SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(*Continuation of May 20, 2008 meeting*)

May 27, 2008 **5:30 PM**

Mayor Guinta called the meeting to back to order.

The Clerk called the roll.

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

Absent: Alderman Garrity

Mayor Guinta stated before we continue with the agenda I would like to see if there are any members of the Board who have questions for the School District. If we could bring them forward…

Alderman Gatsas stated my first question is it is my understanding that the funding or the building aid from the state of New Hampshire for Memorial High additions outside has either not been sent into the state or is in the process of being sent to the state. I believe that is somewhere around $200,000 that the School District would receive in revenues. Where is that at right now? That completion was done…is the punch list done?

Ms. Karen DeFrancis, Finance Officer for the School District, responded that revenue will start to come in in FY2009 and that is at 50%.

Alderman Gatsas asked when was that due to come in? Have we seen that $200,000?

Ms. DeFrancis answered we have not seen it yet. The first year will be the next fiscal year.

Alderman Gatsas asked but is that $200,000 on your revenue sheet as you present it to this Board?

Ms. DeFrancis responded for the FY2009 budget it is.

Alderman Gatsas asked can you tell me where that is?

Ms. DeFrancis stated it is under building aid on the revenues. However, that does not break it out by detail. We do have a separate listing from the state of all of the projects that are covered.

Alderman Gatsas stated so that is not on your detail page as you normally have the rest of your items broken down.

Ms. DeFrancis replied right. We just have a revenue page and it lists the different revenue items and it does list the building aid but not the detail behind the building aid.

Alderman Gatsas asked can you get that for us?

Ms. DeFrancis answered yes I can.

Alderman Gatsas stated the next question I have…I noticed that your amount for special education is $500,000. Can you tell me what the formula is for special education aid that is received once a student is under catastrophic aid?

Ms. Karen Burkush, Assistant Superintendent, replied what someone does in our office is we keep track of students that reach 3.5 times the state average, which is around $38,000 this year and then we submit all of the costs that we have incurred for that student and the DOE approves or disapproves. That is our expected revenue from catastrophic aid.

Alderman Gatsas responded the list that you sent to this Board that broke down the special education numbers by student…

Ms. Burkush interjected I am not sure what you are talking about. We did send a listing of out-of-district placements.

Alderman Gatsas stated correct, so if I look at that number and I apply the $38,000 to that number is the assumption that I am supposed to have…that it totals up over and above that to $500,000?

Ms. Burkush replied no, because there is no direct correlation between the out-of-district students. Some of them on that list may have only been in placement a half of year and not reached that cap so there is really no direct correlation between the out-of-district placements and catastrophic aid.

Alderman Gatsas asked do you have a copy of the document that you sent?

Ms. Burkush answered yes I do.

Alderman Gatsas asked do you have two copies? I don't have mine. One of my colleagues has supplied me with a copy. Let's just look at the first child. Let's go to the second line where you have Austin School for the Deaf. That total is $122,000. Is my assumption that I subtract $38,000 from that number and the balance would be catastrophic aid from the state?

Ms. Burkush answered not necessarily, because they have to be items that are approved or services that are approved under the catastrophic aid. There is documentation that the District submits.

Alderman Gatsas asked so the Brentwood School with five students, we don't know whether those five exceed…

Ms. Burkush interjected that is correct. It depends on when they enrolled.

Alderman Gatsas interjected Cedar Crest is $130,000. Is that two students at $65,000 and anything over $38,000 would be considered catastrophic aid?

Ms. Burkush replied it depends on the services they receive because not all services can be submitted for catastrophic aid.

Alderman Gatsas asked is there a reason why we would send somebody to the Austin School for the Deaf on a residential placement and not kept them in district with the deaf classroom that we have?

Ms. Burkush answered this student is quite old. He has been there because of multiple needs and it was the IEP team decision that he needed 24/7 care.

Alderman Gatsas stated so the IEP team can send somebody to a residential placement which may not qualify for catastrophic aid. Is that correct.

Ms. Burkush replied all of the costs may not qualify for catastrophic aid. I can give you a breakdown of the students without names if you would like that. I don't have it with me tonight.

Alderman Gatsas stated I am not interested in the names. I am going down and looking at F.L. Chamberlin. I see that that is $129,000. Does the difference from $38,000 to $129,000 qualify?

Ms. Burkush responded not necessarily. As I said, I can get you, not by student, but by placement or by like X or Y and give you the numbers. I can also give you all of the documentation that the DOE sends to us regarding how they make the determination if the service is allowable.

Alderman Gatsas stated give me an explanation of what the Nashua Children's Home is.

Ms. Burkush answered that is for students with severe emotional disturbance. IEP terms determine that they cannot function in a regular school setting. They have very small classrooms and it is more therapeutic. They have counselors available at all times who have specific training. It is a day program.

Alderman Gatsas asked is there a reason why we couldn't institute this in Manchester and make it a revenue? I know that you and I had this conversation some eight years ago and you told me it was too expensive and too time-consuming and we didn't have a plan to do it. Now ten years later if you had come to this Board with a plan that said it is going to cost $5 million but I think in

six years it will generate $10 million in revenue, I would think that some of these are things we can handle within the District and reduce costs.

Ms. Burkush answered actually Alderman, we have developed programs but not all of the students can function in the large schools that we have. We have the complete continuum for autism and now we have the complete continuum for students with emotional behavioral disorders. One of the biggest problems we have is the size of our facilities and the second part is there is a critical shortage of special education teachers. We had vacancies this school year so if we are to add on programs what we first look for is additional staff. The Board of School Committee…every time I have brought forward an additional staff person they have always approved it and for the emotional behavioral disorders and autism programs we do take tuition students. So we are doing that. We continue to grow as we can find staff. For this coming year we have a program at Central and are looking for an additional teacher there and that is for students who might attend a facility like Crotched Mountain or F.L. Chamberlin. So we continue every single year to work at bringing more and more students back into the District with those programs. This summer we are starting a committee that is going to look at students with severe learning disabilities and determine how we can have a program at the high school level. We have been talking with Ben Dick and Scott McGilvray and Arthur Adamakos about how we can address the reading issues, because if you note we do have a lot of students who are out-of-district that have severe reading disabilities.

Alderman Gatsas stated if you look at the NH school districts there are 30 children. We spend $433,000 and this is telling me that the reason is DCYF.

Ms. Burkush responded yes those are students who, through the court or DCYF, are placed because they are in foster homes. The minute they move into another school district they go to school in that school district and we are billed and we have students in our District that we bill for.

Alderman Gatsas asked how is that computation done?

Ms. Burkush answered we get an invoice from that school district. The day that the child starts there they would prorate it for their school year based on their tuition.

Alderman Gatsas stated if I look at this number and just use easy math, it is about $15,000 a student. I guess I am trying to understand…the only school district that I know that spends roughly $15,000 or more is Waterville Valley. Do you send anybody to Waterville Valley?

Ms. Burkush replied no and this is for their special education program. These are all students with educational disabilities on this list and if a student got placed in foster care in November in say Somersworth, Somersworth would prorate their tuition for whatever special education program that student was in. We don't pay any residential, that is DCYF, and we pay up to what is called a 402 cap, which is around $28,000. So we give our contribution but sometimes we don't even reach that because if a student who is placed in foster care in Somersworth for example is only in a learning disabilities resource room the charge to the Manchester School District may be around $8,000 or $10,000.

Alderman Gatsas stated so if I look through and see DCYF three or four times, Monarch's schools $143,000…

Ms. Burkush interjected those are all schools where DCYF has placed the student there in residential and the student has to stay there because there is no neighborhood school in that area.

Alderman Smith stated to follow-up on what Alderman Gatsas said, we have two students - one in the school for the deaf and one in the school for the blind and it comes out to $240,000 for these two. I was wondering…going over this list it comes out to about $4.5 million and how much do you get from the state in grants to absorb some of the cost for these students?

Ms. Burkush replied we get from the Department of Education, which is flow through the federal government, about $4 million.

Alderman Gatsas asked can you repeat that? Our expense is $4.5 million and you get a flow-through of $4 million back?

Ms. Burkush answered yes, but that is for tuition and for tuition we also include our students who are in the deaf and hard-of-hearing program, from IDEA and the pre-school incentive grant almost $4 million.

Alderman Gatsas asked and does that shows up in your revenue?

Ms. Burkush answered no, it is not in our revenue. That is federal money.

Ms. DeFrancis stated that is not on these general fund revenues. That is under a separate revenue fund.

Alderman Lopez stated I want to go over this again because I was informed it was a direct cost in the budget. Now you are telling me you get $4 million from the state?

Ms. Burkush responded those are IDEA funds.

Alderman Lopez asked and that covers the $4.5 million?

Ms. Burkush answered it contributes to it because that is just one piece of the cost to special education. Those are students who are in out-of-district placements; tuition.

Alderman Lopez asked how is that identified in your budget? As revenue?

Ms. Burkush replied it is not. It is a special revenue.

Ms. DeFrancis stated it is not in the general fund revenue but the expenses that go along with that grant are not in the general fund appropriation. So the IDEA grant covers paraprofessionals and teachers and those teachers and paraprofessionals are coded under the grant and then the revenue covers those individuals. You would not see the expenditure in the general fund budget or the revenue. It would be the same with our Title I and all of our other grants as well.

Alderman Lopez stated I would like to ask my colleague Alderman Ouellette, who checked on this for me and gave me a cost of $4.7 million in the budget, where is the revenue?

Alderman Ouellette stated the $4.7 million historically has never showed up on the general fund side. Those bills come in and are paid through the special IDEA grant monies. The teachers that that covers are not part of the general fund. However, there are shortfalls in the fund that come in through the federal side of it that have to be picked up by the general fund. I don't know if that answers your question.

Alderman Lopez stated you went over and checked on some numbers and I asked if that $4.7 million was in the budget as a direct cost and where the revenue was and now I hear we are getting an offset of that $4.7 million. I am trying to find out where in your budget would I see that $4 million.

Ms. DeFrancis responded I am not sure what you are talking about with the $4.7 million as an expenditure. What does that $4.7 million represent? Are you talking about the tuition line item for special education?

Alderman Lopez replied the individuals going to special schools.

Ms. DeFrancis stated that expenditure is in the general fund budget and that would be what Karen was just talking about. That is under our tuition line item. The revenue for that…some of the revenues we bring in for special education is the catastrophic aid that I think started this conversation. That $500,000 does show up on our revenues but when you are talking about the IDEA grants and how much the government reimburses for special education, that IDEA grant is not in the general fund budget. That is a special revenue fund and the expenses associated with the teachers and the paraprofessionals are in that grant as well. Basically if we were to include all of those teachers and paraprofessionals along with all of our Title I employees in our general fund budget we would be asking

for a higher appropriation to the tune of probably another $15 million. However, we would have $15 million in revenue to offset it.

Mayor Guinta stated let me just clarify. In the expense summary line 561, which is tuition, almost $6.5 million, is that expense covered in general fund dollars or special fund dollars?

Ms. DeFrancis replied that is general fund.

Alderman Smith stated I just wanted to make it clear…so in other words the other shortage is in transportation costs I assume.

Ms. DeFrancis asked when you say shortage what are you referring to?

Alderman Smith replied you told me you get grants for $4 million and it is about $4.5 million. I am looking at transportation costs and they are about $417,000. I am trying to get to the transportation because I imagine you have to utilize the transportation for special education.

Ms. Burkush responded yes and that would be under student services transportation. That is definitely another cost to special education but we also enter salaries under special education costs because there are teachers that teach the students with disabilities and they are under the general fund in the salary and benefits lines.

Alderman Smith stated I notice that there are 199 students involved in all of these programs. Is that correct?

Ms. Burkush replied that is just in out-of-district placement and that was as of April. By the end of the school year we are probably going to see additional students going to YDC or through placements by the court so it could go up.

Alderman Smith asked what about the PASS program at the YMCA. How is that involved with troublesome students?

Ms. Burkush answered students with educational disabilities absolutely participate in both of those programs. They seem to be quite successful because of the smaller class size and they are also located at MST and that is a smaller environment. We do have students with educational disabilities who attend that. The STAY program, which is at the middle schools, students with disabilities can also participate in those programs and again they are small classrooms and more one-on-one attention.

Alderman Ouellette stated I am not sure if Alderman Smith was getting to but at the YMCA is the TAP program, the truancy alternative program. A lot of students in the district, especially those who are out on suspension or expulsion, take advantage of that. That is a very important program also.

Alderman Lopez stated Alderman Gatsas and I went over to the School District public hearing last night in reference to the proposal he presented to some of the school board members. Can you update us on that and what timeframe you are looking at in working with the union?

Ms. DeFrancis replied we did meet with representatives from the union this afternoon and there were some concerns over the state retirement system and whether or not it would be allowed. I did contact the state retirement system this afternoon and I sent over the schedules and explained the scenario and do plan to

meet with them either by conference call or by going up there sometime this week. We will have a better idea by the end of the week.

Alderman DeVries stated I would like to back this up to the foster child placement out-of-district. If I understood that conversation correctly we pay for the educational needs or at least the special education needs of those children when they are placed with a family outside of Manchester.

Ms. Burkush responded that is correct.

Alderman DeVries asked is it just special education or all education?

Ms. Burkush answered it is just special education. If a student doesn't have an educational disability we are not billed from that receiving town just like we wouldn't bill another district if we got a student who was placed in foster care in Manchester and just placed in regular education.

Alderman DeVries asked why is that? Is it a statute?

Ms. Burkush answered yes it is.

Alderman DeVries stated normally if a family moves out of Manchester the cost would go to the new district.

Ms. Burkush replied that is correct as long as DCYF does not have guardianship. When DCYF intervenes and places a child in a foster home they assume guardianship and it is the district where the student was living with his or her parent when physical custody was taken by DCYF. Once the child is returned to the parents, they would resume living wherever the parents are and then the

district of liability would change if the parents moved from Manchester. It is where the parents live when the student was taken from their home by DCYF.

Alderman DeVries asked unless the parents relocate during that period of time, correct? Or does it forever stay while that child is in foster placement?

Ms. Burkush responded the trigger to change the district of liability is a child was returned to their parent and DCYF was no longer involved and then they move then Manchester would be relinquished from that liability.

Alderman DeVries asked does the City of Manchester see any increase in costs by playing host community to the DCYF facility?

Ms. Burkush answered I am not sure because they have DCYF in different areas. I wouldn't know how to compare that.

Alderman DeVries asked so you are not aware of us paying additional costs in our School District just because the facility is here?

Ms. Burkush replied not to my knowledge.

Alderman Gatsas asked the placement that I notice on here…when it says court placement does the district choose what facility or does the court chose the facility?

Ms. Burkush answered in effect the court does but it is usually through the DCYF work or the juvenile probation and parole officers who finds the placement, brings the case to the court and then the court signs off and grants the request by DCYF.

Alderman Gatsas stated I notice that you have some students at the Odyssey House, and if I remember correctly that is one of the premiere cost centers in the state for placement. That is why my question was is it up the district to find a placement that is comparable to Odyssey House but less expensive?

Ms. Burkush replied no it is not. The court will place. We are joined by the court as the sending district and as the RSA is we end up paying the bill. With a student who has an educational disability we will have a meeting and if we believe that the placement is not appropriate for the child, we go on record at the meeting. If the court has placed the student there, we are responsible to pay.

Alderman Gatsas asked so if I take a look at the transportation costs, which total $417,000, and I look at transportation for Perkins School for the Blind of $29,400, is that based on 180 days or is that year round?

Ms. Burkush answered that is prorated for this year because the student entered late and the student is doing just part-time. It is not a daily rate that we can calculate. It is a transition and we are trying to determine if that is an appropriate program so it is a diagnostic-type placement.

Alderman Gatsas asked can you tell me what the transportation cost is on a per day basis for that child?

Ms. Burkush replied I don't have that with me but I can get that for you.

Alderman Gatsas asked even if it is at 180 days…where is the school located?

Ms. Burkush responded it is in Massachusetts.

Alderman Gatsas stated explain to me how the number in your budget for transportation student services is $2.6 million and we see $417,000 in your line item for special education.

Ms. Burkush replied on page 91 in the budget booklet we provided we have MTA where we projected four buses at $201.10 for 180 days. That is $152,836. That is for the regular year plus we have an extended school year program and we do utilize MTA. It shows our FY2008 budget and what we projected and the back-up there. For special transit services, and we are projecting a 4% increase for that, it is $2,085,765. That includes an extended year program and also the regular year. Then we have the provider again with a projected 4% increase and that we expect to be $340,000. That again is the regular year and extended school year. If you go to the second page of that document, which is actually Page 92, we also have estimated what we will pay for transportation to other districts and then we have bus tickets for students with disabilities and parent transportation. For those students who cannot ride on any of our buses we do reimburse some parents at the IRS rate. The very last one is homeless transportation per the McKinney Vento Act. We do have to provide transportation for students who are homeless. Not that they are educationally disabled but just that they are homeless. That is how it all breaks down for student services.

Alderman Gatsas stated I understand, but on the STS when I look at that number of $2 million, how many students is that for?

Ms. Burkush replied this year I think we are around 500 or a little over. Our preschool grows by the day.

Alderman Gatsas asked and those 500 students couldn't participate in a regular bus service?

Ms. Burkush answered that is correct. It has been determined that these students need door-to-door transportation. A bulk of these are pre-school aged students. We have a very large pre-school program of about 300 students.

Alderman Gatsas asked that is before kindergarten?

Ms. Burkush replied that is correct. Those are students ages three to five who are determined to be educationally disabled. They are located at the Auburn Street site that we are leasing from Easter Seal, as well as Jewett Street School and Smyth Road School.

Alderman Gatsas asked aren't those students covered by HHS?

Ms. Burkush answered no they are not. Once they turn three they end up being the School District's responsibility.

Alderman Shea asked do you people have enough people in your budget to pay the salaries of your employees? In other words are you short salaries?

Ms. DeFrancis replied in the Board of School Committee budget of $153 million we have included all salaries plus additional positions. At the $140 million there is a list of eliminations that does include salaries so the answer to that would be in the $140 million budget no we do not have enough to pay for all the salaries.

Alderman Shea asked so in the event that you do not have enough to pay for all of the salaries what option are you going to use?

Ms. DeFrancis answered at this point the Board of School Committee has decided not to rift teacher so we have other categories of employees that we can look at. We still have our paraprofessionals. We have our directors and coordinators and people who belong to the MESPA union as well as people who are non-affiliated. We did give notices to seven or eight assistant principals so there are still employees that could be rifted but at this point if we were to get $140 million budget since we did not rift teachers we would need an additional $3.5 million in cuts.

Alderman Shea asked do you have a surplus this year?

Ms. DeFrancis answered we anticipate at this point…our last Finance Committee meeting about three weeks ago we anticipated a net surplus of about $264,000. That would be our appropriation surplus less what we expect our revenues to come in short.

Alderman Shea asked so you can apply that to the FY2009 budget according to what the Mayor has stated, right?

Ms. DeFrancis replied that is what I understand, yes.

Alderman Shea stated well that would pay for transportation if you are going to be $274,000 in default by extending to two miles rather than keeping the regular transportation.

Ms. DeFrancis responded right but as I understand it, whatever appropriation we are given if we have a surplus at the end of the year, we would get an additional appropriation for that surplus. We won't know what our surplus is or the final bottom line until our audit is complete and we fill out our forms in September but

the way I understood it throughout this budget process was that if there was a surplus the Board would consider giving us an additional appropriation for that surplus. We can't just spend that surplus. It automatically goes to reduce taxes.

Alderman Shea asked if it is a surplus now can't you spend it on certain items that might not…in other words use that money perhaps for transportation? I am only using that as an example. I mean why turn in a surplus if you…

Ms. DeFrancis interjected well it would have to be spent on things such as supplies or textbooks. We could not use it for next year's expenditures so we could not fund teachers with it or anything of that nature.

Alderman Shea stated no, but if you have some sort of expenditure this year that you would have next year, and I am not sure what that might be, but if you were to have that surplus then you could apply a need for next year with the money that you have obviously appropriated for that particular item. I am just using that as an example. How about in the athletic area? Do you have a special fund for athletics?

Ms. DeFrancis asked an expendable trust? Is that what you mean?

Alderman Shea answered yes.

Ms. DeFrancis stated yes, we do for athletic equipment.

Alderman Shea asked it can't be used for any other type of athletic…

Ms. DeFrancis interjected no. The expendable trust was set-up just for…there are five expendable trusts and the one for athletics is just for the equipment line within that budget. That expendable trust has a balance as of the end of F2007 of $34,405.

Alderman Shea stated that is not very much. How about the treasurer's report? Sometimes I hear the treasurer's report. Is that just for expenditures for the current year? Is that what she presents to you when she gets up in front of the Board and says well I am investing this and so forth? Do you have access to those funds?

Ms. DeFrancis responded we have a treasurer and she is responsible for the investing of those funds. You can see on our revenue report that we do anticipate interest in our revenues each year. That interest rate has gone down due to the interest rates.

Alderman Shea asked what do you do with the interest that you get from that?

Ms. DeFrancis answered we bring that in as a revenue so basically it offsets the tax collection that we have to get from the taxpayers. It is part of our revenues.

Alderman Domaingue stated Karen, I just want to be clear. On this two page sheet you had sent me last week that I think has been distributed to everybody on this Board…has it been distributed?

Ms. DeFrancis responded yes, it was sent to the School Board.

Alderman Domaingue stated even after we eliminate athletics, art, music, gifted and talented, the West Academy model funding and all of the remaining 35 line items, we are still nearly $3.6 million short on $140 million budget to make salary. Is that correct?

Ms. DeFrancis responded to achieve the $140 million budget that would be correct.

Alderman Domaingue asked so you would essentially be starting off the year at a deficit?

Ms. DeFrancis answered no. We would have to identify…if we were to receive the $140 million appropriation the Board would have to identify where that $3.5 million is coming from in addition to all of the line items that are already on this list. Again, we would have to look at paraprofessionals. There are no paraprofessionals on this list. We would have to look at support staff, the MESPA union, which is the school secretaries, as well as the accounting technicians in our office. We would have to look at directors and coordinators. We would have to look at non-affiliated people. We would have to look at other areas of the budget…

Alderman Domaingue asked is MESPA a 30 days notice?

Ms. DeFrancis responded correct.

Alderman Domaingue asked is there…and here is my simple question…$3.5 million to be found in other cuts?

Ms. DeFrancis responded is there $3.5 million in the budget, yes there is but it was not on our initial recommendation to cut in those areas.

Alderman Domaingue asked what portion of the school budget is not made up of salaries? If you take salaries for all existing employees that you voted to not rift, what does that amount to?

Ms. DeFrancis answered I don't have a calculator here but I think our salaries and benefits equal about 72% of the budget.

Alderman Domaingue asked can you get me that figure?

Mayor Guinta stated well total salary line is $80 million, right? And then the total benefit line is $28 million. So it is $108 million.

Alderman Domaingue stated but that includes all of it.

Mayor Guinta replied right, and of that probably 80% to 90% is untouchable.

Ms. DeFrancis asked are you talking about the teaching staff?

Mayor Guinta answered right. The teaching staff is the majority…

Ms. DeFrancis interjected maybe 75%.

Mayor Guinta asked but can you get a further breakdown of that?

Ms. DeFrancis replied yes.

Alderman Lopez asked can the City Solicitor and Finance Officer weigh in on the surplus, which right now is $264,000. If we were to give them a budget, and I guess they give us some kind of documentation to show us that they have the revenue to do an appropriation to balance it…I would like to get your comments on if they have more than that later on how this is going to work. Are they correct with what they are saying here? Whatever balance they have will be what?

Mr. William Sanders, Finance Officer, stated I will defer to the Solicitor to an extent here but if they are projecting a $250,00 surplus for the fiscal year that we are in right now and if they generate a $250,000 surplus this year, that would be in their revenue for next year. It would sort of reduce the tax rate. That is, they already raised $250,000 and they have a surplus so if the Aldermen wanted to increase their appropriation by the $250,000 it would have zero impact on the tax rate because they would have the surplus and then you would give them the appropriation to balance it out. It would be essential though that they deliver the surplus that you are appropriating for them to spend next year. For example, and I don't think that they would do this, but just as an example, if they said they were going to have a $500,000 surplus and you appropriated them $140,500,000 and assumed they were going to have a $500,000 revenue and they only ended up with a surplus for some reason of $300,000 obviously they would be permitted to spend the $140,500,000. They might have other revenue items that could make up that missing $200,000 in my example, but once you have appropriated them the number we would need to have a pretty high level of confidence about what the surplus would be.

Alderman Lopez asked what about the second half? After we do the final appropriation if they have extra revenue how does that fit in?

Mr. Sanders answered if they had extra revenue that would still go into their revenue for next year but it would serve to reduce the tax rate because they don't have an appropriation.

Alderman Lopez stated that is the point I wanted to make. I think the way I understand it is if we gave them $250,000 as a revenue and appropriation and then they found another $500,000 they can't spend that.

Mr. Sanders responded correct. They can only spend their appropriation.

Alderman Ouellette stated on the same subject Mr. Sanders, if the Board were to appropriate a revenue for their surplus at the end of the year, we will say for the sake of argument the $500,000 example that Alderman Lopez gave and they only gave back $100,000 we'll say is that something that…well then the tax rate would have to be adjusted in November to cover for that $400,000 if there were no other revenues. Is that correct?

Mr. Sanders replied that is correct.

Alderman Ouellette asked what if the Aldermen made that assumption of the surplus and the School Board two or two and a half weeks before July 1 decide, well we have a surplus but we are going to spend it on other things. Can they do that?

Mr. Sanders answered as long as they remain within their appropriation for FY2008 they can spend the money.

Alderman Ouellette asked so if this Board were to vote on a number for revenue, that does not necessarily mean that is what we are going to get back in the end. Is that correct?

Mr. Sanders responded just to be clear, Alderman, the Board only votes and authorizes appropriations, not revenues. If you give them an additional $500,000, for example, of appropriation they can lock in on that number. That is a done deal. If they get a surplus that is lower than that it would have to be made up in taxes. If they get a surplus that is higher than that it will serve to reduce the tax requirement.

Alderman O'Neil stated it might be appropriate that I ask the Superintendent this question. Dr. Aliberti, you provided to the School Board I believe maybe six weeks ago now a list of recommendations on actions that would need to happen anywhere between the $140 million that the Mayor recommended and the $153 million that the School Board approved. What is the status of that list? I have seen a number of versions of it and I think at the top it still says subject to approval of Board of School Committee.

Dr. Henry Aliberti, School Superintendent, responded the latest version that we provided to the School Board for informational purposes was May 8, 2008, and it is labeled Version 11. That is the version in which we removed the personnel factor or the instructional staff factor from the listing. I believe that was distributed to the Aldermen.

Mayor Guinta stated there was a version that was provided to the Aldermen, I believe, at the joint meeting. That is what Alderman Jim Roy is holding up. That version is what was handed out for the joint meeting between the Aldermen and

the School Board. That version, and correct me if I am wrong, was voted on unchanged by the School Board that evening.

Ms. DeFrancis responded that is correct and the only difference between that version and the version that Dr. Aliberti is talking about that went out on May 8 is that the May 8 one, wherever there was a teacher rift, the version 7 one, that dollar amount is now zero. Everything else on that list is the same.

Alderman O'Neil asked so what we are working off of…I have seen so many versions. Can we get a copy of what is Version 7?

Dr. Aliberti answered you want Version 11.

Mayor Guinta stated I think he wants both. I think you probably want the original version…

Alderman O'Neil interjected I want to know where we are at and what the Board of School Committee has approved. That is what I want to know.

Mayor Guinta stated the Board of School Committee approved Version 7. I guess in theory you can say by virtue of not rifting they have approved Version 11. They haven't taken a formal vote but because the rift did not occur. The only difference is that every dollar amount that is associated to a teaching position has been zeroed out. We can get both versions.

Alderman Gatsas stated the next question is how did they replace the $5 million that they took out for the teachers? What did they replace those cuts with?

Ms. DeFrancis responded it is $3.5 million and it has not been replaced at this point, so the Board has to make the decision, if we get $140 million, how to make up that $3.5 million.

Alderman O'Neil asked Your Honor who is going to be responsible for providing those two documents – Version 7 and 11?

Dr. Aliberti answered I will be happy to do that.

Alderman O'Neil asked are there any other pending recommendations from staff to the Board of School Committee?

Dr. Aliberti answered there have been a number of recommendations that have been submitted to the Board for its consideration, as well as to the administration. We are reviewing those recommended budget saving kinds of items. Some of them are long-term types of items that wouldn't generate significant savings from now until the end of June. There are things we are doing at the administration office as we review professional leaves, field trips and things of that nature as we are attempting to build up that surplus account. There are some things that we are looking at and there are things that we have implemented from those lists at this point in time that are kind of long-term savings steps.

Alderman O'Neil stated I would be remiss if I didn't take this opportunity to thank Dr. Aliberti for his service to the children of Manchester. I know I speak for my colleagues when I say we wish him nothing but the best of luck in his next venture. You have done a great job, Henry, so thank you very much.

Alderman Smith stated on your recommendations, #14, these are new positions I assume. They were staff requests for new positions. I'm sorry, #12. The additional staff here comes out to $707,000 and I am questioning the necessity of this in regards to the possibility of laying off the assistant principals, especially at Beech Street and Wilson Street schools. I am very familiar with the work that those assistant principals do and I know they got pink slipped. Can you explain that please?

Dr. Aliberti stated the reason the assistant principals were notified was because of timing within the contracts.

Alderman Smith stated one other thing. You have initiatives in there and there are quite a few of them. One or two I certainly agree with. Would some of these be eliminated? You have added the following initiatives because when I asked you, you said it was a progressive budget and not a conservative budget.

Dr. Aliberti responded the budget that we submitted was definitely a progressive type of budget. The items that we included within that $153 million funding level are items that listed on a higher priority of reduction than certain personnel and some of the other existing programs.

Alderman J. Roy stated I would like to echo the phrases of Alderman O'Neil. I think we are losing a great employee and good luck. If you could help me with this rifting. One of the questions that stuck out in my mind is it is a reduction in force and you pink slip teachers to let them know they may be laid off but correct me if I am wrong. The teachers wanted that so that they would know there was an impending lay-off?

Dr. Aliberti responded I think you are correct in that, yes. The sooner an employee knows that there is a possibility their job may be eliminated, the more time they have to take a look at other options for employment.

Alderman J. Roy stated my point of view is I didn't like it because I thought we were losing a lot of good, young teachers. They would be the ones rifted and they would find a new job before they found out if they had a job here or not. However, it appears to me that teachers themselves don't want to be rifted and the School Board was reluctant to rift them so the liability falls back on us is that correct? If we end up having to do away with some teacher positions and they sue us for that year of wages, the School Board isn't reaching into their pocket to pull out the money; we are going to be liable, correct?

Dr. Aliberti responded I am not sure I understand your question.

Alderman J. Roy replied we didn't rift anybody.

Dr. Aliberti responded correct.

Alderman J. Roy stated if they end up ultimately being laid off…

Mayor Guinta interjected they can't be. It is not happening.

Alderman J. Roy stated well they can be if we don't have the money in the budget for the teachers. That is what I am saying, the liability is ours.

Mayor Guinta stated by law every position that currently exists has to be paid.

Dr. Aliberti stated what we would end up doing is the School Board would have to then find other savings.

Alderman J. Roy stated that would directly affect the students.

Dr. Aliberti responded it could.

Alderman J. Roy stated to me it looks like all the extracurricular activities and everything else, but that is another subject. I guess my point is why don't we do away with rifting and get rid of this rifting all together so that we aren't liable and if they have to be laid off they can be laid off later on. I mean if nobody wants to be rifted what is the sense of having it in there?

Dr. Aliberti replied I think what you are suggesting is a negotiable item as far as this particular notification that you are referring to.

Alderman J. Roy stated I agree that it is negotiable. Has there been any thought to doing away with it? Has there been any discussion at your level and if I am putting you on the spot just say so.

Dr. Aliberti responded I don't think you are putting me on the spot at all. I know that we have talked about the riff date and where it should be within the calendar process. I don't know that we have actually proposed it during negotiations and I haven't been involved in teacher negotiations for a few years. Initially I was and this past year I was involved in it as an Assistant Superintendent. I don't know if it has come up before about eliminating the rift notice but I think it would be difficult to do that just in conversations with union representatives. It would be a long process.

Alderman J. Roy stated well again, I am torn. Apparently teachers want to be rifted but then nobody wants to rift them. I am just confused.

Dr. Aliberti replied they appreciate the notification. No one wants to be rifted. No one wants to have their job eliminated or be put on notice that their job might be eliminated.

Alderman Gatsas asked can you tell me how many students are currently at West High School?

Dr. Aliberti answered about 1,750.

Alderman Gatsas asked how many of those are from Bedford that will be leaving next year?

Ms. DeFrancis answered we estimate about 225.

Alderman Gatsas stated so that brings us down to about 1,525 roughly. How many students at Central High School?

Dr. Aliberti responded just over 2,100.

Alderman Gatsas asked how many of those students are Hooksett students?

Ms. DeFrancis answered we have two different numbers here. It says 492 on this sheet and I have 501 so it is about 500 students. I would have to get the exact number for you.

Alderman Gatsas asked 500 students at Central.

Ms. DeFrancis answered that is Hooksett in total.

Dr. Aliberti stated it may represent students beyond just Hooksett, Candia and Auburn because these are all tuition students. We could have students being tuitioned in from other situations and communities. Approximately 500 would be safe to say for tuition students total.

Alderman Gatsas responded I am just looking for Hooksett because some of the Hooksett students are already at West and I notice that the School Board Chairman from Hooksett is in the second row smiling at me. I don't know if that is a good sign or bad sign but that's okay.

Dr. Aliberti replied I would have to break it out.

Alderman Gatsas stated I guess my question is…and I have kind of hinted to where I was going but certainly I think it is an opportunity for explanation. The capacity at West will be way down and the capacity at Central is way up. Certainly if there is conversation with the Hooksett School District about West High School possibly being a Hooksett High School what does that do for costs that might be saved and obviously if my suggestion to have Hooksett look at West there would have to be some sort of concession in tuition to entice them to make the move. Whether the move is there or not, at least there should be some sort of discussion on what that cost savings may be if there is any. You are going to have one school that is under capacity and one that is over capacity. I guess the following year you lose the rest of the Bedford students, which is how many more?

Ms. DeFrancis answered 225.

Alderman Gatsas stated so another 225. So at the end of the 2009 school year you will be roughly down to 1,300 students at West.

Dr. Aliberti replied yes.

Alderman Gatsas stated if you look at that number, obviously the capacity there is going to be in such a spot that I would think that there would be a big interest, that the student:teacher scenario would change greatly if those other 250 students went into West. The capacity for student:teacher ratio would decline. I am just trying to throw out opportunities. Maybe those opportunities don't exist. Maybe the savings don't exist. Maybe Hooksett is absolutely, unequivocally 100% against that but I think when there is an opportunity and a discussion sometimes you may find something that is amenable to both sides.

Dr. Aliberti responded I understand the opportunity you are suggesting and it is something we can have a conversation about.

Alderman Gatsas replied that is I guess another explanation and I would say you have to do that soon with Hooksett so that they can get involved in discussions. Maybe they don't want to be involved. Maybe they are content with what is at Central now. I can't speak for them because I have not had direct conversations but I think that probably opportunities exist and if their costs go down it may be something they are interested in. I don't know. She is not smiling anymore so I can't tell you where she is at.

Alderman Ouellette stated I guess the point I want to make your Honor is this. In regards to the list of cuts and the significance of the decision not to rift is basically you had the sheet that was approved that we were working off the other night. I

happen to have a copy of Version 11 because I went over to the School District and had a meeting with Karen DeFrancis about where they were at that particular time and what the ramifications of not rifting were. The gist of it is this. At $140 million the proposed Board of School Committee recommendations to cut that was approved the night of the joint session is all still there. The extra $3.5 million that we are talking about that the District has to find are the numbers that equal the teachers or the positions that were not given lay-off notices. They have to come up with that money. There are no if's, and's or but's about it. At $140 million you are not just talking about the cuts on this list but at $3.5 million I don't know where on earth…I mean if they are cutting things like #12 with the positions that Alderman Smith alluded to or if you go down a few more we are talking about elimination of all extracurricular activities. If you go down to #16 that is all arts and music programs and #18 is elimination of all athletics. That is all part of the $140 million and now they are going to try to find another $3.5 million. I guess my point is before we talk about how much money they are going to have in revenues and how much money they are going to apply to next year's budget…before we get to anything like the increase in transportation or athletics or whatnot, they have a $3.5 million problem and it is staring them right in the face that I am not sure they have even begun to address. I am not sure they are anywhere near having viable options to bring before the Board right now. Otherwise I think they would have done that by now. We only have about two or two and a half weeks left before we have to give them a number. I am glad everybody will be getting a copy of this Version 11 because it is very significant and it is very real. I sat on that Board for nine years and I never even had a budget proposed that cut $1 from the actual appropriation that they were using never mind cut $7.2 million from it. I have never been in that situation before. To me they are going to need a lot more than the $140 million just to hold water and stay where they are today. Even if we level funded them at $147 million, they would still have to pay the contract negotiation increases that wouldn't be included in the

$147 million. They would have to come up with that. Even if we gave them $147 million, and I am not advocating that we do at this time, but even if we gave them that there would still have to be cuts. I hope that when you get Version 11 that everyone around this table looks at it and realizes how dire this situation really is.

Alderman Domaingue stated I am holding a memo from you dated April 21, 2008 to which is attached Version 7 dated April 17, 2008 as the prioritized recommendations of reductions and eliminations. Your memo states as follows "The Superintendent would not recommend any budget reductions; however, in an effort to reach a $140 million funding level proposed by the Mayor, a prioritized list of reductions is enclosed for review and revision by the Board of School Committee." My first question would be this: Where on Version 7 does it talk about that $3.585 million shortfall?

Dr. Aliberti responded that version includes the instructional positions and if you look at item #34 you will also see that there were additional positions that we had to eliminate at that time that went beyond the teaching positions that were already included.

Alderman Domaingue asked and those are positions that you can no longer eliminate because the School Board voted not to rift teachers, correct?

Dr. Aliberti answered that is correct.

Alderman Domaingue asked was the School Board informed during that meeting where they voted, or during the, I believe, three or four meetings where they consistently voted against rifting teachers that there would be a $3.585 million shortfall in meeting payroll under the $140 million budget?

Dr. Aliberti responded I can remember sitting in this Chamber, I guess during a Board meeting after the joint meeting, that we had indicating that it was going to be extremely difficult if we did not rift teachers to make that $140 million budget amount because we were already looking at 53 additional positions in that April version. If you pull out all of the other teaching positions it just complicates it.

Alderman Domaingue asked was the $3.585 million figure mentioned?

Dr. Aliberti answered no I did not mention that figure.

Ms. DeFrancis stated I believe we talked about at that point 80 positions and if you were to estimate a position at $40,000 that would be $3.2 million. Now I know we have had that conversation many times amongst administration and whether or not that was ever communicated to the Board, I believe it was, but I would have to check the minutes. We always had that 80 number. I know that Dr. Aliberti asked for a rift for 80 positions.

Alderman Domaingue asked so just to clarify, knowing that on April 17, 2008, there would be at least 34 items eliminated from the budget to reach the $140 million and knowing that choosing not to rift teachers would create a multi-million shortfall including eliminations to athletics, gifted and talented and extracurriculars, refresh my memory. Who voted for rifting teachers?

Dr. Aliberti answered I think there were several different times when the Board had the opportunity to do that vote. I think initially when it was proposed Chris Herbert voted for the rifting.

Alderman Shea stated she hit upon 90% of what I was going to hit upon but the point is are these all classroom teachers that are included in the $3.5 million or are they other people that are an integral part of the school but not classroom teachers?

Dr. Aliberti responded it includes all positions that would be covered under the teacher's contract. So it is other than just classroom teachers.

Alderman Shea asked so would it be guidance counselors and reading consultants?

Dr. Aliberti responded yes.

Alderman Shea asked but not direct instruction of the children. It would be people coming into the classrooms like say a reading person who comes in or a guidance counselor?

Dr. Aliberti answered I think maybe I misunderstood your question. What you are asking me now I think is if we were to make up the $3.5 million where those positions would come from?

Alderman Shea responded yes I am asking you that in a different way.

Dr. Aliberti replied it would be all positions that are not included in the teacher's contract.

Alderman Shea stated no. What I am asking you Henry is the $3.5 million that has to be added to your $140 million, are these classroom teachers or people not directly involved in the classroom but come into the classroom?

Dr. Aliberti responded that $3.5 million I believe represents all positions that are covered within the teachers' contract; so yes.

Alderman Shea stated so maybe there was a misunderstanding at the time between Board members in terms of classroom teachers versus other people important to education. I am not minimizing their roles but I am saying they are distinct from a classroom teacher.

Dr. Aliberti replied it would be hard for me to speak for the Board members and what they individually thought when they were taking that vote. I know that several of them did voice that they did not want to rift teachers. So what their perception was of other positions that may have been included in that contract, I am not 100% sure because I wouldn't know what they were thinking.

Alderman Shea stated one of the concerns that I have is I think that athletics is an integral part of the high school program without any question. I mean it is so important that it should not by any stretch of the imagination be eliminated. However, because of the problems that are existing, if $1.7 million was given and we said we want this to go for athletics I am sure that would be put towards the $3.5 million. I don't know how to approach this and I know that transportation of children is important. We don't want any kids walking 1.9 miles to school. That doesn't make any sense at all. The other is extracurricular activities. Those who aren't involved in sports have a place in all the schools. In other words, it is almost like we have to appropriate $3.5 million in order to meet the obligations that you people are under plus we have to advocate for $2 million more or thereabouts unless some other thinking goes on that would require a little less. It is going to be a tough sell I'm sure. Thanks for your response.

Alderman Lopez stated I just have to ask this question because I am not too sure whether the School Board…and if they did fine, but Your Honor, you chaired that meeting, that special meeting. Did you know that it was going to cost an additional $3.5 million and did you inform the School Board members of that?

Mayor Guinta responded there were three opportunities for votes. The week before at a regular School Board meeting if my memory serves there was a potential vote to rift. That vote did occur and at the time I didn't think there were enough alternatives that came forward from the administration on that list that was provided to us dated April 17. I said to the Board, let's do everything possible to minimize the number of positions that would be affected by a rift vote. Let's delay it for a week. In the meantime, you and I met and we had agreed to a special meeting between the Aldermen and the School Board. We had that meeting and there was some discussion amongst both boards about the direction the Aldermen were considering – not a promise but considering. Immediately after that meeting there was an opportunity to rift and a vote did not occur. I then under counsel by the Solicitor called an emergency meeting for the following day for the School Board for the purposes of voting to rift.

Alderman Domaingue interjected point of order. Wasn't there a phone poll in between that evening meeting and the emergency meeting? Weren't they given another opportunity or am I…

Mayor Guinta interjected there was a phone poll but I don't remember what the phone poll was for. It might have been for the meeting. I don't think there was a phone poll to rift.

Alderman Domaingue stated I thought that there was.

Mayor Guinta responded no, well actually yes. After the joint meeting, I had spoken with the Solicitor and tried to determine what is the best way to schedule a meeting bypassing the 24 hour notice rule. He said I could have an emergency meeting so I called it the next morning and had the phone poll, which I figured we would ratify that evening. The phone poll vote failed. We did have a meeting of the School Board and they took a vote to…I am trying to remember the terminology of the vote. A motion to reconsider, which failed.

Alderman Lopez stated I am just trying to understand.

Mayor Guinta stated the number, to answer your question and Alderman Domaingue's question, the $3.5 million figure was never disseminated or discussed but it was very clear based on the 80 positions that we were referencing and the average salary of $45,000 what number you would have to come up with. I don't know that anyone ever discussed that publicly but everybody knew…I mean the members knew based on the April 17 version what not rifting meant. Now I think they were sending a very clear message because they had stated it or several members had stated it that they didn't feel it was appropriate to rift. They were moving forward with a higher appropriation based on their original request.

Alderman Lopez responded I thought on April 17…in looking at Item 34 on the list and there was another list with 35 items…I am just wondering if you are sure that every School Board member knew that by not rifting they were going to have to find another $3.5 million someplace because on April 17 I didn't know that.

Mayor Guinta replied in my opinion…again, it was not explicitly stated in writing or verbally that not rifting would cost $3.5 million but the week before the Superintendent was asked…and I don't recall which Board member asked but a Board member asked for a number that would be rifted and he did state at that

meeting that it was roughly 80 people. I followed up with a question and said if you rifted 80 does that mean that 80 will lose their jobs and he answered no. But we knew that we were talking about 80 people in terms of notifying for the rift. Basic math you can take $45,000 times the 80 and that is $3.6 million. I would assume that it would be understood what dollar amount we were talking about but again it was never written or discussed orally, the actual number.

Alderman Ouellette stated it was written because in Version 7 the dollar figures are next to everything that they had taken out.

Mayor Guinta responded well you can easily add it up but I think the question is was it specifically discussed, the $3.5 million. It was never specifically discussed.

Alderman Ouellette replied but the information was there.

Mayor Guinta stated right you can add up the numbers and it is there.

Alderman Domaingue stated Your Honor, the information was there. You just did the math in I think less than 16 seconds to come up with $3.6 million. I guess my question for you is why did you propose a budget that was $3.6 million short on education, not even counting all of the cuts that would need to be made beyond that?

Mayor Guinta responded when I proposed the budget I based it on $7.3 million less revenue. This was back in March. Back in March there was no discussion about what a shortfall would amount to if a future rift vote never occurred.

Alderman Domaingue asked did you meet with the administration when you were constructing your budget to go over figures and potential impacts of making cuts?

Mayor Guinta answered well the process is that the School Board crafts in conjunction with administration a recommendation. It starts at the Finance Committee level and goes to the full School Board and they vote on that. They provide that to the Board of Mayor and Aldermen. That is all done prior to a budget recommendation that I have. What I am faced with is looking at the overall picture, the entire picture of the City. As you remember we have $13 million less in revenue with $7.3 million coming from the School side so I was trying to determine what was the fairest way to appropriate what is expected to be less revenue for FY2009. If the Board of Mayor and Aldermen opts for an alternative proposal that is at the pleasure of the Board, but in my opinion we had a responsibility to acknowledge the significant reduction in revenue that the City is receiving and it is part of my responsibility to consider that as I craft a budget. Again, I have been on record…

Alderman Domaingue interjected so in other words you looked at the bottom numbers, subtracted the shortfall in revenue, didn't meet with anybody from the administration to go over the numbers, didn't talk to anybody about where the cuts were going to occur…

Mayor Guinta interjected that is not true. Alderman, I don't want to argue with you. I don't think that is a fair characterization of how I put a budget together. I worked from December until March 31 on a budget and then I continue to work with this Board for April and May and into June. It is far more complicated than what your statement is. It is a several month's process of hours and hours of deliberation trying to determine what is the best…

Alderman Domaingue interjected then my only question is during that several month process did you sit down with the administration and talk about what the cuts were going to result in?

Mayor Guinta stated yes I sat down with the Superintendent in my office. I sat down with the School Board in public and in private to talk about the realistic revenues as well as how this budget process was going to unfold.

Alderman Domaingue asked can I call up Committeewoman Labanaris?

Mayor Guinta stated sure.

Alderman Gatsas asked can I finish up on some questions before we get into…I don't want to get into the minutiae. I would like to solve a problem.

Mayor Guinta answered I agree with you but I will allow the Alderman to finish and then I will go to you, Alderman Gatsas.

Alderman Domaingue stated I will take two minutes or less I promise. Katharine you were looking a bit aghast when…do you want to clarify?

School Committeewoman Katharine Labanaris stated certainly. As far as the times that I was seated around the Board table, the only thing that was presented to us as a Board was the lack of revenue and it was stated that there was $14 million that we were lacking in revenue in the City and that our budget when we presented it at $153.1 million was certainly not going to fly because of that fact. As far as discussing what was going to be impacted by our budget or where we thought we should work on items, we have never had a discussion with the Chairman of our

Board about anything to that effect. The only thing that we were admonished or warned about was the fact that we had a $14 million shortfall in revenue. That is the discussion that we have had.

Mayor Guinta stated which is what I conveyed to you. I conveyed to the administration and the Board the reduction of revenues and how severe and significant the challenge before both Boards is going to be for the budget process. I would agree with that. That is exactly what I said. This is what I told them. They believed me. We had several conversations about it but they are opting to request the $153 million, which is their right. The reality of the situation is that I don't believe the City is in a position to fund anywhere near that level, that request. A lot of that is because of the reduction in revenue that we are anticipating for FY2009.

School Committeewoman Labanaris stated our administration on the School side first heard the $140 million number on the 31st of March. That is the first we heard of it on our side.

Mayor Guinta responded I hadn't crafted it. It wasn't completed until that point and that is when I gave my budget address, which is when every member of the public hears it and the Aldermen hear it and the School Board hears it. That is the process by Charter.

Alderman Gatsas asked how many resignations do you have on average per year?

Ms. DeFrancis answered about 50 not including retirements.

Alderman Gatsas asked 50? Well, if I take that 50 and I add the 49 to it, that gets me to 99 and I have just solved your problem for $3.5 million. You don't have to hire the retired replacements or the other 50 who have resigned. So that solves your problem. I just gave you a solution for $3.7 million to fix your problem. So you didn't rift, you just didn't hire 100 people. So let's go onto the next issue because you have one problem resolved. I like solving problems.

Dr. Aliberti answered the actual purpose of rifting is to help provide some flexibility when you want to staff a school, a high school especially. These positions that we are talking about that we receive resignations or retirements for are not just classroom teachers. They involve administration. They involve special education.

Alderman Gatsas asked how many teachers resign each year? Would you say it is 50% of the 50 and say it is 25? How about 20?

Ms. DeFrancis answered it could be.

Alderman Gatsas stated so if it is 20, that is 70 positions. If I multiply the 70 times $30,000 for a new hire times 34% that is $40,000 times 70, which is $2.8 million. I guess I didn't solve your whole problem. I solved about 90% of it.

Dr. Aliberti stated let's go back to that 50 number because you took 50 and you added 20, correct?

Alderman Gatsas responded I took 50 that you gave me and the next question I asked you was how many resignations. Those aren't the retirees.

Dr. Aliberti replied again if we look at that 50 that is not just all classroom teachers.

Alderman Gatsas stated yes it is. It says 49 teachers. That is what I am looking at based on your sheet. Not my number. Your number. So I solved your problem.

Dr. Aliberti responded well you did to an extent.

Alderman Gatsas stated and I haven't had that much time. I haven't looked through School Board budgets this extensively ever since I have been an Alderman but certainly when you look at it, it gives you opportunities.

Dr. Aliberti stated there are two things I would just like to share. One is the resignations or retirements that you referenced were already included in the cut list. They are already there.

Alderman Gatsas asked can you show me where they are on the cut list?

Dr. Aliberti answered you have…

Alderman Gatsas interjected well make sure you have the same list that I have. I have an April 13 list. Don't give me Version 11 because I don't have that one.

Dr. Aliberti stated where you see attrition of teachers, line item #11 and then line item #31…

Alderman Gatsas interjected that is a total of 17.

Dr. Aliberti responded no it is 38.

Alderman O'Neil stated Chairman Lopez it would be helpful if we were all working off the same sheet. I think there are too many different versions floating around here.

Alderman Lopez responded we are working off of April 17 I presume.

Alderman O'Neil replied well I heard something from Dr. Aliberti earlier about a May 8 Version 11.

Alderman Lopez stated yes there is another one. Can the City Clerk just take one and get it copied please?

Alderman Gatsas stated well I need to work off a sheet that we are all going to work off of because I think the sheet you are going to work off of you are going to see the total of the cuts total up to $16 million not the $13 million and I guess it doesn't get you to $147 million, but $137 million I think if it is the same sheet I have seen.

Alderman O'Neil stated I have a question for the Finance Officer of the School District. Karen, what are the obligations based on the contracts that were approved by both the Board of School Committee and the Board of Mayor and Aldermen? What are those dollar figures?

Ms. DeFrancis asked when you say the obligations are you talking about the step raises?

Alderman O'Neil answered correct.

Ms. DeFrancis stated I know we have given that number before. I think it is about $2.5 million.

Alderman O'Neil asked is that for all bargaining units?

Ms. DeFrancis answered yes and I think it is in this budget book actually on page three.

Alderman O'Neil asked and it is what?

Ms. DeFrancis replied $2.5 million.

Alderman O'Neil asked does that take into account…were you able to fine tune it enough on those projected retirees or would that just…

Ms. DeFrancis interjected that is existing staff. If you were to…I don't know if you have your budget book with you but on page three it identifies the different areas, the major increases and decreases in the budgets and you can see that the steps and raises are estimated at $2.5 million and then we estimate a savings in retirees of $2.2 million.

Alderman O'Neil asked so are they included in those numbers then?

Ms. DeFrancis answered in the $153 million, correct.

Alderman O'Neil stated one more time on the savings.

Ms. DeFrancis responded on the retirees' severance payments we expect to save $2.2 million in the next fiscal year because we had about half the amount of people retiring.

Alderman O'Neil asked does that include Dr. Duclos with his wearing two or three hats?

Ms. DeFrancis responded yes, I believe he is in the budget.

Alderman Ouellette asked Dr. Aliberti, were there any other votes of rifting employees other than the teachers, not including the assistant principals. Did the Board take any other action or non-action on any of the other bargaining units, such as MESPA or directors and coordinators? Was that discussed?

Dr. Aliberti answered I think we talked about the 30 day employees. I don't recall whether or not there was a vote that was taken. Ms. Labanaris is indicating that we had that discussion and if there was an authorization requested it wasn't approved because we have a 30 day notification period for those employees, so we wouldn't have to notify them by a certain date specific as we do with the assistant principals and teachers.

Alderman Ouellette asked now if you get your budget the second week in June or the second Tuesday in June, which is the day you have to have a budget, whether it is one adopted by the Board or the default, which would be the Mayor's number, would you still be able to rift those teachers or would you need 30 days before July 1?

Dr. Aliberti responded if you are talking about the employees that need just 30 days notice we could give them the 30 day notice and that could be given at any point in time.

Alderman Ouellette stated any point in time during the year. So let's say you are running out of money in March. You can give them 30 days notice next March?

Dr. Aliberti replied yes.

Alderman Shea stated in the past the health benefits have gone up or down. In terms of your health benefits for your training staff and your administration, were you able to negotiate any kind of a contract this year that was less than last year or did you have the same amount? In other words, how did you carry that out?

Ms. DeFrancis replied there is an increase. We did go out to bid for our health insurance and it came back favorably with Anthem winning the proposal and the increase was 5.2% in the budget. Anthem had recommended a 3.8% increase in our claims. They had actually decreased our administrative fees so we saw some savings in the administrative piece but overall there was an increase in the health insurance.

Alderman Shea asked there was an increase in your health insurance? Was there an increase or a decrease in our health insurance?

Mayor Guinta stated it was an increase but I don't know off the top of my head what the percentage was. I don't know if the Finance Officer can…the percentage increase in health insurance costs for the City for FY2009?

Mr. Sanders responded 10%.

Mayor Guinta stated so it's a 10% projected increase on the City side.

Alderman Shea replied I thought when we negotiated a contract we got a low bid. I am a little bit confused. Alderman Gatsas was part of that negotiation. I remember Jack Sharry and you and someone else…

Alderman Gatsas interjected to answer your question, what we are finding is because the CIGNA network is so much larger it includes a lot of the HMO's that are outside of district so somebody can go from a Point of Services to an HMO and get the same people within their network. So people have been changing. What is happening is that cost, because it is only a co-pay and it allows them to get to a larger network, people are switching to it because it is a $60 per week reduction in cost to an employee I think. Isn't it $60 per pay period Bill?

Mr. Sanders responded that is approximately correct.

Alderman Gatsas stated so the employee is seeing that he can get to the same network and save somewhere around $50 per pay period.

Alderman Shea asked does the same apply to the School District?

Alderman Gatsas answered no because I don't believe they completed their full analysis of a comparison basis. I think what they did is when Anthem came in and said, we are reducing our administrative costs they said, fine let's stop the negotiations now. Is that correct?

Ms. DeFrancis stated no. Actually Jack Sharry did negotiate with Anthem. We hired Jack Sharry and he came into the organization and looked at the…I believe we received four or five proposals. He reviewed them and actually did negotiate. Anthem was the lowest but he did negotiate with them to put a cap on the administrative fees for the next two years so there were definitely negotiations after we received the proposals back.

Alderman Gatsas responded my understanding is a little different.

Alderman Shea asked wouldn't we save money if the school employees were part of the City? If we were a larger network wouldn't the fees be less?

Ms. DeFrancis replied I don't think I can answer that.

Alderman Shea stated another point is legal fees. There were a lot of legal fees run up, not this year or course but prior to that. Wouldn't some of these expenditures be better handled by the City Solicitor rather than paying $250/hour for some lawyer enterprising as they are to come and sit in on a meeting and then give his or her expertise? Your legal fees…how much are they anyway?

Ms. DeFrancis responded in our budget book on page 74, we do have a breakout of our legal fees.

Alderman Shea stated I don't have that book.

Ms. DeFrancis replied for FY2008 the projection right now is $89,000. For F2007 the actual that we paid was $150,000. Those numbers are broken down into three areas. We have our personnel matters, special education matters and our other legal matters.

Alderman Shea stated well special education obviously is a necessity but personnel…and the third one is what?

Ms. DeFrancis responded other legal services, which would be anything contractual or leases and those sort of things. Just to give you a breakdown for our projection for FY2008, our personnel was $33,000, special education $26,000 and all other $30,000. That is again what we project for FY2008 so it fluctuates year to year, but those are the numbers and if you look at your budget book later on you can see that on page 74.

Alderman M. Roy stated I hope no one minds but I am going to go in a little bit different direction and this is for whoever wants to answer it whether it is the Vice Chair or administration. Educationally, at $140 million we have seen that it is devastating. At the $143.5 million that adds in the teachers that were not pink slipped, which is a decision that I happen to agree with because I don't think we should ever lay-off teachers, police or fire, so I have no problem with that. Educationally there is a list of 35 cuts. What does that do to our students educationally? I have a follow-up after that Your Honor. Dr. Aliberti, please be honest with us.

Dr. Aliberti replied I think the reduction list really kind of speaks to that whole particular issue.

Alderman M. Roy stated one of the reasons I am asking is the people at home don't have this updated list or anything that hasn't been in the Union Leader.

Dr. Aliberti responded I understand that. If we look at the $153 million budget and the reductions that occur as you work down towards the $140 million mark you can see that we have certain partnerships that we involve students in for educational support for colleges and universities, such as NH JAGS, which would be eliminated. We are looking at not replacing certain teacher retirement positions and again although these are teaching positions, the impact is that we are looking at some very specialized teachers within that group as well. They may be math teachers or biology teachers that would be difficult to replace. We also have new positions that were requested within that reduction that support student educational needs such as the addition of elementary secretaries for our larger elementary schools like Beech Street and Northwest. We were looking at providing a student informational system so that parents could access their child's information through a parent portal process. We would also have teachers accessing that information through the acquisition of some computer technology and sub-notebooks that we refer to so that as students perform either on local assessments or classroom assessments or the state NECAP assessment, that data could be accessed and called up. Teacher performance could be reviewed and students could be grouped or regrouped for instructional purposes. A lot of that is done at the District level at this point. Some of it is through hand computations at the classroom level. I am not sure that all classroom teachers have access to this type of information. We were looking at acquiring some positions to meet accreditation and federal law requirements such as the Central Business teacher, special education physician, the data positions to support data analysis as well as teacher training and the attendance officer who would help support getting kids to school especially with the extension of school attendance. We are looking at the elimination of the West Academy Model. We also get into extracurricular activities and as Alderman Shea indicated a lot of times students need a hook to come to school and this is often through clubs and organizations that occur after school or during the school day. Advisory stipends would be eliminated so these organizations would probably not

continue for students, as well as band activities that we provide a stipend for. So fine arts would be impacted as well. We are looking at the elimination of math resources for K-5 instruction. We had a group of teachers who spent a great deal of time reviewing 11 different programs. They elected a program and that program was reviewed by the C&I Committee of the School Board. We wouldn't have the funding to purchase that program. Then we get into athletics. Again, a lot of students use athletics as a hook to get them to school. It is a great thing for a community to see students performing either on an athletic field or within a band or an orchestra or in a concert or choir singing. They add an awful lot to what we call the educational program although they are not classroom based. We would be looking at reducing instructional supplies, the gifted and talented program, the Navy JROTC program. We have a summer program called Ready for Success for incoming kindergarten and first grade students who are at risk academically and that program would not continue. We have support personnel at the central office that would be reduced. We talked a little bit about assistant principals. They have been notified that their job could possibly be eliminated. We looked at BLIC positions at the high school level. These individuals right now are putting together the core competencies for every single course that is being offered at the high school level. They are responsible for that. They are doing that work and working very hard with the Director of Fine Arts in coordinating this process. We talked about the elimination of full time kindergarten going to a half day, which would save us some instructional personnel. Again, that impacts at-risk students. Looking at the reading specialists, in the past sometimes they had to serve two and three schools. That is not an effective way to provide services to teachers who work with at-risk students in developing literacy skills but we would look at that as a possibility. Certainly we would have to identify other savings or reductions to reach the $140 million mark.

Alderman M. Roy stated I have a question for Karen. The school of choice as our schools fall without athletics and without music, what choice will parents have for out-of-district placements or what will some of the unintended costs be to the District if children decide to leave the City?

Ms. Burkush responded students with educational disabilities I am not sure…I mean we are responsible to make sure we provide access to extracurricular per IEP's so I haven't calculated the costs in terms of the number of students with disabilities who are participating in those programs through their IEP's.

Alderman M. Roy asked if you had to give a percentage of children with IEP's within the School District what would it be? I know that is a hard question.

Ms. Burkush answered I know it is hard but I would say about 75% of them because the largest majority of students that have disabilities are learning disabled and they participate fully in extracurricular activities.

Alderman M. Roy asked so it is safe to say we are impacting our most needy students.

Ms. Burkush responded yes.

Alderman M. Roy stated the final question and it may be more of a statement unless someone is here from the Assessor's Office. I have real estate background and when you start taking schools out of the equation or diminishing your schools you start greatly affecting your real estate value. From my standpoint I would rather see my property taxes go up 5% or 10% to protect 5% or 10% of my larger investment, which is my real estate value. I don't know if Steve is here and wants to comment on how a 1% or 2% change in our property values would impact our

budget but I would much rather see us put the money where the money needs to be to protect our future children and the educational values of the City. Steve, is that something you can comment on?

Mr. Steve Hamilton, Assessor, stated Alderman, we have no analysis that would show what impact that would have but certainly with your real estate background you realize that one of the first and foremost questions that many buyers ask is what is the quality of the school system. So that is an important factor, especially in residential valuation.

Alderman M. Roy asked what is our current tax base residentially?

Mr. Hamilton answered the total tax base is approximately $9.6 billion.

Alderman M. Roy asked do you have a residential…I mean we have talked about 38% or 40%.

Mr. Hamilton answered approximately 38% is commercial so 62% would be residential.

Alderman M. Roy responded so it is safe to qualify that a 1% decrease in that residential of 62% would be devastating to our future budgets.

Mr. Hamilton replied that would be a significant impact.

Alderman O'Neil stated Dr. Aliberti, I just want to make sure I am reading this correctly so bear with me. Let's just pick a number: $146,300,000. To get to that number based on your recommendations, items 1-19 would have to occur, and

everything beyond that would most likely remain although there could be revisions to that, correct?

Dr. Aliberti responded that is correct.

Mayor Guinta stated they do have to get to a School Board meeting. We will now move on with the next portion of our agenda. I want to do items 4 and 5 first because I think they will probably be pretty quick and anyone in the audience who is waiting for those two could have the rest of the night off.

4. Communication from Jane Gile, Human Resources Director, requesting the Board adopt an ordinance amendment to establish limited term Youth Counselor classifications for the grant funded and WYR Project positions.

Alderman Lopez *moved to suspend the rules and place the ordinance on its final reading, waiving the provisions of referral to the Human Resources Committee.* ***Alderman Pinard*** *duly seconded the motion.*

Alderman Smith asked what happened to Item 3?

Mayor Guinta answered I just said we are going to take items 4 and 5 so the people waiting for that can leave and then we will go right to item 3. I figured these were just housekeeping items. I didn't think they were going to take more than a couple of minutes.

Alderman Lopez stated just briefly and then HR can jump in, I coordinated with Alderman Gatsas and because we took the money and put it into the operational line they need to have some job descriptions so they can go out and hire these people and I will let the HR Director explain.

Ms. Jane Gile, Human Resources Director, stated my understanding is that the particular positions that we are talking about for the Wrap Program are of limited duration. Their funding is not necessarily on a permanent basis. So what this job description does…it is a new job description and basically what it does is it just says the Youth Counselor positions would be of limited term. That is the difference. The positions that we have currently are called Youth Counselors. These positions would be more specific with the indication that they are of limited duration.

Alderman O'Neil stated I apologize that I am going to ask you these questions because I know you are just coming on board, but wouldn't this affect other grant funded positions in the City like police officers? I am just concerned that in doing this we are opening a door that we don't want to. I guess when we accepted the original grants it was always understood it could be just for the duration. I can't remember the specifics off the top of my head. I want to say three years but maybe it was longer than that. I hope when those people were hired…and I believe one is vacant and one has an incumbent in it…that they would know it is always subject to funding. I do know there is a reference to the Fire Safe Intervention Program. I didn't think that was a full-time position.

Mayor Guinta responded the ordinance is specific just to the Youth Counselor position.

Alderman O'Neil replied but my question is there are other positions like this throughout the City. Why would we do it just for these positions? We have police officers who are part of federal funding.

Alderman Gatsas stated I agree with you Alderman. If I had known that the other $200,000 we had in CIP…we should have moved that directly into police so there would be a transparency in budgeting because there are police officers there. I think there are four in one category and two in another. That is part of the 225 complement. If I had known they were there, they would have been put into the budget because the reduction now is closer to $100,000. I think that in truth in budgeting the next time we should do the same thing so that all funds within a department are there and they are transparent to all of us.

Alderman O'Neil stated we have CIP staff and some of their salaries are charged to…I am not sure what we are accomplishing by doing this just in this one department. That is my question. I think if we looked we would find that there might be some Health positions similar to this.

Alderman Gatsas responded I don't disagree with you. They should all be in their budget line item so that we see them. Right now as we just heard from the School District they get $14 million for grant positions and that $14 million never shows up in their budget anywhere.

Alderman O'Neil replied we at least have seen these positions because it comes through as a CIP project so we have seen them. I am still not hearing a good answer as to why just these positions.

Alderman Lopez stated I will try to answer. In this particular situation, as a grant was used in CIP they were supposed to make a job description along with it. Now the $132,000 was not funded in the Mayor's budget. We put the $132,000 directly in the operational budget so the technical aspect…there was no job description on the operational side, so after discussions with the HR director it was recommended since…maybe next year we won't fund the $132,000 so those people who are

hired on a limited basis know that they are there for a year just like they were for a grant and correct me if I am wrong…

Mayor Guinta interjected general fund money instead of grant money, correct?

Alderman Lopez stated that is correct, so next year if we decide not to fund it, those positions are gone and they are not a complement of Youth Services.

Alderman O'Neil responded that could be true of many other positions throughout the City.

Alderman Lopez replied it is possible.

Alderman O'Neil stated and that leads me to ask why are these two positions singled out right now.

Alderman Lopez responded because we put the $132,000 in the operational budget and he cannot hire these people unless there is a job description.

Mayor Guinta stated these positions were the only ones that were removed from CIP to operating, so as a result there has to be a job description identified. If that happened with the other positions you are referencing, we would have to do the same thing.

Alderman O'Neil asked there are job descriptions for all of the other positions?

Mayor Guinta answered not necessarily.

Alderman O'Neil stated well let's let this go. I don't want to spend all night on this. It's just I don't know how this has gone on like this. It bothers me because now it almost tells these employees, you are here for a limited term, and I have a real problem with that. I am not saying Jane is…obviously an issue was brought to Jane and she was asked to resolve it but as is typical in City government we make one move and it might be the domino or snowball effect here.

Ms. Gile stated if I may, it was my understanding that it was a recommendation of the former HR director that this position be established and due to some technical oversight it was never effectuated by the OYS. At the time when they wanted to recruit for these positions, it was advised that they develop that job description accordingly.

Alderman O'Neil asked so Jane, the woman who is the incumbent in one of the slots…I am not trying to beat this to death but we get ourselves in trouble sometimes. This affects her and what we are telling her is you have a job year-to-year.

Ms. Gile stated yes. Basically you can do it either way but what we are saying is that because of the nature of their work it is not necessarily an authorized ongoing position within the City in that it is contingent on continued outside funding. That Fire Prevention person is 100% funded by outside grants. If those grants were dissolved, yes she would not have a job. Therefore, the limited term designation would apply to her position. The same holds true for the Wrap Program in that it is funded totally through another source of funds. If that fund was not available to them for those positions, they would not be available to those employees.

Alderman O'Neil asked but we do agree that we have police officers that fall under multiple funding sources. We have two who are funded through an appropriation from the Housing & Redevelopment Authority…

Mayor Guinta interjected yes but those positions are already established. These positions are not established yet.

Alderman DeVries asked this employee that has been hired would go through the normal hiring process just like any other longer term employee, correct?

Ms. Gile answered yes, the same requirements.

Mayor Guinta asked the Clerk to read the ordinance.

Ordinance:

> "Amending Sections 33.024, 33025, and 33.026 (Youth Services Counselor – Limited Term) of the Code of Ordinances of the City of Manchester."

Mayor Guinta called for a vote on the motion to suspend the rules and place the ordinance on its final reading waiving the provisions of referral to the Human Resources Committee. *The motion carried with Alderman O'Neil being duly recorded in opposition.*

Alderman DeVries *moved that the Ordinance be ordained.* ***Alderman Mark Roy*** *duly seconded the motion. The motion carried with Alderman O'Neil being duly recorded in opposition.*

5. Ratification of a poll conducted on May 23 - 27, 2008 authorizing the Fire Chief to conduct promotions effective June 29, 2008.

Alderman DeVries *moved to ratify and confirm the poll authorizing the Fire Chief to conduct promotions effective June 29, 2008.* ***Alderman Smith*** *duly seconded the motion. The motion carried with Alderman Domaingue being duly recorded in opposition.*

Mayor Guinta addressed item 3 of the agenda:

3. Discussion with the Manchester Housing & Redevelopment Authority regarding various financial matters and contracts.

Alderman O'Neil stated informally this was brought up a month or so ago. Alderman Jim Roy and I maybe talked at the beginning of last week…I don't know because we have been with each other so many nights it is hard to remember, but that led me even before Alderman Gatsas asked the specific question last week to contact the director because I thought we had this discussion before and that is what led to the letter that he addressed to me along with a copy of a letter from HUD dated 2005. What I asked the director to spell out were the three different types of housing that the Authority may be involved in. I think the letter pretty much speaks for itself.

Alderman Lopez stated we have so much documentation here. I think we know the basic question. We get $155,000 in taxes and we have the Assessors here. I guess the question is why can't we get any more money?

Alderman O'Neil stated Mr. Edwards doesn't even have to answer. It is against the law.

Alderman Gatsas responded that is not true.

Alderman O'Neil replied that is what it says right here. I know, Alderman Gatsas, you believe you got this from other housing authorities but it is pretty clear we can't do it because the law doesn't say we can do it.

Alderman Lopez stated I would just like to have them answer this question because I am not going to read this whole document tonight.

Mr. Ken Edwards, Assistant Executive Director of the Manchester Housing & Redevelopment Authority, stated our Executive Director, Dick Dunfey, regrets that he was unable to attend tonight. He had a Board of Commissioners meeting that was scheduled before we were notified that our presence was requested tonight here. Also to my left is Bill Craig, Counsel for the Authority, and behind me is Carl West our Finance Director and Dick Webster who is our Development Manager. Basically in simple terms, when housing authorities develop public housing in a community there is a cooperation agreement that is signed between the community and the housing authority, which obligates the parties to follow HUD regulations when public housing is to be developed in the community. That cooperation agreement basically says that if the federal government agrees to provide all of the funding necessary to acquire property, to develop housing for low to moderate income families, elderly and disabled persons, that the City agrees that it will provide all of the services that it provides to all other residents of the community and accept a payment in lieu of taxes. So those are the basic conditions under which public housing operates within a community. We have been operating public housing in Manchester since 1947. We have 1,169 units of public housing. We have developed housing in a couple of other ways. We have used the NH Housing Finance Authority's Tax Credit Program to develop tax credit properties, namely the Gale Home at 600 Maple Street and the Brown School. Those properties pay full taxes based on their value slightly adjusted by

the Assessors for income because they are income restricted. But for those two properties the Housing Authority has paid at the Gale Home $43,867 in real estate taxes for a property assessed at $2,647,500 and that contains 37 units. The Brown School was just completed late last year so we made a partial payment of taxes around $20,000 on that property and it's current assessment is $3,648,300. In addition to that we have partnered with a private developer to assist in the development of units on Old Wellington Road and on Karatzas Avenue. Those are basically the three ways in which we have developed, managed and maintained property for low to moderate income families and income eligible elderly and persons with disabilities. I will try to answer any questions if there are any.

Alderman Gatsas asked so right now you are in breach of contract.

Mr. Edwards answered I don't understand your statement.

Alderman Gatsas stated well the contract you have with the City says that you should be paying no more than 10% of the gross so you have breached your contract with three of the properties on here where you are paying 100% of the taxes.

Mr. Edwards replied no, those are not public housing. Those properties are not covered by the cooperation agreement.

Alderman Gatsas asked so the partnerships you have are not part of the housing?

Mr. Edwards answered no.

Alderman Gatsas asked is it my understanding that with a request form HUD these properties could be sold and put on the tax register similar to what they did in St. Louis when Secretary Kemp was there.

Mr. Edwards answered there is an option for selling public housing if a housing authority elects to consider that.

Alderman Gatsas responded but my understanding is it certainly has to come from the governing body, which is the Aldermen.

Mr. Edwards replied I cannot answer that question.

Alderman Gatsas responded I understand that and I understand the letter you have from HUD was a request that I sent Mr. Dunfey about this in 2005 but never went forward with any further details. I guess when I have talked to other housing authorities and they tell me they have renegotiated their contracts where the contract that we have with MHRA was put in in 1961 I would assume things have changed, at least in this City, since 1961. I would assume they have changed at MHRA. Right now my understanding is that a full tax if we went to HUD and asked them to sell it would be somewhere around $1.9 million that would come into the City. Again, if a private entity bought them, there is no increase in rent so that is not something that can be challenged because those rents are set by the federal government. So somebody on the private end would have to come in, pay the taxes, maintain the buildings and get the rent that is on the rolls now. I look at that and say that maybe it is time, because we are only receiving $155,000 in taxable revenue from some…I don't know, what did you say? Was it 1,100 units?

Mr. Edwards replied right.

Alderman Gatsas stated 1,100 units, so we are roughly somewhere around $1,400 a unit in taxes if that. No, we aren't even there. It is $155,000 that you pay. That is $140 a unit. Boy, a lot of developers would be interested in that kind of a deal.

Attorney William Craig stated I am not aware that it has been done in New Hampshire but I do know that all of these projects are very much income restricted and the yield on the investment is very low. I don't think you would get as high a price as you would if it was an open market deal and they weren't income restricted. I think that is the basic problem.

Alderman Gatsas responded I think that the St. Louis deal showed that those units were pretty close to market. That was ten years ago or maybe longer.

Mr. Craig stated I don't know about St. Louis. All I know is New Hampshire.

Alderman Gatsas replied you can see I have been doing a little bit of homework on it.

Mr. Craig stated well far away, so we can't figure it out and follow you, but we tried to look it up…

Alderman Gatsas interjected well maybe we need to bring HUD in. I guess seeing that you folks are making reference to a letter from HUD I think I will follow-up with one to see what the terminology is for us to go to the private sector and sell them because certainly it is $1.9 million in revenue. I am not looking to say that the MHRA should be paying full tax but I think that we should be at a much different level than the $140 a unit. I think that when you look at the structure that is done for non-profits…and I can tell you that my belief is probably what is going to change in legislation very shortly has to be the non-profit entity. I

guess my question on the Gale House is you are not paying the full tax. Who did you sell the tax credits to and how much did you get for them?

Mr. Craig answered Northern New England Housing.

Alderman Gatsas asked and how much were the tax credits for?

Mr. Carl West answered I don't that those figures but I am guessing $3.5 million.

Alderman Gatsas asked and where did the $3.5 million go. Who received it? I mean you sold those tax credits to someone who paid you $3.5 million.

Mr. Edwards answered it went into the development of the project.

Alderman Gatsas asked so you reduced the cost by $3.5 million based on those tax credits?

Mr. Edwards replied no we used the tax credit revenue in order to support construction of the project.

Alderman Gatsas stated so that is how you got the project that is somewhere around $180 per unit if memory serves me right

Mr. Edwards answered in that neighborhood, yes.

Alderman Gatsas stated because you had the ability to use tax credits where most people outside unless they are in a targeted area don't have that ability.

Mayor Guinta stated well private developers can apply for tax credits. I am agreeing with you that there is a potential market because the private developer does have access to the tax credits you do.

Mr. Edwards responded correct.

Alderman Gatsas stated well I guess my next follow-up question is about the $3.5 million that you sold. What was that worth in the market? In other words what was the benefit…I am not going to give you $3.5 million for a one-for-one exchange because it takes me out 30 years on $3.5 million. How quickly could I use those funds against income?

Mr. Craig asked are you talking about tax credits?

Alderman Gatsas answered correct.

Mr. Craig stated there is a certain amount every year once the project goes online. I can't tell you the amount.

Alderman Gatsas responded I think the Assessor is jumping up out of his chair. I think he has an answer for me.

Mr. Hamilton stated I will try to help you understand. The low income housing tax credit program is an IRS program that was put in place when the federal government moved away from direct HUD subsidies for the development of low income housing in the United States. The tax credit itself is generally a ten year tax credit and it has a recapture period of 15 years. Typically investors purchase them at a discount rate of approximately 7% or 8%.

Alderman DeVries stated Your Honor there is one other piece that I would like to hear added on to that and that is the oversight from the NH Housing Finance Authority, which wouldn't allow these properties to be sold again or bought out. They told us today actually that they put a 99 clause in effect and it would prevent these properties from being sold out and away from the subsidized housing tax credit program. I don't know about the rest of…

Alderman Gatsas interjected that is only the two bottom ones.

Alderman DeVries responded exactly. I don't know about the rest of the HUD properties that you are talking about but I think the lawsuit you are referencing was not tax credit because that has other restrictions in place.

Alderman Gatsas replied correct. I am talking about the other ones that have been built since 1961 and not the two that take in NH Housing Finance Authority funds. I am just saying that when you look at $1.9 million tax bill when most…can you tell me what most other non-profits are participating in for taxes? I am asking the Assessor.

Mr. Craig stated but you are talking about apples and oranges now. You just said you didn't want to go back to the tax credit but you wanted to go back to what the authority owed with HUD. That is different from the tax credit program.

Alderman Gatsas responded okay.

Mr. Hamilton stated off the top of my head I…

Alderman Gatsas interjected would you say they are at 30% or 40% or 20%, the in lieu of tax percentage?

Mr. Hamilton replied typically an apartment in Manchester pays somewhere between $1,200 and $1,400 per unit per year.

Alderman Gatsas stated that is including the ones that are…

Mr. Hamilton interjected that is for market based…

Alderman Gatsas interjected the ones that are in lieu of, the property that is in lieu of…

Mr. Craig interjected the property in lieu of applies just to the Manchester Housing Authority HUD funded projects. You are talking about apples and oranges.

Alderman Gatsas stated let me give you another one. Hackett Hill pays in lieu of taxes. What do they pay? $443,000? What is that based on their percentage of actual tax base?

Mr. Hamilton replied I don't have the number of units there but that is a RSA 72:23K payment in lieu of taxes. It is different than the RSA 72:23N payment in lieu of taxes that the Manchester Housing Authority falls under.

Alderman Gatsas stated I understand there is a difference. My question to you is Hackett Hill. What is the percentage that they pay in lieu of taxes? That is my question. Let me figure out where I want to go next.

Mr. Hamilton responded they pay based on the municipal portion of the assessment of the property.

Alderman Gatsas asked and what is that percentage that they pay?

Mr. Hamilton answered it is based off the municipal tax rate of $7.00 and some change.

Alderman Gatsas asked do they pay the whole thing? Do they pay 5%?

Mr. Hamilton stated they pay the full amount of the municipal portion of the tax rate for the part of the property that is not exempt. I believe there is a part of that property that is fully exempt. It gets very complicated when you look at the exemption statutes, especially under RSA 72:23K because there are properties that fall into charitable fully exempt that are also non-profit that become payment in lieu of taxes properties. I am sorry I can't be more clear than that but I can get an analysis for you on that.

Alderman Gatsas responded well Hackett Hill…I noticed that on your minutes…are you folks taking over management of that. What is going on at Hackett Hill?

Mr. Craig replied there is a contract between the City and the Authority and all expenses have to be paid eventually by the City. Either that or from revenue generated by the sale.

Alderman Gatsas stated I am looking at the minutes from your last meeting and I don't know why they appeared before me tonight but here they are. It says "ratify and confirmation and approving execution of a memorandum of understanding by and between Manchester Housing & Redevelopment Authority and Hackett Hill Healthcare Center." What is happening there?

Mr. Edwards responded I have no idea what that is.

Mr. Craig stated that is not the Hackett Hill development project. You are talking about a different subject matter.

Mr. Edwards stated that is an agreement to provide resident services of some kind or healthcare services between our resident services department and Hackett Hill Healthcare. That has nothing to do with acquisition of property or management.

Alderman Gatsas stated I just found it interesting that it was here.

Mr. Edwards replied I realize that that was on the agenda but it is not in my area of the business so I really don't know what it is.

Alderman Gatsas responded so you don't know what that percentage is for non-profits like Hackett Hill, for the apartments that they have there because it was owned by Catholic Medical Center? Is it still a non-profit and do they pay in lieu of taxes.

Mr. Hamilton replied I can get you an analysis on the percentage breakdown of that property.

Alderman Gatsas stated so that allocation is a different allocation versus where we are here but if that agreement were changed…the one that was posed in 1961…you probably haven't read it but I have read it.

Mr. Hamilton responded I have read it. The Assessors simply administer the agreement that is between the Board of Mayor and Aldermen and the Housing Authority and HUD. We would be happy to bill whatever amount the parties agree to but our role in this particular set of properties is simply to bill according to the existing agreement.

Alderman Gatsas replied I understand and I am saying if that agreement were drawn today it wouldn't be $155,000. Would you agree?

Mr. Edwards stated no it would be because that is what HUD regulates. Those are the HUD regulations. Every housing authority has the same HUD cooperation agreement.

Alderman Gatsas responded I disagree with you.

Mr. Edwards stated we surveyed all 16 today. We got 13 responses and every one said that they pay the same as we do. That is the way public housing operates.

Alderman Gatsas replied well maybe you didn't get the one that I talked to.

Atty. Craig stated I think we did. We surveyed all of those that are comparable to the Redevelopment Authority in Manchester's operation.

Alderman Gatsas responded then I guess we need to talk to HUD.

Atty. Craig stated fine, that would be great.

Mr. Edwards stated we can provide contact information if you would like us to.

Alderman Gatsas replied I already have it.

Alderman O'Neil stated I appreciate all of the efforts my colleague has put in this budget but he is going down an avenue on this and we are going to spend more time here over absolutely nothing unless he can convince Congress to change a HUD law we are not going to balance the budget on the backs of the Manchester Housing & Redevelopment Authority.

Alderman Gatsas responded with all due respect, Alderman, I am not looking for that. What I am looking for is fair taxation for the services that we provide.

Alderman O'Neil stated I think we are very lucky to have them providing the services they do provide. I am actually pleased that we get the amount of money we do. I am pleased that they have stepped up and gotten creative on some of these new housing initiatives using…

Alderman Gatsas interjected did you look at their balance sheet?

Alderman O'Neil stated I didn't but I would like to look at the balance sheet of some non-profits in the City that don't even provide payment in lieu of taxes that demand a heck of a lot more services than any property owned and operated by the MHRA. If we want to go down that balance sheet, let's bring everybody in on it.

Alderman Gatsas responded I don't disagree with you on that. I think Alderman Pariseau tried to do that for an awful lot of years.

Alderman O'Neil stated and we went absolutely nowhere on that. Unfortunately we are at a stage on approving…we still have some work to do to finish the budget this year and we have to manage from day one. I don't like putting an effort in

and spinning our wheels on something that we aren't going to bring any change to at the end with all due respect. You are not going to change this. You can bring in HUD. You can bring in anybody you want. We are not going to change this. It is the law.

Mr. Edwards stated if I can just make a comment about those who would be reviewing the audit that we provided. In audit terms, some the assets are listed as unrestricted but that is just in audit terms. That is not in HUD terms. Many of those assets are HUD regulated. They are restricted and can only be used with HUD's consent and for the benefit directly to the property.

Alderman Gatsas asked including the daycare center?

Mr. Edwards answered no.

Alderman Gatsas asked what is that? Where is that restricted?

Mr. Edwards asked the O'Neill Center?

Alderman Gatsas answered the daycare center. Don't you have a daycare center?

Mr. Edwards stated we have a latchkey program.

Alderman Gatsas asked is that a daycare center?

Mr. Edwards answered yes.

Alderman Gatsas asked does that produce a profit?

Mr. West answered no, the county pays us about $33,000 a year.

Alderman Gatsas asked where do the rest of the revenues come from? Because right now the $33,000 comes from the county tax rate.

Mr. West answered for the latchkey program, that is all the funding there is.

Alderman Gatsas asked nobody pays for daycare?

Mr. West responded we get funding from the county.

Alderman Gatsas asked no other source of revenue?

Mr. West answered not for that particular program.

Alderman Gatsas asked the people who bring their children to the daycare don't pay?

Mr. West responded there is another program called Title 20 Youth. Those children or the parents pay.

Alderman Gatsas asked how many children do you have in that program?

Mr. West replied I don't really know, sir.

Alderman Gatsas asked what is the revenue in that program. Can you tell me where it is on the balance sheet?

Mr. Hamilton stated Alderman if I might just to clarify something, the Manchester Housing Authority is authorized by statute under RSA 20:34. It is part of the body politic of the City of Manchester similar to the Airport Authority. Property that does not fall under the purview of the payment in lieu of taxes agreement is exempt from taxation similar to the Airport Authority or any other municipal property that is owned in the City. So but for the payment in lieu of taxes agreement, they would pay no taxes at all.

Alderman Gatsas responded I don't think I asked you a question. If he wants me to go there I will. Be careful what you say about the Airport because they may be paying taxes in lieu to Londonderry. Do you know if they are or not?

Mr. Hamilton replied the property of the Airport Authority by special act of the legislature in cooperation with the Londonderry Town Council is fully exempt from taxation.

Mr. West stated on page 43 on the right the column is Title 20 Youth and there is a roll call. Other income would be the client fees.

Alderman Gatsas asked what is Jac Pac?

Mr. West answered it is on South Elm Street, the redevelopment program where Elliot Hospital may go in.

Alderman Gatsas stated explain to me how you get a revenue from there.

Mr. Edwards answered we purchased the property…we received the money from the City and we purchased the property so it gets run through our books. It is listed as an asset because it is a $3.5 million property waiting to be sold.

Alderman Gatsas stated this says operating revenues and under Jac Pac it has $277,000.

Mr. Edwards responded that is the money that we are holding that we collected in parking revenue and other items.

Alderman Gatsas asked so you have that money and the City can request it at any time.

Mr. Edwards answered that is correct.

Alderman Gatsas stated well that just paid for the lot in front of the ballpark. It pays to look at these Alderman.

Alderman O'Neil stated I think you asked this question about a year ago regarding Jac Pac.

Alderman Gatsas replied I did but sometimes we need our memories refreshed.

Mr. Hamilton stated if I might just answer Alderman O'Neil's question about the exempt property in the City, there are hundreds of properties that get exemptions for religious purposes, for charitable, some of them are specifically exempted in the statute. Rest assured that the Board of Assessors is very, very vigilant in making sure that only the properties that deserve exemption get such treatment in the City of Manchester.

Alderman O'Neil stated I sat on the Board of Trustees for non-profit housing for elderly and they made payment in lieu of taxes even though they didn't get garbage picked up, didn't get any street plowing, didn't send kids to any school. I think there was one police officer at that building and that was the senior service officer to conduct a program and the Fire Department wasn't there once in a year. So we are doing okay on some of these things. There are some big non-profits in the City that we provide an awful lot of services to and we get nothing in return. So the Assessors are doing a very good job.

Alderman M. Roy stated Ken, tell me if I am out of line in asking this of your agency. Item D of the minutes we got this evening was approving and authorizing a cost of living increase and increase the salary ranges commencing October 1. Can you put together a five year spreadsheet of all MHRA employees top to bottom and what their salaries were?

Alderman O'Neil stated Your Honor, that is above what we have jurisdiction on.

Alderman M. Roy stated the higher ones were in the paper today but my concern is in looking at the spreadsheet there is a couple of million dollars worth of salaries and I want to know if that is five employees, ten, twenty. I am just trying to have Ken educate me as to what is…

Mr. Edwards interjected there are approximately 100 employees at the agency.

Alderman M. Roy stated and the two line items for all of your salaries if I am reading this correctly is 911 – administrative salaries. It is referenced in two different places.

Mr. Edwards asked are you looking at the agenda for tonight's meeting?

Alderman M. Roy stated I am looking at the audit.

Mr. Edwards asked what page are you on?

Alderman M. Roy answered it is not numbered. It is about 12 from the back. It is line item 911.

Mr. West stated line item 911 is…at the end of the year we have to do all of our financials and have them submitted to REACT on a financial data system and those line items are HUD's line items.

Alderman M. Roy stated the number that caught my eye was low rent public housing, $981,000 for administrative salaries and I picked up that line item again I think three pages from the end under total administrative salaries $1.68 million.

Mr. West responded public housing would be included in that total.

Alderman M. Roy asked so the $981,000 is included in the $1.68 million.

Mr. West answered yes.

Alderman M. Roy stated if it is not, just educate me Ken. I don't want to belabor the point but if you can tell me how many employees you have and what the cost of living increases were and things like that.

Mr. Edwards asked over the last how many years?

Alderman M. Roy answered four or five. Whatever is easier for you.

Alderman Lopez stated I need unanimous consent to bring a new item in. Each year we waive the greens fees for the Senior Center Golf Tournament.

*On motion of **Alderman Lopez**, duly seconded by **Alderman Smith** it was voted to waive the fees.*

TABLED ITEMS

6. Appropriating Resolution:

"A Resolution appropriating to the Manchester School District the sum of $140,000,000 for the Fiscal Year 2009."
(*Tabled 5/19/08*)

This item remained on the table.

7. 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."
(*Tabled 5/19/08*)
Note: The School Administration has been asked to attend the meeting to answer any questions that the Board may have.

This item remained on the table.

8. 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."
(*Tabled 5/19/08*)

This item remained on the table.

9. Appropriating Resolution:

"Continuation of the Central Business Service District."

Note: CBSD has requested expansion of district – Planning Director to report.
(*Tabled 5/19/08*)

This item remained on the table.

There being no further business, on motion of ***Alderman Smith****, duly seconded by* ***Alderman J. Roy****, it was voted to adjourn.*

A True Record. Attest.

City Clerk