

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(BUDGET)**

May 19, 2008

5:30 PM

Mayor Guinta called the meeting to order.

Mayor Guinta called for the Pledge of Allegiance, this function being led by Alderman O'Neil.

A moment of silence was observed.

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

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, Pinard,
O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Ouellette, Domaingue

Appropriating Resolution:

“A Resolution appropriating to the Manchester Airport Authority the sum of \$58,491,089 from Special Airport Revenue Funds for Fiscal Year 2009.”

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

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

Appropriating Resolution:

“A Resolution appropriating the sum of \$16,575,221 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2009.”

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

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

Appropriating Resolution:

“Appropriating all Incremental Meals and Rooms Tax Revenue Received by the City in Fiscal Year 2009 and held in the Civic Center Fund, for the payment of the City’s Obligations in Said Fiscal Year Under the Financing Agreement.”

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

Alderman Osborne moved that the Appropriating Resolution pass and be Enrolled. Alderman Sullivan duly seconded the motion.

Alderman Shea asked is there any Rooms and Meals money that has been totally appropriated to the Civic Center? I am not sure if Bill Sanders could answer that.

Mr. William Sanders, Finance Officer, responded there is \$454,000 of Rooms and Meals money in the revenue account for the general fund. All of the rest has been appropriated for the debt service on the Verizon Arena.

Alderman Shea asked is that the same every year or is that something that is going to decrease when our appropriation from Rooms and Meals is increased for payment of the mortgage?

Mr. Sanders answered the \$454,000 has been constant since the inception of the Verizon debt service back in the year 2000. In 2011 if the Rooms and Meals tax continues to increase for the City, there would be an opportunity at that point. The rooms and meals revenue will exceed the debt service requirement and the \$454,000 would increase in 2011 or thereafter.

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

Appropriating Resolution:

“Amending a Resolution ‘Raising Monies and Making Appropriations for the Fiscal Year 2009’ to \$119,979,669.”

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

Alderman Lopez moved that the Appropriating Resolution ought to pass and be Enrolled. Alderman O'Neil duly seconded the motion.

Alderman Gatsas stated I thought that number was somewhere around \$120 million. Does the Finance Officer have a corrected sheet? Does this include the \$30,000 and the \$50,000 additional...

Mr. Sanders interjected yes it does.

Alderman Gatsas asked is this \$1.2 million less in spending than the 2008 budget? Is that correct?

Mr. Sanders responded that is correct.

Alderman Gatsas replied so we produced a zero budget with \$1.2 million less in spending.

Mr. Sanders stated yes.

Alderman Lopez stated I don't have a question but I want to know once we take a vote on this if you will let me bring in some directives.

Mayor Guinta asked directives regarding what?

Alderman Lopez answered regarding the FY2009 budget.

Mayor Guinta asked does it need to be part of the...?

Alderman Lopez answered it doesn't have to be part of the number, no.

Mayor Guinta stated I would yield to the Board. You can do it now or wait. Either way is fine with me.

Alderman Lopez stated go ahead and take the vote on the number.

Alderman Gatsas stated after looking at some of the things that we did in the CIP budget, the \$500,000 or \$450,000 that we added to the Highway Department needs to be adjusted and put into a segregated account as non-departmental items.

That account can be drawn on by the Highway Department to pay for wages based on the \$2.5 million in bonding but it must be in a segregated account.

Mayor Guinta asked does that have to be done by ordinance?

Alderman Gatsas responded I am just asking to change...it does not change the budget number; it just places it in a different spot in the budget.

Alderman Lopez stated I think we can accomplish that in CIP after we take a recess. The cash number of \$868,900 is in there. It is just a matter of moving around the bonding aspect of it. We are approving the cash portion.

Alderman Gatsas responded I understand but that money has to be in a segregated account, not in CIP. It should be in this budget.

Alderman Lopez stated I would have to yield to the Finance Officer or City Solicitor on the CIP because it is five parts. The money is there to pay the bond. Maybe the Finance Officer can help me out?

Mayor Guinta stated I think the issue here...you are talking about the \$5 charge on vehicles, which state law allows any municipality to collect. That money has to be utilized...there are a certain number of restrictions that are placed on how you use that money. One is that it has to be in a separate account and secondly it has to be used for various highway...

Alderman Gatsas interjected operating budget or capital improvement...that is what the RSA says very clearly.

Mayor Guinta responded I think it says operating for public transportation not the Highway Department.

Alderman Gatsas stated I would say public transportation...if they are going to pave roads that is public transportation and those funds can be used for wages in the operating budget for the bonding of the \$2.5 million to pave roads.

Mayor Guinta stated well I would like to get...and not necessarily today because I think it is more of a housekeeping item, but I would like to get a clarification from the City Solicitor on that because there are some very specific items that the RSA states. It doesn't say general fund operating or Highway Department operating. There is a laundry list of things that you can use it for. Presumably we meet the threshold without operating.

Alderman Gatsas responded right, it is not about paying the telephone bill. It would be about paying wages for them to go out and do the paving of the road.

Mayor Guinta asked that change does not affect the overall appropriation does it?

Mr. Sanders responded no sir.

Mayor Guinta asked we will have to do that through ordinance.

Mr. Thomas Clark, City Solicitor, answered Your Honor, it is not clear if you need to do it through ordinance or if you just have to take a vote to do it, but an ordinance is clean if we did it after the budget was adopted.

Mayor Quinta stated before we do take the vote, I want to voice some additional concerns that I have. Again, I appreciate the work of the Aldermen and the department heads to craft an alternative that is reasonable to the Board. There are some concerns that I do want to raise today that I think if this passes will certainly have to be considered through the course of the fiscal year. From a policy perspective I would prefer to adopt a total City budget that includes a number for the School District. If that number is going to be \$140 million, I think we ought to tell them that. If it is going to be higher I think we ought to tell the taxpayers that because right now if this were adopted it is a zero percent increase for the City side only. Secondly, in conversations I have had with the Building Commissioner there seems to be serious reservations about meeting the Building revenue number. I think the project will occur. I don't believe that 100% of it will be permitted in FY09. I think probably half of it will, which would yield about \$500,000, not the \$1 million. I am concerned about placing a number that we don't reasonably feel we can achieve. Thirdly, I am concerned about the pre-payment because it does require \$1.4 million to be utilized from the FY2008 expense surplus. For the last several months we have had a discussion as a Board to try to utilize those dollars to reduce our revenue shortfall for FY2008, which if we were to continue with that policy we would minimize the amount that the rainy day fund would have to be tapped. Currently, if nothing changes I think the estimates for the rainy day fund with this new proposal would be \$2.1 million. That is almost 20% of the rainy day fund. I don't believe it is good fiscal policy for us to take that approach. I think a more balanced approach would make more sense. Those are concerns that I have at this point. It is going to require strict adherence or following our revenues and expenses during FY2009. If there is any indication, particularly at an early point, that we are not going to meet our obligations on the revenue side I am going to come back to the Board and ask for hiring freezes and spending freezes. I cannot in good conscience let us willingly spend money or set revenue projections that may not be realistic. There is always a possibility that we will become more

aggressive and that the economy will change during the fiscal year and that number could be met and I hope that situation occurs but I am in the position of trying to make my best estimate on what those revenue numbers are and after discussions with the Building Commissioner I am not convinced that we are in a position to make that additional revenue. If that is the case, we would have to hit the rainy day fund a second year in a row theoretically, and that concerns me. I don't want to make it a general practice of using either economic development funds or rainy day funds for not their strict intended purposes. I think we have to be very clear as a Board what we are doing here before this is adopted.

Alderman Sullivan moved to amend the MTA subsidy by \$100,000, thus increasing it from \$900,000 to \$1 million. There was no second.

Alderman Sullivan stated I know there has been a lot of bad information floating around out there...

Alderman Lopez interjected parliamentary procedure.

Alderman Sullivan stated I have the floor. You had your chance the other night. There is an issue I want to discuss.

Mayor Guinta stated let's try to conduct ourselves with some civility and decorum. When an Alderman does have the floor and a point of order is made, I have the right to either accept it or not. I would like Alderman Sullivan to finish and then I will go to Alderman Lopez.

Alderman Sullivan responded thank you, Your Honor. There has been a lot of bad information out there over the last couple of months regarding the transit budget. I have received probably more calls than anybody on this Board. I

represent the ward that has a number of high-rise apartments and a number of low income residents. These folks are going to be devastated by this line item. It may not affect those of you who live in more prosperous parts of town but it affects my constituents. Our transit system is going to be in serious trouble, not just this year but next year. We are forcing the department to draw on its cash reserves. Those reserves are going to have to be replenished at some point. They are not going to be available in future years and we are going to be back here a year from now or two years from now or three years from now going through the same song and dance trying to protect what meager transportation resources we already have in this town. I just want to be on the record saying that this is a bad move. It is balancing the budget on the least fortunate among us and I find that absolutely unconscionable.

Alderman Lopez stated there is no need for a point of order since there was no second to the motion and the individual starting discussing it. That was the point I wanted to make.

Alderman Osborne stated before we do take a vote on this I still would like to know if any of the departments that are out there now have any questions on what they have heard or read. If not, that is fine. How about Parks & Recreation? What happened to Parks & Recreation? After all of the screaming and hollering I have done I would like to get some kind of answer on if he is satisfied or not satisfied and any other departments. If everybody else is satisfied, that is fine.

Mr. Charles DePrima, Acting Parks & Recreation Director, stated I definitely appreciate your concern Alderman. Since Wednesday night we have gone back and reviewed our budget. I don't think anybody is 100% there but the \$265,000 that was put back into our budget gets us...we are in a lot better shape and will be able to hire most of our summertime help back. We are going to try to hire a full-

time carpenter to help get us out of some tough situations that we have had because of not having one. I believe that will get us over the hump for the summer and then we will just manage our line items as best we can.

Alderman Osborne asked so it won't take away from any positions at all?

Mr. DePrima answered not significantly.

Alderman Osborne asked what do you mean by that?

Mr. DePrima answered well normally we have about 20 summertime people - or 26 actually. We are going to have close to that. We are not going to have everybody back but I can assure you that with what we have we will be able to get the work done that we accomplished last year.

Alderman Sullivan asked can Police Chief Mara and Deputy Chief Simmons come forward for a minute? I am probably going to put you on the spot a little bit but a couple of months ago we had a discussion in the Public Safety Committee concerning the sex offender program that the City has in place – the supervision and monitoring aspect. I know that is very manpower intensive and takes a lot of manhours to actually visit the individuals and monitor them to make sure that they are in compliance with the registry. Is this going to be made more difficult by short funding your department by \$300,000? Does this create the potential for a problem in terms of making sure those positions are fully staffed?

Mr. David Mara, Police Chief, stated based on the last meeting and based on the direction from the Board of Mayor and Aldermen, we are going to continue our business like we normally do and if our numbers are right and we are short money

we are going to come back here and ask for some money. That is the way we are going to approach it based on the last meeting.

Alderman Sullivan stated my concern is that we have had a lot of press in the past couple of weeks about an individual that lives in our community who came up here from Connecticut. I have been hearing some concerns from folks out in the community about that. I just want to make sure that your department has the resources it needs to continue the work that you have done in terms of an intensive monitoring and tracking program to make sure these offenders are in compliance. I just want to make sure that you know that some of us on the Board are committed to making sure you have the resources to keep that program moving forward.

Chief Mara responded we appreciate that and that person you talked about I think we were pretty pro-active on that in letting people know that the person had moved in.

Alderman Gatsas stated I hear your concerns on the budget but if you look, there is somewhere around \$931,000 in line items that basically are your discretion. Those line items weren't in your budget so if there is salary adjustment and people have to be hired or if there is contingency, you had a \$250,000 number and we have always carried over \$500,000 in the City, so the concern of the revenue of \$500,000 in the Building Department with the \$1 million being set aside in those accounts it certainly gives you at your discretion the ability to move money around. So being the Chief Financial Officer of the City or the CEO of the City, it gives you an opportunity to run those funds as you did with the budget that had a shortfall in it this year. I would assume that the MTA...the phone calls...even in the more wealthy districts those Aldermen have received those phone calls and I think it is important to understand that the MTA has the ability and the funds. If

those funds were segregated in anybody else's account I don't think we would have been as gracious to leave \$800,000 behind. I think it would have all been gone. Certainly I applaud them for working with us and making this fiscal year a little easier on the taxpayers.

Alderman O'Neil stated although I have some caution with this budget you commented on the revenue in the Building Department. I think if we can do everything in our power to help get the approval for that large project I think it may be realistic that we can reach the revenues in the Building Department. I think the process...the sooner they get approval and the sooner a backhoe starts digging, the better it is for all. When the first project is under construction it may lead to the second and third building. I recognize that this budget is extremely tight. The Police Department has made a commitment that they will live with the number but that we have their back in case there are any challenges throughout the year, and I stand committed to the Police Department on that. I recognize that they are going to do something that every department has to do from day one, and that is manage the budget. We play a role in that. We have a history of taking the summer off and gearing back up in the fall. We can't do that. We have to be on top of things like revenue and expenditures from day one as well as the departments and work with them to help manage that. I intend to vote for the budget tonight. It is challenging but I think it is a responsible budget for the citizens of our City.

Mayor Guinta responded I guess the concern that I have is I am hearing the departments saying if they have a shortfall they are going to come back to us. While I agree with Alderman Gatsas that there is additional money in the budget through salary adjustment and other accounts for us to manage, it is albeit a small amount. If they are going to take a percentage of it, it leaves very little for the rest of the City. I, of course, will be very, very judicious in how I manage those

dollars. You will likely hear other departments coming to the Board because I am saying no throughout the year but I am going to have to say no to make sure we are meeting our obligations. Just to put a perspective on it, \$800,000 is a half a percent. If we don't hit that \$3 million and say only hit \$800,000 of it, that is a half of a percent we have to make up. Again, don't misinterpret what I am saying. I am more than willing through the year to manage as responsibly and as judicially as I feel. There will be scenarios where departments come to this Board because they may not like my decision and we will have to have a very open and honest discussion about it because I am going to begin this fiscal year with the assumption that it is lean. Any budget this year is going to be lean, don't get me wrong. No matter what is adopted it is going to be lean but it will require 12 months of work from the policy board and the department heads and I hope that as we look forward in the next month or two, we look at some consolidations and make some decisions as a Board because I think there are some efficiencies financially and otherwise that we can make in those areas too. Any other idea that any Alderman has I hope that it would be brought forward to committees so that we can continue to try to strive for smaller spending for the year.

Alderman O'Neil stated you made a very good point and I believe the department heads recognize this, but as I said earlier, they need to manage things from day one, and it is not going to be coming down to this Board looking to override the fact that you may not approve a vacancy. I would hope that they are coming to you on a very limited basis regarding it. This is a tight budget. There is not a lot of room in this. I think the departments recognize that and I think they need to practice good fiscal management throughout the year.

Mayor Guinta responded one of the things I will try to do, so this Board knows, is establish a rather significant expense surplus because I feel it is going to be our obligation to replenish funds from the rainy day fund. So from the get go on with

this budget that is going to be a goal of mine. Again, I applaud the Aldermen for understanding the economic challenges that we are facing and the reductions in revenue that we are facing and the mandate from me to not raise taxes. I see how hard the Aldermen have been working to meet all of those obligations. No budget is perfect. I understand that. I still have significant concerns. Don't get me wrong. There were some good things that were proposed in this as well. Establishing some of the accounts that were established I think are responsible and make sense. It says that the policy board is willing to honor its obligations. I don't like the message that we are going to send by using what would be projected today as almost 20% of that rainy day fund in one year. I understand some members of this Board feel it is raining but I feel that ought to be a last resort and I am not sure that we have exhausted all others.

Alderman Osborne stated I don't see too many department heads jumping out of their seats when I ask if they are all satisfied. I guess most of them are. What I would like to do though, is call Mr. Smith back up from the MTA. I would still like to get a final analysis of what his department is going to do for the people out there. There are a lot of people that ride the buses.

Mayor Guinta replied before we do that I think Alderman Shea and Alderman Gatsas had germane points.

Alderman Shea stated the Mayor has indicated that if things stay the way they are there will be a \$2.1 million transfer from the rainy day fund. Does that concur with what your thinking might be, Mr. Sanders, or is that a little bit high or what have you?

Mr. Sanders responded I think based on the forecast that we provided to the Aldermen last week that would be the effect on the rainy day fund. Right now we are anticipating that this year we would use \$1.6 million of the rainy day fund based on last week's forecast, and under this alternative proposal that the Aldermen have come up with we would use \$2.1 million. We would take a portion of the expenditure surplus from this year and use it to make an advance pension contribution.

Alderman Shea asked how much is in the rainy day fund right now?

Mr. Sanders answered about \$10.9 million.

Alderman Shea responded so you would have to remove \$2.1 million.

Mr. Sanders replied that is correct.

Alderman Shea stated so that would leave \$8.8 million approximately in the fund.

Mr. Sanders responded that is correct.

Alderman Shea asked when was the last time we had that amount of money in the rainy day fund? In other words, we have built that up over the course of several years I assume, so when did it reach its apex?

Mr. Sanders answered I think it is at the apex right now.

Alderman Shea asked where was it two years ago? Do you know?

Mr. Sanders answered no I don't know.

Alderman Shea stated what I am trying to ask is how much have we added to the rainy day fund each year over the last few years?

Mr. Sanders responded I have someone going to get that information.

Alderman Gatsas stated that answer is coming. It is the same question I asked.

Mr. Sanders stated I think last year we added about \$900,000 and in FY2006 I don't know.

Alderman Shea asked but Bill, is \$8.8 million in your opinion a fairly solvable amount of money to have in an account of this type? In other words do other communities have as much? Do they have less? How do we compare with other communities?

Mr. Sanders responded not all communities have rainy day funds.

Alderman Shea stated so we are better off than them, right?

Mr. Sanders replied yes, in that respect. On the other hand, many communities like Nashua and Concord for example have fund balances that are substantial. On average I would say based on the FY2006 audit reports and some work that we have done that Manchester is in the top 40% in terms of reserves that it has. I wouldn't say it is number one. It is certainly not in the second half either.

Alderman Shea asked are you comparing us to other communities in New Hampshire or other communities in the country?

Mr. Sanders answered I was comparing us to Nashua, Concord, Portsmouth and some communities in Massachusetts.

Alderman Shea asked so do they have more money in their reserve funds than we do?

Mr. Sanders responded on average, yes, some of them do. If I am comparing to about eight of them maybe three have more than us and four have less than us. We are in good shape but we are not flush with cash.

Alderman Shea asked if we stayed at the same amount, \$10.9 million, would we be in good shape or in a different type of shape?

Mr. Sanders replied I think we would be in good shape. I don't mean to diminish it. It is a substantial reserve.

Alderman Shea stated so we would be substantially better.

Mr. Sanders responded we would be 20% better I guess.

Alderman Gatsas stated Mr. Sanders, can you tell me now that you have your sheet in front of you for Alderman Shea's information and for mine also last year we put \$900,000 in the rainy day account. How much did that cost the taxpayers?

Mr. Sanders replied approximately ten cents on the tax rate. The tax rate would have been ten cents lower if we would have returned that.

Alderman Gatsas asked the preceding year?

Mr. Sanders responded unfortunately I don't have what I need to answer your question.

Alderman Gatsas stated well I will let Alderman Osborne ask his questions. That is ten cents on the tax rate that the taxpayers paid for money that went into the rainy day fund once already. I bet by the time I am done with the \$3 million that has been put in there we are going to be somewhere in the vicinity of thirty or forty cents from the taxpayer that went into the rainy day fund. If we had done our calculations a little bit better and reduced taxes...the rainy day fund obviously is there for when revenues don't come in but it is certainly not there so that you build up a slush fund and cost the taxpayers money as you go forward.

Mr. Sanders replied actually I do have the information. We did not put any money in the rainy day fund in FY2006.

Alderman Gatsas asked and in 2005?

Mr. Sanders answered I don't have that information.

Mayor Guinta stated I don't think the rainy day fund is equivalent to a slush fund.

Alderman Gatsas responded it is a fund to be used if revenues don't come in, Your Honor. That is what it is there for. You can't tap it in any other way.

Mayor Guinta replied yes but...

Alderman Gatsas interjected even if this Board voted unanimously.

Mayor Guinta stated but communities, especially our size, need that kind of reserve should there be a problem. I mean \$10.9 million for \$120 million City side budget is not in my opinion excessive. I think there has always been demonstrated through not just our counsel from our finance officers but from PFM as well that those reserves demonstrate strong financial and fiscal stability and do have positive or negative impacts, depending on what you do with them, on your bond rating. I think it is just good public policy and good fiscal policy to have some of those reserves. I see what you are saying.

Alderman Gatsas responded I certainly don't disagree with you, Your Honor, but I think when you are looking at 110 employees being laid off for \$2 million out of the rainy day fund I certainly believe that the services in this City have been substantiated.

Mayor Guinta replied I don't think...but it is a number of things that are being done here. You say the rainy day fund is supposed to be used when we don't meet our revenues. I agree with that statement.

Alderman Gatsas stated and that is the only way you can get it.

Mayor Guinta responded yes; however, I don't believe that we should knowingly take a vote that reduces a surplus that affects the ability to use that account. I think that is the concern I am expressing.

Alderman Gatsas replied I can respect your concern, Your Honor, but when it comes to laying off 110 people to meet that concern, that is a serious situation.

Mayor Guinta stated well I think that there is probably a different way to try to...if the Board wants to save every position and that is the will of the Board to do so, I think we ought to have a discussion about what other mechanisms are available to meet that objective. Again, I appreciate the work of the Aldermen who crafted this. I am sure you can appreciate the position I am in to try to take a look at every decision that we are making and try to do what is right overall for the budget. Again, the budget that was proposed by me...things have changed during this period of time. We have had additional revenues. We have had policy discussions. We have had department heads who have reduced their requests. I mean, we are working in concert with one another to try to achieve the objective of keeping City services strong, keeping the tax rate low and being prudent with our finances. I think we are actually doing a very good job of it and I am glad that the public sees this Board working as diligently as it is, as well as our department heads, to try to meet that objective.

Alderman Gatsas replied as I have said, Your Honor, I applauded you for starting this at a zero. You made us work to get to a zero. We have gotten to that zero and certainly we have taken your position and increased the services to the City and didn't take 110 jobs away and the rainy day fund...obviously that shortfall was based on revenue projections that we made last year. We made revenue projections last year. They didn't come in. If we had reduced those revenues we would have had a tax increase.

Mayor Guinta responded I agree, but what I am saying is that I don't want to augment the amount of money that we have to tap into that rainy day fund for. We as a Board, I think, voted unanimously to implement a hiring freeze and spending freeze so we could do everything in our authority and power to mitigate the amount of money that we would have to tap. It has been challenging for some departments but if we are working toward a goal of reducing the overall deficit,

with the vote of this budget we do take some existing expense side surplus and use it for next year so we are moving that option. That is the concern that I have. But beyond that this budget if it passes is a zero on the City side but it is not a zero impact...

Alderman Gatsas interjected well if we can pass this right now, Your Honor, I will give you some alternatives, you being the Chairman of the School Board, that you can bring forward to your colleagues on the School Board because I have been working on it.

Mayor Guinta replied well I am glad you have been working on it but why wouldn't we then resolve the entire City budget with one vote so the public is aware of what the discussion is going to be about the school number and whether it is \$140 million...again we had a joint meeting and the Aldermen were very clear at that public joint meeting with the School Board that they were going to get something less than level funds from FY2008.

Alderman Gatsas responded I don't think anyone made any statement that they were going to get any more than \$140 million based on your budget. It didn't come from this Alderman. If we want to take that vote right now we can send the \$140 million.

Mayor Guinta stated there was no definitive answer as to the amount of money. What I recall is that there was a clear direction that a level fund was not going to happen. The School Board was looking for some direction and the Aldermen said...well it seemed fairly clear to me that the Aldermen were saying that the \$153 million is not going to happen and the \$151 million is not going to happen and level fund is likely not to happen. It didn't guarantee that the \$140 million was going to increase but it gives them at least some direction that those numbers

that they had been requesting were essentially off the table but it by no means provided a promise that the \$140 million was going to be increased. My point is that if we are going to as a Board increase the funding to the School District I would prefer as a member of this Board to know where the thinking is in terms of the number so we could be more transparent to the taxpayer. Again, I commend you for trying to resolve the City side first and do everything possible to minimize the tax impact. The School District has not gone through the same exercise that this Board has placed the department heads through. I think it is difficult for me to look at this budget and not know what direction the full Board would like to go in terms of schools.

Alderman Gatsas stated I think it was very clear, the message that the School District sent us. It was very clear. When they didn't rift a teacher that was a sharp stick in our eye. I said it was irresponsible then and I will say it was irresponsible again. If they would have taken their opportunity to rift the teachers as they should have, then we would have a different discussion about when we should be presenting the School Board budget. At that point, they had that opportunity that night when we were here and they didn't take that vote so I would suggest as my colleague Alderman Garrity says, let's move the question.

Alderman Lopez stated I would like to make a comment before you move the question. When we look at the City and some of the comments have been made...but we have a completely new organization of department heads in the City. I support you when you say you are going to try to save every penny after July 1st and it is a tight budget but I also, along with the department heads and chairmen of the committees, we just can't take six months off like normal. The budget is over with so let's take the summer off and get back in October and then have the holidays and then into the next budget and next March we are here and we put a freeze on everything. I think we have all been through this. I think once

this budget is approved, if it is approved, we have to find new ways of doing things, new strategies. I know there is revenue out there and some department heads told me we didn't take that revenue because they weren't prepared to do the things they want to do. I think we as a Board have to look at the policies that we have set forth. One of the examples still in the Accounts Committee is a special account that we put in for economic development. We need to take a good look at that. We are putting all of our eggs in one basket. Maybe we should move that and put 25% into highway repair or another special fund or 25% into the rainy day fund. All of those things should take place. Everything should be on the table. If an Alderman has a good idea or a department head, we should consider looking at it and trying to maneuver it to the benefit of the City. I think that is what we are all here for. I hope that nobody takes a holiday after this. I know everybody takes the summer off and goes on vacation but I ask the committees to hold their feet to the fire and have their committee meetings and get the answers that we need and not wait until next March to do things. *With that, I would like to move the question.*

Mayor Guinta stated I did promise Alderman Osborne prior to the moving of the question that he could have a conversation with David Smith so I do want to honor that.

Mr. David Smith, MTA Director, stated I would point out that the MTA contribution is Item 12 on your agenda tonight and I don't believe the MTA contribution is part of this item but I would be happy to answer any questions at this time. We are at your mercy and we will responsibly follow-up on whatever you should decide tonight. Since Wednesday night, Mr. Cantwell and I have reviewed the suggestions of this Board and we have talked to members of our Board. As Mr. Cantwell indicated, he felt on Wednesday night that the suggestion that we use our assets to make up the difference between the City subsidy and

what is required to maintain current level operations could be achieved with the suggestion of Alderman Gatsas to borrow or to have advanced payment of MTA subsidies. We have some serious concerns about it. The first of those concerns is that we believe it will put us in a negative cash position with respect to our transit cash. As I said Wednesday night, we have a single account from which we do the banking and manage the cash for both our transit operation and our school operation. We believe that using the MTA cash account to spend down and fund transit through the course of the year will put us in a negative cash position with respect to transit at the end of the year. In other words, the school operation will be funding transit. Secondly, as we said Wednesday night, we have concerns about the succeeding year that having spent down that cash we will be in the position of coming back to this Board and requesting a significant increase in subsidy support next year. I heard several people, including the Mayor, voice that that was not acceptable so it presents a concern to us or rather it presents an expectation on our part that there may be a reduced level of City contribution in the future. If that is the case, our policy board will have to determine what to do, but I believe my recommendation would be to take prudent steps this year to reduce the scope of service in expectation of what might happen next year.

Alderman Gatsas asked would you repeat that please? What did you just say?

Mr. Smith answered I said my concern regarding the second point is in order to protect the agency and make sure that we are fiscally sound with an expectation of reduced City funding in the future...

Alderman Gatsas interjected you can't even put that on the table.

Mr. Smith responded well I will say that I heard several comments on Wednesday night indicating that the idea of a \$400,000 or a \$500,000 increase next year was...

Alderman Gatsas interjected you can ask for \$1 million. I just think that it is very obvious what we expect you to do, and if you need us to go out to bid to change the policy and the way we run MTA, I think Concord Coach would love to come in here and take over the school operation and MTA and probably reduce costs. Now obviously all we asked you to do was use your funds and not change ridership and not increase rates and not hurt the people who truly need your services. We said that we would fund that on a forward going basis to make sure that you didn't have a cash flow problem. I guess what we should think about is having this discussion in 2009 about what was happening in that budget. Maybe you will find different ways to create different revenue sources. I don't think that you should at all think about putting people on notice that your services are going to change this year.

Mr. Smith replied as I said, our concern is for the longevity of the agency. In my view, a vote to provide any less than the current level of support is a vote towards reducing the scope of what we do and perhaps towards eliminating transit in Manchester.

Alderman Osborne stated what I am interested in here and to put everything into perspective here what does it mean to the people out there. This is what I am interested in. All of us have had a lot of letters and phone calls and I am kind of tired of it myself. Why can't you use that \$400,000? What is the difference between using that \$400,000 you have and us funding the \$400,000? What is the big difference?

Mr. Smith responded as I said in my first point, it requires that the school operation supports transit. There is more school cash in our checking account than there is school cash.

Alderman Osborne asked what is the difference when you switch it from the school side to the transit account? What is the difference when you do that? What happens if you are robbing Peter to pay Paul here?

Mr. Smith answered well, in the normal course of things we currently do that. When we are waiting for the federal grant, the school operation carries the business and when we receive the federal grant we can free up the funds to purchase a few school buses.

Alderman Osborne stated well we certainly don't want you to lose that. That's for sure. That is why I am asking you.

Mr. Smith stated to use \$375,000 or \$400,000 or whatever the number is, that amount is greater than the amount of transit cash in the account on average. So it would mean that we are drawing from school to support transit and that wasn't anticipated when the school contract was...

Alderman Osborne interjected have you ever done it before or would this be a first time?

Mr. Smith responded no, not on an ongoing basis.

Alderman Osborne asked have you ever done it before period?

Mr. Smith answered only during the course of the year to make the end of the year.

Alderman Osborne stated well again I don't know whether it is going to take \$375,000 more out of the rainy day fund or whatever it is going to take but I would like to see this thing cured one way or another. We can't guess at it. If we are going to come back and give you the money like Alderman Gatsas said, is there a timeframe to it at all if the City comes back and gives you the \$375,000 or \$400,000 or whatever you need? Is there a timeframe so you don't lose out on anything?

Mr. Smith responded Mr. Cantwell has worked out what he thinks might work if we were to use that \$375,000 of our cash this year and perhaps he can answer that better than I.

Mr. Bill Cantwell stated when I was working through it I made a few presumptions. I presumed that we will draw down the City subsidy and accelerate it. We will take half of it, let's say for July 1st, and then take the other half around November 1st. This corresponds to the lowest cash position that we have. I am understanding what Alderman Gatsas is saying that if we need more we can come back to the City. Like Mr. Smith said our concern is the subsidy this year from the City is \$900,000. The budget of local cash between the City's contribution and our \$375,000 is roughly \$1.3 million. Next year we will be coming back to the City asking for \$1.4 or \$1.45 million with no cash left to make up the difference. We are just concerned that next year's subsidy from the City will be ample enough to run the service. We are using \$375,000 and the City now needs to make up that in next year's subsidy.

Alderman Gatsas stated last year you had \$1 million. What happened to the \$625,000 in a year?

Mr. Cantwell responded most of that money is school money.

Alderman Gatsas replied you didn't answer my question. You had a \$1 million balance in cash. You are telling me now that you only have \$375,000?

Mr. Cantwell answered I didn't say that, Alderman.

Alderman Gatsas asked how much do you have on hand right now?

Mr. Cantwell responded at the end of March it was \$772,000.

Alderman Gatsas stated now that \$772,000 that you have as a balance didn't just appear.

Mr. Cantwell stated no, it came from a federal grant.

Alderman Gatsas stated it had to come from not only a federal grant but matching City dollars. So you can't tell me that all of that \$772,000 is total federal dollars because some of it is City taxpayer dollars with the subsidies that you have received.

Mr. Cantwell replied you are correct.

Alderman Gatsas responded thank you very much. How much of that is City dollars? You can't tell me because it goes back about ten years.

Mr. Cantwell stated I can tell you that at the end of March City dollars was \$300,000.

Alderman Gatsas replied so all I am asking for is the City dollars that the taxpayers have already paid for once to subsidize the ridership going forward. All I am asking for is the dollars back out of your rainy day fund because that is basically what it is. It is taxpayers' dollars that you are holding.

Mr. Cantwell stated I am not disputing the \$900,000. I am not. If you can accelerate my subsidy and give me assurances that if our federal grants don't come in...

Alderman Gatsas interjected we have already said that we will do that.

Mr. Cantwell stated so this year's subsidy from the City will be \$900,000. We are asking the Board what next year's subsidy will be.

Alderman Gatsas stated I can't give you that answer.

Mr. Cantwell stated that is what Mr. Smith was trying to explain.

Alderman Gatsas stated I don't think anybody can give you that answer just like you can't give me the answer that maybe your federal subsidy wouldn't increase by \$2 million.

Alderman Osborne stated again all I am trying to say is whichever way we go with this, they are still going to have the money and we are going to have to give them some cash if it comes due, but the main thing is the ridership. We just can't shut down...well not shut down but do away with a little at a time like we did with

all of the other departments. You know we just squeaked them down and down and down. For what little we are talking about here, \$375,000, even that if we made it...what is it \$2.1 million now that we are taking out of the rainy day? So, another \$375,000 if we put an amendment to the budget so this can go on...

Alderman Lopez stated I think the \$900,000 and the finance people at MTA, along with the Director, the offer has been given that they can come and ask for whatever money they need and they can work out the financial details through the Finance Director and the Finance Director can bring it before the Board.

Alderman Smith stated David, I was at that meeting for three hours the other day and like I said, it was very emotional. We are penalizing the elderly and the veterans that use the VA and so forth, but I think under the circumstances we are in you have to bend a little bit. There are no assurances in life. I know that all of the Aldermen are going to be here for another year so you are not talking on deaf ears. We are all going to be here another year for another budget and we will try to do everything possible. We are hoping that you can bail us out. I have received numerous letters and a couple from veterans. Like I said, I am disabled but I am able to drive a car. These people can't. They depend on the bus for their living. We are just telling you that we are in dire straits this year and asking if you can bend a little bit. We would certainly appreciate it.

Mr. Smith replied I appreciate your comments, Alderman. The folks at the public hearing voiced their concern about service impact. Impacting the service or cutting service is the last thing we want to do. We heard a lot of people speak Wednesday at the public hearing regarding their preference for increasing fares before making any effect on service. I would think that the MTA Board in their policy this year would consider that first before any service reduction.

Alderman Shea stated I am not sure Alderman Osborne but I don't think we can arbitrarily take money out of the rainy day fund. You can only take that money out if you have lack of revenue.

Alderman Osborne responded well it all boils down to it going there anyway.

Alderman Shea replied if you wanted to add \$375,000 then you would have to increase whatever the budget is.

Alderman Osborne stated true. I realize that.

Alderman Shea stated David, the point is that you have a decision to make. You have already indicated in an e-mail that you are going to recommend not providing services if that were the case but the point is that it is essential that we have your cooperation as well. In other words, it is not our decision necessarily but your decision regarding the ridership, so it is up to you to recommend or agree with if the Commissioners so wish but it is in the best interest not of the Aldermen or your particular situation in FY2010 but in terms of the people who are riding the buses. I think that should weigh heavily on you. Again, we appreciate your decision.

Mr. Smith responded I appreciate that and certainly MTA staff and the Board faces significant challenges this year.

Alderman Osborne stated all I am trying to say now is without this guarantee from MTA that nothing is going to change, I am not voting for the budget. I want to be assured that nothing is going to change with this. We are not talking a lot of money here and to go through this fight whether it goes this way or that way I think is ridiculous, absolutely ridiculous for \$375,000. These are my feelings.

Alderman M. Roy stated I was going to bring this up under the Transit Appropriation, Item 12, but David, I appreciate the position you are in running the Transit Authority and trying to keep fares low and provide services. What Alderman Gatsas is saying to you right now is you have a Board that is willing to work with you to get over accounting measures. I hear the \$400,000 and I appreciate when your accounts get low, but I appreciate more when the taxpayers' accounts get low and it is their checking account. They don't have the City government with rainy day funds and special one time revenues to rely on. I am basing this all on the fact that the first bullet of your memo to us was regarding that in 1973 it was established as an Enterprise fund. We have looked at every one of our Enterprise funds, whether it be Parking or Parks & Recreation doing something with McIntyre or something in the Millyard, and we have expected the best out of them when it comes to raising funds to operate within what we can give them. I appreciate the taxpayer subsidy of MTA. I appreciate what you do but when I hear services cut and the VA route may go away, which is in my ward, I take those as kind of the last resort, not the first. We will listen to our riders and we may have to charge more and we will work on our advertising and work on our raising of revenues so that we don't have to cut services. That, I think if you look at this entire budget package, is what you will find. The City is saving services and we are cutting out every other piece of fluff that goes into it and that is my problem right now. I am looking at an Enterprise and hearing service cuts, time, people...and I am not hearing we have 365 days until our next appropriation. Let's go ahead and find a way either through working with the Board or working with your commissioners or working with City staff and the Mayor's office to find a way to make-up that \$400,000 so that next year you may come to us and say look what we did, we only need \$800,000 this year. As many of my colleagues have said, they want to use the rainy day fund because it is raining. I only think it is drizzling right now. It will be raining next year when we cut a number of things

that we are cutting now and use the monies that we are using now and don't have those options next year. This gives a full year. Work through the accounting and keep the services and keep the VA route and let's work together to make it better for next year.

Alderman Osborne stated I am trying to put this together a little bit. We are all after a zero budget here but that is just the City side, like the Mayor was saying. The taxes are going to go up. That's for sure. I know nobody here is going to go with \$140 million. So I said from the very beginning that we are talking about a 3% tax increase and I don't think I am too far off – 3% or 4%. With the MTA sitting here with \$375,000 what it comes out to is a .2% increase. Again, I want to make sure that the transit is there. I used to hop on the back of those things when I was a kid in the snow. I am familiar with transit but this is the way it should be for the City. A lot of people rely on those buses. We all know that and we are just trying to squeeze it in at a zero budget. Zero or .2% is not a big deal. It is ridiculous just to say we have a zero budget. So this is the way I feel about it.

Alderman Pinard stated as I look at the sheet here and the process, we have been hearing from departments that they are going to cut services here or there if they don't get this or that. I notice that the 14 Aldermen here worked almost full-time at their job and they are going to be cut. I will vote for this budget. The cut is going to hurt. The price of gas is \$30 to \$45 a week that I put in my truck because of the running around that I do in Ward 6. We need to cooperate. I know it is going to hurt and me and some other Aldermen but if we have to do that there is the service of 14 people that you are taking off the sheet because we want to pass the budget.

Mayor Guinta asked David, what percentage of your revenue comes from fares?

Mr. Smith answered less than 10%.

Mayor Guinta asked how does that rank with other cities our size? Is it high or low?

Mr. Smith answered it is comparable. Our problem with increasing fare revenues is we don't get the full benefit of it because \$.39 of every dollar is contributed by the Federal government when the subsidy is split. We only get 61% of the benefit locally because it reduces the federal share as well. It is quite a challenge.

Mayor Guinta asked are you saying we have to keep fares low so the City side is higher to insure the maximum amount of federal dollars that we receive?

Mr. Smith responded no, it is not a matter of maximizing federal dollars. It is just a challenge to increase revenues to the extent necessary to support increasing costs because fares are such a small percentage and increasing revenues by fares reduces both City and federal subsidies so we don't get the full benefit.

Mayor Guinta asked what is the subsidy from the taxpayer for each rider?

Mr. Smith responded I don't know. Perhaps Mr. Cantwell knows.

Mr. Cantwell stated I think it is about \$12 a rider.

Mayor Guinta asked when was the last time the fares were raised?

Mr. Cantwell replied 2003.

Mayor Guinta asked what was it raised from?

Mr. Cantwell responded it went from \$.90 to \$1.00 so it raised our revenues by about 11%. Can I just make one point? This is the only thing we are trying to say. This year's subsidy request from the City was \$1.3 million. If nothing increases in our budget next year we would come back to the City and ask for another \$1.3 million. So the two years together are \$2.6 million of which the City only funded \$900,000 this year. That is why we are saying next year's request will be significant. I have no problem using the cash. I am not saying keep my budget \$375,000. I am just saying be aware that next year's subsidy will be a lot higher than \$900,000.

Mayor Guinta stated as I said last week, I am not going to recommend that amount in next year's budget. We have to change this model. I can appreciate, as other Aldermen have stated...I think everybody generally feels on this Board, myself included, that we should have a transit system in the City. I think the differing views...I won't speak for everyone because I am not sure if everybody shares my opinion but we do have to look at maximizing the revenue sources. I am not saying make it unfeasible for your customers to ride the bus. That would not be fair. But, I think we have to look at maximizing the number of riders per route. I think we have to maximize other revenue sources and we have to consider beyond what we are doing today and there has to be a realization, especially in years like this when the City has significantly less revenue to appropriate...there is a policy decision that we all go through. I know that there are many members of this Board who don't agree with the \$900,000 but the reality is that we are faced with a more global decision that has to be made. Again, if that is going to require some sort of joint effort or joint committee to look at improving your revenues as well as looking at the existing routes...I know that there are some routes that at certain times of the day have very little ridership. We need to look at different ways of providing the service to the majority of people who need that service.

Again, I can tell you that unless something dramatically changes in the next 12 months, our revenues are going to be relatively flat next year or in the negative so we are not going to be in a position next year to give you more money. We are going to go through this same exercise with every department head and the School District and Transit Authority. Again, try not to take it personally. It is just the reality of the financial situation that the City is in. When we had the money, David, we gave it to you. Now we are saying we don't have the money so we are making decisions that none of us like but we are required to do it. I will look at you and if we need a joint committee to look at some of these things...if we need to bring in other experts to assist us I am more than happy to look at those alternatives. I am certainly committed to starting the process now rather than a year from now when we only have two months to try to solve the problem.

Mr. Smith responded we will be happy to work with you.

Alderman J. Roy stated just a point of clarification, Your Honor. The Resolution that is on the floor right now...

Mayor Guinta interjected does not include this.

Alderman J. Roy stated so we are going to vote on that Resolution. This actually comes up in Item 12, right?

Mayor Guinta responded yes.

Alderman Osborne asked so we are not going to be voting on this?

Alderman Lopez interjected correction, Your Honor. You mentioned item 12. We have a motion to approve the budget now, so item 12 is not going to change anything. That is my clarification. Do you agree with that your Honor?

Mayor Guinta responded I think because they are separate Resolutions they have to be voted on separately. However, the intention of the Board is to keep Transit at \$900,000. That is how I understand it.

Alderman Gatsas stated that is how I understand it.

Alderman Lopez stated that is how I understand it.

Alderman Osborne stated I just want to sum it up a little bit here. I have lived in Manchester all my life. You have heard this a thousand times. Mr. Smith, probably you would know this if you ever looked back at the routes that you used to have back in the 1950's and 1960's but how does that compare to today? How many more or less routes were there and were they the same?

Mr. Smith responded service was significantly cut back in 1981, 1994 and I think the late 90's. When the MTA was formed in 1973 to take over the private enterprise, there were 33 buses purchased and I think the peak operating requirement was 28 or 29 buses at the time. We are currently operating 16 buses with 13 on the street.

Alderman Osborne asked why does everything seem to be getting less and the population is getting so big? I guess a lot of people have automobiles and they didn't back in the 1950's. That is one reason. But, with the gas crunch and everything, I think we are going to need the transit. I don't want to cut anything from them. If you can use your monies that is fine. I don't mind what Alderman

Gatsas is coming in with but I don't want to vote on something that is not going to make everybody who has written to me or called me happy.

Alderman M. Roy stated I have a question for clarification. Mr. Cantwell did you say in response to I think Alderman Gatsas' question that the taxpayer pays a \$12 subsidy for every rider on every bus of the MTA?

Mr. Cantwell responded yes, I believe that is the number.

Alderman M. Roy asked what is the federal side of that subsidy?

Mr. Cantwell answered I will have to get back to you on that one. I have too many numbers floating around in my head.

Mayor Guinta stated I think it is \$6 City and \$6 federal.

Alderman Gatsas asked what do you get for a federal subsidy?

Mr. Cantwell replied for this year's budget we expect to get close to \$1.6 million. It is always matched dollar for dollar locally. Whatever the City or MTA contributes, the FTA will match.

Alderman Gatsas asked so if it is a \$12 subsidy on \$900,000 then it is close to a \$24 subsidy on the Federal side so for each rider we are subsidizing about \$37.

Mr. Smith stated no the total cost per passenger is in the range of \$5-6. With a \$1 fare I think between federal and local subsidy it is about \$5.

Mayor Guinta responded if you could clarify that and just get it to the full Board in writing please.

Mr. Smith replied we will do that tomorrow morning.

Alderman M. Roy stated as a follow-up to that, and again maybe I am missing something...Alderman Gatsas has been feeding me information thankfully but you can take a taxi by yourself to any point in Manchester from the Airport for a maximum of \$17. So if we are paying \$12 on the City side and \$13 on the Federal side, a \$26 fare is a rape and that is why I am saying we need a better model. We need a better way of doing business. If we can have private industry take us anywhere in the City for \$17, why is it costing us \$26?

Alderman Gatsas asked how many riders do you have?

Mr. Smith answered approximately 460,000 this year.

Alderman Gatsas responded so if I look at the calculation and say it is \$2.5 million that you have received from both the City and the Feds and I divide that by 450,000 that is \$5.56. I guess we could have done the math a lot quicker. So you don't have to come back with a number.

Mr. Smith replied it is between \$5 and \$6. You are correct.

Alderman Domaingue moved the question.

Alderman Lopez asked the Clerk to read the motion and requested a roll call vote.

Deputy City Clerk Matt Normand stated the motion on the floor is that the Appropriating Resolution “Amending a Resolution ‘Raising Monies and Making Appropriations for the Fiscal Year 2009’ to \$119,979,669” ought to pass and be Enrolled.

Aldermen Lopez, DeVries, Smith, Ouellette, Domaingue, M. Roy, Gatsas, J. Roy, Pinard, and O’Neil voted yea. Aldermen Garrity and Sullivan voted nay. *The motion carried.*

Alderman Lopez stated before you go into recess for CIP, I would like the City Clerk to pass out my directive so that there are no misunderstandings going into FY2009. We talked about it at the last meeting and I just want to clarify it and get the Board’s approval, and if any changes need to be made we can do that. While he is passing that out and Aldermen are looking at it let me read it.

With the adoption of the FY2009 municipal budget, the following policy shall be effective immediately:

- Department Heads may proceed to coordinate with the Human Resources Department to fill existing vacancies provided they have funds; however, no vacant positions shall be filled prior to July 1, 2008.
- Department Heads shall adhere to the Employee Recruitment and Selection process as outlined in the Code of Ordinances Section 33.027 and 33.028 and shall have the authority to proceed upon approval of the FY09 budget.
- Any vacancies that happen after July 1, 2008 shall require the approval of the Mayor prior to filling the vacancy.

This policy does not apply to:

- The Fire Chief is authorized to hire 8 firefighters on June 15, 2008. The Fire Chief is also authorized to promote at his discretion within his budget.
- Highway Department will continue with their current policy of managing their positions within their authorized budget.

Approval of this policy is required.

s/Mike Lopez, Alderman-At-Large

Mayor Guinta *stated before we take that vote I am going to veto the budget. I respectfully do so for the reasons I outlined before. I am very concerned about the impact to our rainy day fund. I think if we continue down the road of identifying funds for utilization such as other economic development or rainy day it sets not only a bad precedent but does jeopardize the future financial stability of the City. Secondly, from a policy perspective I don't agree that we should bifurcate this process. I think if we are going to pass a budget and call it a zero we should have the school budget number included in this process. I understand why the Aldermen are not willing to do that this year but it is part of my veto message because I hope in future years both the School Board and Aldermanic Board can understand how some of the decisions are made and what those impacts are. Thirdly, I am concerned about the Building department revenue projections. I am not in a position to state very firmly that we can make the \$3 million revenue number. I am going to do everything I can, and I know that every member of this Board will do everything they can, but I am concerned about meeting that revenue projection. Finally, I am concerned about the Police budget appropriation. I appreciate their willingness to work within the appropriated number but I believe it could raise potential concerns. I will work with them and I know Bill Sanders will work with them. For those reasons, I respectfully veto this budget.*

Alderman O'Neil stated with respect I move to override your veto. Alderman Domaingue duly seconded the motion.

Alderman O'Neil requested a roll call vote.

Alderman Gatsas stated I certainly respect your position, Your Honor, and that is your prerogative, but I would have thought you would have vetoed last year's budget that had \$3.5 million of one time money, which certainly was a bigger exacerbation for me rather than what we have done here. I think it is important to understand that the veto message is clear. Certainly I believe that the numbers we produced for these departments are going to work. As for the numbers you agreed to last year, it produced a \$2 million shortfall in revenues. I think revenues are a projection. They are numbers that we look at. We look at department heads to come forward and certainly that is why the shortfall in revenues are in the rainy day fund because the projections that were made last year on a budget to create a zero budget last year. So those budget numbers didn't work. The revenues didn't come in. There was a shortfall. So be it.

Alderman Shea stated Your Honor, you explained to us what your objections are. Would you want us to approve your budget? Would you guarantee that your budget would fulfill these problems that you listed?

Mayor Guinta responded if the veto is sustained, what I would be committed and willing to do is work with any Alderman here, one or fourteen of you, to come up with something that I feel I could support. Obviously it will be different than what I proposed in March because numbers have changed and revenue projections have changed. Going from an accrual basis to a cash basis has changed in terms of the acceptability by the Finance Officer as well as the Assessor's Office. The amount of the tax base in this budget has changed. It is a number I am willing to support.

I wasn't willing to support it back in March because I was more concerned with the projection at that point. So things have changed. Again, this is a process. I believe in that process. I think because more information is at our fingertips today...as I mentioned I think at last week's meeting if I had the information today that I had in March my budget would be different. I am more than willing to work with any member of this Board if this veto is sustained. I think there are some things we need to work on. Again, I would be willing to accept most of the line items that are proposed for the departments. Again, we would have to have a conversation about what is acceptable to all of us. I would be committed to that. I can look at alternative amendments that are proposed by members of this Board. We can do it on a recess. We can do it this week. We can do it next week but I certainly would offer that.

Alderman Shea replied Your Honor, I don't want to speak out of turn but Alderman Gatsas has indicated that he would be willing to go along with your budget and I will second that and see where the City goes from there if that is going to lead us to a better situation. I don't think it will personally. I am sure that people sitting in the audience here who are department heads will not be very pleased with that situation.

Mayor Guinta responded let me be clear. I said that many of the numbers that are proposed in this amendment would be acceptable to me. I am not suggesting that we refer in totality to the original budget that I proposed and I am saying that because several things have changed since I gave this Board my proposal.

Alderman Ouellette stated Your Honor, you cited as one of your reasons for vetoing the budget that we are not firm on a school number yet and you don't think this Board is prepared to act on a number. Are you suggesting, Your Honor, that you would like us to vote for your number, the \$140 million, this evening?

Mayor Guinta replied that is up to the Board. If the Board wants to vote \$140 million, that is your wish. If you want to vote some other number, that is up to the Board as well. I just feel that it should be done at the same time. I know that there has been a lot of discussion privately about where the school number is going to land. It is possible that it is \$140 million. I understand that. It is possible that it is going to be slightly higher than that. I am just suggesting that bifurcating the process doesn't truly provide today the public an idea of what the tax impact will be. Again, I understand why it is bifurcated this year. The School Board has chosen a certain course of action that I think has created a challenge for not only themselves but the Administration. I understand the reasoning behind it but I would like to have at least a debate as we go through the budget process of whether we are going to be at \$140 million or \$142 million or \$147 million. I think that is only fair for the public to get an idea of where this Board is.

Alderman Ouellette stated I agree with you and I have been working on it. I have had a few meetings with the School Administration and the numbers that they have been telling me because of their decision not to rift to make it, and I was told you have seen these figures as well but to make it to your \$140 million they have to find savings of \$3.58 million. That is why I think this Board is not prepared to move on a number. I think that there is a lot more work that needs to be done on the school budget.

Mayor Guinta responded that is fine and I agree with you. I met with the Administration last week. They conveyed to me some of their concerns considering that the School Board did not rift. I agree with you that there is more work to be done. I am not suggesting that an entire vote be taken tonight. I could suggest that we delay a vote until a true number is identified. Again, it is up to the

Board how they want to proceed. Whatever occurs I am certainly willing to work with the Board.

Alderman Ouellette replied the last thing I would add is that history has had the budget split in the past. I remember the Board moving on numbers before because the rift date used to be in mid-April I believe. Since then through contractual negotiations between the teachers and the district, that date has been moved to May 10 so there has been precedent in the past.

Mayor Guinta stated to my knowledge at least in the last five or six years I think it has happened once and I think it was the school number that was provided first.

Alderman Domaingue stated as a point of clarification as we sit here today looking at the numbers that we are looking at, do you still contend that \$140 million is adequate funding for the schools.

Mayor Guinta responded there is no question that depending on who you ask...you know the School District wants \$153 million.

Alderman Domaingue replied I am asking you, Your Honor. You proposed \$140 million.

Mayor Guinta stated if the Board adopts \$140 million, I will do everything I can to work with the School Board and the administration to make it work.

Alderman Lopez stated I wish my colleagues would override the Mayor's veto. Just so everybody understands, we had plenty of opportunities to sit down once we presented our budget. That didn't happen. I don't think we should hold up this

vote. Let's get the City side out of the way and then we can concentrate on the schools.

Alderman Osborne stated the whole thing again boils down to this: If we are going to come in with a zero on the City side, then the schools stand this way. It all depends on how much you want to raise taxes. So for every million you go up on the schools, this is the amount of percentage to the taxpayers. That is the way you look at it. We can't micromanage the School Department. This is the way it is going to work out. Like I said, 3% or 4% or the Mayor's \$140 million. It is all up to the Board here.

Alderman Smith stated as far as I am concerned we separated the City services from the School Department because we went on your assumption of \$140 million. We are trying to take care of the City services. Yes, if we do adjust the schools, just so everybody knows, for every percent it is \$1.5 million and for the tax rate it is eleven cents. So when you are talking percentage you know where you are going. I can't understand how you got the figure of \$140 million. I think the School Board knew they had the money in there for the teacher's salary but that list that they gave us destroys athletics and special education and special needs and so forth and I would just like to say let's take care of the City side tonight and we will address the schools another night.

On the motion to override the Mayor's veto, Aldermen O'Neil, Lopez, Shea, DeVries, Smith, Ouellette, Domaingue, M. Roy, Gatsas, J. Roy, Osborne and Pinard voted yea. Aldermen Garrity and Sullivan voted nay. The motion carried.

Mayor Guinta stated the next item of business is Alderman Lopez's letter.

Alderman Gatsas stated my first question is can I have a clarification, because one of the bullet points says that the Fire Chief is authorized to hire eight firefighters on June 15th. Does that mean they start then? I think there is still a freeze?

Alderman Lopez responded I would ask the Fire Chief to come up and explain that. We had a meeting with him this afternoon because there was clarification that we needed. I met with the Chief this afternoon to go over this particular item. I will let him explain it but I think we are going to save about \$51,000 in overtime every month if he moves forward. With that, I will let the Chief explain and I will fill in if he forgets anything.

Mr. James Burkush, Fire Chief, stated we need to hire them on June 15th for a two week orientation and training to get on board for the first week of July. That is our peak vacation period.

Alderman Gatsas asked so those funds would be appearing in the July payroll figure?

Alderman Lopez stated Chief, I think you need to explain what it is costing you right now and what you explained to us this afternoon.

Alderman Gatsas stated I don't have an objection. My question is...

Alderman Lopez interjected in FY2008.

Alderman Gatsas asked well when do they get paid? They are going to get paid in FY2009 so that is out of the FY2009 budget. I am fine with that. You don't need to answer.

Alderman Lopez stated no, in FY2008 he has to use some funds and the amount of money is \$15,000 I believe.

Chief Burkush replied that is correct. It was \$15,000 in our FY2008 budget to hire those firefighters.

Alderman Lopez asked in order to save that \$51,000 in overtime?

Chief Burkush answered yes in the month of July.

Alderman Gatsas stated let me try this again. Obviously the rate of pay for 15 firefighters...let's take a round number and say it is \$80,000. When their checks are cut they are going to have July dates on them. Is that correct or incorrect?

Chief Burkush replied they are going to get paid out of the FY2008 budget for two weeks. It is \$920 a week for a firefighter so it is about \$15,000 out of June.

Alderman Gatsas stated maybe we need the Finance Officer here to give you a clarification because I don't disagree with what you are saying but those funds are coming out of the F2009 budget.

Alderman O'Neil stated they have to be paid in FY2008 though.

Alderman Gatsas asked Mr. Sanders can you step in please? The Chief is going to hire eight firefighters on June 15. When will their checks be cut and to what year will those funds be allocated?

Mr. Sanders answered without knowing the exact dates of when June 15 is, let's assume there are two weeks left in FY2008. Those paychecks will be charged to his FY08 budget.

Alderman Lopez stated that is to save \$51,000 in July.

Alderman Shea asked Chief do you have that amount of money in your budget?

Chief Burkush answered yes I do.

Alderman Shea stated you mentioned the last time that so many firefighters go out in July and then they go hunting in October or something to that effect. Is that correct? Is it possible to have a vacation situation where many of them go out at the same time? How does that work? In most companies not everyone goes out at the same time. In other words, seniority rules. Does that add to your overtime when a lot of the firefighters and administrative personnel go out at the same time?

Chief Burkush replied the administrative personnel don't incur overtime but the firefighters...by contract we can have 20 per week out of a work group that can go on vacation.

Alderman Shea asked is it possible in future years as you look at this situation for there to be a change so that the impact would not be as severe?

Chief Burkush answered we could try and negotiate that.

Alderman Shea stated I think that would make a lot of sense because obviously if by contract a lot are going out at the same time that is really causing you a lot of headaches.

Chief Burkush responded in the month of July we have 72 people on vacation. That is why we load up in the spring.

Alderman Shea asked you have 72?

Chief Burkush answered yes 72 vacations in the month of July. That is why it is so imperative to get this passed.

Alderman Shea asked do they go out for two or four weeks?

Chief Burkush replied those are one week periods. That is why it is imperative to get the staff hired early in the spring and you put them up against the overtime number to reduce the overtime.

Alderman Shea stated but contractually when you have the next negotiation that might be...Alderman Gatsas mentioned the third alarm. Has that been discussed at all?

Chief Burkush answered we have had preliminary talks with the union. It is still early.

Alderman Shea stated any help you can give the City of course would be appreciated.

Chief Burkush stated we are working to reduce overtime.

Alderman Lopez stated for clarification I know you were concerned, Your Honor, about the Deputy Chief. This does not include a Deputy Chief. We honored your wishes.

Alderman DeVries stated Chief, you have had in effect now I think for two years a vacation buy back. Can you tell me if you have been able to scrutinize that to see if there has been any deduction of utilization?

Chief Burkush responded we believe that has significantly reduced our overtime budget. The reason being that when you are paying people in a vacation buy back, these are people who would normally receive time and a half or be covered at time and a half and they are receiving straight time rather than time and a half. It is actually more than time and a half because they take a vacation period on a 48 hour work week, which would incur higher costs. So that saves us a significant amount of money.

Alderman DeVries asked so it would be your statement that that was a good management tool?

Chief Burkush answered it has resulted in significant savings in our overtime budget.

Alderman Gatsas stated I have a question on Alderman Lopez's letter. The third one down that says any vacancies that happen after July 1, 2008 shall require the approval of the Mayor prior to filling the vacancy. I guess my question is to you, Your Honor. I don't have a problem with that but if somebody moves somebody from Position B to Position A, which creates a vacancy in Position B does that mean they have to come to you or can they fill it?

Mayor Guinta responded it sounds to me like they have to come to me to fill it.

Alderman Gatsas stated I am saying if they have a vacancy and they move somebody to fill that vacancy like a promotion you are saying they have to come...

Mayor Guinta interjected the way I read it they have to come to me to fill that new vacancy. I think the intent was new vacancies, regardless of how they were created.

Alderman Gatsas stated I would think that the vacancy...if there was a promotion that went in then if there are five people in a department or five positions and one of them is vacant and somebody moves from the number five position to the number four position because of what we are doing here and the four position is vacant they are still going to be short one person and I don't think that was the intent of the Board.

Alderman Lopez replied I would answer it this way. They must fill that vacant position by July 1st so they have to get cracking tomorrow morning.

Alderman Gatsas responded that is not my question.

Alderman Lopez stated I know what you are saying. If they move one person up now there is a vacant position. They have until July 1 to accomplish that and I think it can be accomplished. I think after that if there is a vacant position let's say in August, then I think we have given the Mayor the authority to try to make up some severance pay and stuff like that.

Alderman Gatsas replied I don't have a problem with that but at some point if we are looking to fill positions so that we are at 100% complement there is no way a department head can make a move up and fill a position below by July 1st. I don't think they can in an effective way.

Mayor Guinta stated but there is a hiring freeze on right now.

Alderman Gatsas responded that is what I am saying to you. So the window for them to hire somebody is one day.

Alderman Lopez replied no, no, no. Now I understand what you are saying. What I am saying in this correspondence is if I am a department head and I start my paperwork to move forward and hire somebody tomorrow if I can do it...just follow me. Let's say two weeks from now I hire someone. They can process the paperwork and publicize for five days in their own office and hire somebody or promote somebody. As long as they have the paperwork by July 1st as far as I am concerned...as long as they have the paperwork in play they can fill that position. Now if the Board wants to do something else that is a whole new ballgame. I have talked to some Aldermen and this was the intent.

Alderman Gatsas responded I don't think that is a clear intent. I certainly don't question that the Mayor has the ability, but if there is a department right now that has let's say two vacancies and they promote two from the bottom up, they are still going to have two vacancies and if the Mayor says freeze they aren't going to be able to fill them. You are looking to fill those...you are looking for a department head to post, fill and promote all within a two week period.

Alderman Lopez asked two weeks?

Alderman Gatsas answered you can't hire them before that.

Alderman Lopez stated they have four weeks to do all of this. If they can't do it then maybe they don't need the person.

Mayor Guinta stated the need and the process are two different things. Alderman Gatsas is talking about created vacancies because of internal promotion. So he is asking for my interpretation and my interpretation is that they would have to come to me to fill the vacancy. Just for edification I can only think of two departments off the top of my head, actually small departments, that we are thinking about.

Alderman Gatsas responded I don't think you are talking about 50 people but I bet you are talking about ten or fifteen maybe. You have HR.

Mayor Guinta replied it is Clerk, HR, Building and maybe Planning. So four departments that I can think of and probably ten people.

Alderman O'Neil stated this goes back to my comment earlier. The departments need to give thought to their budget through FY2009. They better not go in and start filling all kinds of positions because then their backs are going to be up against the wall. That is the message I was trying to give earlier. I think the two to me are Police and Fire. I believe in the now 12 patrolmen positions...well there were 11 and the Chief mentioned that the week they will be hiring the 11 the following week there is a retirement coming up so he would like to fill the 12, but I think within those numbers there are three promotions correct? There is a Captain and two Sergeants maybe? They are saying yes. So I would expect that would go on. Now anything over and above those I believe because Alderman Lopez and I have talked because I was a little confused on this whole thing last week, anything beyond that the Chief would need to go to the Mayor for approval.

We know there is a similar situation at the Fire Department. They need to put the entry level firefighters on in this fiscal year but then promotions could save overtime money effective July 1st. Any new positions over and above that would need approval. Now I know in a conversation with the Chief they are already thinking about leaving a District Chief position open to make up severance pay. Am I correct? So Chief Burkush has already thought about the approved FY2009 budget and what he needs to do to manage it.

Mayor Guinta stated let's just use the Fire Department as an example because it is on this list. It says the Fire Chief is also authorized to promote at his discretion within his budget. As soon as he promotes he is going to come to me and ask to fill the vacancies and I am going to have to say no.

Alderman O'Neil responded we are saying fill those vacancies right now.

Alderman Lopez stated by July 1st. After July 1st he can come to you but before then he doesn't.

Mayor Guinta stated well this line then...it says the Fire Chief is also authorized to promote at his own discretion within his budget. There is no time restriction there. I take that to mean for the entire FY2009. So any time he wants to promote he can promote and then he has to come to me to fill the vacancy and if I say no...you are giving me partial ability to manage here and not...you are picking and choosing how and when you want me to make decisions. It is very difficult for you to say to the Chief promote as you so choose and then he has to come to me to fill the vacancy and if I say no because I am trying to manage the budget...

Alderman Lopez interjected you might have a point. I would like to bring the Chief back up here because my intent and I think the intent in speaking with the Chief is to promote in order to save overtime and he has to do that by July 1st. After July 1st, they all have to come to you. I just want to make that clear.

Alderman Gatsas stated right, but with all due respect to my colleague, what this does is it forces the department heads to hire outside the department or promote outside the department because that creates a vacancy. In other words if I have four and I hire John Doe to fill a vacancy that may be a promotion to somebody it fills my department but I don't promote from within. I don't think that is the intent of what we want to do here.

Alderman Lopez responded no and I think, Chief, when we had this conversation we were talking about a situation where you will be hiring eight firefighters and they have to come on by June 15th in order for you to save \$51,000. Is that correct?

Chief Burkush replied that is correct.

Alderman Lopez stated the second conversation we had was in reference to two promotions in order to save overtime in your ranks. Is that correct?

Chief Burkush responded that is correct.

Alderman Lopez asked and you have to accomplish all of this by July 1st? Was that discussed?

Chief Burkush answered we would like to do the promotion this week because we have an overtime situation.

Alderman Lopez asked after July 1st are you of the understanding that if you have a vacancy or anything you have to go to the Mayor?

Chief Burkush answered that is correct. It has been past practice that if you have a vacancy you go to the Mayor for permission. That includes top to bottom unless it is specified.

Alderman Lopez asked so come July 1st you go to the Mayor and say I want to promote this guy and the Mayor says no. It is his prerogative to do that.

Chief Burkush answered it consists of all promotions and hiring. You have to go to the Mayor for that.

Alderman Lopez replied after July 1st.

Chief Burkush responded that is correct.

Alderman Lopez asked so you understand that?

Chief Burkush answered that is correct.

Alderman Lopez stated I don't know what the problem is.

Alderman O'Neil stated my understanding is this is the window between now and July 1st. In the case of the Fire Department it is to get the department in a position to be fully staffed for July 1st to save...I think the \$51,000 was just privates correct?

Chief Burkush replied that is only vacation. That is not counting everything else.

Alderman O'Neil stated it is just to save on the two highest vacation months of the year. Any new retirements after that point I believe is in the intent. We have a somewhat similar situation in Police. We know there is an academy class in August. The Chief is looking to make the three promotions and then hire 12 patrolmen to send to the academy. I can't speak to the four small departments that you mentioned but I think I understand where Alderman Lopez is going with this, at least related to Police and Fire.

Chief Burkush stated we have three more vacancies that we are anticipating of officers. That is what the discussion was. During the fiscal year we are going to have to manage that because of the severance problem.

Alderman O'Neil stated but that is future retirements.

Chief Burkush stated that is in the middle of the year.

Alderman O'Neil asked is that current vacancies?

Chief Burkush answered that is correct.

Alderman O'Neil stated so for those you would have to go to the Mayor although you have made it clear to me that you are going to manage your budget and you won't ask to fill those immediately.

Chief Burkush responded that is correct. We understand the fiscal constraints going forward but we need to plan this out, hold the Deputy's job open and make it District so that we have the staff going forward through the year.

Mayor Guinta asked can you say that again?

Chief Burkush answered hold the deputy and make the lower-tiered promotion, the District, because we are going to have a District Chief retire and we anticipate that we will have a severance issue coming up again and the position would be open throughout the year or at least half the year and we would have to make adjustments.

Mayor Guinta asked so eventually your intention is to want the Deputy position filled and then the DC position filled at some point in the year?

Chief Burkush replied well my thought on that after our discussion was at least I would have the time to look at the organizational structure.

Mayor Guinta stated but if you are promoting every other position then there is no organizational change at all.

Alderman O'Neil responded sure there is. There are going to be future retirements. He already knows that.

Mayor Guinta asked how many DC's are going to retire in the next year.

Chief Burkush answered we anticipate one.

Mayor Guinta stated so you are not talking about a major reorganization here. If you are going to hold...if you are going to make all of the promotions except the Deputy there is no reorganization opportunity.

Alderman O'Neil replied sure there is.

Mayor Guinta asked how? You are going to fill all of those positions. Maybe I am not understanding how you are going to do that.

Alderman O'Neil stated when I think of reorganization, I am not talking about eliminating line fire positions.

Mayor Guinta responded I am not either.

Alderman O'Neil replied well, you were. You were talking about eliminating positions off of pieces so you were talking last week about that.

Mayor Guinta responded no off of one piece.

Alderman O'Neil stated I don't call that reorganization. I call that reducing staffing.

Mayor Guinta replied that is what I called it.

Alderman O'Neil stated when I look at reorganization it is from an administrative level.

Mayor Guinta responded correct. That is not going to happen.

Alderman O'Neil stated I absolutely do think it can happen with the plan the Chief has laid out. He is not asking for the Deputy to be filled and he is getting himself in a position to have proper line staffing even with retirements coming up.

Mayor Guinta asked so the only reorganization we are going to see is one Deputy not being filled?

Alderman O'Neil answered I don't know. I don't think he has gone through that exercise yet.

Mayor Guinta stated my point, Alderman, is if he makes the other promotions, if he fills the current vacancies and then he fills at all other levels, there become no other vacancies from which you can reorganize.

Alderman O'Neil responded I understand that, but he also has the challenge of the two highest overtime months coming up and as he has indicated in hiring eight firefighters he has the same issue with Lieutenants, Captains and District Chiefs. If he does not have people to fill those positions, he closes fire houses. Let's make that perfectly clear. Closing a fire house is not a reorganization to me.

Mayor Guinta replied I don't agree with that. I don't think he has to close...

Alderman O'Neil interjected well if he doesn't have an officer...I will pick Engine 9. The legendary Station 9. They still haven't been able to fill Alderman Jim Roy's position since he retired. If he does not have an officer, an uncommitted officer, to fill a vacation, and we are not even talking about any injuries that may occur or sick time, if he doesn't have an officer he either spends overtime, which we have been attempting to try to control, or he closes the fire station.

Mayor Guinta stated or differential pay.

Chief Burkush stated to answer your question, Mayor, when you say that I won't have an opportunity, we anticipate not filling the Deputy and the retirement of a District Chief so somewhere through the year there is going to be that opportunity to look at that. That is what I am proposing.

Alderman O'Neil stated I don't know enough about this differential pay thing. It has been years since it has been done here. I have been around 16 years or so and I can't remember it being done. It may have happened but I don't think the time to be trying to implement something like that is when he is trying to save money in overtime in July and August. I think that is one of those things that we manage as the year goes on and I am certainly willing to look at it. Can you, tonight, tell me you know exactly how the differential pay is going to work and what the savings is?

Mayor Guinta responded yes and no. Not to the exact dollar but at different levels there is an ability within the contract, rather than have a DC to fill in for a DC you can use differential pay. Now I would have to do the calculations as to what the savings are. The point would be hold off on the promotion for a period of time, not for the entire fiscal year but for a period of time to try to save through the first portion of the year. Use the differential pay for that period of time and then bring in the promotion at a later date. Now that being said, the budget that was adopted for the Fire Department doesn't really require that. That would have been necessary at the \$1.132 million level. I think this Board adopted \$1.3 million or \$1.4 million. So technically it is not even necessary from a financial standpoint. The other concern that I would raise is I am not sure how large of an opportunity we would have to restructure. If the Chief is telling me he has a vacant DC today that he wants to fill and he anticipates a potential retirement in addition to that...

Chief Burkush interjected in that same position.

Mayor Guinta asked how many Captains are vacant right now?

Chief Burkush answered one, but we were hoping it was three so you are safe.

Mayor Guinta stated that is my point. You basically have...and we are going through a hypothetical situation here, but say you decide you are going to go down one DC. The amount of restructuring is just that one DC. I am not saying that is the restructuring we should take a look at. I think in order to look at a restructuring you need to have the ability to really change the model and with one or two positions vacant that doesn't really give you that opportunity.

Alderman O'Neil stated the problem, Your Honor, or the challenge is his two largest overtime months are July and August. That is for firefighters, Lieutenants, Captains and District Chiefs. I don't know how we can be reinventing things and not fill those positions without either increasing his overtime, or if we don't increase it he is going to have to spend more of his overtime dollars or the reality is fire stations will close. I respectfully disagree with you that they won't. If he doesn't have the bodies to put in there, a station will close on a day-to-day basis.

Mayor Guinta stated we have the bodies now. It is a matter of scheduling and determining how you use the uncommitted personnel. The way this...it certainly allows more flexibility than an alterative working with the uncommitted. It certainly makes it easier.

Alderman O'Neil responded in my conversations with him, Your Honor, he is committed to staying within the budget that has been approved including his overtime number so let's let him do his job.

Alderman J. Roy stated if I can clarify a few things. I have several points I would like to make. I agree with you that the structure will not change. Certainly not significantly right now but Chief Burkush has said that he will look at that this year, which is encouraging. I want to make the point that the eight firefighters, and correct me if I am wrong Chief, that he is going to hire will indeed fill in the voids of people being promoted. So the promotions he is talking about right now, the voids that are left behind in the firefighting ranks will be filled. I think that might have been unclear. As far as differential goes, I would ask the Chief to help me out here with temporary duty and higher rank. It might be easier for people on this Board to understand what differential will mean. Hypothetically, if there is no Captain at Engine 9 and you have four Lieutenants down there for the entire week, I believe the way the contract reads the senior Lieutenant would get 5% extra in his pay.

Chief Burkush replied that is correct.

Alderman J. Roy stated I think that is what the Mayor was talking about with differential, just so everybody gets an idea about what differential would be. That occasionally happens when Captains go...there are a number of Captains who go on vacation in July and you don't have enough Captains to fill all of the houses and occasionally you would have a Lieutenant who would get that higher pay for that one or two week period when there was no Captain in that house. Is that correct?

Chief Burkush responded that is correct.

Alderman J. Roy stated the only other point I want to make about this paper here is we have to caution the other departments that they can't be filling positions that they don't have budgeted for next year. In the Chief's case he knows those eight firefighters are budgeted for next year so we don't have a problem but in other departments even if they have a little money left over to fill those positions, if they are not funded for next year, that isn't the right thing to be doing. I have a little problem with this language as well, Chairman Lopez; the uncertainty about the Fire Chief and all of that. Could we work on this language and bring it back tomorrow night?

Alderman Lopez responded we could bring it back tomorrow night. I think the only thing that is missing in the fourth bullet is "by July 1." Would you agree with that, Your Honor?

Mayor Guinta replied the Fire Chief can make promotions between now and July 1st. That would supersede the hiring freeze that we have today.

Alderman Lopez responded that is correct.

Mayor Guinta stated that is one change. I am not sure if there are any other changes that people want.

Alderman J. Roy stated on the first bullet...I am confused by this; that is why I am asking.

Mayor Guinta stated I don't mind if you try to work on this and bring it back tomorrow.

Alderman Lopez responded I don't have any problem with that either. I just wanted to ask the HR Director if she understands is.

Ms. Jane Giles, Human Resources Director, replied I think there are some issues that perhaps need some clarification. I do understand that department heads would have the ability to advertise, recruit and fill positions if possible but they don't necessarily have to be filled by July 1st. They would have the process in place prior to July 1st and that would accommodate that change. My question is I think more in reference to what Alderman Gatsas had said in terms of any internal promotions within the department and whether or not that trickle down approval would take place so that if, in fact, you are promoting from within would that then mean that any of the vacancies created by that promotion would also be authorized to be filled. It would seem to me that even though they are not posted and filled it is not due to any type of voluntary termination from the City's employment so there wouldn't be any severance issues. It would be more of a point of filling that position with a qualified candidate created by no terminations with staff. It would just be created by the vacancy that currently exists.

Alderman Lopez stated whatever the wishes of the Board are. If you want the HR Director and I to work on it and come back tomorrow night, that is fine.

Alderman O'Neil stated I think there is some intent regarding Police and Fire with this policy. There has been a practice when past Mayors and Boards have approved filling positions it usually has been the trickle down. If you are filling a Police Sergeant it is usually implied that you are also filling a Patrolmen's position behind it. That has been a typical practice. I am in favor if there is a way to clean this up but I think the specific intent is for Police and Fire. Alderman Jim Roy hit on a point and I agree with his statement. The small departments need to be very,

very cautious about this. They don't have the same wiggle room as Police, Fire or Public Works has.

Alderman Gatsas stated I guess that is my question, Alderman. My question is this: Are you forcing the small departments to promote outside the department:

Alderman O'Neil responded I don't read that in here. My point is I am not encouraging every small department that they should fill every vacancy they have.

Mayor Guinta stated the scenario is...take the City Clerk's Office for example. If Carol wants to promote from within and I say fine but I am not filling the new vacancy, she can either take that or she can go and fill the existing vacancy with someone from the outside. Now my intention wouldn't be to not promote from within if we have credible candidates for a position but the loophole that is created is the one that Alderman Gatsas has identified.

Alderman O'Neil replied okay I understand that now. If we use the Clerk as an example that has to be clear if that position is filled that she may not get the position behind it. Is that what you are saying?

Alderman Gatsas stated I don't think that is the Mayor's intent. I think what the Mayor is saying is if there is a vacancy, let's say in the second spot and she moves number three up to number two, that creates a vacancy there. That means she wouldn't be able to fill it by the reading of this. That would force her to go outside so that she has a full complement of five.

Mayor Guinta stated it is an unintended consequence.

Alderman O'Neil asked can this be cleaned up? Maybe Alderman Lopez can work with the HR Director.

Alderman Lopez answered yes I will work with the HR Director and Alderman Jim Roy can give me a hand because he has some concerns. Anybody else who has concerned can see me. I know what it means. I think everybody knows what it means but maybe we need to spell out every little detail.

Alderman Gatsas stated before we recess I have a document that I would like to present to try to alleviate your concerns on where we are with the School District. You being the Chairman of that Board, I thought it only fair bringing it to you and this Board and then you could bring it...I have had conversations with some School Board members. I have also had conversations with the union representative. This is nothing that is etched in stone. It is a document or a thought process. I have had conversations with Aldermen about it. It is a thought process on how we can find at least some sort of idea of what we can do over a five year period. If you notice, this is with the assumption of the possibility of approximately 200 teachers that are available for retirement but have not executed it in January but maybe this is a plan so we can get them to that possible retirement. The average salary...and these are just numbers without anybody going over them...but the average salary is approximately \$55,000 for those teachers who are in that retirement position. The benefits we have been told are 34% of that number, which is \$18,700. The total compensation is \$73,700. If we assume that 200 teachers are available at that number it is \$14,740,000 in total compensation and benefits. If that teacher went out to retirement, they would be receiving approximately \$36,000 from the pension fund. If we contract labor stipend them back at \$30,000 along with the \$36,000 that they receive from retirement that would mean the compensation is \$66,000. That would be roughly an \$11,000 increase in their wages. If you go down and look at the labor stipend

on the 200 teachers times 30, it is about \$6 million. If you subtract the \$6 million from the \$14,740,000, it leaves you a District savings of \$8,740,000. Over a five year period it is \$43,700. If you just skip down to the bottom section, a retired teacher if they have been there for 20 years gets a \$7,000 stipend. They also get the ability to receive sick days of about \$27,000. The next line you see is a contract bonus. If those teachers were to stay for a five year period, it would be an additional \$15,000 that they would receive or \$3,000 addition in pay, which would get them to \$69,000. When you multiply the \$49,000 that would be owed the teachers times 200 teachers, it is \$9.8 million and the net savings over five years would be \$33.9 million. Now I know that the School District does not have the funds to accelerate retirement because they don't have the money to pay the \$34,000. This gives them an opportunity if we sit down and this doesn't have every T crossed and every I dotted but it gives the School District an opportunity to look at something and work with the union to see if it fits within their plans. If you just looked and said the \$9 million would be paid in the last two years, it would give them \$8.7 million without a tax increase in their budget this year, which would bring them to \$148.7 million. By no stretch of the imagination do I say this is absolutely solid but I think it gives us a different road to go down than to try to find line items that total \$1,000 and see if we can't find \$3 million or talking about a 4% tax increase until we have exhausted every avenue on how we might bring solution to where the School District is. Your Honor, next year's budget on the School side is going to be no different. They are losing revenues again from Bedford. This at least gives them a five year window that they can look at. There are alternatives that you say maybe in years three, four and five seventy teachers could retire with the stipend so that new teachers could come in. There are a lot of different variations that could be effected here. So it is an opportunity. I think it gives the School District a chance to talk with the union and yourself to see if there is something that can come from either this proposal or something in between. If it is 300 teachers, it just accelerates the savings 1/2 more

than that, which brings you to about \$21 million. That is a substantial savings to the School District.

Mayor Guinta responded I did meet with the MEA not last week but the week before about a variation of this proposal. Last Thursday or Friday I met with the school administration about this idea. I have asked them to go and take a look at their numbers as they deliberate through this process to see how they could make this work or a variation of it work. I am certainly eager to see what their response is.

Alderman Gatsas replied I think the variation you had was retirement and I think the problem they run into is the \$34,000 to pay those teachers.

Mayor Guinta stated in order to save about \$16,000 per person you would have to delay the retiring of that person for a year. I have asked Karen DeFrancis to look at alternatives. I will give her this sheet as well to see how she can try to make it work.

Alderman Gatsas responded I think this is something that you should bring before the full Board rather than just the Committee on Administration because we don't get full documentation from the administration. There is another \$3.5 million they tell us now that wasn't on their last sheet. They have \$16 million of cuts and only \$13 million of numbers. So the budget that they have given us...and I think that is why this Board is so adamant about giving them any kind of number.

Mayor Guinta stated I will bring it to the School Board.

Alderman Smith asked Alderman Gatsas, I thought it was \$140 million to take care of salaries? It is now \$143.5 million?

Alderman Gatsas answered if you are telling me that I believe that, I don't disagree with you.

Mayor Guinta stated we will now recess so that CIP can meet and before we reconvene...we will reconvene after...

Alderman Gatsas interjected Your Honor, I know it is sometimes difficult for the School Board to respond to things. I don't know what this Board is looking for for a response on this proposal, but some sort of timeframe...because obviously we have to come back and give them a number.

Mayor Guinta responded I think no more than a week. There is a special meeting on Wednesday night of the School Board. I believe I can get unanimous consent to bring in an item like this. I can at least present it to them. I can meet with the administration tomorrow so they can have some numbers crafted...

Alderman Gatsas interjected well it is a public document. I see Mr. McGilvray is here so I would assume that he can bring it back to his folks.

Mayor Guinta stated I can put it on the agenda. I just need 24 hours. So we can talk about it Wednesday and hopefully have an answer inside of a week.

Mayor Guinta recessed the meeting to allow the Committee on Community Improvement to meet.

Mayor Guinta called the meeting back to order.

Alderman Lopez stated in reference to the CIP, our Chairman got sick and had to leave and go home. We will take this up in the Finance Committee tomorrow night.

Mayor Guinta stated so Items 10 and 11 will resume in Finance Committee tomorrow.

Alderman Lopez replied that is correct.

Appropriating Resolution:

“A Resolution appropriating to the Manchester Transit Authority the sum of \$900,000 for the Fiscal Year 2009.”

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

On motion of Alderman Domaingue, duly seconded by Alderman Gatsas, it was voted that the Appropriating Resolution pass and be Enrolled.

Appropriating Resolution:

“A Resolution appropriating the sum of \$3,238,235 from Recreation User Charges to the Recreation Division for Fiscal Year 2009.”

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

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

Appropriating Resolution:

“A Resolution appropriating to the Parking Fund the sum of \$5,112,907 from Parking for the Fiscal Year 2009.”

On motion of Alderman J. Roy, duly seconded by Alderman Domaingue, it was voted to read the Appropriating Resolution by title only and it was so done.

Alderman J. Roy moved that the Appropriating Resolution pass and be Enrolled. Alderman Lopez duly seconded the motion.

Alderman Gatsas asked can I get a clarification of what that actually means in layman’s terms?

Mayor Guinta asked from whom?

Alderman Gatsas answered from whoever can give it to me in layman’s terms. Either Mr. Minkarah...and I don’t see him here...or Brandy.

Ms. Brandy Stanley, Parking Manager, stated that amount encompasses the expenses that the Parking Division will spend, as well as the reimbursement to the general fund.

Alderman Gatsas asked so as I read this it is an appropriation of both an expenditure and revenue?

Ms. Stanley answered it is all an expenditure for the Enterprise but part of that expenditure for the Enterprise includes paying the general fund.

Alderman Gatsas stated if I read it, it says a resolution appropriating to the Parking Fund the sum of \$5,112,907 from Parking for the FY2009.

Ms. Stanley responded that appropriation comes from the revenues that are generated by the Parking Enterprise. It is being appropriated out of revenues and into expenses.

Alderman Gatsas asked so we have \$5.1 million of revenues in parking?

Ms. Stanley answered approximately yes.

Alderman Gatsas asked do we have \$5.1 million in revenue in Parking? You can't appropriate until you have the revenue.

Alderman Lopez answered I will have to get the book out.

Mayor Guinta asked Mr. Clark, can you comment on whether this is an appropriate resolution for us to be taking up?

Mr. Clark answered it is the appropriation resolution. This Board has to appropriate funds from the Parking revenues to be expended. I don't know what the numbers are. You would probably have to ask the Finance Department.

Alderman Gatsas stated I am just not sure, Your Honor, that we have revenues of \$5.1 million.

Mayor Guinta asked you are saying that is what you are estimating?

Ms. Stanley answered there is an action that is required to be taken by this Board. If that action is taken then yes, the revenues will be available.

Mayor Guinta asked can you repeat that please?

Ms. Stanley answered action is required on rate adjustments, as well as the downtown parking plan, which has not been presented to this Board yet. If that action is taken then that amount of revenue will be available.

Alderman Gatsas asked what happens if it is not taken? What will the revenues look like? It appears to be about \$400,000 more.

Ms. Stanley answered if no action is taken then the revenues would be \$4.785 million.

Alderman Gatsas responded so about \$400,000. Your Honor, we are doing something on a forward basis that this Board hasn't taken action on and I don't know how we can do that.

Mayor Guinta replied well if the \$5.1 million is passed we then have to take future votes to authorize those additional revenue enhancements.

Alderman Gatsas asked but what happens if that proposal comes forward and we don't agree to it?

Mayor Guinta answered then I would assume there would be a deficit.

Alderman Gatsas responded we can't do a deficit on a forward basis. At least I don't think we can.

Mayor Guinta stated I don't think it is any different than estimating a revenue for a general fund. If the money doesn't come in, the money doesn't come in. This is an estimate based on certain votes that would have to occur to generate that revenue. If those votes fail then I expect the payment from the Parking Enterprise to the City is reduced by that amount and I would have to manage the budget to make sure that we get those revenues in or we hit the rainy day fund if we can't.

Alderman Gatsas replied I don't think you can. This is an Enterprise fund. You can't go to the rainy day fund.

Mayor Guinta responded what would happen is the Parking Enterprise would provide a payment to the City of a lesser amount.

Alderman Gatsas stated but I don't think you can draw down on the rainy day fund for that.

Mayor Guinta replied I think you can.

Alderman Gatsas stated it is kind of like Parks where they have a \$1 million...

Mayor Guinta interjected we have a different system set up with Parks. We have a system set up with Parking where they do pay us. We don't have that system with Parks. Let me ask Mr. Sanders.

Mr. Sanders stated in the general fund revenues for FY2009 there is an assumption that we will receive a reimbursement from the Parking Division of about \$2.1 million. If that revenue does not come in or if it was \$400,000 less,

everything else being equal in the budget, we would charge the rainy day fund for that \$400,000 shortfall.

Alderman Gatsas asked can you show me where that \$2.1 million is reflected in that budget? Whose revenue line item is it?

Mr. Sanders answered it is shown as a Finance Department revenue.

Alderman M. Roy stated it is funny that we are talking about this as far as Parking but I believe it was a number of years ago that we voted on revenue at budget time for Saturday parking that never came through when it came time to actually enact the ordinances that would take care of that revenue. This seems to be a common practice although I don't agree with it.

Alderman J. Roy asked Brandy, those issues that you just discussed with Alderman Gatsas about having to put in place before that revenue is available, when are you going to address that? When are you bringing that forward?

Ms. Stanley answered we were originally planning on bringing it forward at the Traffic Committee tomorrow evening. However, some further revisions are required so probably it will be another couple of weeks before we would be able to bring it into the Traffic Committee.

Alderman J. Roy asked is there any way possible that you could have it all taken care of by tomorrow evening so we could address it at that time and bring it back in front of this Board tomorrow night?

Ms. Stanley answered I think it would take some work but I think we might be able to do that.

Alderman J. Roy responded I would strongly suggest it so that we can take care of this in a timely manner with this budget. My next question I guess it is for the Mayor. I don't mean any disrespect, but Ms. Stanley you are not a department head are you?

Ms. Stanley replied no.

Alderman J. Roy stated when we are discussing these issues typically the department head that is in charge of these issues is present. So my question is where is the department head in this case?

Mayor Guinta responded I disagree with that. I believe he is on a business trip and he notified my office that he was going to be unable to attend this meeting.

Alderman J. Roy asked could we work on that for tomorrow night and then take this up again tomorrow night?

Mayor Guinta answered I am sure Brandy will do her best to provide the information. I don't object to tabling this item if you want until tomorrow evening or a later date.

Alderman Lopez stated when it comes to Enterprise funds, it doesn't have anything to do with the taxes. When we started the Parking revenue fund...and what she is trying to accomplish moving forward is implement different parking plans downtown. The problem you are going to find is you are not going to be able to do all of that for tomorrow night. It is an Enterprise fund and X number of dollars comes back to the City. In order for her to implement the plan and give us extra money over and above what she has already projected, different people have

different viewpoints about how things should move forward and without going to Committee tomorrow night I think it is going to be a problem.

Alderman J. Roy asked could we take it up at a future date if it is going to be a problem? You are saying a couple of weeks. I think we have a little bit of time to play with here.

Alderman Lopez answered the thing is, on the Enterprise fund if the resolution is to move forward with the wages, expenses and debt service, she accumulates a \$973,000 debt service so she has to pay that. She has to find different ways to make more revenue to pay off the expenditures and give us more money back. It is a little complicated on these Enterprise funds believe me. It is not simple.

Alderman DeVries stated I was just going to basically say the same thing that Alderman Lopez just touched on. I don't think we would be doing the presentation or Brandy any justice by asking her to rush it before us tomorrow night. I know that you have done some outreach and asked Aldermen to come by one-by-one because it is very complex. I think we need to take you up on that invitation and take some extra time to make sure we fully understand this. I am sure that is available to Alderman Jim Roy or anybody who wants the information. I don't want to rush you to come in tomorrow night with a presentation ahead of all of your I's being dotted and your T's being crossed. That never works well in front of this Board. We would like all of your information correct and final when you come before us. Can I table this at this time?

Alderman Shea stated Brandy called me today as the Chairman of Traffic and I said, fine you don't have to do it. It is a no brainer to do it tonight or tomorrow because she won't have all of the information. As far as tabling this though I am not in favor of tabling the resolution.

Mayor Guinta stated the revenue number has been adopted in the budget. I still think that every Alderman probably wants to see the plan and a number has to be adopted for this resolution. It doesn't have to occur today. It could occur today or next week or the week after but at some point the Aldermen need to see the proposal that is being brought forward by the Enterprise fund.

Alderman Lopez stated she is working with the Chairman of the Traffic Committee.

Mayor Guinta stated I would defer to the Chairman. Typically we do defer to the Chairman on those particular issues in terms of what is seen in the Committee.

Alderman Gatsas stated Your Honor I merely followed your lead and put the same revenue number in so if it is short, it is short on both sides.

Alderman Lopez stated I think we should vote on the resolution.

Mayor Guinta responded I think you should pass the resolution and we will figure out a way to make the money. It has to be passed now because the entire budget has been adopted.

Mayor Guinta called for a vote on the motion that the Appropriating Resolution pass and be Enrolled. The motion carried with Alderman Gatsas being duly recorded in opposition.

Mayor Guinta stated on Items 15 and 16, Interim Director Pam Goucher has asked that we table these two items for additional review of some documents that were not able to be ready until today.

15. Appropriating Resolution:

“A Resolution appropriating to the Central Business Service District the sum of \$244,000 from Central Business Service District Funds for Fiscal Year 2009.”

On motion of Alderman M. Roy, duly seconded by Alderman Sullivan, it was voted to table this item.

16. Appropriating Resolution:

“Continuation of the Central Business Service District.”

On motion of Alderman M. Roy, duly seconded by Alderman Sullivan, it was voted to table this item.

Appropriating Resolution:

“A Resolution appropriating to the Manchester School District the sum of \$140,000,000 for the Fiscal Year 2009.”

On motion of Alderman Domaingue, duly seconded by Alderman Gatsas, it was voted to table this item.

18. Appropriating Resolution:

“A Resolution appropriating to the Manchester School Food and Nutrition Services Program the sum of \$5,826,500 from School Food and Nutrition Services Revenues for Fiscal Year 2009.”

Mayor Guinta asked do you want to table Item 18 also since it has to do with the School District?

Alderman Lopez stated you can't do anything with that number.

Mayor Guinta responded no that is the number that is going to pass. I don't mind if you do it together or if you do one of them now.

Alderman Gatsas asked can we get an explanation on that? I have had a lot of people ask a question about it today.

Mayor Guinta answered sure. Let's table it and we can get some explanation...

Alderman Gatsas interjected it looks like it is a wash and whatever comes in they pay. I just would like to ask some questions directly of them as to what the cost is per child. I am hearing that there are different things and we are feeding them a lot of breadsticks or pizza sticks or whatever they are called.

Mayor Guinta responded we are. Why don't I get some documentation from the School District?

Alderman Gatsas replied have them come in please.

Mayor Guinta stated okay.

On motion of Alderman J. Roy, duly seconded by Alderman Osborne, it was voted to table this item.

Alderman O'Neil stated before we adjourn can we get a breakdown on item 15, of what the \$244,000 goes to, because there was some discussion early on in this process kind of off-line on whether or not some of that money should be going to offset seven day a week garbage pick-up, extra snow removal downtown, etc.,

which it does not go for now. If we could get a breakdown of what the \$244,000 goes to it would be appreciated.

Mayor Guinta responded Pam and Sam are both nodding yes.

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

A True Record. Attest.

City Clerk