see what is provocative about a $50…what is the cost for a big green cart?

Mr. Sheppard responded the small one is $47 and the large one is $60.

Alderman Levasseur stated the larger one is the better deal and I bought two. Just from the ease of use especially if you have a long driveway or if you want to keep animals out…I don't know if it is a support issue here. Landlords should have to have them. If you have a three story apartment building and you have tenants coming out they can put their garbage in there. Recycling carts, I can wait on making that mandatory for a while but I would very much like to see, actually, I would make that mandatory too. Every house in the city of Manchester should have to have one. Let me ask you mayor, what is their surplus going to be?

Mayor Gatsas replied I think they are going to come in somewhere around $175,000.

Alderman Levasseur asked is that number included in that $890,000 Mr. Sanders?

Mr. Sanders answered no.

Alderman Levasseur stated well I am serious that whatever you turn in it would be a good idea to take some of it and buy some more blue carts. I get the calls and I am sure Alderman O'Neil does too. People have the small ones and they would really like the bigger ones. It is almost like you need two of the recycling carts for one green one for the amount of stuff that you can recycle especially if you are doing cardboard. That is something I would like to see the board do, allocate some of the surplus money from Highway to purchasing more blue carts. I would also like to see the number go up for the 50/50 sidewalk program. I think that number was cut. I don't remember what it was last year. Did you make the number the same?

Mayor Gatsas responded it is less because we bonded the 50/50 last year and this year we used funds from CDBG.

Mr. Sheppard stated but we do have a balance from last year. The mayor gave us money from CDBG and we will have adequate funds.

Alderman Levasseur asked as far as that goes, and if people are watching or will watch at a later time, has the application process already started or is it done?

Mr. Sheppard answered the application process is actually year round. They can apply through the City Clerk's Office and then it comes to the Board of Mayor and Aldermen and then to us. We send people a free estimate. If they chose to become part of the program they come to the Highway Department to pay. If they don't want to be part of the program they can just take the estimate and keep it.

Alderman Levasseur asked how many people do you have on the list right now?

Mr. Sheppard answered I am not sure.

Alderman Levasseur asked do you have more than enough for the funds that you have?

Mr. Sheppard replied yes, we have a pretty accurate list. It is a very active program and we probably spend close to $100,000 year in City money on the program so close to $200,000 a year throughout the city doing sidewalks.

Mayor Gatsas stated quickly, we had funds that were left over from the Biron Street Bridge project that we did. Kevin and I met with DOT and he agreed that he will allow us to move that to another project in the city that we were working on that we didn't have funds for. That is the bridge that is over by the post office on Goffs Falls Road. They will be embarking on that project this year. We just need to talk to the DOT commissioner to allow us to use our in kind portion to make up the difference of what we need to do on the bridge.

Alderman Levasseur stated I have one more question concerning the roads. Are you anticipating doing any paving at all this year? Do you have an amount of money or a list of actual roads that you will be paving? A while ago you got everyone out of the way and did your own priority list. Can you tell us what might be done this year? I know Bridge Street is really rough.

Mr. Sheppard answered we have taken a look at a section of Huse Road, a section of Union Street, and a section of Goffs Falls Road. I forget what else.

Alderman Levasseur asked is there money in your budget for that?

Mr. Sheppard replied there is a balance from last year's CIP.

Alderman Levasseur asked do you know how many miles you are going to be able to get done?

Mr. Sheppard responded I don't have that number.

Mayor Gatsas stated if we can get the lawsuit out of the way regarding degradation funds, we will end up with $1.2 million for roads. I would hope that at some point our experts go up and win the case for us.

Alderman Levasseur asked are you anticipating getting this done for the summer?

Mayor Gatsas answered I am not anticipating anything. The only anticipation I have is that rather than allowing Water Works to go out, they have been very considerate of using the Highway Department. They use to use RH White for their paving and they are now using the Highway Department, which gets them probably a little bit of a better rate and also gets us an opportunity for revenue to be able to go out and do some other roads. We are also working with EPD because they open up roads and are now using Highway Department to do the paving. As Kevin said earlier, it might not necessarily be a road that we are looking to do but we might as well do it and get the revenues from it if the opportunity is there and he has people who can do the work.

Alderman Levasseur asked prior to the first time we bonded for roads, what was the annual amount that we put in the budget?

Mayor Gatsas stated I think it was $500,000 that I put in my first budget.

Mr. Sheppard replied it would go from $500,000 to $1.5 million. It all depended on the year. I know the mayor has put together a couple of CIP budgets with large sums of money for the streets.

Alderman Levasseur responded how much do we know for a fact that we have without the lawsuit?

Mayor Gatsas answered $235,000.

Alderman O'Neil stated this might be for Peter but I know there has been some discussion about school parking lots and you and I talked about it a few weeks ago. Are we going to attempt to do the paving in-house for those?

Mr. Sheppard responded we have taken a look at our upcoming schedule because we have some sewer work scheduled and we are looking at the water trenches. We have done some test pits recently and we are actually looking at reclaiming streets versus grinding so I believe we are going to allow the School District to go out to bid for that work. Our schedule is pretty full.

Alderman O'Neil asked so you are not going to look for that revenue even if it meant paving on a Saturday?

Mr. Sheppard answered I can more than guarantee you that we are going to make up that revenue with the work for EPD and Water Works that we are going to be doing in that same time period. It would have been about $100,000 in revenue.

Alderman O'Neil asked on the parks enterprise that Alderman Ludwig brought up, especially Derryfield, are we charging them $1.00 for $1.00 when we do work? We have a period of time between coming off winter operations and spring time operations.

Mr. Sheppard replied because it is within our department and I probably shouldn’t say this with Bill Sanders around but we are not charging them.

Alderman O'Neil stated well, we can’t make the parks enterprise worse.

Mr. Sheppard responded right. We typically charge the enterprise for the materials but not the labor.

Alderman O'Neil stated that is fine. That is one thing that continues to come up on our external audit is the comments about the parks enterprise. I appreciate the efforts in helping out. As long as we are not charging to run down the money in the parks enterprise.

Mr. Sheppard stated the parks enterprise is actually doing very well again this year. We have seen another decrease in the difference between revenues and operating expenses so it is going in the right direction.

Alderman O'Neil asked on the 50/50 sidewalk program, you mentioned CDBG grants. That funding source can't be used in a good portion of the city so we shouldn't let the public think that there is a lot of money out there. It is restricted as far as where it can be used.

Mr. Sheppard answered well; we have a balance from last year, as well, of $50,000. So we are going to have to have two programs. Within the CDBG area you would probably be amazed if you saw a map that showed that area because it is actually quite a large area. We will have two programs, one with the CDBG area and one outside of it.

Alderman O'Neil asked and how much is in CDBG?

Mr. Sheppard answered it is $75,000.

Alderman O'Neil asked is that first come, first served correct? Whoever gets the estimate and turns the check in first, their match gets on the schedule?

Mr. Sheppard replied correct. Thankfully, we haven't had to turn people away in the past few years.

Mayor Gatsas stated we have taken a look at Gill Stadium and that $1,800 surcharge at 8:00 p.m. as soon as you put the lights on. We are looking to see what it would cost to run the wiring from Gill Stadium to JFK because PSNH is telling me that there would not be a surcharge if that is done. The initial estimates we were hearing were $10,000 to $15,000. Certainly that looks like it would pay for itself probably in two months. That is something we are going to look to get done.

Alderman O'Neil stated we should do that at a few other places too.

Alderman Ludwig stated there is a smart meter at Gill Stadium.

Mayor Gatsas responded well at 8:00 p.m. there is a $1,800 surcharge.

Alderman Ludwig stated except on weekends and holidays.

Mayor Gatsas stated if you rewire all to JFK…

Alderman Ludwig interjected then you will have the school district complaining that you are cheating them again.

Mayor Gatsas stated I hear what you are saying but the complaint is that they will make it up because they are the ones complaining along with the legion baseball and everyone else. We will take a look at it and see what the cost is.

Alderman O'Neil asked are we going to look at any other facilities?

Mayor Gatsas answered I don't have a problem looking at any other facilities if there is a way we can rewire them somewhere. The only other surcharge I heard about was at North Little League. I don't know where that could be hooked up.

Alderman O'Neil replied I would like to see us look at all places. We need to get it so we are not paying a surcharge.

Mayor Gatsas stated the other thing is the mobile home park on Huse Road. We have worked with Alderman Katsiantonis and Kevin and they are looking at installing water and sewer throughout that park. They are paying an awful charge but we can't do it all. Kevin doesn't want to go in there and EPD doesn't want to go in there because of the ledge and everything else that might be in there but we are going to help them with the hookup. That is another revenue source we will be looking at doing so the park can move forward. They are very grateful because they were looking at about $300,000 for that hookup. I think Kevin has come up with a number of $160,000 or $175,000, which is good for them and they are happy.

Mr. Sheppard stated EPD has funding for sewer maintenance and that should have probably been run as part of the Cohas project when that went through but the park was not ready to install it. Highway crews will probably be doing the work and bill EPD for it.

Alderman Ludwig stated I am on page 95.

Mr. Sheppard replied I don't have a copy of that book. Is it Parks or Highway?

Alderman Ludwig stated it is cemetery revenue. I have a couple of questions; 4273 is that a cumulative of all of those numbers? What the heck is that?

Mr. Sheppard responded that is a good question because that is a revenue that I know Tim and I at one time said the description sounds very strange and the revenue seems very high based on that description.

Alderman Ludwig asked are you sure that wasn't a one-time thing or something unless it is a cumulative total of everything they do?

Mr. Sheppard stated that is burials. That is what Peter is saying.

Mayor Gatsas stated it says burials.

Mr. Sheppard stated it looks like what they did is you can see two burial line items there and it looks like they consolidated them into one line item. The other lines don't have any revenue in them.

Alderman Ludwig responded right because I don't see anything there. So that is just labeled incorrectly?

Mr. Sheppard replied yes.

Alderman Ludwig stated my next question is seven or eight years ago there was a pretty good study done about some improvements that can be made within the mausoleum that are related to outside column barium niches. I am looking at these numbers and they are pretty flat and I look at the newspaper every day and I see a lot of people being buried. To me, the trend seven years ago was we were trying to move towards more niche burials and cremains. I don't think there is anything to offer at Pine Grove, in terms of sales, and if the department came forward I am sure the mayor would be happy because whenever he sees an opportunity to fund a capital improvement that brings him back money. Plus, I think Pine Grove is beautiful but if there is nothing to sell, other than space, which people aren't necessarily interested in today…I am looking at mausoleum West Minister. If you go in, you will see that is a four-unit vault. Nobody lives with anybody long enough to buy four-unit lots anymore. They don't do it. Divide it up into four single and sell them. There are other things in there. So there is some structuring that can be done at the mausoleum. The biggest money maker is going outside and I believe there is a plan for it that says go in to phase I and put up what looks like a night deposit vault and you sell

these things like crazy and all you have to do is wash them off with a hose. It doesn't take any more people or any more work.

Mayor Gatsas stated well, I think the department head that was there previously brought it to the alderman that was sitting in that seat previously and we had those discussions. The report showed that you could generate $300,000 or $400,000 a year in revenues.

Alderman Ludwig stated well it is there and I see what we take out of the trust fund and I don't really know where the money would go but…

Mr. Sheppard interjected we will revisit that. We are familiar with that.

Alderman Ludwig stated it is a no brainer really.

Mr. Sheppard responded I am not too sure. We would have to take a look at the capital costs. We will take another look at that. I know it is on Pete's checklist.

Alderman Ludwig stated I am sure that you could do the math and show the mayor that there are a few bucks to be made there.

Alderman Corriveau stated first I just wanted to dovetail all Aldermen Shea and Levasseur's questioning about carts and the possibility of making…I would certainly advocate making recycling carts mandatory. There is no reason that everybody in this city shouldn't be recycling. It saves us money. I have no idea if it is possible and I almost see it as a compromise between going the full route of pay-as-you-throw which I think a lot of people would be very upset about but if everyone is required to recycle, at least we might see some savings. I don't know if you thought that far ahead where you have done any planning with numbers saying this is how much it would cost to outfit every resident in the City with a recycling cart and if after this next 200 that are on the waiting list if they would have to pay. Has that been done at all or am I thinking way too far ahead?

Mr. Sheppard responded no, we have taken a look at recycling rates. We are always looking at our curbside collection and recycling rates. Obviously, if recycling continues there is the possibility that…typically we send out eight trucks plus a down truck on a daily basis for trash. If recycling continues to grow we are taking a look at a couple of options. One is going to seven trucks and another is going to two man trucks. We are looking at both of those options but as recycling increases we are going to see a

reasonably corresponding decrease in solid waste. That, along with maybe defining our customers, will create some operational savings. We did purchase the blue carts for everyone in the city and we would need probably another $700,000 or $800,000 to give everyone a cart.

Alderman Corriveau asked from what I recall last year we used one time money to buy the carts correct?

Mr. Sheppard answered yes.

Alderman Corriveau asked how much money is in the one-time account right now?

Mr. Sanders answered about $3.5 million. I will have to check on that.

Alderman Corriveau stated Kevin, I was looking all over the place and couldn't find it but you mentioned that there is a $50,000 shortfall in pools and that $37,000 of it is going to be found but that may require cutting a week off of the City pool season. I wanted to ask for a little more detail about that. I couldn't really find any anywhere. Also, a couple of years ago when I was on the administration committee and Alderman Greazzo was talking about charging out of town people and that sort of thing, I remember we were asking Parks to really start thinking outside the box and emphasizing public/private partnerships because pools cost a lot of money and they are not used for very long. Have there been any efforts undertaken to go to Elliot Hospital or CMC and say, hey, you don't pay us taxes but give us $50,000 and help us pay for our pools and you will get a nice banner?

Mr. Peter Capano, Chief of Parks & Recreation Division, stated we haven't marketed the pools in that manner. We were open to discussions on meets at the Raco pool, which is a 50 yard pool and eight lanes wide and in the summertime it is valuable in that regard. Actually, compared to last year the inquiries we have had for meets this year is down. Beyond that the pricing is something that we have wrestled with a little bit as well.

Alderman Corriveau stated just to get back to pools in general, if we are not going to pursue partnerships with the private sector that is not my prerogative but what are we seeing…if we are continually looking at annual shortfalls in terms of operating pools I am just wondering if at some point we are going to have to start asking some very difficult questions like should we even be offering the pools. I am not saying we are there yet and I am not saying I would advocate that but I am concerned that every year or

two we are looking at pools and saying they are costing more and more money and we are looking at more and more shortfalls.

Mayor Gatsas stated there are a lot of kids in the city of Manchester that have no escape from the heat other than going down to Hunt's pool.

Alderman Corriveau replied I agree but I think this is a question that should be asked and grappled with.

Mr. Capano stated we did keep very close track of who was using our pools last year and the numbers on out of towners were very, very small; well below 5%.

Alderman Corriveau responded and I remember that from a couple of years ago. I didn't really think that was the issue but I am somewhat concerned that virtually every year we are seeing the costs go up and now we are being told well it is going to cost us another $50,000 but we won't be able to use them as much. I don't like trend.

Mr. Sheppard stated Alderman Ludwig and I have had many conversations about why our parks are there and why do we have a Parks & Rec division within the City. I guess he has gotten to me and I agree with him and I guess I always have but I think we need to provide recreation for our residents within the city. I don't believe we should be charging at the gate of a park. When I drive by Livingston and I see the children and adults playing soccer or playing on the playground, do we really want to start charging an admissions fee to be out there in a public space?

Alderman Corriveau replied I want to be very clear. I am not talking about charging people fees. I am talking about an issue where we are seeing a long-term trend in this particular aspect, pools, where it is costing more and more and now we are talking about using them less.

Mayor Gatsas stated let's not forget that the position we are in as a City, with the downshift that we have seen from Concord, and the shifting of CDBG funding from the federal government due to sequestration, and the HOME funds…look at this budget in a different light. If we didn't see $2.4 million come down in a downshift to the City budget, guess what? We would all be whole. There would be $1 million in the severance account. We wouldn't be worried about who is going to hire who.

Alderman Corriveau stated I completely agree with you but downshifting and sequestration aside, I am just asking…apparently nobody likes me asking this question and I am sorry but…

Alderman Craig interjected I don't think it is costing more for the pools; it is just that we haven't funded them to what they need.

Alderman Corriveau responded that might be the case. This is the first discussion we have had about this in a while where we are not talking about charging out of towners. I am just trying to figure out…

Mayor Gatsas interjected I would hope that the Parks Department can find $13,000 somewhere in their $3 million budget to not eliminate one week of pools. I think they can find $13,000 somewhere.

Alderman Corriveau stated I will move off that question. Kevin, I also wanted to compliment you because I think the idea of working with EPD and getting revenue for doing work for them is an excellent suggestion. I was kind of going along that route with Central Fleet saying, look, why aren't we doing markups for at least the enterprise funds so we can get some of that money over to our side of the ledger. I think it is real productive outside the box thinking. My final question is is there any impact on your end with sequestration?

Mr. Sheppard answered I don't anticipate any issues with sequestration for us. We don't typically receive any federal funds directly.

Alderman Corriveau stated so nobody from the state DOT has said the highway block grant is looking tough.

Mr. Sheppard replied well, we have seen the block grant go down about $300,000 over the past two years. Next year it is level funded. If the gas tax moves forward up in Concord, we will see that block grant go up again. Two years ago, because of downshifting, our block grant went down about $300,000. It went from $2 million to $1.7 million.

Alderman Corriveau asked so this year you anticipate it being level funded but if the gas tax passes there could be more money?

Mr. Sheppard answered yes, between $600,000 and $800,000 a year, for Manchester, I believe.

Mayor Gatsas stated it is a pretty big chunk.

Alderman Corriveau asked is that $600,000 a year or over 10 years?

Mayor Gatsas answered that is what they are talking about. I think it is $200,000 the first year and $400,000 the second and then it gets to $600,000 the third. It would start in 2014.

Alderman Corriveau asked so would that impact this coming budget.

Mayor Gatsas replied well, it has to pass first. I would hope that long before that passes we have a budget.

Alderman Corriveau asked but you said in year one it is $200,000?

Mayor Gatsas answered yes and then it goes to $400,000 and then to $600,000.

Alderman Corriveau asked so if we have our rose colored glasses or there is a possibility that $200,000 could be coming into the highway block grant and we could use that to pave more streets.

Mayor Gatsas responded correct.

Alderman O'Neil stated I have one final comment. We out of courtesy to some aldermen that couldn't be here tonight, we have a number of other departments but the three big departments are coming back next year. Let's not go through the same exercise with them again. They are just coming in as a courtesy to the aldermen who couldn't be here tonight. Let's not have them go through three or four hours of this again. If you have questions, pick up the phone and call them or send an e-mail.

Mayor Gatsas advised that this being a special meeting of the Board, no further business can be presented.

*On motion of **Alderman O'Neil**, duly seconded by **Alderman Corriveau**, it was voted to adjourn.*

A True Record. Attest.

City Clerk