

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
In Joint Session with Board of School Committee
(Called by Mayor Baines)**

May 9, 2000

7:30 PM

Chairman Cashin called the meeting to order in Joint Session with the Board of School Committee.

The Clerk called the roll.

Present:

Board of Aldermen

Aldermen Wihby, Gatsas, Levasseur, Sysyn, Clancy, Pinard, O'Neil, Lopez,
Vaillancourt,
Pariseau, Cashin, Thibault and Hirschmann

Board of School Committee

School Committee Members Stewart, Elise, Labanaris, Gatsas, Dubisz-Paradis,
Garrity, D'Allesandro, Ouellette, Sargent, Cook, McDonough, Healy

Absent: Alderman Shea,
School Committee Members Leonard and Herbert

Chairman Cashin stated we are honored tonight to have Don Gardner here who is the President of the Historic Association and he would like to say a few words.

Mr. Gardner stated thanks for coming here tonight to have your meeting. I hope that during the course of the meeting you have an opportunity to take a look around at the building and the exhibits that we have here. The Library is upstairs. There is a permanent exhibit downstairs and a changing exhibit in the room across the hall. I have

been asked as a Chairman of the Board of Trustees to tell those of you who don't already know and I imagine that most of you already do exactly who we are and what we try to accomplish on behalf of the community that is Manchester. We are known as the Manchester Historic Association, which is sometimes a confusing name. We are actually a museum, a library and an education center. We have 700 members from among Manchester's community who are individual members, family members and corporate memberships. We are engaged in an awful lot of work at trying to help what I consider to be Manchester's consumers because Manchester's citizens. One of the things that I think we at the Historic Association try to do is grow the amount of civic pride that our citizens enjoy and offer to one another by educating them about the value that our various neighborhoods and historic buildings, etc. offer to the community. As an example of what we do, I wanted to let you know that we work closely with the School District and, in fact, Catherine Hamblett who just joined the School District as the Assistant Superintendent has recently joined our Board. We have a fourth grade curriculum that we offer on the history of Manchester and it is used by many of Manchester's teachers. We conduct teacher symposiums and seminars throughout the year to help teachers educate themselves so that they can offer education to our children about what is significant about Manchester's history and Manchester's community. We are also engaged in a considerable amount of community outreach. We offer walking tours. If you haven't taken one, you should, of the Millyard, the communities, the neighborhoods, of historic buildings and of all places but very important and useful of Manchester's cemeteries. I would recommend to each of you if you haven't done it to take a walking tour of the Valley Street cemetery and see what a useful and historically significant area is contained within that small City block in downtown Manchester. On Thursday night this week, the Manchester Historic Association will be gathering with 250 of our best supporters at Fratello's Restaurant for the Manchester Historic Association Preservation Award Dinner. We will be giving out awards to those members of the community who have, through their efforts, helped to preserve significant buildings or made efforts at helping preserve significant community assets in the City over the last year. One of those

awards is the People's Choice Award and it is my understanding that Mayor Baines, if his flight is in by then, will be giving the People's Choice Award this Thursday night. The *Union Leader* has been good to us in the past and I hope that they will be again this year and that you can read about all of the awards on Friday. I have also been asked to introduce our Executive Director who has promised that she won't talk any longer than I do and, therefore, as I am sure you want to get to the important business you have at hand I will abbreviate my comments to what I have said thus far and introduce Gail Goglazier.

Ms. Goglazier stated welcome to all of you. It is wonderful to have such a distinguished group with us this evening. Don gave you a little bit of an idea about who we are and what we do and now I get to tell you where we are going and what we are planning for the future. First of all, I apologize for the fact that it is a little warm in here. As we all noticed, it is seasonably warm outside. Our building is air conditioned by opening the windows so our apologies. We are remedying that. We are in the middle of a \$3 million capital campaign and we are just about halfway there. Part of it will go towards renovating this building, including installing air conditioning and ramps so that the building will be accessible and elevators so that all of the floors will be accessible. This building will be renovated for a new and improved research library. We have all kinds of treasures in our library. A lot of records from the Amoskeag Mills. If anybody in this room and I am sure there are some of you had relatives who worked in the Mills you can come up and dig through our records and learn what your ancestors did, how much they made, what kind of jobs they worked, and where they lived so we will have a much better library and really exciting is we are renovating space down in the Millyard. In Mill #3 for a bigger and better museum and education center. This room doubles as our school classroom and you can see that there are not very many spaces for kids to get dirty and do hands on things and make a mess and make a lot of noise and do the kinds of things that school groups do when visit museums. So, we will be creating a new education center and museum down in the Millyard. We will be telling the story of the history of Manchester and all of the people who have lived and worked here. The stories of the

Mills. We will have, as I said, space for school groups so that we can accommodate even more than we already do. We will have a changing exhibit gallery so we can do more as far as getting our collections out on view. We will have a shop and we will have a program room. We hope that in a year or so when we are open you will all come back and meet in our new facility down in the Millyard. We will be opening early next year and we would love to have you come back next year at the same time and for now again thank you for taking the walk from the School Department and City Hall and coming to join us tonight. We are very glad to have you. The staff will be staying here. If you have energy and inclination when the meeting is over, you are welcome to look around and we will be glad to answer any questions you may have. Thanks again for coming.

Chairman Cashin stated I would like to thank you all for being here this evening. It has been a long time trying to get everyone together and I am sure that this is going to be an eventful evening and I hope that it is going to be fruitful for everyone. In the spirit of cooperation, I would like to ask if Dan Healy would come up and I would like to ask him to Chair this meeting until the Mayor arrives.

Chairman Healy advised that the purpose of this special meeting is to discuss mutual concerns of the Board of Mayor and Aldermen and the Board of School Committee, and budget issues.

Chairman Healy stated at this time the Board of School Committee is prepared to present possible budget reductions to our FY01 budget. At this time, I would like to ask the Chairman of the Finance Committee, Mr. Brad Cook, to begin that discussion.

School Committee Member Cook asked does everybody have one of these sheets. Vice Chairman Healy, Chairman Cashin and members of both Boards, when we last met to discuss the budget we presented to you the \$112,006,125 budget adopted by the School Board for FY01 and I appreciate the truthful and serious discussion that we had. You

asked us to go back and consider what the ramifications of the Mayor's budget would be and to present to you the ramifications of different funding levels in layers. The School Board has met and the Finance Committee has met and the Administration has done a lot of work on this issue to do that. I would stress to you that the budget we adopted at \$112 million as we discussed with you was pared down from \$120 million in requests. We obviously can't do everything we want to do and we are not presenting these possible effects to you tonight as a proposal by the School Board to cut, but you are our funding body and we have to explain to you what the ramifications of various levels would be. One page that you have in front of you should be right in conjunction with the book that you were presented at the budget presentation, especially in connection with the white sheets which had object codes and funding levels. The format of this presentation is grouped into four relatively similarly sized groups of ramifications. The School Board has set priorities and I think we discussed that with you at the last meeting. Sufficient staffing to provide education services on the front line if you will in the classroom are our first priority and preserving classroom staffing, optimal class size and effective instruction is our first priority. We need to continue to improve technology in a world where technological needs, both for management and for education, are important. That is our second priority. You have a Group A, a Group B, a Group C and a Group D. Those are in descending order. They are each approximately \$1 million and I would like to walk through them with you and describe them in brief. I think we should all understand a couple of things before we do this. First, as I said these are not recommendations by the School Board that anybody cut anything. Secondly, we are in the midst of negotiations, collective bargaining negotiations with our professional staff, both teachers and principals and so to the degree that any cuts affect those negotiations we all have to be careful to discuss them generally and not in specific terms of what they would do to one contract or another. Also, I think you should understand and I know that you do, that you give us a bottom line budget and the danger always exists when we discuss things in particular that six months from now were one budget or another to be adopted and the needs of the School District changed and the School Board authorized

changes among and between the line items in our budget, which we have the authority to do and we came back to explain where we were in the budget cycle to you, that we did not in fact lie to you or mislead you but we gave you the best prediction of what we could do at various levels at the time. We have run into problems in the past of misunderstanding because it is natural that you are used to line item budgets in various City departments. We present this in good faith as our priorities. We are not saying that in May we know what our needs will be in October and I just want you to understand that. The first group, which adds up to \$923,691, Group A, consists of community projects. Things that we are involved in and have to pay for in the community. A partnership with NH College, the State Program for students at the YMCA, the Foster Grandparent Program, and various Chamber of Commerce events and programs at \$60,000. A budget reduction in equipment of \$150,000. Simply the inability to buy \$150,000 more of equipment. A budget reduction of \$100,000 in furniture and fixtures. A reduction of \$147,445 in technology purchases and services. Program reductions in food service of \$85,700. General supplies would be level funded, which is a reduction of \$78,312 from the proposal. Level funding textbooks which is a reduction of \$161,968 and you will recall that we bought a large amount of textbooks this year so our budget was lower than our expenditures this year. This is a further reduction to the prior budgeted level. Benefits. We have a revised estimate of benefits in health insurance reducing it \$140,266 for a total in the first group of \$923,691 approximately. Group B special education tuition, which you will recall has about a \$2,700,000 increase and that is a good faith estimate on the needs that we will have next year, we are projecting that we would have to figure out a way to reduce that by \$300,000 by providing the services in a different manner. It would eliminate the Executive Director of Personnel Administration for \$65,000. The salary difference between retiring staff and new hires of 13 teachers, a sum that we did not know when we presented the budget because we didn't have notification of those \$202,726. Two internal suspension staff people for a reduction of \$36,000 because those positions, that function would be served by educational assistants for a savings of \$36,000 or \$18,000 each. Reductions in administrative

positions of \$288,000. That is approximately another \$900,000 in Group B. You will note from our original proposal that object code 110, which had a \$6,199,740 increase was an increase in salary wages, stipends, or staff. That is where the money is. In Group C, we would get to salary adjustments first at \$736,000 which would be a large chunk of money obviously that is available. We have several parts of salaries. We have steps in our contracts and we have money available for salary increases. Middle school language teacher – because our budget did not allow us to implement a Spanish program in the middle schools and we have one Spanish teacher in the middle schools which we had proposed that we retain to at least give a smattering of experience of Spanish to people in middle school we would cut. That program would be gone. Special education transportation. We are hopeful because we are talking to several providers, that we would cut \$300,000. You are getting into the meat here. That would be another...in Group C \$1,077,838. In Group D if we got farther down we would have to take another \$500,000, obviously a round number, out of the money available for salaries. We would not replace a reading supervisor and a media specialist for \$83,676. We would cut 10 education assistants for \$127,220. We would cut two mentors at \$94,000. That is the Governor's Program and the program that has been worked out by the MEA and the School District for the Best Schools Initiative. That would be gone. We would not have one new reading teacher position with salary and benefits of \$41,838. We would not replace a resigning SAP coordinator and media specialist and we would have to cut \$150,072 out of athletic programs. Those cuts in Group D would be \$1,105,446. That brings you to the round number presented by the Mayor of \$108,007,425. That would be the fourth set. That gets stronger into our priorities obviously because it cuts deeper into staffing and it would get us to the Mayor's number. Very frankly, none of us on the School Board looking at this list want to do these things obviously but that is where...that is what the possible effects and the order of priority would be depending on funding.

Alderman Vaillancourt stated I have to acknowledge you have done an excellent job, however, I am a little befuddled because I understood the assignment was to go back and

make cuts down to the \$100 million range, not just the \$108 million. I believe at that meeting we mentioned how it would affect or I mentioned \$100 million and I believe other Aldermen mentioned \$104 million or \$106 million so I think you have done about 1/3 of the job. Did you not understand that we were looking for more than going beyond the \$108 million or was I in error?

School Committee Member Cook replied I understood the request to be how would the Mayor's budget affect us and would we do it in layers. I did not understand it to be an assignment.

Alderman Vaillancourt stated well I understood the layers were to go down below \$108 million, at least to \$106 million or \$104 million. Did other people not understand that?

Alderman Wihby stated I am just trying to figure out on the first \$1 million...so you are saying if we gave you \$111 million this is what you would cut basically.

School Committee Member Cook replied that is correct.

Alderman Wihby stated so I guess what I don't understand is when you have a salary difference between retiring staff and new hires of \$202,726, why wouldn't that be in the first group and save something like the NH College Partnership or something like that. Why wouldn't that have been on the top?

Mr. Brennan replied in terms of our direction from our Board of School Committee, our number one concern was staffing, followed by technology and I believe that is why it falls in this area as we move down the list. We needed to maintain staffing at all costs.

Alderman Wihby responded the \$202,726 for salary difference between retiring staff and new hires, isn't that an actual number that you are going to save. Why isn't that the first

item along with health insurance revised estimates? Those are items you can cut right away and you are not affecting anything.

Mr. Brennan replied basically we would have 13 people not hired at the current rate. What we are doing is saving money. I really can't answer that question.

Alderman Wihby asked the \$202,726 is you figured a higher starting salary. Is that correct?

Mr. Brennan answered yes, Sir. Those are retired.

Alderman Wihby stated so people were retiring and you figured new hires were going to come in at a higher rate and now you are saying that you probably don't have to hire them at that rate so you can save \$202,726.

Mr. Brennan replied that is correct.

Alderman Wihby stated so if you can do that, that seems to be a cut that is not affecting anything at all. It is not affecting anything to do with the School system whereas if you cut something like technology or the NH College Partnership or something for \$60,000, it seems like that would have been in the second category rather than the first category.

Mr. Brennan replied I really don't know...unless someone else here can respond to that because that logic I...

Chairman Healy asked Superintendent Tanguay to please respond to that.

Superintendent Tanguay stated one of the reasons might well be and certainly is that the savings are an estimate and based on the teacher shortage we are not sure that that will be

fully attainable. It is merely an estimate and that would certainly allow us at that point to have that money available but it could certainly be up in the number one priority.

Alderman Wihby stated could you just drop something like that \$60,000 in Group A to Group B.

Superintendent Tanguay replied yes. That could be reallocated.

Alderman Wihby stated talking about schoolteachers, right now are we looking to hire teachers and we can't find enough.

Superintendent Tanguay replied it is a problem at the present time because of the salaries that we are paying.

Alderman Wihby stated I notice a lot of advertising in the newspaper. Not just for Manchester, but for everybody. Is that happen here? Are we advertising and not getting enough?

Superintendent Tanguay replied that is correct. The pool is very small and it also effects the administrators and principals the same way.

School Committee Member McDonough stated I would like to address a question to Aldermen Levasseur and Vaillancourt, both of whom have mentioned much lower figures than presented by the Finance Chair of the School Department. If you can make a budget, either one of you, in the \$100 million range or \$101 million range that we can live with, I would be the first to embrace it. All I want to know is and I know that both of you are excellent researchers and you do an awful lot of research as you can see in front of Alderman Vaillancourt tonight and by watching Alderman Levasseur I know you also do and your questions are very pressing. Could you show me or any of us where you

would slice in the overall budget so that we get down to make a livable \$100 million or \$101 million figure. If you could do that, be specific. I would be the first to embrace it.

Alderman Levasseur replied in looking at the numbers that are being presented here in front of us today, if you look at Group A, Group B, Group C and Group D, if you took the cuts from \$60,000 and you went down to \$150,000 at the bottom line and you took out those cuts that they said they could make that number would automatically right now drop to \$105,114,070 so even here with just the cuts that they are telling us they can make at this moment if we only went with certain groups, if they were to get us down, the law would make all of these cuts. You are already down to \$105 million. They are telling us that in this group they can get rid of this stuff.

Chairman Healy responded I don't think the Committee is following your train of thought. Could you explain that a little further?

Alderman Levasseur stated you are telling us right here that this bottom line number is \$108 million. Now is that with all of the numbers from the top to the bottom?

Chairman Healy replied that is correct. That is the reduction from the \$112 million after taking off Groups A, B, C and D we come out with \$108 million.

Alderman Vaillancourt stated since the question was addressed to me, I will take a shot at it. I am not in a position nor would I want to be of recommending things to you to cut, but as I addressed to School Board Member Cook, I understood the purpose of our last meeting was to ask you to come back with recommendations as to where the cuts would be made if we went from \$112 million down to \$110 million down to \$108 million but not to stop there and go to \$106 million, \$104 million and \$102 million and then we would look at that. I think you have done an excellent job and I am very appreciative of what you have done but I think you haven't done the entire job of what we were

expecting or at least I was expecting to get. If you would continue the job and go down to \$100 million then we could look at it and decide if we wanted to take that last \$2 million, \$4 million, \$6 million or \$8 million. I am not saying we would do that. I am just saying that the expectation was that we would be presented that tonight.

School Committee Member McDonough responded I expect your research and whatever, but I think the twin concerns shared by the citizenry out there today, the twin concerns and I put them tied for first place are taxes and education. When I see a figure as Alderman Vaillancourt specifies of \$101 million or \$102 million and I am not saying that he is wrong. All I want is to be shown clearly, dramatically and significantly that this is where the cuts can be made and this is where the lard or the fat is. I can't find it and to just throw a ballpark figure out of \$101 million leaves everyone here in a quandary.

School Committee Member Dubisz-Paradis stated with all due respect to Alderman Levasseur and Alderman Vaillancourt, at the meeting that I saw on TV unless I am wrong I understood that it was clearly understood that you wanted Mr. Cook to come back with \$108 million to see what effect it would have on the budget. I know Mr. Vaillancourt would perhaps like to go down to \$100 million and Mr. Levasseur down to \$104 million or \$105 million, but I didn't get that perspective at all when I watched that on TV. I think that is why you only have that down to \$108 million this evening. I don't know if any other Aldermen here are aware of that. It seems as though it was made clear to Mr. Cook that they had wanted him there that evening in fact to go down to...they wanted to see what the difference was between \$112 million and \$108 million and the possible effects of the budget reduction. All I can say is if you look at these carefully and look at these programs and like Mr. Levasseur has said athletics was a big thing in his high school years and if you start taking money out of athletics and reducing teachers and partnerships and some programs like the State programs, these are very, very important to children in the City here. I feel as though we should fully fund this budget to be truthful with you. \$112 million period and I know my sentiments...my colleagues sentiments are

similar. Most of my colleagues on the School Board feel as though we need this \$112 million and we do to do everything that we want to do and we have to do and we need to do for the children in Manchester. We need that \$112 million. To even take all of these, now these are just a possible effect of budget reductions. I hope you people can see that we really need this. This is not a budget that has a lot of frills in it or anything. This is a budget that...for instance middle school language teachers and so on. Your Spanish teachers. Your librarian at Memorial. If we lost the librarian at Memorial or the media specialist as they call them...these are very important. Our educational assistants help our teachers. Some of our teachers in this City cannot do without educational assistants and a lot of that has to do with the special education children in their rooms. You really have to go...I wish the Aldermen would look through this budget very carefully and see how this would affect us because it would affect us immensely. I say we need the \$112 million. It is not that we want it. We do want it, but we need it and please try to see fit to get us as close to \$112 million as possible.

Alderman Gatsas stated I guess the Finance Committee of the School Board has come to us with some recommendations. Some of the questions that I have are the salary reductions in all three groups and I will use them as a collective number is about \$2.3 million. Does that include benefits?

Chairman Healy replied yes.

Alderman Gatsas asked is that a definite yes.

School Committee Member Cook answered that is a definite yes. We use salary meaning pay and benefits as a generic for those compensation items that are in the budget. Remember my statement about the fact that we are in negotiations with both groups so we made it as generic as we could.

Alderman Gatsas asked what is the actual wage of the and I don't want to get into names on this thing, but the only way I can tell if you have included benefits is to tell me who you are replacing or eliminating in one of these easy ones so I can take a look at the sheet that you have given me so I can check the wage number and make sure it does include benefits. If you are telling me that is what it is, then we really only reduced wages by somewhere in the vicinity of \$1.7 million.

Chairman Healy asked when you are referring to the salary adjustments are you referring to...is that what you are referring to.

Alderman Gatsas answered I am looking at all of them. The salary adjustment accounts. You look above the salary adjustment account...

Chairman Healy stated those salary adjustments are not based on reduction of the present staff. Those are negotiated salary adjustments.

Alderman Gatsas asked so they don't include benefits.

Chairman Healy answered that number does include the benefits. It would be a total of what the negotiated salary and benefits would be.

Alderman Gatsas asked could you explain that to me again slowly please.

Chairman Healy answered the salary adjustment is the negotiated amount for all negotiating groups that we have within our district. It would include the teachers, the principals, administration, MESPA, and non-affiliated I believe as well. So, when we refer back to salary adjustments we are referring to that number.

Alderman Gatsas asked so that doesn't include benefits.

Chairman Healy answered it does include benefits. Are you all set? Can I get back to you?

Alderman Gatsas answered you can go on.

Alderman Hirschmann stated I just wanted to reply to Committee Member Dubisz-Paradis' comments about what the instructions were. At the full Board meeting, I had the floor towards the end of the meeting and I listened all night long intently as my colleague Alderman Vaillancourt discussed \$100 million budget all the way up to the \$112 million budget so I am the one that gave the speech about we have to know different layers of expenses to know what we are talking about. I did say the more information that you come back to us with, the better shape that we will be in to support you. Now unfortunately after I gave my speech regarding the \$100 million up to the \$112 million, Alderman Cashin took the floor and gave another little speech saying that we weren't there tonight ready to support the \$112 million and he said something about the \$108 million so apparently Mr. Cook while he was sitting there took the final words as the ones that he heard. He doesn't remember hearing what I said. I am the one that said \$100 million, \$101 million, \$103 million, \$104 million, and \$108 million. I never said \$112 million because it is a foregone conclusion. The Mayor's budget is \$108 million and that is what we were addressing. Now the only question that I have for someone on this Board is when the Mayor proposed the \$108 million was he told that you were going to cut athletics and all of these other things? Are we just learning this now or did the Mayor know that these things were going to be cut? That his \$108 million number represents a cut in athletics.

Chairman Healy replied I think the person to answer that question would be the Mayor.

Mayor Baines stated thank you. As I said on numerous occasions, the development of this particular budget was a very frustrating exercise because we despite all of our efforts were we not able to get a lot of the information that we requested. In fact, the information that we received at the last meeting was the most comprehensive information that I have seen pertaining to the School District since I became Mayor. We talked about a number of scenarios when I had Mr. Tanguay come in and meet with the Mayor's Advisory Council, which was the department heads who were helping us formulate some budgetary formulas and guidelines. We were not able to get any direct answers below \$112 million. It was either \$112 million or \$112 million, which we found a very frustrating exercise. We knew at that particular point in time and I had several personal meetings with the Superintendent regarding my frustration in not being able to ascertain from him any kind of a direct budget that could help us deliver what we felt was a credible number. We knew that his \$112 million he was not going to receive and I made it very clear to him that we needed a more realistic budget approach. At that particular point in time we were not talking specifics. We went in and did our own analysis of his numbers. Mr. Hobson was very involved with us at that particular point in time because we could not get information so we were not able...it sort of goes back to what Alderman Gatsas said at the last meeting in terms of budget preparation and coming into office without the level of information, which was absolutely necessary. If you look at true accountability, we were not able to ascertain with any specificity during my phase of the budget process anything relating to cuts, what was realistic and what was prudent and that is why we are in the situation we are today. It begs at credibility. It begs for accountability and it begs for some common sense in regards to this budget and I don't think we are there yet. Not by a long shot.

Chairman Healy responded I don't think that fully answers the question and if I could just finish at this point I would like to ask the Superintendent to please come to the mic because that is a very good question because that is a question that I think our Board has been asking for several weeks now and that question was how did you arrive at your

budget. We have asked this to the Superintendent. We have asked this to our Finance person. We have asked this of our Chairman of Finance and the answer we seem to be getting is we don't know how he arrived at that budget. That, as far as the School Board is concerned, is what we know and at this time I am going to ask the Superintendent of Schools to please respond to your comments.

Superintendent Tanguay stated I would like to begin by addressing Alderman Gatsas' question on the salary adjustment. The salary adjustment involves all negotiated items, as well as non-negotiated items. For example, it can be a salary increase. It can be an increase in benefit costs or a decrease in benefit costs. Any monetary items in the negotiated agreement, such as travel, professional development, etc. As far as the \$112 million, the budget process which began in October involved the school principals and staff at different schools as well as Administration. It began with requests for their needs. Those requests were analyzed and the budget was prepared. It came in at about \$120 million I believe. Then we had direction from the Board to look at the budget and to produce three options. We met with the principals and directors and coordinators and from that point reduced the budget to a number of about \$112 million. That is how the budget process worked. It was based on the needs identified at the various schools and shared with the School Board and the public and the Aldermen.

Chairman Healy responded my question to you, Superintendent, is had you made the Mayor aware of what the possible cuts of \$108 million would be.

Superintendent Tanguay replied no, I did not.

Chairman Healy asked were you asked that question.

Superintendent Tanguay answered the direction from the School Committee was to...our budget is \$112 million and that is the message that I was to carry. He asked the question and my response was \$112 million is the number we are working with.

Mayor Baines stated I would like Wayne Robinson to spend a couple of moments talking about the process because we are going to get into discussion about the credibility of this process and we will be glad to delineate every aspect of our preparation of this budget. The process was quite extensive, quite exhaustive, and involved the Superintendent coming in and meeting with our budget team as well as the department heads that formed the Mayor's Advisory Council throughout this process plus the active involvement of Mr. Hobson because of our inability to get the numbers that we needed to make this process. He actually went over to the School District and sat down with the Superintendent to crunch numbers related to salaries in particular because as we know it is a salary-driven budget as most departments are in the City so that was a very extensive, very exhaustive process without a lot of information, which begs to the issue that I talked about before – accountability.

Mr. Robinson stated during the budget process as the Mayor had stated I guess the lack of actuals I think is the best way to put it was very difficult in trying to put together the Mayor's budget for the school. The basis for putting it together was basically to look at the FY00 budget and use that as our basis and make budget increases or decreases from that point. I am not going to go through every single line item. Salary line item and employee benefit line items were basically put together by Mark Hobson of the Human Resource Department and from there the other line items we are looking at a 5% increase of funding the line item based on your original budget. Yours being the School District's original budget. One of the comments made tonight was were athletics fully funded in the Mayor's budget. The answer to that question is yes. From there I would be willing to answer any questions.

School Committee Member Gatsas stated I have a couple of questions about this process. I am kind of concerned because this is the first time I saw this piece of paper. I asked the Finance Committee Chairman a number of times the process that is going to be used for the budget. The School Department had a number of work sessions. The School Department had a public forum. Not once was the Mayor or his assistant there to talk about numbers. The School Department came up with the budget numbers from the information they were given from the Administration and the work they had done. This right here and I brought it up last night at our meeting to Committeeman Cook, I was very disappointed that the Mayor did not come in front of the School Department and give a breakdown like this as we were presenting our budget or preparing our budget. We sat at a meeting and we were wondering if we were talking about...we read in the newspaper that 31 teachers were there for the McLaughlin Middle School but we couldn't account where they were from and we weren't getting any information from the Mayor's Office. I don't want to say that it is the credibility of the School Board, but I don't think the communication was an open line from the Mayor's Office either. If they wanted to be an active participant, they should have come to the table and been actively participating in the budget process. We came up with the numbers from the School Board, from public input and the work sessions that we had. Not once did I see Mr. Robinson or yourself there with this piece of paper explaining line item 243 and what it was going to be or any of these line items here. So, when we put our budget together we presented \$112 million and Alderman Hirschmann I give him a lot of credit for the work he has done and so on but we prepared this right here. We could have gone to \$100 million, but what do you want us to cut? Do you want us to cut transportation of \$3 million? We sat here and we talked about ESL as an example. In 1996 it was \$500,000 for 400 students. In 1999 it is over \$2 million for 1,300 students. You talk about the Federal reimbursement of 13-16%. We don't have too much coming from the State. We did the best we could here. You need to go into the schools and see the hallways that are crowded. When we built McLaughlin School...I had this discussion with Mr. Hirschmann and Mr. Levasseur and I respect them...that number of \$12.5 million was

never talked about but I hear that the Board of School Committee and Aldermen are criticized. There was \$12.5 million set aside for the building of that school. That money was whittled down to \$9.5 million. It was a 1,200 building school and it is not a 900 building school. No one talked about overcrowding when they gave out 450 building permits off of Bodwell Road that those kids had to go somewhere. It is easy to say the School Department. I am very proud to say that I am in a profession as a teacher that makes a difference to kids. I work with them every single day, but the conditions that some of these teachers work in in Manchester are deplorable. Deplorable. Some of the Aldermen who are sitting here...I respect a lot of them that go to the schools but you need to go into the schools and see where these kids are in the hallways and the conditions they are in. It is nice to give out building permits, but what is the consequence on the other side. In closing I would just like to say that we charge an impact fee. How much of that goes to the schools? Zero. You go to Londonderry to the south of us they pay a \$5,000 impact fee and \$2,500 goes to the School and \$2,500 to the town. You can put all of the houses you want around. You can put all of the portables you want around. There is no plan the Mayor said. There has never been a plan. Thank you.

Alderman Wihby stated I just have some questions. Everybody said that it was going to be a heated discussion today and I think we ought to stick with the issue and that is the budgets in front of us and let's go forward with it. The chargeback number in the debt service, Norm, last time we had a meeting you said maybe we would know more about that. Do we know any more about that?

Superintendent Tanguay answered the debt service number I understand they have a draft of the information. It is not quite finalized at this point. I would expect that would be available hopefully by the end of the week.

Alderman Wihby asked is it better do you know.

Superintendent Tanguay answered I don't know. In terms of chargebacks, that is pretty straightforward.

Mr. Robinson stated in talking with the Finance Department today, as the Superintendent stated the audit is not complete, but the only item that they have come up with is \$10,000 over 20 years. I would say in the whole scheme of things \$10,000 over 20 years is somewhat immaterial but the audit is not complete.

Alderman Wihby asked so basically the chargeback number is going to be the...

Mr. Robinson interjected that is the debt service number.

Alderman Wihby asked so the debt service number is going to be what number. The School number or the Mayor's number?

Mr. Robinson answered it should be the same number.

Alderman Wihby stated the School used \$8.5 million and the Mayor used \$8.1 million.

Mr. Robinson replied the number that the School used is their FY00 number.

Alderman Wihby asked what is the debt service number. Do we know?

Mr. Robinson answered that is what is being worked on. It is being audited. All I am saying is that after everything is said and done right now they are only looking at a \$10,000 item over 20 years.

Alderman Wihby asked off of what number.

Mr. Robinson answered I am not sure. They are still working on it.

Alderman Wihby asked is the \$8.5 million off or the \$8.1 million off. There is a \$400,000 difference between the School's number and the Mayor's.

Mr. Robinson answered the School's number is their FY00 number so without seeing their documentation I would believe that the FY01 number would be different. It would not be equal to the FY00 number just doing the math. The principal and interest would not be the same from year to year.

Alderman Wihby asked who is working on it, Finance.

Mr. Robinson answered no. Melanson & Heath.

Mayor Baines stated we should have that information by the end of the week.

Alderman Wihby asked in the Mayor's number are negotiations in the 110 object code. Was that thrown in there?

Mr. Robinson asked are you talking salaries.

Alderman Wihby answered yes.

Mr. Robinson answered yes. The Mayor's number includes a 3% increase plus steps, and 37 new hires, which would be offset by 15 retirements.

Alderman Wihby asked so a net of 37 minus 15.

Mr. Robinson answered that is correct.

Alderman Levasseur stated first of all I will go to Committee Member McDonough. Thank you for the kind words by the way. I just want to say the reason why we don't know how to get you down to \$101 million is because we don't have the luxury of knowing enough about your budget and bottom line stuff. That is not what we do. If I was in here I would probably have a better of idea of where to cut, but I have no idea where you guys are going with your numbers because that is your department and we are not privy to that information. I want to go into something like what I thought when I became an Aldermen was that when we were talking about schools I thought when I got involved in this I was going to be helping the schools and I thought we were going to be doing something more innovative and something where the people in the public were thinking we were going to be fixing the schools, not putting portables but putting on additions. That is the kind of stuff that I thought I was going to be giving money for. What I see in this budget is...you know we are hiring more teachers and we are filling more vacancies and we are giving out raises. I don't see the numbers going into construction to fix the schools and make them better. I saw Principal Rist a couple of weeks ago and the way he came off and said you know there are cracks in the windows and people are wearing gloves, I think that is why the people outside who watch and look in on these meetings like I do as an Alderman who has the whole City to worry about and not just the schools, the School Board has that problem. I don't think that anybody wants to cut the schools. What the people out there and the perception that 90% of the time becomes reality is that you are top heavy with administration and you are not doing enough with the money to go directly to the schools to keep the schools clean. I would be all for fixing the schools. That is the kind of job that I thought I was going to be getting involved in. We have a perception problem with the people outside who are watching this process. I don't think that the people feel they are getting the bang for their buck. I know the people that you speak to as a School Board are parents and you hear from those people all the time but sitting on the outside as an Alderman, we hear from people also who are worried about their tax increases and don't have children in schools.

So you understand the perception problem between our Board and your Board and then what everyone looking in has and if we can clear that up I think that people outside would have a better understanding of what is going on. I don't have a clear understanding of where this money is going because we don't know the bottom line numbers.

Mayor Baines stated I would like Mr. MacKenzie to weigh in because we did make a very serious, very serious, one of the most significant commitments of City dollars for the schools this year despite some of the rhetoric you are hearing this evening.

Alderman Levasseur replied but it is out of CIP, your Honor, not out of this budget.

Mayor Baines stated but it is important because you talked about some things that we addressed that way and that needs to be brought into this discussion.

Mr. MacKenzie stated there was a fairly sizable commitment this year for fixing the schools. Certainly the one that has been talked about quite a bit are the windows at the James Building, which is actually a relatively new addition. Those windows will be replaced in the next fiscal year and that was part of the CIP budget. If I could, your Honor, I would like to mention because I don't think that the School Board members have received what the Board talked about at the last meeting and that was the potential for an addition to the McLaughlin School in order to obviate the need for some of the portables. The Board did ask some of us to review the option. It does appear feasible to add an addition. The school was originally planned with a core capacity so that it could be expanded and we did ask to get some information and found that it was feasible. Also, I am aware and will be meeting with Tom Brennan tomorrow that perhaps rather than the eight room addition that was discussed by the Board of Mayor and Aldermen, that a ten room addition might make more sense because the pods that the teams at McLaughlin work in are basically five room pods so that could be two teams that could be allowed

for. We will be reviewing with the Board of Mayor and Aldermen that option as to whether it may be paid for in savings rather than going to portables because something we haven't discussed with the Board are the financial constraints that the Board of Mayor and Aldermen are working on on the capital side. If I could, Mayor, could I briefly discuss that?

Mayor Baines answered yes.

Mr. MacKenzie stated basically we reviewed with the Finance Department and our Bond Council what are the options for providing capital improvements in the City. They provided three different options. The Mayor did select the one that allowed the most capital money, which is \$40 million over three years to apply to all of the City infrastructure. If you take \$40 million over three years you can apply that in different ways, but realistically we said that we would have to apply it 1/3 each year, which is a little over \$13 million. That money was allocated to various City projects and the demand for that money is tremendous. \$13 million available and roughly \$54 million in demands. That is not an easy situation to be in. Roughly half of the \$13 million was applied to various school projects or school sites such as West Memorial Field and Livingston.

School Committee Member McDonough stated I want to respond to Alderman Levasseur. I know whereof he speaks when he says the various departments of the City. He has to have a panoramic view. As you know, I served for a number of years as an Aldermen, both in Ward 2 and Ward 3 and I know what it is when all of these departments are tearing at your haunches and everyone is looking for money. I didn't come here tonight as an alumnus of your Aldermanic Chamber, but rather I appear here as a prodigal son with empty pockets and recycled clothing and a modest financial request that we can somehow have a meeting of the minds, not going down to \$101 million or \$102 million. Really I paid strict attention to the dictum of your Dean,

Alderman Cashin, when he said let no one leave here tonight expecting to get \$112 million; it won't happen. He seemed, I thought, receptive to the idea of somewhere around \$108 million that the Mayor had spoken of and I hoped that would be the bottom line below which we cannot go unless somebody can show us clearly how we can do it and send our kids out there to meet the challenges of tomorrow on equal footing with their counterparts throughout the country.

School Committee Member Healy stated I feel the need to further explain some comments that were just recently made. That has to do with a comment that all they are seeing in this budget is additional staff members, additional teachers. There is nothing wrong with that. The reason why we have such a big staff is that we are a labor-oriented district. That is what schools are all about. We have additional students and additional students means more teachers and I do not have a problem when I have to spend dollars on direct student services. I just want it to be further known that once you get below Group C and even in Group C, you are having a drastic effect on student services and it will happen and it will take place. Respectfully, everyone, please if you go below Group C as part of the packet then direct student services will take an effect in this district. It will happen. Thank you.

Mayor Baines stated I feel compelled for people who are listening that we are still talking with my proposal over a 7% increase. We are not talking about level funding. We are talking about a 7% increase with a cost of living increase at 3%. Our community just to the south of us, Nashua, is dealing with a 2% cap. There is a lot of rhetoric around the schools. I could give a three-hour seminar on the problems in the schools, but we have a realistic budget to try to develop. We have to also consider tax rates and the impact on the property tax owners. We have to talk about government not growing faster than the economy of our community. All of those different types of things that we need to talk about when we talk about a budget that is fair and allows for steady progress and doesn't break the backs of the community at a time of economic stress. I would like to give you

\$112 million or \$120 million and I would like to fully fund all of the different departments in the City, some of which are getting 12% and 13% increases, but we have some reality that we are trying to bring to this process. I hope we can talk a little bit about that as opposed to some of the rhetoric about schools. I have been around a long time and I have heard it all. I remember the year when the budget was \$52 million or the schools were going to close down and you ended up with \$46 million and the sky never fell.

School Committee Member Dubisz-Paradis stated I want to say to the...nobody is here from the Zoning Board this evening I don't believe but in South Manchester they are planning on building another 100 homes down there and if it does go through that is going to have an impact on Green Acres, Memorial and McLaughlin. I think the things that we have done in the past are coming back to haunt us. Whether it be in Ward 8, which has assumed so many new homes it is unbelievable or whether it is down near Litchfield or Megan Meadows, especially Ward 6 and Ward 8. I don't think the City looked...piggybacking on John Gatsas' statements the City hasn't...they are not looking like for instance there was an industrial area rezoned to residential. This has to be looked into more by the Aldermen and the Aldermen in the wards have to make sure and be at meetings and go to different places to make sure this isn't happening. When you have 100 home going up, there are 11 homes going up off of my street. My street is being opened up. Eleven homes isn't bad, but when you are talking 111 homes and probably another 60, 70 or even more students going into the school system it makes a big impact. As Dan also said, we are staffing these schools in order to accommodate the students and you can't keep putting people, you can't keep putting even math teachers are going around in some of these schools and I wish the Aldermen would visit some of the schools because not only are some crafts and so on going around on carts but math teachers are going around with computers. Computers are a lot of money. Thousands of dollars on carts going from room to room to teach kids. I mean there is so much going on in the schools that I do not think the Aldermen are aware of and I plan on taking Mr. Levasseur

if he would care to come with me to three or four schools in my district. I have seven in Ward 8 and maybe a couple downtown. We will not only look for instance at the portable at Beech Street School, but the portable at Southside which has air conditioning and a lot more to offer than the one at Beech Street School. There is just so much diversity on everything in Manchester and I think if we looked more into your jobs, which we do when people call us and say there is a pothole or something but if you look at what we have to put up with and what we face everyday with our teachers and our schools. I mean I am asking now for zoning and Mr. MacKenzie thank goodness sends me the agenda for the Planning meetings every month which is a help to me because it tells me if there is any more construction going up in my ward and so on and I think if more of us looked into each others jobs and what we are doing it would help us out and help us solve some of these things that we don't see eye to eye on.

Alderman Pariseau stated a comment was made relative to impact fees. Could I have Mr. MacKenzie address the status of those impact fees, especially the comment made that the School District is getting zero?

Mr. MacKenzie replied just to clarify impact fees, they were instituted approximately six years ago now. They are consistent with State law, which is very strict about it. There are a lot of court cases and a lot of legislation that deals with what communities can and cannot do with growth and impact fees. We receive for every new single family home \$1,652. All of that money does go to schools. It is required by law. The money cannot be used for operating expenses again by law so that would not go into the School's operating budget. Those funds are going to help pay for the McLaughlin School and the Parkside addition. Impact fees cannot be used for repairing schools. They can only be used for increasing capacity. Again, that is why the funds are being used for both the McLaughlin Middle School and the Parkside addition. So, we have been receiving for every new project a relatively high percentage of both McLaughlin and Parkside. I don't have exact numbers, but the monies are being used for those two increases in capacity.

Alderman Pariseau asked, Mr. MacKenzie, with those monies from the impact fees going to schools are the chargebacks relating to the School Department double charged to the School Department. If that \$1,652 is earmarked for school construction like McLaughlin and Parkside like you stated, are we charging debt service or chargebacks to the School Department for the cost of that construction again?

Mr. MacKenzie answered I don't believe so. I don't handle the logistics of how the debt is charged.

Alderman Pariseau asked could you find that out.

Mr. MacKenzie answered I could speak with Joanne Shaffer who is here. I know that some of the impact fees which we will now gather for the next 20 years or the life of those buildings, part of it was used in the original construction and part of it also goes back to offset some of the debt service.

Alderman Pariseau stated recently there was an article in the paper relative to...I guess there was a firefighter moving to Londonderry and it has a \$10,000 impact fee and you just said that the State law says that we can't charge more than \$1,672 for a single family house.

Mr. MacKenzie replied no I am sorry. Every community sets its own rates. This rate was set a few years ago in trying to determine what is called a "fair and proportionate share." Every community...not all communities have an impact fee. Those that do basically try to see what is fair for their community.

Alderman Pariseau stated with the potential development going on in South Manchester, there are 100 homes that School Committee Member Dubisz-Paradis spoke about and I

know there are 11 going in on Karen Street and all other stuff, could we increase that impact fee from \$1,672 to \$5,000 for a single family home and still be within State law.

Mr. MacKenzie replied the Board has the option annually to review that amount. On the other hand, you would have to look at the impact because we are also facing somewhat of an affordable housing crisis. You have to look at the impact of what those actions are. The Board, I believe, has the authority to review and perhaps boost the impact fee, yes.

Alderman Pariseau stated I want to get a feeling on what the program reduction in athletics means.

School Committee Member Stewart replied that would be all of the salary adjustments that we had planned, as well as freshman on the women and men's side basketball and soccer.

Alderman Lopez stated I just want to follow-up on that one particular question that Alderman Pariseau referenced to athletics. I think for a number of years the Board of Mayor and Aldermen had a special fund that you couldn't touch. I wish the School Board would also consider that as "hands-off" you know on the athletic program. If the Board of Mayor and Aldermen could do it for a number of years, I think the School Board should adopt a policy and tell the Administration hands-off on the athletics because it is a point during the budget process that people come forward and blame the Aldermen for taking out. I am just making that particular comment. Mr. Cook, in reference to the reductions that you are speaking of, I understand that there is no sequence here. Some of these could be changed by the School Board, is that correct? The School Board has not voted on any of these reductions, correct?

School Committee Member Cook replied the short answer to that question is yes. What I said was the priorities of what goes first and I think frankly Alderman Wihby had a good

point at the beginning about the salary differential item, but if that moved into Group A it would make it \$1.1 million instead of \$900,000 roughly. Our priorities are to keep staffing numbers. The question that was asked before about if we take that number out how many fewer staff do we have didn't come out...and I think Vice Chairman Healy tried to address that point, that comes out of the budgeted increases available for increases of staff salaries for existing staff, not elimination of numbers of staff. We had \$2.7 million for existing staff raises and then we had money for benefit increases for existing staff because of the costs that we had been told are going to be increased. You people have been talking about that too and it is second on the agenda tonight if we get there. These reductions reflect the priorities that we set and within the general range of what we know now.

Alderman Lopez responded I realize that. What I am saying, Mr. Cook, is that the School Board could change any one of these.

Mayor Baines replied the answer to that is you are correct.

Alderman Lopez stated that is my comment getting back to athletics. Let us work together and not put fear into the public out there of their kids in athletics. Let's leave hands-off.

Mayor Baines responded first of all in \$108 million budget you are talking about a \$40,000 item. Keep that in mind when you talk about that.

Alderman Lopez stated the last comment that I would like to make and I would like somebody to really address this because I have had discussions with some Administration people and some other people about State law and about what you can charge these out-of-town students. The contract that you have with the out-of-town students...I understand the State law but there is nothing in the world that is telling us and I bring this

up only to you because a couple of my friends at the Palace Theatre were laughing all the way to the bank. There is no reason for me and I am not a lawyer but Brad Cook is a very good one and I think when these contracts are made they are two year contracts or three year contracts and there might be that certain figure there, but there is no reason in the world why you couldn't tell that community to give us an extra fee for this City or in two years you can build your own high school. The zoning aspect is another issue that we have already discussed. Alderman O'Neil brought that up along with myself and it is a big issue and we have to address all of those things. We will never get anywhere. We are looking at \$108 million. I would like to give \$112 million. I would like to give \$120 million like the Mayor said but let's be realistic and let's work from this point on.

School Committee Member Cook stated a couple of points addressing some of the comments that were made because I think they may have missed a couple of points. There was a reference to funding for cleaning of schools and these Boards together the last time we met instituted a new cleaning contract. That is contained in the chargeback because it is provided through the maintenance of the school buildings by Public Building Services and charged back to us. That is where that comes from. The CIP budget is the budget which fixes the schools and that builds the schools, not this budget. In reference to an addition on McLaughlin School, I think I can speak for this entire School Board that we would like nothing better than to discuss with the Aldermanic Board an addition to McLaughlin Middle School to make it as large as the projections indicated it ought to be and none of us like portables. However, the seventh graders are going to be eighth graders in September. Somebody asked me the other day where are all of those students going to come from that are going to be in McLaughlin School. They are in McLaughlin School. They are seventh graders who are going to be eighth graders. They are going to be eighth graders in September and unless we build a tent, we are going to have to have a place to put them. An addition, if we work like the dickens and I applaud everybody wanting to talk about this, would not be ready I understand until November of 2001 at the earliest if everything went well. We have to have a place to put

these students. There is no other place to put them. That is why we are talking about portables, not because any of us like portables. We would like nothing better than to have portables and be able to get rid of them quickly. That is where they go. The chargeback numbers, just so we can be clear on it because somebody made a reference to chargebacks but then there was no answer to it, the chargeback number in our budget we indicated to you when we came before you. We knew it was low. The chargeback number in the Mayor's budget is \$6,641,700 and I am not aware if that is a hard and fast number yet. We know that there are services provided by the City and we have to have a breakdown of that and we have to talk about that and we have to see it because very frankly we may not be able to afford all of those services. That is not in any way, shape or manner anything other than a comment. We have to look carefully at that number like every other number. So far, that is just a number that has been supplied to us. We have work to do on this budget.

Mayor Baines responded well said. We definitely do.

Alderman Wihby stated some of the items that I have written down were just discussed but the chargeback number was never given but are we to assume that it is \$500,000 higher than the Mayor's number and that you are short even more.

School Committee Member Cook replied what I was referring to is if you look at the sheet that was passed out and the Mayor's budget versus School...

Alderman Wihby interjected I mean the information you gave us that you were going to cut for \$108 million. That sheet where you went from \$112 million to \$108 million that is assuming that \$6.1 million number so if it is higher than that it is worse.

School Committee Member Cook replied yes without finding a way to refine those numbers and deal with them, it would be worse.

Alderman Wihby stated regarding portable items it is very easy to say that we have to do something quick and these students are going to be there next year, but there is nothing wrong with renting the portables for one year as we planned this year that we are going to fund 10 rooms in the following budget cycle and looking at the numbers and talking to Norm earlier we had a number in for \$360,000 and I asked how long we are going to have those portables and he said forever. So if we are going to have them forever we ought to put on an addition and it is going to cost us \$115,000 and we are saving \$250,000 a year and we are having an addition rather than portables so it only makes sense to do it. Now I am concerned a little in that we wanted...my question was if we stopped the CIP budget this year we were able to put those numbers in and I was told no problem put those numbers and pass the CIP budget because we can always take care of the funding for the additions that we want to do. Now I am hearing from Mr. MacKenzie that we have concerns with reaching our max on that CIP and if we are going to go over it we don't want to do that and it is probably not going to be able to be done. Bob, can you explain why we are changing our attitude today?

Mayor Baines stated I would like to remind the Alderman that a limit was set last year and by mistake we went out and bonded \$1 million over the limit.

Mr. MacKenzie replied I think I tried to be as up front and frank with the Board that night as possible and the answer was technically you may amend the CIP.

Alderman Wihby responded it wasn't technically. You said we could amend the CIP.

Mr. MacKenzie replied you may amend the CIP at any time during the year and I think the Board heard that. I did also explain the bond limitations and that we have guidelines from Bond Council that suggest that we should be only bonding \$40 million over three years and that yes you could go to \$15 million this year but that means that your two

future years may have to be cut back. I also discussed the option that it was clear there was a way to account for the cost if it was clear and we could, through accounting measures, determine that we could save money over portables through the bonding, but yes, that could be a reason that we could bond those funds but we would have to have some documentation to that effect that we could actually save that money.

Alderman Wihby asked so if we had documentation that they want \$360,000 a year for portables and that they are going to use those portables for a number of years and we know it is going to cost us \$115 million to bond them, is that sufficient enough to go over our bonded debt of \$40 million and do the project.

Mr. MacKenzie answered I believe the answer to that is yes, but I would want to confer with the Finance Officer.

Alderman Wihby stated that is where I have concerns, Bob, because we were told no problem go ahead and pass the CIP budget. If you had said I am going to have to confer if it is over \$40 million we might not be able to do it, I don't know if this Board would have gone ahead and passed the CIP budget last week, but you made it sound like it is not problem you can always do it and don't worry about it and I think that is why the CIP budget passed. I know Mary Sysyn said as long as we can open it up that is why I am going to support it. Now I am hearing that we might be over and we are not going to be able to save \$4 million over 20 years, which doesn't make any sense.

Mr. MacKenzie replied again I would defer to the other Board members because I tried to make it very clear that night that the Board may amend the CIP at any time during the year, but that you still are bound by those bond guidelines and that if you could find a way to pay for those that the Board could adopt it at any time during the year.

Alderman Wihby stated my question is that we had been given information from Schools saying that it is going to cost \$360,000 and they need them for a number of years and we can go down to \$150,000 for bonding so that is sufficient you are telling me.

Mr. MacKenzie replied in my mind that is sufficient. Ultimately you as a Board and the Mayor are going to have to go to the Bond Council and say is that a reasonable approach.

Alderman Wihby responded the second thing was...you know we are talking about let's not have the School Board touch athletics and they never should touch it and it is funny that it was made by a person who worked on the Charter. No offense, Alderman Lopez, but if the Charter wasn't changed the School budget wouldn't have changed. That is why the Charter amendment that will be put to the residents for a vote I hope will pass and put it back the way it was. Also, as you mentioned, Alderman Lopez, Alderman O'Neil and yourself made the motion last week to look at the planning in the City and also on top of that I imagine we can look at Alderman Pariseau's concerns with the impact fees and see if we can raise those amounts in those numbers. I know there was concern with growth all over the City so I don't know if the School Board is familiar with that motion that was made but the Aldermen are going to be looking into that because we recognize there is a problem with growth in the City.

Mayor Baines stated just a clarification. As a member of that Charter Commission we did not change any of the wording relating to the School District. We stayed away from it. We went to a public hearing and received some input because we were going to try and clarify some of these things under the Charter. We did not change one word in the Charter. What happened was under the...just clarification because we lived it for nine months and Brad was there too, we had four attorneys in that group but the situation was the word "School District" when they went to court it was based upon the wording of the old Charter that was really sustained in the new Charter. There was absolutely no change. Basically governing bodies only have authority for the bottom line and that will

not change even with a Charter amendment because that is the way State law is set-up to clarify the relationship between governing bodies like appropriating source and the School District. That won't even change under your Charter amendment.

Alderman Levasseur stated I wonder if someone could explain to me why the City has control over the capital improvement budget and the School Board should have control over their own capital improvement budget. Why is that not included in the separation or the divorce? Maybe someone can explain to me why this divorce hasn't been complete or is it only half complete? We tried to open up the budget last week to help the schools and we were shut down because we were thinking we were doing the right thing.

School Committee Member Healy replied during the CIP budget process our full Board met several times to prioritize the needs that we had within the schools. We had a lot of discussion on this because what we wanted was our priorities we wanted to send to the Board of Mayor and Aldermen and have you folks adopt the School's priorities. Now I am not sure whether those priorities fully stayed intact or not, but after we got to the fourth or fifth item we were basically told that is it, you are done, you have spent enough money.

Alderman Levasseur responded if we as the Aldermen say we are going to spend \$5 million of your money and we are going to charge you back for it, I mean that doesn't sound right. We are charging them back for the money that we decide to put into the CIP budget.

Mr. MacKenzie stated just to follow-up on that, the community that is the Board of Mayor and Aldermen in this case, do have to approve the bonding for any school projects. It is actually the Joint School Buildings Committee that executes the projects under State law. In this case to refer to Mr. Healy's question, the Mayor in presenting his

CIP closely followed the School Board priorities. I think the top seven projects were recommended and the Board followed those priorities closely as well.

Mayor Baines stated we did stay with the priorities of the School District.

Alderman Levasseur stated you had a \$90 million budget in 1999 and then it was increased to \$101.5 million and I think you were cut back to \$100 million in FY00. You have a \$100 million budget for this year and why did athletics work in those numbers but now they don't work at \$108 million? Somebody explain that to me? I mean we are talking \$150,000 and you guys were doing fine with \$101 million.

School Committee Member Cook replied this isn't going to be the easiest answer in the world. If you look at the information we passed out to you in the white pages of the presentation, you see the fixed costs that are built into increases absent any other action. In other words, the estimate that we had been given on what salary...that benefit costs would go up for existing benefits just because the cost of the medical plans for example are going to go up and all of the other things that are going to go up and the mandated costs. When we constructed the budget and then we went back and cut, we tried to cut programs that we were able to cut and find money in as many places and as equitably as we could find money. The fact, and we have a difference of opinion on the School Board on some of these items and that is why we have a School Board and that is why we deal with things when we find out how much money we are going to have. The reason why the entire budget worked at a smaller number and doesn't work at a higher number is because of the increased costs that we are facing. If we don't have any raises and you and I discussed this after the last meeting, if we have no money for raises for teachers in an environment in which there is a shortage of teachers there is an effect. If we have no capacity to reduce the medical insurance costs or the self-funded costs because we don't do it a different way, that has an effect. All of the other things have an effect, therefore,

when we cut the School Board's feeling has been that we cut relatively across the Board and, therefore, some of the things that get cut are increases in athletics.

Alderman Levasseur asked you mean you are going to cut an increase in athletics or you are just cutting...you said you were cutting out all of the freshman basketball and soccer. You are not cutting an increase, you are actually cutting the programs right out. I am just saying from a credibility issue when you start cutting things and then you cut out athletics, you just don't look good to the people out there who want to pay these taxes. It looks like you are using a baseball bat to our heads when you do stuff like that. I am just saying from a perception standpoint those are the kind of problems that people have when you start making cuts and you want to cut athletics but you don't want to cut deeper into some other places where you should be cutting. I am just saying from a perception point this is not good.

School Committee Member Cook asked where should we be cutting, Alderman.

Alderman Levasseur answered that is your job.

School Committee Member D'Allesandro stated we are 28 elected officials who have a responsibility to the people of the City of Manchester and we all want to exercise that responsibility and we want to do it in a reasonable and responsive fashion. I think there are a couple of problems that the public at large is really oblivious to. The first is we have an operating budget and we have a capital budget. That separation has never been clearly defined to people. When we look at the capital budget, the Community Improvement budget and we see \$8.5 million in principle and interest and realize that is a component of the budget over which we have no control...at this point in time that just moves forward. We get a number and it is in the budget, yet as was pointed out what we have to do is work with the City with regard to capital improvements. We also have a chargeback component and that chargeback component represents about \$6 million.

That, again, is a fixed cost in the operating budget over which we have no control because in the past you haven't been able to select services, those services come to you. So you look at that and you are looking at \$15 million as part of an operating budget. Now as reasonable people, what we see before us is we have a bulging school population. We have a population that demographically has changed dramatically from year to year. That dramatic change costs us more money to address. That dramatic change has manifested itself in the inner City of Manchester. Those students and it was pointed out that we went from 200 to 1,350 receiving ESL. That component has to be dealt with. That costs money to deal with. I look at the special education costs of our City over the last 10 years and found that we have had 100% increase in the number of students who are coded. You take a look at the costs associated with that and those costs are extremely high. They represent a significant proportion of the budget when you relate it to the number of students who fall into that category. So, our challenge is to work together to come up with a reasonable response that takes care of the student population and doesn't destroy the taxpayer. We are all taxpayers. We have great feelings for this City and we want this City to continue to prosper so by bickering about what is going to be cut and what is going to do this and what is going to do that, it seems to me what is the reasonable situation that we can come up with. What effect are these numbers going to have on our ability to function? With regard to the tuition costs, someone mentioned that, we charge exactly what it costs us to educate a child. I say that that cost manifests exactly what it is and we bring in...we are the largest income producer for the City of Manchester. The School system produces the most income in terms of aggregate dollars that are brought in. We should make every effort to put everything into that cost because we pay that cost and certainly those using our service should be paying for what they are getting. That has been a bone of contention that I have had for a long time on our Board that sometimes we weren't putting everything into it but we are by law given that responsibility and we are given that right so everybody should pay. Around here, what we have to do in a very short period of time is in a reasonable manner come up with a

number that is going to take care of the needs of the students who are going to appear in the Manchester school system next year.

Mayor Baines stated we can go home now if you give us the number.

School Committee Member D'Allesandro replied that is what we are here to agree upon and...I tracked the cost of educating a student in Manchester over a 10-year period and we had such a fluctuation. It went up and it went down and it went up and went down. To address Alderman Levasseur's point, we actually had to rebate a community \$750,000 on year because of the fact that we reduced our operating budget and as a result of that reduced the cost of education so we had to rebate back to a community that had paid us over what the cost of education was. Again, we have to be concerned and be careful about that. There has got to be...if the School Board says we need \$112 million and the bottom line here is \$108 million, we have to come up with a reasonable solution. There were items, and I think Alderman Wihby you were exactly right with the number with the teachers. If indeed you have X retiring at this number and you are hiring at this number, that doesn't have a significant impact on the budget if you can get those teachers at those number because that is the going wage for those teachers versus those that are retiring at the maximum. The question there is the mix. Can you find the qualified people to come into the school and will that mix work out? I think we have to start moving in that direction. What is the number? The numbers we brought forth today indicate what we believe will happen as we move down the scale and some reasonable assumptions have been made. Where do we go? What is acceptable to everybody and how can we make this work?

School Committee Member Ouellette stated usually when someone starts off a sentence saying with all due respect it usually means they are complaining about somebody or something. Your Honor, with all due respect, you have had this budget prepared...you gave your budget message about three weeks ago so that means you must have had this

document for three weeks and as a member of this Committee, not having this information from the Chair of this Committee is really puzzling to me because this would have been really good information to have as we were going through this list also. I think a number of times at those budget meeting, again which you were not at and I am not faulting you for that or anything but you weren't there to answer the questions so we didn't know where your mind was at in terms of the cuts. I see some of the significant cuts you made were approximately \$300,000 in repairs and maintenance. Every year we under budget repairs and maintenance. Ours buildings are falling apart and you hit that one. Tuition. Every year we always under budget that and this year we are trying to come up with a reasonable, honest budget for our tuition costs and you cut that by almost \$1 million. Textbooks. Ronald Reagan has been President for 20 years in our textbooks. You cut that by \$300,000.

Mayor Baines responded we are not going to go there. Basically, you have to look at what we allocated. I lived through this School District in the most austere times for 20 years with hardly any allocations for textbooks. We have been very generous with the allocations for textbooks. When you are making cuts, you have to cut in certain places and we made a concerted...everybody was involved on our budget team and made a concerted effort to get at hard numbers based upon actuals. We did not have that data from the School District, but I could go through a whole litany of things where this School District has not had financial accountability and integrity for most of my tenure as a high school principal. We are trying to bring it up and bring it on to that line. That is why you have that information for the first time in the history of this School District at the last meeting. So much so that Alderman Pariseau has to now buy me lunch because he said that I would not be able to get the School District to provide that money. Now understand, Mr. Ouellette, that we were in office during the period of time that we had that...about 60 to 90 days to pull this together. We had extensive meetings with staff. The Superintendent delivered his budget to us when? The middle of March. March 21. Then we had his information. We had a budget team in place internally involving Mr.

Clougherty, the Finance Officer of the City; Mr. Hobson, Human Resources; Wayne and Bob MacKenzie and other people. Then, we also brought the School District in to meet with the department heads of the City who were all working with us to develop realistic numbers, trying to get some sense of where the School District needed to be. We could not get that. As Mayor of the City of Manchester, I could not get that information.

Therefore, without that information I sent Mr. Hobson over to the School District because he has worked with personnel and it drives the cost of this budget. He went through all of the numbers with the Superintendent and we made a point of looking at that and brought it back to our team and made some adjustments that we feel would at least be the starting point for discussion. That is what this is. When the Mayor delivers his budget, that is a starting point for what we are doing now. I could go through every item on this. This was a working document for me, as Mayor, with my budget team and we did, I think, a very commendable job without information. We have changed that and this will not happen again because we are going to start this...you sent a budget over to the Alderman without even going to the Finance Committee, which was a serious gap in procedure. So we did a pretty darn good job and I don't apologize for the job that we did with this budget. We have delivered a credible budget to this community based upon a 7.2% increase and you know management makes things work and that is what we are asking for. We can cut back on some textbooks. We can cut back on some things because we don't have the tax base to support these exorbitant increases, not only in the School District but across the City and we are going to develop a budget that is going to be fair to everybody, especially the kids of this City. I have done that with this budget.

School Committee Member Ouellette replied I am certainly not saying anything against the work that you put into this. I am sure it was a very hard experience. I certainly wasn't aware as a member of the Finance Committee that you were having a hard time getting the information from the School District, but to get this document three weeks later...all I am saying is that it would have been very helpful to have this three weeks ago.

Mayor Baines stated this is my information for my budget with my budget team. I only deliver a bottom line under the Charter. That is all I do. I don't have the responsibility to do this and I don't think any other Mayor has ever done this and Mr. D'Allesandro has been around a long time if you want to follow-up with that.

School Committee Member D'Allesandro replied I think you are absolutely correct. You had no responsibility to show this document to us. You prepared a document and we prepared a document. It is our responsibility to defend our situation with you and if we don't provide you with enough information, shame on us. In the presentation of our document, we should have adequate support for that document and that is what we are here defending. The Mayor's number is his number. He has put that number together based on his documentation and now the reasonable minds have to come together and we decide where we are going. I have never seen a document like this. This is something we have never seen since I have been on the Board and I have been on the Board for 10 years so I commend you on that and I applaud the fact that you had no responsibility to bring that to us. We have a responsibility to bring it to the Board of Mayor and Aldermen. The ownness and the responsibility is on us. I think we delivered a document.

Superintendent Tanguay stated I would like to respond to the comments that the Mayor made. The budget process, since I have been on board for the last three years has been the same as we have experienced this past year except for the budget hearing and the detail you received. Since I have been on board also we have had difficulty getting information and this is not an excuse, but a fact, from the HTE system and then we went through a conversion ourselves where beginning in July we were responsible for accounts payable and in January for payroll. Again, in the conversion the data was not easily accessible - putting data in and converting data into another system. The bottom line is that the information was improved as evidenced by what the Aldermen received at the last public hearing. We have until, as you know, the second Tuesday in June to approve a

budget and with the information that we have available now certainly it is time to make some modifications. Whether or not the number \$108 million is what we will have or higher or lower I don't know, but I do know now that the information is readily available. We have tried to provide the Mayor's Office with information that is needed. We have not always been successful in doing it in a timely manner, but we certainly have worked hard to that end. Now that we have a system that we believe will provide us firm data, accurate data and reliable data, we should in the future be able to provide the information in the same format you received at the public hearing but perhaps even more refined and that is our goal at this point.

Mayor Baines responded I agree with what you just said in terms of the diligence to approach it but I believe and I feel very strongly about this that to be in a situation where we have \$100+ million budget and we can't provide documentation no matter what the reasons are about what is being spent to date, how much is encumbered, how much is left to spend, is unacceptable and I know we are going to correct that but in the Year 2000 with all of the technology that we have that we haven't been able to do that in this School District for the 20 years that I have been a high school principal is inexcusable. That is why we have the problems on this side, I believe, and now being here I think that creates the problem because the documentation is not there. As a high school principal and we are in trouble with our accreditation with all three high schools not over anything other than the issue of financial accountability and the inability to deliver it. That is unacceptable. Next year we will have it and we are going to do a much different process here, including getting the School District budget much earlier with much better documentation and with a heck of a lot more credibility.

Superintendent Tanguay replied the accreditation issue has been here for some time off and on for many, many years and it is not limited to financial management. It is limited to lack of textbooks and supplies among other things. That has been the issue with accreditation as you know over the years and quite frankly what was surprising to me is

that when I came on board the information that accreditation received regarding the deficiencies in our high schools had existed for many years and yet for some reason disappeared at one point and resurfaced. The same issues existed. When it comes to accreditation, site based management is an area we are looking at and we will go into as much as possible, but it is not limited to site based management. It also involved capacities, condition of our facilities, textbooks, supplies... basically it is an A-Z situation and has existed for many years in Manchester and we are slowly addressing those concerns.

Mayor Baines responded the main issues because I have lived them and were at the meetings, is financial accountability. That is the number one issue with the New England Association. The fact that principals do not even have the ability to get updates of where they are with expenditures of funds. That is number one with the New England Association. There are other issues and I agree with you on that.

Superintendent Tanguay stated my closing comment on that is that the last report submitted by Principal Adamakos of Memorial High School addresses those and I believe reports that he now has the capability to have the financial information that he requests.

Alderman O'Neil stated I have heard a lot of talk tonight about a lot of different things – growth, budget cuts, hiring teachers, not hiring teachers. I sit here tonight and I still feel it is us and them. I am very concerned about that. We have to forget the past. There were a lot of mistakes made. I think the School District has come a long way in a short time, but still has a long way to go. City government is about basic services and that is what the taxpayers pay for – basic services. It is about 85% of the budget in my opinion. They pay for streets and sidewalks to be maintained and plowed. They pay for garbage pick-up and they pay for adequate Fire and Police protection. Lastly, they pay for us to provide a quality education for our kids in a clean and safe environment. I think for the first time in a long time our schools are clean and I believe they are safe. I believe

anything less than \$108 million greatly impacts whether or not we continue to provide a quality education to our kids. Let's put the bickering aside and get budget approved for the schools.

School Committee Member Elise stated I would like to make a comment and a recommendation. In terms of the budget we are discussing, the issue of the athletic budget came up in terms of why we would look at cutting that versus cutting anything else because it is like getting hit over the head with a baseball bat by parents when we do that. I think the parents that are very concerned about sports may be more vocal and may be more affluent, but the School Board is just not concerned with those children and those parents. They have to be concerned with all children and their parents. In looking at cutting the NH College Partnership Program and the State Program, these programs significantly impact students that are questionable in the school system. In the Expulsion Committee we see at least two families a week that have children that may not be functioning properly in the schools. There are many incidents regarding children that need different school settings. We need to provide for those children also and be concerned about them. I think we need to look at the whole program and I know sports is important, but the other programs are too. Another observation is the School Department irresponsible in bringing a budget like this forward? When you look at the overcrowding in the schools...you know you add on 10 classrooms and you have to add on 10 teachers. We don't all need experts to look at the fact that our school buildings are like cracker boxes. They are falling apart and you can only stuff so many crackers into a cracker box. The overcrowding issue has been very extensive. In terms of special education, I know it is very expensive but Manchester has been behind the eight ball in providing special education to our students, especially compared to the surrounding communities and they have done a great deal of expansion in that area in providing the services that we need. The ESL Program has expanded greatly and in terms of testimony from some of those children at the budget hearing, you can just see the benefits that they derive from that program. Another observation and recommendation. In terms of sitting on the Board of

Mayor and Aldermen and the School Board, I have always had these questions. Would the School Department be better off separately handling their own finances and managing themselves because it has always been an issue, it has always been a struggle and a territorial issue. I really didn't know until observing what happened this past year and I have basically made the observation that the City of Manchester can't afford two separate systems. Mayor, you said earlier that management makes things happen. You are absolutely correct. The management at the School Department is functioning the best they can, but they need additional expertise to help them out. In looking at the fact that the School Department employs a lot more employees than the City side and they also oversee a large number of buildings, they need more management and more expertise but it doesn't make sense that we duplicate the system. I basically would recommend that the School District become a department of the City again in terms of looking at...we cannot afford two administrations. We need the money that we do have available to go directly to student services and we just have to work together and as Alderman O'Neil said, try to disregard some of the territorial nature of the School Board and the Board of Mayor and Aldermen.

Alderman Gatsas stated first I think it is certainly a great pleasure to sit here with the School Board and hopefully we can do this in the future under different circumstances. I don't think that we should be trying to tell you where you should cut on your budget just like I am sure you can ask us for whatever amount of money you want. I think that we should be sitting here and discussing things like putting portables at McLaughlin or maybe Ms. Shaffer can you help us. What is the difference of bonding \$13 million versus \$2 million? Is the expense much greater?

Ms. Shaffer replied six times more.

Alderman Gatsas stated would you as Finance recommend us to go out and bond only \$2 million or would it be a lot cheaper for us to bond it at \$13 million and put it in with the entire CIP budget.

Ms. Shaffer replied usually we would do it in the aggregate because it is cheaper for the issuance costs.

Alderman Gatsas stated so maybe, Mr. MacKenzie, the next time you are giving us information that you give us the entire information so that this Board...and not just talk about amending CIP so that they understand what the vital statistics are that they are dealing with. Not just amend CIP and we can do that at any time. That is where I think the Mayor was coming from is both Boards getting the right information. I think when you look at this budget certainly nobody can say that when you take the numbers of special education, the numbers of debt service, the numbers of chargebacks, the numbers of health insurance and the numbers of wages you are at about \$92 million, which leaves about \$16 million. The only problem I have is we should be sitting down and saying where can we generate new revenues. I brought it up the last time we met and said we should be an accepting town for the special education children. I took it upon myself to find out what we could find and you know what, the property that you folks said was sold is available because it is empty and it is for lease down on Industrial Park Drive. So, all I am saying is those are the things that these two Boards should be sitting together on and saying when can we do it, how fast can we do it and I think if we want to build an addition at McLaughlin School and if it costs us an extra \$300,000 then it should be done and it should be done now, not looking to spend \$1 million for portables because portables are not good for kids. So, if it is a matter of overcrowding for eight or nine months, I don't think a parent if you explained it to them and said it is either an addition that you may have to wait six or eight months for or it is a portable forever, I don't think a parent is not going to say I can stand the overcrowding for awhile because my child is going to get a classroom. For anybody to come down...I feel that when you look at what

you are cutting and as soon as you put textbooks in front of me that absolutely annoys me. I don't think any child should be cut from textbooks. If we are going to talk about budgets, let's be legitimate about what we are doing because I look at wages of \$56 million for FY00 and I look at it at \$62 million now. That is over a 10% increase and you are only adding 30 people. Maybe the administration side is not being honest because they are showing me a cut immediately of \$228,000 when I questioned why that percentage was so high the first time. We should have these meetings not once every 20 years because I am sure that the Boards before have been at each other's throat in the past so let's look for revenue producing items. Something that is going to generate income to this Board and they can say we can go on and we may be able to exist without you because we now have 300 kids that are coming in from other parts of the State who are generating revenues to us of \$20 million or \$30 million. I think it takes the burden off the taxpayer, it makes your lives a lot easier, and it certainly makes ours easier because nobody wants to sit here and say you shouldn't cut this or you should cut that. We should be looking at an avenue to help the children and help the taxpayer and the only way you can do both is to look for something that is revenue producing. Also, we should be looking at what the impact is at McLaughlin. It is \$1 million versus \$115,000. It makes no sense. There is no businessman who would tell you to put the money out in front and in three years forget about it because it is going to stay there as they have been all over this City. Why don't we look at what it is costing in an intelligent way and spend those dollars intelligently. It is time that we look at it as a business because this is a \$200 million business that we are the Board of Directors of and we have to capably administer that \$200 million. We don't have the ability of saying...yea they can unelect us in two years because they made mistakes but that doesn't do us any good. I look at everybody in this room and I say we should work together to try to generate income and not quibble about books and tuition. Let's generate things that we can generate and not fight about things that we can't resolve.

Mayor Baines stated as a follow-up to that, I believe it is a three year old issue when the deficit committee put that on the agenda for something to be done and it is time for a proposal in regards to that.

Alderman Hirschmann stated I looked at the Mayor's proposed budget and I thought it was very complete. I was surprised that when I asked the question that Wayne had this readily available. I commend him for this. I notice on the Mayor's proposed budget for \$108 million his debt service number if you look at that as \$400,000 lower right off the bat when you put yours together you didn't know that adequate number. I have a couple of different questions but my first one is your priority list. It looks like the A's are the things that would get cut first and the D's would get cut last so inversely would you put back...if you found \$400,000 would you start putting the D's back in first? That means that if I found \$400,000 athletics would go back to normal, SAP Coordinator would go back, Media Specialist would go back and new teaching positions. Somebody's priorities are mixed up because I notice they are cutting existing positions up higher. The two mentors would also go back in that \$400,000. I know that we are the bottom line numbers guy and we can't say what happens. My question is is that how that would work?

Mayor Baines replied the Board of School Committee has not taken any formal votes on anything that would specifically happen once they get their bottom line. Once the bottom line is determined, then the School Board will have a working session and actually vote on what will be in and what will be out. There will be a vote on each one of those issues individually.

School Committee Member Cook stated to respond to Alderman Hirschmann's question, within the A, B, C, and D group you are generally absolutely right about the priority. The first things that would come off if we go down from the \$112 million would be the A group and the last thing to go back would be the A group. Within the D group or the C

group or the B group or the A group we weren't quite as precise as to say the first item in the D group would go back before the second item. There is no prioritization within the groups. Those are the things that would make up the last \$1 million cut in the Mayor's budget. Obviously we have not as a Board considered anything other than the \$112 million budget. We have discussed what our priorities are and we discussed generally what our feelings are on things but we don't vote on a reconstituted budget until we get a reconstituted number, but generally speaking if we got \$111.5 million, the D group would go back before the C group would go back but don't get the idea...that is what I cautioned about in the beginning when I said don't look at this as a line item budget because if we didn't put number one back before we put number two back we were somehow not telling you the truth because that is not where we are at.

Alderman Hirschmann stated the way that the Mayor worked his budget, his numbers actually look more education funded honestly. He cut things like special projects before he went ahead and...on your priority list I guess I can't pick on that and I don't want to but there is a special projects cut of \$300,000 before you go and cut any teaching positions or anything like that. That is common sense before you get into personnel you get rid of the fluff. I want to commend the Mayor. Not that I would support this budget, Mayor, but I think that your rationale really holds some weight.

Alderman Vaillancourt stated I want to make one point before I go on to my questions. This business about the growth in South Manchester and the challenge to my colleague sitting to my right, I was at that meeting when they wanted to add 11 new houses. I sat through that Planning Board meeting for four hours and I spoke against that. Tomorrow I am going with the Highway Department on the corner of Mammoth and Corner Road because there is water bubbling up from the Lamontagne Developer and I would never vote to add those new houses down there, but it is not the Board of Aldermen that approve such things. It is the Planning Board. Let's just get that straight off the bat. We were told by the Superintendent that \$120 million when it came to him was the magic

number. We are told that \$112 million is the magic number from the School Board and now the Mayor has \$108 million as the magic number. I don't feel evil because I suggest that there could still be a magic number that is lower than that and that is what we are trying to focus on here tonight. Not in a bickering way, but trying to get at things. In the last meeting with the Superintendent, I asked for a series of numbers. What the current State average is this year per student and what the average would be for Manchester if the Mayor's budget were approved, if the School budget were approved. Do you have those numbers now? I mean it is not totally the be all and end all, but it does give us some idea of where we are going if we are replicating the State average. It puts us in the ballpark and I would again reiterate what Alderman Gatsas said that we have gone up substantially in that salary budget line. When I heard, I think the figure is 22 new teachers or 37 minus 15, when I heard that you had gone up \$5 million in salaries with only 20 new positions I assume that is less than \$1 million for the new positions. \$50,000 a teacher would be high so I assume is it \$800,000 or \$900,000, which means that you have gone up with salaries even without the new positions, you used \$4 million of the \$5 million without hiring a single new position. Is that necessary? I think there are things here that could still and I get back to my original point of the evening. I appreciate everything you have done but I think there could be more things that could be reduced from this budget. I am not going to make a speech to counter all the students in the schools with all of the people who can't afford to pay their taxes. I am not going to go there. I would just like to look at these numbers and see if there is anything realistically that can be done.

Superintendent Tanguay stated we will provide the information to you. We don't have it all here this evening and I apologize for that. I do have the numbers from the State, however, for 1998/1999 and the elementary cost runs...

Alderman Vaillancourt interjected I am a man of great patience albeit not infinite and I did ask this at least a month ago.

Superintendent Tanguay stated the State average for elementary schools is \$5,802. Middle school/junior high is \$5,736. High school is \$6,621.

Alderman Vaillancourt replied I understand that the high school average is much higher than the elementary average.

Superintendent Tanguay responded it is. Approved junior/middle high school is \$5,736 and high school is \$6,621. I will have the rest of the numbers for you by the end of the week.

Mayor Baines asked that they be sent out to all of the Aldermen.

School Committee Member Stewart stated we are currently educating over 17,000 students each year in the Manchester public schools and we are trying to do that through a comprehensive education program. Comprehensive education program means that we are trying to meet the needs of all students be it special education or the arts or athletics and we try to do that in a comprehensive method. It is my understanding, although the exact number isn't available this evening, from numbers that I have received as a School Board member over the last several years that we are doing that at slightly less than the State average cost per pupil and we continue to do that on a regular basis. I think it is important for the Aldermen to note that when we look at the sheet that was handed out tonight in terms of budget reduction that in every group area students are directly being affected. All students would be affected regarding supplies, textbooks, technology, furniture and equipment. In addition to that, to piggyback on what School Committee Member Elise had said earlier, the most vulnerable of our students are affected through the community projects that we were talking about and also through the internal suspension reduction and the way they are affected is the \$60,000 that we were talking about in community projects bring in over \$500,000 other dollars to our School District every year. Those services, especially NH College, the State Program and the Foster

Grandparent Program, are services to at-risk students in our district. With the exception of the program that Jim Schubert runs at the Manchester School of Technology, we have no other at-risk programs for students or alternative school programs for students. Those are very important. Internal suspension. I don't think there is anybody in this room that wants to put students out on the street when they are suspended but would rather have them in school in an environment that is talking about behavior changes. Finally, I must take issue with one item that was said by one of my own Board members earlier this evening regarding athletics. It may be that some of the people that have come to speak to all of us are educated and many be more affluent in terms of athletics, but I know that there are just as many students participating in athletics in our programs in the School District who cannot afford to pay for those programs and who are remaining in school because they are involved in those programs and I urge you to support our budget. Thank you.

Alderman Thibault stated I would like to allude to something that School Committee Member D'Allesandro brought up. I would like to clear my own mind as to where this has gone. I know that these tuition fee structures for the surrounding towns that we educate...I mean this was done 25 or 30 years ago. Does that include the cost of our buildings, the maintenance of our buildings and the land that we cannot tax because we are using some of this land and does that amortize at today's dollars as compared to 20 or 25 years ago dollars?

Mayor Baines replied there is a form that they fill out for the State. They have to account for every dollar that is spent to educate a kid and that is the actual cost. All of those things are included. That is important for everybody to understand. School Committee Member Healy has talked about that extensively. We are trying to make sure that every dollar that the City spends is accountable so that we can base our tuition rate on that number. The answer to your question is yes.

School Committee Member Gatsas stated I agree with the Alderman from Ward 2 that the School Board hasn't sat on its hands without trying to do something. Mr. Pinard and myself a number of years ago and Mr. Hobson was very actively involved in the acquisition of the Lake Shore building. At that time we could have purchased it and used it for the alternative school to generate revenues from the surrounding districts. That is the goal that the School Department was aiming for plus it had 26 acres of land that we had projected to use as an addition or a school back there. At that time, we spent a lot of time investigating that and Mr. Hobson put in a lot of time and the Special Ed Department put in a lot of time and that wasn't accepted by the previous administration. This School Board has brought up a number of times...another piece of property they looked at was International Paper on Valley Street. They could have purchased that for peanuts. It was \$350,000. It was sold and at that time I was told by the administration that we were not in the real estate business. It is kind of encouraging and I know that you are open to this that the School Department has had suggestions out there, but the bottom line is we do not have the money to do the things that we would like to do. This property at Lake Shore right now was purchased and it is up for lease. What we were trying to negotiate then was we were trying to...a lot of the money was going to be refunded through the State so it was almost a wash for the City to purchase it with the renovations and so on. I have to give Mr. Hobson a lot of credit because he spent a lot of time up there. I think we need to look at areas like this. I am very happy that we met tonight and a credit to you, Mayor, as I have been trying to do this for a long time and I know it is not all going to roses. There is going to be a lot on the table here but there are a lot of intelligent people sitting in this room right now and I think that we could come up with some solutions on how to move the School District and the City forward from this point on. I hope these meetings continue and I hope that the dialogue stays open.

Alderman Wihby asked, Norm, the revenues that you had projected in your book they are still basically about the same for next year.

Superintendent Tanguay answered that is correct.

Alderman Wihby stated I am looking at this sheet that you have for...well it is the one the Mayor passed out but your numbers, Tuition-all, you had \$4,811,769 and in FY99 you had \$3,351,573 and in FY00 looking at your year-to-date number it is about \$3.5 million. Looking at your request of \$4,811,769 that is \$1.3 million over last year. Do we know what that number is?

Superintendent Tanguay replied that has been an account that we have had encroachments on for the past couple of years and based on our projections through Karen Burkush our Director of Special Education and the number of students we expect to have next year and also a percent increase in terms of tuition, has generated an increase like that.

Alderman Wihby asked \$1.3 million in one year.

Superintendent Tanguay answered yes.

Alderman Wihby stated I am looking at the year-to-date number and that is higher than your budgeted number.

Superintendent Tanguay replied we have reduced it in the options that we talked about tonight.

Alderman Wihby responded right. The \$300,000. There is no more money in there that you can reduce?

Superintendent Tanguay replied I don't believe so. It is very tight at this point. I defer to Karen Burkush. I believe that is the number that we feel comfortable with.

Alderman Wihby asked when you look at your list here that says for instance general supplies level fund and you are chopping off \$78,000 and when I look on that sheet what number did you use to get the \$78,000 because when I look at this sheet you went up \$250,000. If you level funded it, it would be back at \$750,000 and not over \$1 million.

Superintendent Tanguay answered I believe the number we had was about \$1 million in our budget for this year.

Alderman Wihby stated right and last year on the budgeted for FY00 you used \$750,000 so that is \$250,000, not \$78,000. When you say you level funded the general supplies, what number did you use?

Superintendent Tanguay answered I believe the number is about \$1 million. I would need to look at my budget book.

Alderman Wihby asked could you look at that because you are off by \$250,000.

School Committee Member Cook stated if you look at general supplies and textbooks, the \$78,000, \$312,000 and \$161,968, they are reversed. The numbers should be backwards. In other words, the general supplies should be \$161,968 and the other one should be \$78,312. It was just a misprint.

Alderman Wihby asked if you go from \$1 million to \$750,000, that is \$250,000 not \$161,968 even if you reverse it.

School Committee Member Cook answered if you look at object code 610 in the budget book that we distributed to you on Page 21...

Alderman Wihby interjected is it different than this number we have in front of us.

School Committee Member Cook stated the increase was \$161,968, which is the number on the sheet.

Alderman Wihby asked, Brad, maybe you can explain something. The sheet that we have in front of us with the Mayor's numbers that he said were your numbers, was that the first cut and then you went back again. Is that what it was? I am looking at \$1,014,414 million on this sheet that was distributed today.

Mr. Mahoney stated you are right about your last comment. When the Board of School Committee adopted a bottom line budget on March 23, there was in that budget the column that is reflected in Mr. Robinson's spreadsheet...when we presented our budget and the documentation that you have you will note that we did some reallocations and revised the general supplies account to a budgeted amount of \$954,000, which is exactly a \$161,968 increase over the FY00 budget.

Alderman Wihby asked if it is \$954,000 and it is \$749,000 it is still a couple of...or \$749,000 is not a real number either.

School Committee Member Cook answered last year was \$792,453. The FY00 budget, which is this year, Page 21.

Alderman Wihby asked so this sheet is wrong on both columns.

Mr. Robinson answered on the School Board presentation on March 23, the 610 object code for supplies was \$749,000. In the presentation that was made on April 24, that number was \$792,000.

Alderman Wihby asked why wouldn't you have given us the new numbers on this sheet. Why wouldn't we have the FY00...

Mr. Robinson interjected when the Mayor's budget was presented they had not...

Alderman Wihby interjected you just did this.

Mr. Robinson replied no that was done back in March.

Mayor Baines stated we have had different numbers and we have been trying to reconcile the different numbers that the School District had in their most recent presentation as well.

Alderman Clancy stated I have heard all kinds of different scenarios here tonight. There are a few things I would like to say. The School Department's budget is \$112 million and your budget is \$108 million. There are a few things that I don't like. I don't want to see these portable classrooms forever. They have them down at Beech Street School and most people know that they are not air-conditioned and we are having some exceptionally hot weather right now and it is too early in the season for that. Another thing is I know that you put a lot of time into this budget with your team and stuff and I have talked to a couple of them and I am comfortable with \$108 million. As far as I am concerned, that is what I would like to give the School Department tonight. \$108,007,425.

Alderman Gatsas stated Mr. Tanguay maybe you can help me because the big number that is surfacing in this whole questioning procedure and Alderman Vaillancourt started on it but he graciously stepped away from it so I will follow-up for him, the difference in wages is in excess of \$5.5 million. That is for 30 new positions. Explain to me how it is 10% when everybody else is looking at a much different number.

Superintendent Tanguay replied we had an analysis of that done I think at the last meeting. Mr. Mahoney is looking it up now, but basically it is \$2.7 million in the salary adjustment account. We have some 30 growth positions in there as well. We have the MESPA and AFSME contract increases that are factored into it. We also have increases in some other line items like substitute costs for example. We also, based on the current level of the new staff we hired this year, generates...I think we have the detail right here that Kevin will share with you.

Mr. Mahoney stated I didn't provide copies of this, but this was a handout that we talked about at the budget hearing.

Alderman Gatsas replied I have it.

Mr. Mahoney stated what we tried to do with this analysis was try to show the impact of some of the new hires that came on board to the School District in this fiscal year.

Alderman Gatsas replied let me, before you get into the dissertation because now that you did such a great presentation with this book and I have had so much free time to go through it, I don't want to nitpick on any numbers and I am sure we can go through this and sit here until tomorrow morning but all I want is an explanation. If I subtract \$2.7 million from roughly \$6.2 million that leaves us somewhere in the vicinity of \$3.5 million, which is roughly a 7% difference in straight wages. Now that is 50 different employees that we hired plus the 30 that you are proposing to hire, that is 80. Now it can't accommodate those kinds of numbers. I know you already pulled out \$288,000 out of administration so the wage increase that I was talking about, 14%, obviously must have sent a red light off somewhere and somebody said my God that is too high we need to adjust that. I am saying on the wage side I can't understand where those numbers are.

Mr. Mahoney responded the increase is attributed to additional hires in this fiscal year in excess of what was originally budgeted for this fiscal year.

Alderman Gatsas asked say that again slowly. I wasn't around last year so what you are saying is that the funds that this Board appropriated for the number of employees that you came forward for, let's use a round number and say that was 1,100, you decided to hire more employees so that is where the problem is.

Mr. Mahoney answered that in effect is the answer, yes.

Alderman Gatsas stated that is still...if it is 60 plus 30, it is still not a number of \$3.5 million. I am talking wages not benefits because that is a different line.

Mr. Mahoney replied basically for us to fund the additional hires and you annualize that cost and these are the hires that were in excess of the salary budget for this fiscal year, you would need to fund the budget an additional \$1,922,000.

Mayor Baines stated new hires beyond what the Board funded in their budget last year so it takes almost \$2 million to fund the additional people.

Mr. Mahoney replied right when you annualize those costs for an entire year.

Alderman Gatsas stated I was hoping that nobody was going to make that statement. So that puts us into the position when the Mayor or when you came to this Board or Mr. Tanguay came to the Aldermen and said there was a shortage of \$1.5 million it had nothing to do with chargebacks or medical costs. It was wages because that is what you just said to me.

Mr. Mahone replied no, I didn't say that.

Alderman Gatsas responded you said the 80 new positions were \$1.9 million. The shortage that you came to this Board for was \$1.5 million.

Mr. Mahoney replied on benefits, yes.

Alderman Gatsas stated we can't tell you what line to put them in so when you were appropriated money of \$100 million I can't tell you where to move those numbers around so you arbitrarily spent an additional \$1.5 million and I don't think it is the School Board because I don't think they knew what that number was.

Mr. Mahoney replied I can say that some of the areas...there have been some transfers into grant funds that became available after the budget was adopted that we were able to pay some of those salaries out of for this fiscal year. Some of the other positions have been hired throughout the course of the year so you are not going to see the complete impact of \$1.9 million in this fiscal year.

Alderman Gatsas stated I think if we are all going to meet here and we are going to try to be as honest and above board in putting the cards on the table so that we can go down a road that isn't them against us or us against them, then we need to have everything on the table so that the explanation and the understanding that we all have are the same. They can't be different. One Board can't understand one thing and have another Board explain something else. We have to have the same things on the table. What you are telling me is that the 80 new hires is \$1.9 million additional so the wages that you looked at in the budget of \$54 million really you moved up to \$56 million so it had nothing to do with the restricted items because we can't control those. Those are your numbers. If somebody wants to say listen what we did is the kids needed more teachers so we went out and we hired them and that caused the deficit of \$1.5 million then we can resolve that problem

and we can understand it, but if people want to say it comes from the restricted lines and not the wage side, then we are all looking for a needle in a haystack.

Superintendent Tanguay stated just for clarification, the additional hires we had 77 budgeted teachers. We exceeded that by about 5 ½. We hired three ESL teachers and two special ed teachers. We also hired 4 additional assistant principals. Three for the middle schools and one for Central High School. The tutor account is the one that caused us some major problems in that we exceeded the budgeted amount by about \$900,000. That is the only account that really made a significant impact. In terms of the \$1.5 million, that is the amount of money that and it is a benefit issue to the extent that if we calculate our benefits at this rate even with the staffing we have because tutors are not benefit people, we are within that \$1.34 million number so I think we are right there. Had we hired fewer people, obviously that number would have gone down.

Alderman Gatsas asked so what you are saying to me is yes the \$1.4 million that we were asking for wasn't because it was moved for other lines it was because there were more tutors that we needed to help the children of \$900,000, which I am not opposed to and there is an additional \$400,000 in wages that we moved from one year to the next so that is \$1.3 million. If that is the scenario and that is the case and it is for the betterment of the children, then that is what we should say and that is what we should understand because I am all in favor of the kids so let's put it on the table and say that is what happened. It wasn't moving funds from this account or that account because we can't control it. At that point, if it is \$1.9 million, we are still \$1.6 million over. I will give you the \$1.9 million to refund it.

Superintendent Tanguay stated I think at this rate we are looking at about \$900,000 and not \$1.5 million in the benefit account.

Alderman Gatsas replied let's not go there because it is \$1.4 million. It is \$960,000+ and \$400,000 that you moved from FY99 to FY00. Let's not go down that road because I am still waiting for someone to show me a statement from the auditors that says you can do it. Let's not go there because this is supposed to be a constructive and not destructive meeting so let's talk about helping the children because that is what we are all here for. Helping the children and saving the taxpayers money. So, if you are saying to me it is wages, it is wages but leave it alone and let's go on to something else. Let's figure out where the other \$1.6 million is in wages from the \$1.9 million.

Superintendent Tanguay responded if you look at the budget in total you can certainly go through your scenario and that would work. Again, the benefit account is an account that we were underfunded by about \$1.4 million and when we hired more tutors than we had to to the tune of about \$900,000 that also was an annualized amount. We did not hire all of those people at the same time. Secondly, we had some excess expenditures or over expenditures for example in the severance account where we didn't have to spend all of the money so we have within our present budget and with some transfers to grants that were required basically accommodated those numbers. I think the two are separate, yet you can certainly combine them.

Alderman Gatsas stated Mr. Tanguay I am trying to work with you here and maybe you can help me along so that we can get to your number. I am looking at actuals for FY99 according to your book and this shows me benefits, what we were just talking about because you are saying they are restricted on the bottom side, of \$1,855,000. I then look at your budgeted number for FY00 and that number reflects a \$400,000 difference. Not \$1.6 million, not \$1.5 million, but \$400,000 so maybe you can help and shed a little light so that I can get through this and we can go on.

Superintendent Tanguay replied could you go over that one more time please.

Alderman Gatsas responded in actual FY99 for your complement of employees, which was 1,484, that is on Page 27 and your complement of employees for FY00 which includes the 80 new hires or 77 and whatever you had there. I am not going to split hairs with you. We will call it 75, is 1,618. You are showing me that the budgeted amount in FY99 for benefits was \$11.855 million. You go to the next line and for the 70 employees it is about a \$400,000 difference to \$11.951 million, not \$1.6 million.

Superintendent Tanguay stated if I am reading the numbers correctly, I have \$11.855 million for FY99 and \$11.951 million for the current budget.

Alderman Gatsas replied that is correct.

Superintendent Tanguay asked what is your question.

Alderman Gatsas answered my question is that you are telling me that the difference is \$1.9 million in benefits for this year.

Superintendent Tanguay replied \$1.4 million

Alderman Gatsas stated you said \$1.9 million the first time.

Superintendent Tanguay replied I misspoke then. It is \$1.4 million. That is the number we are looking for at this point.

Mayor Baines stated your point is that is translates into people.

Alderman Gatsas replied right, not benefits.

Mayor Baines stated a choice was made knowing there was a \$1.4 million problem that additional money was spent on staff.

Alderman Gatsas stated and didn't come from items of benefits.

Mayor Baines responded I understand that because we can't do that. We only give the bottom line.

Alderman Gatsas stated so obviously they had to have it. They spent it from somewhere.

Superintendent Tanguay replied we did.

Alderman Gatsas stated and it was for the betterment of the kids.

Superintendent Tanguay replied that is correct.

Alderman Gatsas stated so that we all agree, it was wages and not because you were decreased in benefits.

Superintendent Tanguay replied the number of people we hired that increased the benefit account was minimal because most of those were tutors who did not receive benefits. If you look at and you have the information from the auditor's report last year, the number is almost the same for actual expenditures as we were given by the City for this year's budget. Obviously, the benefit account has to increase and the estimate that we received from Mr. Hobson's office was \$13.4 million or an increase of \$1.45 million. That number is the number that was not recognized in the final adoption of the budget. It was, in fact, moved to the debt service number so that created a problem in itself. That is the number that we are wrestling with today. When this surfaced it was also discussed with the Finance Department and put into the transition plan so that amount or the benefit

account and debt service and chargebacks would, in fact, be a wash. There would be no gain or loss for us at that point, but to tie it back to employees you can to a degree but not to the tune of \$1.4 million.

Alderman Gatsas stated but you are still not helping me. I am trying to work with you but the number when you look at the \$5.5 million, the difference in wages from FY00 to FY01 is \$5.5 million, well I will do it exactly for you. \$5.8 million. That is what that number is so we are not talking about benefits. We are talking about wages and we are talking about 70 new hires. I don't know how you get with 70 new hires that you hired this year that you could pay at the \$56 million level because that is what you did, you paid those new hires at the \$56 million level, correct me if I am wrong.

Superintendent Tanguay replied I am not sure. I would have to look at my back-up.

Alderman Gatsas responded 1,618 is what you paid \$56 million for.

Superintendent Tanguay replied fine.

Alderman Gatsas stated if you paid those new hires at that level, why are you going to an additional \$5.8 million when you paid them at \$56 million.

Superintendent Tanguay stated because some of these were not employees for an entire year.

Alderman Gatsas replied at that point, can you do me a favor. You sent us a list of employees without a start date. I believe that your computer should have the capability and I don't care what else is on there, but I am looking for the start date of an employee. Now are you telling me that this \$56 million number is...the complement of those employees did you start them in December or January?

Superintendent Tanguay responded they vary.

Alderman Gatsas stated well they vary but obviously if we were doing this for the better education of our children, the number of children that started school in September couldn't have altered into December so you were giving them less teachers in September than you did in December.

Mayor Baines replied very few of them started after September right Norm.

Alderman Gatsas stated I am going to ask you for start dates so if that is not the case, then we have a problem with that. So, if the start date...I am just saying 1,600 employees were paid with \$56 million. I don't understand how we can't pay 1,600 employees or relatively close to that amount without a \$5.8 million increase.

Superintendent Tanguay replied again we have had to factor in negotiated increases for MESPA and AFSME plus we have annualized the salaries for some of those people and that generates a different number and I don't have the exact mathematics. I think Mr. Mahoney has shared that before, but I think that is where you will find the difference that you are looking for.

Mayor Baines stated you still don't have the information you want, do you.

Alderman Gatsas stated I will be very clear so this is on the record. I would like to get a list and I know that...I would hope that in the Year 2000 all departments work a little quicker in accessing information because what I have seen just on our side of the Board is that information gets to you when it gets to you and sometimes they can out wait you. I am not a person that has that kind of patience. Sometimes I am a little bit more demanding than my colleagues and I certainly apologize for that fact but I would like a

list of every employee that was hired by the School Board with a start date and their wage information. We have asked for that. I know that I asked for it the first time we met and I haven't seen it yet. I have a list of employees that you produced, but it had no start date information. It should be a push of button to get that.

Superintendent Tanguay replied fine.

Alderman Gatsas stated that will resolve the problem of when you had your full accommodation. Until we can cross that bridge, I think Alderman Vaillancourt is correct that there could be another \$2 million in a number that doesn't appear there. We might be at \$2.6 million and everybody could be happy.

Superintendent Tanguay replied we will provide that information.

Alderman Gatsas stated again and I think the number for health insurance is something else that we need to broach and I know that the Aldermanic Board is meeting after this meeting so that we can put a proposal together for an audit so that we can have an audit done of medical costs and whatever is recovered we would split with the auditor and obviously that may be a reimbursed amount to the School Board, but I think those are the things we should be looking at as a business venture that is preparing to save money.

School Committee Member McDonough stated I thought it was a very congenial meeting tonight. I think a lot of good ideas were exchanged. Of course we leave here with the distinct impression that we have always had and reliably so, that the Aldermen do control the purse strings and I think every Alderman here, I cannot think for them, but in their heart of hearts they know what figure they are going to come in with and they could give you that tonight just as Alderman Clancy pointed out a few moments ago and I thought he was going to make a motion to that effect. One other thought that I would like to leave with the Board. Alderman Gatsas and Alderman Levasseur are very right in

condemning the so-called portable classrooms because that is nothing but a euphemism for trailers and they should be called just that and as both Aldermen pointed out, when they went in and saw the condition of the building, anybody who goes in there and doesn't notice immediately the physical and functional obsolescence of those buildings is a blind man.

Alderman Wihby stated we said when they came to us in the first place that the \$1.4 million, when we produced all the numbers, \$1.2 million of it was extra staff and if you remember Mayor I said to you if everybody was just honest about this and that is why we talk about not getting along and everybody is arguing with each other. If they had just come to us at that time and said this is what happened, I had to hire more people and it cost \$1.4 million, we wouldn't have what is going on today but because they are trying to blame it on benefits, that is why the numbers don't jive and that is why we now want to look at different things. At that meeting I had asked for those exact dates when the people had started and I was told that they couldn't produce that because the system was from January until July and all of that other stuff from one side to the other. Does that mean that is still true and we are not going to get those numbers or can we get them now? The dates for the hires?

School Committee Member Cook replied I assume somebody can go to the personnel records and do them manually if they have to and I assume they are on the computer someplace. I would be shocked if you can't get that information, but I have been surprised before.

Superintendent Tanguay responded we will supply the information but I will make it very clear for the record that the benefit account is the problem in terms of the \$1.4 million. The payroll account is a separate issue I assure you. The benefit account was \$11.9 million and we spent almost that same level the year before and the number that was put in by Human Resources was about \$13.4 million. That number was changed again at the

last minute and reduce by \$1.4 million. That benefit number is still a good number. I want to make it very clear that it is not a tie in to the staff precisely. We did hire additional staff, but not to that tune and we will have that \$1.4 million problem with the benefits.

Mayor Baines stated just to clarify, the Aldermen appropriated a bottom line budget of \$100.5 million and that has been acknowledged right from the start. We realize there is some discrepancy here but the School District had some options and one of them was to spend within the \$100.5 million. That was an option and I understand that you didn't take that option because you felt there was a lack of clarity and understanding regarding the benefits for a variety of reasons, which we have discussed at length but the Aldermen appropriated \$100.5 million.

Superintendent Tanguay replied and we had an option at that point to take that \$1.4 million and make it up someplace else. You are right except the transition plan said not to worry because that account, employee benefits, and I repeat debt service and chargebacks will indeed be a wash. There will be no cost to district in excess of the actual cost. That was part of the agreement signed off by the School Committee and also given to the Aldermen. That is what we lived by. That it was not a problem based on that information.

Mayor Baines responded we are in the Historical Society and just so we have historical and accurate information, that was never given to the Aldermen for approval. In fact, it was signed by Mr. Clougherty and yourself and given to Mayor Wieczorek but Mayor Wieczorek to the best that we can discern, never brought it to the Board of Mayor and Aldermen for review and approval and this is the only Board that has the authority to approve something of that nature. The Chief Executor like myself or anybody else, does not have the authority to commit the City to expenditure of funds. Only the Board of Aldermen has that authority.

Superintendent Tanguay replied I agree with that but the Board of School Committee in good faith approved that agreement and it was passed by the City.

Alderman Wihby stated isn't it true that...you came to us with a budget and if you had kept the FTE's at the number that you said you were going to have for the FY00 budget, isn't it true that you wouldn't have had to ask for that extra \$1.4 million or you wouldn't have had to ask for at least \$1 million of that if you had just kept to the complement number.

Superintendent Tanguay replied yes.

Alderman Wihby responded that is exactly what we are saying. Back in July you knew this and the Aldermen and Mayor didn't know this until March. If you had reduced your budget in July, we wouldn't be where we are today either. Those numbers would have worked, but when we find out in March that there is a problem, what do you want us to do in three months?

Superintendent Tanguay replied we didn't know at that point. We were told that it was not a problem because they were going to fund what we needed for our staff and they did. That was the \$13.4 million that Mr. Hobson can speak to. That is the number that we hired by with the exception of the four assistant principals and five extra teachers.

Mayor Baines stated we have beat that horse to death now.

Alderman Wihby asked where are we though. What number are we at? Are we still at \$1.4 million?

Mayor Baines stated we will discuss that a little bit more tomorrow at the deficit meeting.

School Committee Member Cook stated I want to make three points that I think we are going to need to discuss to make the administration of the budget work regardless of what the budget is. The first one as you referenced we have a meeting just because we like to have meetings everyday of the Deficit Committee tomorrow to discuss the present status of that issue. Secondly, in terms of the special education projects that Alderman Gatsas has talked about and that was part of the process before and the Lake Shore issue and all of that stuff, we have had discussions on the School side and I would love to explore them with anybody who wants to about going to providers in the private not-for-profit sector as well as other school districts to see what we can get started for it. We have a capital problem because you have a chicken and egg problem. When you have a lower budget, you have to spend more money on out-of-district providers because you can't make a capital expenditure to get a program started so that ultimately you can save money. We have to get over that hump somehow otherwise we are going to continue to have this problem. We would love to have anybody's expertise on that subject and there is a lot of expertise in town in terms of special education and we are about to try to do that. Third, in terms of benefits and benefit costs, which you have been discussing and we have been hearing about, one of the obvious things to me and this is not on behalf of the whole Board but on behalf of myself as someone who has been in this process in the private sector, one of the biggest variable items that we have to address and we have to know how we are going to address because we are still all in the same medical providing environment together is what options are we going to have in terms of what we are going to offer our employees and what are we going to ask our employees to contribute to that. I know in my business in the last five or six years it has gotten worse four times and I have imposed it on my family along with everyone else's family because we now pay a lot more co-pay and deductible to get a medical plan and if we are going to make proposed changes on that I would suggest to you that merely an audit of the claims that we have isn't going to do it. It is going to be an analysis of what we offer and then we are obligated to go to all of the employees in all of the groups and talk to them about

what the effects are because if you are paying it over here you can't pay it over here. There are benefits over here and there are wages over here and there is only X amount of money in the world so I would urge you to keep us informed and bring us along in terms of those discussions on what the options are so that we know what environment we're in when we go to discuss with our employees what the options are.

Mayor Baines stated I spent today with about 30 mayors about making government more competitive and this issue of insurance was a huge issue. There are communities looking at a 26% or 27% increase and there are some creative approaches out there and I learned about one that I want to talk to some Board members about that is being used this year in White Plains, NY, which is also self-insured and in Charlotte, NC where they actually come into another option in the mix in an attempt to save some money. It is a major issue in communities, but the other factor that everyone is talking about and by the way everyone is shocked that we are in environment with a flat tax base so that is universal and people across America can't figure that one out either, but it is trying to make sure that our government doesn't grow faster than our economy allows. We have to be very careful of that because that is when we would be in danger of losing our competitive edge. That is going to take some real creative thinking and the mayors are going to be sending me the information on how they put that together and the cost savings they are looking at.

Alderman Vaillancourt stated the Aldermen made a commitment last night during the Finance Committee meeting to discuss MCTV this evening and I believe while these two Boards are together this is the time that we should at least get into that subject a little bit or else set-up a special committee to look into it.

Deputy Clerk Johnson stated there are two issues that the Committee on Finance has brought to the table and has requested to some degree that these joint Boards address. One is, in fact, the health insurance issue and one of the items that the Finance

Committee had discussed and we had made notation on your agenda this evening was there was discussion about going out for proposals to look at the health insurance administration and the related costs that you are now paying out. The Board of Aldermen were interested somewhat in doing that, but were also interested in knowing whether or not the School Board was interested in participating in that because obviously as a larger group together there was some savings to be had or it was seen that way. I am sure that Mr. Hobson could further explain some of that issue. The other issue that the Finance Committee did discuss was MCTV and the Finance Officer, who is not here tonight, for the City side did request that I bring to both Boards attention that MCTV is being discussed I guess on both sides of the fence and it is not clear right now whether or not MCTV is in the School budget. There is discussion on whether some of that should be on the City side. The point is it needs to be appropriated on one side or the other or there will be no way to appropriate it later on down the line. It has to be included in one budget or the other and there was seen a request to get some concurrence that it is or it isn't on one side or the other at this point. Those are the two issues.

Alderman Wihby stated one of the proposals, just so we know what the Aldermen were talking about with MCTV yesterday was the City side would make MCTV a department. She would come forward every time she wanted to make a budget like every other department and tell us what she wanted for a staff and the City would fund that as a department and give the amount of money. We would keep the revenues from that and it would go into the general fund, but we would allocate it on the general expense side for that budget. That was one of the suggestions that was made at yesterday's meeting. I guess the bigger question is is it in the budget already, in the School budget?

School Committee Member Cook replied my understanding, and we talked about this very quickly this afternoon, is that both the revenue that we get from the 1% of the cable contract is in our line of grants, but it is not detailed in our report because it is not a Federal grant, it is a separate grant and the employees that we pay for at the School of

Technology are in. I am not clear whether the additional staff person that you funded last year to staff the office in City Hall, which we understood was going to continue in the City budget is in your budget because I believe it was transferred over to us. You had an added position when you opened City Hall to staff that place and I am not sure whether that is in there. My suggestion would be that the next time the Committee on Administration meets that we have an appropriate representative from School come and review exactly what is in there so we know what is going on.

Alderman Wihby stated, Brad, the extra person is in the general fund. Are you saying that the amount of revenue and your expense is the same for MCTV?

School Committee Member Cook replied what I am saying is that my understanding is that the money to pay the employees is in the budget, I am told, in the revenue side from grants but I want to get that verified.

Alderman Wihby asked do we know if it is the same number. If we were to move it into the general fund rather than the School Department would that save you some money?

School Committee Member Cook answered I don't know the answer.

Mayor Baines stated I misspoke before. It is Jersey City, NJ not Charlotte, NC.

Superintendent Tanguay stated I believe to answer Alderman Wihby's question, yes, it would relieve the general fund by at least one or two positions. So, there is some money in the general fund and that is because the grant itself does not totally fund the budget.

Alderman Wihby asked do you know how much? \$100,000?

Superintendent Tanguay answered it may be around that number. I can certainly get that for you.

Mayor Baines asked are we looking for some direction where there is an objection from the School Board about proceeding down this line. Is that basically what we are after?

Alderman Gatsas answered I believe that the Administration Committee is here and we would certainly like to put this to bed tonight. If there are any problems with the School Board...the proposal is that MCTV would become a department of the City and be funded by the City. Nothing would change. It would be the same.

School Committee Member Cook stated the ramifications of that...my understanding is that first of all there are a lot of issues and from our perspective we have gotten reports from MCTV as you have on the retreat that was held on issues that surround it and the rules and regulations that apply to it and frankly there are some control issues, not that we want to control it, but in terms of the objectivity of who controls a media source that I think should be thought through very carefully regardless of who is in charge of it. There are also, in terms of the employees, interestingly if the people are employees of the School District they are in one retirement system and if they become employees of the City they go into another retirement system. What the ramifications of that are to the employees, I don't know. Where it is housed, where is it located, how it works...I think this is a little bit more complicated than just a budget transfer because I think the nature of a media source and all of those kind of things come into it. I think ultimately MCTV, in my opinion, is getting bigger and more important and it probably just like Channel 11 that has been a terrible drain on the university system for a long time in terms of attention and it probably needs its own separate thing. What the separate thing is going to be and how it is going to be structured I would suggest to you is more complicated than solving the budget process or certainly sitting around here hearing it for the first time.

Alderman Gatsas stated maybe you can help us with some insight into the meeting that was held.

Mayor Baines replied I have discussed it with Mr. Tanguay briefly in terms of proceeding down this line and we also had meetings with Grace and determined where she might be coming from. Obviously she has been the guiding force for MCTV and we wanted to make sure that her interests were protected and that this fit into the growth plans of MCTV and it was our feeling at that meeting that it was something worth talking about. That is where we are at right now. We felt that all of these issues could be resolved, especially in terms of employees. I think there are some creative ways to do that and I think that can be accomplished. I would like both Boards to seriously consider going in this direction as we look at expanded growth and opportunities for community TV and community access. There has to be a growth in what we do. I think it is good for government and it is a very important vehicle and I think a City department or a City entity is the appropriate direction that we should be looking at for MCTV.

Alderman Wihby stated I think that Mr. Cook's suggestion is a good one. Send someone to Administration from the School Board and they can discuss it there and come up with an answer sometime before the budget is done. I don't think we are going to answer it here. I think it is a bigger issue.

Mayor Baines replied could we ask to set-up a joint meeting with the Coordination Meeting of the School Board and the Administration Committee of the Board of Mayor and Aldermen to have a discussion about it and we can bring it back to both Boards for further consideration. I would like to instruct the Clerk to schedule that meeting and then we can discuss it further. Carol, where are we at now?

Deputy Clerk Johnson responded the other issue is the health insurance and whether or not the Boards together would like to go out on a joint RFP process. I believe that Mr. Hobson could address it better than I.

Mr. Hobson stated tomorrow is going to be pretty much an insurance day. Since April 1, School has been responsible for taking care of its own bills and claims and premiums, etc. with Anthem Blue Cross. Tomorrow morning, Mr. Mahoney's office and our office are going to be getting together with the Anthem Blue Cross people to go over the final tally of the invoices and payments that were due before April 1. Going from July 1 to that date and then after that time we should be able to give you a much firmer number about the \$1.44 million or the \$965,000 and where it is exactly. Hopefully by the end of the day tomorrow we will have a firmer number. We also have a management meeting tomorrow that the Mayor has called with Anthem Blue Cross. We have invited School to participate with our office, Human Resources, and Finance. It is going to be taking place at 2:45 PM. We are under the impression that Anthem Blue Cross will be bringing in its best and final number projected for the City for FY01 for the Blue Choice product that we have and the HMO product that we have. Finally, we have the Deficit Committee, which meets at 4 PM tomorrow and we will try to keep people updated on all of these activities. The bottom line is are we better off staying together as a pool if we begin to look at either plan changes or requests for proposals, etc. For the first time in several years or more than a decade, every employee in the City of Manchester that works either in the School District or in the City has the exact same health and dental plans to choose from. We do not have little pieces over here and little pieces over there. Everyone has the same plan. We are all in the Anthem Blue Cross company. If we split that up, if we say School people are going to be over here and the City people are over here then obviously that is going to impact our rates, it is going to impact our buying power and I am not too sure if that is the most prudent approach. So, what I would like is to get a feeling from these Boards that if we are going to move forward with the Blue Cross companies or if we are going to go out to bid and take a look at other options are we

going to do it together with a combined force of 2,650+ full-time bodies or are we going to have to take a look at parceling that out.

Mayor Baines stated stay tuned on that. Obviously we are very anxious to have that meeting tomorrow and it is something that is causing us a lot of consternation and there are some big challenges ahead in that regard. I would just like to make a couple of comments if there isn't anything else before we close this meeting.

Alderman Cashin stated I think the question of whether the School wants to go out to an RFP with us or not has to be answered.

Mayor Baines asked does it have to be answered tonight.

Mr. Hobson answered I believe what took place the other night was that the Board of Mayor and Aldermen are very concerned about whether or not we are going to parcel out those two groups and we don't have many opportunities to get together so I think we would like...I believe that the Board of Mayor and Aldermen said they would like some feedback.

Alderman Cashin stated we can go out for an RFP. We don't have to go along with it or do anything, but there is nothing wrong with going out and looking. If it doesn't work out, fine.

Deputy Clerk Johnson stated I just want to make it clear because the Board of Aldermen heard this discussion the other night but the School Board did not when they talked about going out for an RFP they are not talking about changing any of the health benefits that anyone currently receives. They were talking about it from an administrative perspective, which would mean instead of having Anthem you might have another company but the benefit package that you are currently getting under contracts would remain the same. It

doesn't mean changing contracts or anything else. They were talking about merely going out to see can we get someone else to administer the same health plan for less money. That is what was on the table with the Board of Aldermen the other night. I just wanted to clarify that because the School Board wasn't aware of that discussion.

Alderman Gatsas stated I know that my colleagues on the Board went through this analysis and we went through some discussion, but if the School Board members are not familiar because as soon as you start talking about changing plans that is a very scary issue to employees so when they are listening out there in TV land they should understand that the medical plan that we have in this City is a fully insured plan by the City. What I mean by that is that every benefit that we provide in the medical plan is something that we wrote out so the card that administers the plan doesn't matter. That card could say the City of Manchester on it and their benefit plan would not change because every dollar that is paid in claims is paid by City dollars. I don't know if everybody understand that, but on a self-insured plan that is what happens. We are self-insured from dollar one to 115% of premium so anything that occurs whether it is a black eye or some catastrophic illness, the City is paying from dollar one. It doesn't matter who does it; it is just a matter of us getting the best deal that we can find.

Mayor Baines asked can I have a motion from the School Board in support of an RFP.

Superintendent Tanguay stated I would advise the Board to do it with some conditions. First of all, it is a negotiable item. Secondly, I think that the RFP should include all employees, including School but should also include a component that separates the two and the third component would be a totally separate package. We might also chose to go out and do our own RFP separate from that and then we can compare to see which is the cheapest way to go and still provide the coverage for the employees.

Mayor Baines asked, Mark, do you want to clarify that.

Mr. Hobson stated I think it makes good sense to look at what the School cost is, what the Municipal cost is, and what the total cost is. I have no problem with what Mr. Tanguay just brought forward. I think that makes good sense. We can do that with any company that we talk to, however, obviously we need to face the fact that we have a bigger buying power if we are together as one unit. This Board, our Board, lived through a split with a City department a couple of years ago and it was a nightmare. So, if we stay together and obviously now I am advocating for it, we have better buying power.

Alderman Wihby stated what did you mean Norm when you said maybe the School Department would like to go out for an RFP.

Superintendent Tanguay replied I think we need to look at all possibilities. I think that the one being proposed tonight is a good one. I think we should also do our own separate proposal as well to see what that produces and compare it. I think there is nothing lost in exploring and seeing what is out there and what that cost might show for us. Again, there is no commitment on any side at this point, but I think we need to explore all options and that is another one.

Alderman Wihby stated but if you go out and do your own RFP for the School side you are going to be raising our side because our pool got smaller.

Superintendent Tanguay replied that is what I want to compare. I don't know. I would assume so but it doesn't hurt to get those numbers and talk about it. I am not saying that we would be committed to doing it.

Alderman Wihby stated but when you go out for your RFP can you include us in it.

Superintendent Tanguay replied sure.

Alderman Wihby stated he shouldn't go out himself unless he goes out and includes us in an RFP also. We want to be on both sides of the issue.

Superintendent Tanguay replied that is fine. We can work that out together.

School Committee Member Gatsas moved to have the School Department included in the RFP for health insurance but asked that the RFP also include both departments separately. School Committee Member Stewart duly seconded the motion. Mayor Baines called for a vote. There being none opposed, the motion carried.

Deputy Clerk Johnson stated I believe we are all set with the items that the Finance Committee wanted to bring before this joint session unless there are any other issues.

School Committee Member Ouellette stated I have a question on the MCTV issue. In terms of the education aspect, if we go with your proposal would that be charged back to the School District.

Mayor Baines replied I don't think we have all of the answers on everything. We will have the two groups come together and you will be there.

School Committee Member Ouellette stated I would just like when the Committee meets to take that under advisement.

Mayor Baines stated all of the members can attend. Can I have your attention for a few moments for some closing comments? First of all, I would like to thank...

Deputy Clerk Johnson stated I would just like to make sure that none of the Board of Aldermen leave this room after this meeting adjourns because there is another meeting of the Board of Aldermen immediately following.

Mayor Baines replied thank you for sharing that with us. Could I have everyone's attention please? On behalf of both Boards, I would like to thank the Manchester Historic Association for opening the doors of this beautiful building to us this evening. It is very much an important part of the history of our community and I think it was nice that the meeting took place here. First of all, I would like to thank both Boards for the dialogue that took place and it certainly is quite a challenge that is before us and we do have to and I want to remind both Boards that we need to balance the needs with what is happening with the economic situation in the City and have some kind of restrained growth. We have to slow the growth of government right now so that we protect the long-term financial integrity of this community. I think we can do that by the way. We welcome the opportunity to bring some closure to this over the next few weeks and other opportunities to engage in a dialogue about what needs to be done in terms of the School District as we balance the needs of the other City departments in the City as well. I know we are prepared to do this and I think this is a great beginning. I would like

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

A True Record. Attest.

City Clerk