BOARD OF MAYOR AND ALDERMEN

May 16, 2000 **7:30 PM**

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman Sysyn.

A moment of silent prayer was observed.

The Clerk called the roll. There were fourteen Aldermen present.

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

4. Presentation by Senator D'Allesandro and State representatives of the PUC regarding the settlement agreement.

Senator D'Allesandro stated thank you very much, your Honor and distinguished members of the Board of Aldermen. Deborah Schachter is from the Governor's Office on Energy and Deborah can introduce the two gentlemen that are with her and then I'll make a small presentation and then we'll go into the de-regulation situation.

Ms. Schachter stated thank you very much for having us this evening. To my right is John Antonuk, Principal of Liberty Consulting Group who's been working as a consultant with our Settling Team and the Public Utilities Commission Settling Staff on the PSNH matter that we are going to discuss with you this evening. to my left is Tom Getz, the Executive Director of the Public Utilities Commission who has been a key member of the State Settling Team on this matter and again, my name is Deborah Schachter and I'm the Director of the Governor's Office of Energy and Community Services and thank you for having us this evening.

Senator D'Allesandro stated what I'd like to do is give you a brief narrative about the history of this settlement and then Deborah and her group will go over specific items of the settlement and then be in a position to answer any questions that the Aldermen might have. As you know the House will vote on this settlement tomorrow and the Senate has already voted on this and I was a co-sponsor of the Senate Bill. To give you a brief history, we all know the story of Public Service Company of NH and what happened in 1989. In 1989, an agreement was made that really had very little public input and as a result of that we have the highest electric rates in the nation. Those high electric rates are a negative for the consumer and they're certainly a negative for business and industry and as some of you are aware business and industry came out in support of this arrangement today, the Chamber of Commerce from the City of Manchester came out in support of this proposal and a number of other business entities from around the State came out in support of this proposal. In 1989, we didn't have public input, we had a take it or leave it situation and as a result we had a negative situation that's been with us since that time.

This arrangement intends to correct that situation and ultimately to reduce electric rates and de-regulate; that is something that will be an enhancement for New Hampshire and a very positive result for the people of New Hampshire and the businesses of New Hampshire. Let me tell you a little bit about how this came about. There has been more public input in terms of this proposed settlement than I think any document in the history of the State of New Hampshire. The Governor's team worked out an arrangement, the Legislature had ample testimony for experts and the public with regard to the arrangement, the Public Utilities Commission brought down a decree on this arrangement and now the Legislature (the House and the Senate) will be looking at this arrangement and making a decision. We had a very open process, a very democratic process and the City of Manchester played a vital role in the process and we the citizens of Manchester, at least I am very appreciative of the fact that Manchester was engaged in the process. These electric bills that we pay and in Manchester approximately $6 million a year is the municipal cost of electricity. Given this settlement, our electric rates will be reduced between 16 and 20 percent and that makes a very significant impact on the cost of electricity for this municipality. There are items in this settlement that need to be explained and your queries with regard to these items are certainly expected and appreciated so that your understanding of this arrangement will be there and you'll be able to articulate it to your constituents. But, stranded costs are discussed, securitization is discussed, deferred costs and transition services are key parts of this settlement. Deborah Schachter and her team are here to discuss this settlement and to answer any questions that you have with regard to the settlement. As your Senator, a Senator who represents the City of Manchester, I thought it was incumbent upon me to bring to your attention this settlement as I was a part of the settlement. I was on the Oversight Committee that heard testimony, I was a sponsor of the Senate legislation that is now before the House of Representatives with regard to de-regulation and have been actively engaged in this process. As one of the tenets of certainly my tenure in the Senate was to bring electric rates down and to make electric rates acceptable to the people of the City of Manchester, the Town of Goffstown, and obviously to the people of the State of New Hampshire. Public Service Company of NH services about 85 percent of the retail customers in the State. So, with that as an introduction it is my hope that at the end of this session that the Board of Mayor and Aldermen will take a positive step for Manchester, it's good for New Hampshire and it's something that we need in order to retain economic viability for our State. So, with that I'll ask Deborah to go into the settlement and answer any questions that might come forward.

Ms. Schachter stated I think to start I'd like to ask Mr. Tom Getz to begin our presentation and we'll all be taking turns responding to questions and participating as we have throughout this process as a team.

Mr. Getz stated good evening, Mr. Mayor and Aldermen. As you remember, we appeared before you in February to give a presentation explaining the settlement agreement as it stood at that time and was negotiated between the State Team and Public Service Company of NH. We've been asked here tonight to give you an update on the status of the settlement as it has progressed through the Public Utilities Commission and it now currently before the Legislature. But, first, I'd like to step back for a moment to give some background and a general overview.

In 1996, of course, the Legislature passed a bill requiring the restructuring of the electric industry in New Hampshire and that was based on a conclusion that in the long-term and in the short-term competition was best for the citizens and the businesses of New Hampshire, it would bring about low rates more quickly than traditional means. In 1997, in February, the Public Utilities Commission issued an order which required Public Service Company of NH to create a situation where it would not recover all of its stranded costs and I will go a little later into defining some of these terms that may be helpful. Immediately within days of the Public Utilities Commission order a lawsuit was filed by Public Service Company of NH in Federal Court; that lawsuit has been pending in Rhode Island for over three years. The crux of that lawsuit is a claim that because of the rate agreements that was negotiated in 1989 that PSNH was not going to recover all of its costs and that was an unconstitutional taking of its property. Since that time, there has been not much success in the Federal lawsuit. We became involved two years ago and tried to arrive at a settlement of what we have come to see as very risky and lengthy and costly litigation. We look at this litigation like you would look at any lawsuit. You have to compare on the one side the certainty of what you can negotiate and what you can achieve through agreement with the party while weighing that against what are the possibilities of what you would achieve in litigation and in this case it was litigation in Federal Court, litigation in State Court and litigation before the Public Utilities Commission. Our conclusion was that we could achieve a better, quicker result through a settlement than we could through these various forms of litigation which in the absence of settlement, we think, could easily go on for three or four more years. As Senator D'Allesandro explained this process is far different from what occurred in 1989. There are three steps to this process and we began negotiations, it's been two years now and the settlement agreement was signed last June, submitted to the Commission in August…there were 33 days of hearings, thousands of pages of transcripts, numerous witnesses and we think it was a very, very thorough process at the Public Utilities Commission. I believe you received in the mail a side-by-side chart that shows three columns…we've augmented that for you to show four columns. I don't know that it would be all that helpful to go into excruciating detail with this chart and with the agreement, but I think it is helpful in that it shows in the columns…it can show you the different steps in the process. On the far left it shows the terms of the Settlement Agreement, followed by the second column which refers to the April 19th Commission Order. The last two columns shows you what has occurred at the Legislature. Column three refers to what was passed out of the Senate and the final column shows you what is currently before the House which was approved by the…I'll step back, the Senate Bill was approved 21 to 2 in the Senate and the House version went through Science, Technology & Energy Committee with a vote of 17 to 2 in favor and that will be before the House tomorrow. If you look down through the rows that will show you some of the highlights…I'd just like to point to a couple of things there and some of the most obvious are, of course, what the rate decrease/reduction is and under the Settlement Agreement there are a series of reductions...approximately 18% in the first year, another in approximately 7 years that will be in the neighborhood of 10 percent and after 12 years another decrease that will be in the area of five to 10 percent. It also speaks to the level of the write-off that PSNH is absorbing…$225 million, which equates to $367 million when you include the effect of taxes. The status at this point is that the Commission on April 19th after the lengthy process before the

Commission approved the Settlement Agreement with certain conditions. The two most notable that have received a lot of press have to do with additional value in terms of decreasing the level of stranded costs that would be recovered by PSNH. PSNH filed a motion for rehearing and there will be a hearing tomorrow on their motion and additional motions can be filed by the end of the week. I think it's fair to characterize what PSNH has done as accepting the majority of the conditions, but it has objected to a particular condition that would require them to reduce stranded costs by $78 million for some particular tax benefits. There are some tax effects: there is a concern on their part that this may be a violation of some IRS rulings and the Commission will be addressing that and they have, in essence, pointed out the problems with the tax conclusion that the Commission made, but have offered that they would guarantee transition service costs to an amount that is quite a bit less than the $78 million. Highlighting the various steps, once its gets through the Commission then it has to get through the Legislature and that is because a key component of this settlement is a financing mechanism or feature called "securitization". This will require action by the Legislature and it has a couple of effects: one, is that it reduces costs for customers, but it is also a means for securitizing or ensuring that revenues for PSNH over the next 12 years will go to repaying the bonds that are the basis of the securitization. I think at this time it's best to step back again and try to address the four definitional issues that were outlined by Senator D'Allesandro and are key to understanding what's before us…those are: stranded costs, securitization, and the two inter-related items of transition service and deferred costs and I would ask Deborah Schachter to address those issues.

Ms. Schachter stated stranded costs as that item is being discussed in this context are those costs that the utility would not be able to recover in a competitive market but which were incurred when the company was the only game in town, the monopoly provided of service such as investments in building the plants that produce the power and the biggest issue, I think is fair to say in this whole proceeding has been what do you do with those uneconomic costs when you move from one type of industry, a monopoly regulated industry to a competitive industry where power will be produced by a range of suppliers and will be able to choose from whom we want to choose that electric power. As Mr. Getz alluded that issues was really the issue that drove the company to court and that issue and the insistence on our part that the company share some meaningful portion of that stranded cost burden with ratepayers was really at the heart of all of our efforts to negotiate a resolution here and I should add to the comments that while the Public Utilities Commission settling staff with the assistance of Mr. Antonuk in a consulting capacity got involved along with us about two years ago in trying to negotiate a resolution we had actually from the eve of the filing of the lawsuit been trying in various forms including in a mediation process with a host of players that included representatives of the City to try to get to closure. So, I think it's very important to underscore as an important aside that we had been trying to resolve this through settlement, but had been very clear in our determination not to settle for the sake of settling and had walked away from offers or potential resolutions that we felt were not in the interest of ratepayers and it was only when we were able to get a commitment from the company to bear a very significant share of these so-called stranded costs along with resolutions of a host of other issues that we felt that we had achieved something that was meaningful for ratepayers and worth doing a deal. We were very pleased that the

commission and since the Senate and the House Committee have agreed with us that settlement is the best course for ratepayers. Securitization…Mr. Getz has already discussed in some regard…I think one analogue that is maybe helpful and understanding that is the decision the homeowner might make to refinance their home at a lower interest rate and the securitization concept really boils down to if you can get a triple A rating on the bonds because you make them very secure then you can get a lower interest rate for the funds that are really part of our rates today. We're paying these costs today in our rates and the only question is what rate are we bearing and if we can…as this settlement proposes to do take a portion of those costs and make them very secure then the financial markets assign a triple A rating and we as ratepayers get the benefit of carrying those rates at a more advantageous rate; that is really the heart of that issue and also as explained really the heart of the matter when it comes to why the Legislature has a key role in approving this package because that triple A rating and that financing tool requires legislation at the State level. Finally, one of the issues that has gotten an enormous amount of attention in this discussion is the issue of transition service and how it's priced and so it's worth maybe a few moments on that. The concept at the Legislature that is contained in our restructuring law has been, for some time, as we move from a monopoly where you turn on the lights and you pay your bill and you really don't have any choices to a more complex, but more customer driven market that there needs to be some glide path, some bridge to that new environment so that the average household, the average small business, the average large industrial customer can stop…make sure they understand what their choices are, shop around, compare offers and not feel like they have to…on a dime, make a choice of who will provide their power. Now, of course, under the new competitive structure all customers still have their wires and poles and those sorts of services provided by the utility they've always had, but deciding about shopping for the power portion of your bill…who's going to actually provide the electricity…we have agreed that the Legislative decision to create some kind of glide path or transition was a wise decision and the idea there is that if you didn't make a choice on day 2, day 2 or day 3 that you still could be certain that when you turned the switch on that you'd get power and you get power from this transition service so-called. The question then arose…how to fix the price for that service and we fixed it at one place in the original agreement and the Commission felt that to raise that price some and the Legislature in turn has determined that price ought to be higher still…again, we talking about the energy portion of your bill not the part that has to do with delivery of the power across the wires and poles and the driver for that was the fear that the power ought to be priced at what parties in the proceedings at the Commission and at the Legislature including the City believed was a reasonable guess of what the market might charge for the power and there were differing views about that, but the real bottom line was that there was a very strong sentiment at the Legislature that we should price it realistically so as to not risk the danger of so-called deferrals. So, I think we've come to a point where the Legislature is very comfortable that they have addressed that issue and that one significant concern is now removed and is no longer, I think, causing concern about this package of terms for customers. I think that that perhaps suffices to address the points that the Senator's highlighted. As you can see this overview that we handed out while it contains a fair amount of detail also really only scratches the surface of some of the core issues. This is an admittedly very complex matter, but I think very important to stress that the Legislature had the benefit not

only of very detailed and thorough Commission proceeding, but also of its own independent consultant and I'm not sure we've stressed that here tonight yet that the Legislature, the Oversight Committee of which Senator D'Allesandro is a member had their own consultant on board for several months coming, delivering testimony, sifting through the records, providing analysis and I think that's given great comfort to those in the Legislature who are responsible for recommending that we go forward.

Alderman Thibault stated I'm wondering if this question would be better directed to Randy. Randy, how does this affect our Aggregation Program. If this thing goes through or goes along. Does it put the City of Manchester at any risk of losing some of the monies that we've expended in the Aggregation Program.

Mr. Sherman replied what this will allow you to do is actually start your Aggregation Program. One of the key issues that the City had was a transition rate and that it would be set at a market rate so that we could go out and try to procure power in a competitive market. As Ms. Schachter has just said not only did the Commission bump it up, but the Senate and the House also bumped it up so I think the City is actually in a good position to go forward with this program.

Alderman Vaillancourt stated as someone who is never afraid to be in the minority I always appreciate getting a minority point of view. Also, as a State Representative who will be voting on this tomorrow I guess I should say that I've gotten an inordinate number of calls in support of this. My question then becomes is anyone except Gary Gilmore a State Rep from the Seacoast opposed to this.

Mayor Baines called upon Senator D'Allesandro to reply. It's a political question, so I thought we'd throw that to you.

Alderman Vaillancourt stated it's actually a policy question because opposition involves other policy points of view, so I was trying to get the other point of view.

Senator D'Allesandro replied generally speaking the response to the arrangement has been very positive, but remember you have a Settlement Agreement that was made by the Governor's Office, you have an agreement that was made by the Public Utilities Commission or a decision made by the Public Utilities Commission, a decision made by the Senate and a decision made by the House. So, eventually there will be a compromise situation. I believe that there is unanimity in terms of the fact that we need rate reduction and that this is the way to arrive at rate reduction. Now, as to the finite points of the arrangement the devil is certainly in the details and they will come about in the Committee on Conference, but truly the support across the State is very positive for an arrangement to be made and I might mention a couple of things that affect the City of Manchester. We did amend the piece of legislation in the Senate at the request of the City of Manchester so there was an option for the City of Manchester to look at the purchase of a power producing item, if indeed, they chose to do that; that is part of the legislation and it

opened that for other municipalities who might have that same desire; that is in the bill. So, (a) Representative Vaillancourt…there seems to be a very positive response. I've received letters from locals and have brought a couple of them with me in support of this. The BIA is in support of it, the Chamber of Commerce is in support of it, and I think generally speaking people realize that it's time to get those rates down and this is the best way to do it.

Alderman Shea asked could you elaborate on the $78 million that the Public Service feels is a violation of the IRS. I'm not quite sure how that plays into all of this.

Mr. Getz replied the Settlement Agreement provided for a flow through to customers of the items that make up that $78 million. What it didn't do was peg that amount at precisely $78 million because that $78 million is made up of balances that change over time. So, not knowing when exactly plants will be sold and when competition will begin that amount floats somewhat. So, apart from the issue of how it floats what PSNH has said is that flowing it back the way that the Settlement Agreement provides for it to be flowed back has the effect of taking away from PSNH and giving to customers certain tax benefits which the IRS has said must remain with the taxpayer which is PSNH. The issue in our minds is whether or not the potential existence of this IRS problem means that PSNH gets to keep the money. Our view, pretty clearly, is that the Settlement Agreement does not permit them to keep the money; that is in essence what the Commission's Order has said. So, the debate now is focusing on how can that value be transferred in a way that doesn't violate IRS requirements. So, that's where the debate stands right now and that's the matter that the Commission will be holding hearings on later this week.

Alderman Shea asked can a decision be appealed…the PUC is going to make that decision or hear that particular issue, but can that be appealed by either side…that is to say the decision…if, for instance, Public Service does not agree with that can they appeal that to a Federal or a State Court.

Ms. Schachter replied I think the posture that we're in now is that…although I regret to say this that in some respects the company has veto power over a condition that they don't like either one imposed by the Commission or by the Legislature in that the alternative to settlement, if we can't get closure on a package that works, that everyone can buy into we go back to Federal Court, we go back to litigation and in three or four years from now we have a resolution. So, it is our fervent hope that the company will find a way to work within constraints imposed by the Commission and constraints imposed by the Legislature…we'll certainly be pushing them in any way that we can to do that, so that we can bring this matter to a successful conclusion. But, the company itself would not need to appeal, they would simply need…what they would do is they would say "no", they would walk away.

Alderman Shea stated they would walk away meaning if they're not satisfied with the decision they could veto it and then they could walk away and how does that leave this issue.

Mayor Baines interjected it would go back to court, right.

Ms. Schachter replied the posture that we are in is that the Federal Court has kept a very tight hold on the Commission through a restraining order in effect. The Federal Court let the Commission hear this settlement matter and would presumably let the Commission issue some order on rehearing but really the Federal Court has constrained the Commission from day one from proceeding. Part of what we are trying to accomplish with this settlement is to bring decision-making back to New Hampshire on these very important economic utility matters for the State.

Alderman Shea stated what I don't understand is if they can veto this why, in essence, is that being presented as a problem. I'm not sure if my logic is reasonable, but if there's a $78 million settlement and they can veto something that is going to go against what their particular thinking might or their policy might be…I'm not quite sure what can be resolved.

Mr. Getz replied there appears to be a reasonable level of consensus on the need to find some way to transfer value that doesn't cause an IRS problem. I think you can say there's a meeting of the minds to that extent. The bridge we haven't crossed it is how you do that mechanically and there are also some issues associated with what's the final measurement of those items. Is it seventy-eight or is it some number that is adjusted. So, I think at this point it's not so much a matter of parties being in flat opposition, it's a matter of trying to find a common solution and, in addition, some of the things that the Legislature has done in the bill as it stands now may or may not affecting the ways in which the Commission can settle it and since the matter is still pending before the House it's also kind of important to see what the final legislative resolution is also because that's going to…in some degree, effect how the Commission can solve this. So, I don't think we've reached loggerheads just yet.

Alderman Gatsas stated the stranded costs that I have most concerns with are the $2.5 million we have spent on Aggregation as the City of Manchester. I consider them stranded because they're out there somewhere stranded and looking to be saved. Is there a possibility that through the Committee on Conference where we are the largest aggregator that we have the ability to recapture some of the City's stranded costs because those are most of a concern to me than Public Service's stranded costs.

Senator D'Allesandro replied I think the answer to that is that we are going to try and make every effort in the Conference Committee to do something with regard to that, yes.

Alderman Gatsas asked is that coming…I understand that is coming from you, the Senator, but is that also coming from the Governor's Office because I haven't seen anybody over there respond yet.

Ms. Schachter replied I think it's very fair to say that we are very aware of that issue and that it's of concern to the City, it's also an issue that other parties have raised. We are not going to control the Conference Committee process…certainly the members of the House and Senate

who are in that, who are the conferees will control that process, but we are confident that they'll be looking for a resolution that has a broad base of support and as the Senator has indicated this is an issue that certainly is going to be on their radar screens; that is probably the best answer I can give you.

Alderman Gatsas stated the thing that makes me nervous is that it's on a radar screen and you all know that when there's planes on radar screens the ones that are the closest to the approach to the airport are the ones that get most concerned rather than the ones that may be a distance away, so on that radar screen how close are we to the airport.

Senator D'Allesandro replied I think in reference to that we are certainly very definitely concerned about those things and they are not a blip on the radar screen, but we have a very definite path of where we are on that path.

Alderman Levasseur stated I'm impressed by the political jargon that I'm hearing today. If our first-year rate reduction of 18.3% for residential sounds really good to the person who's standing outside worrying about their electric rates as I would also, but I'm impressed by that number. But, after seeing what PSNH has taken away from this State in the last 15 to 20 years I'm not impressed by the settlement myself, but when you explain to me what the next two years are going to be…I don't like to see just a one-year settlement agreement of 18%…what are the second and third years going to be bringing in. This is a 3-year proposal.

Ms. Schachter replied no, I think it's fair to say that this is a 12-year proposal although…let me start and I'll list the services of Mr. Antonuk to complete an answer to your question. In the new competitive future of the industry, if we're able to get over the litigation barriers and actually get to competition as we hope the energy portion of the bill, as you know, will be set by the market. So, there's nothing about this deal or any resolution through litigation or otherwise that would fix what customers would pay for energy. The market will determine that and that component of rates will be competitively set and we hope, over time, that competition will drive that number down as new, more efficient combined-cycle gas plants and so forth come into the mix. The other components of rates include the delivery portion of the rate, the charge to PSNH or the payment to PSNH for maintaining the wires and the poles…under the settlement as proposed…in the original deal that would be fixed for 30 months, so we would be guaranteed of no increases in that component for 30 months, after which the Commission would resume its traditional role of setting rates based on costs and there would be a proceeding for parties free to come in and argue for more or less as has always been the case in traditional rate setting for utilities.

Alderman Levasseur stated now, let me as you…this residential 18.3% is this a guaranteed rate that we're going to be receiving in the first year or is this estimated.

Ms. Schachter replied the 18.3% is the amount that would have been obtained under the original settlement agreement as filed. If you look to the last column of this document the House

Committee has made changes to the deal and it has estimated that 16.3% is the average savings with residential customers obtaining slightly more up front and larger customers slightly less. The rationale that they've elaborated is that the largest customers may have the most advantageous options in the market earlier to get their power at a lower rate and so the concept is that we'd give a little edge to the smaller customers because it might take them a little more time to get additional savings in the market. Again, that reflects changes that the House has made. I think the Senate Bill by virtue of the fact that it has some slightly different prices for transition service actually would afford greater first-year service, but those issues will be resolved presumably in Conference if the House passes this tomorrow.

Alderman Levasseur stated at the bottom of the page you have a 7.25 rate guarantee. So, now is the 16.3% an optimistic view or is that 7.25 the realistic view.

Mr. Antonuk replied no I think the 16.3 is conservative but not because of the 7.25. The 7.25 that's shown at the bottom of the page is only the rate that's applicable to the amount being secure ties. So, that's the return rate on $100 million of securitization, which is only a small component of rates; that portion of rates is only about a penny a kilowatt-hour. The reason I think the 16.3% is conservative is that the increase in transition service prices that are in this Senate and the House bill assume that the energy market is going to be higher than what the settlement agreement assumes, but it doesn't assume that as a result of that any of the energy related assets PSNH is going to sell are going to fetch more money. So, there is a potential discontinuity between the assumption…that transition service prices are going to rise, but the amount the customers will gain on the sale of the assets won't correspondingly rise. So, I think that builds conservatism into that number.

Alderman Levasseur asked are you asking this Board, at this time, before the vote goes tomorrow to exit as an intervenor or are we approving a certain section of this. I see Settlement Agreement, Commission Order, Senate Bill 472…are these all three different types that will be voted on or is this one particular one that you have already passed.

Senator D'Allesandro replied what I am asking you to support is the concept and the concept is the last two items which are the Senate and the House piece because the Senate has passed its piece, the House is working on its piece and that will go to Committee of Conference. So, that in essence is what I believe we should be supporting in terms of the de-regulation process.

Alderman Levasseur asked does this mean we're voting to stay out or not be intervenors any more or are we just giving them an approval…to me it's a big difference.

Mayor Baines asked, Randy, would you like to comment on that.

Mr. Sherman replied if you take a vote tonight either in support of or in opposition to whichever way to decide to vote that certainly doesn't preclude you from being an intervenor in any further proceedings that might happen in front of the PUC or in front of the Legislature.

Mayor Baines stated so, you're answer is no, it doesn't preclude us from being the intervenors somewhere down the line.

Alderman Cashin stated based on what I've heard here tonight this is another step forward in the process and we still have other alternatives as we go down the line and with that in mind and I'd like to thank Senator D'Allesandro and the representatives from PUC for coming in tonight moved that the Board support the concept as presented here this evening.

Alderman Pariseau duly seconded the motion.

Alderman Gatsas stated with the conversation that I've heard, correct me if I'm wrong Senator, that the Delegation from Manchester…if we support this measure is certainly a big vote in the House, I would assume that somebody from the House side could sponsor a floor amendment that would help our stranded costs of $2.5 million be a little closer on the radar screen than a blip, as a floor amendment. I don't know if that's proper procedure, I don't know if that can happen but maybe somebody can tell me if it can or it can't.

Ms. Schachter replied I don't know if helps address your question, but I think that the widespread expectation is that if this bill does indeed pass tomorrow on the floor of the House that there are a number…as you can see from this comparison sheet and additional issues that aren't captured…a number of matters that will need to be addressed by the conferees in committee and so I think the plan for addressing issues that remain is to address those in the context of Committee of Conference again should the House not take anything to granted, but I think we're reasonably optimistic of a favorable vote if that should come to pass, I think the expectation is that a Committee of Conference will pin down any details or discrepancies or remaining issues…and the Senator could confirm that.

Senator D'Allesandro stated I think to answer your question, yes. Any representative could offer any floor amendment to the bill. It would seem to me thought that the best way to handle our situation which we're fully cognizant of, it isn't something that has not and will not be discussed, is to bring it up in the Committee of Conference because there are others involved and that issue will be discussed. But, to answer your question directly anybody can bring a floor amendment…the question is what would happen to the bill if indeed that floor amendment got bogged down then, in essence, do you endanger the passage of the entire package without getting it done and negating the ability to do it in the Committee of Conference.

Mayor Baines inquired, Alderman Gatsas, any follow-up or are you all set.

Alderman Gatsas stated it doesn't give me a warm and fuzzy feeling that our stranded costs are protected.

Mayor Baines stated it is certainly going to be on our radar screen and we're going to be working very closely with those involved to make sure it's on everyone's radar screen.

Alderman Vaillancourt stated the Senator is absolutely correct…anyone can sponsor a floor amendment, but I would suggest to you that that would have about as much chance of passing tomorrow as reconsideration of the Civic Center would have at passing this body here tonight. It's just not going to happen. This is virtually, as far as I can see on my radar screen a done deal. The House is ready to vote for this and they're certainly not going to slow down because Manchester wants a floor amendment. So, if that is a reality check so be it. But, it would be wishful thinking to expect that to get done tomorrow I would say.

Alderman Cashin stated my feelings are this. We vote for this this evening, it's another step in the right direction. Let it go into Conference Committee…I'm not sure how you people operate, but I'm assuming that in the Conference Committee that's where you work out the finite details and let it happen. Let's not hold up the bill because of it.

Alderman Shea asked the bottom line is when will people see a reduction in their rates…tomorrow, next week, three years from now, when.

Mr. Antonuk replied is the Legislative schedule holds and if we don't get hung up in the Appellate Courts of New Hampshire then I would say July 1st is the optimistic date and October 1st is probably a much more middle of the road, middle-range probability date.

Alderman Shea stated you're talking about July or August in the year 2000.

Mr. Antonuk replied of this year, yes.

Mayor Baines called for a vote on the motion. The motion carried with Alderman Levasseur being recorded in opposition and Alderman Vaillancourt being recorded as abstaining.

Alderman Vaillancourt stated I will most likely will support this tomorrow on the House floor, but I think the proper vote for me would be to be abstaining at this point here tonight.

Mayor Baines stated we'd like to thank you people for visiting us and explaining this to us this evening. First of all, I want to publicly thank Senator D'Allesandro because as many people know this is a very complex issue, Senator D'Allesandro has been in touch with me on this issue sometimes on a daily basis, keeping us informed as what's happening in the Legislature and I want to express my appreciation for being very helpful in bringing it to this moment this evening. Thank you very much, Senator.

Senator D'Allesandro stated thank you very much, your Honor. I'd like to thank the Aldermen for being so attentive and if there are any queries or questions please don't hesitate to bring them

forward. This is a monumental move for the State of New Hampshire and a very, very positive thing for Manchester and our State and we want to get this done and get it done properly.

CONSENT AGENDA

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

Minutes Accepted

A. Minutes of meetings held January 4, 2000 (Inaugural and one meeting), January 10, January 18 (3 meetings), and February 2, 2000.

Approve under supervision of Highway

B. Bell Atlantic pole petition #920974 for conduits on Elm Street, Cedar Street and Manhattan Lane.

Informational – to be Received and Filed

D. Communication from Richard Fradette responding to Alderman O'Neil's letter regarding the minutes of the April 14 meeting of the MDC Directors.

E. Employee Training and Development Calendar submitted by Human Resources.

F. Copy of communication from Governor Shaheen to Grace Sullivan advising of her appointment to the New Hampshire Council on the Arts.

G. Minutes of the Mayor's Utility Coordinating committee held April 19, 2000.

H. Communication from MSWalk 2000 thanking the Board for assisting in the great success as part of an overall weekend that raised over $1 million in the fight to end MS.

REFERRALS TO COMMITTEES

COMMITTEE ON ADMINISTRATION

I. Communication from Parks, Recreation and Cemetery requesting fee waiver for a fair license for fireworks at Arms Park on July 3, 2000, rain date of July 5. (**Note: Concurrent referral to Traffic Committee for use of Arms Park and Bridge Street closure**)

COMMITTEE ON FINANCE

K. Bond Transfer Resolution:

> "Authorizing the Finance Officer to effect a transfer of Three Hundred Thousand Dollars ($300,000) for the 1998 CIP 510116 Derryfield Country Club Master Plan Improvements Project."

L. Resolutions:

"Amending the 1998 & 1999 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars ($300,000) for the 1998 CIP 510116 Derryfield Country Club Master Plan Improvements Project."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Nine Thousand Eight Hundred Sixty Three Dollars ($59,863) for two Health Department Projects."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventy Two Thousand Three Hundred Twenty Nine Dollars and Seventy Cents ($172,329.70) for various Police Projects."

"Amending the 2000 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars ($300,000) for the 2000 CIP 511100 McIntyre Ski Area Rehab-Phase III Project."

M. Resolution submitted on behalf of EPD:

"Authorizing the Finance Officer to effect a transfer of Thirty Thousand Dollars ($30,000) from EPD Contingency to Line Item 0435 Incinerator for Repairs to the Incinerator."

COMMITTEE ON HUMAN RESOURCES/INSURANCE

N. Ordinance Amendment submitted by Mayor Baines:

"An Ordinance to establish the salary of the Commissioner of Welfare by amending the Code of Ordinances of the City of Manchester by adding a new section 32.020 (D)."

O. Ordinance Amendments submitted by Human Resources Department:

"Amending Sections 33.024 and 33.026 (Building Maintenance Superintendent) of the Code of Ordinances of the City of Manchester."

"Amending Sections 33.024 and 33.026 (Water Meter Technician I & II) of the Code of Ordinances of the City of Manchester."

"Amending Sections 33.024, 33.025 and 33.026 (Welfare Specialist III, Deputy Welfare Specialist) of the Code of Ordinances of the City of Manchester."

"Amending Section 33.048 (Advancements within Pay Range) of the Code of Ordinances of the City of Manchester."

"Amending Sections 33,050 (Longevity Rates) of the Code of Ordinances of the City of Manchester."

"Amending Section 33.026 (Data/Telecommunications Specialist) of the Code of Ordinances of the City of Manchester."

"Amending Sections 33.024, and 33.025 (Library Page) of the Code of Ordinances of the City of Manchester."

SPECIAL COMMITTEE ON CIVIC CENTER

Q. Communication from Alderman O'Neil reminding all parties involved with the civic center project that the BMA represents the owners of the project and should not be informed of problems with the project through the newspaper or calls from citizens; and that if lack of notification continues he will lead an effort to remove those individuals involved from the project.

REPORTS OF COMMITTEES

COMMITTEE ON BILLS ON SECOND READING

S. Recommending that a petition for rezoning of parcels of land at the intersections of March Avenue, Gold Street and John E. Devine Drive (Tax Map 438, Lots 2,3, & 4B) from I-3 to B-2 be referred to public hearing on June 20, 2000 at 7:00 PM in the Aldermanic Chambers of City Hall.

COMMITTEE ON COMMUNITY IMPROVEMENT

T. Recommending to accept and expend funds for various projects as follows:

1) Transfer and expend funds in the amount of $300,000 for 1998 CIP 510116, Derryfield Country Club Master Plan Improvements Project from the 1999 CIP 511599, McIntyre Ski Area Rehab-Phase II Enterprise;

2) accept and expend funds in the amount of $59,863 for FY2000 various Health Department Projects;

3) accept and expend funds in the amount of $172,329.70 for FY2000 various Police projects;

4) transfer [back] and expend funds in the amount of $300,000 for FY2000 CIP 511100 McIntyre Ski Area Rehab-Phase III project from the 2000 CIP 511200 Derryfield Country Club Rehab-Phase II Enterprise;

and for such purpose amending resolutions and budget authorizations have been submitted.

U. Recommending that a request for sewer abatement for property located at 361 Lake Ave. be granted and approved in the amount of $65.10 as recommended by the Environmental Protection Division.

V. Recommending denial of a request for sewer abatement for property located at 429 Cartier Street and noting denial based on recommendation of the Environmental Protection Division.

COMMITTEE ON HUMAN RESOURCES/INSURANCE

W. Advising that it has reviewed recommendations made by Yarger, Decker and McDonald with regard to Item 3, Assessors, as enclosed; and recommending that all Assessors, both present and future, remain at pay Grade 26 and that the Yarger Decker recommendation regarding certification be adopted for any new hires.

COMMITTEE ON TRAFFIC/PUBLIC SAFETY

Y. Recommending that a request of Healthsource, NH for closure of Merrimack Street, from Elm Street to Chestnut Street beginning at Noon on August 10, 200 in conjunction with the 8th Annual Healthsource Corporate Road Race be granted and approved beginning at 3 PM under the supervision of Police, Fire, Traffic, Risk Highway and City Clerk

Z. Recommending that a request from Cruising Downtown for no parking in front of City Hall Complex on Market Street on Saturday, June 24, 2000 from 8 AM until 8 PM for the purpose of locating the "COOL" van sponsored by WQLL Radio in conjunction with an antique and special interest car show be granted and approved under the supervision of Police, Fire, Traffic, Risk, Highway and City Clerk.

AA. Recommending that a request for closure of Concord Street including a parking ban, between Chestnut and Pine Streets from 6AM until 6PM in conjunction with a Yard Sale for Big Brothers/Big Sisters on Saturday June 10 be granted and approved under supervision of Building, Police, Fire, Traffic, Risk, Highway, and City Clerk.

AC. Recommending that regulations governing standing, stopping, parking and operation of vehicles be adopted and put into effect when duly advertised.

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

C. Copy of communication from Ms. Kounkoulos to Chief of Police regarding a lack of response to a vandalism problem at her elderly brother's home; such copy submitted by Alderman Levasseur.

On motion of Alderman Pariseau, duly seconded by Alderman Wihby, it was voted to receive and file Item C.

J. Ordinance amendments submitted by Mayor Baines:

> "Amending the Code of Ordinances of the City of Manchester to provide that the Committee on Accounts shall order the audit of City accounts and shall select the auditor and that the auditor shall report to the Mayor, by deleting section 35.017 subsections (Z), (AA) and (AB) and adding a new section 35.031."
>
> "Amending the Code of Ordinances of the City of Manchester to transfer the internal audit functions from the Finance Department to the Office of the Mayor by deleting section 35.017 (X) and (AC) and replacing it with a new section 35.050."

Alderman Hirschmann stated I don't know how to talk about this, honestly. I pulled this off because you're recommending ordinances yourself, your Honor, to have the internal and external auditors report or work for the Mayor's Office. Can you explain this or give a presentation.

Mayor Baines replied sure and that is why we want to refer it to Committee because I think the wording has to be worked on a little bit. The concept here is that from our review of the

functioning of Finance and this will be the first of a series of recommendations that will be coming forward over the next several months in terms of the relationship with Finance to the Office of the Mayor and the Board of Mayor and Aldermen. It's been our experience and analysis of the situation…we worked on this with the City Solicitor and also some advisors that I have been working with on city finances that an internal auditor by its very nature should not be working, employed by, evaluated by, hired by the Finance Officer because the internal auditor by its function…that is where the internal auditor is spending most of his or her time to ensure that things are proper in City government, therefore, it begs that that position to mirror business would be under the auspices of the chief executive officer of the organization. This is a business model and we're trying to have function. The wording, I think, as we get into committee should be more direct in terms of that internal auditor shall report directly to the Mayor and the Board of Mayor and Aldermen acting as the Finance Committee. So, anything the internal auditor does or directed by the Mayor or directed by the Board would report directly back to the Board. So, that is the intent of that…in a sense to protect the integrity of City government and it's a prudent matter…I think supported by most people in the business world and I think most people in city government that the internal auditor should not be working for the Finance Department, that is the essence of it.

Alderman Shea stated I thank you very much for that because I think that for several years I have been asking for an internal audit and it was like…and it's no reflection on the Finance Committee, but if they're going to be auditing the auditors then what's the sense of having an auditor. So, basically, I think in essence it's a very intelligent move.

Mayor Baines stated we think it's a very sound business move and again the wording I think we've talked about may need to be strengthened a little bit to alleviate any concerns that any of the Aldermen might have.

Alderman Hirschmann stated I do have a concern, your Honor, because having served on the Committee on Accounts for six years the internal auditors have done exactly what we've asked them to do, they've provided us with detailed reports of whatever we've asked and our Committee has had them at our disposal and they haven't been poisoned or…there's no impropriety and I don't understand why you have to go change the ordinances of the City around, it doesn't make sense to me at this time.

Mayor Baines stated I think if you talk to people in private business in particular, I think it would be which is why that goes to committee so we can have this discussion, but that would not change, Alderman. The internal auditors…let me go through this again. By nature, spend most of their time looking at finances…should not be hired by the Finance Director of the City, should not be evaluated by the Finance Director of the City, it should not be subject to disciplinary action by the Finance Director of the City since that is where that person is going to spend most of his or her time finding and looking for problems and we're very fortunate, we have a very sound and ethical city government, but a lot of governments (cities and towns) get in trouble, from my perspective when auditors are not independent from the people that they're

working for. It's a very sound concept, I think if we think it through you'll see the merits of it and I think we can talk more about it at committee.

Alderman Lopez stated I sort of agree with Alderman Hirschmann. I think, we as a Committee of Accounts, would always have that opportunity of the auditors coming before us and directed for audits, I don't think there's any intent here on the Mayor's part…but, I think we ought to send it to Committee and work out the bugs.

Alderman Levasseur stated I agree with the concept, your Honor. I agree with the idea that the hiring of the auditor should probably come from the Finance Department, the power to transfer or to call on audits should not be with that group, but I also fear by the language in this that transfer of the audit functions from the Finance Department to the Office of the Mayor by deleting section whatever puts too much power in the Mayor's hands, your Honor. I don't like the idea of one person having control over where or who you decide to audit…not saying yourself, your Honor, but there may be a day down in the future that they'll be another Mayor in here and I just think that we should keep that in the control of the auditing committee and they should have those five people…it's not put into one person…should decide where those audits should be going and I just get worried about putting too much power into the seat of one person, your Honor, and this language really scares me.

Mayor Baines stated I appreciate that too and that's not the intent of that, but you have to accept the fact that the Mayor is the Chief Executive Officer of the business called city government and must have the tools to run the business and if you want to go out and survey businesses, banks, etc., etc., you'll find this is the model. So, if government is going to function as a business or it's not going to function as a business. And, that's why these things go to committee…

Alderman Hirschmann interjected Alderman Cashin's been stating we're a Board of Committees…

Alderman Levasseur interjected I didn't give up the floor here.

Mayor Baines stated that's where we're getting confused. This has nothing to do with the committee role; it would remain exactly the same. It's just where the person functions to ensure integrity.

Alderman Hirschmann stated I asked for some information this week, I didn't get the information because they told me they had to hear from the Mayor's Office first.

Mayor Baines stated on what, I don't know what you're talking about.

Alderman Hirschmann stated it's another issue, but the point is, I asked for information through my Committee and that information wasn't given out to our Committee until they had to consult with your office.

Alderman Levasseur reiterated I have not given up the floor as of yet.

Mayor Baines acknowledged Alderman Levasseur.

Alderman Levasseur stated I agree with you again, but you say that the Office of the Mayor is in charge of the finances, but also there are five persons that are very capable that are also in charge of finances and that is specifically our job…to go out and do audits and to make sure that the internal controls are met by these five people. Now, you're talking about five people as to one person and we also have that same duty, your Honor.

Mayor Baines stated I agree and there is not disagreement on that.

Alderman Levasseur stated but you're just saying that you need that tool as a singular person to make those decisions and I don't believe that you should have that power of making that decision.

Mayor Baines stated then you'd better change the Charter because the Charter establishes the Mayor as the Chief Executive Officer of the City.

Alderman Levasseur stated I'm not talking about the Chief Executive Officer, your Honor, please don't…I'm not trying to debate you personally. I'm trying to go philosophical on this and I just really think that we have to think philosophy here, not personalities.

Mayor Baines stated that is why these things go to committee, so all of these things…

Alderman Levasseur stated we might not want it to go through a committee, we may vote…

Mayor Baines stated it should go to committee.

Alderman Wihby stated Item J has two sections right. The first one is the selection of outside auditors and if you look at the Charter…talking about 6.12, page 188…basically the wording of the top section is saying that the outside auditor will report to the Mayor…page 188, Section 6.12 Independent Auditor. It's the duty of the Board of Mayor and Aldermen to assure that it's done…and it basically explains the process that we just went through and that we're going to be voting on later tonight and it goes to the Finance Director…he picks a person, that person then comes to the committee and the full Board approves it which is what we're going to be doing today with the outside auditor. But, it seems like you're trying to change the ordinance that he is going to report to you, but yet the Charter which you were one of the members of and disagreed to change on any other issue says that it should report to the Board of Mayor and Aldermen. Is that two different things.

Mayor Baines replied yes, it really is two different things. We're talking about internal auditors and external auditors.

Alderman Wihby asked isn't the top one the external auditor which is the same as Section 6.12 in the Charter.

Mayor Baines asked, Tom, do you want to clarify.

Solicitor Clark stated the purpose of the ordinance would be in conjunction with the Charter. The external auditor, right now, is selected by the Finance Officer. He goes through the process and makes a report, a selection report to the Board. The purpose of the ordinance would be to require the Finance Officer to go to work with the Committee on Accounts to interview the external auditors and report to the Board on the selection.

Alderman Wihby stated it says here "the auditor shall report to the Mayor". On the top part of Item J…

Mayor Baines stated the top part of Item J does not refer to the external auditor, it applies to internal auditors.

Alderman Wihby stated so Item J is talking about external and internal.

Mayor Baines replied the second one is that we're recommending a process, for example, that the actual interviewing of all of the people who are competing to perform auditing services for the City…

Alderman Wihby stated if you look at Item J where is says "the Committee on Accounts shall order the audit of City accounts…" that tells me that we're talking about the Charter 6and internal.

Mayor Baines replied the second one is that we're recommending a process, for example, that the actual interviewing of all of the people who are competing to perform auditing services for the City…

Alderman Wihby stated if you look at Item J where is says "the Committee on Accounts shall order the audit of City accounts…" that tells me that we're talking
about the Charter 6.12 Independent Audit. which in the Charter it says "reports to the Board of Mayor and Aldermen", it's handled by the Finance Director and he then goes to the Committee and it comes to the full Board and it looks like you're trying to change the Charter.

Mayor Baines stated no, we're not trying to do that and if that's the impression.

Alderman Wihby asked, Tom, does the top part of Item J refer to 6.12.

Solicitor Clark asked can you tell me where you're looking.

Alderman Wihby replied Item J on our agenda. "Amending the Code of Ordinances of the City of Manchester to provide that the Committee on Accounts shall order the audit of City accounts and shall select the auditor and that the auditor shall report to the Mayor, by deleting section…"

Solicitor Clark stated that is just the title, if you look at the full body of the amendment, Section (D) says "the selected auditor shall report to the Mayor and the Mayor shall submit a detailed report to the Board of Mayor and Aldermen."
It's the same process that you follow now. The auditor's report now comes to the Mayor, he places it on the agenda, and it goes to the Aldermen.

Alderman Wihby asked so what is the difference with the top part of Item J. What are we trying to do different.

Solicitor Clark replied the only difference you're doing here is that the…the main difference is that the auditor will be selected through the Committee on Accounts rather than just through the Finance Officer with a report to the Board. The Committee on Accounts would be required to be in the interview process.

Mayor Baines stated, for example, we're going to have another issue coming up later this evening. I feel the process would be a lot better if the actual Aldermen were participating in the interviews. So, let's say if three people are selected and qualified by the Finance Officer to audit the finances of the City, all three of those firms should come before the Committee to be interviewed.

Alderman Wihby asked how come then when the Charter says, "the Finance Officer shall through a competitive bid process provide for the selection of the independent auditors in accordance with the City's procurement code. The contract for auditing services shall be subject to the approval of the Board of Mayor and Aldermen." So, basically we're still doing the same thing…

Mayor Baines stated with an intermediary step by ordinance that interviewing would be done by the committee.

Alderman Wihby clarified interviewed by the committee, sent to the full Board who would then okay it.

Mayor Baines replied in the affirmative.

Alderman Wihby stated the second ordinance is talking about…even though it says internal auditor, it's not referring to the independent audit, it's in-house.

Alderman Lopez moved that Item 7 be referred to the Committee on Administration/Information Systems. Alderman Shea duly seconded the motion.

Alderman Gatsas stated where it says "the auditors shall report to the Mayor" shouldn't that be changed so that it says will report to the Mayor and the Committee on Finance.

Mayor Baines stated that would be fine and that's why that change can be made in committee.

Alderman Gatsas asked can we make that change now.

Mayor Baines stated it will be referred to committee where further discussion can be held.

Mayor Baines called for a vote on the motion. The motion carried with Alderman Levasseur duly recorded in opposition.

P. Communication from New Hampshire Pride requesting closure of streets for their annual parade on June 17, 2000.

Alderman Hirschmann stated I pulled Item P off because I want to be consistent…I voted against this parade every year that it's come before this Board and I'm just going to stay consistent which is why I pulled it off, so I could oppose it.

Alderman O'Neil moved that Item P be referred to the Committee on Traffic/Public Safety. Alderman Clancy duly seconded the motion.

Alderman Pariseau stated we get these letters from Danville and Goffstown, why do they insist on coming to Manchester. I just don't understand why we, as a community, have to put up with this. If they want to have it in Danville, fine, that's where they live.

Mayor Baines stated all we are doing is asking that it be referred to Committee.

Mayor Baines called for a vote on the motion. The motion carried with Aldermen Shea, Pariseau, and Hirschmann duly recorded in opposition.

Report of Committee on Accounts, Enrollment and Revenue Administration

R. Recommending that it has accepted the enclosed recommendation from Todd Provencher, Internal Audit Manager, in selecting McGladrey and Pullen LLP as the new Auditors for the City of Manchester.

Alderman O'Neil stated that the report from the Committee indicates that there were two finalists and that the selection of McGladrey and Pullen were selected out of two. I happen today to Frank Biron who is a Principal at Melanson & Heath who has done the audit for the City for that past five years. I did not realize that Melanson & Heath actually withdrew their

proposal two months ago, so that there was only one proposal on the table. We talked briefly, but I am greatly concerned about the fact that they pulled their proposal and my suggestion would be that we do not accept this report but consider going back out on this.

Mayor Baines stated I appreciate your clarifying that as well because the only thing I can figure out is maybe Pat Provencher who wrote that may not have been aware, but actually Melanson & Health withdrew from consideration and, therefore, not considered for auditing the City's accounts, so in essence you only have one firm that was eligible to be presented to the Board of Mayor and Aldermen and there's a story behind that too, but that's the essence of what happened.

Alderman O'Neil stated I think that is what we need to get to. What concerns me is that we are bringing in a Connecticut outfit, although Melanson & Heath's office is based out of Nashua, I know for a fact that Frank Biron is a taxpayer in the City of Manchester, live in Ward 6 as Alderman Pinard just pointed out to me. I'm very concerned about this and why they pulled out and I think we need to get to the bottom of this…I don't know if the Committee was aware of that, that they withdrew their proposal.

Alderman Hirschmann stated we responded to a recommendation on the external auditor and no we were not told that they pulled out, we weren't privy to that and I don't know what prompted you to make phone calls and investigate that, but I think this is a good decision. This is a very professional firm…Alderman Gatsas grilled Melanson & Heath, he has questions he still doesn't have, so if they withdrew their bid…I'm sorry, they're not going to get the bid, period.

Alderman Levasseur interjected the Connecticut firm hadn't heard of Mr. Gatsas.

Alderman Gatsas interjected in my defense, your Honor, I'll defer to Alderman O'Neil.

Alderman O'Neil stated I know Alderman Gatsas has brought some points before us that I think with Melanson & Heath that need further discussion, some had to do with parking revenues and I'm sure there are others, but in my brief discussion with Mr. Biron I think we received good service from them. I'm very, very concerned about why they withdrew and I don't think it belongs being discussed here tonight and I'm certainly not going to support it if the motion is to move forward with this.

Alderman Pariseau asked why did they withdraw.

Mayor Baines replied it involves a personnel matter and…

Alderman Cashin stated I'd like to refer this item to the City Solicitor as he may want to go into non-public session if you're going to talk about this.

Mayor Baines stated the City Solicitor will advise the Board.

Solicitor Clark stated under the Right to Know Law you can go into non-public session if there is a item that would hurt somebody's reputation, as long as that person is not a member of the Board.

Mayor Baines asked does anyone wish to enter into non-public session.

Alderman Gatsas moved to enter into non-public session. Alderman Pinard duly seconded the motion.

Solicitor Clark stated there is a caveat under that. Under the Right to Know Law the person whose reputation would or would not be affected does have the right to request that it be public.

Alderman Wihby asked can we take a five-minute recess, your Honor, so that you can find out what's going on. Do we know if that person is here today?

Alderman O'Neil asked, Tom, if there isn't going to be discussions specifically about an individual person but a department, are we allowed to do that.

Solicitor Clark replied no in non-public session.

Mayor Baines stated I don't feel it would be possible to discuss the situation without talking about the individuals involved and I would be happy to do that if the Board wishes.

Alderman Vaillancourt stated a little clarification. Alderman O'Neil says are we allowed to and the City Solicitor refers to may go into executive session. You need not go into executive session, isn't that correct. We can do this in the open if we so choose, is that not correct.

Solicitor Clark replied there is no requirement to go into non-public.

Alderman Hirschmann stated the McGladrey and Pullen LLP proposal that came before my Committee was voted on unanimously by five people sitting there, given a presentation with a recommendation from the Finance Department and actually their numbers to perform the service were higher, but if you looked around the country their numbers were more in line to provide a professional audit, they audit in a different manner, they would still give us a management letter but they would wait until all of the actual numbers came in at the end of the year and perform in a different fashion. The presentation that came before us was
very professional. Now, did we have any knowledge that other bids pulled out, no. But, there was no impropriety of any kind. It was a straight forth action by our committee.

Mayor Baines interjected I appreciate your comments, but that is really not the issue.

Alderman Hirschmann stated that is what we're talking about.

Mayor Baines replied no, we're not.

Alderman O'Neil stated my issue is not the Committee's action on why they selected the firm they did. My concern is why the other firm pulled out.

Mayor Baines reiterated he is asking the question as to why Melanson & Heath withdrew.

Alderman Hirschmann stated Item R was pulled from the agenda and Item R is about selecting McGladrey and Pullen as our external auditor.

Mayor Baines stated now a motion was made relevant to going into non-public session.

Alderman Gatsas withdrew his motion to enter into non-public session. Alderman Pinard withdrew his second.

Alderman Levasseur stated I'm on that Committee and I was under the impression that the reason they pulled out was because of the findings that you found in your first month in office that they couldn't find the parking revenue, am I remiss in this. I'll be honest with you. If there was only one person that came for that job and one company that came for that job and there's potential others that should come to that job, I think that we should do something about it and I was not privy to that information sitting on that Committee that these people had pulled out. I thought it was time for new blood, but I would have like to have also seen a little more competition on it.

Alderman Wihby stated wasn't Melanson and Heath who the City had at one point sitting in front of us and supporting stuff for the school, wasn't that the same outfit that was doing School and the City when we were having an argument. I think that in itself if unprofessional and I think we're looking for new blood and I think this is a great proposal and we should move forward with this proposal because I don't think what they did last year in representing City and School and telling two different ideas was appropriate at the time. So, I have no problem with okaying this today, your Honor, and it's recommended highly by Finance, by Todd Provencher and everybody else who looked at it. We followed a process, we faxed directly to 13 firms, we had the recommendations in front of us and there was nothing wrong with this company, so I think we should go forward tonight and approve them.

Alderman Gatsas stated I certainly have a problem when members of this Board make statements saying they did great jobs. I don't believe they did a great job. I think they did a great detriment to this City. Obviously, the parking revenues were never looked at. When you sign off on an audited statement those are two items that should have been looked at. The largest expense that we have in this City is the medical, we're self-insured…they never did an audit on any claims paid through that medical account. Am I correct, Randy.

Mr. Sherman replied that is correct.

Alderman Gatsas stated that is a disservice to this City. They should be held to task for it, they have E&O insurance and that's where we should be looking. We shouldn't be looking to take the burden of taking that $300,000 that was discovered on the parking…there's another three that was discovered. We shouldn't take the burden of having to take that over time. They have an insurance, we should be against that insurance policy now. Not waiting, not giving them nice letters waiting for them to respond. We should be on a demand situation. We paid them. We paid them for a service. When you pay somebody for a service you expect the service to be done.

Mayor Baines stated what I would like to remind the Board is that we have a recommendation here to accept a report from the Internal Auditor regarding an auditing firm. There are a lot of residual issues that you could talk about, but I think we need to deal with this issue here and people need to vote it up or down.

Alderman Wihby moved to accept, receive and adopt the report of the Committee. Alderman Pariseau duly seconded the motion.

Mayor Baines stated now we will discuss whether to accept this firm as the external auditors for the City.

Alderman Shea asked will Melanson and Heath still be the auditors for the School Department.

Mayor Baines replied that is up to the School.

Alderman Shea asked do we have assurances from this particular accounting firm that the problems that we have encountered in the past they will be privy to and they will guarantee that these particular concerns will be addressed. I don't know if that was discussed with the Committee or Finance.

Alderman Hirschmann stated Alderman Lopez, in fact, brought up prior year issues and I brought up the management letter that had prior year's concerns and those issues will all be addressed and I would recommend that they make a presentation to our Board.

Alderman Lopez stated I concur with the Chairman. All of these things were addressed and moved to select McGladrey and Pullen LLP as the new auditors for the City of Manchester. Alderman Hirschmann duly seconded the motion. The motion carried with Alderman O'Neil duly recorded in opposition.

X. **Report of the Committee on Human Resources/Insurance**
Recommending that a request of Thomas Giovagnoli for unpaid leave of absence from the Highway Department be granted and approved from the end of the Goffstown public school term until the beginning of the next public school term.

Alderman Wihby stated I guess I know why maybe the Committee approved this. My concern is…and I thought I saw a one sheet change of an ordinance and I don't have it with me, but I don't know if it had anything to do with this consideration or not and I can't find what I read, but my concern is have we ever done this before. Are we opening up ourselves for every secretary and anybody who wants to have the summer off, take the summer off and I'd like to hear from Frank Thomas, he denied this. What is thing going to mean for the Highway Department.

Mr. Thomas stated you're correct. I denied this request when it first came across my desk because originally it was requested for six months and I felt that the majority of the country now has two bread winners out there working and arrangements can be made. Just prior to this coming to the HR Committee, I met with the gentleman and I basically said to him if you have a problem dropping off your child/children in the morning because you start at six o'clock, I can maybe change your workday and start at eight o'clock and work till five. So, I tried to be reasonable. In addition, I felt that his position of a mechanic in the Highway Department…that type of position can't be replaced. I can't bring on a temporary laborer or a temporary unskilled person to fill in for that position, so in a way it's an important at my department. But, I think the real reason was…I felt that the majority of people can make accommodations. This gentlemen, I felt could also.

Alderman Wihby stated I feel bad if we don't approve this or if is goes through, fine, but don't you see this opening up the flood gates…

Mr. Thomas replied I think it sets a precedent, definitely. What would keep anybody from coming in saying that I have a particular problem…

Alderman Wihby stated everybody wants to have the summer off, that's my concern. If we open it up for one…

Alderman O'Neil stated I think Mr. Giovagnoli presented to us…he's a single father, he has custody of the three kids, he was willing to compromise it down to only an eight-week period from the day after they get out of school till the day they return to school. The Employee Handbook and I don't have a copy with me, maybe Mr. Hobson does, states right in it an employee may request a leave of absence. I believe this wasn't the first time this has been granted by the Board, correct Mark, a leave of absence.

Mayor Baines stated isn't there some federal leave act.

Alderman O'Neil interjected this doesn't meet that.

Mayor Baines asked, Mark, do you want to explain please.

Mr. Hobson replied we reviewed this with the department and with the individual and the Family Medical Leave Act, in this particular case, does not apply and we do in fact grant Family

Medical Leave Acts for medical and related issues…things such as adoption, having a child, etc. This particular case was clearly a matter of some personal issues and the Committee granted the leave as Alderman O'Neil stated and also granted it not just with less time than the original request, but also that it's without pay. We, as a department, supported the department head Frank Thomas in recommending that the Committee deny the leave, but to answer Alderman O'Neil's statement, yes, we have granted leaves before without pay.

Alderman Lopez stated I just wanted to mention that all thought went into this process and in the best interest of the employee and the kids at-hand during the summer months to solve his problem and I think maybe, Frank, you could vouch for the mechanical aspect in the summer time versus the winter time which is probably more important in the winter than the summer time, am I wrong or am I correct.

Mr. Thomas replied that is correct. We are stressed more so in the winter time when we're maintaining out equipment to do plowing, however, our fleet is large, it is getting older and again when you think about vacation times for the other mechanics, accidents, sick and what not in a small complement there is an impact by the loss of this mechanic. So, it does have an impact, but you are right we are stressed more so in the winter months.

Alderman Shea asked how long has this particular individual worked at the Highway Department.

Mr. Thomas replied I don't know. He's not a new employee; he's been around for a while.

Alderman Shea stated 16.5 years.

Mr. Thomas replied that is possible.

Alderman Shea asked has he been a good employee, has he been a faithful employee.

Mr. Thomas replied he has been a good employee, I can't deny that.

Alderman Shea asked was he denied a problem with longevity. Is he one of the five people that was denied a longevity because of his particular status.

Mr. Thomas replied I don't know off hand.

Alderman Shea stated I know he was and if he's such an important employee, I can't understand how he could be denied a longevity if we cannot be replaced, if he's a mechanic. This is a problem that I found almost irreconcilable that a person who's a mechanic and so important was not given longevity like the other employees; that's an issue that's separate.

Mayor Baines stated I need clarification because I'm having a hard time understanding why the Board of Mayor and Aldermen would be involved in an issue like this. So, I ask for some clarification, it seems unusual to me that we're involved in a matter of a personnel nature like this and I'd like the City Solicitor to advise the Mayor in regards to the appropriateness of the Board of Mayor and Aldermen involved in a decision and what ordinance this would apply to and what authority does the Board have to get involved in the matter relating to this nature, could you please advise the Mayor and the Board of Aldermen.

Solicitor Clark stated generally leaves of absences are governed by your ordinances and they are pretty specific. This particular request falls completely outside those allowed under your ordinance. The ones that are allowed under the ordinance would come to this Board as a recommendation of the Human Resources Committee. Generally, with the concurrence of the department. If you're going to take an action that is to allow an employee to take a leave of absence which in a situation you normally do not do this Board would have to take some kind of action to approve it. The department head is not authorized to give this person a leave of absence.

Mayor Baines stated so this Board, in essence, could be in the function of dealing with personnel matters for how many employees.

Mr. Hobson replied 1, 250.

Mayor Baines stated I find things like this highly unusual for a Board of Mayor and Aldermen.

Solicitor Clark stated it is unusual and would set a precedent for other single parents to come in and ask for time off during the summer.

Alderman Shea stated you're saying that this person is an important and integral part of the mechanic situation in your garage, Frank, is that correct.

Mr. Thomas replied I based my decision on the fact that many people in this world, in this community make arrangements for day care, childcare whether it's during the summer months or during the school year, the entire school year. A lot of these are one head families. In addition, I gave the HR Committee the caveat that if you did approve this leave of absence at least make it contingent upon this gentleman not being able to work outside his house during the time that he has this leave and that wasn't considered.

Alderman Wihby stated, your Honor, I agree with you a hundred percent. I don't think this Board should be deciding that. We have a department head who said not to do this and again I have nothing against this individual and he's probably a dedicated individual and that's fine, but we have 1,200 employees in the City and you're going to end up with 400 of them saying I want to summer off, you're going to tie the department head's hands, we've got a recommendation from Frank Thomas saying he can't live without him, we have a recommendation from Human

Resources saying don't do it, and I don't think we should do it, your Honor, because of the fact that if we're taking care of one individual that's fine…we make him happy and you're going to make 400 people unhappy when they come and want the summer off; that is my concern with this, your Honor.

Mayor Baines stated the other thing I would say without talking about the merits of this case, I feel if this is the process for employees to deal with issues…I have concerns about this whole salary issue coming to the Board of Mayor and Aldermen, but personnel matters for this Board to be getting involved in of this nature, I don't think is appropriate. I have to say it and I say it's not appropriate for this Board to get involved in stuff like this.

Alderman O'Neil stated again I want to refer back to the Employee Handbook because it does specifically mention this and if it doesn't belong in there we should remove it. Now, with regard to the process. If I understand the Solicitor right we didn't follow the right process. My concern is why did it even get to us if it wasn't the right process.

Solicitor Clark stated I didn't say you didn't follow the right process.

Alderman O'Neil interjected, Tom, you said we did it without applying the right ordinance, that is what you said.

Solicitor Clark stated I said the ordinance that allows special leave does not apply in this case.

Alderman O'Neil asked then why did it even come to the Human Resource Committee that is what concerns me. We get items brought to our attention and now we're told later that it shouldn't have been brought to us.

Alderman Lopez stated I totally disagree with that because the Human Services Director and Howard showed me the ordinance in reference to this particular problem and the bottom of that ordinance which I believe is 33…at the end of that ordinance it's any other things…or words to that effect and I think maybe you have it there and you can quote it, but on the advice of the Human Resources Director, it was an issue because the department head had no authority whatsoever to go beyond 10 days and so, therefore, it had to come before our committee and ultimately to the full Board and I believe Tom Clark if you have the ordinance over there you can read the last paragraph and will see why it did.

Mr. Hobson stated when we reviewed, with all due respect to discussions, when we reviewed the ordinance and we reviewed what our options were we as a Human Resources Department nor you as the Mayor, your Honor, as CEO from our perspective had the right to grant this leave and it was outside of our purview and so often what takes place is because it becomes a policy issue it goes to the Human Resources/Insurance Committee if there's another way to settle this and someone can inform me of this, obviously, I'm happy to hear it. But, we went through the ordinance, we went through past practice, we had to way to settle it in-house.

Mayor Baines asked is Alderman O'Neil correct that in the Employees Handbook it outlines this process.

Alderman Vaillancourt stated if, in fact, you want to change this procedure in the future that's quite alright, but I was one of the five to nothing on the Human Resources Committee that voted in favor of this and I'm proud of that vote. We sat through this for about a half-hour. With all due respect to Mr. Thomas he wasn't there that night…government bureaucracy is one thing, but government should also show a human face and if we can't show enough of a human face to take into account the individual that is involved here then I think government has failed and if we hide behind the pretext that this might set a bad precedent then we have failed doubly so.

Alderman Levasseur stated I find it interesting that we are in the year 2000 and we're finally coming into the millenium and now everybody who sits in here there's such a thing called "men's rights". If there was a woman that came into this Board and suggested that she needed the summer off to take off for three children you'd be bending over backwards for that woman and now a man comes in and he wants to go home and take care of his three children for the summer and we're having a problem with it. Let's be proactive as government here and let's be the kind of people that do things that are fair and right.

Mayor Baines stated to restore discussion to where it was, I haven't heard any discussion about that at all. All it's been about is process, what's proper, what the ordinances are; that may have sounded great, but I haven't heard anybody talk about that. What's the proper procedure, what's the ordinance, are we following it…

Alderman Levasseur interjected they're talking about precedent, your Honor.

Mayor Baines stated all we're asking is for procedure.

Alderman Levasseur stated it was said it would set precedent, which is why I brought that point up.

Mayor Baines stated let's get Mr. Hobson to respond.

Mr. Hobson stated the issue that Alderman O'Neil raised under the Employee Handbook…that was approved by various people and reviewed by various places including the City Solicitor's Office and I hope this quotes it right says that "a department head with the Mayor's approval may authorize an employee to be absent without pay for personal reasons, not to exceed ten work days. The Board of Mayor and Aldermen may authorize special leaves of absence, with or without pay, for any period not to exceed one calendar year…and, as Mr. Thomas said the original request was for six months…so an employee may attend to certain reasons, blah, blah, blah…and for other purposes deemed beneficial to city service. So, again, based on the

handbook, based on the ordinance I apologize we did not know where else to bring except to the Board of Mayor and Aldermen because we did not feel that we had any authority to do it.

Mayor Baines stated based on that clarification it is at the proper place in accordance with the Board.

Alderman Sysyn stated my vote was based on the fact that I was a single parent with four kids and that's why I voted the way I did.

Alderman Wihby asked why did Human Resources say that they shouldn't approve it.

Mayor Baines asked, Mr. Hobson, what was the rationale for Human Resources not approving the request.

Mr. Hobson replied I had talked to Mr. Thomas about the situation personally. I felt that his recommendation to me was valid. I felt that he had some concerns as the department head and I certainly sat through the Human Resources/Insurance Committee's discussion and I feel for what they're saying and I certainly need to be the good guy with the white hat with the people in terms of human resources, however, even at the time of the vote I said that I stood by Mr. Thomas' recommendation and I still do. I felt that it was a concern for precedence and Mr. Thomas had concerns for his department and I tried to honor that.

Alderman Wihby stated that is exactly what I'm bringing up. This isn't a company where it's privately-owned, this is taxpayer money that we're playing around with and allowing this to happen to one individual and I don't know this individual and God bless him, but I'm looking at the other 1,200 employees who would like to have the summer off…we're not paying him, but work's not going to get done, we're going to give somebody overtime to do that work or we're going to have to hire an individual to try to get somebody for eight weeks. I don't know what Frank is going to do, but all the work is not going to get done…but, that's taxpayer money we're playing around with. Just because we think we want to be nice in this year of 2000 and take care of our employees, but we're not going to be able to take care of the other employees; that's my concern.

Alderman O'Neil stated with all due respect to my colleague from Ward 1 if that's the case then why don't we just throw the Employee Handbook out the door, out the window because it says they have the right to do it and the Board voted on the Employee Handbook.

Alderman O'Neil moved to accept, receive and adopt the report of the Committee on Human Resources/Insurance. Alderman Shea duly seconded the motion.

Alderman Hirschmann asked will the hiring freeze be taken off to fill this position.

Mayor Baines replied I will deal with this on a one-on-one basis with Mr. Thomas, but thank you very much for the inquiry. We'll have to deal with it, we have to get the work done, we're going to have to do the repairs that need to be done…

Alderman Hirschmann interjected Alderman Wihby brought up the matter of overtime and I think that is a concern.

Mayor Baines stated I have great faith in this gentleman's ability to manage his department and in his decisions, so I will listen to what he says to me in that regard.

Mr. Thomas stated I will only use overtime, obviously, as a last resort. Maybe Mr. Hobson can clarify this, but even though this gentleman is going out without pay he is taking his benefits with him such as medical.

Mr. Hobson stated yes because it would be a granted leave by the Board, he's allowed to keep his benefits in tact.

Alderman Shea requested a roll call vote. Aldermen Shea, Vaillancourt, Levasseur, Sysyn, Clancy, O'Neil and Lopez voted yea. Aldermen Pariseau, Cashin, Thibault, Hirschmann, Wihby, Gatsas and Pinard voted nay.

Mayor Baines stated I need to speak about this because I'm really troubled by procedures in city government and I want to clarify this because I'm concerned about this, I've discussed a number of these things within city government that we have a process that brings these discussions into the political sphere and I don't think it's appropriate and I think we need to do that in a different manner; that there should be some independent group within city government insulated from the politics dealing with salaries, adjustments, aldermen betting lobbied by individuals relating to what their salaries should be, we've got to look at a better way of doing this and this is a classic example. However, I have to respect the fact that there is a process in place, the process was followed; I don't believe it's an appropriate process and I will support the recommendation of the Committee based upon that and I'll vote yes.
Mayor Baines voted yea and the motion carried.

Alderman O'Neil stated we thought we were following the right process, we didn't go out and solicit this situation. We thought we were following the right process and with regards to these appeals we have very few left and it's a freeze for two years.

Mayor Baines stated these types of things should not be coming to the Board of Mayor and Aldermen. There should be some system within government, within the departments or something that insulates it from the politics of city government; that's my view on that. But, since we're in politics here we are.

Alderman Wihby stated I guess I was just shocked at your vote because I thought you were going the other way when you said that you agree that something…you respected two of the department head's voices, but I just want some clarification, your Honor. You're saying now that any committee report that comes forward from the committee you are going to endorse that committee report fully.

Mayor Baines replied no, what I'm saying is the process was outlined. I don't believe it's a good process, it is the process that is available to city workers, I think it needs to be changed and I would recommend to this Board that we would adopt some kind of a process, not only to deal with things of this nature, but issues related specifically to salaries and other things so that Board members…these decisions do not get into the political realm. I do not think they are appropriate for the political realm. So, I'll stand by what I said.

Alderman Shea stated I respect your decision because basically you took into consideration the humanity of the person as we did and here's a man struggling and needing our support and if we can't support the smallest in our group, the mechanics, then we are not worthy to be public servants and I agree with your decision and I thank you for it.

Report of the Committee on Traffic/Public Safety:

AB. Recommending that a request of the Black Brimmer for closure of a portion of Lowell Street for a series of outdoor events to accommodate the Amoskeag Rugby Team, the city of Manchester, and the National Rugby Organization on June 2, 3, 9 and 10 with activities beginning at 4PM and ending at 11 PM

Alderman Levasseur stated the organization on June 2, 3, 9 and 10…is that going to be at 4:00 PM to 11:00 PM. There are other businesses that are on that street that may not agree to this and I don't know if they were sent a letter before we were going to vote on this and I'm just wondering if letters were sent to the businesses on that street which is a good size street and since it will be blocked and it is a lot more than one time, I think we should maybe do something with that.

Mayor Baines asked is there any clarification on that.

Alderman Clancy stated this is not the first time the Black Brimmer has asked that this be done.

Alderman Levasseur stated they've only done it once.

Alderman Clancy stated just think of all of the spin-off that's coming in town, all the businesses that are going to derive monies from this.

Alderman Levasseur stated I don't have a problem with it going, I just don't have the luxury of…in my ward saying, okay, one certain group is going to be benefiting without at least hearing from the others first. I don't have a problem with them closing the street off, but when they did it before it was a Saturday afternoon in July when it's hot and there's nobody down there and it was only once and now we're talking about more than once, two weekends…and it was only for

one day, this is for four days and I just want to make sure that the constituents and the people in that area were just notified.

Alderman Clancy stated I will assure you that all of the people on Lowell Street know that this is going to happen.

Alderman Levasseur stated I don't think this is true because I've heard from other people that they were not notified and that's why I'm bringing it up.

Alderman Lopez moved to accept, receive and adopt the report of the Committee on Traffic/Public Safety. Alderman Clancy duly seconded the motion.

Alderman Levasseur stated I would rather we had a motion that we at least went and notified the people first for further discussion…certainly, an organization comes in and says I want to close the street for two weeks and then that's it and we don't even notify the other people and we haven't heard from them. I think the Board is moving a little too quick on this.

Mayor Baines stated the motion has been made and seconded and it's really up to the Board as to whether they want to vote on this or not and asked the Clerk to advise the Board.

Deputy Clerk Johnson stated if I could address the Board as a storefront owner on Elm Street. I have a partnership on a business that is located very closely to this and I can tell you that the businesses on the street were not notified in advance, they have been made aware of it by a couple of other people that caught wind of it in essence; that is a problem that is occurring in the Downtown area where these streets are getting closed off and the businesses that are on the street are unaware of it. It is my understanding that at least a couple of the businesses have spoken with the Police Department and made some arrangements that they don't lose business that day rather than closing it off early in the morning, it would be later in the day. So, for the Board's information, my understanding is that they are satisfied with that, but I don't know that they've all been notified now.

Mayor Baines asked why wouldn't we have a procedure that when people come into City government with a request here like you're doing on zoning variances that we notify people that the Traffic Committee is considering something of that nature so they would have the opportunity to come in meet with the committee and express their opinions, why can't we just do that.

Deputy Clerk Johnson replied in the past the Police Department's Traffic Division made contact if they were closing an area. They did contact the businesses in that area, but that has not been occurring in the last couple of years to my knowledge.

Mayor Baines asked what do we need to do to make sure that happens.

Deputy Clerk Johnson replied perhaps the Traffic Committee can address it at their next meeting and get a procedure going for those situations.

Alderman Levasseur asked can I ask for the withdrawal of the motion and make a new one.

Deputy Clerk Johnson replied there is a motion to accept.

Alderman Pinard asked how about the Intown organization. Aren't they suppose to be notifying the people…I know they're helping us out with the Car Show, but shouldn't they be doing that with any other activities.

Alderman Levasseur stated that could help.

Deputy Clerk Johnson stated that is something the Traffic Committee could consider at its next meeting.

Alderman Clancy stated the Black Brimmer called me personally asking me what my recommendation was to close down Lowell Street. I told them I would poll the committee…I talked to a few people on the committee and they were all in favor of it. So, Joe, I don't know where you're coming from.

Alderman Shea stated I don't know, Carol, as an owner or, Joe, as the Alderman, would a time other than 4:00 PM be more appropriate such as moving it from 4:00 PM to 6:00 PM to 11:00 PM.

Deputy Clerk Johnson replied I think in this instance it's no longer an issue. We think there have been arrangements made through the Police Department. I can't speak for all of the owners in the area, but I know that at least two owners in the area of aware of it and have made other arrangements with the Police Department. I would suggest that as a policy in the future that the Traffic Committee take it up and make a decision as to how that can best be resolved.

Alderman Shea stated according to this it's 4:00 PM and ending at 11:00 PM, even though you're saying arrangements have been made so that they are going to possibly…

Deputy Clerk Johnson stated that was the activities, but the street closure was actually going to begin at eight o'clock in the morning.

Alderman Levasseur stated since Alderman Clancy brought this up and I have great respect for Alderman Clancy and the job he does with Traffic…this poll thing that they do, this polling is called on that day and if you don't call it's voted on and I don't like that process either because I was caught in a little bit of a hurricane last week with the same situation. I got a letter after the poll was given out and I don't think that's the right process either because I don't know…I never heard about this and as it's my ward and as somebody who has to worry about more than one

constituent I need to know about this before…if I'm going to represent my ward and represent everybody and not just go for one certain place I have to know about these things. So, I think we need to change the process on that also as far as the polling goes.

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

Mayor Baines stated I would recommend that the committee talk about a procedure and process to address those concerns because I believe they are very legitimate concerns.

6. Mayor Baines made the following nominations:

Airport Authority:
Robert F. Bossie to fill a vacant position, term to expire March 1, 2001.

As per the rules of the board, this nomination will layover until the next meeting of the Board.

Zoning Board of Adjustment:
John Brady to succeed himself, term to expire March 1, 2001

On motion of Alderman Wihby, duly seconded by Alderman Thibault, it was voted to suspend the rules on the nomination as presented.

On motion of Alderman Wihby, duly seconded by Alderman Shea, it was voted to confirm the nomination of John Brady to succeed himself as a member of the Zoning Board of Adjustment, term to expire March 1, 2001.

Zoning Board of Adjustment:
Calvin Kramer to succeed himself, term to expire March 1, 2003.

Alderman Hirschmann asked how many people applied for the position.

Mayor Baines replied not many.

Alderman Hirschmann asked was it posted.

Mayor Baines replied yes.

Alderman Hirschmann stated I know this person is currently a member.

Mayor Baines stated what I try to do is if people want to succeed themselves I do give a lot of weight to that and I've thought about this a long time and have considered others and I came to the conclusion that I wanted to nominate these people.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to suspend the rules on the nomination as presented.

On motion of Alderman Lopez, duly seconded by Alderman Wihby, it was voted to confirm the nomination of Calvin Cramer to succeed himself as a member of the Zoning Board of Adjustment, term to expire March 1, 2003.

Zoning Board of Adjustment:
Chester Raymond to succeed himself as an alternate member, term to expire March 1, 2003.

On motion of Alderman Clancy, duly seconded by Alderman Wihby, it was voted to suspend the rules on the nomination as presented.

On motion of Alderman Clancy, duly seconded by Alderman Wihby , it was voted to confirm the nomination of Chester Raymond to succeed himself as an alternate member of the Zoning Board of Adjustment, term to expire March 1, 2003.

Board of Registrars:
Dr. Rita Brack to succeed herself, term to expire May 1, 2003.

On motion of Alderman Lopez, duly seconded by Alderman Wihby, it was voted to suspend the rules on the nomination as presented.

On motion of Alderman Shea, duly seconded by Alderman Pariseau , it was voted to confirm the nomination of Rita Brack to succeed herself as a member of the Board of Registrar, term to expire May 1, 2003.

7. Confirmation of nomination of Philip Hebert as a member of the Safety Review Board to fill the unexpired term of William Whitmore, term to expire March 15, 2003.

On motion of Alderman Gatsas, duly seconded by Alderman Pinard, it was voted to confirm the nomination of Philip Hebert as a member of the Safety Review Board to fill the unexpired term of William Whitmore, term to expire March 15, 2003.

On motion of Alderman Shea, duly seconded by Alderman Thibault, it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Baines called the meeting back to order.

10. Reports of the Committee on Finance, if available

Deputy Clerk Johnson stated there were two reports of the Committee on Finance, noting the first one to be presented resulted from a meeting of the Committee that was held earlier this week regarding Appropriating Resolutions.

The Committee on Finance respectfully recommends, after due and careful consideration, that Resolutions:

"Appropriating to the Manchester Airport Authority the sum of $32,247,000 from Special Airport revenue funds for FY01."

"Appropriating to the Manchester Transit Authority the sum of $663,330 for the FY01."

"Appropriating the sum of $3,149,254 from recreation user charges to the Recreation Division for the FY01."

ought to pass and layover.

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

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

"Amending the 1998 & 1999 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars ($300,000) for the 1998 CIP 510116 Derryfield Country Club Master Plan Improvements Project."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Nine Thousand Eight Hundred Sixty Three Dollars ($59,863) for two Health Department Projects."

"Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventy Two Thousand Three Hundred Twenty Nine Dollars and Seventy Cents ($172,329.70) for various Police Projects."

"Amending the 2000 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars ($300,000) for the 2000 CIP 511100 McIntyre Ski Area Rehab-Phase III Project."

"Authorizing the Finance Officer to effect a transfer of Three Hundred Thousand Dollars ($300,000) for the 1998 CIP 510116 Derryfield Country Club Master Plan Improvements Project."

ought to pass and be Enrolled.

On motion of Alderman Thibault, duly seconded by Alderman Clancy, it was voted to accept, receive and adopt the second report of the Committee on Finance.

11. A report of the Committee on Traffic/Public Safety was presented recommending that a request of Alderman Pinard for the painting of a blue Fleur-de-Lis (4), at no cost to the City, on selected City streets in honor of Franco-Americaine month in NH be granted and approved.

On motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted to accept, receive and adopt the report of the Committee.

A report of the Committee on Human Resources was presented recommending that Ordinance amendments:

> "Amending Sections 33.024, 33.025 and 33026 (Senior Fun in the Sun Counselor, Fun in the Sun Counselor, Workreation Supervisor, Engineering Aide) of the Code of Ordinance of the City of Manchester."
>
> "Amending Sections 33.024, 33.025 and 33.026 (Ski Area Supervisor, Recreation Maintenance Foreman (temp) Recreation Maintenance Worker (temp), Cashier, Pool Supervisor, Recreation Aide, Lifeguard Supervisor, Lifeguard II, Lifeguard I) of the Code of Ordinance of the City of Manchester."

be referred to the Committee on Bills on Second Reading.

Alderman Wihby moved to refer the Ordinance amendments to the Committee on Bills on Second Reading. Alderman Shea duly seconded the motion.

Alderman Wihby stated this has been presented by Parks, looked over by Human Resources and approved by this Committee. Does it have to go to Bills on Second Reading because as I understand they want to go out and there is a rush for this because they want to hire right away their seasonal workers?

Clerk Bernier stated that would be the proper procedure.

Alderman Wihby asked do we have to.

Clerk Bernier answered you could probably address the issue right now.

Solicitor Clark stated legally you could suspend the rules and place it on its third and final reading tonight.

Deputy Clerk Johnson stated we have a motion on the floor to accept the report. If you want to call for a vote on that, they can then proceed with ordaining the Ordinance.

Mayor Baines called for a vote on the motion to accept, receive and adopt the report of the Committee. There being none opposed, the motion carried.

Alderman Wihby moved to suspend the rules to place the Ordinance on its third and final reading without referral to the Committee on Accounts, Enrollment & Revenue Administration or the Committee on Bills on Second Reading. Alderman Cashin duly seconded the motion.

Alderman Levasseur stated the report says that it has to be referred for technical review. Does that mean that they want to make sure that the writing is okay or are you confident that the writing and the language is okay?

Deputy Clerk Johnson replied the language of these Ordinances appear to be in order.

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

On motion of Alderman Sysyn, duly seconded by Alderman Shea, it was voted to read the Ordinances by title only and it was so done.

> "Amending Sections 33.024, 33.025 and 33026 (Senior Fun in the Sun Counselor, Fun in the Sun Counselor, Workreation Supervisor, Engineering Aide) of the Code of Ordinance of the City of Manchester."
>
> "Amending Sections 33.024, 33.025 and 33.026 (Ski Area Supervisor, Recreation Maintenance Foreman (temp) Recreation Maintenance Worker (temp), Cashier, Pool Supervisor, Recreation Aide, Lifeguard Supervisor, Lifeguard II, Lifeguard I) of the Code of Ordinance of the City of Manchester."

On motion of Alderman Wihby, duly seconded by Alderman Clancy, it was voted that these Ordinances having had their third and final reading pass and be Ordained.

OTHER BUSINESS

12. Dog license warrant submitted by the City Clerk.

Deputy Clerk Johnson stated the warrant has been submitted to the Board and we ask that it be committed with whatever changes effective through June 1 that the Clerk would make.

Alderman Wihby moved to commit the warrant with whatever abatements the Clerk makes through June 1. Alderman Thibault duly seconded the motion.

Alderman Clancy asked is this going to cost overtime for the Police to go out and see people about their dogs.

Deputy Clerk Johnson answered the State law requires that the City Clerk submit a warrant for the Board's consideration. The next process in this would be to send out certified letters to everybody on the list advising them that a civil forfeiture has been assessed. That civil forfeiture is assessed and we send it out on behalf of the Chief of Police. We do the administrative work for the Police Department. That would be the requirement under the State law. Following that if, in fact, the people do not respond to that certified notice then a summons is issued to appear in court. That is the process under the State law and that is what is required. We also usually tie in with that other people that are part of the civil forfeiture process as well and do it all at the same time once a year rather than trying to send people out all year long through the court system.

Alderman Wihby stated I went through the list and I think we have a problem having the Chief of Police going after this money because there are two dogs on the list that belong to Police and they haven't paid their fee.

Deputy Clerk Johnson replied the Police dogs are automatic and we are waiting for the rabies notices and those should come in before June 1.

Alderman Shea stated new members of the Board be prepared because basically there are a lot of people that will be calling you up and I think last year…

Deputy Clerk Johnson interjected last year we had 2,200 names on the list and as of this point in time we have managed to get that list down substantially.

Alderman Shea replied but I think in terms of the new Aldermen and in terms of the older ones, we should advise that all questions be referred to the City Clerk's Office rather than trying to handle them. I think that is the better part of valor.

Alderman Levasseur asked is there some process that the government must send out 89 pages or 90 pages of a list of all of the people who haven't paid their dog license to 15 people in this room. Is that a rule?

Clerk Bernier answered it is required by law.

Alderman Vaillancourt stated you referred to the specific State statute. Does this statute say you must or you may?

Deputy Clerk Johnson replied it says you shall.

Alderman Vaillancourt asked can you reference that Statute. Maybe it is time for a little change in that.

Deputy Clerk Johnson answered we actually did get the law changed so that we could include them all as one piece this year, which will go into effect next year. It is RSA 466:14.

Alderman Vaillancourt stated you said it was 2,200 names last year and this year how many.

Deputy Clerk Johnson replied it is stated on the last sheet of the warrant.

Alderman Vaillancourt asked 649.

Deputy Clerk Johnson answered yes.

Alderman Vaillancourt asked what proportion would that represent of the number of dogs that we have in the City.

Deputy Clerk Johnson answered we have about 8,000 registered dogs.

Alderman Vaillancourt asked so about 8%.

Deputy Clerk Johnson answered I guess. I don't have a calculator.

Alderman Vaillancourt stated I notice that beside some of the names it says wait until 5/28.

Deputy Clerk Johnson replied on 4/28 we received a bunch of mail back…all of these people have received renewal notices in the mail first of all and if we had a phone number we attempted to reach them by phone. Before they appeared on this list, those two attempts were made.

Alderman Vaillancourt asked but beside some of the names it says hold until 5/28. Is there a reason we are giving preferential treatment to some people?

Deputy Clerk Johnson answered on 4/28 we received back in the mail about 58 pieces of mail where people had moved so we sent out new renewal notices to their new addresses since there were forwarding addresses provided by the Post Office and we gave them 30 days to respond and register the dog. Thirty days from that date is the 5/28 date and that is why we have asked the Board to allow us until June 1 in the event that we have some people that have called up and said I can't get the dog in for a rabies until next week because I have an appointment. We are trying to get those cleaned up rather than send out certified mail for no reason to somebody who is attempting to meet the requirements of the law.

Alderman Vaillancourt asked and RSA 466:14 allows for this.

Deputy Clerk Johnson answered yes it does. It lays out the provisions very clearly.

Alderman Lopez asked is there any way to coincide this with when people register their vehicle if they have a traffic ticket they have to go and pay their traffic ticket so…

Deputy Clerk Johnson interjected we are not part of the HTE system. We are not part of the same process that the Tax Collector is on. By law we can't do that anyway. It has been looked at by the Legislature in recent times and I don't believe the bill has gone anywhere.

Mayor Baines stated I think we should inform the people who may be watching to take care of your dog license.

Deputy Clerk Johnson stated it is $6.50 for a spayed/neutered dog and $9 if the animal is not spayed/neutered and $2 for senior citizens for their first dog.

13. Report from City Solicitor regarding proposed Charter Revision relating to the school district.

Solicitor Clark stated the Attorney General was involved in meetings today and she hasn't gotten back to us yet and we haven't received a report back from their office.

Mayor Baines replied so we will pursue that with vigor.

Alderman Vaillancourt stated I understand the Attorney General's Office is extremely busy what with the Supreme Court business but this has been over a month now. I think it is possible to get...did we just call them for the first time today or did we call them perhaps three or four days ago.

Solicitor Clark replied we have been calling them for the past few weeks.

Mayor Baines stated I will personally make a call tomorrow to try and expedite this as well.

14. Resolution in Support of Home Rule submitted by Mayor Baines.

Mayor Baines stated we have been asked by the NH Municipal Association to support the Home Rule petition.

Alderman Cashin moved that the Board of Mayor and Aldermen approve a Resolution in support of the Home Rule. Alderman Pariseau duly seconded the motion.

Alderman Shea asked could you elaborate as the Chief Executive of the City what the advantages would be of having the Home Rule.

Mayor Baines answered it enables the legislative bodies in the communities to make changes related to issues affecting government without having to go to the State Legislature for permission. I don't know if the City Solicitor could give some…a minor example that came up in City government is we have been exploring ways for the City to allow the taxpayers to use Mastercard and Visa or bank cards and to do something like that, government has to go to the State Legislature to get permission. The communities did that a number of years ago and there are many other things related to that and maybe the City Solicitor could expand on that.

Solicitor Clark stated the intent of the law as I understand it is to allow local governments to enact Ordinances or other policies that are not particularly prohibited or preempted by the State rather than having to go up there and ask for permission. The way NH works now, if a municipality wants to do anything we have to get permission from the Legislature.

Mayor Baines stated unless it is specifically prohibited by the State, you will no longer have to ask for permission from the State.

Alderman Vaillancourt stated this is not a bill that has come up this week or this month. I think it came up last year and I am wondering why this is happening at this particular time before this particular body. What is the timeliness?

Mayor Baines replied David has been attending the Municipal Association meetings representing me and what they have done is asked the people to go back to their communities and ask for support by the various legislative bodies. It is going to be on the ballot this Fall so what they are trying to do is to garner support from the communities so that when they start their public relations campaign to urge voters to vote for it they will have the support of various communities and I am sure there will be some opposition as well.

Mayor Baines called for a vote on the motion. The motion carried with Alderman Vaillancourt abstaining.

Alderman Gatsas stated going back to Item 12 can we ask MCTV to put that down about the dog licenses.

Mayor Baines replied David will call Dr. Sullivan tomorrow. That is a very good idea.

15. Bond Transfer Resolution:

> "Authorizing the Finance Officer to effect a transfer of Three Hundred Thousand Dollars ($300,000) for the 1998 CIP 510116 Derryfield Country Club Master Plan Improvements Project."

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

On motion of Alderman Wihby, duly seconded by Alderman Clancy, it was voted that the Bond Transfer Resolution ought to pass and be Enrolled.

16. Resolutions:

> "Amending the 1998 & 1999 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars ($300,000) for the 1998 CIP 510116 Derryfield Country Club Master Plan Improvements Project."
>
> "Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Nine Thousand Eight Hundred Sixty Three Dollars ($59,863) for two Health Department Projects."
>
> "Amending the 2000 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Seventy Two Thousand Three Hundred Twenty Nine Dollars and Seventy Cents ($172,329.70) for various Police Projects."
>
> "Amending the 2000 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Three Hundred Thousand Dollars ($300,000) for the 2000 CIP 511100 McIntyre Ski Area Rehab-Phase III Project."

On motion of Alderman O'Neil, duly seconded by Alderman Wihby, it was voted to dispense with the reading of the Resolutions.

On motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted that the Resolutions pass and be Enrolled.

17. Resolution:

> "Authorizing the Finance Officer to effect a transfer of Thirty Thousand Dollars ($30,000) from EPD Contingency to Line Item 0435 Incinerator for Repairs to the Incinerator."

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted to read the Resolution by title only and it was so done.

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted that the Resolution pass and be Enrolled.

TABLED ITEMS

18. Communication from Manchester Water Works advising that the Board of Water Commissioners has considered the request regarding elderly exemptions and has tabled the matter pending further information.
(Retabled 5/2 pending appearance of Water Works.)

19. Proprietary Funds Statement and Balance Sheet for period ending March 31, 2000.
(Tabled 5/2 pending appearance of Water Works for explanation.)

Alderman Pariseau stated I wanted to move Item 13 to be tabled and someone said it was already there but it is not.

Deputy Clerk Johnson stated we have just been submitting it as a report if available every meeting and we can continue to do that if you want. The Board had requested that Items 18 and 19 be tabled and they wanted to have an appearance of Water Works, who is here, so a motion to remove both items from the table might be appropriate.

On motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted to remove Items 18 and 19 from the table.

Mr. Bowen stated first of all I want to apologize for not being here at the last meeting. I didn't realize that when I sent the information out that the Clerk's Office was going to get it out and distributed as quickly as they did. We apparently have two items that the Board would like to discuss. The first one is the recommendation or suggestion by Alderman Gatsas for the elderly exemption and this matter has been discussed at the last two Water Board meetings. The final action that was taken by the Board as indicated in my letter was that it was referred to a standing committee of the Board on rates and tariffs. There was, as I said, much discussion about the implementation and the need for the implementation, the benefits of it and the Board was not in a position to take action. I did send information to the Board that had been distributed to the Water Board, which essentially was a comparison of water rates within the City of Manchester

to other communities, as well as a chart that depicted that information. There was also information that compared the rates within the City as a percent to other communities and as a whole the Manchester Water Works rates are…on average rates in other communities around the state are approximately 182% higher than those in Manchester. The final piece of information that we forwarded to the Board was a sample of 10 properties in Manchester that qualify under the elderly tax exemption, which indicated that on average those people were paying $107 per year for water. That information was reviewed by our Board. They were not in a position, as I said, to move on it and it has been referred to the committee. I would be happy to answer any questions you may have.

Alderman Gatsas stated maybe you can help me with how long have I had the idea of cutting water rates. Could you maybe tell this Board how long I have been working on this task? It didn't just happen.

Mr. Bowen replied probably two or three years.

Alderman Gatsas responded how about five. It was almost the first year that I was on that Commission that I attempted to make those cuts.

Mr. Bowen replied it seems longer.

Alderman Gatsas stated I am sure it seems like a lifetime and I am sure the senior citizens out there are not going to have another lifetime to probably enjoy those cuts. The first thing you can help me address is the quarterly audit that was sent to us. I took the diligence of taking a look at it. It showed that you had a deficiency of $3.5 million in the first three months and that really made my heart beat hard and I was wondering what had been happening at Water Works since I left.

Mr. Bowen replied obviously those numbers are wrong. We have met with the Finance Department on a couple of occasions. On one occasion, we discussed the expense side and on another occasion we were discussing the revenue side. I can assure you that while we may be running a deficit for the last three months or the first three months of our budget year, which is typical because we have high expenses and low revenues for this time of year. We are operating in the black and essentially what has happened is that the large construction project, the construction of an 8.8 million-gallon tank was shown on those reports as an expense instead of a capitalized item.

Alderman Gatsas asked the first item we were talking about was the reduction in water rates for seniors. Did your committee or your Board look at what the impact would be if you did any sort of a cut, a 50% cut for head of household, what that impact would be?

Mr. Bowen answered yes we did.

Alderman Gatsas asked what numbers did you use for impacts.

Mr. Bowen answered we looked at this average of $107 per unit and there essentially are 1,100 dwellings within the City of Manchester that qualify for the elderly exemption. So, rounding it off at $100 is $110,000 a year.

Alderman Gatsas stated the number I am asking…is the number you gave me of $107.

Mr. Bowen replied that is on an annual basis. $107 times 1,100.

Alderman Gatsas responded so it is $117,000. If you reduced those 1,100 people by a rate of 50%, you are telling me that the impact of $58,850 would be an impact that would be insurmountable at Water Works?

Mr. Bowen replied I didn't say that. I said the Board wasn't in a position to act on it at this time.

Alderman Gatsas asked and the reason that they weren't in a position to act on it.

Mr. Bowen answered I can tell you what the discussion was that took place at the meeting. The discussion was that the senior citizens along with the other customers of Manchester Water Works were already receiving an excellent product at the lowest price in the State of New Hampshire and it wasn't warranted at this time. If our rates were the highest in the State, then I think our Board would have felt differently.

Mayor Baines stated just for clarification, under the Statute and everything I would like to ask the Solicitor if that decision solely rests with the Board of Water Commission.

Solicitor Clark replied water rates for Intown rest with the Board of Water Works. Water rates out of town rest with the PUC.

Mayor Baines stated so unless the Board of Water Commissioners moved it, nothing can happen in terms of this Board taking any action. We would have to convince the Water Commissioners that it was a decision to follow.

Alderman Gatsas replied I understand that, your Honor, and I think that has been a bone of contention for a long time but as you always make your plea to the viewers out there that are still watching, I think that those 1,100 residents when you look at a financial statement of the position that the Water Works is in and let me just say that because we are non-profit and bear with me for a second because I will find the sheet again, I believe last year and maybe you can help me Phil, the depreciation item that you used on your balance sheet was $1.7 million. Is that correct? What did you depreciate last year? I have it. Let me help you. $1.9 million was the depreciation last year so really that is a paper number as we would call it in the business world

that if the Water Works was a taxpaying entity that it would enable you to absorb $1.9 million in profits that you wouldn't have to pay because of the depreciation.

Mr. Croasdale asked can you clarify the question.

Alderman Gatsas answered the question I have is that in your depreciation item in operating expenses, the number that you use for depreciation is $1.9 million. If you were a taxpaying entity, that would assist you in having to recapture or not show $1.9 million in revenues. Is that correct? It is a paper entry.

Mr. Croasdale replied it is a paper expense, not a cash expense.

Alderman Gatsas stated so we withdrew that because you were a non-profit.

Mr. Croasdale replied if you added it into net income, you take your bottom line and add depreciation and that would be the cash that we derive from our operation.

Alderman Gatsas stated so what you are telling me is that if I took the $1.9 million and I added the $841,000 that shows you a profit of $2.7 million in 1999 of which we are trying to assist 1,100 residents for $58,000.

Mr. Croasdale replied if I can clarify that, it doesn't show you a profit of $2.7 million. It shows you cash that was provided by operations.

Alderman Gatsas responded all I am saying to you is that the $58,000 that we are talking about is less than .2%.

Alderman Hirschmann stated this Board of Mayor and Aldermen…you may be your own Authority and you may have the authority to work on rates and your commissioners may have the authority to do as they see fit to set rates but I will tell you what, the people in this room I really think want an elderly exemption. 50% sounds pretty fair. $58,000 is probably less than any one of you guys makes. It is not a lot of money. You guys make millions of dollars and you carry over revenues of millions of dollars. Mr. Soucy, I am going to make sure that he gets a phone call and make sure that everyone in the City calls him. 1,100 people is not a lot to help out. Mayor Baines is a voting member of your commission. I am going to ask you, Mayor, to support this 50% exemption for the elderly. Maybe it is in some committee but at some time it has to go back to their full Board and you should exercise your authority on that Board and get these elderly exemptions. I tell you, we vote on your contracts. We vote on your capital budget. We vote on your financial statements. We do everything we can in our power to help you people. Help the people back. This is pretty stern but I will tell you what. Alderman Gatsas is right. If I sat on that commission for five years you guys would really be sick of me.

Mayor Baines asked isn't it still up to the governing Board or commission to do that.

Alderman Hirschmann moved to send the Water Commission a memo that we want this elderly exemption.

Mayor Baines replied we did that. They have the right to say yes or no.

Alderman Hirschmann responded I would like you to go to the next Water meeting, your Honor, and pressure them.

Mayor Baines replied if I can, I will. Alderman Gatsas, when you were a commissioner did you ever make motion in that regard?

Alderman Gatsas responded I made that motion, I believe, four times. I got a second once from Mr. Soucy.

Mr. Bowen stated the motions that were made though to clarify the point was for general rate decreases and they had nothing to do with an elderly exemption. Also to clarify another point, the Manchester Water Works may make a profit every year on paper, but those funds are taken and put back into the system in the form of capital improvements and we must be doing something right because our rates are the lowest in the State.

Alderman Gatsas replied I am the first one to tell you, Mr. Bowen, that you guys do a great job. I think that if you go back through the records, I have commended you several times that if I were ever to own a company I certainly would want you gentlemen to run it because you run it professionally with integrity and you show a profit. However, I don't think we should do it on the burden or the backs of seniors.

Mayor Baines asked when is the next meeting of the Board of Commissioners.

Mr. Bowen answered the next meeting is a week from Wednesday.

Mayor Baines asked when do they have a public forum.

Mr. Bowen answered they have a public forum in April.

Mayor Baines asked they only have one.

Mr. Bowen answered yes.

Alderman Wihby duly seconded Alderman Hirschmann's motion to send a memo.

Alderman Vaillancourt stated I don't think anyone would like to be seen as against senior citizens but I think that we have to realize that whenever somebody is given a break, somebody

else pays for it. Now this Board does have within its power to help senior citizens more than we are helping them now. If you want to do it you don't have to go to the Water Works. We can simply increase the tax credit that we give senior citizens. I don't believe Mr. Tellier is here, but what is the current tax rebate or refund for senior citizens? It is on a tiered schedule or something right?

Alderman Gatsas answered it is set by law.

Alderman Vaillancourt stated each City can determine its own, I believe.

Mayor Baines stated there is an elderly exemption too, Alderman Vaillancourt, as you know and I am not sure of the particulars on it but they can be exempt from paying taxes and pay when the estate is sold so that is an option for senior citizens who have financial hardships.

Alderman Vaillancourt replied I believe each city or town can give 10% or 15% or whatever they chose to do and if you really want to help the senior citizens, why just stop with the Water Works? Why not increase the amount we give for the tax exemption? I am not saying I want to do this. I am just saying it to make the point that whenever you take money and give it to somebody, you are taking it away from somebody else. If you decrease the amount the senior citizens are paying for taxes, you are going to increase the burden on the rest of us so before I would vote for a 50% reduction in Water Works, I would want to think about it a little bit more.

Alderman Gatsas stated I agree with what you are saying, Alderman Vaillancourt, however this has nothing to do with putting a burden on anybody else. This is just taking $58,000 in profits and sending them back to seniors. There is no burden being put on anybody else.

Mr. Bowen replied if I may clarify that point, that is not exactly true. We may make a profit this year, but the monies that we are making for a profit are put into capital improvements so either we are going to decrease our capital improvements or we are going to increase rates in the long run to pay for this. There is no question about it. Either we will decrease what we are doing for capital improvement or we will bond more money. We will borrow more money. That is a choice that the Water Board is going to have to make.

Alderman Shea asked, Tom, how much would this impact your department. Is it a 1% impact? Is it a 5% impact? Is it a negative impact?

Mr. Bowen answered what the Water Board set as a goal is to end the year with a cash balance of $500,000. Now that is a policy decision by the Board because in the first six months of the year we typically are short of cash because the majority of our cash comes in in the months of August, September, October and November. So, we make a lot of capital improvements in the springtime gearing up for our construction season so the $500,000 gets us through.

Alderman Shea asked if you reduce that to $442,000, what kind of an impact would that have.

Mr. Bowen answered in certain years we might run short of cash at the end of the year in which case we would have to borrow money from the City. We have done that in three of the last 25 years. It is rare, but it does happen.

Alderman Shea asked if you make a profit of $500,000 in 1990 and 1991 and 1992 and 1993, you don't have $500,000 you have $2 million after four years.

Mr. Bowen answered no we don't because what we do is take that $500,000 and put it into capital improvements the next budget year.

Alderman Shea asked all of it.

Mr. Bowen answered yes and we reduce our bonding accordingly. So, we don't borrow the funds for things like cleaning and lining or main replacement work within the various wards and towns, improvements at the treatment plant and the 8.8 million tank that we built last year.

Alderman Shea asked so what you are saying is that $58,000 would be a significant impact.

Mr. Bowen answered no. Is $58,000 a significant amount in our total $10 million budget? No, it is not. But, that decision would have to be factored in. We are going to either have to reduce our spending and borrow more money or bond.

Alderman Wihby asked how big is your budget.

Mr. Bowen answered approximately $10 million operating and capital.

Alderman Wihby replied so $10 million and we are talking about $58,000. Let's be honest. This isn't about decreasing your bonded debt or you are going to run into negative cash or anything. This is a turf battle. This is a battle that the Board doesn't want to lose to the Aldermen and think that we are going to tell them what to do. They set the rates and they are going to send a message that they are not going to change their ideas. That is all this is. $58,000 in a $10 million…this discussion shouldn't even be taking place today. You should be saying I will go back and talk to the Board and the Board got a message from the Aldermen before and I think they are going to get another message today. Let's forget the turf battle.

Alderman Gatsas stated, Tom, I really take exception to you leading Alderman Shea down a road that is totally false. Absolutely false. When was the last year that you earned less than $700,000?

Mr. Bowen replied I don't have that answer.

Alderman Gatsas stated it certainly hasn't been in the last five.

Mr. Bowen replied in the last two years we have ended the year…

Alderman Gatsas interjected I will help you out. In 1998 you ended the year with $988,000. Last year you ended the year at $592,000. If I remember correctly, in 1997 and 1996 you ended the year in excess of $1 million. So, don't lead Alderman Shea down that the $500,000 that you want to end the year with that we are dipping into $58,000 because that is a false statement.

Mr. Bowen replied it is not a false statement. When we budget, we budget so that our bonding is adjusted so that at the end of the next year that is our target. Now, whether we hit that target because it is a dry summer or whether we don't hit that target because it is a very wet summer and we don't get the revenues, is unknown at the time our budget is prepared.

Alderman Gatsas responded I heard that for five years sitting on that commission. I think that all of the people watching this in TV land should ring your phones off the hook. They should call you on a continual basis because I don't believe that a $9 million budget is affected by $58,000. That is false and it is not right.

Mayor Baines asked what would that mean for a reduction.

Mr. Bowen answered a 50% deduction would essentially be $1/week.

Alderman Gatsas replied $50/year.

Mayor Baines asked does Nashua and other communities give senior citizen discounts.

Mr. Bowen answered no. We have been unable to find anyone else. There is no one else in the State of New Hampshire that does this either for elderly or for low income.

Alderman Gatsas asked how many other municipalities own their own Water Works.

Mr. Bowen answered most.

Alderman Gatsas replied Nashua doesn't.

Mr. Bowen responded Nashua is the exception.

Alderman Gatsas stated Portsmouth doesn't.

Mr. Bowen replied yes they do. I provided that information to the committee, which was a summary of the net earnings reinvested of a number of large water utilities around the country that we happened to have annual reports for and the average return of those that I had reports for was 16%.

Alderman Wihby asked are there two different numbers. You know how Manchester has their own numbers. When you figure in the cost for the towns do you calculate any of the Manchester numbers in that cost? Is it one budget that you have?

Mr. Bowen answered we have one set of books.

Alderman Wihby asked so when you decrease $59,000 for City of Manchester elderly, are you increasing other towns to pay for that.

Mr. Bowen answered in order to increase anything out of town we would have to go to the PUC.

Alderman Wihby asked are they going to look at that as an expense or do they say no, that is for Manchester.

Mr. Bowen answered I don't know how they would view this to be honest with you.

Mayor Baines called for a vote on the motion.

Mayor Baines advised he had a motion on the floor and he was going to call for a vote.

Alderman Levasseur was recognized to ask a question. He asked is there a statute that a landlord cannot charge his tenant for water rates, or was that something that you could change.

Mr. Bowen replied he could not answer that question.

Mayor Baines requested clarification of the motion on the floor.

Deputy Clerk Johnson advised that she was not present during the discussion (the City Clerk had temporarily left the room) but her understanding was that it was to reduce the rate for senior citizens by 50 percent.

Mayor Baines stated it was a motion to request the Water Commission to reduce the rate.

Alderman Vaillancourt stated a point of clarification, stating it was not all senior citizens, it was those eligible for property tax relief that would then be eligible for water relief. He asked how many senior citizens it would be, about a thousand.
Mr. Bowen stated those were the 1,100 that he had quoted, those are the ones that are eligible under the property tax exemptions.

Mayor Baines called for a vote. The motion carried with none recorded in opposition.

20. NEW BUSINESS

Mayor Baines stated they had appointed a commission that had been meeting to discussion the tuition arrangements with the sending towns and they have been very diligent in their responsibilities. They have scheduled a public hearing on the matter, the public has been invited to weigh in on their thoughts on their relationship with the tuition towns. The public hearing will be held on May 25 from 7 to 9 PM in the Aldermanic Chamber.

Mayor Baines distributed a letter from the Mayor of Jersey City, noting they had a meeting with mayors on making government more competitive and this is a correspondence about another approach to handling the health care crisis in another city and he would be collecting information from other mayors across the country and sharing them with the Board.

Mayor Baines noted there was a department head meeting on Thursday at 7:45 AM, and any members available to come in we would like to invite you to come in. Jim Andrews, from one of the incubator companies has been coming, he would be presenting a format, perhaps a revision of our website, we feel is very innovative and exciting and he would premiere it to the department heads on Thursday morning.

Alderman Wihby stated in the budget process the school department budgeted $360,000 for ten portables, we've discussed this before. I understand, I spoke with Norm today and they put some numbers together and they said they could rent for the next year possibly for two years, they could rent portables for $125,000. I told him I would bring it up tonight to see what direction we would like to go in, the number that they used in their budget was 360,000, we could make it for 125,000 for this year and decide we are going to do it the right way and put on an addition and save $235,000 this year. They would have the portables in place for a year and if they had to do it for a second year that's the net price. Hopefully we could get it done. The problem is I guess is that they need some direction soon. If we wait until the budget is passed in the middle of June or whatever, they are going to miss the deadline to start the addition and then they would never have in the September that they want to do it.

Mayor Baines asked where the conflict was in terms of direction for the Board.

Alderman Wihby stated he did not know if they could take a vote today or if the Committee on CIP could look at it but they could not wait until the end of the budget process.

Mr. MacKenzie stated the Board can issue a directive to proceed with the planning and design of the addition. In a quick analysis we believe it is feasible to do. We have had discussions with the school administration who felt it should be ten rooms instead of eight that was recommended

by the Board. The only caution is that the roughly 2.1 million that's currently estimated, the Board would have to make a decision on how it could finance that.

Mayor Baines noted that they could not proceed with doing that until the Board of School Committee votes this as a recommendation, which begs the question that Alderman Wihby is asking.

Alderman Wihby stated when he spoke with Norm today, he was going to talk with some school members. Alderman Wihby noted this came up at the School Board meeting, we've talked about this. He was going to talk to school board members to see if that was a direction that they wanted to go in. His concern is that he's got to make plans for the portables first of all to get them in place and get them done and start doing that process, at the same time we don't want to wait and start the additions after June, so if we can set some sort of direction that we agree that it makes sense to put on additions to save $235,000 a year, and over 10, 15 years, because that's how long those portables are going to be there, and doing it the right way, you would not have to fund that number in the bonded debt this year, so you would save that amount of money. You would give them $125,000, they would get ten portables and they'd be all set for the next year. Mayor Baines stated he did not think there was any disagreement on that, it was just the process that they follow. It was his understanding that before this Board can act, it has to have something from the School District officially requesting that.

Mr. MacKenzie stated under the state statutes that deals with schoolhouse construction, the School Board would have to approve the design of a new facility.
Mayor Baines asked if they could just refer this to the Joint School Building Committee.

Mr. MacKenzie stated ultimately the School Board should establish its priority for this project.

Alderman Wihby asked if they could go ahead and say that they were in favor of doing this and let the school department get back to them at the next meeting or as soon as possible to specify if they agree with this. Alderman Wihby noted that he was sure they were in agreement with this. Today he spoke with the Chair of the Joint Schools who agreed with doing it along with the Superintendent who said he had talked to some members and he felt the Board wants to go in the right direction also. Maybe we can take the first step in saying we would like to do this for them, and let them come back and say whether they agree or not.

Mayor Baines asked can we do that and move along. That is all I need to know.

Solicitor Clark stated this Board has the authority to tell the School Board that we would look favorably or we are in consensus that the portables can be rented this year and we look forward to planning an addition if that is what you vote on for us to do but then they would have to go back and take some action. You can let them know that you look favorably upon that.

Alderman Wihby moved to inform the Board of School Committee that the Board of Mayor and Aldermen are in favor of them exploring an addition rather than the long-term use of portable classrooms. Alderman Shea duly seconded the motion. Mayor Baines called for a vote. There being none opposed, the motion carried.

Mayor Baines stated I think that is an appropriate discussion for tomorrow and perhaps the Joint Committee could advise with some legal counsel in terms of how we can proceed. If it is necessary to call a special meeting of the Board of School Committee, I would be more than happy to do that.

Alderman Wihby asked is the Joint School Committee meeting the same time as our Finance meeting.

Alderman Cashin answered no. I think it has to go to Building & Sites.

Mayor Baines stated we will get that whole process moved along tomorrow.

Alderman Gatsas stated on Thursday, May 18 I would like to ask the members of the Committee on Administration to get together and consult with legal counsel regarding the MediaOne contract. We have scheduled a time of 4:30 PM in the Walter Stiles Conference Room. I would invite all members of this Board because I think we are getting close to a final situation on this contract.

Alderman Shea asked isn't there a dedication on Thursday.

Mayor Baines answered no, it is Friday at 4 PM at Livingston Park and we invite the Aldermen and members of the public to attend.

Alderman Gatsas stated I believe that Alderman Hirschmann made a motion probably six weeks ago for Human Resources, Finance and the City Clerk's Office to come to us with an impact survey if somebody was going to make a change or addition that there would be something in place. It was asked for six weeks ago. I think that this Board has waited long enough. I think that I would like to see something by next Tuesday in our hands. Now if they were at the Administration meeting they would probably have a pretty good idea of what we talked about and what was asked for. I think we have waited long enough and as Alderman Vaillancourt said, this is not Dean Smith and we are not playing full court.

Mayor Baines asked Clerk Bernier to coordinate that.

Alderman Levasseur stated I would like the Board to look at the sheet that the Clerk handed out asking that in order to assist the Board in its deliberations of the CBSD FY01 budget scheduled

for Monday, May 22 I respectfully request that the following information be provided by the Director of Planning. I don't need to read it, I just need a motion to ask the Director of Planning to bring this stuff forward.

Alderman Levasseur moved to have the Director of Planning bring information requested to the budget meeting scheduled for May 21, 2000. Alderman Hirschmann duly seconded the motion. Mayor Baines called for a vote. There being none opposed, the motion carried.

Alderman Levasseur stated I have asked for this information to be provided to all members of the Board by Friday at noon. If this is not provided by Friday at noon I would think that this is such important stuff that maybe we could move them to a later date. That is how much I want this expedited. This is important information and we don't have it.

Mayor Baines asked do you have a problem with that, Mr. MacKenzie.

Mr. MacKenzie answered I haven't seen this, your Honor, so I am not sure. That is two days away. We will try to get the information to you.

Alderman Vaillancourt stated I had a call from a constituent and I think it bears mentioning here in public session and perhaps the Police Chief can help us out. I don't see anyone here from the Parks & Recreation Department but this constituent lives near a public park and I don't believe the problem is just with this particular park. People are apparently golfing in public parks and I think we should stress that it is not legal, I don't believe. Golfing should be done in country clubs and not in public parks where balls could be sailing through neighbor's windows. I do know that the Parks & Recreation Department has put a no golfing sign up in several locations in this public park, but it seems to me it is simply a matter of common sense, courtesy and caution and I believe this constituent will be coming to address the Board at the next public session which is going to be the first Monday in June. It is not legal, as far as I understand. Am I correct in saying that it is not legal for people to be golfing in public parks?

Solicitor Clark replied I don't believe that there is an ordinance or statute against it. It is not a good practice, but I don't think it is illegal.

Alderman Vaillancourt responded well the Parks & Recreation Department has, in fact, put up "No Golfing" signs at this park.

Mayor Baines asked Solicitor Clark to talk to Mr. Ludwig to find out what the regulations are and whether or not the Board has to do something by ordinance to help with this situation.

Alderman Vaillancourt stated I certainly think that it is simply a matter of common sense and courtesy. I don't think it is just this one particular park. St. Anthony's is this park.

Alderman Shea stated on Saturday from 10 AM to 1 PM a group of people around Howe Street Park along with myself will be conducting a “Take Back the Park” rally and all of the Aldermen are welcome. We are going to have entertainment and we have asked the Police to come.

Petition for reducing speed limit to 15 miles per hour on Kimball Street, in the vicinity of Kelley Falls Housing Development.

On motion of Alderman Hirschmann, duly seconded by Alderman Wihby, it was voted to refer this item to the Committee on Traffic/Public Safety.

There being no further business to come before the Board, on motion of Alderman Pariseau, duly seconded by Alderman Wihby, it was voted to adjourn.

A True Record. Attest.

City Clerk