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

April 15, 2013 **5:30 p.m.**

Mayor Gatsas called the meeting to order.

Mayor Gatsas called for Alderman Greazzo to introduce the students from Parker Varney Elementary School to lead us in the Pledge of Allegiance. Kelsey Shaughnessy, Sammy Walton, and Raven McCann. Thank you for joining us this evening.

Mayor Gatsas stated with the occurrences of this afternoon that was a pretty important pledge that the students led us in, and if we could keep our prayers and thoughts with the families at the Boston Marathon with the incidents that happened today, it would be greatly appreciated. I got a text from Alderman Craig, she is safe and with her family and returning.

The Clerk called the roll.

Present: Aldermen Ludwig, Long, Roy, Osborne, Corriveau, O'Neil, Levasseur, Shea, Katsiantonis, Shaw, Greazzo, Gamache, Arnold
Aldermen Shaw and Long arrived late

Absent: Aldermen Craig, Katsiantonis

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

Public Works
Police
Fire
Water Works
Senior Services
Tax Collector
Finance
City Clerk
Welfare
MTA
OYS
Information Systems

Public Works:

Mr. Kevin Sheppard, Public Works Director, stated I know for a majority of the board last week we did make a quick presentation and I did respond to Alderman Craig's and Alderman Long's request of information. I believe you all have that letter of my response. Beyond that, I guess the biggest thing I want to emphasize, and it was discussed at the last meeting, was severace. It is something that we're always taking a look at and this year's severance was about $300,000 at the Highway Department.

Alderman Roy stated thank you, Your Honor. Thanks for coming again, Kevin. Do you have a plan B, if you would, if there is no severance available next year as there was last year? And I don't know if that was discussed at the last meeting or no.

Mr. Sheppard responded I don't believe it was, not that I remember, but plan B would probably maintain vacancies as people leave positions so that we do have funding for severance. My biggest concern, obviously I think most department heads recognized in their response, if we have a retirement mid-June of 2014, it would be difficult to make up that severance in two weeks.

Alderman Roy stated before we had severance, which is just before I got on this board, the process was that the person would retire and if they were maxed out there would be about a half year you had to leave that position open. Is that correct?

Mr. Sheppard replied correct. A highway budget, as you know, is very weather dependent. So a lot of times it depended on how the winter was. This year our budget went over by a little bit during the winter months, but if we had a good winter then severance typically isn't an issue.

Alderman Roy asked if you had somebody retire and they were in a unique position, let me say I think at your department you have a position that's a surveyor that is a very unique position that needs certain qualfications and you have to have that person there. I understand how you need that position filled right away, and I believe that you need the other positions filled right away as well, but is there a possibility that you could weather the storm, let's say, a little bit better than the smaller departments, because some of the smaller departmnets

have that same situaiton you have where you'd have to put somebody in there right away? But even if that isn't someone with special qualifications, they don't have the staff to fill, whereas you may be able to do some overtime or something. Is that a possibility or am I dreaming? It isn't a good situation when you can't fill that position for six months. I think my questioning then, if you remember, was do you not need the job or does it affect services and we all knew it affected services. Would you be able to do something like that or is going to be really difficult?

Mr. Sheppard replied I understand your question and my first answer would be any position that we don't fill means it will potentially affect services depending upon the season that we're in. My biggest concern is during the winter months. Right now we're at very minimal staff for plow and winter operations. You noticed this past winter there were a couple of storms where refuse collection was delayed, that typically hasn't been the case, but again, my biggest concern is if we have a couple of winter storms in a row, this past winter that really didn't occur, we've got staffing for the first round, the first 24 hours of a winter storm. And if another winter storm comes in right after that, that's where my concern is, especially during the winter months. In the summer months, obviously we're in construction, we'd have to delay some work potentially, put off some work and get to it at a later time.

Alderman Roy stated thank you, Your Honor.

Alderman Arnold stated thank you very much, Your Honor and Kevin. Did you just say that you're at minimum operational levels with it comes to staffing for storms or did I mishear you?

Mr. Sheppard replied I consider us pretty tight when it comes to storms. It's all hands on deck at the Highway Department once we get a winter storm.

Alderman Arnold stated the prospect of delaying infrastructure projects I think is a major concern, but definitely when it comes to snow fall, and I agree with you, it's obviously very weather dependent. But are we talking about something more than delays in snow removal?

Mr. Sheppard replied it all comes down to the number of positions and the type of postions. It is tough to say right now. It would depend on the positions that are not funded or that we hold in vacancies. Our superintendent does a super job during winter operations. Like I said, it's all hands on deck, he goes through the highway division and then into our refuse to get personnel. This year we were able to work with the parks personnel as well, they've helped us during the Nemo storm that we received. So we continue to go deeper and deeper into our personnel to get out and plow. I'm not too sure I can answer that question completely without knowing how many additional vacancies we'd have to maintain.

Alderman Arnold responded I understand and I think very much it is a wait and see sort of thing, but we're taking an awfully big gamble. I appreciate your comments. Thank you.

Alderman Greazzo stated thank you, Your Honor. Mr. Sheppard, how much money have we saved on recycling in the past year?

Mr. Sheppard replied I believe recycling has increased about 20%. We're up to about 5,000 tons from 4,000 tons, our solid waste has gone down a couple thousand tons, so if you take the 2,000 tons of solid waste times roughly $70 a ton, that is $140,000.

Alderman Greazzo asked what do you do with that money?

Mr. Sheppard replied you'll see our budget projections are coming in Tuesday.

Alderman Greazzo stated I have a follow-up, Your Honor. I guess you would call it line zero, 445 contracts is $5 million, the second largest line item in your budget. Can you get us some information on what those contracts are?

Mr. Sheppard replied sure, I've got the information if you want it sent to you or if you want me to go through it real quick.

Alderman Greazzo stated I don't know if the rest of the board wants it, but I'd like to see. That is a pretty large number. Thank you, Your Honor.

Alderman Levasseur stated thank you, mayor. Since July when the budget began, how many positions have been vacated from July 1st to the present?

Mr. Sheppard replied we've got people coming and going month to month, but I know at the current time we need to maintain ten vacancies within the highway division and another six vacancies within our parks division.

Alderman Levasseur stated say that again.

Mr. Sheppard repeated we need to maintain ten within our highway division and six within our parks division.

Alderman Levasseur asked have there been more than 16 vacancies since July 1st that have been filled? In other words, 16 is your bottomline number. Was there a point where there were 18 and you had to come to the mayor for two?

Mr. Sheppard replied yes.

Alderman Levasseur asked could you explain the process?

Mr. Sheppard replied sure. We write a letter to the mayor requesting to fill a position and why we feel we need to fill the position. It goes to Human Resources, Human Resources takes the information, forwards it up to the Mayor's Office and the mayor reviews. A lot of times the mayor and I will have a discussion regarding the position and the mayor is listenting to us when we need to fill position.

Alderman Levasseur stated I sit on Human Resources/Insurance and I don't remember you coming in front of us to actually request any more positions. Has it been more than once?

Mr. Sheppard replied it is not new positions. For example, if we have a retirement, then we have to put in a request to HR to position. That request then goes up to the Mayor's Office.

Alderman Levasseur asked for a new position or for a position that is just being retired?

Mr. Sheppard replied replace an existing position.

Alderman Levasseur stated so if it is replaced, you don't have to come in front of Human Resources/Insurance.

Mr. Sheppard replied correct.

Alderman Levasseur asked how many of those have you requested?

Mr. Sheppard replied I don't have that number with me today. I would say it's probably upwards to ten to 15 plus.

Alderman Levasseur asked so there has been ten to 15 people who have retired or let go or whatever that has been replaced by the mayor upon you request?

Mr. Sheppard replied we have had 11 retirements, but also, for example, if we have an excavator operator who retires, we have to request that excavator operator position to be filled. Once that position is approved, and say we have a loader operator that moves into the excavator operator, we need to request that the loader operator position be filled. So that goes through process. Once that position is filled, if a truck driver goes into that position, then we have to request a truck driver position be filled. So it makes its way all the way down to a laborer. So sometimes to fill or get up to full complement, it may take up to four or five requests.

Alderman Levasseur asked you only come in front of Human Resources/Insurance when it is a new position that's being created?

Mr. Sheppard replied I believe so.

Alderman Levasseur stated I'm not sure how it's been done in the past or there's been members of the board who have been on Human Resources/Insurance and on the aldermanic board for longer than I, but I guess that has been the normal process. The mayor fills as positions empty out?

Mayor Gatsas responded that is the normal process.

Alderman Levasseur stated again, I go back to the hiring freeze. If there's a hiring freeze, then how does the mayor then fill that position without coming to the board or the Committee on Human Resources/Insurance?

Mayor Gatsas replied I think the board has left it up to the mayor's discretion about hiring.

Alderman Levasseur asked has that been in the form of a motion? When was that done? Before I came on?

Mayor Gatsas replied no, I think it's while you have been here.

Alderman Levasseur asked do you have a number of how many positions have been filled since the budget took effect July 1st?

Mayor Gatsas replied I wish I could give you that number. I know that there are 62 new hires that are at the 20% contribution rate, so that is at least 62 and movement within a department, I can't give you that number. I don't know what it is.

Alderman Levasseur stated my understanding is that since October there has been 47 that you have filled. How does it work in the School District? If two teachers retired, does the mayor or does somebody else decide if those two positions are filled or do they not go filled?

Mayor Gatsas replied the superintendent decides.

Alderman Levasseur stated so the superintendent makes the decision on whether to fill them or not. It doesn't have to go through the board procedures?

Mayor Gatsas replied that's correct.

Alderman Levasseur asked is there a hiring…

Mayor Gatsas interjected well, I shouldn't say it doesn't. They get knowledge of it when the personnel report comes out.

Alderman Levasseur asked is there a hiring freeze on the School District side?

Mayor Gatsas replied no, there is not.

Alderman O'Neil stated my colleagues can correct me, but there is no formal hiring freeze at this moment that we voted on.

Mayor Gatsas replied not that I know of.

Alderman O'Neil stated I brought it up for a point, I didn't say we should have a hiring freeze. We don't have a hiring freeze right now.

Alderman Levasseur interjected at the last meeting we just said there was.

Mayor Gatsas stated I think there was discussion… Again, unless we go back to the minutes, the way sometimes minutes are written or sometimes the way that is percieved in this chamber, is that something is happening and it doesn't happen. I'm going to go by Alderman O'Neil's recollection that there was discussion about it but there was no vote ever taken.

Alderman O'Neil stated my point, Alderman Levasseur, was that the department should slow up, if the mayor has approved the position, they should slow up for the balance of this fiscal year to allow a surplus to carry forward. That was my point. I wasn't suggesting a hiring freeze. The ability for the mayor to sign off on vacancies is given by the board. I think it went back several terms, Your Honor, and until the board changes it, it carries over, was my understanding from the solicitor. And with regards to Public Works, for many, many years here, they were exempt from being part of that process because they have peaks and valleys regarding the need for manpower. They, for many, many years, were exempt from any process of going through the Mayor's Office, not just this mayor, previous mayors. I have a couple of questions for the director.

Alderman Levasseur stated if I just can respond to Alderman O'Neil. I hope you don't think that I was coming after your statement about slowing. When we had that discussion at the last budget meeting, I said maybe it is time for this board to put in a hiring freeze, and then the mayor responded there is already one I place. So now I'm under the assumption that since he made statement there was one in place, that's why my questions are going towards the process, since I've recently seen that we've hired 47 people since October. So now if we've hired 47 people

since October, there is a hiring freeze in place, now I'm getting a completely different story that there is no hiring freeze in place. So I guess I should go with the story that there is no hiring freeze in place, and that when there is a position that's open and the department head wants it to be open, they come to the mayor and the mayor approves or not. Is that probably what we should go with now?

Mayor Gatsas responded obviously somebody had a conversation with the city solicitor. There was a hiring freeze in place three years ago, and that continues through the process unless the board takes it off.

Alderman Levasseur asked so now we do have a hiring freeze?

Mayor Gatsas stated that's what I think Alderman O'Neil said. He had a conversation with the solicitor.

Alderman O'Neil responded there's not a hiring freeze, there is the filling of a position is at the discretion of the mayor. That is not a hiring freeze.

Alderman Levasseur stated alright. I won't have to ask questions about that any longer. There is no hiring freeze.

Mayor Gatsas responded there is no hiring freeze.

Alderman Levasseur stated okay. I'll make a motion for one tomorrow night.

Alderman O'Neil stated but just for clarification, Alderman Levasseur, in the past boards have taken positions of hiring freezes, but there is not one today.

Alderman Shea stated just a comment, Your Honor. I think that the board decided that it would be up to the discretion of the mayor in terms of filling positions depending upon the urgency of those positions and the replacement value of those positions. So that in essence, one may say that there is a hiring freeze but the hiring freeze can be waived depending upon the department head's ability to go to the mayor and plead their cause in terms of the necessity to hire that person. That's how I would explain it, and it's been in effect, I'm not sure, but I would say at least three to five years depending upon how the budget was being worked on and how much of a problem we anticipated there being at the end of the fiscal year.

Alderman Levasseur asked could the clerk get us copies of the minutes from when it was orignally put in place by the board so that we could have a better understanding of what was meant by the board at the time?

Ms. Heather Freeman, Assistant City Clerk, replied we'll do some research to try and find those.

Alderman Levasseur stated thank you. I don't need them today; by tomorrow is fine.

Alderman O'Neil stated I have a follow-up for the direction. Kevin, I just want to make sure from my notes last week and just make sure I have this because you brought it up, you opened with the issue of severance. You had 11 retirements, or expected 11 retirements in this current fiscal year, and I wrote down a number from last week of $318,000. Does that sound pretty close?

Mr. Sheppard replied that is correct.

Alderman O'Neil stated and that came out of the severance account or for those between now and the end of the month will come out of the severance account.

Mr. Sheppard responded that is correct.

Alderman O'Neil stated you also stated that you expected maybe the possibility of 11 retirements in fiscal year 2014.

Mr. Sheppard responded yes.

Alderman O'Neil stated I wrote down a number $360,000. Is that correct?

Mr. Sheppard asked round numbers?

Alderman O'Neil replied ballpark.

Mr. Sheppard replied we have about 38 employees who are eligible within our highway, another 11 within our parks division who are eligible.

Alderman O'Neil stated okay. It is a ballpark number?

Mr. Sheppard responded right.

Alderman O'Neil asked but as of right now you would have to make up that $360,000, if that was the number in your budget as we sit today without a severance account?

Mr. Sheppard replied that was our antiicpation when we put together the budget.

Alderman O'Neil stated and just to go one step further, if your employees, or the majority of your employees, in their union contracts are eligible for the early retirement incentive. Is that correct?

Mr. Sheppard replied all of our employees are.

Alderman O'Neil asked including the non-affiliated?

Mr. Sheppard replied correct.

Alderman O'Neil stated okay, thank you for correcting me on that. If you had 11, that would be an additional cost of $141,000 that the department would have to assume. Is that correct?

Mr. Sheppard replied right. We would manage that within our budget.

Alderman O'Neil stated if any of them took advantage of it this year, you had to manage the $13,000 incentive within your budget.

Mr. Sheppard responded right.

Alderman O'Neil stated I just wanted to make sure I was clear on that. Thank you very much, Your Honor.

Mr. Sheppard stated just a follow-up, Alderman O'Neil. If you remember this started with Frank Thomas, the previous director. We don’t fully fund our salary line item becasue we do anticiate vacancies throughout the year. We actually short our own salary line item from the beginning knowing that we’ll have

vacancies, and that is one way we've been able to help manage numbers getting cut over time. That's what we're looking at next year as well so the $13,000 is something we'll have to manage and severance would have to be on top of that as well.

Alderman O'Neil stated thank you.

Alderman Corriveau stated thank you, Your Honor. Kevin, at the last meeting I know you mentioned a few streets, I don't know if you've finalized anything, but you mentioned a few streets that are likely to be paved within the next fiscal year. One of the things I'm hoping for is if you could you provide the aldermen with a list of the streets you anticipate paving under the mayor's current budget and in addition to that, all paving work being done. For example, I know in my ward there is a lot of paving being done but it's due to the sewer work that's ongoing. I think it would help a lot of us to respond to our constituents by saying here is work that is going to be done, here is work that we hope may be able to be done, here's work that may not be able to be done.

Mr. Sheppard responded sure.

Alderman Corriveau stated the other question for you Kevin, is the traditional, I don't know the proper term for it, but essentially each ward alderman's paving list, is that practice going to continue in the next fiscal year and if so, what's the amount going to be?

Mr. Sheppard replied the mayor gave us $1.5 million, I believe, last year in bonds. There is some of that money that is left over. We did allocate some of that for the wards, and any ward that has a balance from last year, our plan was to utilize that balance going into this year. Our superintendent had hoped or had planned to send out a letter to all of the aldermen letting them know what their balance was. I told him to hold off on that until we ge through this budget process so we know where we stand. There is no new money this year, but some wards we didn't spend all of the money within the ward last year, so the upcoming year or this summer or next spring any balances that may be available we'll be notifying the aldermen with that information. But we'll also get out, like you say, at the last meeting I said we'll be doing some work for Water Works, EPD is going to be doing some work over the next year, so we can put together a summary of all the streets that will get paved over the coming fiscal year.

Alderman Corriveau stated okay, thank you. I have a follow-up, Your Honor. I don't recall whether or not I asked you this question at our last meeting, but I asked it some other departments. Will Public Works be impacted in any way by the federal sequester?

Mr. Sheppard replied no, we don't anticipate being affected by that.

Alderman Corriveau stated that is pretty much all I've got. Thank you, Kevin.

Alderman Osborne asked Kevin, would you say as of today that highway and parks is bare bones?

Mr. Sheppard replied it depends. Based on our mission, there's not really any fat left on the bones, so if that's how you define bare bones. Again, we go through these discussions with the mayor, our budget is very weather dependent, it is dependent upon, as Alderman Greazzo brought up, solid waste tonnage, it's dependent upon recycling, fuel prices. Our budget is very variable, a lot of different numbers.

Alderman Osborne asked if all of these things go bad, a lot of snow and so on and so forth, it's going to be a bad scene. Is that correct?

Mr. Sheppard replied correct.

Alderman Osborne stated thank you.

Mayor Gatsas stated and if we have the same winter, Kevin, as we did last year, the sun will be shining and it will be wonderful. But I think that you've certainly found efficiencies to run your department much differently than what it was run five or six years ago, so the efficiencies that we've done with parks coming into the Highway Department, different people working on parks, certainly is a much different way than we were doing business prior.

Mr. Sheppard responded there is no question. The sharing of resources across divisions continues to improve our efficiencies and effectiveness.

Alderman Long stated thank you, Kevin. With respect to the pools, am I looking they they're going to be open minimally seven weeks?

Mr. Sheppard replied seven weeks, and the mayor mentioned at the last meeting that we would do everything in our power to manage the parks division's budget to hopefully keep them open that eighth week. Again, the parks budget is very weather dependent. Alderman Ludwig is familiar with that. They do plowing for the School District and there are others within that, rain days where during the summer months temps don't get paid at the pools, so we do everything within our power to try to manage that to keep it open for the eighth week. That would include maybe managing it across the divisions to the highway budget. I know Mr. Sanders has been very good about allowing us to manage our budgets and the mayor has been very good about allowing us our budgets, so we do everything in our power to not close it for that eighth week if there was a way of doing it, whether through the highway budget or the parks budget.

Alderman Long stated follow-up, Your Honor. When you do anticipate opening? I believe last year you kind of waited a couple of weeks after school let out.

Mr. Sheppard replied it's usually eight weeks during the summer season, and now the School District, I believe, has passed that they are going to be allowing students out a week earlier next year, so it's going to make it even more difficult. It is usually eight weeks, and it's usually some time around the last week of June that we open the pools.

Alderman Long asked so it's not the week after they get out, it's the last week of June?

Mr. Sheppard replied that is typically.

Alderman Long stated and for seven weeks and hopefully eight weeks, which brings us to the beginning of August.

Mr. Sheppard replied the end of August. And what we usually see is the highest pool use from what I understand is in the beginning of the season and towards the end of the season the pool use goes down and our summer temps that are working at the pools start going back to school. The highest use is typically the beginning of the season and the mid-season.

Alderman Long asked in a perfect world, how many weeks would be the best?

Mr. Sheppard replied every week that school is out, would be the perfect world.

Alderman Long stated that is about ten weeks or so.

Mr. Sheppard responded correct.

Mr. Timothy Clougherty, Deputy Public Works Director, stated alderman, just one thing that I'd like to add. The benefit that we have with the pool season is that it falls over the course of two fiscal years, so part of this year is within the fiscal year 2013 budget and the other weeks are within the fiscal year 2014 budget. So we're going to have the benefit of juggling that eight week after we see what happens during the winter and after we see how many retirements we have, so we'll know a lot more about the state of our budget come June of next year and be able to make the call at that time.

Alderman Long stated so working within your budget the surplus at the end of June can't roll over to keep the pools open longer in the next fiscal year.

Mr. Sheppard replied correct.

Alderman Shea stated thank you, Your Honor. The Highway Department in my judgment does very, very good work. One of the areas that, Tim, if you could kind of explain, is the energy that the City is saving in terms electricity and things of that nature. I think that is very important, kind of like a ballpark figure in terms of how much the City is saving because of our negotiations with the company up in Maine.

Mr. Clougherty resonded the agreement that you're talking about is really a consolidated purchasing or we're purchasing in volume in order to provide the best pricing for the City of Manchester, including EPD, Water Works, and the airport. So as far savings go, we're doing the best that we can to buy natural gas and petroleum based products, diesel, unleaded gasoline, at the lowest prices. We're working with a consultant to determine when the best time is to enter the market, to enter those purchase agreements and it has worked out pretty well for us. The other thing that we need to concentrate on is using less of those fuels. You've

heard Kevin O'Maley speak on several different occasions about the energy efficiency measures that we've instituted, no only in City buildings, but also across the School District and I think both organizations are seeing the benefit of that. The other thing that we're seeing the benefit of is a constant changeover when we're changing over our boiler systems from diesel-based fuel products or number two heating oil-based fuel products to natural gas. So you have a lot of different factors that are playing into the fact that we are able to save money and we've seen the benefits of that over the past few years in our budgets.

Alderman Shea stated I think that's important for the general public to hear, and very good work. Thank you.

Alderman Greazzo stated thank you, Your Honor. Since Alderman Long brought up the pools, I'd like to talk to Mr. Capano about how much those pools cost us last year.

Mr. Peter Capano, Parks, Recreation and Cemetery Director, responded in general terms, the pools cost us about $25,000 a week and open for eight weeks. That would be about $200,000.

Alderman Greazzo asked what sort of money did you spend on maintenance? I don't see any of those things lined out in here. Is that $17,500 for maintenance and repair or is that combined?

Mr. Sheppard replied the $25,000 a week is for operating and includes labor.

Mr. Capano stated it is all encompassing.

Alderman Greazzo asked have you thought about charging out-of-city residents this season?

Mr. Capano replied no. Our investigation on who using the pools told us that less than 5% are from out-of-town. So we didn't think there was really anything there.

Alderman Greazzo asked what about the ice arenas? What do you spend on those?

Mr. Capano replied at the JFK the total expense is projected for this is $495,000, reveneus are at $240,000. At the West Side Arena the total expenses are $345,000 and revenue is at $370,000. Those are all projected.

Alderman Greazzo stated thank you. Thank you, Your Honor.

Alderman Levasseur asked Kevin, how much of a realization of savings did you make when fleet took over? It was reduced by 1% on your budget. Did that 1% include money that was saved by… You had a bunch of mechanics working for you. Energy must be down because they've taken over the building and are paying for it. I don't know what the fleet's budget is.

Mayor Gatsas responded $3 million.

Alderman Levasseur asked $3 million is what?

Mayor Gatsas replied the fleet's budget.

Alderman Levasseur asked so shouldn't that have been spread across all of the other departments?

Mayor Gatsas replied it has. I think if you look at last year's scenario that other departments had money withdrawn from them to create the fleet's budget.

Alderman Levasseur asked so those savings should be piggybacked onto this next year's budget?

Mayor Gatsas replied no, they've already been taken out.

Mr. Sheppard added as part of last year's budget, the mayor has explained that we took about $2.1 million out of the highway division or highway operating budget and it got moved over to the new fleet department. Our budget was reduced by about $2.1 million and moved over to the new fleet department.

Alderman Levasseur stated if I may, was that number right in line with what you thought it was going to be or was it better than what you'd anticipated? In other words, did you include energy savings in that $2.1 million or is that strictly labor and benefits?

Mr. Sheppard replied that went across all of our line items. We track our cost by section. We have four divisions and then sections and our garage section, we track our costs, so we were able to determine the exact cost of what we needed to pull out of our budget like tires, miscellaneous line items. So it wasn't just salary line items and overtime. We actually went through our complete operating line items and moved those over to the fleet department, so there are various line items and I could get you the list, but again, it was quite a few line items that added up to about $2.1 million and I don't know if Tim has the salary amount what that was. The bottom line is that that is across the whole operating budget, it wasn't just salaries.

Alderman Levasseur asked the employees that you lost, were they strictly mechanics or were you able to use them in other areas in the Highway Department?

Mr. Sheppard replied they were strictly mechanics assigned to the garage.

Alderman Levasseur stated thank you.

Police:

Mr. David Mara, Police Chief, stated since last time I was here nothing much has changed. If you would like, I could go through a summary of what we talked about before or I could just entertain questions.

Alderman Roy stated thank you, Your Honor. Chief, you heard me ask the department before you, highway, if this goes forward with no severance, do you have a plan b?

Mr. Mara replied as you ask that question, I started putting it in the police's perspective and to formulate an answer and if you look at our budget now, we are still $179,000 roughly what I feel short. So if you add severance upon that, I don't think we really could be able to carry our remission looking at how many people I feel are going to be retiring. Last year I think it was nine total, seven police, two civilians, and this year I expect between five and ten. I don't think we'd be able to absorb that amount and be able to provide public safety in the manner that I think is necessary. I look at at one point we were short 22 police officers, case loads

went up, we had officers who we were taking from detectives to out and patrol, and I wouldn't want to get back to that point and that's where, I think, we would go back to.

Alderman Roy stated I remember those days. In the fire service we have a span of control. They say in a real emergency you can control three to seven things, so we use a span of control of five. So you have that in the police service, it's emergency service. Is is the same or is it a little bit different?

Mr. Mara replied it's a little bit different because we have different divisions. For instance, out on patrol a sergeant will have between anywhere up to eight people in his span of control that he would supervise, patrolmen. In divisions it is a little different depending on the division.

Alderman Roy stated the reason I asked that is I was looking at the report on all of the people who you have working for you and you've got 66 supervisors and 224 police officers. Does that sound about right? Somewhere in the ballpark? The numbers exactly aren't important. I'm looking at it and I'm wondering if it would be viable obtion in some instances, certainly not all, that if somebody like an leuitenant or sergeant retired, if you took that savings to hire a police officer and not fill the promotion. Would that be a viable option in some instances going forward? The way I've got it figured, you have about three and a half people to every supervisor.

Mr. Mara replied looking at this, just going down the line, we have about 40 supervisors, roughly. When we're at full complement of course, 227 and right now we're at 217, there really isn't. We really don't have an abundance of supervisors. We certainly do make due. Right now we're short two supervisors.

Alderman Roy stated there are some supervisors who aren't on the line, I'd say that, but I'm just taking the numbers from the report that we got on the positions report each month, I think it is. And is just food for thought. I'm just thinking that if we go ahead and we're stuck in that pickle, where are we going. So that's what I was looking at. Thank you.

Alderman Arnold stated thank you very mucy, Your Honor. Chief, I know you have always been cautious and I understand why when we say if there were cuts or there are budgetary constraints that you had to live within, where would you take

the resources from and how would you reallocate them. My concern is the community policing division because I think members of the public have a lot of interaction with members of that division, I think it's in many ways been one of the more successful programs that the City has pursued. Can you comment at all on how that program might be affected if you absorb the severance costs?

Mr. Mara replied my first priority, of course, would be patrol. We have set routes and every night no matter what has happened in our past, we always have the same amount of police officers go out there. How that is affected is that we would have to fill vacations, any openings would have to go to patrol first, and the other divisions, including community policing, would suffer. For instance right now we have a couple of openings that we've been sustaining. I understand, I'm a realist, I understand that we have to wait until the economy gets better to be up at full complement.

Alderman Arnold asked as you continue playing out this budget as proposed, as you fill or move people over to patrol from other divisions, the other divisions' caseloads, it's my understanding they would certainly get backed up. I think we saw that in the last year or two, that's reasonable to assume that that would occur as well, it would take longer to be solving these case, presumably?

Mr. Mara replied that's correct. So if we're taking detectives out to fill in patrol, we had a scheduled worked out. The detective division and say juvenile one day would fill in for one week, the next week it would be community policing and training. Their jobs take a back seat.

Alderman Arnold stated thank you very much. Thank you, Your Honor.

Alderman Long stated thank you, Your Honor. This morning I was reading the paper and the sun came out and I read the part on the prosecutors so I thought here's an opportunity, but I spoke with you this morning, and by the way, congratulations on the seven new sworn in officers who we have in Manchester, and from what I'm understanding my first thought was that it would save on overtime because we don't have the police prosecuting, we have attorneys who we would contract with. But you told me this morning that it's not much in overtime with that. With respect to the juvenile court there would be, however, by statute the Solicitor's Office would be required to prosecute those, and we used to have the Solicitor's Office prosecute those and it was turned over to the Police

Department. With the juvenile system, would it be less expensive in the Solicitor's Office than it would be in the Police Department?

Mr. Mara replied right now I have my prosecutors, I have three people who are assigned to prosecution. I have a lieutenant and patrolman do the adult arraignments. That's not the same as trying a case, but they do bail hearings, they set arraignments and they do some motions to revoke bail, minor things. However, in juvenile court we have a patrolman who does prosecuting and he is going against attorneys and he has no law school experience and he's actually doing memos of law, he's writing motions. I believe a patrolman should not be doing that because I think that everybody, if you're a victim of a crime, they should have the same level of expertise that is representing you in court. So just because it is a juvenile perpetrator, I really believe that we should have a prosecutor who should be handling that. Now back in the late 1980s, maybe early 1990s, we took it over from the city solicitor prosecuting. Then during the 1990s, we got a grant and it looked like they were going to take it back and then at the last minute the answer was no, and then we have had it. I was juvenile prosecutor, felt comfortable as I'm an attorney, but we have a very good juvenile prosecutor now, but all his time is spent doing that. I really feel that we should have an attorney doing it. The way the City ordinance works, the city solicitor is the one who would have to prosecute these case, so we wouldn't be contracting out. It would be the City Solcitor's Office.

Alderman Long asked per ordinance?

Mr. Mara replied yes.

Alderman Long stated so it's not a statute. It's per Manchester's ordinance that the solicitor would need to prosecute those.

Mr. Mara responded yes.

Alderman Long asked would it be possible to carve out that cost for that prosecutor? What is that cost?

Mr. Mara replied it would be cost for a senior patrolman. What I would do is I would take that patrolman and I would put him in another division as opposed to doing prosecutions.

Alderman Long stated so the senior patrolman is not patrolling. That is his full time job?

Mr. Mara replied that is his full time job. He does prosecution.

Alderman Long asked so we would have an opportunity to put another patrolman on the streets if that wasn't your responsibility?

Mr. Mara replied that's correct.

Alderman Greazzo stated thank you, chief. Under special salary you have $120,000. What does that go for?

Mr. Mara replied that is for if you are on the SWAT team, the drug unit, you get a certain percentage more in your pay for hazard pay, for lack of a better term.

Alderman Greazzo stated under special projects you have $325,000.

Mr. Mara asked what sheet are you looking at?

Alderman Greazzo replied page 28, line 0898, special projects, $325,000.

Mr. Mara replied that is drugs and guns. That is a dedicated line item and that is for our drug unit as well as our SWAT team. That is something that is funded as a dedicated line item. I can only spend it…

Alderman Greazzo asked so they get special pay and they get...?

Mr. Mara stated this is for everything from SWAT training, if we're going on a SWAT operation, to buy money, it involves a lot of different things that are necessary for the drug unit as well as the SWAT team.

Alderman Greazzo asked above and beyond regular and special salary?

Mr. Mara replied yes.

Mayor Gatsas stated that line item used to be in a different part of the budget, and

to make it make sense we put it in the Police Department's budget because that is who was spending the dollars, but they cannot move money around from any of those line items to move them to their salary line items or any other line item.

Alderman Greazzo stated I understand that, Your Honor. What I'm failing to understand is this is not their pay, this is paying for…

Mr. Mara stated this is funding drug operations, undercover operations. It is funding things of that nature.

Alderman Greazzo asked what are you spending the money on if you're not spending it on salaries?

Mr. Mara replied it is separate than that special salary line. Say we have an operation going on and we're using ten officers, that is what it funds. Say they're doing a drug raid, say they're doing a SWAT raid, that is what is done. Historically that money we used to get through a federal grant, Street Sweeper Grant, we got it for many, many years. That grant then ended, and the mayor can correct me if I'm wrong, that is when the City ended up picking that up and that is where that comes from. And as the mayor was saying, it used to be in a separate line item.

Mayor Gatsas stated it used to be in a separate line item and it was federal funds that came in.

Alderman Greazzo stated I understand that, but if they're getting under regular salary, overtime salary, and special salary, I really don't understand where you're spending $325,000 on special projects. Are you buying special gear or are you buying special vehicles? Alderman O'Neil seems to have his hand up and knows what is going on so I'll defer to him.

Alderman O'Neil stated if I may, Your Honor, this came out of when the federal government decided to end Street Sweeper, which was very, very successful. I think the easiest thing may be, chief, there was a one-page summary of what was done under guns and drugs in case Street Sweeper ever came back, and I remember there was money for the State lab, it was broken down into eight or ten different cost items. When the chief mentions the SWAT, it was SWAT operations specificially for raids on drug or gun violations.

Alderman Greazzo asked but wouldn't that come under their salary?

Alderman O'Neil replied no, because you have to pay overtime when they come in to do it.

Alderman Greazzo stated he's got an overtime line.

Mr. Mara stated if I could explain. When you're talking about the special salaries… Say I'm on the SWAT team…

Alderman Greazzo interjected no, I understand. It's like hazardous duty pay.

Mr. Mara continued however, that only covers your regular salary. You're always on call so that is an addition to your regular salary. Now, I get called out on a SWAT raid to go hit a drug house, that is where the money from the DAG fund would come from.

Alderman Greazzo stated so you're getting paid twice.

Mr. Mara replied no, it's not getting paid twice.

Alderman Greazzo stated well, if I'm getting paid in my special salary to be designated SWAT, and then I actually go out on a SWAT raid, and am getting paid out of this special fund again.

Mr. Mara replied no, absolutely not. What that money in the special salary is is hazard pay. You get more money than your average police officer due to you facing harm. So every week your paycheck is more.

Alderman Greazzo stated regardless of whether I go out on a call.

Mr. Mara replied regardless of whether you go on a call. Now, when you do go out on a call, you have to get paid, and that is where the money comes from the DAG. Say at 2:00 a.m. tomorrow our SWAT team goes out, that is where the money will come from, that account. Or say we need to buy 100 oxycontin. That is where we would get the money to buy that.

Alderman Greazzo stated now I'm understanding that you're using it for other stuff, but when you're telling me that I have special pay just to be designated as a SWAT member or drug unit member and then I get extra money for going out on an actual call, it seems like I'm getting paid twice. One to just have the designation and then one for actually going into action.

Mr. Mara responded you're getting paid at a higher rate of pay for the training and the hazard that you go on. To be on the SWAT team you're going to be going out places where traditionally it's a dangerous job, you're under cover, it's a dangerous job. When you're on one of those entities, you will get extra money. When you get called out, you're going to be paid for the hours you're out there. That is what this money pays for; the hours that you were out there.

Alderman Greazzo stated just to understand. So specifically this would be basically kind of an overtime for the SWAT and the drug unit rather than being paid out of regular overtime because this is a special circumstance?

Mr. Mara replied yes.

Alderman Greazzo stated thank you, Your Honor. I'm sorry for not being clear.

Alderman O'Neil stated Your Honor, just to be clear on that. The money used for drugs and guns, SWAT call-outs have to be something involving drugs or guns. If there is a hostage situation, the money for overtime is not coming out of that account. It shouldn't be coming out of that account. It was specifically for the program as it was outlined, and I think information could be provided to the board.

Alderman Levasseur stated thank you. Chief, my understanding is that the person who shot that unidentified shooter was captured today. I just saw it online. Somebody who shot at an officer a couple of days ago?

Mr. Mara replied we had two shooting incidents. One was at night near Central High School, and that involved a civilian shooting a gun at another civilian. Then on Friday we made an arrest right at the scene. We had an officer stop a motor vehicle on Somerville Street near Wilson Street, and while he's checking his identity with another officer, the passenger of the vehicle takes off, the officer gives chase, the suspect shoots at the officer, the officer returns fire, and neither

one of them hit each other or anybody else. Then the officer apprehends and arrests him and he had possession of three guns and some drugs.

Alderman Levasseur stated okay, I just wanted to know because there was a breaking story that somebody was captured and I didn't know which one it was. Congratulations to the force for getting that guy off the street. How many police officers actually work at the court house full-time? Is there just one in juvenile and the other two are part-time or is it all three?

Mr. Mara replied all three are full-time.

Alderman Levasseur stated I know I've gone into courtroom two when they have motor vehicle violations and that officer is working. There's got to be 100 people in there on a Monday. I know he's working overtime just to keep up. It doesn't matter what day I go in there, he's working hard. Is there a way that we can get those three officers on the street instead of being in the courthouse? Could that money be transferred somehow or is that all federal stuff?

Mr. Mara replied no, those are three people who are in our budget.

Alderman Levasseur asked do you believe all three of them need to have an attorney present or just the one for juvenile?

Mr. Mara replied the one for juvenile is because you are doing actual trials, you're doing motion hearings, evidentiary hearings. You really need one there. And the thing about juvenile court, as you know, is it is different than adult court, that you are handling felony level offenses in juvenile where in district court you don't do that. After a PC hearing it goes over to superior court. So we have an untrained person who is actually doing rape trials, drug trials, first degree assault and second degree assault trials. I really believe it should be an attorney.

Alderman Levasseur stated let me ask you, if you had an extra $30,000, where would you put it? What would be your first place to go? Would you get a dispatcher or would it go to your severance account?

Mr. Mara replied depending on what happens here, I would take that $30,000 and I would apply it to my overtime because that is where we're short $178,000.

Alderman Levasseur stated you've come in front of the board, it was Human Resources, asking for, I think, it is 11 officers to be given an additional ten days because they are part of the New Hampshire National Guard. And I think I remember you saying that would cost about $28,000, and you're just quoted as saying "I understand the need to wait for the economy recover." I think if you had your choice, and I think this board should think about this, you said it was going to cost an additional $28,000 for those 11 guys over the next year. Is that the correct number? I think you said that to us in front of the Committee on Human Resources/Insurance that it would cost $28,000 and that you could absorb that amount. I'd rather see that $28,000 go towards something else until the economy gets better.

Mr. Mara responded alderman, I think that might have been a number that the human resource director said. I never said $28,000. I do remember her saying there are costs and she talked about citywide, but I never had that number $28,000.

Alderman Levasseur asked do you have a number in your budget for next year if that ordinance passes or are you just going to eat it?

Mr. Mara replied no, that is a case where if somebody is on military leave, we let them apply their vacation time.

Alderman Levasseur asked so there is no cost?

Mr. Mara replied or we give them more training cases. I wouldn't say there is no cost, but it's not going to be $28,000 from my understanding.

Alderman Levasseur asked for tomorrow's meeting could you get that number?

Mr. Mara replied I don't know what number the human resource director was talking about. I do remember her having some stats. She came in with what she was asked to get. For me to quantify a number this has to do with if a person goes out on military leave. Currently we give them ten days. We're asking to up that to how many days that they can take where they don't have to use their own time or make swaps.

Alderman Levasseur stated you want it to go to 20. I've heard from veterans around the city of Manchester or other veterans working in the post office, etc., different departments, different places around, and they thought it was an extremely high amount. I'm not really concerned so much about the ten to 20 as I am my understanding that it was going to be $28,000. I guess we'll ask human resource tomorrow how she came up with that number, because I think the $28,000 you need that money more than they need an additional ten days.

Mr. Mara stated I would just add that I've talked to several veterans and I have not heard anybody say that's extremely high. It's not out-of-line.

Alderman Levasseur stated but I have talked to other veterans that have said that. Probably more taxpayer kind of people talked to me.

Mr. Mara stated just to let you know, police officers are taxpayers as well.

Alderman Levasseur stated I'm not going to get into a little tit-for-tat. This is $28,000 that was told to us by human resources. It is a benefit conferred on 11 individuals. You're looking for money, and I'm looking to get you the money, and if you need $28,000, there's a nice little hole to fill for you unemployment and you said you're short dispatchers. I would think we would need a dispatcher more than we need to confer another benefit on somebody until the economy gets better. Thank you.

Alderman Shea stated thank you, Your Honor. I'm not sure whether or not when we were discussing that at Human Resources/Insurance, whether it was restricted to just the Police Department in terms of additional benefits or whether it was applicable to the Fire and the others. I'm not sure. There were two issues at the time, and I think one of them had a cost to it; the other one was an anticipated cost in the event that people had to require extra training. So I'm not sure exactly about the number or the figure. That could be researched, but I think that we were talking about two different issues here with two different costs to them, and I think one of them involved people who were on active duty and how much it would cost in terms of that. And the other had to do with the different people in the department, particularly Fire and Police, who needed extra training and days. So I'm not sure if it went up to $28,000 or $20,000 or something like that. But it would be important to get those figures. Thank you.

Mayor Gatsas asked Alderman Greazzo, are you all set?

Alderman Greazzo replied no. The discussions that we had in Administration/Information Systems, the reason that they need more days is when you're in the national guard, you have to go for maneuvers one weekend a month and two weeks a year. So just by definition of going for two weeks a year, you're already at 14 days. The other extra days were in case they had to go to military funerals.

Alderman Levasseur stated in private industry they get 14 days and they have to take their vacations. Police officers have an incredible benefit that no one else in the city has. They have an opportunity to go out and work detail work and get that thrown into their pension, and they have the opportunity to swap, which is much different than what happens in the private sector. Again, I don't want to get into whether they should get ten or 20 days, I'm looking at it as a monetary thing. If it is not $28,000, we come back tomorrow and you tell me it is $3,000, that makes a big difference to me. But if it is $30,000 that's going to come out of your budget, I'm trying to figure out how I can get you another officer on the street. If we can get the City Clerk's Office, don't take it personally, I'm just looking at this moneywise, I'm looking at this as a way to see if we can get you another officer on the street, if we can get you another dispatcher because you're saying to us that you can't eat it, you've got $170,000 in severance that you're worried about, and now you're saying I'm worried about my overtime line. It may not be $28,000, that is what I heard out of the human resource director, but it could be that maybe she took into account all other departments. Maybe there are a couple over the in Fire Department and elsewhere, so let's just find out the information. It could be my mistake; I thought I heard her say $28,000 for just the Police Department but it could be spread across it. Let's find out tomorrow and then we can go from there. But if I can save you $30,000 for a little bit of time until the economy gets better, maybe we can do it in a year from now and just get through this. We're going through some pretty tough times right now.

Mr. Mara stated alderman, in fairness to you there was a number. I do remember a number was given out. It wasn't from here, but I do remember there was talk of a number.

Alderman Levasseur stated in Human Resources/Insurance, way back when, a couple of months ago. For some reason that number stuck in my head and we'll see if we can get the answer tomorrow. Thank you.

Mayor Gatsas asked chief, wouldn't you agree that the police support staff still hasn't come to the bargaining table and that could produce, at least from the figures that we figured in there, somewhere around $220,000?

Mr. Mara replied yes, sir. That is my understanding, yes.

Mayor Gatsas stated I think that was the discussion that you and I had during the budget process that if they did come, then we had a way to correct the problem in your budget.

Mr. Mara responded that's correct.

Alderman Levasseur stated in that vein, how much are we going to be saving because they're not going to have any steps. Has anybody done a budget analysis of that if the contract expires on June 30th?

Mayor Gatsas replied thirty some odd thousand dollars.

Alderman Levasseur stated thank you.

Mayor Gatsas stated it's not in their budget though.

Alderman Levasseur asked that $30,000 savings?

Mayor Gatsas replied it's not part of the budget. Those steps and COLAs are not in that budget.

Alderman Roy stated thank you, Your Honor. Before I ask you the question, chief, I just want to say I sat in on that issue as well and realized that those officers who are doing a great service to this country were actually using all of their time, but they wouldn't even have a vacation if we didn't give them those days to do what they had to do and that's a stressful job. I'm thinking that they need the vacation as well. I voted in favor of that. You mentioned that you're in trouble on overtime and I'm wondering where it's at right now. The last one I'm looking at,

and it isn't the most recent one, you were okay on your overtime and you're going to make your budget.

Mr. Mara responded we're going to make our budget due to the fact that we have positions that are open. What had happened last year for overtime is we had a grant and we applied money from that grant to our overtime line. So that is why we have that gap.

Alderman Roy asked and you're projecting that you're going to be over in your overtime by how much?

Mr. Mara replied right now I'm looking at the overtime list.

Alderman Roy stated the last one I saw here was that you were right on the money on overtime.

Mayor Gatsas stated somewhere around $80,000, I think.

Mr. Mara stated yes, it's up there. We were able to make that up, again, with other parts of the budget.

Alderman Roy stated which is the old way you used to do it. Thank you.

Alderman Corriveau stated chief, when I watched the replay of our last hearing, I asked you about the sequester and you mentioned that it may impact one of your COPS grants, and I believe you mentioned something about those grants funding new equipment. Could you maybe clarify that?

Mr. Mara replied when the whole issue of sequestration came up, I wanted to check our grants. It was hard getting an answer. I've made phone calls to our congressional delegation, I've called and asked my budget person to check with COPS. We got a letter and my reading of the letter, and I asked one of the senator's staff and that person had the same reading as me; current grants that have been allocated don't appear, and, again, everything is up in the air, don't appear to be at jeopardy. What I was talking about last hearing is that every year we get something called a Burn grant, named after Edward Burn, and what we use that for is things like equipment, overtime, for different things. As I said, out of that grant I took some money and put it into our overtime line last year. We depend on this

grant to fund things so the City doesn't have to do it. Sometimes it is training that we want to do.

Alderman Corriveau asked for example, the Health Department came and testified that they anticipate up to 10% of the grants they receive may be impacted. In this particular grant that you're looking at, you say it sounds like there are not many restrictions on the grant, it can be used at your discretion perhaps. What do you anticipate happening with the grant? That it will be cut by a certain percentage? That it won't be there?

Mr. Mara replied typically what we do is we'll apply for that grant soon, and then we'll hear what we got in the fall when the money becomes available. The reason I said that last time is I'm worried because everything is up in the air, what's happening with sequestration. I haven't gotten any word that that grant will be cut, but I just don't know. I worry about that, and I don't want to become overly dependent on it.

Alderman Corriveau stated so that is the potential that you're looking at.

Mr. Mara responded yes.

Alderman Corriveau stated the second question for you, chief. You anticipate five sworn and three civilian retirements coming up in the next fiscal year, and due to severance you mentioned you wouldn't be able to fill current and future vacancies. So if you're looking at five sworn vacancies and three new civilian vacancies, I know you mentioned it somewhat in your answer to Alderman Arnold, if you're looking at five vacancies in the sworn complement and three in the civilian complement, how do you manage that? For example, you mentioned patrol is priority number one. So I anticipate there is no impact on patrol but I don't know if these five sworn all would come out of patrol, if one or two of them might. Maybe quantify a little bit how you spread that out to minimize any sort of impact to your department.

Mr. Mara responded if I could just preface that. Last year we had seven sworn retire, and I'm just looking at my list what severance would be. Say we just get at the lower figures off this list. Say it is $50,000; so seven times $50,000 that is $350,000.

Alderman Corriveau stated yes, you gave us $360,000 in your information.

Mr. Mara stated then if you say the concessions don't come from the union, you add the $170,000, that is a lot to absorb. The Police Department is a litte different, and again, I understand everybody is in the same boat, but for us there is a direct correlation on how we investigate crimes, how we respond to crimes, and the crime rate. So if I have to leave positions open and I have to make sure patrol is full, when you have somebody that is comitting a burglary, they're not going to stop that burglary and we have to hold off the case being investigated, then that person, if he's not in jail or arrested, can commit more crimes and that's what I don't want to see. I'm not trying to be overly dramatic, it's just that what we do have is past circumstances that we can look back at when we were 22 short, then it was 17 for a while. It was very tough and we did get a lot of cooperation and a lot of sacrafice by the officers. They were told to bring their uniforms and if somebody called in sick or we were short, they would have to come out of the division and work. We've talked about this in this chamber before. I believe a city our size needs a lot more police officers than our current complement. So if we're going down, I just feel that it's, and like I said, I don't like to be overly dramatic, but I really believe it is a public safety concern if we start doing that. Not to mention the strain it puts on the officers because as it is now, it is tough for them to get a day off. Under the contract, we have to give so many officers that can go on vacation during the week, but after that they might have vacation time, they can't even use what we require them, they have to do swaps, and if that keeps on going, that's not good.

Alderman Corriveau stated I guess what I'm trying to reconcile is, it's hard to judge future impact. For example, with these seven new officers, yet you're looking at in the future five vacancies and three civilian as well, when I look at your budget, I'm trying to reconcile where exactly does this leave us a year from now. Do you anticipate your operations being… It sounds like patrol wouldn't necessarily be impacted because you're going to shift whatever you can to meet those needs, and I'm not asking you what those five sworn and three civilian positions are, but would you anticipate any particular impact to any particlar division?

Mr. Mara replied it would have an impact in potentially all divisions. Somebody retires, and say it is a senior officer, of course they're going to retire, they retire out of a division, I would not fill that position in the division, I couldn't take

people out of patrol to do that. And it is easy to say looking from the outside that patrol is filled because people are filling in and it's not impacted, but the community is impacted because we try to keep our officers in the same areas of the city, and they are familiar with what's going on, they're familiar with the problems, where the officers coming out of the divisons, they're coming to fill in and then they're going right back to what they were doing, they're just in there filling in. They are dedicated, they're going to do their job, but they are not there long term. It is like putting on a bandaid.

Alderman Corriveau stated that's essentially what I was asking you. I feel as though are we taking one step forward and almost another step back in a way.

Mr. Mara responded quite frankly, alderman, I've talked to the mayor about this before, my officers made concessions, that's how we got these seven officers, as well as the grant. So I believe based on their concessions, your complement, I can get by with 220 officers and that's what I feel it should be because I have two unions that made those concessions and the reason they made those concessions was to hire police officers. So now after making those concessions, and then afterwards we are not going to fill positions, they could be saying we made these concessions, look we're right back where we started.

Alderman Corriveau stated thank you, chief.

Mayor Gatsas stated chief, I think we had these discusions last year, and you've got a suplus at the end of the year of $120,000. Is that right?

Mr. Mara replied last year, yes.

Mayor Gatsas stated the current year that we're in.

Mr. Mara stated excuse me.

Mayor Gatsas stated the current year that we're in.

Mr. Mara stated we have a surplus right now.

Mayor Gatsas stated you have a suplus of $120,000, and when we went through these discussions last year during this budget cycle, you never projected $120,000 surplus and positions were filled along with the seven new ones that we hired today. So you've done a good job managing your budget, and I think that that will continue. I don't think that we're going to be looking at not filling positions next year; I think it's just a matter of how we manage.

Mr. Mara stated I was just talking that if we have to do that much money in severance; that's what I'm talking about.

Alderman Levasseur stated you pretty much prepare for retirements. Were you caught off guard with any retirements this year that were unexpected? Did Officer Simmons surprise you or did you expect it in this budget rather than next year's?

Mr. Mara replied stated when you say surprises, again, like Sergeant Fuller I can give you an example. He retired and that was a surprise.

Alderman Levasseur stated you had Officer Connare retire. I'm sure you didn't expect that one and you had to fire another officer recently. So how do you absorb that? If you fire somebody, they still get paid everything they're supposed to be getting paid. Is that correct? I don't know what they get paid when they walk out the door, but how do you absorb that or have you been able to absorb that and not affect your budget? How is that working in this budget?

Mr. Mara replied if we fire somebody, they will get their accrued vacation time, but they do not get, I believe, accrued sick time. For instance, when I get an opening after somebody leaves, I will ask the mayor to fill that because for us to hire somebody is a long process. So that is how we plan ahead. We will try to fill those positions and try to get them into the next academy as quickly as possible.

Alderman Levasseur asked so when Sergeant Fuller retired, you didn't expect it, but then you just didn't fill it to be able to accumulate some cash going backwards?

Mr. Mara replied right. For instance, we will not be filling his position until next fiscal year, until July, so right now we're paying $13,000. We're doing it that way.

Mayor Gatsas stated chief, we approved those seven positions last July 1st. It's taken almost ten months to fill them. The chief does have the ability to hire somebody tomorrow if they don't have to go through training and they're coming out of another police department, but it took ten months to find these seven people that we approved last July 1st.

Mr. Mara stated we had to have that special test for veterans.

Mayor Gatsas stated so the chief is much different with having vacancies. It's not that he's got vacancies because I'm not allowing him to fill them or he's not filling them, it's because he doesn't have the personnel to put in there. That is why he's structured $120,000 surplus because it took so long to hire people. Usually it runs around six months before you can fill a position unless you've got an active list like fire does that they can hire them immediately.

Mr. Mara stated or certifieds.

Mayor Gatsas asked anyone else? Thank you, chief. Next is Fire.

Fire:

Alderman Roy stated first, if I can ask Linda a couple of questions. I got that email that you sent with that spreadsheet, and if those ten positions that you had there opened up, three captains, three lieutenants, four firefighters, that would total…

Mayor Gatsas interjected please hold on. We don't have a quorum so somebody has to come out here. Sorry, alderman.

Alderman Roy responded no problem. That was $860,000. Underneath it it says the cost to promote and to hire is $541,000, and then it says $317,000 savings. Does that include the possible $13,000 per person if we were to extend that?

Mr. James Burkush, Fire Chief, replied no.

Alderman Roy asked does that include the mustering out?

Mr. Burkush replied no. If you go down to the bottom…

Alderman Roy interjected and that's why I was making sure I was reading this right. If I go down, it is $379,000 for mustering out or severance pay? So we're already in the hole.

Mr. Burkush replied that's correct.

Alderman Roy asked in the hole by the $60,000, the $130,000 and the cost of retirement is $141,000? What I've been asking the other departments, chief, do we have a plan B in case there is no severance? Just looking at this and I'm saying we're behind the eight ball. You're probably leaving some positions open for a while.

Mr. Burkush replied the reason for this sheet was, I had brought forward the idea of asking these people to retire in this fiscal year to offset our shortened appropriation of $200,000 going forward into next year. So when we put the sheet together, that was the reason the sheet was put together, so obviously it is still a liability and we are still anticipating these people going anyway. To answer your question, we would have to keep the positions open, which compounds the problem of the shortage in overtime. If there is insufficent overtime, then you're going to reduce onduty staffing.

Alderman Roy asked where are we at this year with overtime? I know we're over. How much are we over by? Just a ballpark; it doesn't have to be exact.

Mr. Burkush replied the year-to-date is about $522,000. We're going to be over about $500,000.

Alderman Roy stated yet the projection shows that you're going to make your budget.

Mr. Burkush replied that's correct.

Mayor Gatsas stated on the surplus.

Alderman Roy asked where are we coming with that extra $500,000?

Mr. Burkush replied we've had a reduction in the vacation buy-back by about $200,000, so move that line. And then the savings from the 13 retirements that we've had; that's where we've got the funding.

Alderman Roy asked how do we have savings from those retirements if we're not going to have savings from these projected retirements here?

Mr. Burkush replied we did have 13 retirements, 12 of them in July, so those people went out and that's where we generated the savings.

Alderman Roy asked and it's greater than what we expended?

Mr. Burkush replied that and we had some other savings in a couple of other lines, energy costs, but the significant amount was the salary savings.

Alderman Roy asked it was from that vacation buy-out? Are we adjusting that going forward?

Mr. Burkush replied the overtime we've requested an increase.

Alderman Roy asked and did you adjust another line item with the vacation buy-back?

Mr. Burkush replied we were able to move our lines back and forth, so we haven't made a specific change, and the mayor has requested that we do that in the future.

Alderman Roy asked you're already counting on that, in other words, for possibly next year? Okay, but you just haven't moved it from that line. When we talked about straight-time overtime a year ago, it was going to save enough money and we could bring firefighters back. It hasn't saved any money?

Mr. Burkush replied last year, if you remember, we had to absorb the $13,000 for 13 people, so that's about $169,000, plus the fact that in July we had the month of July where we had salaries of nine additional people and they didn't retire until July 31st. So we had another month of salaries of nine additional people, and that would project out to about $200,000, which we were hoping to obtain in surplus.

Alderman Roy stated I did the math on the supervisors to firefighters as well, and according to this you've got 74 supervisors, but as the police chief pointed out, those aren't all the guys on the line. So we have 66 supervisors and it comes out to 184 firefighters. You have 184 firefighters and so it comes out to $2.8 million. Like I talked about the span of control, I know it's not going to be exact, do you have movement there that you could not promote if somebody retired and invest that in more firefighters or how could you do something for a plan B?

Mr. Burkush replied if it came down to that, we would certainly support having the firefighters on shift. If there was one thing that we had to absorb as a compromise, that would be it. We've got to keep firefighters on the trucks.

Alderman Roy stated I agree. We've talked about this before, floaters, because they cost us the extra 50% in benefits. Do you still have some floaters?

Mr. Burkush replied yes. We've averaged nine vacancies throughout this year and we've got six floaters. We still like that ability to use them for long-term operational as it works out for us.

Alderman Roy asked but it would be cheaper if we just did straight-time overtime? Is that correct?

Mr. Burkush replied we're paying about 90% of our overtime at straight-time. We're not all 100% because if you get to a certain point, you get to a saturation point where in four weeks they're going over the limit for fair labor standards. So we think the way we're deployed right now is the most efficient. I would not want to have zero floaters, because like I said, when we have nine for the whole year, then you're at a constant overtime situation.

Alderman Roy stated but it would still be cheaper.

Mr. Burkush responded possibly.

Alderman Roy stated because you're saving that 50%, how about citywide overtime for firefighters. This may have changed and you can correct me, but if we called through the overtime book at the station and couldn't get a firefighter, it went to the officers. Is that still the case?

Mr. Burkush replied yes, it is.

Alderman Roy asked we could change that, correct? And go citywide and save money?

Mr. Burkush replied if we could change a thing in our contract, that's what we would do, but during the collective bargaining process we were unable to change that in the last contract.

Alderman Roy asked I thought there was an ability to do citywide in the last discussions?

Mr. Burkush replied we had done citywide for short-term sick leave, not for all overtime. We had tried that.

Alderman Roy asked you're not still doing that?

Mr. Burkush replied no. Operationally it caused us some issues.

Alderman Roy stated I guess I'll talk to you about that offline. If you needed four firefighters, you call four companies and say hire a firefighter.

Mr. Burkush stated the way the list was, it was like 30 or 40 calls that had to be made by one person, so it was problematic to get through that system. We can talk about that if you want to talk about that.

Alderman Roy stated okay. I'm just trying to find some money here so we can get through this. I'm looking at all of this and I'm thinking we aren't coming up with all the severance no matter how you cut it. We're going to be in a pickle and we are going to have to have a plan B, and I think that the larger departments are more capable in some instances to absorb some of that than the smaller departments.

Mr. Burkush stated in the past, as you remember, prior years we had six floaters or we had some other people to absorb the overtime, so it was different. Now as you know, we're down to not having that luxury.

Alderman Roy stated it used to make fiscal sense because the benefits were about 30% – 35% to you. If you had a person there for 130% instead of paying them 150% for overtime, it made sense. Thank you, Your Honor.

Alderman Greazzo stated thank you. Mr. Burkush, you spent $180,000 on service agreements last year. Can I get a copy of what those are?

Mr. Burkush replied yes, you can.

Alderman Greazzo stated you also have a line item for special projects. Yours is only $14,000 though. Can you tell us what those are?

Mr. Burkush replied that is the Juvenile Fire Setter Program, which is grant funded. That is a line that we can't move.

Alderman Greazzo asked have you gotten the mobile command unit yet?

Mr. Burkush replied no, we have not.

Alderman Greazzo asked when do you anticipate on getting that and where do you plan on putting it?

Mr. Burkush replied it will probably be another year before we get that vehicle.

Alderman Greazzo asked so you have some time to figure out where you're going to put it? That's fine; you don't have to answer that. Thank you, Your Honor.

Alderman O'Neil stated chief, you mentioned there were six floaters. It's a little bit misleading because there actually have not been six floaters during this fiscal year.

Mr. Burkush responded that's correct.

Alderman O'Neil stated because of vacancies, but also the consistent number of firefighters, and it's not the same people, but that number of nine of either injured on-the-job or off-the-job. So those six floaters have, in fact, been covering those nine spots.

Mr. Burkush responded that's correct.

Alderman O'Neil stated so there aren't any floaters around. To me, I guess, on paper we have it, but the reality is there are no floaters.

Mr. Burkush responded right.

Alderman O'Neil asked are we seeing that nine number drop at all? I know it goes down to seven and then one or two more go out.

Mr. Burkush replied it's been pretty consistent this year at nine.

Mayor Gatsas asked and the average in the past has been three?

Mr. Burkush replied the past couple of weeks it's gotten better, and that's why we're projecting a surplus.

Alderman O'Neil stated and a lot of these are surgery required.

Mayor Gatsas stated and it's not a vacancy; it's not like nine positions have not been filled. They've been filled, they're just out for other reasons and not able to be a firefighter.

Alderman O'Neil responded correct.

Mayor Gatsas stated so it's not like they're down nine, they're down nine because people have various illnesses.

Alderman O'Neil stated my point was just the floaters. If that was normal where we had only on average three firefighters out, those three floaters would be fine.

Mr. Nick Campassano, Deputy Fire Chief, stated and I think Alderman Roy was correct with the floaters. If we average the three, we'd be in a lot better position right now.

Mayor Gatsas stated and I worked with the chief three or four months ago to see what it meant mathematically if we brought four more firefighters in, could it take or absorb the nine that are out and after we finished the math, it didn't work.

Alderman O'Neil stated thank you, Your Honor.

Alderman Levasseur stated I read that Excel spreadsheet that you sent forward, if you could have ten of your guys retire. It said something about three promotions to captain, three promotions to lieutenant, and then six promotions to something else. Why would it go three, three, six? Was that a mistake? Should it have to be three, three, three?

Mr. Burkush replied when you make a captain, there is a subsequent promotion up to lieutenant. That is how it snowballs, as the mayor would allude to. When you make a captain, you have to fill that position of lieutenant.

Alderman Levasseur stated but I didn't understand where the six came from.

Mr. Burkush replied if three captains and three lieutenants retire…

Alderman Levasseur interjected they just don't move up to one spot?

Mr. Burkush replied they do. You've got to make three lieutenants for the retirements and three lieutenants for the captains that get promoted from lieutenant to captain.

Mayor Gatsas stated and then six firefighters to lieutenant.

Alderman Levasseur asked so how does that save us money if we do that this year? I couldn't figure out what the savings was on that.

Mayor Gatsas replied there is none. It costs us $300,000.

Alderman Levasseur responded exactly. So what's going to happen next year if the ten go? We're going to have to come up with the money one way or another or are you just going to eat it?

Mr. Burkush replied we would have to keep the positions open.

Alderman Levasseur asked ten of them?

Mr. Burkush responded it depends upon what time of the year they retire. If it's after the first of the year, then the problem becomes more significant. A severance is about half a year's salary. So if they were to retire July 1st, then you would project six months of vacancies, but if somebody goes next May 30th, then you've got to make up that salary that's really problematic for us to make up.

Alderman Levasseur stated I'm trying to figure this out here. I think Alderman Roy said it. Would you stop the promotions also?

Mr. Burkush replied if we had to. The first effect is the reduction in staffing because that's the only flexibility that we have to work with. But if we were faced with the ability to maintain staffing and hold off on promotions, we would opt to keep the firefighters on the trucks, obviously.

Alderman Levasseur asked of the ten who are looking to retire, how many of those are actually supervisor positions?

Mr. Burkush replied this is what we were thinking, that there are six.

Alderman Levasseur stated so six out of the ten, four would be firefighters. Did you do an analysis if you didn't fill that position if there would be savings? In other words, fill the position but not promote.

Mr. Burkush replied yes, that number would be right on your sheet. The cost of promotions is about $68,000.

Alderman Levasseur asked if you didn't promote, it would bring the number a little bit more palatable.

Mayor Gatsas stated it would be $230,000 lost.

Alderman Levasseur asked which are the most important? The lieutenants because they are right at the scene of the fire?

Mr. Burkush stated basically all of our guys are.

Alderman Levasseur stated not to diminish a captain or any of those guys, if you had to hold back on promotions, I don't know, if there was a choice you would have to make on that. I guess you're going to get stuck with that.

Mr. Burkush stated our appropriation is still short $200,000, and we've had that discussion with the mayor.

Alderman Levasseur stated I have one more question. When you put your budget together this year, did you put your budget together with anticipation of ten retiring or is that something if we put the $13,000 in then you would get the retirements?

Mr. Burkush replied no. When we put our budget together, it was the actual cost of the people who we currently have on staff. We didn't put any bump-in for the extra $13,000 or severance or anything.

Alderman Levasseur stated forget about the $13,000. Did you put any money in there for any retirements?

Mr. Burkush replied no.

Alderman Levasseur asked why?

Mr. Burkush replied because we were not aware of any severance issues when we prepared our budget. We anticipated that the severance account was going to be funded when we put together our budget.

Alderman Levasseur asked so you thought that it would be $1.1 million and you could go into that account if you had it?

Mr. Burkush replied that's correct.

Alderman Levasseur asked do you want a redo? I mean, there's nothing to stop them from coming back with a different budget projection.

Mayor Gatsas stated he could come back to this board with an increase in his budget from $20 million to $40 million if he wants to and it would be up to this board.

Alderman Levasseur asked what's an anticipated possibility? Is that $170,000?

Mr. Burkush replied we spent $486,000 in severance.

Mayor Gatsas stated I think that most of that was due to the $13,000 buyout. I don't think you're going to see that many firemen leave this year. There is no reason for them to leave this year; there's no buyout in there for them. My belief is that you'll probably see them stay another year and they'll leave at the end of the contract. That is my belief, and I think that's my belief for the entire city. I don't see why anybody would retire this year when the $13,000 buyout goes until next year.

Alderman Levasseur stated I thought you said ten of those guys have 30 years in.

Mayor Gatsas responded he's got one at 40 years.

Mr. Burkush stated we have 17 with 30 plus years.

Alderman Roy stated thank you, Your Honor. I just want to respond to what you were discussing because it leads into what I was thinking, what Alderman Levasseur was talking about. That is that you've got that number of personnel at ten; I don't like this idea but I'm trying to think of a way out of this. If you don't promote, then you're saving money. Was it that $68,000?

Mr. Burkush replied yes.

Alderman Roy stated and you're only going to have to hire four firefighters to replace the four that retired, not ten. Is that correct? Because we wouldn't be replacing anybody who got promoted. We'd only be talking four firefighters.

Mr. Burkush replied you would still want to have the bodies though.

Alderman Roy stated I'm getting there. So you hire firefighters to replace those four firefighters that cost $470,000, about that. It cost $47,000 per, so that's $188,000, minus the $68,000, and that's $128,000 that it would cost because you apply that savings from the officers to that. They cost $128,000 for four. So if you take that off from the $860,000 savings, you get $732,000, then you minus the $380,000, you get $352,000. The only thing I'm not clear on is the $141,000 on the bottom about the payment to the retirement. Is that still intact even though they don't get the $13,000 payout?

Mr. Burkush replied yes. That's the city's portion of the retirement Mr. Sanders asked us to put in.

Alderman Roy stated then if you took that out, you'd have a savings that would come out to $191,000 savings and then you could hire a couple more firefighters. That's where I was going with it, and it is just food for thought, chief. It's just another way of looking at it. It isn't perfect, I know that, but neither are these times. And I agree, this may all be moot because I don't know too many guys who are going to retire in the next year. Thank you.

Mayor Gatsas stated but I think that, and I don't have my numbers in front of me, alderman, but I think that the $44,000 per person is for ten going out. If you only replace four, he's still going to have six vacancies in the department because he's not filling those positions. Even though he might not promote, he still has six more positions that are vacant.

Alderman Roy interjected I understand there are vacancies, but it is vacancies in the supervisors not the guys who do all the work on the line. That's where I was going, and I know it's not perfect.

Mayor Gatsas stated but you're saying not promote. It would be hiring ten firefighters and not promoting.

Alderman Roy stated you wouldn't have to hire ten.

Mayor Gatsas stated you'd have to hire nine to make up for that difference from the math I do.

Alderman O'Neil stated thank you. I have a few thoughts. The three captains and this six lieutenants on this sheet, they have seats on fire trucks. So if they don't leave, we have to put somebody there, we put firefighters, and I think by a contract we have to, I don't know if the term is plus rate, but somebody has to be the boss. Is that correct? So I'm not sure there's a savings by not filling those positions. Their positions are not sitting in an office, they're jumping on fire trucks and pulling hose and climbing ladders. I just want to go to that sheet Alderman Roy referenced, and I'm fine when we get down to $317,000, but what I don't understand is the three bottom numbers. So the savings to the Fire Department budget is $317,000, the severance cost of $130,000 is based on the ten. Is that correct?

Mr. Burkush replied that's correct.

Alderman O'Neil continued so you have to take that $130,000 out of the $317,000 because it's coming out of your budget.

Mr. Burkush stated the reason I didn't put it up where the $317,000 was is that I was hoping that this would happen in this fiscal year. That's why I didn't put it up on that line.

Mayor Gatsas stated what we were looking for, we were saying if you retired this year because there's money left in severance, what would that benefit them.

Alderman O'Neil stated there is no money left in severance this year. But explain to me the other two: final earned compensation costs and the City cost of the New Hampshire Retirement System.

Mr. Burkush replied the final earned compensation would be the severance. In addition to severance…

Alderman O'Neil asked severance from what, chief?

Mr. Burkush replied the ten guys up on the top.

Alderman O'Neil asked so who's budget is that coming out of?

Mayor Gatsas replied severance. The one that doesn't have money left in it.

Alderman O'Neil stated thank you. And then the bottom one. That comes from severance as well?

Mayor Gatsas replied correct.

Mr. Burkush stated I'm not sure where Mr. Sanders pays that.

Mr. William Sanders, Finance Officer, replied that comes out of the state pension line, not out of severance. Out of the state pension line we would have to find it.

Mayor Gatsas stated no, but you have to fund it. Where is the funding coming from?

Alderman O'Neil asked is it funded, Bill?

Mr. Sanders replied we're going to be short in our state retirement this year.

Mayor Gatsas stated so it would have to come from severance or contingency to get that line item.

Alderman O'Neil stated there's no severance, so it's not coming from there.

Mayor Gatsas stated so it's contingency.

Mr. Burkush stated I guess, alderman, what we were looking for was a solution to our shortfall going into next year, and that's why we were advocating trying to get people out this fiscal year, which is apparently not the plan.

Alderman O'Neil stated my concern is that I think we need to have a surplus going forward and it is in the best interest of the city. So I don't know where we would come up with $510,000 plus the $130,000.

Mayor Gatsas stated the total that's a shortfall, alderman, is $328,000. If you put that proposition in, the contingency number that would have to be met for this year would be $328,000.

Alderman O'Neil responded I don't see that on this sheet, Your Honor.

Mayor Gatsas responded it's at the bottom if you do all the subtractions. If you take the $142,000 that's for retirement, the $130,000 that's for the $13,000 severance, and the $379,000. If you add those three numbers up and subtract it from what your $317,000 is, it's going to be somewhere around $328,000. I don't have the sheet in front of me, but that would be the shortfall that they'd be looking at for this year that would have to come out of contingency. So those ten retirements would go and then he would be a full complement next year.

Alderman O'Neil stated if it helps the Fire Department, it doesn't help on a citywide basis.

Mayor Gatsas stated I hear you. Alderman, I think that's what Mr. Sanders is going to say. I don't disagree with you, but that's what this board asked them to do with the document.

Alderman O'Neil responded I understand, but it doesn't help us on a citywide basis, and I think Bill's point that he mentioned last week, if we're going to fill the position, I'm not sure the buyout works. The math just doesn't work. It doesn't matter what department, the reward is not there. It doesn't matter what department is involved.

Mayor Gatsas stated two and a half months ago when we had vacancies in the Fire Department, that's what I was trying to do was manage their budget because there were vacancies there.

Alderman O'Neil stated thank you, Your Honor.

Alderman Levasseur asked are you anticipating layoffs next year?

Mr. Burkush replied no.

Alderman Levasseur stated on the severance issue of the $13,000, they only were given a three month opportunity to do so. It doesn't extend to 2015 for the Fire Department. Is that right?

Mayor Gatsas replied that's correct.

Alderman Levasseur stated so I don't understand why they're going to stay until 2015.

Mayor Gatsas asked why are they going to leave?

Alderman Levasseur replied because they have 30 plus years in there.

Mayor Gatsas stated I understand that, but right now the cost of health insurance is pretty expensive out there.

Alderman Levasseur stated you're making an assumption, and I thought that you were making the assumption that people are going to leave in 2015, and you just said that you think the firefighters are going to leave in 2015. You're making an assumption based out of thin air.

Mayor Gatsas responded no, I never base anything out of thin air, alderman. I'm basing it on there will be a new contract July 1, 2015, and I think that when those negotiations are done, I think, that's when you'll find people deciding to leave.

Alderman Levasseur stated so you're not making the assumption based on the fact that there's $13,000 at the end of the contract.

Mayor Gatsas replied no, I'm making that assumption based on everybody else but Fire.

Alderman Levasseur stated right, everybody else but Fire. I just wanted to clarify that because I think I was under the impression that somehow they got a quick one and then it got extended out to 2015. So since it doesn't, you're assuming that they're going to stay one more year and then once the insurance kicks up to a higher percentage or whatever the contract negotiations are.

Mayor Gatsas responded get rid of Yarger Decker. Isn't that what you proposed?

Alderman Levasseur stated don't start. Now you're going to make me love you when you say stuff like that. Seriously, I want to go over and give you a big hug. If five do retire next year, mayor, that's going to be a crimp. I can see five guys retiring next year. Another cold winter like this, they'll say I'm going to Florida.

Mr. Burkush stated when we put the budget together, we did not anticipate any retirements, but if there's an exodus and we've got to eat severance, all bets are off then.

Alderman Levasseur stated I shouldn't assume but I'm assuming you say you could get ten guys to do it, and I'm assuming that somebody is talking to you and saying we're ready to go but we'll go now if you give us an opportunity to go now. That's the reason why I thought you came up with the number ten.

Mr. Burkush stated we looked at probable people. The supervisors still get the $13,000, so we anticipate a few fire supervisors going.

Alderman Levasseur asked what about another incentive? Is there another incentive that's out there that's possible? I don't know how insurance works. Once they're done, is their insurance gone? Is it possible to expand that for an additional time period at a much lower cost to get them to retire earlier? Are there any other ideas that you've come up with besides it's going to be really cold next winter and they should go to Florida?

Mayor Gatsas stated I think the young lady who came here from Anthem the other evening was pretty specific to talk about the age of our workforce. So if you're going to insure older people, the chances you're recouping the $300,000 might be slim to none if you're going to insure them.

Alderman Levasseur stated I'm not talking about long-term, I'm just talking that maybe there are some other ideas to incentivize, because I know the chief is looking forward, from what you said, to get rid of the old guys and bring in the young guys.

Mr. Burkush stated I guess the original intention of the $13,000 was the cost of health insurance for one year.

Mayor Gatsas stated that's how we did it.

Alderman Levasseur asked that's what they would pay out-of-pocket once they retire?

Mayor Gatsas replied we did a contribution level for an average. Of that there would be no cost to them on the health insurance for a two-year period. I think that's the way we worked it. That is how the $13,000 came up.

Alderman Levasseur asked would it have been cheaper not to give that payout and just to extend it or do we give them a check?

Mayor Gatsas replied it was a choice: either or.

Alderman Levasseur stated thank you.

Alderman Roy stated to get an idea of who is retiring. How many people have over 20 years and their age?

Mr. Burkush replied we have 17 people with over 30 years.

Alderman Roy stated if you look at those people who just sold back vacation time, they aren't going into next year because they've got to build their vacation time back up before they do go so they have the benefit in their retirement. So if you looked at those numbers, it's going to give you an idea of who is not going. That's for sure. And maybe it would give you an idea of who is going. Thank you.

Mayor Gatsas stated it's almost like 13 or 14 that are back down to a number that they have to build up.

Alderman Corriveau stated thank you, Your Honor. Chief, at our last meeting when I asked you about the revenue shortfall, you mentioned the ambulance contract. What date does the ambulance contract come back before this board? A decision whether to renew it or pursue a new one or go a different route? When does that come up?

Mr. Burkush replied at the Committee on Administration/Information Systems tomorrow I hope we have that discussion.

Alderman Corriveau stated so it will be coming up before this board fairly soon then.

Mayor Gatsas responded but that only goes into effect January 1, 2014.

Alderman Corriveau stated and you mentioned that was essentially the $80,000 revenue deficit you were looking at.

Mr. Burkush replied yes.

Alderman Corriveau stated I don't want to steal the committee on administration's thunder here, but one of the things I look at when I look at your department and for the past year or two, and I think especially looking forward as we really do do a much better job of getting more revenue into the Fire Department, and I think that the ambulance contract may be a unique way to do that. Have you done any preliminary math, and actually one of the things when I look at your department I see that you're uniquely capable of meeting those services that our ambulance carrier provides right now. Understanding that you may not have arithmatic or figures in front of you at this moment, looking at things do you see the possibility of the city providing ambulance service as an avenue for the Fire Department to meet its future fiscal challenges?

Mr. Burkush replied not in the short-term. There is so much uncertainty with the Obamacare, for the lack of a better word, on reimbursement of medical services. We know, looking at the AMR financials, that 50% of their billings are uncollectable, so it's not in the short-term that we think it's economically feasible. We're looking at a long-term plan to implement it to bring it in where we could charge for services, but in the short-term no, I don't think we can do it.

Mayor Gatsas stated I think the finance officer has already done a financial analysis on it.

Alderman Corriveau asked we'll be getting those figures at some point in the near future?

Mayor Gatsas replied he's distributed them or gone over them with the ambulance contract folks.

Mr. Sanders stated they were done jointly with Chief Campasano and Mr. Burkush and Chief Goonan. We all worked on them, and I think they are going to be bringing them forward, I think.

Alderman Corriveau stated basically I get asked this question by constiuents, which is why I'm asking it. I hear from constituents and they say I pay an arm and a leg for AMR, my kids in Londonderry pay half of what I do for the same services, and they say why don't we do that, why can't we do it, we can do it cheaper and the City gets the revenue. What I'm asking, I guess, is that on its face that makes a lot of sense, but you're saying in the short-term the math doesn't add up.

Mr. Burkush responded when you look at the collectable rate, and it's gone down from calendar year 2011 to 2012, it is barely marginal. If you were to tell me to do it and not make a profit, we could provide an excellent level of service, but we would be barely breaking even.

Alderman Corriveau stated my understanding is that if the City were to provide ambulance service, we wouldn't be running it like AMR, we're not looking to make a profit, but we're not looking to lose money on the endeavor either.

Mayor Gatsas asked alderman, didn't you just say you were looking for a revenue source?

Alderman Corriveau replied possibly. Literally I have people ask me this question all the time, and I'm trying to figure out that here we are with a department that's in a pretty unique position relative to some of the other departments. They can provide a service, which can generate revenue and yet we're also being told well it is not economically feasible. So I'm trying to figure out why that's the case.

Mayor Gatsas replied because 50% of the payments in this city are uncollectable; 100% of the payments in Londonderry, because of who you're servicing, is collectable.

Alderman Corriveau asked are you saying that basically because we're not as rich as Londonderry and AMR charges a lot more?

Mayor Gatsas replied no, that's not what I'm saying. I'm saying that the median family income in Londonderry is much higher than it is here, so they're paying their claims in Londonderry. It's not happening here.

Mr. Burkush stated with 38% Medicare and Medicaid, off the top of my head it's about 30% uninsured and 30% insured. The payor matrix is not good and it's not getting any better in the city. Like I said, it went down from calendar year 2011 to 2012.

Alderman Corriveau stated it doesn't surprise me that it went down, and in part I would think the reason it would go down is because AMR charges so much more than other municipal servers.

Mr. Burkush stated what they're trying to do, or any provider, would try to charge to make up for the uncollectables. That's what they're trying to do. If everybody paid $600 for an ambulance ride, the city would be fine. But when you have that much uncollectable, you just can't make it. I would do it in a moment as long as you told me to, but I'd come in here with a $2 or $3 million deficit every year. We would provide excellent service, you wouldn't have an issue with that. It's just that I couldn't come in here and tell you that I was going to make money.

Alderman Shea asked chief, when is the new fire station going to be up and running?

Mr. Burkush replied we moved in last week and we're going to have a ribbon cutting May 11th. We'll be sending out invitations.

Mayor Gatsas stated if you haven't seen it, go up and take a look. It is pretty nice.

Mr. Burkush stated we really focused on energy efficiency, so it's going to be a nice station.

Alderman Greazzo asked Your Honor, have we released the land where the previous station stood?

Mr. Burkush replied we already did.

Mayor Gatsas stated we were leasing it for $1.00, I think.

Water Works:

Mr. David Paris, Manchester Water Works Director, stated I'm here with our financial officer, Phil Croasdale. It is a new experience for Water Works to come and speak to the board about our budget and our budget process. I'd like to give you a three-minute snapshot of where we are with our budget and how we have done this. Water Works, as I'm sure you're all aware, is an enterprise utility, we are PUC regulated, we have customers in six communites in addition to Manchester. That is 160,000 as our service population and we have customers from Derry to Hooksett. Our annual budget process up until this year has been a calendar year process where we have worked around a January 1st through December 31st cycle. This year for the first time we have transitioned to a fiscal year, and we are currently in that transition period, the six-month transition budget. It is a completely unique experience, I think, as one person had said at one point in time. At this point in time we have a draft budget that we're preparing for fiscal year 2014, and that budget has not been placed before the board of water commissioners. Our typical budget process would involve our water commissioners vetting that budget in a special meeting, at least one, sometimes two. Our budget is about 30 pages long and has about 600 or so lines, I would estimate. The highlights I will give you briefly right now. Manchester Water Works is in a process we've just embarked on, our commission has set us on a course to replace water mains throughout the city of Manchester. This department is 140 years old meaning that the oldest water mains in the city are 140 years old. That is a lifespan for most of these water mains. So we have put together a ten year plan to embark on a replacement cycle for these mains that would be a continuous process from there on out, replacing on the average from that point four to five miles of water main every year. We have about 500 miles in all. At 500 miles at a 100 year replacement cycle, that would be four or five miles a year. That ten year financing plan is going to mean that we need to ratchet our rate structure into place to do that as well as borrow money to capitalize this project along the way, and we have actually looked at a very staged and sequential implementation for that capital program. That is our rate side and our revenue side and our projects where we are. Insofar as expense side and what we're doing to try to maintain and control costs are a couple of things that I think are very notable for the board to be aware of. One is to transition the ownership of our watershed properties into the hands of a non-profit governmental or governmental organization. That would be to protect them in perpetuity and maintain them as conservation areas and to enable us to manage them accordingly as consistent with

the way we do now. Additionally, we've reduced our workforce over the last five years for six positions, three of those have been management level positons. Currently we are in the process of a reorganization for our management level, the upper management level at Water Works, by eliminating of one of our top two positions, obviously not mine, but the one that I was in prior to this. Just a few other things. We're looking at some customer service initiatives. I think it's important that we understand where our revenue is and where our constituents lie. Customer service for us is one of the areas I think that we have lagged perhaps a bit and we're looking at hopefully offering services. I know we're talking about reveneue and revenue generation offering services to our customers that they don't have currently. That would hopefully generate revenue in the process and for those that can afford to do some additional, that would help. We are trying to be transparent in all of these processes as well. One other area I think is important to probably finish before questions, is just to speak to the way the Water Works works within the city as an enterprise authority of the City. We use City services to a very large degree, whether it is Info Systems, where we spend about $100,000 a year on computer support, or it's Highway where we have spent $500,000 or $600,000 in the last year. Services for paving and/or providing free water to schools and public buildings, just providing fire support meaning keeping the hydrants all working throughout the city. There are almost 4,000 of those, keeping them shoveled all winter long. For those who aren't aware, our troops in the winter are expert hydrant shovelers and they keep those hydrants running and clear, and they also repair them when they've been hit, which happens quite a bit in the winter. All in all, it's about $2.5 million of annual support to the City whether it's per case or whether it is services. I think that's an important aspect to understand when you understand Water Works.

Alderman O'Neil stated thank you. Dave, the 3% rate increase is effective when?

Mr. Paris replied it was implemented February 1st and it came into people's bills in April.

Alderman O'Neil asked how much is that expected to generate? And because I know you're changing the fiscal year, give me what period we're talking about.

Mr. Paris replied on an annual basis, alderman, we looked at that as just over $300,000 annually, and that is about $.65 per household per month.

Alderman O'Neil stated thank you, Your Honor. I'm just making some notes. Dave, is there a long-term plan for rate increase or has the commission only approved the one year plan?

Mr. Paris replied the commission has only approved a oneyear plan, alderman. We have put in front of them a ten year prospectus on how to do this rate increase. It does involve a series of 3% increases. We limited any individual increase to 3%, understanding how sensitive that is, and combined it with quite a bit of borrowing to capitalize not only the main projects but in the next ten years we have projects involving building a water treatment plant at the Merrimack River, replacing reservoir covers, and structures and potentially building a water tank. We have a whole series of things that we're involved with.

Alderman O'Neil asked is that something you can, and we don't have say on the rate increase, but just a ten year plan, is that something you'll provide for us at your convenience?

Mr. Paris replied I certainly would be glad to do that.

Alderman O'Neil stated I think it would be in the best interest of the citizens, and certainly staff at Water Works, if there is a long-term plan and not a year-to-year addressing of things.

Mr. Paris stated if I'm not correct, alderman, I heard that message from you about a year ago.

Alderman O'Neil responded okay, thank you. David, to tie some of the other replacements to CSO work that's being done, but I'm sure there are other mains that are going to have to be done as well, you put a cost, and unfortunately the math isn't coming through in my head, but you put $135 a foot. What would be a total program of four to five miles of annual cost?

Mr. Paris replied I think it's $4 or $5 million, alderman.

Alderman O'Neil asked is that skewed a little bit because of the in-house?

Mr. Phil Croasdale, Manchester Water Works Financial Officer, replied we're looking to ratchet it up over the next several years. Currently it's about $1.3 million for material supply and outside services to do approximately two miles of main a year, and we're going to ratchet that up for instance in 2016 to $1.6 million, eventually in 2018 to $1.9 million, and in 2021 $2 million. So we're going to ratchet that up; it's all part of our ten year plan.

Alderman O'Neil asked but it's all tied, Phil, to the rate increases too?

Mr. Croasdale replied yes, it is all tied into the other.

Alderman O'Neil stated in that breakdown where you're mentioning those dollar amounts, is that a combination of in-house crews doing replacement or is that all private contractor work and then the in-house is kind of already eaten within the operation of the department?

Mr. Paris replied we're using $135 per foot, whether we're doing it or a contractor is doing it at this time. In certain areas, because of paving costs and we're doing an area without any support from either the gas company or EPD or whatever, the numbers are significantly higher than that. But if we can leverage our main replacement with gas main replacement or certainly EPD and CSO work, then those numbers come down.

Alderman O'Neil asked so Dave, that $135 is an average?

Mr. Paris replied yes.

Alderman O'Neil asked are you going to end the relining program as we know it? The relining of the pipe?

Mr. Paris replied we're going to reevaluate it. This is an engineering decision that is yet to be made, and in my mind as director I believe it is important that we evaluate all options for main renovation to us and not just solely rely on replacement. Water mains are interesting animals. In some case they're 100% used in 60 or 70 years if they happened to be laid in a wet area, wet ground, so you would not want to reline a water main like that that has corroded from the outside. In other places where the mains have been sitting in perfectly good ground for 100 years, they are still in very good shape except for the inside of them that has

become encrusted and needs to be cleaned and lined. Actually this year we've put money in to do some pipe sample analysis for a perspective relaying next year to see if any of that can be relined because it is cheaper to do it that way.

Alderman O'Neil asked how much does it cost on average per foot to reline?

Mr. Paris replied the significant savings with reline is because you don't pave. It is about $50 per foot.

Alderman O'Neil stated but it is labor intensive. They have to dig in a number different places, I know it is smaller excavations.

Mr. Paris replied they dig every 200 feet or so and do access points.

Alderman O'Neil stated thank you very much.

Mayor Gatsas stated I think the big difference though is that if the land of Water Works goes into conservation, it's about $860,000 savings to the budget.

Mr. Paris responded that is correct.

Mayor Gatsas stated so that's a big number.

Alderman O'Neil stated all going to pipe replacement I hope.

Mayor Gatsas stated going to wherever the commission and the board decides.

Mr. Croasdale stated our ten year plan does involve that estimate that we're going to be saving that money.

Alderman O'Neil stated that's still an unknown at this time though.

Mr. Paris stated that's true.

Alderman O'Neil stated it's hard to have a plan and a budget based on an unknown.

Mayor Gatsas stated I think it's closer to reality than anything else is.

Alderman O'Neil stated a rate increase has been approved, so that's a reality.

Mayor Gatsas stated that's a reality, but again, I think that the $800,000 is pretty close to reality.

Alderman O'Neil stated I'll look forward to seeing the plan presented. I know it doesn't have to be presented to us for anything other for information purposes.

Senior Services:

Ms. Barbaras Vigneault, Senior Services Director, stated good evening. I want to thank you for the opportunity to be able to answer some of your questions on paper, and I'd like to open it up to any other additional questions you might have.

Alderman Osborne stated what I can't understand, Your Honor, is why she couldn't have been put first rather than her sitting here all this time.

Mayor Gatsas stated you know, alderman, why don't you ask the question of who put the list together. I think it was your colleagues. It wasn't me.

Alderman O'Neil stated somebody had to be first and somebody had to be last.

Mayor Gatsas stated I think the decision was to bring in the big three first. Does anybody have any questions?

Alderman O'Neil stated so the bottom line for Barbara is, you're okay with your budget.

Ms. Vigneault replied yes, we'll be okay with the budget, I believe. I may take this opportunity to say, and Alderman Long has been helping with the Mayor's Senior Luncheon, it is June 12th and we're going to have the distribution day on May 21st. If you're in need of any tickets, please call me and if you'd like to purchase some for some of your ward constituents.

Mayor Gatsas asked those are seniors, right?

Ms. Vigneault replied age 60 and over.

Alderman Shea stated Barbara, a quick question. If there's a certain location that a lot of people are going to come from, will the bus service be available to them or do you know that?

Ms. Vigneault replied yes. The MTA has offered to help and they're going to be providing free bus service for those people holding a ticket to the mayor's luncheon to and from the Radisson.

Alderman Shea asked so in other words, if it's not on a bus route but a certain location, they would go and pick the people up there and then bring them to the Radisson and then bring them back?

Ms. Vigneault replied that's on a regular bus route. But if what you're thinking of like before, we can make those special arrangements. I will call you.

Alderman Shea stated thank you.

Alderman Ludwig stated you do have a special account though that you raise money in. Is that right?

Ms. Vigneault replied right.

Alderman Ludwig asked what's the balance of that?

Ms. Vigneault replied we have a 501(c)(3). Is that the one you're talking about?

Alderman Ludwig replied I don't know.

Ms. Vigneault replied that is about $75,000.

Alderman Ludwig asked and that is used for what?

Ms. Vigneault replied capital expenses for the center. Like capital improvements.

Alderman Ludwig asked how much did the golf tournament raise last year?

Ms. Vigneault replied $24,000, and we're going to have another golf tournament this year on September 13th.

Alderman Ludwig stated a big piece of that is because, Your Honor, this board gives them the golf course free. Isn't it?

Mayor Gatsas replied I believe that you're probably right.

Alderman Ludwig stated I think I am and always have been.

Mayor Gatsas stated while we have you here, I know that it would be up to this board to decide what it would like to do. Two years ago we went out to raise money for the senior luncheon. We raised in excess, I think, of $15,000, if my memory serves me right. And we spent about $9,000 and there was $6,000 left. However, because, I think, that by the innocence of the folks that were around it didn't know that they didn't have to tell this board to hold onto that money for the next year. So it went into a surplus account at the end of the year and the aldermen or the taxpayers benefited from that $6,000. I would hope that this board would look at $6,000 that's in the contingency line item this year to replenish those dollars so that they have them going forward. Just for an information tidbit… I will bring it back as we go through this process. I guess I can get Mr. Sanders to get that information so that everybody can have it. Can you get that? Because I know that Vickie spent an awful lot of time down in Guy's office trying to recoup that $6,000.

Alderman O'Neil stated just for clarification. You're talking this year's budget or 2014?

Mayor Gatsas replied last year's budget, 2011. We raised money in 2011, and at the end of the year instead of holding onto those dollars, it got dropped into surplus.

Alderman O'Neil stated that's two budgets ago.

Mayor Gatsas stated it's two budgets ago, and we have the money. I think we raised another $5,000 or $6,000 from last year that we still have that we held onto because somebody said don't put it into surplus because it's for the senior luncheon. That's what people contributed for the senior luncheon.

Alderman O'Neil stated I'd like to see some formal documentation on this though if we're going to do it.

Mayor Gatsas responded absolutely, we'll have that available for you.

Alderman Levasseur stated we purchased the three family behind the senior center. Did that ever get raised and then become part of the parking?

Ms. Vigneault replied yes. NeighborWorks had given that building to the City and it was leveled and additional parking was available so it has really helped our parking problem.

Alderman Levasseur asked who paved it?

Ms. Vigneault replied the City.

Alderman Levasseur stated so it is all set. That capital improvement fund goes towards projects like that or just the building itself?

Ms. Vigneault replied yes, and similar.

Alderman Levasseur asked is there anything that you're planning to use that money for going forward?

Ms. Vigneault replied we just had to have three commercial refrigeration units replaced and the Friends of the Cashin Senior Activity Center paid for those.

Alderman Levasseur asked and you go through a different board for that? Your own board?

Ms. Vigneault replied it is the 501(c)(3) board, the Friends of the Cashion Senior Activity Center.

Alderman Levasseur asked when you raise your money from these other events, does it go into that account?

Ms. Vigneault replied when we raise money like the from the golf tournament, that goes into the 501(c)(3), or when someone makes a donation directly to the Friends. With the help of Info Systems we've set up a PayPal account so people can pay online to make a donation and it's on the City's website to donate through PayPal.

Alderman Levasseur asked have you seen an increase in the last year over last year? D o you keep a record of all the people who come in on a daily basis?

Ms. Vigneault replied yes. We have a software program that gives us the ability to keep all kinds of data on the numbers of people who use the facility, and it's a little over 3,600 who are members, and it gives us information that they give us when they initially sign in. They have a little bar code similar to what you find in a grocery store, and they scan that and that automatically counts the numbers for us, we don't have to get involved in it, we can go to the backside, we call it, and get all kinds of different information. They have their names, addresses, we sort them out by wards, we have all kinds of different demographic information that we can get.

Alderman Levasseur asked what kind of an increase did you see from this year over last? Did the winter affect you at all?

Ms. Vigneault replied the winter was difficult in that it was cold and a little icy, but we were surprised. They are senior yankees and they are really good about coming out, and in particular we have some of the very old who will venture out because they don't want to be home alone. Loneliness is a really difficult thing, so they come to be with other people so they're not sitting home in their homes. We find that we have a 95-year-old who will come in the worst storms and will annouce I'm here and it's because she said she just can't stay by herself.

Alderman Levasseur asked can I ask you, if you're in one of the high rises, do they provide transportation to the senior center or how does that work?

Ms. Vigneault replied we have STS who will come pick people up at the high rises and will bring them over. We do find that people who are living independently in the community in their own homes, those are the people who we have the greatest number of, those who are still living independently.

Alderman Levasseur stated I have one more question. You said you're replacing three refrigeration units. Do you provide food for them during the day?

Ms. Vigneault replied we have different programs that will have snack times, so we do raise money for coffee and tea and refreshments, but also we host St. Joseph Community Services meal program, so we provide congregate meals at the site so people can eat a balanced meal and we have home delivered meals through the Meals on Wheels program that goes out of that building.

Alderman Levasseur asked what is the cost to become a member over there?

Ms. Vigneault replied we don't have a membership fee, and that's what I think is special. I've always said that I think we can do better without a membership fee because that kind of gives people a feeling of entitlement, like I paid a membership fee so I'm entitled to all kinds of different things from different programs, and instead not having a membership fee people feel the need to give back. So they will give back through donations or they'll give back through volunteerism. What we try to do is to look at people as resources and we have many, many volunteers because we only have 3.5 staff people. We have many volunteers who will help us and they're extremely important because we have computer classes. We have a retired professor from Southern New Hampshire University who comes and teaches our computer classes now, we have professional art teachers, we have a health organization providing dances, we have zumba gold, we have all kind of different things going on so these folks come in and they provide the services that we need but they're volunteering their time to help. So we ask people who are coming to the center if they will volunteer their time. We're going to be having a volunteer recognition at the end of April and we have about 45 people who will be coming to that.

Tax Collector:

Ms. Patricia Harte, Tax Collector, stated I'm here to say we're okay with our budget and I'm here to answer any questions anybody might have.

Alderman Greazzo asked do you have a number on what our outstanding taxes are?

Ms. Harte replied I don't. I can get that for you.

Alderman Greazzo asked do you happen to know what the average was last year?

Ms. Harte replied I do not.

Mayor Gatsas stated 2%. I think it's tracking just about at the same place.

Ms. Harte replied yes, about 98% pretty much.

Alderman O'Neil stated you indicate in your letter that there is one person who's going to retire the end of this fiscal year. Do you know what the severance will be for that?

Ms. Harte replied between $7,000 and $8,000 and we're able to cover the $13,000 incentive.

Alderman O'Neil asked and that's all happening this year?

Ms. Harte replied yes.

Alderman Levasseur stated I just got information what the zumba is. I just want everybody to know I was just kidding. People sometimes don't know I'm kidding around. Last year you came in with a pretty large number at the end of May for car registrations. You put your budget in last year probably much earlier, you got that big revenue, did you base your budget this year based on that big number on revenue?

Ms. Harte replied yes, and we're hoping to get in between 14.4 and 14.5 actuals this year.

Alderman Levasseur asked are you looking at another big increase in May? When we asked you last year if you were looking for a big increase in May, I don't think you knew you would. I don't know, is there any difference?

Ms. Harte replied no, it was pretty volatile last year but things seem to be really going upwards in many sectors of the economy and particularly car sales.

Alderman Levasseur asked so what kind of a surplus are you looking at this year in your budget? I don't have that number in front of me.

Mayor Gatsas stated about $300,000.

Alderman Levasseur asked is that included in the $890,000?

Mayor Gatsas replied that's included in the $890,000.

Alderman Levasseur stated okay. Thank you very much.

Alderman O'Neil stated Pat, just on that retirement, you plan on filling that vacancy at some point?

Ms. Harte replied yes.

Alderman O'Neil asked if you had to guess, you will not fill it as of July 1st? The person will retire and then it will get posted, etc?

Ms. Harte replied more than likely. I'm somewhat concerned. We have a very small set staff and every single person is so vital in that office, cross-trained, jumping in wherever is needed. So I'd like to wait until July 1st but I have to kind of look at it.

Alderman O'Neil stated as you've heard me state more than once, we're trying to build a surplus out of this year going into next year. So if you can do it, it would be appreciated.

Ms. Harte stated we'll do our very best.

Alderman O'Neil stated thank you.

Mayor Gatsas stated I think the surplus that you saw from her last year was based on the projections of revenue. Mr. Sanders, can you talk about that from last year where there was that $700,000 number that came in at the end, and I think that was based on the amount of money that was being looked at for an increase from the year before or maybe you can help me be a little clearer.

Mr. Sanders stated when the mayor did his budget a year ago, we had about $1 million of surplus in the forecast and that was in March, and some of that was Pat's money. I didn't really prepare myself to talk about this, but in the course of the aldermen putting their budget together, we generated about $2 million of additional surplus and primarily that was Pat, the auto registrations in the last three months of the year. There was a big down month but then they took off. The results of the snow was really non-existent a year ago, and Kevin had about $1 million of surplus, so everything was created after the mayor's budget. It was really Kevin at the Public Works Department and the Tax Collector's Office.

Finance:

Mr. Sanders stated I'm just here to tell you we are fine with the mayor's budget. From an expenditure point of view, we have no retirements, as you can see in the letter. Once again, we're a pretty small department and as long as we have no big hits or we don't have any severance to cover and we don't have any $13,000 to worry about, I think we should be in good shape. Our COLAs for next year, as you can see in the letter, are about $15,000 for the department. There is one additional revenue item that is not in the budget and actually I didn't even mention it in the letter, which is my mistake. A company came to the Mayor's Office a few months ago with a somewhat unusual situation. It was a company by the name of CBS Outdoor who runs billboards, and they had acquired a company in the last couple of years that it turns out has billboards on City property. They actually have three billboards that are on City property for which rent has not been paid for at least since 2008 for these billboards. They are on highway right-of-way areas, on Willow Street and on I293. They're in somewhat odd places. I need to do a little more work. I met with the planning and community development director, the city solicitor and the assessor just to make sure that we're permitted to enter into an agreement with people if the board is of a mind to do that, whether we have to get any approvals from the state because particularly on the I293 item with the state highway there, as well as what the procurement rules say, is this something we should take out to bid and that sort of thing. But the estimate, just based on the conversation of back rent that they would be prepared to pay, is probably about $220,000 if we finalize an agreement with them, and then we'd have an annual rental of probably something in the vicinity of $40,000 or $50,000. So I think based on the one meeting that we had and then the meeting internally, just to understand how we would do this, and what the

roadblocks might be. I think it probably is a pretty solid opportunity for next year if that's something that the aldermen want to think about, and I would hope we could report back here in the May meeting sequence to let you know what's possible there. That is a revenue opportunity that the mayor did not put in his budget and is potentially available there and I think is more likely than not that it would happen.

Mayor Gatsas stated and again, the reason why I didn't include it in the budget is because of the procurement code and how we handle it and the back payment and how we handle that going forward. This board has to say let's waive the procurement code so we can collect back indebtedness because I'm not too sure that without both the deal going forward, that we aren't going to have to challenge the back amount. So the board has to make some sort of clear understandings from the city solicitor and the finance officer about procurement and whether we want to waive it or not. But I'll let him finish.

Alderman Long stated thank you, Your Honor. I'm assuming we had a contract prior to this.

Mayor Gatsas responded no.

Alderman Long asked so what stopped in 2008?

Mr. Sanders replied that was when they acquired it or their records go back to that date.

Mayor Gatsas stated let me just try and talk about it because they came to my office first and wanted to see if I'd sign off and handed me a check, and I said I'm not too sure that's what you owe us because the number was a lot less than the $250,000 that I told him, was that I thought he owed us $250,000, they were talking about a lesser number, so then I said you need to meet with the finance officer and have him come to a conclusion. The problem is that they were paying the railroad company, B&M. They thought all the ones that they had were on their right-of-ways. It just so happened that these three, and they can only go back for four years, I tried to push them back farther, but they tell me that whatever, it doesn't go back any further. So the three that we have are those. There are two more that they would like to install that they used to have, but they don't have them now because they were torn down. One of them is over by the Rayfield Club

and that right-of-way that they had there, there was a board there. So that's where we are and that's why I didn't include it in the revenue numbers because, again, if it's going to be a long drawn out battle in the courts and we might not see it, but if we decide this board wants to go forward to change the procurement because it is a revenue that we would have to either alleviate the the procurement to get the revenues or go out to bid, and I'm not too sure once we go out to bid whether we're going to find the dollars coming in.

Alderman O'Neil stated Bill, just to make sure I understand. You said there are three existing, and I just learned from the mayor that there are two other potential sites. I missed when you said that initial or back payment number. That is or may have been offered?

Mr. Sanders replied they put on the table $198,000 with me and mayor. But time has passed since that and I think we'll have another quarter under our belt, and I expect that if this took place on July 1st, that's why I was using $220,000.

Alderman O'Neil asked is that for the three or the five?

Mr. Sanders replied for the three. The the couple that the mayor mentioned, I think, they're interested in talking about other possibilities that they might see here in Manchester. I think it has the potential to be a fairly lucrative arrangement, but once again, there are procurement rules in place here that we would need to be attendant to.

Alderman O'Neil asked but they're most interested in correcting the three existing?

Mr. Sanders replied right. They purchased a company in the middle of all of this as well. They bought a company that had the billboards. I think they are being pretty straight-up about them, I think they are being very straightforward on how they're trying to sort this out, and they're not at fault, I don't think, in the most extreme sense.

Alderman Roy stated thank you, Your Honor. The company that they purchased this from, who were they paying before?

Mr. Sanders replied the railroad is the understanding these fellows have.

Alderman Roy asked they were paying the railroad?

Mr. Sanders replied they believe they were paying the railroad.

Alderman Roy asked does the railroad owe us any money? That is a question for legal.

Mr. Sanders replied I don't know.

Alderman Roy asked can we get a response, Your Honor, from legal on this stuff?

Mayor Gatsas replied I think Mr. Sanders is working with legal now on this.

Alderman Roy stated and part of the response that I want is about the ordinance that we have in town about no more billboards going up. As a matter of fact, I think there was a case where we made one person take one down because they disassembled it to repair it and they weren't allowed to put it back up. So we're going to have to look into that aspect of it as well. Thank you, Your Honor.

Mayor Gatsas stated well we have three at least. I don't know if we can put up two new ones, but we have three.

Alderman Long stated with respect to the solicitor, they are grandfathered-in billboards so I don't know if these would be considered grandfathered if they haven't been paying us.

Alderman Levasseur stated if the railroads were collecting money and they weren't supposed to be collecting money, you could go after them on the theory of unjust enrichment, but you'd only be able to get back three years' worth. If that answers your question, alderman. I'd like to get my head around this revenue issue. The Committee on Accounts, Enrollment and Revenue Administration meets every month or so and they have to write off pretty substantial amounts since the 12 years or so I've been watching over this. But even in the last year or so it seems like we write off quite a bit. How does that affect the department? Is it a projected revenue when they project their revenues out or is it not projected because it's not accrued until actually the service has been done? I see a lot of

Fire Department stuff where people just don't pay for fire alarms when they show up after three times. Is that not something that is put into their budgets in the early time because they don't know whether they're going to accrue that number or do some departments project their revenues and then they don't realize those revenues because of non-payment? Do they ever clash or meet up at some point?

Mr. Sanders replied they do, and if the revenues are recorded when the service is provided and the bills are rendered…

Alderman Levasseur interjected I'm talking about when they make their projections during budget time, they make it before 2014 and then 2014 comes, do we ever not meet those revenues?

Mr. Sanders replied the revenues that are being projected today for next year's budget by the departments will be reviewed again by the departments when we go up to set the tax rate with the DRA, and obviously that will be in November so we'll have a much better sense of actually what we're doing and we'll either adjust up or down the revenue estimates depending on what a better estimate looks like. But then those DRA revenues, if I can use that phrase, that's what they are really measured against in their budgets going forward. When you see now that guys are having surpluses, that's against DRA budgets, not against the budget that they did a year ago. So they get trued up a little bit there. But the write off situation is based on what the actual revenues will be, and when they are recorded, the revenues for 2014 will be recorded in 2014 but there may be some that lag into collection into 2015 or 2016. And if they get written off, let's say revenues that were recorded in 2014 prove uncollectable later, then when they are written off they are charged back to the department that recorded the original revenue and they have to take that as a charge against their revenues. So the department heads are accountable for the revenues when they estimate them, when they record them, and when they are collected, and the department heads have a very big interest in the collection of them. We'd be glad to get you information on what the write offs have been in the City for the last three, four, five years. That would be very easy for the Finance Department to get for you. I do not believe they are extreme. There are categories of revenues that have been difficult for us, details and companies that kind of go in and out of business or folks don't pay fees for planning and development for various inspection services and they're imbedded in LLCs and they kind of move away. A lot of effort and time is put into collecting past due accounts We hire an outside collection agency that has an incentive to

collect for us, we try to collect parking tickets, and overall we probably, on an average year, collect somewhere in the vicinity of, just through collections, 30% to 40% of our receivables that we send to collections we collect, which is a pretty good percentage overall, and we're dealing with a very small amount. I would be surprised in any one year if we wrote off in an average year more than $30,000 on the millions and millions of dollars that we collect.

Alderman Levasseur asked on the write offs, do you know if it's a million dollars a year or if it's $100,000 a year.

Mr. Sanders responded it is much, much lower than that. It's $30,000, if it's that, in an average year.

Alderman Levasseur stated so we're not collecting $30,000 is basically what we're not collecting on a yearly basis.

Mr. Sanders responded that's correct.

Alderman Levasseur stated so on the issue of detail work and not paying for those, could we not do a policy where they have to pay upfront instead of doing it on the backend?

Mr. Sanders replied yes, and things have been done to implement that, and I think that the Police Department is very attentive to that. We try to get cash details as much as possible. I would need the chief here or one of his captains to talk about that specifically but we have taken it very seriously. The Committee on Accounts, Enrollment and Revenue Administration takes it very seriously, we talk about it every month, every third Monday and tomorrow night we'll talk about it.

Alderman Levasseur stated I want to make sure I get you straight. So on an annual basis we don't collect about $30,000?

Mr. Sanders replied right. I'll get you the exact, but I'm going to guess it is $30,000 to $50,000 in the course of a 12 month period.

Alderman Levasseur asked of service rendered?

Mr. Sanders replied yes, of bills rendered. Our write offs have been a little higher here recently because of the revolving loan fund, not to confuse anything, but I wouldn't want that particular situation to override. That's not coming out of the operations of the department and the department heads know that they're accountable for the revenues, they take it very seriously. Tonight when they come here, when they do their forecast, when they bill them, and when they collect them, and they know if they have to write off, that they have to take that, it is coming against their budget.

Alderman Greazzo stated thank you, Your Honor. Where are we at on percentage of our bonding capacity?

Mr. Sanders replied the City's bonding capacity is fairly high, so we could probably… I don't think any finance officer would sit here and recommend such a thing, but we could probably statutorily bond as much as $700 million if we wanted to, which is immensely more than we have outstanding today. Today we probably have, just the City itself is probably, somewhere in the $100 million, maybe a little less than that. The School District is probably another $100 million, maybe not quite so much.

Mayor Gatsas asked so with those two capacities that you're saying combined, we still have the ability of $700 million?

Mr. Sanders replied yes, we're well below.

Alderman Levasseur asked if you went to $700 million how would that aeffect your bond rating?

Mr. Sanders stated it would not be good at all. It would affect your tax rate, the bond rating and everythign else.

Alderman Levasseur asked so you are comfortable with where we are right now?

Mr. Sanders replied yes.

Alderman Levasseur stated I wanted to ask our city finance guy about efficiencies going forward in the next year and if there is anythign on the horizon that you are looking out at as possible major savings to the city. Health care I

would imagine is one, but I'm wondering if there are other things out there that you're looking at that you'd like to tell us about. I know they put some plants on the roof over here and tried to get some solar heat out of it, but I'm looking for some substantial efficiencies here.

Mr. Sanders responded health insurance will continue to be an important category and the 20% plan is probably going to be a higher percent plan at some point in the future. I don't think anybody who understands what's happening in health insurance would take exception to that.

Alderman Levasseur stated I'm looking more towards consolidations. We just heard Mr. Sheppard say that the consolidation with parks worked out very well and they're not duplicating services or it has actually slowed down the cost of duplicating services. What about the issue of making the School District a department of the city again? Have you looked at the efficiencies and the possible savings in that one?

Mr. Sanders replied I'm not in favor of the combination of them. I think with the health savings, you're dealing with different collective bargaining units. I think some things the mayor and the aldermen have done in terms of pooling us together with Anthem, in terms of school and city, can be accomplished outside of that. I don't believe that if the Finance Departments were combined and the City had to do all the financial activities for the school, that there would be significant savings associated with that. I honestly do not. I don't think that you saw significant savings or increases in costs when they broke apart. I think that is true in HR, I think that's true in information technology. They are very lean departments. Certainly at the school they are and at the City. I just think almost every department now in the City is working with their own environment. To think that they could expand by a factor… I mean, think of the School District; they would be our biggest department by a factor of five, if we brought $150 million in here.

Alderman Levasseur stated one more question, but I'll defer and come back if that is okay.

Alderman Shea stated thank you, Your Honor. Bill, the rainy day fund, how much do we have in that?

Mr. Sanders replied about $8.5 almost $9 million dollars probably.

Alderman Shea stated we want to stay at about 10% or 8%?

Mr. Sanders replied no. We should try to keep our reserves at 15% of our budget. So if you thought about our operating budget at $140 million, we should probably have somewhere in the vicinity of the $20 million, and we're pretty close to that right now, but that's a combination of rainy day and the one-time account and the health insurance reserve and the workers comp reserves. That 15% is a pretty important percentage for rating agencies.

Alderman Shea stated if you could help me out with this, that's an expression the mayor used to use when he was alderman 2. How often have we used the rainy day fund in recent years for anything?

Mr. Sanders replied the rainy day fund, to my knowledge, has not been used. I stand corrected. It was used in 2007 when the state downshifted substantial amounts of money they took away or a revenue sharing amount for $4 million. The rainy day fund is only to be used for revenue shortfalls, and that was the one time since I've been here it was used. It was probably used to the tune of about $1 to $1.5 million. We almost got it all, but we couldn't do it.

Alderman Shea asked and in the special reserve fund, how much do we have in that?

Mr. Sanders replied it's a little over $3 million probably.

Alderman Shea asked have we added or subtracted from that in recent years?

Mr. Sanders replied it's probably been flat honestly. There's been some usage but I wouldn't characterize it as significant. In the hundreds of thousands of dollars type of thing maybe.

Mayor Gatsas asked didn't we use $428,000 out of there last year?

Mr. Sanders replied we did a book loan, Your Honor.

Mayor Gatsas asked didn't we buy toters out of that account last year for $428,000?

Mr. Sanders replied I think we took the book loan and bought toters with it, yes. Hopefully there will be some property sales in the next couple of years to bring that reserve up a little bit.

Alderman Shea stated one other question, and I might be jumping the gun here, but if the present tax rate that is in effect now and there is a change to that, how does that affect the City's finances or does it all if there is a change in that? Does that have any impact at all? Does it impact any kind of bookkeeping or any of that sort of thing?

Mr. Sanders asked if the aldermen increased the tax rate? Is that what you're asking me?

Alderman Shea replied yes.

Mr. Sanders stated it would because you appropriated money that you wanted to spend. It would not be adversely viewed. Actually rating agencies like you to raise taxes.

Alderman Shea stated what I'm trying to say is if we are held to a certain standard now because of the tax cap and there is a change in that, and obviously I'm not in favor of that, but if there were a change in that, would that in fact complicate any kind of situation that would affect the Finance Department or the city finances, in your opinion?

Mr. Sanders replied in my opinion, no. I think no. The city managed for many, many years without a cap, probably in some eyes better some years and not so good in other years, but it managed for many years without a cap. It's in its second year with the cap and I think a change would not be significant.

Alderman Shea asked but the way that the City is operating now on a financial basis, is it in a sound procedure pattern in your opinion? In other words, the rainy day fund, the special reserve fund?

Mr. Sanders replied yes, I think we're an AA rated city, which is a very positive rating. It's not to be diminished, not to be dismissed.

Alderman Shea asked so things are going well as far as you're concerned regarding the finances?

Mr. Sanders replied yes. We're having trouble, to be candid, creating surpluses in our operating budgets, and I think as time goes on it is difficult to generate surpluses.

Alderman Shea stated that's what I'm trying to say. Would there be additional problems generating surpluses if there was a change in how this City's financial spending is?

Mr. Sanders replied I think the cap makes it difficult to generate surplus.

Alderman Shea asked would it be better if there wasn't a cap? Could we generate surpluses better? This is what I'm trying to find out.

Mr. Sanders responded it is very difficult, and my opinion is that it's very difficult with a cap to generate surpluses, and I think over time that will put a strain on the rainy day fund, that will put a strain on the one-time account to be used, and I think that will be unfortuante if those reserve accounts are used. But I recognize that the… You can hear the departments in two nights of this. I don't think any department is comfortable where they're going with severance right now and how they're going to deal with that and what the impact on services are going to be from the cap. But it is what the people of the city of Manchester want and that's what we're working under. From a financial point of view, I guess, to actually get to your question, I have great regard for the mayor and for the aldermen and the way they have managed the city for many years before there ever was a cap.

Alderman Shea stated one question for you is that you said that it's difficult to have a surplus when there is a tax cap. Explain to me why it isn't difficult if there isn't a tax cap to generate a surplus.

Mr. Sanders replied I think the budgets in the city, in order to get under the cap, are becoming very tight, and I think the cummulative affect of that, that is only being able to go up 2% or 1.7% a year, in an environment out there where costs are going up higher or benefits are higher. Now we can cut benefits and do other things, but those are going to be very difficult to do in a collective bargaining

situation. It's just that the departments will have difficulty generating surpluses. This is kind of the last year of the precap world, and you can see in the testimony and my budget even, I have a surplus this year and only one reason is that I have a vacant position that we didn't replace. I only have ten people in my department, and I'm not going to have a surplus next year unless somebody dies or something.

Alderman Shea asked but last year we had how much of a surplus?

Mr. Sanders replied last year we had $3 million of surplus.

Alderman Shea asked even with a tax cap in existence?

Mr. Sanders stated there was not a tax cap last year.

Alderman Shea asked there was no tax cap?

Mr. Sanders replied no, sir. This is the first budget being operated under the tax cap.

Mayor Gatsas stated no, it is the second. Last year it was 1.7%.

Mr. Sanders stated that's the one we're in right now, and the 2014 budget will be the second year. Those surpluses of prior years, I think, absent any extraordinary situations, are gone, and maybe that's a good thing in what the people want of Manchester, but I know that's what's happening.

Mayor Gatsas stated we have close to $1 million surplus this year. Now, last I knew we should be trying to run on a revenue neutral number of zero for surplus.

Mr. Sanders stated but I would only say to that, Your Honor…

Mayor Gatsas interjected let me just finish, please. I didn't interrupt you. It is easy enough to say if we have a surplus, that means we taxed the people out there too much. That's what that means. We took too much out of their pockets to run city government.

Alderman Levasseur stated well, we didn't have a lot of snow.

Alderman Shea stated thank you, Your Honor, and thank you very much, Bill.

Mayor Gatsas stated we had plenty of snow this year and we have a surplus.

Alderman Levasseur stated we had three last year. That was a weird year. It was a great year.

Mayor Gatsas stated all I know is this year we took too many dollars out of peoples' pockets because we have a surplus.

Alderman Levasseur stated thank you. Nashua has a tax cap and they have a AAA rating, I think I read in the paper they have a AAA bond rating. How do we get to a AAA bond rating? We've been stuck in this AA bond rating for quite some time, and I'm not sure why. We're not bonding more money, we're not building major projects, our taxes have now leveled off, I think, over the last couple of years, they haven't been anywhere close to 5%, we pay our debt on time, I would imagine, we've made it through some pretty rough times because the state has a low tax burden, so we didn't get creamed as badly in a recession and we came out of it, it seems… We don't have those big dips that other states have. So how come we don't have a AAA bond rating?

Mr. Sanders replied I can't explain the nuance between AA+ and AAA. We're literally one notch below AAA. We don't have the same cap as Nashua. Nashua just has an expenditure cap, not to turn this into a cap conversation, so we have a much more stringent cap in this city than they do in Nashua. They weren't run very well, they have a highly developed business community in their city. I think the things that rating agencies look at beyond just the financing of the city is the overall demographic profile, the average per capita income, the job diversity. The rating agencies are interested more in those things than what your tax rate is. They put much stock in development work and that sort of thing.

Alderman Levasseur stated if I may Your Honor, I'd like ask…

Mayor Gatsas interjected let's address that because he kind of glossed over it. Probably the one thing that keeps us from a AAA rating is that enterprise fund that's in the negative that we owe now how many millions? Three million?

Mr. Sanders replied no, we owe about $5.5 million.

Mayor Gatsas stated $5.5 million. That's probably the one item that keeps us from a AAA rating. That is my belief. I know he's the finance officer, he could believe other things, but I know that every time I sat down with those bonding agencies, that's the question they asked. How are you going to get rid of it and how long is it going to take.

Mr. Sanders stated that is a challenge, I agree with you.

Alderman Levasseur stated my last point that I'd like to ask about is that Nashua also doesn't have Yarger Decker. If you look at, and it came out this past year, the difference in the welfare departments. The amount of money we spend compared to what they spend as far as what their employee wages are and the amount of people that used to get… I think it was $300,000 in salaries to expend $1.5 million, where here it is almost $700,000 to expend $1.1 million. Now if I was to ask you this, if I went to your office and I said Mr. Sanders, could you generate a report on the effects of Yarger Decker since its implementation in 1999, I believe… I think it was voted on in 1997 or 1998 and it was implemented in either 1998 or 1999. Could you do an analysis and see how much time would it take to do that analysis and could you go back far enough to be able to give us an accurate analysis of what the affect Yarger Decker has been on the city of Manchester? Because I think when you're competing with them and you look at what their salary structure is compared to our salary structure, I don't know if they have 5,000 employees. I'd like to see some apples to apples or maybe even the oranges to apples to get a better picture of what happened in the last 13 years of Yarger Decker. Intuitively I think I know answer, but I'd like to see it more laid out on paper to be able to kind of prove my theory or my analysis that the reason why we're where we are is that I've seen employee salaries double in ten years, and that is just a credible amount of increase compared to what the CPI has been over the last ten years or so. I'm just wondering, and I don't know if the board would indulge me with this, I don't know if after the budget season is over that we could get an analysis done on paper and a presentation made so that we could get a better idea of how we got to this point and maybe what it is going to be if we look at a picture of five years out or ten years out. When you look at the library at a $2.7 million budget, $2.5 million in salaries and benefits and $54,000 for materials, you have to start questioning, and I'm glad that she came in front of us and gave us comparisons of other towns because when we saw the comparisons of other towns, it showed such an incredible difference based on our system of

payment and benefits here. And I'm wondering if you can generate some kind of a backwards looking picture of how we got to today and show us the results.

Mr. Sanders replied I'd probably need some help from the HR director and even someone from Nashua to compare salaries and there are some things that would need to be validated. But I assume after the budget is over and whatever is next, yes, I would be willing to be part of that and work on that.

Alderman Levasseur stated I appreciate it. Thank you.

Alderman O'Neil stated thank you. Your comment about the parks enterprise, it was a financing scam that the board was sold on and it was doomed from day one, and from day one it was doomed to fail. They had the pools in it, they had Gill Stadium in it, so I think we're heading in the right direction. It's obviously not fast enough for the bond rating agencies but I think we're heading in the right direction. We got the pools out of it pretty quick, within a year or maybe two years, and then led by Alderman Smith we got Gill Stadium out of it, but it was a scam.

Mayor Gatsas stated I agree with what you're saying, alderman. We are trying to work through it.

Alderman O'Neil stated I just want to make it clear. No one did anything wrong either in parks as a department or since they've been merged in as a division of Public Works.

Mayor Gatsas stated no, nobody did.

Alderman O'Neil stated in both cases they worked their tail off to make it work, and it is holding us down a little bit but we're trying to move forward. I'm sure Mr. Bassett tomorrow night is going to talk about it, but we shouldn't leave the public thinking that it has been operated pretty efficiently. It was something that the board was sold on and it was a scam. There was no other way to put it. It was a financing scam to help out one year to cover salary and benefits and we're paying for it ever since. Thank you.

Mayor Gatsas stated Mr. Sanders, thank you.

Alderman Levasseur stated before we start, Mayor Gatsas, where do impact fees come from? Is it a one-time account? Where do they come from and who is in charge of it? The City side or the school side or what?

Mayor Gatsas replied the school has some and the City has some. Mr. Sanders has all of the money. I think this board just voted two weeks ago for $7,500 to come out of the impact fees for something at the fire station. It was a generator.

Alderman Levasseur asked is that a one-time account?

Mr. Sanders replied no. It's actually a fee assessed to developers of property and there are two impact fees in the city. There is a school impact fee and there's a fire impact fee, and the monies are collected and sent to the Finance Department. They're deposted in secure deposit accounts, and with the fire impact they have to be spent on fire buildings or equipment in the ward in which the money is raised. So Hackett Hill can only pay for Hackett Hill; Bodwell Road can only pay for Bodwell Road. The school impact fees do not have the ward-by-ward distinction to them. So school impact fees can be spent if you collect them on Elm Street, you could still use them on Memorial High School if they were spent for expansion of schools or new schools.

Alderman Levasseur asked do we vote on the spending of impact fees at the Board of Mayor and Aldermen or does the School District do that?

Mr. Sanders replied the school has a vote on school impact fees, but the aldermen vote about fire and school impact fees.

Alderman Levasseur asked so we still get a vote on the impact fees from the schools?

Mr. Sanders replied yes.

Alderman Levasseur asked how much is in that account?

Mr. Sanders replied right now I think there is $1.7 million in the school impact fee account, and I don't know, but with the fire impact fee there are 12 of them or something, the different ones would have different amounts.

Alderman Levasseur stated when I had to pay an impact fee because I took a building and turned it into a three unit instead of a two unit or a one unit, they told me that that money had to go strictly for construction of schools. Is that not accurate?

Mr. Sanders replied no, that is accurate. It is for construction, which can be significant renovation, like design/build where you're adding square footage and imcreasing capacity, or it can be used to build a new school.

Alderman Levasseur asked is there an actual ordinance in effect that tells exactly what can be done with that money or is it flexible?

Mr. Sanders replied no, it is not flexible. In fact, if we don't spend them within seven years of their collection, we have to return them to the developer or the property owner that actually paid them. That doesn't happen often in Manchester because we spend them usually, but we have in the recent times returned money.

Alderman Levasseur stated thank you very much.

Alderman Ludwig stated just a quick question, and I'm anxious to get out of here too, Your Honor, and I know the city clerk is ready to go. When you said a few minutes ago we have a million dollar surplus this year, could you explain to me a little bit what we can do with that and what has our surplus been historically over the years if we've got a million dollar surplus this year? I know we can only put surplus from departments into a rainy day account unless there's something special. How does that work? Because this year didn't taxes on a $200,000 home go up $50?

Mayor Gatsas replied yes.

Alderman Ludwig asked so it could have gone up whatever?

Mayor Gatsas responded $.45.

Alderman Ludwig stated I'm happy. It could have gone up less. What can we do with that? What have our surpluses been staying at in the last two, three, four years?

Mayor Gatsas asked last year?

Alderman Ludwig replied not last year, pre tax cap.

Mayor Gatsas stated last year was not a tax cap. That was $3 million. The year before that I think there was about $800,000, because $400,000 went to the rainy day fund and $400,000 went to reducing the tax rate. What was it the year before that? I wish I could give you a good memory guess, but I can't because I don't have the budget in front of me.

Alderman Ludwig stated you're saying that you're already projecting a million dollar surplus this year.

Mayor Gatsas responded I think that Mr. Sanders is projecting it because everybody gets that sheet. It's about $890,000. It could be more. I said it was $750,000 when I prepared my budget, and I took the $750,000 and put it into prepayment of retirement.

Alderman Ludwig asked of the surplus?

Mayor Gatsas replied of the surplus.

Alderman Ludwig stated but under good governance you would say that we shouldn't have had a million dollars so we shouldn't be prepaying the retirement. Is that right? You're just saying that because we goofed and we have a million too much than we should have, we're going to prepay retirement with it. Would it have been better if it was zero?

Mayor Gatsas responded I think that's what government tries to do. I think government tries to get to zero. If they say to you…

Alderman Ludwig interjected I think business tries to get to zero.

Mayor Gatsas responded no, business tries to make a profit. Anybody who makes zero is going to be out of business pretty soon. Government tries to get to zero.

Alderman Ludwig stated right. But I don't think we're a business. I know you don't want me to say that, but I don't think we're a business. That's all I'm saying, and I'm saying it is very difficult in $300 million to get under a million dollars in unspent money. That's quite a phenomenon, isn't it?

Mayor Gatsas replied no.

Alderman Ludwig stated in $300 million to say you only have $25,000 left at the end of the year.

Mayor Gatsas stated I think that the board in its infinite wisdom many years ago put into place that if there was a surplus, that 50% would go back to the taxpayers, because they paid for that, and another 50% would go into the rainy day fund. So both sides of that surplus was protecting the taxpayer.

Alderman Ludwig stated I think that's a good thing.

Mayor Gatsas stated I think that's a great thing.

Alderman Ludwig stated yes. I have no argument with that, but it seems like we're having discussions with departments that seem to be hurting in certain ways, whether it is for severance or whatever, shortage of manpower, cutting back here, yet the tax cap is working. It's working, according to you it's working, but we have a School District with 152 classes with too many kids in them.

Mayor Gatsas stated I don't understand where you get that.

Alderman Ludwig responded that's in the paper.

Mayor Gatsas stated I understand, but you know, Alderman Ludwig, I think you've been a big advocate of sometimes you shouldn't believe everything that's in the newspaper. Haven't I heard you say that before?

Alderman Ludwig stated I could ask you or the newspaper. Those are two great sources. No, thank you.

Mayor Gatsas stated I guess you could ask the superintendent.

Alderman Ludwig stated I'm just trying to figure out that if it's working, why are we so short. If it's working and we have a million dollar surplus, yet we're short of money, and everybody's arguing about money and we're all unhappy. Why?

Mayor Gatsas stated I think you hit it right on the head. We have a million dollar suplus this year, based on the tax cap.

Alderman Ludwig stated and it's working. It isn't working to the people that I meet in the grocery store, so I don't know who it is working for.

Mayor Gatsas stated most of those people would like to see their taxes not go up. I agree with you. At least the people that I run into.

Alderman Ludwig asked they would? I don't agree with you. I can only listen to what you say, Your Honor, and you advocate that we have a million dollar surplus, that's more than we should have, yet you propose $155.7 million to the School District for a number but you say let's give them $1.2 million out of the special trust. Well that's not working because they don't have enough money then that the tax cap didn't allow. You gave everything you could, but maybe you shouldn't have. Maybe you should have only gone up 1% if we gave too much money this year.

Mayor Gatsas responded this board has that perogative. I'm glad to see that you're on that road.

Alderman Ludwig stated I might be, but I would rather have seen you do it so you don't have to tell them that we had a million dollars more than we should have this year and we took money out of the taxpayers' pockets, Your Honor. That's not fair.

Mayor Gatsas stated I don't know how that's not fair, that's reality.

Alderman Ludwig stated you're spinning it in a way that I don't think the public really… I think they're smarter than that, but we'll see

Mayor Gatsas stated alderman, I think it's clear. Government is not supposed to make a profit.

Alderman Ludwig stated we're not making a profit, that's for sure.

Mayor Gatsas stated if you've got money left over during the end of the year, you've got a problem.

Alderman Long stated in that surplus did we calculate the severance that we owe? Don't we owe severance? Aren't we short in our severance line item?

Mayor Gatsas asked the budget that I gave you?

Alderman Long replied no, in this fiscal year.

Mayor Gatsas stated this fiscal year between surplus, because I think the last bite of that apple was, I think, the aldermen increased the surplus line by, I can't remember, $300,000 or $400,000 maybe from what was presented to you. And then you added more to the contingency, so between contingency and surplus there was enough to carry us.

Alderman Long stated okay. So between contingency and the surplus, so after that is said and done, there is $1 million in surplus?

Mayor Gatsas replied yes. This year. Do you have the sheet that I gave you? It is a one page sheet right on the front, and the surplus that I used was $750,000. Since we've been talking for the last two weeks that number had jumped, and tonight Mr. Sanders told you there might be another $250,000 available. I would hope the aldermen would take that $500,000 or $600,000 and put it into the reserve account. That's what I hope they would do, prepay retirement and put it in the reserve account.

City Clerk:

Assistant City Clerk Freeman stated JoAnn and I really would like to just reiterate Matt's comments that he made in his responses to your budget questions. The Clerk's Office anticipates two retirements in fiscal year 2014, the combined severance total is $51,143, and the lact of non-departmental funding for severance may have a significant impact on the department. Both retirements will occur in the front end of the office and the place most impacted on our customers. Losing

the two full-time employees to retirement for a small department is devastating. JoAnn and I have done just a preliminary evaluation of what those affects might be on the office and the impact, which again, we said would most likely be to the customers. We anticipate longer wait time on mail requests, longer lines in the office at the front counter, there would be delays in processing renewals of both the dog and business licenses, staffing for Tuesday evening hours will be difficult, as well as staffing for vacations and holidays would be difficult. We would anticipate delays in data entry across the divisions in the department and incoming phone calls would most likely go to voicemail and we'd have to get back to those constituents later when we have found time to get back to them. I think JoAnn had a few comments to make as far as the election process.

Ms. JoAnn Ferruolo, Assistant City Clerk, stated we would anticipate some of our successful voter outreach programs that we've conducted over the last couple of years would be affected by the two retirements in not being able to fill those positions. We have gone out to nursing homes over the last several years and that impacts almost 200 to 500 voters depending on the election. We'd also probably jeopardize our ability to go out and do home visits that we get calls for within the last week of the election. We'll have aldermen call to ask us to go to a voter, visit their home, have them vote absentee, and that will take up staff that we won't have anymore if that was the case. So it puts those two absentee ballot processes in jeopardy, as well as additional voter outreach that we do in the summer every weekend. We have gone out to all the events across the city and we've offered voter registration, so voters are given the convenience of not having to come downtown to city hall, we go out to them, and it would probably jeopardize those as well.

Alderman Corriveau stated thank you. My first question is actually for you, Your Honor. I applaud you, for example, removing street lighting from the Highway Department's budget. It's really an expense they can't control. Have you given any thought to doing that for elections for the City Clerk's Office? Obviously this is something we're obligated to do, it's not an expense they can necessarily control, granted it looks like it's only $36,000 in your recommended budget, but obviously if they're dealing with a $51,000 shortfall, something like that could go a long way.

Mayor Gatsas asked could you take it out? If this board wants to take it out and put it in a separate line item they can. But again, the questions are easy; the answer is what is difficult. We could have gone in and I could have cut another 1% out of that budget and they would have laid somebody off.

Alderman Corriveau stated I understand, Your Honor.

Mayor Gatsas stated but that is where we are. That's where the $51,000 is.

Alderman Corriveau stated the reason I ask is only because, if they're basically spending $40,000 on elections next year, if that was a dedicated line item with a dedicated bank account, I guess, for example, we could just take it out of contingency right now and say here it is.

Mayor Gatsas stated and I don't disagree with you, but the problem is that if they don't use it, they could use it for salary, they could use it somewhere else.

Alderman Corriveau asked could we put restrictions on that though? For example, if they come into your office and say it's a City election year, it's going to cost this much, it's a state election year, it's going to cost this much, it's a presidential election year, we anticipate that much. I'm just wondering if that would help them out.

Mayor Gatsas stated I don't disagree with you, but I think where the challenges begin is that all of a sudden we just had a special election for a state rep in Ward 2. When those start popping up, and we've got another special election in Ward 7, I think, so I don't know how you control that. It's kind of like when I look at the fireworks account. I know that every year we spend $20,000 on fireworks. I don't know how much they'd spend on an election based on the specials that are here. So I don't have a problem doing that or if you want to put a line item or take it out of that budget or leave it in their budget. I guess you're looking to leave the budget and where do we fund it somewhere else. Is that your question?

Alderman Corriveau replied partially. I don't know if I'd phrase it quite like that.

Mayor Gatsas stated if the board wants to leave the money in and put a separate line item for elections right under street lighting, then there's just $36,000 that has to be found somewhere else.

Alderman Corriveau stated the reason I ask is because there are really only certain ways they can make up the money and it's really only by increasing fees. I don't know how much more we can raise marriage licenses or to register your dogs or false alarm fees or whatever they might be, late fees. I wonder if by doing that, that may help them a little bit and then the rest of the shortfall may be more manageable.

Mayor Gatsas stated but if we end up with, let's say, $500,000 more in surplus than what we're projecting, because that's pretty close to where we are now with $250,000 from Mr. Sanders and the additional over my $750,000, you put that in contingency… What do we have in contingency now? I think $245,000.

Mr. Sanders replied it's about $400,000 for next year.

Mayor Gatsas stated so $400,000 plus $500,000 is $900,000. If we're working as a city of one, then we would work through that number of $900,000 for the contingency that's in place. I would rather try and work through that effort then to say to people we're going to lay you off and put money into a reserve account just in case somebody does retire.

Alderman Corriveau stated I understand that, but an election is a citywide thing.

Mayor Gatsas stated no, I agree with you. Put it in a line item by itself, I don't have a problem. You'd just have to find how you're going to fund that $36,000 that sits there by itself, and you could take $36,000 out of the $900,000. I don't have a problem with that.

Alderman Corriveau stated that's my line of thinking. Thank you, Your Honor. A question for Heather and JoAnn: You are one of the unique departments that actually does generate revenue. You generate more revenue than you spend. When is the last time certain fees or licenses have been updated? Obviously there are things like marriage ceremonies and marriage licenses, there are late fees, dog licenses, taxi licenses. When is the last time some of these have been updated and are they in line with what other comparably sized cities, whether it be Nashua or

Portland, Maine, or Worcester, Massachusetts?

Assistant City Clerk Freeman replied I can attempt this one and JoAnn can fill in if I'm missing anything.

Alderman Corriveau stated and if you need to get back to me, that's fine.

Assistant City Clerk Freeman stated we are unique in that a lot of our fees are set, they are state records, so we don't have the ability to change those fees. That would need to be done through legislation. There is a bill currently looking to bring more of that money back to all of the cities, which I believe Matt included, and there's an estimate of about $40,000. We have increased the marriage ceremonies. We've only been doing that for about three years, and we did increase it, I think, after the first of the year. I think the same goes with the dog licensing.

Assistant City Clerk Ferruolo stated yes, which is set by ordinance.

Alderman Corriveau asked so that is a fee we could raise?

Assistant City Clerk Ferruolo responded it is state law and ordinance, but we've met the allowable amount the state will allow.

Alderman Corriveau stated okay, thank you. Looking at your ability to generate more revenue, you're saying that basically state law really constrains how much more you can do. Thank you.

Alderman O'Neil stated just two points. I want to pick up on Alderman Corriveau's point where I think he was going. If they're coming in, for instance, last year they came into a federal election year and they're level funded, that has a different impact in a year that might have a state election, it has a different impact on the City Clerk's Office. So I think that's where you were going with it, why there might be some merit in separating out elections because it is going to be different for the city clerk every year depending on what goes on. We have to address the special elections. This is an extraordinary time, I think, that we'll have two in a year, I think. So I agree with Alderman Corriveau that it might be worth looking at. The other question for Heather and JoAnn: You identified the severance of $51,000. You would have to make up the buyout, the $26,000 within the budget, and you'll have to absorb that if the severance is covered by another

means.

Assistant City Clerk Freeman replied correct. I'm not sure if you're leading to our plan B of leaving those positions open, but that would be the idea to make up the severance.

Alderman O'Neil stated okay, thank you very much.

Mayor Gatsas stated but I think you only would have to leave one of them open, not both.

Assistant City Clerk Ferruolo stated the total of $51,000 is for both.

Mayor Gatsas asked what is the total salaries of both?

Assistant City Clerk Ferruolo replied $88,000.

Mayor Gatsas stated so you wouldn't have to leave them open for the full year, or fill one of them and leave the other one vacant for the whole year.

Assistant City Clerk Ferruolo stated seven months.

Mayor Gatsas stated so you could fill one and leave one vacant.

Assisstant City Clerk Freeman yes, that could be done.

Mayor Gatsas stated I think that was the understanding that Matt and I had.

Assistant City Clerk Ferruolo stated but they may not go out at the same time either.

Mayor Gatsas stated his feeling was that they're both going to go out July 1st, is what his projection was. He was trying to get them to go out this year so he wouldn't feel the pain, but to no avail.

Welfare:

Mr. Paul Martineau, Commissioner of Welfare, stated good evening gentlemen. I can work with my budget.

MTA:

Mr. Michael Whitten, MTA Director, stated I know that the hour is late and we're all ready to get going, so I will move through this quickly. The Clerk's Office is handing out an executive summary along with three attachements that deal with our budget. I'll try to move through this quickly; I know this is the first time I've been before you in this budget process. I want to just make sure that everybody is clear.

Mayor Gatsas asked can you work with your budget?

Mr. Whitten replied we can work with our budget; there is an important provison. There was a CIP funding request for three replacement vehicles. The important part was this was going to allow us to retire four vehicles, including one full-size transit bus. That was not funded. Without those replacement vehicles that are able to serve both step saver and fixed route, we're not able to realize the operating savings and the maintenance savings that went into meeting the budget. So we do need to find a way to find $75,000 in local match for the capital. That's the important take-away from this.

Alderman Long stated thank you, Your Honor. I'm going through your minutes for tomorrow but it's on the budget. When you look at your financials from your last minutes anyway, it seems like your revenues are up and your expenses are down. There was only a couple where that wasn't, but the majority of it was that way.

Mr. Whitten responded it's been a tremendously positive year. Our total operating, just on the transit side of things, was at $4.4 million for organization, our budget increase for next year is expected to be about $1,100. So it is virtually flat. That includes a 4.4% increase to health insurance, it includes a 3% wage increase mandated by our collective bargaining agreements and about a 9% increase on vehicle insurance. So we've been able to absorb all of that largely in

part due to 1) the increased fair revenue, we are bringing in more program revenue this year, and 2) the conversion of what used to be a first transit management contract coming in-house, those two position now being direct MTA employees. That saved us about $40,000.

Alderman Long stated to follow up, are you anticipating a surplus?

Mr. Whitten replied not in this year, no.

Alderman Long stated we talked about the senior services, the elders getting to the senior center, and I know that the drivers worked the storm because I know I got a call from one senior who wanted to meet and thank the MTA for having a bus service in the storm, and she was able to get to the senior center.

Mr. Whitten stated we are very proud that that Saturday we were the only public transportation running in the state of New Hampshire. Everyone else closed and MTA didn't miss a trip. It was a credit to our drivers; they did an amazing job.

Alderman Roy stated you said the $75,000 match. Is that coming from the feds?

Mr. Whitten replied right. We have an 80/20 match for our ADA para-transit. It is mandated service by FTA. So we have $300,000 in federal funding available for that, it requires $75,000, which is a 20% local match. In the past that has largely been CDBG funded so I don't know if this is a by-product of the reduction in funding available there. It could come from MER. It could come from reserve accounts. It could come from anywhere. FTA doesn't have any requirements on where it has to come from other than it has to be a non-federal source.

Mayor Gatsas stated Alderman O'Neil, maybe you can check with Wes Anderson to see if we can find $75,000 in that MER account.

Alderman O'Neil stated Mike, not for tonight, but you just put together one page… You talked about the replacement of four vehicles with three, I think you said. I might have that reversed. Can you put that together and the savings you had antiicpated? I was just reading through your handout quickly.

Mr. Whitten responded it's in the last section of tonight's handout. If you go to page three, the part that deals with the capital and attachment C.

Alderman O'Neil asked but there are no details. All it says is $75,000. I was looking for that savings projection you talked about on operating.

Mr. Whitten stated the operating is $22,000 a year. It's a combination of the increased fuel efficiency, that full-size transit bus is diesel power and gets 4.5 miles to the gallon, the new vehicle it would be replaced with is gasoline powered and gets about 11 miles to the gallon.

Mayor Gatsas stated it's on the last page. You have to look at the fourth column over.

Alderman O'Neil stated I see the financials; I just don't see these details. Unless you have something I don't have.

Mayor Gatsas stated no. It says central fire replacement generator, is that the $76,000. No, it's in the other line. I'm sorry.

Alderman O'Neil stated it says MTA, $75,000 and I see that. I'm just looking for the details and I'm not looking to tie us up tonight.

Mr. Whitten stated if you look at page two of the executive summary, the last two paragraphs of where that's broken down.

Mayor Gatsas stated just get it into a one page detail for Alderman O'Neil.

Alderman O'Neil stated please get it to the entire board. Annually, are we doing some replacements with a local match?

Mr. Whitten replied correct. This is spread out so that it doesn't become overwhelming in any one year. So we have three para-transit vehicles because they are roughly one third of the cost of a normal transit bus.

Alderman O'Neil asked but did we do an ADA vehicle, the para-transit replacment last year, and will we be expected to do a replacement of vehicles next year?

Mr. Whitten replied no, we only have five para-transit vehicles.

Alderman O'Neil stated that's where I'm going with this. What's the expected lifetime of these?

Mr. Whitten replied they are seven year buses.

Alderman O'Neil stated so this is a once in every seven year replacement.

Mr. Whitten replied correct.

Alderman O'Neil stated very good.

Mayor Gatsas stated I think we should be able to find it in that MER account.

Alderman O'Neil stated for at least some of it and figure out another way. Thank you.

Alderman Shea stated I think it is a very good spread, $300,000 for $75,000. The point that I want to raise though, when you do trade in the other vehicles or you have to replace them, do you get any compensation for that? Can you sell them to someone, can you get any money from that or so forth?

Mr. Whitten replied yes. There are a couple of things. In the past we've always sent it up to Concord. They have state surplus equipment auction and the vehicles in the past have sold for about $2,800. By the time a para-transit vehicle reaches the end of its useful life, there's very little remaining to that. Particularly long-lasting vehicles, they are made to be low bid, low cost.

Alderman Shea stated but assuming that there are three vehicles and you get $2,800 for each one and you can recognize $22,000, so we're talking close to $30,000 back for the investment of $75,000 and the government's giving you $300,000.

Mr. Whitten stated about $2,200. So in total you'd only get about $6,600 total salvage value for all three vehicles if they went for average sale price.

Alderman Shea stated so $6,600 added to $22,000 would add up to about $28,000, close to $30,000. That's what I'm trying to say.

Alderman O'Neil asked Alderman Shea, where is that number from the $22,000 or the $28,000?

Alderman Shea replied what he gave us on the second page in the last paragraph and then down at the bottom of that three lines away, it says "This will reduce the size of our vehicle fleet by one thereby reducing our vehicle insurance costs and maintenace costs. The new vehicles are averageing 11.5 miles per gallon as opposed to seven miles per gallon for the older vehicles, and 4.5 miles for the transit bus. The conversion represents approximately $22,000 in operating savings in the fiscal year 2014 budget".

Alderman O'Neil stated thank you for that.

Alderman Shea stated so basically what I'm adding on is the $6,600 if he replaces them, so that's $28,600.

Mr. Whitten stated the $22,000 in operating savings is already factored into the mayor's $1.080 million budget. So we wouldn't have that available to defray the cost of the capital. We'd be spending it twice.

Alderman Shea stated I'm just looking. The pennies add up in my life to dollars.

Mayor Gatsas asked is there any way we can look to find out if any of the non-profits could use those buses at $2,200 or if we gave them to them?

Mr. Whitten replied one of the things we're actually looking to do this year with it is the state, as many of you know, is going to managed care model for Medicaid, and that has opened up a possibility for us to become what's known as a non-emergency Medicaid transportation provider. What we hope to do with these if the state is able to move forward with the program, these would be retained on the school side of our budget, thereby relinquishing them from the FTA ties. Right now since they are in our transit side, there are all kinds of federal strings attached to the vehicles. If we can keep them and transition them to the school side, we can use them to actually generate some revenue starting in the fiscal year 2015 budget that would help both school and transit, both sides of our division. We're trying to get very creative in finding ways to generate some school bus replacement revenues. We're in pretty desperate straits. We have about two dozen buses right

now that are 20 plus years old and the average school bus lasts seven to ten years. So we're now looking to some creative funding sources to try to mitigate that because it just doesn't seem realistic that the School District is going to be in a position in the next few years to go out and purchase 12, 15, 20 school buses at $85,000 a piece.

Alderman Levasseur stated outstanding job, outstanding presentation, phenomenal numbers. I just read it. I wish I actually had it a little bit before. I'm just amazed at how you're able to balance all of this stuff and still keep your services provided and make your numbers work. Mayor Gatsas, you did a good job getting this gentleman in the door. And the aldermen who put him in there, I'm very impressed. I don't know how you do it every year because diesel just goes all over the place and your gas prices go all over the place. I don't know if you've been lucky because the Market Basket has given you more revenue. On the revenue side, how much are you up this year?

Mr. Whitten replied we've received about $30,000 in public/private partnerships. The biggest source is actually Southern New Hampshire University. They contribute $20,000 a year toward our service. They fund an equal portion of route #5, the local match. So the city pays $20,000 towards that and SNHU pays the other half. We wouldn't have route #5 if it were not for the university.

Alderman Levasseur stated can I ask you about your compensation of employees. Are you an enterprise?

Mr. Whitten replied we are an enterprise.

Alderman Levasseur asked do you have a step program for your employees? Are you familiar with Yarger Decker on the City side?

Mr. Whitten replied we are not part of Yarger Decker.

Alderman Levasseur stated so you don't have Yarger Decker. You said in your report here that you're on the far end side of your four year contract. Have you been here four years yet?

Mr. Whitten replied I have. The labor contract was the first thing that I did. I had actually been on the job three weeks.

Alderman Levasseur stated basically what the employees did was just negotiate what you would call a COLA? How do you label it?

Mr. Whitten replied it is a wage increase. What we did was, we have moved to where the City is attempting to go with a high deductible health savings account based health insurance, but it is not optional. We have mandated that for all MTA employees. So part of the negotiations in 2010 that brought that into being included a wage increase that was back-loaded in the contract. So there is a 3% wage increase in this year, but there is no health savings account employer contribution. So the line item simply switches. We had smaller wage increases in the first few years, but we were contributing towards the employees' health savings account. That is done and we're now switching to a wage increase for the final year.

Alderman Levasseur asked do you know what your increases have averaged from the first year you negotiated that contract, at what percentage, and what a dollar amount is off the top of your head? Probably compare it from 2014 to 2013. How many employees are over there?

Mr. Whitten replied we have about 40 full-time employees and we have another 85 part-time employees. They are all members of the same union. Full-time transit and part-time school drivers are all in the same union and they have the same wage increases. The benefits are obviously different for the part-timers.

Alderman Levasseur asked so when an employee starts, they start at a set salary and the only increase they get is based on the neogtiations with the union? There's no automatic increases and then a COLA on top of that and whatever?

Mr. Whitten replied they have a brief probationary period where they will receive 90% of full rate and then 95%, but once they reach one year of service and they're at the full wage rate, then there are no steps, there are no COLAs, there is nothing like that.

Alderman Levasseur stated one last question concerning your insurance. What is the contribution by the employer as far as their deductible, as far as their co-pays, well I guess their deductible and their co-pays are pretty much…

Mr. Whitten replied our deductible is $2,500 for a single plan, $5,000 for a two person or a family plan. MTA does not pay anything towards that deductible. That deductible is the employees' responsibility largely through those health savings accounts. So in the past we had funded $2,000 and $4,000 respectively towards that, but our contributions are drawing to a close. So moving forward that will be entirely the employees' responsibility. We do cover 90% of the premium costs, so it is a 90%-10% split.

Alderman Levasseur asked so what happens when the employee's contribution is deducted? When they go to an emergency situation and they use up their $2,000 health savings money? Does it get replenished? How does it get replenished or does it not get replenished at all? Do they have to do it themselves?

Mr. Whitten replied once they have reached their deductible, then any other health insurance expenses that they have are fully covered by the insurance programs. So it is 100% provider covered at that point. It is the same thing as the City. If they want to make that back, if the employee wants to get their health savings account rebuilt, they have to wait until next year. The IRS has limits on how much you can contribute in a given year because it is pre-tax.

Alderman Levasseur asked are you able to determine on a percentage basis…

Mayor Gatsas asked I thought you said you had one more question?

Alderman Levasseur responded now he leads me to more. Maybe I could just get something in writing from you to show us how that works and as a percentage basis from the increases and what the costs have been.

Mayor Gatsas stated the City has the same plan, alderman.

Alderman Levasseur stated we don't have health savings.

Mayor Gatsas responded absolutely. The same plan. We've had it in place longer than he has.

Alderman Levasseur stated so the health insurance plan is the same but it is just that the labor costs are different because there are no automatic steps.

Mr. Whitten responded our labor rate is different, and my understanding is that the City has an optional contribution piece.

Mayor Gatsas stated he is out of the contribution number now. He has phased that out. We contribute to a single person.

Alderman Levasseur stated I'm not talking about the health, I'm talking about the steps for the wages. There are no steps at all.

Mayor Gatsas stated that's correct.

Alderman Levasseur stated and the only reason why I bring that up is because you say we have to replace Yarger Decker with another system. They have a system, but it's not Yarger Decker.

Mayor Gatsas responded no, they don't have a system.

Alderman Levasseur stated right.

Mayor Gatsas stated I'm just talking that you need a matrix because at some point, I don't know how they keep track on who comes in and what they get paid and what the analysis is for somebody who's been there 15 years versus somebody who's been for five years.

Mr. Whitten stated we have no longevity on the operator side. An operator who's been driving a bus for us for 30 years, makes the same amount per hour as an operator who has been doing it for one year. It is the same wage rate.

Alderman Levasseur asked you have no matrix at all, nothing you can show us?

Mr. Whitten replied no. It is part of the collective bargaining agreement. Their wage rate, their hourly amount is part of our contracts.

Alderman Levasseur stated so you get the same dollar rate when you've been there a year or if you've been there 30 years.

Mr. Whitten responded correct, and it allows us to budget moving forward. In 2010 I knew what my 2014 labor rates were going to be, so we used that as an important part of our budget tools we modeled going forward.

Alderman Levasseur asked Mayor Gatsas, which is the better system?

Mayor Gatsas replied there is a system that's in place, and I know that we can sit here and say we have to get out of Yarger Decker. Let me just address it because tomorrow we can get a vote here of 14 to nothing and you can't take Yarger Decker off.

Alderman Levasseur stated I agree, we know that.

Mayor Gatsas stated so until the next contract comes up to try and negotiate it out, that's when it has to happen.

Alderman Levasseur stated I agree, but you know I started talking about it in 2000 and it's now 2013. It has to be brought out to light all the time so that people understand what's going on.

Alderman O'Neil stated Mike, I want to be clear on this match. It could come from three different sources if that's what it took on the City side to get to $75,000.

Mr. Whitten replied correct.

Alderman O'Neil stated I'm going to put this in the form of a motion just so we make sure it gets done.

Alderman O'Neil *moved that the Board of Mayor and Aldermen send a request for $75,000 to the fleet manager for input on the ability to fund it in the MER account.*

Mayor Gatsas stated I know where you're coming from. I would only ask you, alderman, to see how much he's got that he thinks he can move, where else we might find the list.

Alderman O'Neil interjected to begin with, it is our decision what happens in that MER, it is not his.

Mayor Gatsas stated no, I understand. But obviously they've already allocated funds for those vehicles.

Alderman O'Neil stated they have but we can decide something doesn't get purchased and something does get purchased. That is our perogative.

Mayor Gatsas stated I don't disagree with you.

Alderman O'Neil stated I appreciate his input but at the end of the day it falls on this body what gets done and what doesn't get done.

Mayor Gatsas stated well we just found another $250,000.

Alderman O'Neil stated we want some feedback. It doesn't have to be for tomorrow night, but just from where this could fit in the MER. Do you need a motion on that?

Mayor Gatsas replied no.

Alderman Corriveau stated thank you, Your Honor. Mike, you receive approximately $1.7 million from the FTA. Have you been notified of any sort of impact from the sequester?

Mr. Whitten replied no. Our FTA funding comes from the highway trust fund. We are a spin-off from that. It's funded almost exclusively through the federal gas tax, so we're exempt from any effects from the sequester.

Alderman Corriveau stated okay, great. Just one other question for you. On the airport committee we heard testimony about how the state is taking business past Manchester to Logan and I was wondering if you would just be willing to comment on if there were some sort of bus service that, I don't know, from any point of destination, whether it was Concord or Portsmouth or Keene or wherever it may be, that operated from that point to the city of Manchester, so you believe that could be, I don't want to say money making, but at least a neutral enterprise to boost visitation to our airport?

Mr. Whitten replied we're actually exploring something similar with that connecting Concord with the Manchester Boston Regional Airport. I've made it very clear though that the only way MTA will participate is if it is either revenue neutral or positive revenue. I don't think that it's fair for either the City of Concord or the State of New Hampshire to expect the City of Manchester to fund the local match for any expansion of bus service.

Alderman Corriveau stated I agree with you there. I was a little surprised to see your attachment that you don't receive any sort of subsidy from the State of New Hampshire.

Mr. Whitten responded that is correct.

Alderman Corriveau asked at one point did MTA receive subsidies from the state?

Mr. Whitten replied yes. It's been approximately four years since there was an operating assistance. New Hampshire is one of about 11 states in the country that doesn't provide any operating assistance.

Alderman Corriveau stated thank you.

OYS:

Mr. Marty Boldin, Office of Youth Services Director, stated good evening everyone. We have reviewed the mayor's budget and looked at our needs for the next fiscal year, and I've submitted a letter dated March 18, 2013 to you. Subsequent analysis since that letter renders that all of that information remains true. I'm available to answer any questions related to it or our budget overall.

Alderman O'Neil stated Marty, just to make sure I understand right. You believe you are $10,000 off.

Mr. Boldin replied yes. I actually ran the numbers today just to see exactly where we were this year, and if this budget was in place this year, we would have run out of money about a week ago. If we went down to bare bones projecting out exactly

what we spent right now, we could come back from $589,915 to $586,498 for a savings of $3,417, but I would recommend against that primarily because in that case there is no room for anything. A broken television, an LCD projector, an increase in any kind of significant utility or anything like that. I'd also just ask you to attend to the reality that five of our nine staff people use their own cell phones. For over two and a half years people have not submitted mileage. When requests were made to make concessions on benefits, OYS was one of the first non-affiliated departments to come to the table with that. Most of our staff people, all except for one, volunteer at non-profits on weekends and in the evenings on their own time. OYS contributes almost 10% of the City's entire United Way funding match. We are dedicated to the young people we serve nights and weekends. I believe that we have done our best to make the best contribution possible to the lives of these young people, and from a financial perspective, I really think we're at a place where we really can't give anymore.

Alderman O'Neil stated I have one follow-up, Your Honor. Marty, you don't indicate in here, but if you get the mayor's recommended $579,915, there still will be no layoffs. The $10,000 creates some challenges but as of today there are no layoffs?

Mr. Boldin replied we would not want to lay off anyone, but I would not be able to pay for the utilities of the department probably from about this time next year, telephones, lights, that kind of thing.

Alderman O'Neil asked if I may, Your Honor, the four part-time employees, to be honest with you, I'm not familiar with them.

Mr. Boldin stated they are funded for Fire Safe, so that is the Fire Safe staff that works out of OYS. That program is not funded through our general fund budget.

Alderman O'Neil stated I think the chief mentioned that on his.

Mr. Boldin stated that's correct.

Alderman O'Neil stated thank you, Marty.

Information Systems:

Ms. Jennie Angell, Information Systems Director, stated I wanted to thank you for inviting the departments to have an opportunity to talk to you. I will be brief. I want to go home just like the rest of you do. The first thing I want say, as I indicated in my letter to you, while our budget is very lean it should be doable as long as there are no catastrophic events or unforeseen changes in technology that could require us to do something. We have five employees who are eligible to retire. I did ask all of them what their plan was, and while they are under no obligation to tell me, they all indicated that they did not intend to retire in the 2014 budget year. Of course, life circumstances could cause people to change plans. All of these employees are maxed out on their sick time, sick accruals and they have various amounts of vacation time. If someone retired during the first part of the year, we would leave that position open and I prefer that over laying somebody off. If somebody retires in the second half of the year, that could be problematic. Our payroll is about $20,000 a week, so if somebody came to me on June 1st and said they were retiring then, I would have to lay off the entire department to pay the severance. In the first part of the year, we can deal with it, the second part of the year, I could potentially come back to the board saying I need some help. What I would like to do is just take a couple of minutes to talk to you about the technology money as I indicated in my letter. There is no technology money for upgrades in this budget. Traditionally money for upgrades has been requested through the CIP process. This year I did have three items on my CIP request. I had technology upgrades critical, I had a computer-rated dispatch upgrade for police and fire, and then my third priority were technology improvements that would increase efficiency. We have withdrawn the second and third CIP requests. I do want to talk about that. The computer-rated dispatch upgrade that needs to be done for police and fire, we can defer it for one more year. The request was for about $700,000, but it is something through this upcoming year we have to look at very closely because it is critical, it needs to be done next year, so that request will be coming forward again the next budget process. We will be looking for bonding opportunities throughout the year to try to mitigate that cost, but I'm really putting the board on notice that this is something that will be coming in the future. Then I get down to my priority one for technology upgrades. Funding for technology upgrades has been a challenge for past boards. For a few years were were getting $250,000 a year and then it went down to $147,000. They actually were funding it through the motorized equipment replacement fund for a couple of years. When Mayor Gatsas came on board, he recognized, and I really appreciated that he

recognized the need, and the efficiencies funding technology can do and in 2011 he funded $879,000. We haven't had any money since. And I understand that money is tight and there may not be any opportunities, but what would work best for us for doing these technology refreshes is having a level amount of money on an annual basis that we can plan on. In the packet that I gave to you I've kind of listed some of the things that we're looking at, and just in the municipal complex, for example, we have 85 cameras, we put in a fluid management system, a lighting system, we have a new phone system, we have 42 additional switches, which are those things that you have to conenct the PCs to, we have 45 WiFi access points, and in just five years or seven years, these are all going to have to be replaced. If we look at what we have out there, the City, our network is in 60 buildings and we have 53 miles of fiber and you can read the list. We have 1,000 PCs and all of these switches and this is equipment that's been put in place and it improves efficiency and helps the City provide their services, but we do need to have some regular funding to be able to refresh this equipment. And we don't want to be trying to refresh it all in one year, we don't want to go into a department and say we're changing all of your 30 PCs because it disrupts the department. It is better for everybody if we come in and do so many at a time.

Alderman Levasseur asked with all the attacks that are coming from outside sources by the Internet, by groups such as Anonymous, who is in charge of protecting the City from a hack?

Ms. Angell replied my staff.

Alderman Levasseur stated so we don't have an outside organization that we hire to do a security detail. We actually do that ourselves?

Ms. Angell replied yes.

Alderman Levasseur stated I guess I shouldn't probably ask how that's accomplished, but it's accomplished by continuously watching. The regular person has McAfee installed in their computer. I can't imagine that stuff works very well when you're looking at a large enterprise like ours.

Ms. Angell stated we have firewalls, we have proxy servers, we have a lot of different things.

Mayor Gatsas stated how about we don't talk about this publicly and if you want, check with her offline.

Alderman Levasseur asked but we're very well protected though?

Ms. Angell replied we are well protected. We also do try to keep a low profile.

Mayor Gatsas stated how about we talk about this offline if possible.

Ms. Angell stated you can call me tomorrow.

Alderman Levasseur stated I'm just wondering if it is part of her technology request as far as protecting the City. You haven't said that. I guess we'll do it in non-public then. It is kind of important.

Mayor Gatsas stated I think that if you talk to her offline, you might get your answers.

Ms. Angell stated why don't you give me a call and come down to my office and we'll give you the tour, and that goes to anybody who would be interested.

Alderman Levasseur stated okay.

Alderman O'Neil stated thank you, Jennie. You indicated there are five employees eligible to retire, none have indicated they will do so, but have you run a number yet on if they all did decide to retire, what that severance number would be?

Ms. Angell replied stated I'm sorry, I thought I had that with me. I think I don't. I can get it to you tomorrow.

Alderman O'Neil stated if you can get back to us, the board, that would be good. And on top of that, and again, you don't believe any of them are going to retire, but the exposure could be $65,000 in buyout to you as well.

Ms. Angell replied yes.

Chairman O'Neil stated very good. Thank you.

Mayor Gatsas asked how many is that? Nine?

Ms. Angell replied five.

There being no further business, on motion of ***Alderman Ludwig****, duly seconded by* ***Alderman Long****, it was voted to adjourn.*

A True Record. Attest.

City Clerk