

## BOARD OF MAYOR AND ALDERMEN

February 1, 2011

7:30 PM

**Mayor Gatsas** called the meeting to order.

The Clerk called the roll.

Present: Aldermen Craig, Ludwig, Long, Roy, Corriveau, O'Neil, Lopez,  
Shea, DeVries, Shaw, Greazzo, Ouellette, Arnold

Absent: Alderman Osborne

- 3.** Review of final FY2010 Comprehensive Annual Financial Report (CAFR).  
*(Note: Representatives from the Independent Auditor (McGladrey-Pullen) will be present to answer questions. A copy of the final CAFR will be distributed at the beginning of the meeting.)*

**Mayor Gatsas** stated we will put item 3 off until our next meeting. They couldn't get here to give us a report. I would ask that we postpone it until our next meeting.

*On motion of Alderman O'Neil, duly seconded by Alderman Craig, it was voted to refer item 3 to the next meeting of the Board of Mayor and Aldermen.*

**Mayor Gatsas** asked if we can take things out of order here, can we get a motion for discussion? I was asked if we can look back at a report of Lands & Buildings. Is that in here?

**Alderman Lopez** replied it is under new business.

*On motion of Alderman O'Neil, duly seconded by Alderman Roy, it was voted to address the report of the Committee on Lands and Buildings.*

**City Clerk Matthew Normand** stated we have two reports.

The Committee on Lands and Buildings respectfully recommends, after due and careful consideration, that a proposed promissory note to address additional costs related to the Northwest Business Park at Hackett Hill be approved as amended.

*Alderman Arnold moved to accept this report and adopt its recommendation.*

*Alderman Shea duly seconded the motion.*

**Alderman Arnold** stated for anyone who was not able to make the Committee on Lands and Buildings meeting, what the report in front of you has is what I hope to be the last piece in resolving this deal and allowing us to move forward to close it. As I believe the entire Board is aware, we signed a purchase & sale agreement with the developer around six months ago but some changes had to be made concerning access to the property. What you have that came out of Committee is the Resolution, which is a promissory note that the City and the developer have negotiated that covers the additional costs with the change in the access road. I expressed my thanks in Committee to the Mayor's Office and City staff, as well as to the developer, for their hard work in trying to find a resolution. I believe the report of the Committee and the recommendation of the Committee is a fair resolution and I ask the Board for its support. Not only does this deal result in us getting a new fire station up on Hackett Hill Road that is badly needed but it also gives us tax revenue, which is also badly needed. With that, I ask for the Board's support.

**Alderman Ouellette** asked if this doesn't pass tonight, Your Honor, what happens to the deal? Do we know if the developer is going to walk away?

**Mayor Gatsas** answered if this doesn't pass tonight, somebody has to take a look at how we are going to get into the property. Does the developer pick up a \$251,000 cost and go to a different price? I can only tell you from the conversations I have had with him, it is not something that he is expected to do. I can tell you that the fire station is something very important that we need to have up there. I think we all agreed from the very beginning that we just wanted Hackett Hill to be moved off of our books and have somebody up there start developing it so that the tax base can create revenue. I think with the deal that we struck...remember we are putting up \$225,000 at no interest. It is a five year promissory note. That allows us in the next five years to hopefully get enough revenue...to even think about developing Phase II of Hackett Hill we are going to have to subdivide that very soon just because of the conditions of the Job Corps because I understand that is coming forward to us soon. That is a piece that is going to have to come out of there. That would leave us with some additional land up there that we can develop. I think it has been a very arduous task to get this deal done. When it first came to us it looked like it was going to be pretty easy. We have run into one stumbling block after another trying to figure out how we get there. We are very fortunate that Public Service allowed us to do an archeological test with moving it because if they didn't I don't know what we would have done at that point. We would have had a problem at some point where somebody would have been looking for something else to get access into the back. I don't know what that would have done to the price or the value. I am not sure that now is a better time to be going out looking for bidders. I think we have somebody who wants to do the project and move forward. I think in the best interest of trying to get revenue for the City it is probably the best thing to do at this time. If we were back where we were ten years ago we would probably have

people knocking at our door to buy the property and come back with something different but I don't think those are...if you remember there was only one bidder on this project the last time we went out. I don't know if that answers your question. It was a long answer.

**Alderman Ouellette** replied well it kind of does and it kind of doesn't. It is just a frustrating process I guess. This land is very unique in terms of any other parcels of land that we have dealt with in the City in recent years. I am disappointed that we have to put up \$225,000 of the taxpayers' money or we lose the fire station. That is pretty much basically what we are...not only the fire station but the whole development. It just seems that time and time again, and I know that this situation is different from other situations and it is probably unfair to compare this with others, but time and time again we either have you take this deal and give us extra money or we walk away type of situations. I am not saying that this is that exact situation but it is very frustrating. This is taxpayer money and I know we are all mindful of that. It just seems to me it is too bad that all of the players up there couldn't get together and get along. I guess that is my frustration in this situation. I am not blaming one person over another. It is just a bad situation where we are asked to come up with more money to make everybody play well in the box.

**Mayor Gatsas** responded I couldn't agree with you more. I think that a portion of the \$225,000, \$150,000, is because of the movement of the road. There is about a 10 foot gulley that has to be filled. That is where most of the money is going. This is not about giving another \$225,000 or I am walking away. It is something that we are going to have to address no matter who comes in, whether it is this developer or the next. The cost of the easement from Public Service has been on the books for awhile so that is not something that just happened. The \$10,000 administrative agreement with Public Service has been out there. They just haven't pressed it. The archeological test had to be done. The appraisal had to be

done and then the engineering of the road. The \$151,000 is just the cost to fill and get the road ready for someone else to go in and do the other things to it. I think that is going to be a cost no matter who does it. One way or another I would not want to go out there and see if we can get \$3 million because that is basically what you are saying. Could we get \$3 million for the property and have that \$225,000 covered in that sales price? I am not sure.

**Alderman Craig** stated you just answered my question which was would we have to do this work no matter who was moving into that area. It is my understanding that whether it was this development or another development moving in we would have to make these modifications to this road.

**Mayor Gatsas** replied they would either have to do it as part of the purchase or we would have to do it to get it ready for access. I think if you look at the contract it says that we are responsible to get them access to the property. Somebody could say it is our responsibility to do that. That is clearly what it says when you take a look at it. Without that, they can't get back there.

**Alderman Craig** asked so in the contract we signed it says that we will provide the access?

**Mayor Gatsas** answered yes and I think that discussion happened in the Committee. Alderman Long had a question about it, and I think it was addressed. I don't know if it met your satisfaction.

**Alderman Long** stated yes. From what I understand in the OUST drawing it shows access and the access road is with the company that didn't want to deal with them so they had to change the access road. They agreed to buy assuming that there was an access road.

**Alderman Shea** stated the point that Jay brought up when I discussed it with him was that if any other property is sold in that general area, that particular sale could be applicable to the \$225,000 that obviously is part of that promissory note that we have until 2016 to pay off. I thought that might be helpful for members of the Board to know.

**Mayor Gatsas** responded and also access to Phase II is through this road. We couldn't sell Phase II without having this access in there.

**Alderman Long** stated I understand clearly the access issue. Unfortunately, the constituents out there see a deal done and then they see a deal coming back for another \$225,000. They are not going to know why. All they are going to see is \$225,000. I am clear on this access issue. What would make me feel more secure in supporting this is that we have a list of proposals for fill and all of that. I would like to see that promissory note not exceed the \$225,000 and invoices for what they are claiming to add up to the \$231,000. I would feel more secure. In essence they are giving us a proposal saying this is what it is going to cost, and we are giving them the money. We don't know if by the time that gets done there will be any savings.

**Mayor Gatsas** stated if the maker of the motion wants to amend it so that if it is less than \$151,000 because I think the rest of the cost...

**Alderman Long** interjected \$231,000.

**Mayor Gatsas** stated but I think the \$151,000 is truly the road. The other cost regarding engineering, those are already bills that have been submitted.

**Alderman Long** replied if we have an invoice that is fine.

**Mayor Gatsas** stated the only thing we don't have an invoice for is the \$151,000 for the road or whatever that number is. I don't have a problem if it is less than that then the promissory note will be reduced.

**Alderman Long** stated I have a couple of other follow-up questions. I have the purchase and sale agreement that we agreed to on July 16<sup>th</sup>. It is signed by all of the parties – MHRA, the Mayor and Danais. The cost of the fire station wasn't to exceed \$2 million. I am understanding that there may have been a vote at the Board of Mayor and Aldermen where that price increased and we agreed with that increase.

**Mayor Gatsas** responded my understanding is that we moved to \$2.4 million.

**Alderman Long** asked so the Board of Mayor and Aldermen changed the purchase and sale, and instead of the cost of the fire station being \$2 million we moved it to \$2.4 million?

**Alderman Lopez** asked Your Honor, can I have Jay Minkarah come up because I think he can explain it.

**Mr. Jay Minkarah**, Economic Development Director, stated with regard to the fire station cost what the purchase and sale agreement allows is up to \$2 million or as the City may agree. If I recall correctly, there was a presentation to Lands and Buildings on the fire station where the costs were covered and I believe that was reported out to the Board. That is how it happened, process-wise, and it would have been on the consent agenda. I am not 100% sure but that seems to be my recollection on the fire station cost issue.

**Alderman Long** stated I don't want them to go out to bid for another fire station that comes out to \$2.5 million where they are coming back to us saying they want \$2.5 million. A deal is a deal. This \$225,000 is distasteful. I understand the concept. I understand that we need an access road to develop the rest of the property. As long as I get guarantees that the price is the price through an invoice or what have you I can be flexible there. However, I want to be clear on this purchase and sale agreement because it also says that any increase in costs the City is going to pick up. That tells me that if there is an RFP that goes out, if they are going back out to bid for the fire station and it comes in at \$2.5 million, we are supposed to pick up the \$2.5 million. It is kind of open ended with respect to the fire station. We are selling it for \$2.8 million. I hope it is not going to exceed the \$2.8 million. When I read this purchase and sale, it potentially could.

**Mayor Gatsas** replied I have the minutes in front of me. Let me clarify. I think Alderman O'Neil addressed me with a question that said if it is an award winning fire station at \$2.3 million what do we do and I said he is going to have to build it at whatever the number is that comes in and \$2 million is what we are paying because that is what the contract calls for. I think that is pretty clear. It is \$2 million in the contract and I guess we have to take a look at where we are. What was the date of that contract?

**Alderman Long** answered July 16, 2010.

**Mayor Gatsas** stated and I think construction costs were a little bit different back then. I know that they had a conversation with me that the price of steel is up. I think they need to get back to us in two weeks to tell us whether they can build it at \$2 million or they can't, and then this Board is going to have to make a decision of what we want to do.

**Alderman Long** responded but also Your Honor in this contract it says “in the event due to the City’s design or requirements the cost exceeds the project budget the City will elect to adjust the design required to reduce the cost to lower the project budget.” So if they come in at \$2.4 million then they can say...

**Mayor Gatsas** interjected that may have been with three bidders. I think the discussion when we were first talking was about how do we get Hooksett in. Maybe what they need to do is come back once they have their plan and have a conversation before we close anything and tell us where they are at.

**Alderman Lopez** stated I think in conversations with Chief Burkush and Mike Castagna, the construction manager, they can shed some light on this and refresh our memories. I do recall a plan coming in looking at a fire station with three bays and it was \$2.4 million. Now I don’t know what happened in the meantime but they can shed some light on this. It is not going to come back at \$2 million. They are shaking their heads back there. I think we need to correct the record here tonight about what happened regarding the fire station. I can understand Alderman Long’s point but I think if we listen to the Chief and Mike they can shed some light on this.

**Mayor Gatsas** stated whoever wants to come up...I am just telling you what the minutes say because the Clerk just refreshed my memory with the comments that Alderman O’Neil and I had.

**Alderman O’Neil** asked are there any minutes subsequent to that?

**Mayor Gatsas** replied nothing that they can find.

**Alderman O'Neil** stated \$2.4 million does ring a bell. I can't remember where it was brought up but it does ring a bell.

**Mayor Gatsas** replied they will look.

**Mr. Michael Castagna**, Castagna Consulting Group LLC, stated Your Honor, if you recall in July when we were going through this we had a preliminary design and it was your desire to bring the fire station in at around \$2 million. However, in the purchase and sale we have an obligation to pay the City in some aspect \$2.8 million. Of that we are building the City a fire station. Since the time of the purchase and sale agreement, we have gone through extensive programming and had a complete design of this fire station to the satisfaction of the City and the Chief. We sent this out to bid in the fall and came back and that is when we basically capped this at \$2.4 million, all inclusive. This includes fixtures, furniture, equipment, ready to move in and ready to use. That was approved by the Lands and Buildings Committee and subsequently by the Board on the consent agenda. I don't believe there was any discussion about it. At this point in time, we are over 60 days since that bid and the bid has been rescinded. What we are going to do now once everything that we are talking about tonight has been approved, is go back out to bid to the low three bidders. We anticipate being able to stay within our original \$2.4 million target. However, if that isn't the case and we have changeable evidence that is not our fault or anybody's fault in the City, we have to come back to you and discuss how we want to handle that overage. I doubt it will get there but let's say for example if it goes over the \$2.8 million you are not responsible for more than the \$2.8 million. It is not going to get there but if, in fact, it comes in at say \$2.9 million we pay the difference. At this point in time there is no change. We are anticipating staying within that \$2.4 million. Like I said, if in fact it doesn't, for whatever reason like price increases in materials...as of January 1<sup>st</sup> there are several line item materials that have gone up

significantly in the industry but we are hoping to offset that by a few different things and we don't anticipate going over \$2.4 million.

**Alderman Long** asked if the bids come in at \$2.4 million, what would your party be looking for with respect to the City? I am under the impression that we are not going over \$2 million.

**Mr. Castagna** answered well the \$2 million in July was a target. After we designed it completely and went out to bid, the real number is \$2.4 million. That is when we came back to the Board, per the purchase and sale agreement, and requested that increase and it was approved. Right now we are at \$2.4 million. The \$2 million doesn't exist. It is \$2.4 million.

**Alderman Long** asked so the Board of Mayor and Aldermen approved \$2.4 million?

**Mr. Castagna** answered yes, they did.

**Alderman O'Neil** asked can we get a clarification, Your Honor, on when that happened? It rings a bell to me but I can't say when it happened.

**Mayor Gatsas** answered I can only tell you the Clerk is looking for it. He showed me the discussion that you and I had and that was back in July.

**Alderman O'Neil** asked can Mr. Castagna tell us when that would have been before us?

**Mr. Castagna** answered we went out to bid in October so it had to be sometime in November that we came back and said the real number is \$2.4 million. I can't tell you the date. I can go back and look. It was sometime before Thanksgiving.

**Alderman O'Neil** stated to summarize the agreement, we have five years to pay them \$225,000. If we reach the threshold five years from now and we haven't done any other development in Phase II we owe them \$225,000. If we happen to sell all or some of Phase II before that we would then owe them that portion, correct?

**Mayor Gatsas** answered that is correct.

**Alderman O'Neil** asked the roadway or the entrance that has been relocated is designed to handle all...I don't know if this is a Kevin Sheppard question or not but Phase II...Kevin did you review it and it meets all of the standards for traffic and all of that?

**Mayor Gatsas** replied I don't think they have the design that far along yet but yes it will meet all of the standards of a City road.

**Alderman O'Neil** asked not at our cost?

**Mayor Gatsas** answered not at our cost.

**Alderman O'Neil** stated it has to be 300 feet wide and is that their responsibility?

**Mayor Gatsas** replied yes, and it is part of that same number that is in there.

**Alderman O'Neil** stated just one clarification that maybe Mike can answer...They broke down the cost and did a nice job with that but I am just trying to figure out on Item H1, engineering cost to bring road to grade - \$15,000 but it doesn't seem to be reflected in A or B where there are specific names of firms and engineering costs.

**Mr. Castagna** responded that work has not been done yet. We anticipate having it done by our design team either Keach-Nordstrom or Hoyle, Tanner.

**Alderman O'Neil** stated so that I understand, A&B are actuals to dates. Is that correct?

**Mr. Castagna** replied yes, that is correct.

**Alderman O'Neil** asked and the engineering costs on H is an estimate to date?

**Mr. Castagna** answered yes that is correct.

**Alderman O'Neil** asked is there any issue with actually seeing some invoices for the items on H?

**Mr. Castagna** replied typically I don't have a problem with it. It actually comes down to liability. Again, that road cost is an estimate based on information we have today. I suppose we don't have a problem sharing that. We are doing that with the fire station anyway. This whole process is an open book. It is just a matter of...we are giving up money and this \$225,000 we are spending now. I guess if there is a savings there, and if there is any it will be very little anyway, but I would think that we would get to keep that.

**Mayor Gatsas** responded that would be your opinion.

**Mr. Castagna** replied that is my opinion.

**Mayor Gatsas** stated well these 14 people and the Mayor might have a different opinion.

**Mr. Castagna** responded I agree.

**Alderman O'Neil** stated I just want to thank you and Alderman Arnold and City staff for getting it to this point. I think this is a very important project for the City. We got thrown a curve on the entrance and had to move it and at the same time we are gaining a new fire station so thank you for that.

**Alderman Corriveau** stated my first question, to follow-up on Alderman O'Neil's inquiry on the Hackett Hill access cost assessment document, the \$15,145 to Keach-Nordstrom Engineering, one of the line items in there says "meeting with City staff." Is the City of Manchester expected to pay an engineering firm for meeting with us?

**Mr. Castagna** responded this whole process that makes up that \$15,145...this was a negotiation specifically with JPSA in securing the original access and an easement for that and that is why we ended up having to go through the issues that we have gone through in the last five months.

**Alderman Corriveau** stated I understand that but the \$15,145, Alderman O'Neil asked if there are invoices that would add up to this amount. Is there an invoice that says Keach-Nordstrom Engineering is billing for a meeting with City staff that we would then pay?

**Mr. Castagna** replied there was one meeting. It was with City staff, myself, the developer and JPSA meeting up there and trying to resolve this easement issue. So City staff was invited to this meeting. It was not a separate meeting with City staff and City staff only. It was a collective meeting to try to resolve this issue.

**Alderman Corriveau** asked do you by any chance know what the amount of that invoice was?

**Mr. Castagna** answered it is not a specific invoice. There was one invoice for \$15,145.97 that included that particular meeting. There was no separate invoice. It was all inclusive in one invoice for a month.

**Alderman Corriveau** stated well I may have a big problem with that number then. Secondly, on the next page of the document Item H are these cost estimates, items 1-5 under letter H?

**Mr. Castagna** replied that is correct.

**Alderman Corriveau** asked have those estimates...whose estimates are these?

**Mr. Castagna** answered mine.

**Alderman Corriveau** asked have these estimates been corroborated by anyone on the City's staff whether it is anyone in Public Works or in any particular office in our City government? Has anyone reviewed these numbers before they are factored in?

**Mr. Castagna** answered not that I am aware of.

**Alderman Corriveau** stated the reason I ask is the authenticity of these numbers...this is a big number and if no one has vetted this number then I am very hesitant to pay \$225,000 tonight.

**Mayor Gatsas** asked Kevin you haven't vetted it, correct? There is no way that you could. I think that Alderman Long took care of it when he said if the invoices don't come in to cover it then...if it only comes in at \$100,000 then that is all that we are paying.

**Alderman Corriveau** responded may I ask a question of Alderman Long? Your motion, would that be that...

**Mayor Gatsas** interjected there is already a motion. We would have to look for an amendment.

**Alderman Corriveau** asked is my understanding of your motion that the \$225,000, the work that would be done under that amount would be undertaken and paid for by the Danais Realty Group evidenced by invoices in an amount not to exceed \$225,000?

**Alderman Long** answered that is correct.

**Alderman Corriveau** stated another question I have is about the promissory note itself. The only date actually listed in the promissory note is February 28, 2016, which is a long time away. The others, and I don't even know if I am looking at the right version of the promissory note here because Items A, B, C & D don't list dates. They list occurrences. Does anyone whether it is City government or the Danais Realty Group, have any time estimates for when any of these may occur?

**Mayor Gatsas** responded if you read those it is all based on what the City does. If the City sells Phase II that is an occurrence that kicks in. If we subdivide it and sell a portion, that is an occurrence that kicks in. It is based on what the City does. It has nothing to do with what Danais does. If we kick in and sell Phase II a year from now, that would trigger paying the \$225,000.

**Alderman Arnold** asked can I further answer? To Alderman Corriveau's question, the idea of having these trigger mechanisms was to remove the requirement for the City to make an outlay of cash at this time. By having these occurrences, we presume that should we develop or do anything with Phase II within the next five years, we sell it or have it developed or whatever, we can take the money from those proceeds to cover this note. That is basically the biggest advantage of A-D, which as the Mayor pointed out all have to do with Phase II, which is the remaining City-owned acreage at Hackett Hill.

**Alderman Corriveau** asked regarding Letter F on the promissory note reference the Job Corps site and exempting that from the terms of this promissory note, I just got this but when was that included in this document?

**Alderman Arnold** answered the promissory note that came to Committee did not include Item F but through the discussion we recognized that an issue could arise where we are planning for a Job Corps site up there presently and we don't want the holder of the note to come forward once we start breaking ground on Job Corps or doing any preparations for that and say that we are developing Phase II. That is why we specifically exempted Job Corps. If we are going to do anything with Phase II other than Job Corps that is when the accelerator clause kicks in. That is where that came from.

**Alderman Corriveau** asked and there are no other plans at this time for anything other than the Job Corps site? There are no other construction plans for anything occurring up there?

**Alderman Arnold** replied not presently.

**Alderman Corriveau** stated I suppose then that the \$166,000 or so in estimates are Mr. Danais' estimates. We haven't vetted these estimates. These estimates just came before us tonight and I guess under Alderman Long's proposal rather than...

**Alderman Arnold** interjected point of clarification...a breakdown, not as detailed a breakdown as what we have before us, but a breakdown that reflected the ballpark of \$150,000 in construction costs was sent out to the Board via the Lands & Buildings Committee a couple of weeks ago. If you recall, the Lands & Buildings Committee was going to take this up but we had to cancel because of snow a couple of weeks ago. That ballpark number has been out there for a couple of weeks now.

**Alderman Corriveau** asked then why is...well, I will just leave it at that.

**Alderman Ludwig** stated this is for you because I could be completely off base here but several months ago wasn't there discussion about furniture and equipment coming out of a different account or was that for another project that we are doing?

**Mayor Gatsas** responded I think that is the municipal complex.

**Alderman Ludwig** stated the next question I have and I don't doubt, although I think the City should definitely verify them, but I think Mike's numbers relative to some of these engineering costs for the road and the fill...I am just wondering if anyone has talked...sometimes we can get lucky in terms of doing another project somewhere in the City especially in terms of the structural fill and I was wondering if Kevin might know...I know that trucking figures into this but that is like \$88,000 worth of this number. Are we doing anything where there would be some deleterious material that could come from somewhere else that you know of?

**Alderman Arnold** stated if we delay it long enough we can wait for the Municipal Complex for the fill.

**Alderman Ludwig** responded I understand that there is a timing issue but every once in awhile you get lucky.

**Mayor Gatsas** stated let's first discuss the number of \$2.4 million so that we all have clarity on that. Let me have the Clerk at least read that in right now because we did take a vote. It did go to Lands & Buildings and it was \$2.389 million. Let me let the Clerk read it.

**City Clerk Normand** stated on November 16, 2010 the Board approved a budget that was presented by Mr. Danais and Castagna for \$2,389,155.

**Mayor Gatsas** asked and then that went to the full Board?

**City Clerk Normand** answered that was at the full Board. It was approved by the full Board on that date.

**Mayor Gatsas** asked so it came out of Lands & Buildings?

**City Clerk Normand** replied yes. It did come out of Lands & Buildings and was then voted on by the full Board.

**Mayor Gatsas** stated so the number that is in place is \$2,389,155.

**Alderman Long** stated so the clarification is that it is not at the \$2 million number now. Is it at \$2,389,155?

**Mayor Gatsas** replied correct.

**Alderman Corriveau** asked in regards to the \$2,389,155 it looks like that is a contract that we authorized...was that \$2.389 million figure part of any sort of contract that the City has signed? In other words, is that \$2.389 million item...are we now contractually bound by that is my question?

**Mayor Gatsas** answered I think that is a vote that the Board took.

**City Clerk Normand** stated if I may, I have the vote that was actually taken by the Board subsequent to the presentation by the developers. Alderman Arnold made the motion, which was seconded by Alderman Roy, to approve the fire station project and budget for Hackett Hill. That was the actual motion and that was, as I said, subsequent to the project that was laid out by the developers totaling \$2,289,155.

**Alderman Corriveau** asked so it is a budgeting number and that is all it is?

**Mayor Gatsas** answered I think with the motion...

**Alderman Corriveau** interjected yes, it was approved.

**Alderman Ludwig** stated I was just thinking outside the box a little bit in terms of sometimes there are other projects that are going on in the City that we may or may not know about and Kevin may know most of them where we can take advantage of some of the...this is just structural fill. It is \$88,000 worth of the \$225,000 number. I know sometimes that a CSO project or something done in the right area if that contractor hasn't already been awarded the fill or whatever we can make a deal. I am not sure that could happen but that is a big chunk of the money. I am just wondering if anybody has talked about that.

**Mayor Gatsas** responded let me just address a couple of projects. I know that the money has already come in with the contract to do the water and sewer lines going up Dunbarton Road so that may be some fill that is available because the Highway Department is talking about doing that in the spring. If the Job Corps comes at the right time, that may be additional fill that might be available for the site. I can't tell you that all of those stars are going to align but those are projects that are pretty close to being at the same time.

**Alderman Ludwig** replied I know it is difficult to line up projects because when one is ready to go the other won't be ready to go and so on and so forth. I understand how it works but sometimes you can get lucky.

**Mayor Gatsas** stated I think that the amendment that Alderman Long is looking for makes sense and we should institute that into the agreement so that if it is less the City gets the savings.

**Alderman Greazzo** stated the questions I have are largely to do with the road. I understand that we have to pay for access because the access we agreed to give them wasn't actually usable so to spend the \$25,000 to purchase the right-of-way and the administration fee for PSNH is \$35,000, if I am Mr. Castagna I am looking at the road that you have to build. Why do we have to build the first part of it?

**Mayor Gatsas** responded to get access to Hackett Hill.

**Alderman Greazzo** replied but that had to do with the other side. They have to build a road that is about a mile and a half. Are you telling me that through the building lots and through building this road there is not going to be any fill or any cost for them to build that road in the first place?

**Mayor Gatsas** answered I think you will find that there is a gulley there that is 10 feet or 12 feet that they have to fill. The other one is pretty straight and flat.

**Alderman Long** stated I can answer that. It is not a finished road that they are doing. The access that they assumed was a graded road. The new access that they have to use has a gulley in it that they have to fill in. This is just to fill that gulley. It doesn't include the utility installation, curbing or road finishes. It is just filling up the gulley.

**Alderman Greazzo** stated then I have a question for the City Solicitor. Mr. Arnold in the contract was there anything outlined that we would give them a specific type of access to the property or just access to the property? I guess what I am trying to ask is if there were there any conditions as to what the road would or wouldn't be to access the property?

**Mr. Thomas Arnold**, Deputy City Solicitor, replied I don't believe that there were. I didn't review it myself but my understanding is that the purchase and sale calls for the City to provide access. It did not specify in detail what that access would be.

**Mayor Gatsas** asked Jay, can you help?

**Mr. Minkarah** stated if I recall correctly the purchase and sale agreement actually specified that the access to the property would be according to the plan that was referenced and the plan that was referenced had an access point that partially did go over the JPSA Laser property that was approved by the Planning Board and met all City standards. So there was actually a specific access. Failure to provide that access would have allowed the Danais Group to withdraw from the proposal. They would have had an out under our purchase and sale agreement. Rather than take that course, they decided to see if they could make some other alternative work. So basically we worked together to take it back to what was the previously approved access when this project was originally approved in 2007. So it is not so much that we had to provide them with any access. There was a specific approved access and failure to provide that allowed them an out, but rather than do that we tried to work together to come up with an alternative.

**Alderman Greazzo** asked did you just say that what we have before us was previously approved?

**Mr. Minkarah** answered yes. The access that we are planning to use now was the access that was approved in 2007 when this project was originally designed. Later that was shifted, primarily to avoid what was later identified as an archeological area. That was the reason it was originally shifted. It turned out that where it was shifted to later was actually a better location, so it became the preferred location

for that reason as well but because we couldn't obtain...that would have required an easement over a portion of the JPSA Laser property and because we couldn't obtain that we went back to the originally approved access point.

**Alderman Greazzo** stated I still need someone to explain to me how that is costing us money.

**Mr. Minkarah** stated if I could add to that, the \$150,000 represents the differential between the cost of building the road in the location that was approved in a part of the agreement and the cost of building the road in the new location, which is more expensive because of the difference in terrain.

**Alderman DeVries** stated it is news to me tonight that we have hit a glitch on the construction of the fire station. I would love to hear a little bit more. Did I hear you say that the contractor...there was 90 days, Mike?

**Mr. Castagna** responded 60.

**Alderman DeVries** stated 60 days to initiate that contract so that would have been in September or October?

**Mr. Castagna** replied I can't remember the bid date now but it was sometime in November so we have gone beyond the 60 days.

**Alderman DeVries** stated so it was signed in November. They actually anticipated starting this project in the dead of winter?

**Mr. Castagna** responded we originally were planning on starting the week after Thanksgiving.

**Alderman DeVries** stated the agreed upon price of \$2.4 million, do you have expectations because of the way the market has shifted that that is going to be problematic? I mean obviously for that one contractor they are saying that it is problematic for them. What are you seeing out there?

**Mr. Castagna** answered as I stated earlier, steel has gone up significantly; drywall has gone up 60% since January 1<sup>st</sup>. Although that is not a big number, in this case it is still a significant increase in cost. Concrete has increased since January 1<sup>st</sup>; the raw materials of concrete actually. Everything else seems to be fairly stable and fairly workable. I am not anticipating this going from \$2.4 million to \$2.9 million. That isn't going to happen but in all fairness to our side if it does go over that \$2,389,163 we have an obligation and it has to be approved by your Board but we are hoping to stay within the budget that has already been laid out to you.

**Alderman DeVries** stated I think my concern is that we value engineer this to the point where it is going to cost us in the long run and we will lose some of the benefits of things that seem to have survived in that project. We all know that fire stations use a whole lot of energy. I think I have some concerns that that number is going to start getting beaten around and we are going to shave it in places that we may not want to have it shaved. Are we going to be party to that...I mean how are we going to have that conversation? How am I going to know what is going on in that conversation?

**Mr. Castagna** responded we are working directly with Facilities and with Public Works throughout this whole process, as well as with the Fire Department. Again, this whole process has been very transparent. We have really taken a lot of time and put in a big effort to make this a very efficient building. We have a lot of green sustainable aspects to this building that we want to keep. Also, looking at

the other end because of the energy efficiency of this building, your operating cost is going to be significantly less than a comparable building that is already in place here. We have done the numbers and worked with the Fire Department to go through that. When we go back out to bid I am not looking to change anything. What we are going to do is keep the design exactly the same. We are going to keep the materials exactly the same, and if we have to deal with it from a cost standpoint, we will look at it then and obviously work with the City and Facilities not to scrimp or compromise on this design.

**Alderman DeVries** stated this question is probably more for the Chief. Will you let us know if there is any variation in that because I think that is important for all of us? We know how difficult your budget is.

**Mr. James Burkush**, Fire Chief, answered yes.

**Alderman Shea** stated if everyone has had a bite out of the apple I would like to move that we have a roll call vote.

**Mayor Gatsas** responded I don't have a problem coming right back to you but will the maker of the motion accept a friendly amendment from Alderman Long to say that on the \$151,000 construction of the road portion that we are given all of the invoices and if it is less than \$151,000 the City will get the difference?

**Alderman Arnold** replied I have no problem with that amendment.

**Mayor Gatsas** asked who seconded the motion?

**City Clerk Normand** answered Alderman Shea.

**Mayor Gatsas** asked Alderman Shea are you okay with the amendment?

**Alderman Shea** answered yes.

**Mayor Gatsas** asked Alderman Long, are you okay with the amendment?

**Alderman Long** asked is it \$151,000? It is \$166,400.

**Mayor Gatsas** stated no I think the road portion is the \$151,000 and then you have the design that is above it that is in another line item. If you want to correct it, it is the \$151,000 plus the engineering so it is \$166,400. Then if it is less than the \$166,400? I don't have a problem with that.

*Alderman Shea requested a roll call vote on the motion to accept the report and adopt its recommendations. Aldermen Shea, Shaw, Ouellette, Arnold, Craig, Ludwig, Long, Roy, O'Neil, and Lopez voted yea. Aldermen DeVries, Greazzo, and Corriveau voted nay. Alderman Osborne was absent. The motion carried.*

**Mayor Gatsas** stated I want to make sure that you keep this Board abreast because I know that moving forward we are looking to close this in a couple of weeks. As soon as you have your first bid opening, you need to come back and report where we are.

**Mr. Castagna** answered yes, Your Honor.

**City Clerk Normand** stated we have one other report of Lands & Buildings.

The Committee on Lands and Buildings respectfully recommends, after due and careful consideration, that a request to transfer to the City of Manchester from the MHRA the balance of the land in Phase II of the Northwest Business Park at Hackett Hill and the other remaining land, along with all remaining funds, be approved.

***Alderman Arnold** moved to accept this report and adopt its recommendation.*

***Alderman Shea** duly seconded the motion.*

**Alderman Corriveau** stated Jay, I have a couple of questions about your January 14<sup>th</sup> letter to the Committee on Lands & Buildings. I guess the first question is has the closing for Phase I taken place?

**Mr. Minkarah** answered no. We are hoping with the approval of the promissory note this evening that can happen within a couple of weeks. The intent would be that we actually do both simultaneously. At the time that Phase I is transferred to the Danais Group, at that same time we would transfer the balance of the property to the City.

**Alderman Corriveau** asked if that is the case then shouldn't the motion reflect that? The motion is just to transfer it but it doesn't say transfer it upon closing of Phase I. It would transfer it on our authorization.

**Mr. Minkarah** replied I suppose it doesn't have to happen simultaneously but I think the value of it happening simultaneously is we wouldn't have to arrange for another closing and incur the additional costs associated with that. It is not essential. You could choose to have it happen at a different time. It just seemed

prudent to have it happen at the same time so that we wouldn't have to schedule another closing.

**Alderman Corriveau** responded I guess the reason I ask is that you say in the letter that after the transfer the Job Corps Center and that sort of thing can start...the process would be underway. I am wondering why we are doing this tonight. I understand that there may be some...

**Mayor Gatsas** interjected let me just try to help you Alderman because I sent the request to Mr. Minkarah. If you remember, the balance in that account was \$100,000.

**Alderman Shea** stated now it is \$70,000.

**Mayor Gatsas** responded now it is down to \$72,000 or is it less, Jay?

**Mr. Minkarah** replied it is probably less now.

**Mayor Gatsas** stated so I am not sure why we continue paying Manchester Housing. I was always looking to get this out of there a long time ago so I don't know for the last five or six months what it has cost us to oversee land where they really haven't been doing anything because all of the work has been done here. I would rather see the control come here so that we have Phase II here and we understand exactly what we must do. If we have to do a subdivision in Phase II for the Job Corps then we should do it. We have the staff here and this is what they are supposed to be doing so that we don't have to ask somebody else did you record something, do you have the correct environmental procedures in place so that they don't lapse and we have a problem where we have to go back and hire

another engineering firm. So it is a lot about us controlling it and controlling our own destiny right here.

**Alderman Corriveau** asked and Jay, do I understand correctly that now that this promissory note is about to be executed, closing for Phase I is going to occur in very short order after that?

**Mr. Minkarah** replied yes. This was really the last contingency out there. With this approved we should be able to move forward and schedule the closing and again hopefully that can happen within a couple of weeks.

**Alderman O'Neil** asked Jay, as a courtesy have we at least informed the Manchester Housing & Redevelopment Authority that this is being brought forward?

**Mr. Minkarah** answered yes.

**Alderman O'Neil** asked how come they are not copied on the communication?

**Mr. Minkarah** responded if I didn't that is my oversight. I can certainly make sure to copy them on this communication.

**Alderman O'Neil** asked so they are aware that this is coming?

**Mr. Minkarah** answered yes. I spoke with Ken Edwards and let him know that this was coming.

*Alderman Shea moved the question.*

*Mayor Gatsas called for a vote on the motion to accept this report of the Lands & Buildings Committee and adopt its recommendation to transfer to the City of Manchester from the MHRA the balance of the land in Phase II of the Northwest Business Park at Hackett Hill and the other remaining land, along with all remaining funds. There being none opposed, the motion carried.*

### **CONSENT AGENDA (ITEMS 4-14)**

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

### **Ratify and Confirm Phone Poll Conducted**

5. Ratify and confirm phone poll of the Board of Mayor and Aldermen conducted January 18, 2011, moving the regular meeting of the Board to January 25, 2011, due to inclement weather.

### **REPORTS OF COMMITTEES**

#### **COMMITTEE ON ACCOUNTS, ENROLLMENT & REVENUE ADMINISTRATION**

6. Advising that the travel summary reports from the Airport have been received and filed.  
*(Unanimous vote)*
7. Advising that it has accepted the following Finance Department reports:
  - a) Department Legend
  - b) Accounts Receivable summary
  - c) Open Invoice report over 90 days

and is forwarding same to the Board for informational purposes.  
*(Unanimous vote)*

8. Recommending that the 2<sup>nd</sup> quarter fiscal year 2011 write off list for the Accounts Receivable module be approved.  
*(Unanimous vote)*
  
9. Advising that it has accepted the City's Monthly Financial Reports (unaudited) for the six months that ended December 31, 2010, and is forwarding same to the Board for informational purposes.  
*(Unanimous vote)*
  
10. Recommending that a request from the City Clerk's office to increase marriage ceremony fees, be approved.  
*(Unanimous vote)*

#### **COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS**

12. Recommending that the Director of Planning & Community Development provide updates to the Committee on Accounts, Enrollment and Revenue Administration regarding the new Housing Standards law.  
*(Unanimous vote)*
  
13. Advising that the report of the Committee on Accounts, Enrollment & Revenue Administration regarding the issue of building code regulations has been received and filed.  
*(Unanimous vote)*
  
14. Recommending that the Fire Prevention and Safety Compliance Standards and Recreational Fire Permit be accepted.

The Committee further recommends that the related Ordinance be referred to the Committee on Bills on Second Reading for technical review.  
*(Unanimous vote)*

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

## **COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS**

- 11.** Recommending that the contract extension with Fairpoint Communications for Centrex Service be approved subject to the review and approval of the City Solicitor.  
*(Unanimous vote)*

**Alderman Ouellette** stated as was pointed out to the Board last night, Fairpoint Communications owes the City a significant amount of money. I don't know whether or not the City Solicitor wants to weigh in on this but I believe that Alderman Craig was the one who brought this to your attention, Your Honor. I believe the sum is somewhere around \$48,000. I don't think that we are sending the right message by extending a contract with a company that owes us a significant amount of money regardless of who that company is. We need to start taking a stand.

**Mayor Gatsas** stated the IT Director happens to be here so if you have any questions let's address them.

**Alderman Ouellette** asked were you aware that Fairpoint Communication was in arrears on our past due accounts of 90 days for \$35,000?

**Ms. Jennie Angell**, Information Technology Director, answered no I was not. I do know that Fairpoint just came out of bankruptcy last week, I believe. We did have a credit that was around \$21,000 that was tied up in the bankruptcy that actually went back to Verizon. It went back to the Verizon period. We did get that credit on our last statement. That has been going on for about three years but

we did get that. We have gotten a number of other credits. This has to do with the Centrex bill but if they are outstanding charges it would be from other things that are different from this, so no, I was not aware of this. This contract is an extension of the service that we have. Our contract is up in February. If we don't do something we could end up going to tariff rates. We currently pay about \$15 per line and going to tariff rates could mean we could be going upwards of about \$40 per line, and we have over 700 lines. We did go out to bid. Fairpoint came in with the best price. We are looking at this to cover us for the next year. We are slowly going to be migrating to new technology with the municipal complex and the new fire station so what we use for service then will be changing but we do need this. If we don't do this, it could...I understand your issue about not having contracts with them but the alternative could be very expensive.

**Mayor Gatsas** stated I don't want to put words in his mouth but I think as Chairman of Accounts he needs to get an answer from Fairpoint or write it off.

**Ms. Angell** replied I speak with Fairpoint all the time.

**Mayor Gatsas** asked does the Solicitor want to weigh in?

**Mr. Arnold** stated Jennie can correct me if I am wrong but my understanding is that this debt was...essentially this receivable was based on overbilling by Verizon back before they sold their land lines to Fairpoint. Since it hadn't been settled by the time Fairpoint declared bankruptcy, it became part of the bankruptcy. As part of the bankruptcy proceeding, Fairpoint filed a motion with the court that essentially asked to pay these receivables by issuing credits to their various customers. I believe that Fairpoint has issued a credit to the City, which is shown on a monthly invoice if I am correct in the amount of the receivable. So

essentially they have paid that receivable by giving us a credit against their monthly bill.

**Ms. Angell** responded right, and so what will happen is, when we distribute the bills to the departments, we will be allocating a percentage of that credit to each one of the 700 lines.

**Alderman Ouellette** stated I have a question for Mr. Sanders then. Does that mean that we are no longer going to see that “outstanding over 90 days” on our reports?

**William Sanders**, Finance Officer, replied that is correct.

**Alderman Ouellette** asked and that will happen next month?

**Mr. Sanders** answered yes; as soon as we get the credit on a bill.

**Ms. Angell** stated we do have that.

**Mr. Sanders** replied we shouldn't actually distribute it to the departments. We have the receivable...

**Ms. Angell** interjected we will talk.

**Alderman Ouellette** stated thank you for your explanation Jennie.

*On motion of Alderman Ouellette, duly seconded by Alderman Shea, it was voted to accept this report and adopt its recommendation.*

**REGULAR BUSINESS**

**15.** Nominations presented by Mayor Gatsas.

**Mayor Gatsas** stated pursuant to Section 3.14 (b) of the City Charter, please find below the following nominations:

Sean Owen to succeed himself as a member of the Manchester Development Corporation, term to expire March 1, 2014;

Christina Burke-Gagnon to fulfill a vacancy as a member of the Manchester Arts Commission, term to expire December 1, 2013;

James Dunphy to succeed himself as a Trustee of the Trust Fund, term to expire January 1, 2014;

Donna Daneke to succeed herself as a member of the Heritage Commission, term to expire January 1, 2014;

Stephanie McLaughlin to succeed herself as member of the Heritage Commission, term to expire January 1, 2014;

Jeffrey Nyhan to succeed himself as a member of the Heritage Commission, term to expire January 1, 2014.

**Mayor Gatsas** stated these nominations will layover to the next meeting of the Board pursuant to Rule 20 of the Board of Mayor and Aldermen.

***Alderman O'Neil** moved to suspend the rules and confirm the nominations of Sean Owen, James Dunphy, Donna Daneke, Stephanie McLaughlin and Jeffrey Nyhan. **Alderman Roy** duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.*

16. Confirmation presented by Mayor Gatsas.

**Arts Commission**

Kathleen Schmidt to succeed Celia Phillips as a member, term to expire December 1, 2013.

**Planning Board**

Robert J. Campbell to succeed Christopher Thompson as a member, term to expire May 1, 2013;

Joan Bennett to succeed Robert J. Campbell as an alternate member, term to expire May 1, 2012;

Lyn Gelinas to succeed Donna Daneke as an alternate member, term to expire May 1, 2011.

**Heritage Commission**

June Trisciani to fulfill a vacancy as a member, term to expire January 1, 2012.

*On motion of Alderman Craig, duly seconded by Alderman Roy, it was voted to confirm the nominations as presented.*

**Alderman Ouellette** stated I just want to point out that Ms. Gelinas is in the audience and congratulate her.

**Mayor Gatsas** stated thank you for coming.

17. FY2011 budget projections submitted by William Sanders, Finance Officer, if available.

**Mr. Sanders** stated you had a handout this evening from the Clerk of the most recent projections. The current projected general fund operating surplus for FY2011 is \$491,000. This estimate is comprised of a deficit on the revenue side of \$25,000 and an expenditure surplus of \$516,000. The forecasted expenditure surplus of \$516,000 is \$88,000 higher than the previous forecast due to improvements at the Police, Fire, Highway and Health Departments, which more

than offset higher severance estimates since the last forecast. As I did in the last report, I would note the following items. As of the close of business last Friday, the Highway Department had expended \$756,000 so far this year on snow plowing. That represents about 65% of their budget. As a result, there is a remaining budget of \$408,000 to cover the remainder of the winter season. This forecast assumes the \$408,000 will be sufficient. The Police Department forecast includes savings associated with keeping 15 sworn positions and one dispatcher position vacant for the remainder of FY2011. Our retirement severance paid to date is nearly \$500,000 and we will have additional payouts of \$160,000 by June 1<sup>st</sup>. The Police and Fire Departments continue to also include estimates of future severance for the balance of the fiscal year - \$242,000 for Police and \$76,000 for the Fire Department. Hopefully as the months pass those estimates can come down. As we mentioned the last time, this does not take into account I don't think any changes to the state retirement system that may trigger additional retirements. So overall we are at a \$516,000 surplus, which is above the guidelines that we had talked about at the last meeting and we are hopeful that it stops snowing and that we will make our budget.

**Alderman O'Neil** asked Bill, on Item 1 you said that the Highway Department expended \$756,000 and you threw out a percentage...

**Mr. Sanders** interjected I did; 65% of their budget is expended.

**Alderman O'Neil** asked and that is as of when?

**Mr. Sanders** answered the close of business on Friday when this forecast was submitted. So what has been happening in the last 12 hours and the next 24 is not included.

**Alderman O'Neil** asked what was the date last Friday?

**Mr. Sanders** answered January 28, 2011.

**Alderman Shea** stated Kevin is in the audience. How much does it cost to clean up? In other words this is going to be a whopper. Is it going to be like \$120,000? I would just like to get a reading.

**Mr. Kevin Sheppard**, Public Works Director, replied it is difficult to forecast storms. We have storms that maybe cost \$15,000. A storm like this that we are expecting to last probably 36 hours...I will anticipate it would be in the range of \$125,000.

***Alderman Lopez** moved to receive and file the Finance Director's report of budget projections..*

**Mayor Gatsas** stated I know that when you look at these numbers it is better than the \$427,000 that we started with a week ago, but I can tell you that I still have a very uneasy feeling with where we are today and I am going to ask this Board to freeze all overtime that would have to come through my office for approval except for emergency snow removal. I would ask that we also direct the Fire Chief to reduce the current fire line minimum staffing to 44 on duty without fire station closures or overtime until he gets to that 44 and then he can invoke overtime. I would look for this Board to support that motion and move it forward.

***Alderman Lopez** moved to approve freezing all overtime except for emergency snow removal and to direct the Fire Chief to reduce on- duty staff to 44.*

***Alderman Shea** duly seconded the motion.*

**Alderman O'Neil** asked are there other exceptions in Fire, Health or Police if an extraordinary situation comes up?

**Mayor Gatsas** answered everybody knows where to get in touch with me. As long as this Board directs me, if I consider it an emergency or if the department head considers it an emergency, we activate and proceed with overtime. I don't have a problem with that.

**Alderman O'Neil** replied you know it could be an issue of health inspectors if we have a fire in a restaurant, for example.

**Mayor Gatsas** responded if the department head is coming to me and telling me that it is an emergency, I certainly trust every department head that we have and if they are coming to me and telling me that they must do this to move forward, then I don't have a problem with that.

**Alderman DeVries** asked so Your Honor you are saying that effective as of, and I didn't quite catch the date, there will be layoffs at the Fire Department?

**Mayor Gatsas** answered that is not what I said. There are no layoffs. It would be constituting a 44 on duty staff without fire station closures.

**Alderman DeVries** asked can I hear from the Chief to try to explain to me how that works within the parameters of schedules and contracts? What does that mean to you, Chief?

**Mayor Gatsas** stated that allows him to run his department.

**Chief Burkush** stated currently the direction of the Board has been to maintain 50 minimum staff. The direction that I understand the Mayor is giving me is to reduce the on duty staffing to 44 going along with that plan that we talked about during our budget presentation the other night. The intent here is to reduce overtime.

**Alderman DeVries** responded I understand all of that. As you presented to us in the budget scenarios for next year, there was discussion about reducing the number of ladders in service.

**Chief Burkush** replied what we anticipate would be outlining the plan that we illustrated. We would go down to three ladders out and one pumper out of service.

**Alderman DeVries** asked so you will put two trucks and one pump out of service?

**Chief Burkush** responded three ladder trucks out of service.

**Alderman DeVries** asked so that would reduce it to two?

**Chief Burkush** answered that is correct, with one engine company out of service.

**Alderman DeVries** stated I thought I had heard that the other day. I believe the paper reported it wrong. So you will be leaving two trucks in service in the City.

**Chief Burkush** responded that is correct.

**Alderman DeVries** asked and you are not telling us where they would be but I am sure you will figure who carries the most amount of runs?

**Chief Burkush** replied that is correct.

**Alderman O'Neil** stated Chief, just for clarification and to make sure I didn't miss something, most shifts between now and the end of the fiscal year will have 50 firefighters on. This is only if you need to hire, which doesn't happen every day correct?

**Chief Burkush** answered correct. Currently we are not in a high vacation period.. We would anticipate February school vacation and the spring vacation period, May into June, you would see a reduction in shift staffing.

**Alderman O'Neil** asked but most days you will not have to hire?

**Chief Burkush** responded that is correct.

**Alderman O'Neil** asked if you have injuries at an incident, you still have some floaters?

**Chief Burkush** answered we would have the same current staff. It would just be that minimum staffing would change from...

**Alderman O'Neil** interjected but most days it is going to be 50 or close to 50 on duty most shifts, correct?

**Chief Burkush** replied that is correct because we are not ordering any layoffs.

**Alderman O'Neil** stated thank you. I just wanted to make sure I didn't miss something.

**Mayor Gatsas** stated with the projections that I have done, if he does this there is a possibility of saving \$100,000 in overtime by the end of the year. Now Chief if you can go back, and I know Linda is pretty good at her numbers, maybe you can get us a number back. I could be off a few dollars but if you can get us back something that tells us what the overtime savings could be by doing this by tomorrow I will get it out to all of the Aldermen.

**Chief Burkush** replied okay.

**Alderman Roy** stated Alderman O'Neil made my point. It was clear in my mind I think and I wanted to make sure I was on the right track that we are not going to be down to two ladder trucks tomorrow and that all this is going to do is stop you from hiring overtime until you hit that trigger of 44. Once you go below 44 then you will hire overtime. The services aren't going to diminish overnight here. It is only going to be in the event that there are seven people out.

**Chief Burkush** answered that is correct.

**Mayor Gatsas** stated I discussed this with the Chief before the meeting and he asked me if that goes into effect tonight and can he have the mechanics plow the stations and I said yes that is an emergency and we have to get the stations plowed and that is overtime. I don't disagree that the stations have to be plowed.

**Alderman Craig** stated you mentioned something about an engine company being out of service. Can you please explain that?

**Chief Burkush** replied currently we operate ten engine companies and five ladder trucks. Basically each station currently has an engine. Looking at our current deployment we would possibly look at the Amory Street Station having just a ladder truck in that station. We looked at our deployment and putting the engine out is the last choice. The ladder trucks would be placed out of service first.

**Alderman DeVries** stated thank you and that response just threw me a curve ball. So the Amory Street Station you will leave an officer at?

**Chief Burkush** responded there will be an officer and a minimum of two firefighters on Truck #6.

**Alderman DeVries** asked so you will make sure that if the pump is out of service the officer stays?

**Chief Burkush** answered we have to have an officer in each station. This is not an optimum situation and is not something that anybody has done here. The plan does have flexibility in changing stations.

**Alderman DeVries** stated the question would be for you, Your Honor, because I don't want to enter into this to help create a surplus at the end of the year unless it means this is going to save money and we don't layoff. I can buy into that but if I am doing this to create a surplus so that there is something to carry forward to the next year I am not sure. I want that detailed out to me as to why this is necessary to do. Come a couple of months from now or 30 days from now if we are tracking better we will revisit this to undo this I would have to imagine.

**Mayor Gatsas** responded if we have seven more people retire, we are going to be worse.

**Alderman DeVries** replied I understand and knowing what is going on in Concord I would suspect they are retiring.

**Mayor Gatsas** stated I am not looking for surpluses. I am looking for us to survive 2011. I am looking for us to take a positive position to make sure that we secure 2011. I can't tell you at the end of the day if he saves \$100,000 and for some reason it doesn't snow past Wednesday for the rest of the year and Kevin Sheppard says guess what I have another \$200,000 that is a whole different story. I can't project that. I am only looking to protect where we are in 2011.

**Alderman DeVries** asked do you have a similar plan for the Police Department?

**Mayor Gatsas** answered the Police Department is showing you a surplus. If you remember last year the Police Department was in a deficit and the Fire Department came up with \$400,000 plus in savings. So I see that the Police Department is working...

**Alderman DeVries** interjected I am not looking for parity. I am just...

**Mayor Gatsas** interjected everyone in the City is frozen in overtime; every department. The only one that has the flexibility to make those choices, and he has to still report them to me, is Kevin Sheppard because of the position we are in with storms right now.

**Alderman DeVries** stated thank you for the ability to follow-up with you because I am not looking for parity between Police and Fire on this. This is not a good scenario. That wasn't the point of my question. The point of my question was I believe that they will also see a rush out the door, if you would, because of the retirement legislation in Concord and I think we are going to have the additional issues to address in their department as well. I am hoping that we are looking for other ways because I would agree. We have a real problem with how we are going to deal with our severance.

**Mayor Gatsas** replied as I said last week, if we get lower than \$400,000 there will be a meeting called. If we hit a number less than \$300,000...if it is less than \$400,000 we will be laying people off. If it is less than \$300,000 we will be laying people off. If it is less than \$200,000 we will be laying people off. I can only tell you if that number starts going below the number that Bill Sanders feels comfortable with writing checks from the green or the light green we have right now to a yellow to a red, I can tell you that I will be calling special meetings even if it is every day to make sure that we protect the integrity of this City.

**Alderman DeVries** stated we also discussed the possibility of trying to get creative using our one time accounts and such to alleviate the need for layoffs.

**Mayor Gatsas** responded Alderman DeVries I think you very clearly understand what my position is on one time funds. I voted against the budget a few years ago that declared a reduction in taxes using one time funds. We had to come back the following year to find how we were going to create that savings throughout the budget process. I can tell you that any time we are looking to use one time funds, I am not in favor of that because we only have to find a way to correct that

problem the following year. Right now, the School District has used \$10 million in one time funds.

**Alderman DeVries** replied Your Honor I can understand how you might feel that way. I can put public safety ahead of the use of one time funds and I would ask that this Board have that conversation so at least we have investigated it and we know. I will have the conversation off line with the Finance Director.

**Alderman Ouellette** stated Chief you bringing up the Amory Street pumper has now piqued my curiosity as I am sure it would any Alderman if the pumper in the middle of their ward was the one not in service. To Alderman O'Neil's point earlier, how many days and I know you don't have a crystal ball and I know you are probably not going to give me a concrete answer but how many days do you anticipate that pumper being out?

**Chief Burkush** responded I can't answer that question.

**Alderman Ouellette** stated well obviously as Alderman DeVries said public safety is paramount and I have a very congested ward as you know. There are a lot of tenement buildings in my ward. I think that pumper is essential to the public safety of the west side. It is located right in the middle of the west side. It has access to the north and south parts of the west side. It has very close access to downtown as well. That concerns me and the budget concerns me as well but it concerns me that a pumper will not be in service. Was that pumper used for the fire on Thornton Street?

**Chief Burkush** answered absolutely. When you look at our budget we have no other place to go to for savings. Fuel, electricity, natural gas...the equipment lines are very small. There are no other line items that we can control in our budget.

**Alderman Ouellette** stated it is a very difficult situation. It is a very difficult vote but now just learning what I learned I certainly can't support this. That is not to say...everyone has to vote their conscience here today and I understand that but I have to put the public safety of my constituents first and foremost. The budget situation is the budget situation and it is going to continue.

**Chief Burkush** replied it is certainly not a situation I am advocating. I looked at every...

**Alderman Ouellette** interjected I am not here saying that you are Sir. I know you personally and I know that you don't want to put anything out of service. I understand that it is a business decision you are making and it is a decision as the chief of the department that you are making. I am sitting over here on this side of the table and I am making a decision as well. I appreciate your integrity and your honesty.

**Chief Burkush** stated in discussing it with the Mayor I expressed my concerns and he said that we would revisit this as often as we could as we continue looking at the budget. Again, the ladder trucks would be the first trucks to go down. The pumper is the last. I am keeping the staffing up on the other places where the ladder trucks were for firefighter safety and to be able to deploy the troops. It is not only getting the first truck there; it is getting the rest of the 15 guys there to fight a fire on a triple decker. We had to look at EMS response, which is our initial response and the first engine getting there and then getting the rest of the 15 guys there. It pointed to that engine. The plan can change and can be flexible and it is not anything that I would advocate doing but it is a decision because we are still \$500,000 in the hole and we are still trying to make it up.

**Alderman Ouellette** responded I understand.

**Alderman Lopez** stated I think the Chief will insure that safety in the City of Manchester is upheld. If he had to call every piece of equipment out, he would do that just like Kevin Sheppard would take care of the snow. I look at this as a problem. This is part of a solution to the problem that we do have. Last week Mr. Sanders reported and this week we have another \$100,000. The people are looking and trying to get us through 2011 and I think everybody is doing a fine job on that. We pay these people \$100,000. They are not going to compromise safety but when the Board gives a directive like we did before and now we are going in a new direction, that is what the Chief has to do. We have a new direction for safety. The 50 firefighters are still there. Nobody is going to be laid off and we are going to try to work this thing out.

**Alderman Shaw** asked Chief contractually can you switch...let's say Engine 9 is fully staffed and has five people on or whatever and then Engine 6 has only two people come to work that night so a pumper is down. Can you call Engine 9 and send someone from there over to staff Engine 6 so you don't have to put the pumper down?

**Chief Burkush** answered yes, we can do that. We can move our people by seniority in their buildings. We can do that.

**Alderman Greazzo** stated I am pretty comfortable holding off on overtime but like Alderman Ouellette I am not very comfortable holding off on equipment. I just wanted to say that.

**Alderman DeVries** stated last week when we started discussions I had thrown out there asking our department heads across the City to maybe work with us to see if there was a voluntary furlough that could occur between now and the end of the year or next year and to have that discussion within their departments whether it is by day or up to a week. I am uncomfortable going ahead with this plan until we have exhausted those kind of discussions. I would say that we put this vote off until our next Board of Mayor and Aldermen meeting and that we assure that every department that can enter into that and obviously we are talking non-affiliated, has had that discussion with their staff to see if it works for their departments and with their staff. It is voluntary. If it doesn't work, it doesn't work. A department head would know that and the staff person would know that.

**Mayor Gatsas** asked so you are talking only about non-affiliates?

**Alderman DeVries** answered that is the only way it can happen contractually but I think until we have that discussion to see if there are voluntary savings that we can capture in the City as they did at Information Systems. We just found out last night that one employee there voluntarily...

**Mayor Gatsas** interjected we all just found out last night.

**Alderman DeVries** stated one employee over there voluntarily saved \$1,200 in their budget. Why wouldn't we want to have that conversation before we start putting public safety apparatus out of service and creating public safety issues? I, for one, can't vote on this tonight. I might be prepared after we have exhausted all other conversations at the next Board meeting but not tonight.

**Mayor Gatsas** replied Alderman DeVries I can appreciate where you are coming from but I think that we have been putting this off since November. This is not something that just happened last week with discussions. Let me just give you, because I think you all have the document that Alderman Lopez asked for that talks about layoffs. It is based on 20 layoffs at \$40,000 salaries. If it goes into effect February 1<sup>st</sup> we save \$183,000. If it goes into effect March 1<sup>st</sup>, we save \$125,000. If we hit the storms they are talking about this week, including Saturday when there is another one coming, it looks like last year we survived where the jet stream was but right now the jet stream is not in our favor. If you take a look at this to try to get to these numbers I can tell you that Bill Sanders at some point in April or May is going to be very nervous about writing checks. I think it is important that when we had the discussions in November we all wanted to wait to see what it was going to look like in January. We waited. Now we want to wait another two weeks to see what is going to happen and who is going to give us a furlough and maybe we might get 20 people to step up and say I am willing to donate one week to the City. I think that is unfair to ask those 20 people when right now we have people in positions that can control overtime. I trust the Chief entirely to make sure that he is not going to put public safety at risk in this City because I think all 14 of us believe in public safety. I trust him to make sure that public safety is the number one paramount thing that he is looking at and if he is coming up with a solution just like I would trust Chief Mara and just like we trust Kevin Sheppard. Let's allow them to do what they do best. We can't be micromanaging from 30,000 feet when he understands where he has to be at. He does a great job. Let's allow him to continue to do a great job. Let's not tell him in four weeks, guess what we are just down to \$200,000 and now you have to layoff 40 firemen to meet that need. I think I was pretty clear. Twenty-three layoffs is \$1.2 million not including benefits. It brings it up to \$1.5 million. We are in a situation here that is...anything could happen tomorrow to change where we are. I would hope that maybe somebody comes in and says guess what...I

hope they don't come in and say we have another ten retirees because Bill Sanders is going to buzz up to me and say you had better call a special meeting because we are down to around \$200,000 and how are we going to meet that? I am concerned with where we are today. I was concerned with it in November and we had the discussion. We let it slide until January. We have gone from January now until February. We are here. This is not laying anybody off. This is about the Chief being able to see if he can meet the needs in his budget by controlling overtime.

**Alderman DeVries** stated I was in mid stride in a question. Chief, when did you indicate that you first expect to see the next draw on overtime based on vacation use? What date was that?

**Chief Burkush** replied if we look between now and the end of the year, one thing that comes to mind is we are anticipating about \$197,000 more in overtime between now and the end of the year. I am looking at this plan of saving possibly \$100,000. To me that is six positions. My number one priority is keeping my staff so if I was to make the choice...if you said to me layoff six or cut overtime, I will cut the overtime because that is exactly what it would be. I would have to tell the last six firefighters to go home. I don't want to do that.

**Alderman DeVries** asked so the next overtime draw, traditionally is it within the next two weeks?

**Chief Burkush** answered overtime is a projection. It can vary as you know due to staffing availability, the number of people on shift, injuries, sickness, the whole thing, so I looked at it between now and the end of the year. I would just as soon keep my six people rather than send them home and try to make it.

**Alderman DeVries** responded I understand. We are just trying to decide if we have enough time between now and the next Board of Mayor and Aldermen meeting to examine this a little more thoroughly. It has just been thrown at me this evening. Do you expect a major draw between now and two weeks from now?

**Chief Burkush** answered no. There is nothing between now and February vacation.

**Alderman DeVries** asked so we could be voting on this tonight and not saving anything in overtime between now and two weeks from now?

**Chief Burkush** replied correct.

**Alderman O'Neil** stated I am afraid the discussion here makes it sound like starting tomorrow he is closing three ladder companies and an engine company. I think it is going to be day by day and the majority of the days between now and the end of the fiscal year it is going to be the status quo in the City of Manchester. There are going to be some rare days that this will happen. He can't predict sick days and he can't predict injuries and regarding the closing of Engine 6, that is the fourth step. If he can achieve what he needs to for that day, which is closing one ladder truck then that is what he is going to do that day. Am I correct?

**Chief Burkush** responded that is correct.

**Alderman O'Neil** replied so we shouldn't leave the public thinking that we are putting three ladder trucks and an engine company out of service tomorrow. That is not what is happening here.

**Mayor Gatsas** stated I don't disagree with you Alderman. I agree with you 100%. Thank you for your input because maybe that shed some clarity as to where we are at.

**Alderman Shaw** stated I trust the Chief and I agree with Alderman O'Neil. Is it just the Fire Department overtime or every department?

**Mayor Gatsas** answered every department must come to me for overtime. The only one that doesn't is the Highway Department. They have the flexibility.

**Alderman O'Neil** stated just to go back this happened not too long ago. Chief John Jaskolka was the Police Chief. The same exact issue happened. There was no overtime. He literally told detectives for a period of time bring your uniforms with you because if we are short on cruisers that is what you are going to man that day. The Police Department does this regularly so I don't think the world is going to end with them. They can move some people out of divisions temporarily if they have to to man cruiser routes. It is not ideal for us. None of this is ideal but we have been through it before and we managed it. Thank you.

**Alderman Ouellette** stated again I am not saying that...I am not asking people not to vote for this. What I am saying is I am not going to vote for it because if Engine 6 is down even one day and something happens I am not going to be able to sleep at night knowing that I voted to put Engine 6 out that day. What my colleagues vote and I respect how they are going to vote in terms of the numbers and the budget situation and the recommendation not only from the Chief but from the Mayor and the Finance Officer. I understand all of that and I understand the reason why people will vote for this. Again, I am not going to vote for this because it is my pumper that is going to be put out of service and if something happened even on that one day that it may be out of service, I have to answer to

that. I just hope that when I don't vote for this it is not to thumb my nose and that I don't believe in the dire needs of the City because I do but I also have to protect the constituents of Ward 11. I trust the Chief explicitly in terms of protecting the citizens of this City. Regardless of how this vote goes, I feel that the City each and every day will be as best protected as it can be.

**Alderman Shea** stated all I want to do is move the question.

**Mayor Gatsas** replied I have one more speaker, Alderman Arnold.

**Alderman Arnold** stated I certainly appreciate where Alderman Ouellette is coming from as I on occasion have voted a certain way because I want to make sure that I am doing best by the people who specifically live in my ward. As far as what Alderman DeVries proposed, a voluntary furlough, I think that is certainly something we should be having a conversation about but I don't see the proposal tonight and that issue is mutually exclusive. Freezing overtime sounds like a good idea. In two weeks if there is some dramatic reason to reverse that then we can do that in two weeks. I don't see any reason why we should hold off now. I agree with what Alderman O'Neil said as well. There have been similar situations like this in the past. We have done something like this with Police and gotten through it. I am sure we will get through this one. It seems like a good idea to move on at this moment.

**Alderman Lopez** stated before we move the question I want to make a comment. This is part of a puzzle we are putting together in order to keep everybody working. The separate issue on whether people want to take furloughs can take place any time. Let's move the question.

*Mayor Gatsas called for a vote on the motion to freeze all overtime except for emergency snow removal and to direct the Fire Chief to reduce on duty staff to 44. Alderman Lopez requested a roll call vote. Aldermen Lopez, Shea, Shaw, Greazzo, Arnold, Craig, Ludwig, Long, Roy, Corriveau, and O'Neil voted yea. Aldermen DeVries and Ouellette voted nay. Alderman Osborne was absent. The motion carried.*

**Alderman Arnold** asked Your Honor before we wrap up this item can I ask Mr. Sanders a question about his projections?

**Mayor Gatsas** answered yes you may.

**Alderman Arnold** stated Mr. Sanders we recently received a communication outlining the City layoff policy. Is there a similar City policy for severance?

**Mr. Sanders** replied yes there is. The HR Director might jump in if I miss something but severance sometimes includes unused vacation days, which anyone who leaves the employ of the City is paid for but to be paid sick days I believe you either have to be eligible to retire and retiring or you have to have at least 20 years of service to receive your sick days. That is what comprises severance.

**Ms. Jane Gile**, Human Resources Director, responded Mr. Sanders is correct except it is 15 years of service and you can receive up to 60 sick days.

**Alderman Arnold** asked is there...from the time someone puts in their retirement papers what is the timetable? What is the turnover on how quickly they are paid severance?

**Mayor Gatsas** answered the day that they report they are going out.

**Ms. Gile** replied their next paycheck.

**Mayor Gatsas** stated if you are in Group 2 you have the opportunity to put in papers and not necessarily let the Fire Chief or Police Chief know because you have the ability to pull those papers on a weekly basis. There are firemen and police officers that are weekly going up and putting in papers and removing them because if you don't the clock ticks and then you have to go so they are actually pulling them waiting to see what is happening in Concord. That is basically what they are doing. I can't tell you how many but my understanding is there are quite a few that are up there on a regular basis putting them in and taking them out.

**Alderman Arnold** asked can we just get a copy of the City severance policy as we did with the layoff policy?

**Mayor Gatsas** asked Jane can you get that to everybody?

**Ms. Gile** answered I don't believe there is any written severance policy. It is just what is incorporated within the City ordinances. I can give you reference to the City ordinances.

**Mayor Gatsas** stated just get a copy of the City ordinance to everyone.

18. Communication from Kevin Sheppard, Public Works Director, requesting authorization to fulfill the requirements for perambulation of town lines.

*Alderman Shea moved to approve the request. Alderman DeVries duly seconded the motion.*

**Mayor Gatsas** asked Kevin are we going to pick up any land or are we losing land?

**Mr. Sheppard** answered we are going to be okay.

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

- 19.** Petition for Release and Discharge of May Street.  
*(Note: Attached is a review from the Public Works Director.)*

*Alderman Shea moved to accept the petition. Alderman O'Neil duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.*

**20. Reports of the Committee on Bills on Second Reading.**

There were no reports.

**21. Reports of the Committee on Human Resources/Insurance.**

There were no reports.

**22. Bond Resolution:**

“Authorizing Bonds, Notes or Lease Purchases in the amount of Four Million Five Hundred Thousand Dollars (\$4,500,000) for the 2011 CIP 712211 – Pump Station Upgrades.”

*On motion of Alderman O'Neil, duly seconded by Alderman Corriveau, it was voted to waive reading by title only.*

*On motion of Alderman O'Neil, duly seconded by Alderman Roy, it was voted that the Resolution ought to pass and enrolled.*

### **NEW BUSINESS**

**Alderman Lopez** stated I know that over the past few months a lot of conversation has gone on in reference to whether or not there was anything the unions could give to us. I think it is time we make an official contact with the unions so tonight I am asking the Board of Mayor and Aldermen to have official contact with the unions.

*Alderman Lopez moved to have Mr. Sanders and Atty. Clark make contact with unions starting with Fire, Police and Highway in reference to health insurance or any other cost savings that the unions can do to help us with the budget moving forward in 2012 and 2013. Mr. Sanders and Attorney Clark shall report back to this Board as soon as they have an answer but no later than the March 1<sup>st</sup> meeting. Alderman Arnold duly seconded the motion.*

**Alderman Long** asked for clarification, what is their intended goal to come back to us with?

**Alderman Lopez** answered my intended goal that has been talked about is whether or not they can increase their contribution to health insurance, how they feel about it, are they going to do anything to try to help the 2012 budget and what is their official position?

**Alderman Long** asked so is it to look for what concessions they might bring to the table?

**Alderman Lopez** answered yes, and they might have some other ideas that they bring to Mr. Sanders to bring back to the Board. They can come back to the Board and say we are not going to do anything. They can come back to the Board and say we are going to do this or whatever. We don't know unless we get involved in the official contact with the unions.

**Alderman Ouellette** stated I know what this Alderman's goal is. We have had two budget meetings and I think over those two budget meetings we have seen the projection with just barely scratching the surface of some 40 layoffs. I think the goal, for this Alderman anyway...Alderman Long asked the reason why we are going to ask for some sort of concessions especially on the healthcare issue which is where we are seeing our biggest increases; it is to prevent layoffs. Our employees are a vital part of the City services that we provide. We had a discussion today about whether or not to put a pumper out in Ward 11 and the scariest part in looking towards next year's budget is the amount of layoffs projected in just the Fire Department alone. We are talking about one pumper that I voted against tonight. Just think of what that is going to do to the department. I think in terms of this Alderman's goal I would like Mr. Sanders and Mr. Clark to talk to the unions so that we don't send anybody home. I would like to keep the

people who keep the City clean and safe. That is my intent and why I am going to support this.

**Mayor Gatsas** stated I have a question for the Clerk. Do we have two meetings in February or one?

**City Clerk Normand** replied we do have another meeting in February.

**Mayor Gatsas** asked can we get an answer before that second meeting in February?

**Alderman Ouellette** stated Your Honor this is the first meeting in February so we have one more left.

**City Clerk Normand** replied the 15<sup>th</sup> is the next meeting.

**Alderman Lopez** stated that is too early.

**Mayor Gatsas** stated I apologize. I forgot we were in February.

**Alderman O'Neil** stated Alderman Lopez and I spoke earlier about this. To make sure I am clear, this isn't formal negotiations but this is opening up a formal dialogue with the unions about suggestions that may or may not include healthcare and other items that may save money? Am I phrasing that right Alderman Lopez?

**Alderman Lopez** responded I think you are. It is opening a dialogue. That is all it is. To be very clear, the dialogue could be anything. They could come back and Mr. Sanders could report back that they want another week's vacation. Whatever they come back with.

**Mayor Gatsas** stated certainly everybody knows that I have been talking with unions, not negotiating with them but trying to find out what we can get to and how do we address not only the 2012 budget but 2013. I certainly appreciate every Alderman here because we are forward thinking here. It is not just let's kick the can down the road to 2012 but what is the solution for 2013. As I said maybe it won't be all of us but that discussion is going to happen again in 12 months. I think that whatever or whoever it takes to have a conversation that is going to bring something back that is going to effectively change something because we are a City of one. I certainly will take whatever consideration there is from whoever can talk to whomever to bring something back. We can't get there without discussions and understanding what is going to happen in 2012 and how do we effectively change 2013. With that, obviously you are right that we have had two budget meetings. I applaud the departments that have come in and at least discussed and presented the same thing that they gave me because I have been very clear with all department heads at every department head meeting that I don't have a problem with whatever you come in and tell the Aldermen. I would just like to know about it before you come in and tell people. So whatever they want to come in and present I don't have a problem with but they have been told not once or twice but three times and when that changes I think you folks saw that I got a little upset but when we are talking about a situation of laying off 23 firefighters and I have a department that comes in and tells me they are going to close libraries and everything else I am a little upset by that. There are other situations and certainly I was going to wait but I might as well talk about it now. I know that you all know in the last few months I have been having discussions with Anthem about situations not only on the bone marrow issue but other problems that have come forward. Certainly I have brought them in. Oh, you are looking for a motion first before I head into mine?

**Mayor Gatsas** asked the Clerk to repeat the motion so that everyone knows what they are voting on.

**City Clerk Normand** stated my understanding of the motion from Alderman Lopez is to direct the Finance Officer and City Solicitor to meet with the Fire, Police and Highway unions to determine if any concessions can be made for the FY2012 budget.

**Alderman O'Neil** asked can we change the word concessions to something else?

**Alderman Lopez** stated I have something written that I will give to the City Clerk. The motion would be to direct Mr. Sanders and Mr. Clark to make contact with the unions starting with Fire, Police and Highway in reference to health insurance or any other cost savings that the unions have to help us with the budget moving forward. Mr. Sanders and Mr. Clark shall report back to the Board as soon as they have an answer but no later than the first meeting in March.

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

**Mayor Gatsas** stated as I started to say in the last few months there have been some discussions and obviously health insurance has been a discussion and a top priority throughout this entire City. As I have been working through this budget there have been things that have come up like the bone marrow registry that came forward and the allegations that were out there regarding the charges that were brought forward by employees of the City and certainly I followed through on them. I was told by the bone marrow registry that there were roughly 137 people that participated. We have been informed by Anthem...

**Ms. Gile** interjected that we will be reimbursed \$31,000.

**Mayor Gatsas** stated so that is about \$700 per person. With the number I was hearing from the bone marrow people I was expecting a much larger check than that so we are now in the process of being in touch with Mrs. Raymond who runs the registry to get us an accurate number of who they have so that we can track it. Last week I reported to this Board that we had a payment in excess of \$700,000 for the week for health insurance. I have some concerns with that and our budget for some reason was looking like it was going to exceed where we were at. I talked to Mr. Sanders and I said can you take a look at where we are and find out why that blip happened on the health insurance. Come to find out there was one claim that was over \$400,000 and I said well when does the reinsurer kick in and the reinsurer kicks in after \$210,000. I asked him have we got that check and I said I would like you to do some history and see if we have gotten any other checks for any other claims that have exceeded \$210,000. He said, 'Mayor, I am sure we have.' I said, 'I am not questioning whether we have or we haven't but can you look into it and come back with an answer?' Well, that was at noontime on Friday. I didn't hear from anybody Friday afternoon, which kind of led me to some concern. Monday morning at 7:45 AM when I was walking into the building Bill Sanders had his cup of coffee and I said, 'What did you find out about the claim?' He said, 'Well Mayor, let me just tell you that we haven't been paid since 2009. In 2010 we are owed \$362,000. To be exact, \$362,838, which is based on an excess of \$210,000 totaling \$1.3 million of claims that should have been looked at. In the first six months of this year it is an additional \$86,000 and that does not include the \$215,000 additional claim that we had discussions about last week. About a month ago we received a check in the amount of \$124,070.42. At that time I had asked for clarification because usually insurance companies don't just send you money for no reason. We finally got back-up and had a discussion about it. The amount in claims was payment from 2000 of verification

of claims that they went in and adjusted from 2000. It was \$111,080.77. They proceeded to pay us interest in the amount of \$12,861.78 and told us that any payments over \$600 are subject to Form 1099 reporting. Well I don't have a calculator and I haven't had the opportunity to add these two numbers but if we quickly do them, \$111,080.77 plus \$12,861.78 and then unclaimed property assessment of \$127,000 what that means is if somebody was sent a check for \$20 and didn't cash it those are unclaimed assessments and they come back to the City. I had asked the question when we first got involved in this process that if the checkbook was in the City's hands we would never have to worry about going to \$127,000 of unclaimed assessments because we would already have that because the check would not have cleared. We certainly could at least then make the availability to the employee because obviously the employee has paid out of his pocket that amount of money. So I can tell you that I have lost confidence in Anthem going forward and I would ask this Board to go out for an RFP and again let me just give you another story and this doesn't have to do with the City but with the School District. As I was working and preparing their budget last year I had asked a question of Ms. DeFrancis. First I asked Mr. Sanders about prescription drug rebates. Did we have them here in the City? I was told no and then I asked if we had them at the school and nobody knew. I asked the question because the School District if you remember was on the City's health plan. Once the department issue was cleared they went out on their own and stayed on that same health plan and we ended up on a new health plan but I can tell you when I started asking if we ever received a drug rebate check, the answer was no. I asked if we could take a look at it because I believe we are entitled to it. The discussion went to Anthem and we picked up \$720,000: \$360,000 for 2008 and another \$360,000 for 2009. Now we are in the process of getting our check for 2011. I understand that this is a very difficult area but when we are having discussions with employees to try to change things we must be prepared to make sure that we have appropriately discussed and acknowledged where our benefits are. I can tell

you, and I think I have told this story to Alderman O'Neil, we had a self-insured health plan with 8,500 employees back when I ran a company. My partner, my brother, and I looked at every single claim that came into that company of over \$2,000 to make sure that that employee worked for us and was under our health insurance. By accident sometimes people would float in with a similar name and claims would be looking to get paid and we wouldn't pay them because that employee wasn't one of ours. Alderman O'Neil has suggested is there a way that we can find somebody that is going to do this. I don't disagree that this is a very critical area. I don't know how many claims come into this City but I don't think we have a body that we can subject to sitting there and understanding the claims and how they are adjudicated, what the payment is, what hospital it's at but I think that we hire people and we pay people to make sure that when there is a claim out there to be paid that we don't wait from 2001 to 2011 to get a check with everybody scratching their heads and asking what it is for. When somebody just sends you a check, my concern kind of piques and I wonder how much more is owed. How much should we be out there? There are companies that will go in and do an audit on all claims. It doesn't cost us anything. Whatever they find, they get 25%. I think that we first must go out for an RFP because I have lost confidence in an insurance company that we are doing business with. Certainly they have the ability to come back and bid. I am not stopping them from bidding but they need to sell us a bill of goods if they are successful with their bid on how they are going to change how they look at this City and what they are going to give us for services. I think it is an appropriate time. We are in a crisis. If we can save money on administrative costs or anything else that somebody can offer to us, then we should take advantage of it. I would ask this Board to go out with an RFP so that we can get it back at the same time people are looking to change plans. I know that \$360,000 as far as I am concerned is a lot of money but when you take a look at how we set rates for the employee to contribute to, that \$360,000 should have been a reduction on the claims that we saw when we put in rates in 2011.

Not that it was going to change anything by hundreds of dollars, but it would have changed people's rates maybe by \$1 or \$.50 a month. I think we must go out and do an RFP for the best interest of the City, not only for the employees but also the taxpayers.

**Alderman DeVries** stated the scenario that you just laid out for us we didn't have just our current vendor in place for the last decade. We have had more than one insurance company servicing the City of Manchester. I am not sure...my curiosity was most piqued by your comments on the ability for us to hire somebody to go out and do an audit for us. I am wondering if utilizing that is where we would be better served. If you are saying let's just go out for an RFP to go back to the company that wasn't giving us the rebates or the stop-loss payments, what have we gained? All we are doing is shifting the pain from one company to another company and none of them are contractually compliant with what we have entered into an agreement with them for. I would love to hear more about the proposal and maybe we can get that to the Committee on Administration to see what is involved in the audit of our insurance plan.

**Mayor Gatsas** replied if it is going to go anywhere it is going to go to Human Resources & Insurance because that is where it should be since that is what we are talking about.

**Alderman DeVries** stated well let's get it to that Committee.

**Mayor Gatsas** responded sure. We can kick the can down but I want to make sure if we are going to get an RFP out that we do it within 30 days.

**Alderman DeVries** asked what is just going out for an RFP going to get us because we had the same problem with the other major vendor?

**Mayor Gatsas** answered no we didn't. No they paid...

**Alderman DeVries** interjected I thought you said we were going back to 2000.

**Mayor Gatsas** replied Anthem has gone back to 2000 on claims that they did. The other vendor that we had for a two year period paid the stop-losses. Is that correct?

**Mr. Sanders** stated we received our last checks in 2009. That was the last time that we received them.

**Mayor Gatsas** asked and that was a different vendor correct?

**Mr. Sanders** answered yes.

**Mayor Gatsas** stated so the claims that I am talking about are claims that Anthem had, except for the two years that we were with another vendor. That is just based on the \$124,000 check that we got back to 2000.

**Alderman DeVries** asked the stop-loss payment that we received back in 2009, what timeframe is that for? Is that tracking for a calendar year? How does that work? Do we get a check in 2010 for the 2010 calendar year or is there a waiting period to initiate that?

**Mr. Sanders** responded certainly there is a process that they go through with the reinsurer but you would expect I think that you would receive payment fairly promptly since we are paying the claim promptly. We received four or five checks in 2009. We have received nothing since then.

**Alderman DeVries** asked so it wasn't even a once a year payment?

**Mr. Sanders** answered no they paid on each claim. It is an individual \$210,000 limit.

**Alderman O'Neil** stated Your Honor I am bothered very much by this information that you presented this evening. I am only hearing it for the first time. Your point about possibly engaging an auditor I fully support. I am, however, concerned...I would like to hear from Anthem on why this happened. I don't think just going out for an RFP is the solution to this. I know the last time when we moved from CIGNA to Anthem the employees were insistent, affiliated and non-affiliated, that they wanted to part ways with CIGNA. There were problems. I heard from people regularly about it. I honestly don't know what just going out for an RFP is going to do. I also think the timing of going out and telling the employees that we may be changing providers or third party administrators can actually hurt us in the discussions that are going to go on over the next month or two in trying to work with the employees on taking a look at many things including health insurance. I think the timing of it is poor from that aspect. I fully support bringing on the auditor to see where everything is at but I think going out for an RFP couldn't be at a worse time than right now. Get the information from the auditor and get Anthem in before the Committee or the full Board to defend why this happened if they are defendable. I am not going to support going out for an RFP for other vendors at this time. I think it is going to completely take away from our efforts with our affiliated groups regarding possibly adjusting some of the agreements regarding health insurance.

**Mayor Gatsas** stated I hear where you are coming from Alderman O'Neil and I certainly appreciate it. I can only tell you that the conversations that I have been having...sometimes timing is right and sometimes it is wrong. When we negotiated this contract three years ago the economy wasn't in the situation it is in. Insurance companies weren't looked at in the same manner that they are today. The deals that were out there were much different. I think right now we would be negotiating from strength going forward looking for an RFP because right now it is going to be based on how many lives you can hold in place based on what is happening with legislation that was passed at the Federal level. I think that the opportunity to look...if we are telling employees that we are looking for change if we can effectively change by \$200,000 to \$300,000 or \$400,000 what we are doing I don't think that is a bad thing to look at. Maybe at the end this Board will decide that those savings aren't significant enough for us to look at. I don't have a problem with that but I think we should have the opportunity to at least look at it and hear it because most of the members of this Board weren't here when we had the discussions last time.

**Alderman O'Neil** replied the employees have a comfort level with Anthem. That is my opinion. If I recall, the last time we did this the staff recommendation was to go with CIGNA and at the end the Board voted to go with Anthem. I just don't see this RFP going to prove anything at this point. After if we bring on an auditor and we are provided information and after we hear from Anthem if it is not satisfactory then maybe we do move forward. I am greatly concerned. We need some help with the employees right now on taking a look...well not taking a look but with our costs going forward in FY12 and FY13. I think putting a potentially new provider in the middle of it is not going to be productive for us.

**Alderman Roy** stated for the most part I agree with Alderman O'Neil. I have a couple of questions. When is the contract up with Anthem?

**Mayor Gatsas** stated one more year.

**Alderman Roy** responded so that means June of next year?

**Mayor Gatsas** replied June 2012.

**Alderman Roy** asked is it possible for us to get an explanation in writing on these issues with the reinsurer and the clarification of that \$111,000? Can we get that from Anthem in writing please?

**Mayor Gatsas** answered I have the \$111,000 in writing but when you see it...I asked for more specifics than this and all I got was a list...

**Alderman Roy** interjected I don't have to have it right now.

**Mayor Gatsas** responded I can get it to you.

**Alderman Roy** stated I want to give them an opportunity to respond to what we are saying here. That is my issue. If they have no explanation then I have a problem with that. The last point I wanted to make was about the bone marrow. You know I have to believe that every company out there was fooled by those people just as our employees were. They were playing a game with everybody. They are telling me that there are 127 and our insurer is saying 31. I don't know if I want to believe the people from the bone marrow group.

**Mayor Gatsas** responded well I do because they said they were going to send us the money.

**Alderman Roy** replied well when they send us the money I might believe it or I might think that they had even more money than we knew about. I am just thinking that we need to verify the fact that they are right and Anthem is wrong.

**Alderman Arnold** asked given that there is some other information that has been requested and the significance of what it is you are proposing, is it possible to have this sent to the HR Committee? If you feel it is time sensitive could there be a Special HR Committee called before the first full Board meeting in March? Is that something that...

**Mayor Gatsas** interjected let me just tell you that if we go to an RFP in March just so you know the timeframe it is going to take about 30 days and that gets you to April. If you make a decision in the middle or end of April, you then only have about 60 days to enroll these people should this Board decide to go to another carrier. I am not too sure that I like that timeframe because that quick change really puts people into a situation. I would rather see them have 90 days so that we can go through the process correctly. The last time we went out for an RFP the company we were with had three years on the contract and we went out in the middle of year two because the Board thought we should see what is out there to maybe save some money. That is exactly what was said in this room. It was said that we were going to see if we could save money. The difference was that we went with a carrier that cost us more and it was not the recommendation of the Committee that was sitting there. I can tell you that the Board was looking for a reason to change because there might have been a savings. If the Chairman of the Committee wants to have a special meeting before February 15<sup>th</sup> to have that discussion, I am not opposed to it. It is up to the Chairman of the HR Committee.

**Alderman Shea** stated I know that both of us have been involved in negotiations. I know how they work because we went from one carrier to another and then back. Gathering information is useful and helpful. I disagree with Alderman O'Neil. He has a valid point but I feel the more information we can garner, the more help we can extend to the City taxpayers as well as the people taking part in the program. I know that when people changed from one carrier to another, they were the same people that they could go to whether it was the local hospitals or whatever. There was difficulty, I think, experienced with Anthem when people went out of town because they didn't have a lot of affiliations down around the Florida area and also I think that we are carrying certain people know in the CIGNA program who have not reached the age of 65 and so forth or are over 65. I don't see any reason why we shouldn't go out for an RFP. I think if it is beneficial to the municipality, the City, I am sure that anyone who goes now with Anthem would go to the same doctor if CIGNA were the ones chosen. I am in favor of an RFP and as head of the HR Committee certainly if there is a need for a meeting...I have an excellent group of people on my Committee, in fact one of the best Committees in the City, so we have no problem with that. All of the people participate very actively and they are great.

**Alderman Ouellette** stated it is an honor to be a member of one of the best Committees in the City I will tell you that right now. Your Honor, I agree to a point with Alderman O'Neil in terms of we went back to Anthem because the employees were telling us that they were having bad experiences with the other carrier. I voted to do that. I don't regret at the time the vote to do that but now hearing the information that I heard tonight, the difference is I had confidence in the company that I voted for last time. Right now hearing what I have heard tonight, Your Honor, I don't have confidence in the carrier. So I think in terms of going out for an RFP it is probably not a bad idea knowing what I know now.

However, when we talk about what the employees are going to think and how they are going to react, I would just say this. We are looking at everything. Everything is on the table. Again, I will say this. We had two budget meetings and we heard over 40 layoffs. That is not going away and we have also heard that in the 2013 budget we have another problem. So I think looking and seeing what is out there is the responsibility...it would be irresponsible not to do that. In the end, if Anthem comes in and answers those questions and the auditor comes back and gives positive reviews I would not rule out voting for Anthem again but I think everything has to be on the table because we have some very, very difficult decisions to make in the coming months Your Honor. I would like to refer this to the Committee on Human Resources & Insurance.

**Mayor Gatsas** asked just for clarification Alderman Ouellette, you are absolutely right when you talk about 40 layoffs but let's not forget that it is not 40 layoffs. It is 98 vacancies. So that number is something that we all must understand because Highway might be laying off four people but they have 20 vacancies. The Police Chief may be laying off four but he has 18 vacancies. The Fire Chief has 14 vacancies and he is laying off 23. I understand that we are talking about 40 layoffs but the biggest number is 98 vacancies. Every department is running with less people and doing more work than they did a year ago. I don't disagree with that but I want people to understand it is not just 40, it is 98. It is 40 plus 58 to get to the 98.

**Alderman Ouellette** stated right, so 98 is staggering. That is a staggering number to me and that doesn't include the School side.

**Mayor Gatsas** replied no it doesn't; you are right.

**Alderman Ouellette** stated we didn't even talk about that.

**Alderman Craig** asked what are the implications of ending the contract early?  
Are there any financial penalties?

**Mayor Gatsas** answered the contract is very clear. It gives us 30 days to leave and go out for an RFP at any time.

**Alderman Craig** asked any time?

**Mayor Gatsas** responded any time just as we did the last time with the CIGNA contract. We gave them 30 days notice that we were going out to bid.

**Alderman O'Neil** stated what I recall back during the presentations was the financials from both companies were almost identical if not identical. I know speaking for myself I made the decision to go with Anthem based on what I heard from the employees about lack of service from CIGNA versus previous experience with Anthem and success in service. Also regarding your point about vacancies, I believe if we look at the record when we approved this current budget we were, plus or minus, 80 vacancies in the City.

**Mayor Gatsas** replied 62.

**Alderman O'Neil** responded when we approved the budget and it might have been skewed a little bit to include some of the Enterprise employees but it was 80. We are not creating an exorbitant amount of extra vacancies over what we already have. The larger number of vacancies already exists in this City. It might have come out wrong but it sounded like we were creating a whole new pool of vacancies. Those vacancies for the most part exist today. There will be some new ones with this proposed budget.

**Alderman Arnold** asked can I follow-up with the issue Alderman Craig just raised about contractual implications? You indicated or I think I heard you that we can terminate and go out for an RFP?

**Mayor Gatsas** answered no we don't have to terminate. We can go out for an RFP. There is nothing that says we have to do anything if we don't want to change. Let me have the Human Resources Director give you an answer.

**Ms. Gile** stated if we were to terminate the agreement with Anthem we would have to give them 30 days notice.

**Mayor Gatsas** stated in other words we could go out for an RFP and if we decided to choose someone else we would have to give them a 30 day notice that we are terminating.

**Alderman Arnold** asked but there is no contractual provision that is implicated by us even going out for an RFP?

**Mayor Gatsas** answered there is nothing in there but I would say the \$600,000 that may be in discussion certainly could be...remember the problem I have with this whole thing, just to let you know, is that if that claim was \$500,000 in last week's check there might not have been any discussion about me saying to Bill Sanders can you take a look and see why that \$500,000 was there but \$700,000 was a big number. That is what triggered the reinsurance. Now I can tell you that just in the first six months it is \$86,000. So obviously there were claims that were in there...we must have had a claim that was \$296,000 and nobody sent us a check or told us about it. I just feel uncomfortable with that.

**Alderman Arnold** stated I am with you on that and as equally uncomfortable. My confidence in this company has significantly decreased to the point where I certainly think we should be considering switching. I still feel that there are a couple of unknowns here and that is why I wanted to reemphasize the interest in having it go to Committee even if it is just going to a special Committee meeting in two weeks so that I and other members of this Board are not being asked to act on any incomplete information tonight.

**Mayor Gatsas** replied I have no problem with it going to Committee. There is no question that that is how the process works but I think that the Committee has to take a very hard look and get all of the information because I asked for clarification on this \$124,000 how long ago Jane?

**Ms. Gile** responded I think it was December.

**Mayor Gatsas** stated and I have gotten anything. I don't disagree that we should have it but to go out for an RFP today is probably a good thing. If we remember and he is not here but we went out for the Aramark contract and we got a contract that was \$300,000 less for the same services as what we are doing this year. There is no question that sometimes going out and asking you never know what somebody is liable to do.

**Alderman Shaw** stated I am concerned as Alderman O'Neil is about the timing of this only because we have been pushing for some dialogue to occur with the unions and then all of the sudden we are going to throw in another curve with the health insurance. I just think it is so overwhelming to do all at once here. I agree that I am losing confidence in Anthem but has anyone contacted them? Have they come forward with any answers?

**Mayor Gatsas** responded I think the answers...I had a conversation today with the new President, Lisa Guertin. I believe she is going to call tomorrow morning so we can meet tomorrow. I told her about my confidence with Anthem and she understood why it would be. Is there a clarification of why it happened? I mean we can pontificate for the next hour on why it happened but we don't have the ability to follow it when it is a \$20 million expense. \$20 million. The City side is \$20 million and the School side is another \$20 million. I don't think anybody should be worrying about whether we are getting prescription drug rebates. I think that they would happen. We are paying for that. We are paying an administration fee of over \$700,000 a year to get those. That is what we are paying for. I just look at it and say it is about confidence and I don't know where to begin looking about what else might have been forgotten or not forgotten that we were told or maybe not told. I know that Bill Sanders has no comfort level. I certainly don't want to put words in his mouth. If anybody wants to ask him I am sure he will tell you because I know that he has had a pretty tough time trying to get a resolution. I know that the HR Director has had a very difficult time. So it is not an easy thing but I don't disagree with you. If this was a private company, I can tell you that tomorrow its Board of Directors would say we are going out for an RFP because we are not talking about \$10 here. We are talking about, when you take a look at the total cost of \$720,000 on the School side and close to \$700,000 on this side for the numbers we have before us, that is a lot of money.

**Alderman Shaw** stated well my message to the unions then is not to discourage them but to come forward and talk to Mr. Sanders and see if there are any other...kind of throw out the healthcare right now because you think we are going to go out for an RFP or if we vote to or whatever but there must be some other ideas. They must have some other ideas. There must be some way that they can bring some suggestions forward and hopefully that will not discourage them from talking.

**Alderman DeVries** stated I guess I would ask our HR Director on the existing contract we have. The language is silent on the procedures for reimbursement of reinsurance?

**Ms. Gile** responded I am not clear on what you are asking. The stop-loss insurance that we have is at \$210,000 so the City pays the first \$210,000 on a claim and then the rest is not our responsibility.

**Alderman DeVries** replied I think I am more interested in timeline penalties and interest.

**Ms. Gile** stated we are working on that.

**Alderman DeVries** stated maybe we should start with a copy of our existing contract going out to us to prepare us...

**Mayor Gatsas** interjected it is silent.

**Alderman DeVries** stated shame on us. It shouldn't have been.

**Mayor Gatsas** stated I can only say to you that the other company was paying us so I assumed that we were still going to get paid.

**Alderman DeVries** stated shame on us because if penalties and interest aren't in there...I am not saying we forgive them but I am just saying we now know that that needs to be part of a contract.

**Mayor Gatsas** responded I am sure that is a discussion that I am going to have with Lisa Guertin tomorrow. We charge people when they don't pay their taxes on time 12%. As far as I am concerned, that \$360,000 not paid in 2010 was a reflection on the tax rate.

**Alderman DeVries** asked why don't we have a copy of our existing contract sent out to us so that we all have the benefit of perusal prior?

**Mayor Gatsas** answered sure.

**Alderman O'Neil** stated I would like to see a copy of what the CIGNA contract said. Maybe that specific item was in there and somehow it didn't get included in the Anthem contract. Our fault? Anthem's fault? I don't know but if we could get copies of both contracts that would be helpful.

**Mayor Gatsas** stated what we should do too is get the proposals from both CIGNA and Anthem when the decision was made because my recollection was there was a \$250,000 difference if memory serves me right. Bill Sanders?

**Mr. Sanders** responded I don't remember.

**Mayor Gatsas** stated okay let's get the proposals out so people can see that.

**Alderman DeVries** stated I don't think there was a cost difference.

**Mayor Gatsas** responded I can tell you that there was a difference. The cost was \$250,000 more but that is only from my memory and I could be wrong.

**Alderman Shea** stated I am not sure if a motion has been made by Alderman Ouellette but if he did, I will second it and ask for a roll call so we can go home at a reasonable hour.

**Alderman Lopez** stated I just want to wrap it up. Going out for an RFP and Attorney Arnold correct me if I am wrong but even if we go out for an RFP that doesn't mean we are getting rid of Anthem. We have to give a 30 day notice if we are going to terminate them. We can reject all RFP's if we want to and stay with Anthem. In the meantime, Anthem is accountable to answer any questions that we may have about our claims. I guess something is going to Committee here so I think going out for an RFP doesn't do anything right now. It will come back to the Board of Mayor and Aldermen at some point and either we stay with Anthem until next June or go with somebody else. I don't see anything wrong with this. It gives us an upper hand in the playing field. Am I right or wrong?

**Mr. Arnold** replied I am not privy to the contract with Anthem but from what I have been told I think you are correct. There is nothing that prevents us from going out to bid. The contractual obligations arise if we chose to terminate the agreement with Anthem.

*Alderman Shea requested a roll call vote.*

**Alderman O'Neil** asked what is the motion? Is it to go out for an RFP or send the issue to Committee? There have been two different discussions here.

**Mayor Gatsas** stated there have been a few different discussions. I think that the discussion for Anthem to come in and confront the Committee with what is before us is what people were looking for and I don't have a problem with them doing

that. I would appreciate it if Board members attended that meeting that is going to be called by Alderman Shea. I think that also he is asking to go out for an RFP.

**Alderman O'Neil** asked is that all in the same motion or can we separate them?

**Mayor Gatsas** stated we can separate them.

*Mayor Gatsas called for a vote on the motion to send this item to the Committee on Human Resources/Insurance and have Anthem come in to explain why the problem happened. There being none opposed, the motion carried.*

*Alderman Shea moved to go out for an RFP for health insurance. Alderman Ouellette duly seconded the motion. Alderman Shea requested a roll call vote. Aldermen Shea, Ouellette, Long, and Lopez voted yea. Aldermen DeVries, Shaw, Greazzo, Arnold, Craig, Ludwig, Roy, Corriveau, and O'Neil voted nay. Alderman Osborne was absent. The motion failed.*

*Alderman Arnold moved that the issue of whether to go out for an RFP be referred to the Committee on Human Resources/Insurance. Alderman Shea duly seconded the motion. Mayor Gatsas called for a vote on the motion. The motion carried with Aldermen Ouellette and Long being duly recorded in opposition.*

**Mayor Gatsas** stated so Alderman Shea will call a special meeting and I would ask...I know that we prefer as a Board to hold things for a week but I think this is important enough that without objection the Committee reports it out and comes to the full Board one way or the other. I would ask that it not be tabled and that it comes out for a vote.

**Alderman Ouellette** stated that is my dilemma on why we are wasting our time with this going to Committee. To me it is ridiculous. Time is of the essence and we are sending it to Committee to discuss it.

**Mayor Gatsas** responded we certainly had a lot of discussion about it. I think it is...

**Alderman Ouellette** interjected I guess it is more opportunity for something important to politicize something and play games with it. That is my concern Your Honor.

**Mayor Gatsas** replied I think I have said my piece and certainly I hope everybody is listening because my confidence...I don't have any confidence in Anthem. Certainly I can tell you that by the next meeting you will have and I am not sure but I will try to get it so that whoever I think is a company we should look at comes to the HR Committee. I will try to get you two or three but I would like those decisions also in that special committee meeting. I will try to get them to you so that you can have people come in and talk to you about it so we can get something out by February 15 to see what is happening to our dollars.

**Alderman O'Neil** asked are you talking about an auditor?

**Mayor Gatsas** answered yes.

**Mayor Gatsas** stated I have another item of new business, deferred compensation. We have had the same company for I don't know how many years...

**Ms. Gile** interjected to the best of my knowledge, and I wasn't here when it began, but from the files I have in my office it looks like since 1983 at least.

**Mayor Gatsas** stated I would think that...there is \$30 million of employees money in the deferred compensation plan and we are kind of fiduciaries to that compensation plan. I think that we must find exactly what is being paid to the people that are holding these contracts. We must find different avenues because we have employees who are moving money and I don't think that they are money managers. They are moving money because somebody says, 'Hey, I just got 15% because I put it in XYZ fund.' The next week that fund goes to zero and one person bought too late and the other person sold. I think we have to get somebody in here to talk to employees. Bill Sanders has met with me. I have the same concerns that he has. If he wants to speak on it I don't have a problem with that because I think that it is important enough that we need to have an RFP and get somebody in here to talk about the deferred compensation dollars that are there.

**Mr. Sanders** stated I am not aware of any issues with Hartford at all. I just wanted to say that. There hasn't been a proposal for an RFP for this investment management that they provide. I am not aware of any complaints from any employees and I think they have been an ethical company to the City, but the state has just made a change and taken on a new administrator for their investments and 25 years is a long time with one company and we probably should look around and see what is available to the City. We do have \$30 million of employee money there and we do have a fiduciary responsibility to insure that the fees are as low as they can possibly be and that the investments options are the best that the marketplace can offer. I am supportive of going through an RFP and I hope that Hartford bids on it.

**Alderman O'Neil** asked Mr. Sanders, we only have one? Could we have more than one?

**Mr. Sanders** answered I suppose we could but I think it would be very unusual for us to have more than one.

**Alderman O'Neil** stated my understanding is that many municipalities have more than one.

**Mr. Sanders** replied typically with the 403B plans, for example in school districts and others, the rules over the years have permitted multiple providers of 403B plans but the Treasury has changed the regulations covering all of these deferred compensation and 401Ks to where the employer is becoming more responsibility for the fiduciary management. We would need an advisor to help us with this a little bit, but I think the overwhelmingly more likely situation is that there is one provider for these plans.

**Mayor Gatsas** stated I think Alderman O'Neil could be talking about the retirement plan. There is more than one investor in the retirement plan, correct?

**Alderman O'Neil** responded no I believe I am talking...we have had companies over the years and for some reason the City has said we are only going to have one. I thought we had proposals...I think the firefighters have a deferred plan and it has been so long that I can't remember the details but without a lot of effort can we get a snapshot of what some other New England municipalities are doing?

**Mr. Sanders** replied sure.

**Alderman O'Neil** stated if I recall the last time we looked at this we were very unique only having one. I understand you have indicated that there may have been some changes in the law regarding it but that would be helpful.

**Mayor Gatsas** asked should we send that to the Committee on Human Resources/Insurance also and plan a night when you can spend a lot of time and let them come up with an RFP process?

*Alderman O'Neil moved to refer the issue of going out for an RFP for a deferred compensation administrator to the Committee on Human Resources/Insurance.*

*Alderman Roy duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.*

**Alderman DeVries** stated I would note to the Board that we have a letter from our Assessor, Robert Gagne. Is that what you were referencing?

**Mayor Gatsas** replied thank you for reminding me. I know we haven't had a chance but go ahead.

**Alderman DeVries** stated it is part of the legislative update that the Mayor had given us earlier. He has prepared a letter that kind of explains some of the issues that our Assessors would have with two House Bills, HB249 and HB316. There is a financial impact to the City with HB249 potentially costing us an additional \$600,000. I don't know if the Board has had the opportunity to read the letter or if we need the Assessor to come forward but I am asking that we send a letter to the Committee on Municipal & County Government supporting his position in opposition to these two bills. They have their hearing on HB249 on Thursday and HB316 is the same day. I would suggest in light of the snowstorm that we support his opposition and draft a letter and send it up electronically to the Committee so that if they have the meeting on Thursday and we still have snow issues they are sure to register our opposition at the hearing.

**Mayor Gatsas** stated the prime sponsor on this bill is a representative from Manchester. The prime sponsor on the House side is Representative K. Souza. Representative Newton from Strafford...

**Alderman DeVries** interjected that is the one that would cost us \$600,000 based on the current... basically it would demand that we go out for a full revaluation every five years, which if I read correctly is at a cost of \$1.2 million versus the \$600,000 mathematical adjustment that we currently are undergoing in the City. It is an expensive adventure, HS249.

**Mayor Gatsas** stated the bill is a couple of paragraphs. It says that appraisal is by measure and listing, providing that the rules adopted shall not permit the maintenance of assessments by statistical updates.

**Robert Gagne**, Assessor, stated the difference is that the current contract we have with Vision Appraisal for our revaluation for 2011 is a statistical update. Had this bill been in place when we entered into that contract, we would have had to pay for a full measure and list. Again, the last time we did a revaluation in 2006 it was a full measure and list and at that time it was close to \$1.2 million to have that project done. This update is \$543,000 I believe. It is significantly more costly.

**Mayor Gatsas** stated I don't know what this does to us but this bill calls for implementation upon passage. I am not sure if we aren't completed our revaluation if that precludes us from moving ahead.

**Mr. Gagne** replied I have talked with the Director of the Department of Revenue, former Assessor here, and...

**Mayor Gatsas** interjected I hope he gave you the right answer.

**Mr. Gagne** stated he told me that he doesn't think the legislation can predate our contract and we should be all set.

**Alderman Shea** asked why would someone want to do this? Is there something that I can't see in terms of the reason?

**Mr. Gagne** responded how much time do you have?

**Alderman Shea** replied I don't have all night but I have about two minutes.

**Mr. Gagne** stated we have heard rumblings about this for awhile. There are statistical efforts done in the state that aren't done properly that result in what is termed "spot assessment". I think the proper way to handle that is to monitor those situations so that they are done properly rather than force everyone to pay additional money. I haven't talked to the prime sponsor. I am not sure if that is his real concern but that has been mentioned in the past.

***Alderman DeVries** moved to send a letter electronically to the Committee on Municipal & County Government supporting the Assessor's position in opposition to HB249 & HB316. **Mayor Gatsas** called for a vote. There being none opposed, the motion carried.*

**Alderman DeVries** stated my motion was for both.

**Mayor Gatsas** asked can you just explain HB316 so everybody can understand what it says?

**Alderman DeVries** answered I will let our Assessor do that.

**Mr. Gagne** stated this bill would basically change the longstanding law that if someone refuses access to their property they would lose their right to appeal. The idea is that we can't set the right value if we don't know the proper information about the property. It is interesting that if you look at both of these bills together one of them says that we can't do our job without doing a measuring list and the other bill says that we can't inspect the properties. There is one common sponsor between these two bills even though they seem to oppose each other. The prime sponsor of the inspection bill I am told is a constitutionalist and feels that assessors entering properties is equivalent to an unwarranted search of the property. My feeling is he is confusing searching a property with inspecting a property. I can tell you that this bill would lead to inequities in assessments. It would be unfair to people that allow us into their properties to do a full inspection and it would allow an opportunity for people to, in my opinion, evade taxes. My little nickname for this bill is the Tax Evasion Bill. We would have to base our assessments on an owner's description of the interior of their property and if anyone thinks that 100% of the owners are honest, I would tell you that is not the case.

**Mayor Gatsas** asked so I assume that you are going up to testify in opposition to these two bills?

**Mr. Gagne** answered yes, at least to register that we are in opposition.

**Mayor Gatsas** stated no, you are going to testify; not just register. What time is this bill being heard?

**Mr. Gagne** responded one is at 11:00 AM and the other is at 11:30 AM Thursday.

**Mayor Gatsas** stated we are here tomorrow so the Clerk will get you the letters in opposition to both bills. We will send to our delegation. We have a meeting coming up. We haven't set a date but we will get them in before the House vote.

**City Clerk Normand** stated HB252 is in regards to hawkers and peddlers in the City. The revenue impact is between \$7,500 and \$8,000 but more importantly it looks like it significantly restricts our ability to regulate hawkers and peddlers and as everyone knows we have had problems in the past with ice cream vendors, door-to-door sales in neighborhoods. We have had those buffers around schools pushed back so that peddlers can't go and set up outside of an elementary school. I think there is an attachment here from the Mayor's Office on a peddler that was arrested in Allenstown, a former peddler of ours, that when we got our regulations enacted decided to move to another town. It is important certainly for us that we are able to maintain the regulations we have on the books with these peddlers, certainly more significant than the revenue loss.

**Mayor Gatsas** asked are you planning on testifying?

**City Clerk Normand** answered I can certainly go up and testify.

**Mayor Gatsas** stated so there will be another letter drafted in opposition to that bill also. So send those letters to our delegation, all three of them, tomorrow morning so that they understand where we are at.

**Alderman DeVries** asked when is that one?

**City Clerk Normand** answered February 3<sup>rd</sup>.

*On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted to send a letter in opposition to HB252.*

**Mayor Gatsas** asked do you have another one there, Matt?

**City Clerk Normand** replied I don't, but it looks like there is one here, SB127.

**Alderman DeVries** stated that is the bill that I Director Fleury was before us already about.

**Mayor Gatsas** stated that one we should be in favor of. It is no real change and it doesn't affect us.

**Alderman DeVries** asked so we could draft a letter as well?

**Mayor Gatsas** replied we can get that to Senator D'Allesandro and the delegation.

**Alderman Craig** asked are you still having the meeting tomorrow night?

**Mayor Gatsas** answered well, somebody read my yellow sheet. There are a couple of announcements that are here. This is for the public. There will be no trash pick-up tomorrow. It will be delayed by one day for the balance of the week. The School Board meeting scheduled for tomorrow has been postponed to Monday, February 7 at 7:00 PM. This is for the presentation of the budget put together by myself and the Superintendent. Additional School Board meetings are scheduled for Wednesday, February 9<sup>th</sup> at 6:00 PM and those are intended to be a work session. I ask the public to be mindful of the snow and careful when you are driving. I know that the Public Works Department will be out there doing a good a job as they have done in the last month and a half to make sure the roads and

sidewalks are cleared so that we can get out there and move around. We will be in City Hall tomorrow morning and depending on the weather...we cancelled the Clerk's opening tonight until 8 PM and also the Building Department. We will be here tomorrow doing work. With that, drive safely.

**TABLED ITEMS**

*A motion is in order to remove either item from the table.*

- 24.** Petition for discontinuance of a portion of Hayward Street.  
*(Note: Tabled 10/5/10; pending project completion)*

This item remained on the table.

- 25.** Petition for discontinuance of a portion of Lincoln Street.  
*(Note: Tabled 10/5/10; pending project completion)*

This item remained on the table.

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

A True Record. Attest.

City Clerk