

## BOARD OF MAYOR AND ALDERMEN

March 15, 2011

7:30 PM

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

The Clerk called the roll.

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

**Mayor Gatsas** stated without exception, we will take two presentations out of order and do the Hackett Hill Fire Station presentation first and then get into the other two.

*On motion of Alderman Lopez, duly seconded by Alderman Roy, it was voted to take the Hackett Hill fire station presentation first.*

5. Presentation on the Hackett Hill fire station contract.

**Mr. Richard Danais** stated to my left is Michael Castagna, my construction consultant, and to my right is Chief Burkush who everybody knows. What you have in front of you that was distributed a little while ago is the new bid for the fire station. I will briefly go over it and then I am going to let Mr. Castagna go into a few details. What we have on Page 1 is the four low bidders that came and submitted their bids that were due on Friday, March 4<sup>th</sup>. Mr. Castagna then took all of the bidders and compiled this list to show you on Page 1 all of the detail of all of the different divisions that encompass building the fire station. For the record, we were in front of you last September and Seaver Construction Company

at that time was the low bidder. On the rebid, you will see in Column 1 that Eckman Construction Company is now the low bidder. If you would go to Page 2, the actual bid came in at \$2,461,643. The Mayor wishes for us to keep the bid at the same number that we had last fall of \$2,389,123. In order to do that, what we did was we made some adjustments, which you will see in the right hand column. Most of those adjustments came from conversations with the Mayor and staff and Chief Burkush. We feel that we can accomplish this number but we wanted to come in front of you tonight and tell you that it is going to be difficult with today's times because the bid is actually \$2,461,463 but we have made some reasonable adjustments to that and I will let Mr. Castagna and Chief Burkush address some of those adjustments and then we will answer any questions you may have.

**Mr. Michael Castagna** stated as far as the adjustments go, we needed to reduce the number, which in turn reduced the scope. In negotiation with the low bidder we basically got to a pretty bare bones number with them. They took everything they could out of it. One thing that we tried to maintain was the integrity of the design that we had come up with last fall. We think we have done that. There are some exceptions with these adjustments and we are going to have to work through them. Some of these numbers hopefully will be offset before we finish with some grant money that the Fire Department is applying for that will make up some of this shortfall. Hopefully we can make this whole but at this point we can build it for this number. The one thing that I would caution, and we talked about it when I was before you in February, there is no contingency in this number.

**Mayor Gatsas** stated yes there is, but I will let you finish.

**Mr. Castagna** stated if something does happen we are going to need to deal with that.

**Mayor Gatsas** stated let me just talk about the contingency for a second because I think the conversation that we had yesterday was the developer's fees and soft costs for the project were going to be \$110,000. I look at that \$15,000 from the \$125,000 as a soft cost that belongs to the City and the City will make the judgment on where that soft cost goes. That was the agreement we had when you left my office.

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

**Mayor Gatsas** stated so as I see it the price is \$2,389,123 with the developer's soft costs going to \$110,000 and \$15,000 would remain in the contingency of the City.

**Alderman O'Neil** asked could you show me where that is on this sheet?

**Mayor Gatsas** replied if you take a look at the very first column on Page 2 you see the total of \$566,856. The second line above it "developer soft costs & project management" of \$125,000. That number should be \$110,000 and the \$15,000 will be the soft cost for the City.

**Alderman O'Neil** asked when you say the soft cost for the City do you mean contingency?

**Mayor Gatsas** replied yes, that would be contingency.

**Alderman O'Neil** asked can somebody go through the adjustments? It looks like we are getting less. Can somebody go line by line and tell me what is involved?

**Mr. Castagna** replied the first line item is a 50% match for the generator. We have talked to the NH Office of Homeland Security and there is a program that the Fire Department is participating in and hopefully we qualify for the 50% match on the generator.

**Alderman O'Neil** asked what happens if the grant doesn't come in? Do we have to make-up \$19,000?

**Mr. Castagna** replied yes.

**Alderman O'Neil** asked so how can we put that in here as an adjustment when we don't even know if the money is available?

**Mr. Castagna** replied this was part of the negotiation yesterday. The idea was to get the number back to \$2,389,123. That was one of the ways to do that. We have talked to Homeland Security and we are making an application. Nothing is guaranteed.

**Alderman O'Neil** asked what is the plan if that \$19,000 doesn't come through?

**Mayor Gatsas** replied it will come back to CIP and we can have the discussion there.

**Alderman O'Neil** stated I see a number and in all my years I have never seen an adjustment number put in for a grant that we have applied for. Go ahead and continue.

**Mr. Castagna** stated the solar tubes, which is the day lighting that we put in there, we kept the solar tubes in the apparatus bay and removed the others. That is a real

time reduction number. The kitchen reduction number basically is there are certain appliances that we will not be able to buy at this time as well as with the furniture, which is the next line item. There are going to be rooms and possibly an office with no furniture in them to start with. The sign reduction package is a real reduction. We reduced the scope. We are not going to get the sign package that we originally anticipated but we can live with it. The wellness equipment matching funds was put in there...the Fire Department put in a grant for the wellness equipment, the exercise equipment and they get to buy approximately \$50,000 worth of equipment for a \$10,000 match. That was eliminated. The fire alarm bid was a reduction that the Mayor came up with. I have to go back to the electrical company and I am hoping that I can take that out of there.

**Alderman O'Neil** asked can you define what that is and what was reduced from the fire alarm bid?

**Mr. Castagna** replied at this point it was strictly a number to get to. We have not done any tangible scope reduction as far as that goes and frankly we are not sure if we can do that yet but we are going to try. The vehicle exhaust system is a real number. The preferred system was a magnetic release system for the trucks. We went back to a pneumatic release system, which they have in the other fire stations. The material testing number was an arbitrary number that was reduced. We are going to have to pick and choose which materials, from concrete to compaction testing that we do in order to keep that number.

**Mayor Gatsas** stated let me just address a couple of the numbers with you Alderman O'Neil. The kitchen as you will see in the budget line is \$43,200. The equipment line is \$55,000. I think that when you take a look at a reduction in the vicinity of \$23,000 on a \$93,000 package, I think we can find enough equipment that we can put into a kitchen because I am not sure what \$43,000 in a kitchen

would possibly be when you are talking about stove, refrigerator, hoods, dishwasher. I am sure when you look at that number we can find a way to get that done for a lesser cost and also the furniture. I think those numbers are the numbers that I looked at just calling around quickly to the contractors that are out there selling kitchen equipment. They tell me that it can be done for less. I think that they have done other fire stations for less so certainly it is an opportunity and I am not saying that we should be moving equipment from across the street because it is probably not viable but I think we can find a way to get equipment for a lot less than \$43,000.

**Alderman Arnold** stated this question is for you, Your Honor, or the City Solicitor. When we had the discussion about the purchase and sale agreement didn't we raise the issue of what happens if the cost comes in at greater than what the deal was for?

**Mayor Gatsas** replied I think the discussion we had was that the number was not a \$2.4 million project it was \$2,389,123. That is what this Board voted on.

**Alderman Arnold** asked we never closed that deal though, right?

**Mayor Gatsas** asked what do you mean when you ask if we ever closed that deal?

**Alderman Arnold** replied has this deal been closed for the terms that this Board previously approved?

**Mayor Gatsas** stated my understanding is that the number now is \$2,374,123 with a \$15,000 contingency so I would say that they have met their number.

**Alderman Arnold** stated but this Board has not seen these adjustments before today correct?

**Mayor Gatsas** replied correct.

**Alderman Arnold** stated I don't disagree with the arithmetic. I just don't understand how we could have approved a project that included the things that are now being proposed to be cut out.

**Mayor Gatsas** replied they are not being proposed to be cut out.

**Alderman Arnold** asked they are going to cut them?

**Mayor Gatsas** replied no. They are talking about reductions in kitchen equipment and in furniture. They are talking about getting a grant for a generator.

**Alderman Arnold** asked that is a 'what if' though, right?

**Mayor Gatsas** replied no I don't think that is a "what if" because I think maybe that is a question for the Chief because I know that he has had conversations with people in Concord.

**Alderman Arnold** asked Chief?

**Mr. James Burkush**, Fire Chief, stated if you look at the City security system, we took that out because we are applying for a grant for that also. We met with Jack Moorehouse from HMEP, which is the grant process and we feel that...nothing is guaranteed but the indication from him is that it is highly probable that we are going to get that money.

**Alderman Arnold** asked highly probable that we will get all of the grant money that is reflected in the adjustments column?

**Mr. Burkush** replied we are going to begin the process Thursday and Friday, and the application will be in next week. We are going to apply for...we are going to need some more fiber and some other costs that we are putting in for so hopefully we will get in the area of \$50,000 to \$75,000.

**Alderman Shea** stated I have a paper in front of me here that indicates the front perspective and the floor plan. Will this particular plan that you submitted on November 16, 2010 be what is implemented? Will there be structural differences? In other words, could you elaborate on that Mr. Castagna?

**Mr. Castagna** replied as far as the structure goes and the systems involved, we did not touch those. As we designed it and as the bids came in we are going to build essentially the same building. The only differences are what we made in those adjustments. Everything else is exactly the same as we designed.

**Alderman Shea** asked so they are internal rather than external differences that you are talking about? Nothing on the exterior here?

**Mr. Castagna** replied no. With that picture the only thing we did eliminate was the windows above the apparatus bay doors. That was an alternate add. We did not accept that so the windows will not be put in.

**Alderman Shea** asked the sign here you indicated would be downsized?

**Mr. Castagna** replied the sign essentially is going to be the same. It is the materials that are going to be used that will be different. It is a little less durable but it will work.

**Alderman Roy** stated any one of you can answer this question. I am looking at this 50% match for a generator. There is already a generator on site across the street, correct?

**Mr. Burkush** replied no. Station 4 has no generator.

**Alderman Roy** asked there is no generator up there?

**Mr. Burkush** replied no.

**Alderman Roy** asked the plimal vent that is over there, is that reusable?

**Mr. Burkush** replied probably just for parts.

**Alderman Roy** stated I know it is operational now. I am just sitting here trying to think of ways to save money. That is all I am trying to do.

**Mr. Burkush** replied it is probably not adaptable to that building.

**Mr. Castagna** stated we can look at it. It doesn't hurt to look at it and see if it will save us money to use some of that but at first blush, just because of the configuration, length of hoses and that kind of thing, I doubt that it could be adaptable in order to save any money.

**Alderman Roy** asked from last year to now are there any costs in here that you essentially had no control over, things that came up, and if there are can you expound on those for us?

**Mr. Castagna** replied steel went up quite a bit. It went up over 20%. Drywall across the board went up over 60%. Anything related to crude oil like asphalt and the roofing materials went up. Essentially from the original bids back in November to this bid we went up just under 1%. That really drove us to get us back to the original number. There is no money to come out of it so you have to cut scope and that is what we are talking about.

**Mayor Gatsas** stated I think you will see also that there is another charge on there that wasn't on the original one and that is Public Service for \$40,000 that came forward. I am going to be talking to Public Service this week to see if we can get that reduced but anything that is on this sheet let's remember that any savings that are generated comes back to the City. So if for some reason Eckman's bids come in less than \$1.8 million then those balances come back to the City.

**Alderman O'Neil** asked did Mr. Danais sign a contract with Eckman for \$1.8 million? If so there will be no savings back to the City.

**Mr. Danais** stated no. My contract is I am building the fire station at cost. At the end, the City will audit my books. I am making no money. The developer soft cost as you see will be for interest, consultants, and engineers. I am making no money so if the project comes in at a lower number the check gets bigger to the City of Manchester.

**Alderman O'Neil** asked tell me how it is going to come in at a lower number?

**Mr. Danais** replied if for some reason some of these costs come in lower for whatever reason.

**Alderman O'Neil** asked is that your expectation?

**Mr. Danais** replied no. I am going to have a fixed contract for \$1,881,092 with Eckman.

**Alderman O'Neil** stated so we shouldn't sit here tonight thinking there is going to be money coming back on this project.

**Mr. Danais** replied there is a margin between \$1.811 million and \$2.389 million. That is the margin. That is where our cost savings hopefully will be coming in.

**Alderman DeVries** asked the status of the I-293 funds, the \$45,000, where is that at?

**Mayor Gatsas** stated it is already committed. Commissioner...

**Alderman DeVries** interjected out of which budget, Your Honor?

**Mayor Gatsas** replied out of the State's budget.

**Alderman DeVries** asked which year?

**Mayor Gatsas** replied the year we are in now; 2011.

**Alderman DeVries** asked so they have committed out of funds that he already has?

**Mayor Gatsas** replied yes Commissioner Campbell has committed those funds. I certainly will get a letter from him tomorrow so that we have it in writing.

**Alderman DeVries** asked the grant monies that you reference, the only grant dollars you are dependent upon Chief is the generator and the fiber? Was there anything else?

**Mr. Burkush** replied the City security system. It isn't listed on the bid. It is \$22,000. We are putting in...

**Alderman DeVries** interjected it is not listed on the bid? It is not detailed here?

**Mr. Burkush** replied we took it off.

**Alderman DeVries** asked so that was part of the deducts but not part of the \$72,500? It was an earlier deduction?

**Mr. Burkush** replied that is correct. We had already applied for that. Also we are looking at a phone system as part of a grant as well as office equipment and computers. We are putting in for a substantial grant.

**Alderman DeVries** asked and all of that that you are dependent upon in this budget number is \$50,000?

**Mr. Burkush** replied like I said we just met with Jack Morehouse today, the representative at the state. We are going to put all of those numbers together. Jennie Angell was there for IT. We don't have the costs yet for all of those. Certainly we are going to try to get the most back because again if we can get

\$100,000 that will increase the rebate back to the City. On the exercise equipment we already have the grant so we won't be able to purchase any exercise equipment because we needed this match.

**Alderman DeVries** asked so the exercise equipment...do you have anything in place that would be moved over?

**Mr. Burkush** replied that is correct. What we were going to use this for was to replace throughout the City...use this as a match because we have some excess funds from another grant to replace our equipment, which I think is seven to ten years old. So we were going to buy some exercise equipment.

**Alderman DeVries** asked how about the commercial laundry for the turnout gear after a fire? Is that included?

**Mr. Burkush** replied that has not been taken out. That was already bought.

**Alderman DeVries** asked so you have that purchased already?

**Mr. Burkush** replied yes. Also I want to note that I met with Kevin Sheppard and Tim Clougherty and Facilities to go over this bid. They went over it item by item because obviously we don't have the expertise in construction that they do. Any recommendations that they made have been reflected in the report here, so it is not just us and the developer. City staff has reviewed this.

**Alderman DeVries** asked if there are additional dollars that become available, the so-called dollars coming back to the City, do we plan to take care of some of the more significant items like the generator? How is that going to be handled? Is

that a first priority to take care of the deducts or is that money headed to the general fund?

**Mayor Gatsas** replied none of these funds, if there are extra, go to the General fund. They go to the one time account. Certainly there is \$2.8 million that is in this deal all encompassing. If this Board wants to at that point make some changes it certainly has that ability.

**Alderman DeVries** stated so what I am hearing from you is once we approve the deductions or the adjustments, if you would, out of the budget tonight they are never going to be part of this unless this Board takes action. Is that correct?

**Mr. Danais** stated I didn't address the issue about having deducts but on page 2 of the purchase and sale agreement it states that any changes to the project budget after the City has approved the project budget as set forth in above shall require written change orders to be signed by a duly appointed representative of the City and all duly executed change orders shall serve to adjust the project budget. So if we wanted to put the generator back, Kevin Sheppard is going to be our liaison. We would submit a change order to him and then he would take it through channels to have it approved by this Board for whatever we want to do. That is both a positive and negative change order.

**Alderman DeVries** asked so what I am hearing is any additional dollars, deducts or add-ins, will follow the change order process?

**Mr. Danais** replied we will come back to you and ask you what you want to do with the money. We are not going to make that decision. It will be in conjunction with Chief Burkush, Kevin Sheppard and the people involved. Neither Mr. Castagna nor I or Eckman are going to make that decision. That will be up to you.

**Alderman Lopez** asked Chief, how many months have we been working on this?

**Mr. Danais** replied January 2010.

**Alderman Lopez** asked Chief, are you satisfied with this fire station?

**Mr. Burkush** replied yes. One of the most important things is the design and maintaining energy efficiency and those things are still in the building.

**Alderman Lopez** stated if you are satisfied then I am satisfied.

**Alderman Shea** stated assuming that everyone is satisfied, when will construction begin and how long will it take and when will the station be ready?

**Mr. Castagna** replied once we close we are hoping to start around the beginning of April. If we can do that we are looking at a completion around mid-July.

**Alderman Shea** asked Your Honor, what is necessary for this to be initiated?  
Another vote?

**Mayor Gatsas** replied I think there needs to be a vote tonight of acceptance of the changes along with the contract.

*Alderman Shea moved to approve the contract.*

**Mayor Gatsas** stated we have one more speaker.

**Alderman Osborne** stated in looking at two of the bidders here I have a question. Eckman and Seaver on the ICF forms and installation, Eckman came in at \$143,774 and Seaver was \$217,124. What is the big difference between those two figures? The other figure is the cement. There is a \$50,000 difference in cement. How can there be \$50,000 difference in cement?

**Mr. Castagna** replied there isn't. What they did on bid day was certain contractors allocated certain materials in different line items and during the evaluation process and talking to all of the contractors that stuck out so we had to go through each line item and determine what is in it and what is not in it. The overall concrete number really is a difference of about \$25,000 between the contractors. We just had to make sure that everybody had the same thing. They just did it differently the way they allocated the line item; nothing more.

**Alderman Osborne** replied but again, I can't understand even \$25,000 difference in cement. I mean there is only so much to put the foundation in for that fire station. Why would it take \$25,000 more in cement to do it?

**Mr. Castagna** replied well you have almost 100,000...

**Alderman Osborne** interjected you only have so many people that deliver cement anyway correct?

**Mr. Castagna** stated I understand that but that is their number and they are guaranteeing it.

**Alderman Osborne** replied but again they are coming in \$50,000 more on this sheet here. The big figure is the other one. It just doesn't add up to me. Thank you.

**Alderman Arnold** asked Mike, when you were talking about change orders and stuff, why is the stuff on this sheet not something that would follow that process?

**Mr. Castagna** replied I am sorry. I didn't hear you.

**Alderman Arnold** stated I said when you were speaking before about change orders, or maybe it was Dick who was talking about the Public Works Director and his role in change orders, why are the items that are on this sheet that apparently are an adjustment from what we previously saw on paper...why is it not following the process that involves the Public Works Director?

**Mr. Danais** stated Mr. Sheppard is going to be our liaison but the Board has to approve the initial contract. He had input into these numbers.

**Alderman Arnold** stated I thought we approved the initial contract.

**Mr. Danais** replied you did but it was with Seaver and now it is not going to be with Eckman. That is the reason we are here tonight.

**Mr. Castagna** stated when we rebid it, because of the escalation in material numbers, it specifically changed the dynamic. So in the Mayor's desire to keep with the same number we had to make the adjustments. The alternative is to raise the number with the escalated costs in there and that is the number but that wasn't the way they wanted to proceed. If, in fact, we need to come back there is a clear change order process that we will have to follow in order to do that.

**Alderman Arnold** asked can you tell me assuming that this passes tonight when you expect to close the deal? That is a follow-up to Alderman Shea's question.

**Mr. Danais** replied our attorney, Mr. Craven, met with Tom Clark, Jay Minkarah and the attorney from MHRA last week to start the procedures. We are anticipating a closing by the end of March.

**Alderman Long** stated the sub bids, for example the generator, are those numbers buying and installing or is that just install?

**Mr. Castagna** asked on the first page?

**Alderman Long** replied yes.

**Mr. Castagna** stated that is an install number.

**Alderman Long** asked so that has nothing to do with buying it?

**Mr. Castagna** replied no.

**Alderman Long** stated with respect to the adjustments I just get this strong sense that you are going to be back here looking for money. I certainly don't get a warm and fuzzy feeling with this package. I feel it is all over the place and I have a feeling we are going to be short \$10,000 here or \$15,000 there and you will be coming back.

***Alderman Lopez** duly seconded the motion to accept the bid by Eckman for the Hackett Hill fire station.*

**Alderman O'Neil** asked if we don't approve this, what happens?

**Mayor Gatsas** stated that is a good question. I guess we don't have a fire station and I don't know if we have a deal on Hackett Hill because I think the deal was predicated on getting a fire station built.

**Alderman O'Neil** stated I guess what bothers me is the construction numbers have been all over the place. Give me the right number the first time. This is at least the second time...I shouldn't say construction numbers but project numbers. This is at least the second time and maybe even the third that there have been revisions and we don't have a shovel in the ground yet. I, like Alderman Long, am concerned about that. I certainly don't want the firefighters who are stationed up there to get less of a building than what other firefighters have around the City. That is unfair to them. We should do it right.

**Mayor Gatsas** stated and I think we should give the Chief an opportunity because I don't think \$70,000 is going to change the complexion of this project. Certainly if the Chief can't get the grants that he is talking about then he is going to come back to us. If this Board wants to put in another \$70,000, obviously it is within that \$2.8 million and we can get it done. Let's give him the opportunity to do what he thinks he can do. I think that changes the entire complexion. If Public Service comes in and says they are in at \$25,000 that is \$15,000 right there. I question why it is going to be \$40,000 to get power across the street to another station. I have heard some answers but they are not acceptable and I am going to be talking to Gary Long tomorrow. I think that we at least ought to give the Chief an opportunity to get the grants that he thinks he can get and then come back to this Board if he is short. I don't think anybody is looking to put firefighters in a....well it wouldn't be hard to have them in a better quality building than what they are in right now at Hackett Hill. There is no question about that because that building is just about ready to fall down. I think that what you are seeing here is furniture and fixtures and of the \$70,000, \$23,000 of it is kitchen equipment and

fixtures. I think we ought to give him an opportunity to go out there and see if we can get some better pricing. You call Barons and they will get you a six burner stove with a hood that I am sure even Alderman Roy would enjoy cooking on.

**Alderman O'Neil** stated if that is the case then why aren't those numbers included in here? That is what bothers me. You are saying there are better opportunities. Why aren't those numbers included in this?

**Mayor Gatsas** replied now that we have shaved the numbers it is going to force them to go out and take those opportunities.

**Alderman Shea** stated we elect the Chief of the Fire Department. Now we are micromanaging how he builds a fire station. I just can't understand why we have a Fire Chief. Why don't we have one of the Aldermen be a Fire Chief? That is the way I see it. In other words, I am predicating my judgment on what the Chief says to us. I have confidence in him. I realize that he runs the department, not one of the Aldermen here. I think it is ironic that the Alderman is more concerned about the fire station than the Chief is who is running the Fire Department. I can't understand that. In other words, I should be running the School District and somebody else should be running the Police Department. Why are we worried about decisions we make concerning the Fire Department when the Fire Chief tells us that we should go along with what we are voting on? Your Honor, I just can't understand that. Why are we worried about furniture? Why are we worried about things that obviously are not that essential for a fire station? That is my take on the matter.

**Alderman Greazzo** stated you mentioned Your Honor that Hackett Hill would not go forward unless this was moved along. Has the contract already been signed for Hackett Hill? Is this in addition to?

**Mayor Gatsas** replied I don't think it is in addition to. I think it is within the contract itself. It is a \$2.8 million purchase price for them to build a fire station at \$2,389,123.

**Alderman Greazzo** asked can the City Solicitor clarify that for me? My understanding is that Hackett Hill moves forward and this is a requirement on the contractor.

**Mr. Thomas Arnold** Deputy City Solicitor, replied the purchase and sale agreement for Hackett Hill has been signed, of which this is a component. I don't know if that answers your question.

**Alderman Greazzo** asked and if they move forward with Hackett Hill and we work on the fire station is that a deal breaker?

**Mr. Arnold** replied the deal for Hackett Hill provides that part of the purchase price is going to be the construction of this fire station. The actual cost of the construction of the fire station will be taken out of the purchase price and whatever is left over will go into the one time fund. It is a direct cost to the City.

**Alderman Greazzo** stated I still have some questions as the other Aldermen do of where these costs are and if they are going to change. I don't feel comfortable voting for them if I don't know what they are, especially after just seeing this tonight.

**Alderman Lopez** stated I am going to vote for this tonight. What I hear is there is a possibility that there will be other savings like Public Service and maybe some other things. I agree with Alderman Long but I can tell you that I haven't seen a

project yet done in this City where there hasn't been some type of change. We just had a change with the municipal complex, but for the good. We saved \$55,000. If we have those savings, which the Chief and others apply, and it comes down to the fact that the Chief says I need some fixtures or a gas stove, yes that is a change order to the contractor that we would probably say yes to because the savings are there. It is like the \$15,000 and you take the \$5,000 on reduced material testing. We don't have it. We have \$15,000 in contingency. We can beat this horse to death. We have worked on this thing long enough. We want to get Hackett Hill going and we want the fire station so I am asking people to compromise here and let the Chief move forward and get this project done. Will he come back? Maybe, and if he does, it is a new situation and new column. We can tackle that when the time comes.

**Alderman O'Neil** stated I guess with all due respect to my colleague from Ward 7 I fully support the Chief but if it is not our job why is it sitting on our desk tonight for a vote? I am on the ballot and he is not. That is how I look at it. I am bothered. This is the most incomplete estimate I have seen. It is based on grants and all of that and I have never seen it done this way before. I thought we had a true cost to do this building when I voted for it. I am bothered and like Alderman Greazzo I think we need some more information on this.

**Alderman Arnold** stated might I suggest that when you reach out to PSNH you see if we can get a refund on the price that we had to pay for the easement in order to help this deal move forward as well.

*Alderman Shea requested a roll call vote on the motion.*

**Alderman Long** stated I am not concerned about what the Chief would accept for the building. My concern is the dollars. Did this project start out at \$2 million or \$2.1 million?

**Mayor Gatsas** replied no. What we voted for was \$2,389,123. That is what we voted for.

**Alderman Long** asked from Day 1?

**Mayor Gatsas** replied yes from Day 1.

**Alderman Long** stated okay, what I am looking at is the \$338,357 that is coming to the City for this purchase. I don't understand it and maybe you can explain the developer soft costs and project manager. Did you say \$110,000 was contingency?

**Mayor Gatsas** replied no. The discussion we had the other day was that was going down to \$110,000 and the \$15,000 would be used for contingency.

**Alderman Long** asked so that goes to \$110,000 and the \$15,000 remaining would be contingency?

**Mayor Gatsas** replied yes. If you subtract the \$15,000 from the \$72,000 we are about \$57,000 away from building a fire station that we are in dire need of. If the Chief gets his grants then we have a completed project. If we don't want to vote for it and don't want a project there, I understand. Trust me, I don't have a problem not working on it any longer because we have been working on it since last January and it has changed and changed and changed because Seaver was in...if Seaver was still in and the low bidder we wouldn't be here. The project

would be done and we would be closing but because Seaver is not the low bidder it was only fair to come back to this Board and tell them who was because heaven forbid if somebody went by there and saw an Eckman truck doing the construction and nobody knew about it. I think that none of us would hear the end of it.

**Alderman DeVries** asked Mike, the items that we were concerned about for energy efficiency and stuff that will reduce the costs in the long haul on this building we have not deducted?

**Mr. Castagna** replied no.

**Alderman DeVries** asked so you are still satisfied that each and every one of those, the white roof and whatever, are bringing down our maintenance costs and our...

**Mr. Castagna** interjected those stayed in the building.

**Alderman Lopez** stated before we vote I need to make sure in my mind what happens if this vote is defeated. Then what? Does the project stop completely?

**Mayor Gatsas** replied I would assume that the project stops completely.

**Alderman Lopez** stated that is my opinion. Mr. Arnold do you have an opinion on that?

**Mr. Arnold** replied I guess certainly the deal we put together doesn't contemplate a vote not to proceed. I think that could be opened up to debate. I suppose you could proceed with the sale and build the fire station yourself or something like

that but that is not contemplated by the deal so the deal would have to be restructured.

**Alderman Lopez** stated I would urge my colleagues to vote for this project and move it forward.

**Alderman Craig** stated I have a quick question. Is it true that of the adjustments approximately \$29,000 we would be going after grants for? Is that how I am reading that or is it just the \$19,000?

**Mr. Burkush** replied we just met with the State today and we are going to put as many things into the grant...the fire station will be identified as a critical infrastructure which would allow it to get a significant amount of money from the federal Homeland Security program for a generator, phone system, security system, and fiber optic cable. We are getting prices together, or rather Information Systems is going to help us get all of those costs together. As you know, they are moving the Public Works Department this week so we have been unable to get all of the numbers together but we are going to try to get a significant amount of money from the federal government for the project. We would like to apply for \$150,000 worth of items and if that is the case, my goal would be to get the most back for the City. I am going to try to get computers for the building and office equipment and all of those things that can be identified and accepted. Because there is a fire station there, we won't have to make the match, the 50% match, so the opportunity is quite significant for us to get some dollars. I am really confident that we can get the \$75,000. I would like to apply for \$150,000 but I don't have the costs yet for all of the equipment. We just found out late yesterday afternoon of the availability of the money. We did explore it for Public Works but that was under the Homeland Security side. This is a different side of federal

money that is available. We do have some opportunities and we think we are going to be reasonably successful.

**Alderman Craig** asked what is the timing of those grants? Do you know when you will hear?

**Mr. Burkush** replied these grants have to go through the Governor and Executive Council. We would not be able to get on the April 13<sup>th</sup> agenda so it would be whenever the following meeting is, which will probably be in May since they meet monthly.

**Mayor Gatsas** stated if you can get the grant done I will call the Governor to see if we can't get you on that April 13<sup>th</sup> agenda.

**Alderman Craig** asked so of the total amount of adjustments, what costs are we not confident in at this point? A real savings? I guess the way I looked at this was there are some dollars here that are in the adjustments that are not true savings at this point but they are not much more than the \$15,000 that we have in contingency. That is what I wanted to get verification from you on. If that is the case, then I am fine with it.

**Mr. Castagna** stated Item 2 on the adjustments, the solar tubes, that is an actual reduction. We reduced the number of units so that is a real number. The sign package is a real reduction number. The vehicle exhaust system is a real reduction number. The rest of it is in order to get to that number we have to reduce scope and eliminate things.

**Alderman Craig** asked but the Chief is fine with eliminating those items?

**Mr. Burkush** replied there are parts of the facility that are of the utmost importance - the usefulness of the building and energy efficiency. Those are still there. If we look at the project we would like to have it all in but if these are the things that we are going to pull out, those would be the things we would pull out.

**Alderman O'Neil** asked Chief, would we have applied for these funds if this didn't have to go back out to bid?

**Mr. Burkush** replied no. Like I said we checked with Facilities and Public Works. We checked on the Homeland Security side. We weren't aware of this money until yesterday.

**Alderman Corriveau** stated I have a question for the Solicitor. Under the terms of the contract, what would happen if we tabled this tonight and decided to take a vote after the Governor and Executive Council met, considering that some of these adjustments are contingent on receiving grants? Is this time sensitive? Do we have to vote on this tonight?

**Mr. Arnold** replied I really can't answer whether it is time sensitive. I believe that under the contract it would delay the closing and hence the Hackett Hill project and the building of the fire station.

**Alderman Corriveau** asked so there may be a time impact but not necessarily a legal obstacle?

**Mr. Arnold** replied off the top of my head, yes.

**Alderman Roy** stated I have a comment. We needed a new fire station up there ten years ago. The reason that we are here tonight and the prices have crept up

and we have heard Mr. Castagna talk about why some of the prices have crept up but the real issue is that we didn't get in the ground last fall. So if you think we are going to stop now and wait another six months I would be willing to bet \$1 to a donut that it is going to go up again. I have to say let's get going. Let's get off the dime. The Hackett Hill project alone is too important to let this thing stall.

**Alderman Long** asked how good are these numbers from the contractors? Did they give you a date when they would change?

**Mr. Castagna** replied typical bids are good for 30 days. I could probably get 60 days out of it. The volatile market right now is crude oil. I am worried about the asphalt number if I can't lock it in. Other than that, the numbers probably won't be different in two months.

**Alderman Long** stated I know how critical it is to have this fire station. I am not about to put \$2.8 million on the table and say just help yourself and when it gets built let us know and we will check it out. When I voted on this I was looking to put some money away for us on this. That is how I felt and now it seems like little by little it is getting chipped away. I don't know whose fault that is but I am not about to put \$2.8 million on the table and say help yourself and let us know when we have a fire station.

**Alderman Ludwig** stated I agree with everything that people have been saying. I don't think it is Mr. Danais's fault. Quite frankly I think that the \$72,000 is not a huge amount. I still think it is a very good number and I have confidence in them. City staff is supposed to be our expert people according to the people around this table. They are our experts. They looked at this. The Chief has looked at it. Let's move the question.

*A roll call vote was taken on the motion. Aldermen Shea, DeVries, Shaw, Greazzo, Ouellette, Arnold, Craig, Ludwig, Roy, O'Neil, and Lopez voted yea. Aldermen Long, Osborne, and Corriveau voted nay. The motion carried.*

**Mayor Gatsas** asked can you call me tomorrow, Chief, and I will call the Governor to get you on the agenda for April 13<sup>th</sup>?

**Mr. Burkush** replied yes.

**Mr. Danais** stated thank you very much for your courtesy in going forward with this.

**3.** Presentation of the Board of School Committee's proposed FY2012 budget.

**Alderman Ouellette** asked the Superintendent will not be joining us?

**Mayor Gatsas** replied the Superintendent is available for questions. The School Board agreed that Committee members Herbert and Briggs would present the budget.

**Alderman Ouellette** asked but he is available for questions?

**Mayor Gatsas** replied yes.

**School Committee Member Dave Gelinas** stated we will start off by introducing ourselves. I am Dave Gelinas, Vice-Chair of the Board. Also up here are School Committee Member Chris Herbert and School Committee Member Joe Briggs. Also, we have the Superintendent, the Assistant Superintendents Mike Tursi and

Karen Burkush, and also our Finance Officer, Karen DeFrancis. The budget that is before you this evening should start off with a notation on Page 1, if you all have the budget in front of you. It outlines the effect of the Governor's budget message several weeks ago and some budget notations that I believe should be noted in consideration of the School District's budget. In the Governor's message there was a reduction in revenues of \$1.7 million; \$1.3 million of that is coming from building aid and \$400,000 coming from catastrophic aid. Also in his message there is an increase in expenditures totaling \$3.9 million. That is coming from state retirement, the general fund portion, and \$400,000 from the state retirement federal fund portion for a total of \$5.6 million that as of yet has not been considered as to what that will do with this budget. As several of you know from having experience in the legislature it will probably be some time before we get a final answer on that. I am going to hand this over to School Committee Member Chris Herbert who is going to present the numbers to you. He was the main driver of the budget before the Board of School Committee and I will hand it over to him.

**School Committee Member Christopher Herbert** stated if you flip to the next page you will see the highlights. Essentially the budget, for purposes of appropriation from the Board of Mayor and Aldermen, is \$152,246,487. In addition to that, there will be, with your approval...we reallocated some trust fund money from the Health Trust and we had a special education surplus. Essentially we added \$3 million and change. So it is \$155,246,487; \$958,086 is from special education surplus; \$1 million is from a health insurance anticipated surplus. Also there is a current Expendable Trust balance of \$1,041,914. If you add those three together, our actual budget for purposes of what we can spend is \$155,246,487. In the next section you will see that there is one time funding involved here. The various Expendable Trusts come to \$3 million and there is an Education Jobs Grant with \$1.674 million so the total one time funding is \$4,674,236. After we

have taken those trust funds out, the remaining trust funds are still \$3,773,129. The reason I want to point that out is that we have a \$17 million line item for our health insurance costs in this budget and that is a 10% increase over last year's allocation for health insurance. We have a 10% increase in that \$17 million and still in the trust funds we have \$3,733,129, which means we have an additional \$3.7 million in addition to the 10% that is built into the \$17 million. So we have something on the order of a 35% cushion on our healthcare even after we have taken the funds out with your approval in order to have our budget go to \$152 million. Another thing I want to point out is these trust fund expenditures are in effect money that we are going to utilize in lieu of taxes. In other words, if we didn't do this, in order to get to the \$152 million there would have to be an additional appropriation from the Aldermen out of their general revenue funds and you are going to utilize whatever tax rate you use in order to get us to \$152 million. For comparison purposes, the Mayor's budget was \$150 million and the difference is essentially the fact that...the \$2.5 million difference is for some of the things that we want to do to move our district forward. We have high tech equipment that we need to buy. We have a very important curriculum improvement program that will impact the entire elementary grades. The point is that this is the kind of money that we can use. With \$152 million we can actually improve the education or the product that we want to turn out. Another thing about the context is the first blush we looked at in our budget for keeping things the same was \$160 million. The Mayor pointed out that we have some fiscal challenges and he did a good job of pointing out where we can cut to get down to his \$150 million. The problem with that is that \$6 million of his cut was coming from the teacher's union, which didn't arrive, and \$6 million is the paraprofessional, a 200 paraprofessional cut out of a complement of 327 in the entire system. The School Board is very concerned about that particular proposal so we whittled it down to anywhere from 80-89 positions out of 327 and that will give us a \$2 million savings. So those are the dials we used. We used the trust

fund dial in lieu of taxes. We are requesting the equivalent of a 1.5% tax increase. If you want to put it another way, you allocate to education the equivalent of 1.5% from the revenues you are going to derive from the tax rate that you assume. That gets us to \$155.246 million. It is not \$160 million but it is a good budget that we think we can make work and will allow us to make improvements in our educational product and do the minimal amount in terms of taxation. I don't know if that brings us up to 50/50 with the City and the amount of money you are going to allocate for your divisions but I don't think it does. We would close that gap that the gentleman in the comments was documented as saying. Under the circumstances we think that this...and when I say 'we' I am talking about the School Board and this is why we passed this budget instead of passing a \$2 million less budget. So those are the main dials. If you have any questions we are here to answer them.

**Alderman Ludwig** asked School Committee Member Herbert, is the \$17 million in the health insurance account, where you are saying this is anticipated savings that you typically see every year, is that added back into the trust?

**School Committee Member Herbert** replied no. I went to the budget figure to see how much we actually plugged into our budget for health insurance costs. That was a \$17 million figure. Then I asked how you arrived at that figure? I was told well we basically took last year's experience and put a 10% cushion in. Now in addition to that we had more than \$6 million in a healthcare trust. So I am saying at that point \$6 million and 10% you are looking at \$7.7 million on a \$17 million bill. I think that is a little rich. I said we should use \$2 million of that trust. That is in lieu of taxes. In my experience we have often run surpluses in the trust fund.

**Alderman Ludwig** stated this may be a question for you, Your Honor. Is the potential overage that I think School Committee Member Herbert is speaking to in the health account the number that you reflect when you lectured sometimes that there was a \$1.9 million overage halfway through the budget process?

**Mayor Gatsas** replied if you take a look at the budget that was presented, on Page 2, and maybe I can help explain it a little easier because for some reason they might have it in binders that don't have numbers on the bottom of their pages, but if you take a look at Page 2, the appropriation starts at \$152 million. The very next number is special education anticipated surplus. That is \$958,086. Then the next number is health insurance anticipated surplus. Those two numbers were both recorded in the Superintendent's and my budget. So those are surpluses that are in the 2011 budget; the surplus that is in the medical account today before that surplus there is roughly \$4.9 million. So those numbers are there, that surplus from this year, so I guess the follow-up question that you might have is I guess we over budgeted them last year by \$2 million so we should be starting from a number of \$146 million.

**Alderman Ludwig** asked so is that what you did in your budget this year?

**Mayor Gatsas** replied no. I used these surpluses.

**Alderman Ludwig** asked so you used the same surpluses?

**Mayor Gatsas** replied yes.

**School Committee Member Herbert** stated we took an additional \$1 million more than the Mayor did.

**Mayor Gatsas** stated they took \$1.041 million.

**School Committee Member Herbert** stated we took \$1,041,914 from...

**Mayor Gatsas** interjected let's understand what happens with one time funds.

**Alderman Ludwig** replied oh I understand. I get that. I have heard that speech a million times so I don't have to hear that one again. I am not the smartest guy around but I have heard that one enough. I am comfortable with that and I am also comfortable with their attempt to use some of the expendable trust funds. Is that something that we have to approve separate from this budget?

**Mayor Gatsas** replied it is.

**School Committee Member Herbert** stated none of this can get done...

**Alderman Ludwig** interjected and Your Honor are you going to chime in in terms of giving us a recommendation? You used about how much of the expendable trust?

**Mayor Gatsas** replied \$1.9 million. I didn't use the expendable funds. I used the surplus of this year. That is what I used.

**Alderman Lopez** stated I would like to ask Dr. Brennan a few questions. Also can I have Karen DeFrancis come up too? The first questions I will ask of Dr. Brennan maybe just to please me or the audience or to let people...can you tell me your qualifications to be Superintendent of this School District?

**Dr. Thomas Brennan**, Superintendent, asked in terms of my background?

**Alderman Lopez** replied yes please.

**Dr. Brennan** stated I have a Bachelor's Degree in Business Education and I have a Master's Degree in School Administration and a Master's in Guidance and a Doctorate in Educational Leadership and I am completing my tenth year of experience as a Superintendent of Schools.

**Alderman Lopez** asked not taking anything away from the Mayor, but you were the co-author of another budget of \$150 million also, correct?

**Dr. Brennan** replied yes sir.

**Alderman Lopez** asked Dr. Brennan, do you believe that you can run the School District on \$150 million plus the expendable surplus?

**Dr. Brennan** replied I believe the budget that I submitted along with the Mayor...and I just want to back-up for a moment. I played a critical role in the development of that budget. Every time I see something in the paper or I hear some discussion about it being the Mayor's budget, I worked with the Mayor. I worked with the Mayor last year and I worked with the Mayor again this year to get to a point where I felt comfortable. Do I appreciate the fact that we have to come in with \$150 million budget? No. I would rather have \$160 plus million. There is no doubt in my mind. I also know that based on the environment that we find ourselves in that we need to make some critical decisions, decisions that are probably not well received. This has probably been the most difficult process I have gone through as the so-called educational leader of this school district, coming in with a budget that is less than or currently is less than what the Board of School Committee has brought forward. In our discussions when the Mayor first

started talking to me about this budget process, the number one concern I had was teachers. I wanted teachers. In our proposal we talked about 42 additional teachers and retaining the staff that the other budget eliminates. I identified paraprofessionals as an area that we could work with in my opinion to make this budget work. I do want to reinforce that if I had my druthers I would rather have a \$160 plus million budget because that is what our current status is. This is the first time in my career that I have taken what I consider a realistic look at where we are as a City and where we are as a School District and came forward with a budget that I am sure has created some angst among the constituents that I serve and those in the school buildings as well as parents and community members. Until we start taking a hard line regarding what we are expending and how we are expending it, I think this is the best way to approach the budget.

**Alderman Lopez** asked Ms. DeFrancis, in reference to the \$1 million in health, is that a realistic number today? If something happens between now and June 30<sup>th</sup> is that still \$1 million?

**Ms. Karen DeFrancis**, Finance Officer, replied yes. The \$1 million from health insurance...we actually just had an update to our Finance Committee last night and we are still looking at that \$1 million as being available on June 30<sup>th</sup> as well as the \$958,000 in our special education line. That is the \$1.9 million that the Mayor and Superintendent looked at.

**Alderman Lopez** asked so is the true number then \$146 million? We gave you \$148 million last year so it was \$2 million over budget last year?

**Ms. DeFrancis** replied correct. The spending will be \$146 million on a \$148 million appropriation.

**Alderman Lopez** asked Dr. Brennan, maybe you don't have this but Karen does. In looking at either budget there is approximately \$173 million if you are using the \$152 million with the other grants and special revenue so the total budget under the \$152 million would actually be \$173 million. Am I correct?

**Ms. DeFrancis** asked are you looking at Page 6 & 7 of the agenda?

**Alderman Lopez** replied I am looking at the \$152 million budget on Page 6 and if I look at Dr. Brennan's budget I am looking on Page 2 of what was previously presented, which would be \$20 million. Why the difference between \$20,758,316 and \$19,558,000?

**Ms. DeFrancis** replied I can explain that. On Page 6 what you are looking at is the FY2012 Board of School Committee proposal. On Page 7 you are looking at FY2011, the year that we are currently in. Again, it is comparing the two years. If you were to look at the other grants and special revenue columns on Page 7, that \$19.5 million is made up of grants such as our Title I funding, our IDEA grants as well as our tuition accounts, our special revenue funds that we have for our deaf and hard of hearing program as well as our driver's education. That is what makes up that \$19.5 million. Again that is this year's dollars. If you look at Page 6 we are looking at that number going to \$20.7 million or a \$1.2 million increase and what that consists of is a new grant that is the school improvement grant.

**Alderman Lopez** replied thank you for that. I had the wrong page.

**Mayor Gatsas** stated I think what you need to do on Page 6 is add an additional \$3 million for a spend of \$176 million. In that column it says error that is blank. You must add another \$2,441,958 to the appropriate line for \$3 million additional spend.

**Alderman Roy** stated on Page 4 on the bottom where it says expenditures it says 'to be determined' \$2,447,411. Can you explain that to me?

**School Committee Member Herbert** replied as is always the case when you give us a top line budget, we are the ones that have to balance whatever you give us with what we are supposed to be doing. We went through the exercise of cutting some things out to get down close to the \$155 million or \$156 million but we fell short on \$2.5 million. Those options that were voted on didn't make it the first time around. There was a \$2 million savings on the paraprofessionals and that would be laying off not 200 but about 80. There is another line item that involves teachers and vacant positions that is \$687,000 so we could just plug in \$500,000 and that gives us the \$2.5 million. That is what I would say is one of the easiest ways to get it to balance. By law we have to get it to balance. It is going to come out as something one way or the other.

**Alderman Roy** stated so this is not a balanced budget with that in there. If you don't get as much money as you expect, you are going to have to do something else, correct?

**School Committee Member Herbert** replied we would have to cut even more. I find it interesting that we use one time federal funds for two years and somehow it is my fault now or my budget's fault. I understand that we used it in lieu of taxing our own property tax payers but what I hear when I hear that said is that we didn't adequately fund the last two years. We have been doing that...this is my seventh term and this is a ritual in this City and that is that we underfund every year. We pass it on and pass it on. We hit a recession and the federal government gave us a lot of money so we didn't have to fire everybody all at once and now that that money has dried up people look at me like I am suddenly overspending. We have

never overspent in this City on education. The difference between our budget and the Mayor's budget is about 1%; not even if you are looking at \$179 million, which is all of our federal grant money and special education money. We have...our client list is 16,500 kids and they come to school five days a week for 184 days. We have 23 buildings. Our workforce is larger than the City's. We have to scramble as it is and that includes being aggressive about grant money. I mean you heard a little discussion...your Fire Chief talked about grants. We do this every day. It is part of our business and you can see that. It is \$30 million. I find it odd that that is used to attack me. Well your real budget is...well yes of course it is. We are much larger than the City and the School Board...I don't know maybe you always rubber stamp everything he says but as a matter of fact we take it seriously.

**Alderman Roy** stated I know you do and I appreciate it.

**School Committee Member Herbert** stated this is the School Board's budget.

**Alderman Roy** replied I hope you didn't think I was attacking you when I asked that question because I certainly didn't mean it that way. I am looking at this "to be determined" and I didn't know what that meant.

**School Committee Member Herbert** replied we have some more cutting to do and the Vice Chair started this discussion out showing some of the things that could happen to us in the Governor's budget. You put us in a hole to begin with and this hole gets deeper. I don't really think you gentlemen want to go there. We did the best we could in terms of identifying where we could cut and what was feasible. The Superintendent is going to make a transition in effect, which he indicated. He thinks we can do more teachers and fewer paraprofessionals, 200 out of 327, and we just don't agree with. We think that is far too drastic. Let's try

out a little and see what comes back. That was the School Board's thinking. One percent more...you know we played with it and the Mayor did the same thing. We took out some money from the trust funds. I made the argument that we could afford to do that. We are going to ask for more in this budget from tax revenue that is dedicated to education. It goes back to that guy Mr. Sorrentino. You guys are apparently very familiar with him. He is right.

**Mayor Gatsas** stated let me just stop you there for a second. He only tells half the story because he doesn't like to include the state-wide property tax. I am not sure if you have looked at your bill but education gets money from two places on the tax bill. There is another \$2.16 per \$1,000 that if he hasn't been paying it I am going to tell the Tax Collector to check his bill because everybody pays it. So when you look at it that is also paid by the taxpayers in this City. Let's tell the whole story if you are going to tell it.

**School Committee Member Herbert** replied we pay \$56 million less than what we get. We are not a donor town. We are a receiving town already. I mean that is the other half of that story. I understand where you are coming from. When we had a boom in 2005 and 2006 the times were tight here in Manchester.

**Mayor Gatsas** asked can you answer the question?

**School Committee Member Herbert** replied what was the question?

**Mayor Gatsas** replied well there you go. I don't know what it was.

**School Committee Member Herbert** stated I am making a point here.

**Alderman Ouellette** stated I am a little bit confused about what you are asking us to appropriate. Superintendent, in your \$150.2 million budget where we see the special education anticipated surplus and the health insurance surplus, is that included in the \$150.2 million or not included in the \$150.2 million?

**Mayor Gatsas** stated let me just go over it one more time. The budget started with a number of \$150,200,000. To that number we added two numbers - \$1 million for a surplus that was in the medical account and \$958,000 that is in the 2011 budget surplus for special education. That came up to a number of \$152,158,086.

**Alderman Ouellette** asked is that what we are going to be asked to appropriate?

**Mayor Gatsas** replied no. That budget is not before you right now. The number that is before you is \$155,246,487 and the appropriation is \$152,246,487. That is the appropriation.

**Alderman Ouellette** asked for the extra \$2 million, what does that include? What are we...what does your budget have that the Superintendent's budget doesn't?

**School Committee Member Herbert** replied we would like to fund...one thing it does is saves us 120 paraprofessionals.

**School Committee Member Joseph Briggs** stated that was a big deal. No one on the School Board was comfortable with knocking down the paraprofessionals by 200 as was initially presented to us. No one here was willing to allow that amount of impact to elementary schools where kids are in the third grade and their ability to read and write and comprehend is absolutely critical to their success throughout the rest of their academic career. To cut that many paraprofessionals...now some

people might say that they are babysitters or they are used too abundantly and maybe a little bit of that is true but we have a very challenging population here and if you go into the classrooms today with the paraprofessionals, those classrooms are quiet and they are controlled and they are productive. Those paraprofessionals, even though I myself don't like that large number, the classrooms are under control and the kids are moving up. Those paraprofessionals work with the kids who are grasping and kids with special needs and IEP's. They also work with kids who are grasping to get the lessons and they allow the class to move forward with the curriculum and to take 200 paraprofessionals out of elementary school would devastate our mission in my view of what the school system is all about. That was part of where this was. The key part is collectively we were uncomfortable with making that big of an impact.

**Alderman Ouellette** asked are you stating to me that the Superintendent's intention when drafting his budget was to devastate the elementary schools?

**School Committee Member Briggs** replied let me tell you this. It is exactly what Alderman O'Neil said. It is my name on the ballot and not his. If you look in your red book it is the School Board that is supposed to be presenting this budget; not the Superintendent. He did what he did. He went and he worked with the Mayor. He went and put together a number that answered a question. We collectively as a School Board did our duty and we are presenting that number to you – what we felt was minimum requirement and that is far below...I would much rather see that number go up and us not have to take any paraprofessionals out given where we are today.

**Alderman Ouellette** replied you didn't answer my question.

**School Committee Member Briggs** stated well only the Superintendent can answer that question.

**Alderman Ouellette** asked is it your opinion that the Superintendent's budget will devastate the elementary schools as you stated earlier?

**School Committee Member Briggs** replied it is my personal opinion that the Superintendent's budget would unnecessarily devastate the elementary schools; yes.

**Alderman Ouellette** asked Dr. Brennan, when you crafted your budget along with the Mayor did you give any thought to what the impact would be to the education system of the elementary grades through middle school and high school? Have you thought about that?

**Dr. Brennan** replied sir, that is my number one responsibility. I felt that within the guidelines that I was working within that I would not devastate. I would rather develop other strategies to respond to the needs of those students. My number one concern as I go forward in this District is to work on kindergarten to third grade. I think those are the most critical pieces. I am not questioning and have never questioned the value of paraprofessionals. What I questioned was the number of paraprofessionals and based on my experience and what I have observed not only in this District but other districts, I question the value of some of those individuals who are working within the paraprofessional field. I do not want people walking out of here thinking that I do not value paraprofessionals but on balance in trying to be realistic not only for this year but for next year in what we have to do in order to maintain our educational system. Will there be a slow down? More than likely but if you look at what we are facing financially and again not just this year but next year I have as much apprehension about a budget in the 2012-2013 years

and beyond as I do here, particularly if we continue to dive in and dig into our expendable trust. This was not an easy decision for me and it actually runs counter to everything that I believed in for the previous 29 or 30 years that I have been in education but I think part of my responsibility is to be realistic and try to understand how we can go forward and use other strategies to meet the needs of our students. I do not...the long answer to your question is I have no belief that this decision I brought forward would devastate our educational system. If I had felt that way, Sir, the only thing you probably would have received from me is my resignation.

**Mayor Gatsas** stated I was part of this...obviously the question you are asking me is would I devastate the educational system in the City of Manchester because I crafted this budget with the Superintendent. This didn't happen in one session. It didn't happen in one hour. Let me just tell you that I can sit here and say that 42 teachers more in this system and if you are talking about reduction of class sizes in K-3 to get 20 students to a class that is a positive effect. That is positive. I told the Superintendent when we crafted this budget that they have a \$1 million surplus in the health account and asked him what he would like to do with it. He wanted to hire 15 teachers because he wanted to reduce class sizes. He thinks that bringing in full-time kindergarten is an important issue to this District. I believe the same thing.

**Alderman Ouellette** stated the reason from my question was not to point the finger at you or the Superintendent but the Committeeman made a statement that he feels it would devastate elementary schools. That was the reason for me asking the question. I worked with Dr. Brennan for many years in the School District and consider him a personal friend and I have worked with you for many years, You Honor. I know you both and I knew the answer to that question before I asked it but when the Committeeman says that that would devastate the elementary

schools, I think a response from the Superintendent who is the chief head of the schools needed to be heard.

**School Committee Member Herbert** stated I understand your point Alderman Ouellette, but if I can just interject here, the School Board members have received a lot of information from throughout the School District from teachers. We have two teachers on our Board; one is active and one is retired. They both use paraprofessionals and they understand the paraprofessionals. They are very skeptical about the size of the cut. The Board felt that if there was going to be a transition away from it, it shouldn't be so dramatic because if you laid off 200 paraprofessionals and you put your money somewhere else whether it is 15 teachers or 41 teachers or zero teachers, we did not feel it was a wise decision to take that kind of a meat ax to it. So he says 'devastate' but I am saying it is a transition year. We lay off 80 or 89 or however many it is to get the \$2 million in savings and get a budget we feel is reasonable. The School Board doesn't feel that the Mayor and Superintendent's budget is reasonable. We disagree. I am not saying he is right or wrong. I am saying we were not willing to cut 200 out of the 327 group. That is a 70% cut in paraprofessionals. There is no guarantee that we are going to have 41 teacher hired. What happens if something else happens? What if one of the Governor's ideas floats down on us? There go your 41 teachers. I think the School Board is being very reasonable and I think they are being as aggressive as they can in terms of getting the smallest top line budget that we can get in terms of tax revenue and that is why you are seeing this budget here.

**Alderman Ouellette** asked have you as a School Board Committee member sat down with the Superintendent and asked him what his plan was or to show you the plan that he came up with and where those teachers would fit in and how they would fit in?

**School Committee Member Herbert** replied I have sat down and talked to him about the budget when we were crafting this budget.

**Alderman Ouellette** replied that was not the question I asked.

**School Committee Member Herbert** stated no. He has not shown us a name and where they are going. There is no detail in this plan either.

**Alderman Ouellette** replied I didn't say a name but did he show you his plan on where he is going to concentrate those new teachers that he wants?

**School Committee Member Herbert** replied no.

**Alderman Ouellette** asked Superintendent, do you have a plan that you could sit down and share with School Board members in terms of how you want to implement this change?

**Dr. Brennan** replied I believe I have shared that information. My focus is K-3. I would like to see full time kindergarten and I believe I have shared that. I would like to see smaller class sizes in K-3 and I believe I have shared that as well. The only apprehension I have regarding this proposal is the fact that paraprofessionals or identification of needs for paraprofessionals occur between the months of April and May through the state law and IEP's and other 504's. I am concerned and have said right along that I am concerned that if there is a need for more paraprofessionals based on the findings that may be a problem or could be a significant problem. I also identified the possibility because we were looking at MST going to a four year school that we would use approximately six of those teachers. I believe I have said that. Have I written that down? No, but I probably should do that. I believe I have covered where the 42 teachers would be used.

Perhaps I wasn't clear enough about what I said or attempted to say in the past but I have no doubt where I would use those 42 teachers. Initially we had talked about the expansion of teaching staff and swapping out paraprofessionals so this has been an evolutionary conversation about our budget. I would much rather have...and I have no intention of demeaning people who work very hard, but if I had the opportunity to have certified teachers working with students in lieu of paraprofessionals, I would never hesitate to have certified teachers.

**Alderman Greazzo** stated School Committee Member Herbert I would like to start on Page 3 with the estimated increases in salary. In your deliberations in your budget were you able to have any input on those increases?

**School Committee Member Herbert** asked where are you?

**Alderman Greazzo** replied on Page 3 where it says "estimated increases, decreases and obligations for FY12."

**School Committee Member Herbert** replied I think those are by contract. Are you talking about the COLA?

**Alderman Greazzo** replied yes the COLA's and the step increases.

**Mayor Gatsas** stated let's try to keep this a little bit...Alderman Greazzo, Committee Member Herbert.

**School Committee Member Herbert** stated no sir. Those were part of a three year union contract which we are obligated to plug into the budget.

**Alderman Greazzo** asked would it have been helpful this year if there were no raises given at \$3.5 million?

**School Committee Member Herbert** replied obviously anything that would decrease costs to the District would have made our job easier.

**Alderman Greazzo** asked would you rather have teachers stay than give pay raises?

**School Committee Member Herbert** replied yes. Can I go back? The big cost driver is the cost of healthcare.

**Mayor Gatsas** stated I made an agreement when you were sitting here, you and Mr. Briggs, that I wouldn't get into discussions or questioning you but you have drawn me so deep into this I am about ready to start asking you some pretty tough questions.

**School Committee Member Herbert** replied which you have every right to.

**Mayor Gatsas** stated go ahead. Let me just let Alderman Greazzo go and then I will ask you some pretty tough ones.

**Alderman Greazzo** asked healthcare benefits is a separate issue but you had no input on COLA or step increases by contract, correct?

**School Committee Member Herbert** replied correct.

**Alderman Greazzo** asked would that have been helpful in your deliberations?

**School Committee Member Herbert** replied it could have been.

**Alderman Greazzo** asked it would have saved some teacher's jobs?

**School Committee Member Herbert** replied it might have; yes.

**Alderman Greazzo** asked would it be a fairer process if at each School Board inauguration during their budget process they were able to vote on the contracts?

**School Committee Member Herbert** asked do you mean the annual contracts?

**Alderman Greazzo** replied correct, or biannual so each Board gets to vote on the contracts they have to live by in their budgeting process.

**School Committee Member Herbert** replied I think the original concept behind three year contracts was that you would get more give back from the unions. To do annual contracts...

**Alderman Greazzo** interjected but then you are stuck with what you got.

**School Committee Member Herbert** stated yes, you are locked into it. The downside obviously is that you are locked into it. The upside is that the contract negotiations may be better for the taxpayer.

**Alderman Greazzo** asked now for the ARRA positions added back to the General fund at \$2,780,000, were those originally funded and now we are forced to pay for them? Is that what you were talking about earlier by taking federal money?

**School Committee Member Herbert** replied yes. I don't know if it was a one-on-one but of course it was used to help reduce the tax rate in the previous two years.

**Alderman Greazzo** asked and now you are required to pay for those positions out of the general fund?

**School Committee Member Herbert** replied that is right, or lay somebody off.

**Alderman Greazzo** stated I am looking at the increase in per diems at \$261,000. I don't think that is necessarily appropriate in the budget times we are having and the FIRST robotics mentoring stipend as well. I see that the Superintendent and Assistant Superintendent eliminated their COLA's and I think it would have been helpful if we could have done that for everyone across the board rather than laying off teachers.

**School Committee Member Herbert** replied again that was a volunteer move by the administrative staff.

**Alderman Greazzo** asked if you could turn to Page 5 under Expenditures I have a few questions about some of the items.

**School Committee Member Herbert** stated Page 5 is FY11 and Page 4 is FY12.

**Alderman Greazzo** stated we will go with Page 4. Tuition and staff development of \$294,000 – what does that go towards? What tuition?

**School Committee Member Herbert** replied that would be...we have an ongoing...in education in particular you have to keep your educational credentials up and there is continuous education. That number goes towards those types of activities.

**Alderman Greazzo** asked and the School Board pays for that rather than the individual teacher?

**School Committee Member Herbert** replied yes. Do we pay it all?

**Mayor Gatsas** stated it is in the contract.

**Alderman Greazzo** asked again would it have been beneficial if you could have negotiated that?

**School Committee Member Herbert** replied I don't know.

**Alderman Greazzo** stated I noticed that your rental of land and buildings has gone down from \$136,000 to \$36,000. Is that from the move?

**School Committee Member Herbert** replied yes.

**Alderman Greazzo** asked what are you currently renting?

**School Committee Member Herbert** replied we purchased the property on the west side where the SAU offices are now.

**Alderman Greazzo** replied I understand that but you are still renting land and buildings at the expense of \$36,000.

**School Committee Member Herbert** replied that is a good question.

**Mayor Gatsas** stated that is portables and a warehouse.

**Alderman Greazzo** asked we are storing portables in a warehouse?

**Mayor Gatsas** replied no. We are renting portables. There are some portables that we have not purchased as of yet. It was for part of the year. Ms. DeFrancis can give you the answer. It is on Page 16.

**Alderman Greazzo** stated okay that is fine. That is all I needed, just some clarification on that. In your expenditure for tuition you have \$5 million. Where are we spending \$5 million for tuition?

**School Committee Member Herbert** replied that would be I think special education. That is for sending children out. Just for your information, Alderman, we have several programs that allow us not to...we have an Autism program and a number of programs that other districts send students to us and that is one of the things I think the Mayor when he was an Alderman talked about. So we have developed some programs that have saved quite a bit of money but still it is very expensive when they go out of district.

**Alderman Greazzo** replied I just wanted some clarification.

**Mayor Gatsas** stated I will give you one more follow-up Alderman and then I will come back to you.

**Alderman Greazzo** stated I am good Your Honor.

**Alderman Osborne** stated I have a few simple questions because that is the way I am anyway and you know that – bottom line. Number one, how many budgets do you have at the School District? Do you have three different ones? Two different ones?

**School Committee Member Herbert** replied one.

**Alderman Osborne** stated you have a budget and Dr. Brennan has a budget. What is the story?

**School Committee Member Briggs** stated we have one. This is our budget.

**Alderman Osborne** asked this is what you brought together?

**School Committee Member Briggs** replied this is what was voted on.

**Alderman Osborne** stated I have been hearing stories about \$157 million and \$150 million and \$152 million. We as Aldermen shouldn't be micromanaging your department anyway. You know best. It takes the Finance Officer over here a whole year to put this together. We can't do it in ten minutes. That is impossible. So we can sit here all night. All I need to know for the people out there listening is when Mr. Herbert said that with what he came up with it is only a 1.5% increase. Is that tax wise? What do you mean by 1.5%?

**School Committee Member Herbert** replied actually tax wise that is the increase; if you were to take it and make it a tax it would be 1.5%.

**Alderman Osborne** asked this is to the taxpayers?

**School Committee Member Herbert** replied it is a 1.5% increase over the Mayor's budget, the budget of the Mayor and the Superintendent. It is \$150 million to \$152 million just rounding off. We added \$2 million to the Mayor's budget.

**Mayor Gatsas** stated let's try again. We need to make sure that if we understand the numbers we can at least give them out correctly. It is \$152 million to \$155 million. That is the spend in the two budgets. It is not \$150 million to \$152 million. It is \$152 million to \$155 million.

**Alderman Osborne** asked and the Mayor hasn't come in with his yet.

**Mayor Gatsas** replied I bet you can tell me what it is. I would hope you can.

**Alderman Osborne** stated I just wanted to get the School side here rather than us sit here all night long going back and forth with paraprofessionals and teachers and all of that. I think you people can handle your District...well, it should be a department, but your district quite well. So what I am trying to say here also is what got you in trouble when you said you blamed the Aldermen for something? I heard that from somebody here.

**School Committee Member Herbert** replied sometimes it sounds as though you are blaming the School Board for having to ask for another \$1 million or \$2 million in revenue and the fact of the matter is...my point is and I have some perspective like you do but mine is on the School Board's side...

**Alderman Osborne** interjected I never blamed anybody.

**School Committee Member Herbert** stated if I think there is somebody to blame I let them know otherwise they might not know they are making a mistake.

**Alderman Osborne** stated I think a big blame here is stimulus money. Last year you people took stimulus money and you took it and did what with it? Hire more teachers?

**School Committee Member Briggs** replied we continued existing jobs. That was the purpose...the specific purpose of the ARRA funds was to assist communities who were at the height of their financial problems to sustain education jobs instead of having to fire those teachers. It was for a finite amount of time and that time is over.

**Alderman Osborne** replied but how do you expect to go forth the next year when you don't have that stimulus money anymore? Did you figure that one out?

**School Committee Member Briggs** replied we were very careful not to hire new positions with that money.

**Alderman Osborne** stated you are not answering me. Did you figure out what the budget would be after you took that stimulus money and spent it on whatever you spent it on how you would make up for it the following year?

**School Committee Member Briggs** replied you fire people and that is what we are doing. The Mayor wants to fire 200 paraprofessionals and that saves \$6 million and most of that is in healthcare benefits. That is what you do when you feel as though the citizens in your community will not support the number that you

actually need. The federal government came in across the country; otherwise we would have had millions of lay-offs and that is why they did it. Now that it is gone guess what? There were two \$6 million proposals out of the Mayor for balancing the budget. One was 200 paraprofessionals and the other one was to break the contract with the unions and get give backs.

**Alderman Osborne** stated I don't think the Mayor wants to get rid of anybody really deep down inside. He has to come out with what he has to come out with.

**Mayor Gatsas** replied thank you Alderman. I appreciate that.

**School Committee Member Briggs** stated I don't either. I don't think anybody wants to do that. Your question was what did we anticipate doing when the ARRA funds ran out and you are looking at it. You are laying people off and asking for money. We actually have our tin cup out.

**Alderman Osborne** stated I am just trying to put this in layman's language for the people out there who are listening. When you keep running back and forth with all of these figures and so on and so forth it is confusing. In fact it gets boring to them. I think we should wrap it up and let's get going.

**Mayor Gatsas** stated I would love to say we could wrap it up but we have a few more questions. Let me just ask one question. School Committee Member Herbert you have been on the Board 14 years. Can you tell me the first year that you ever voted for a tax increase?

**School Committee Member Herbert** replied the very first year I voted for one?

**Mayor Gatsas** stated no the very first year that there was a motion to increase taxes by 1.5% by a School Board.

**School Committee Member Herbert** replied I don't believe we have. I could be wrong.

**Mayor Gatsas** stated you did it this year. When you turned your dial you took a vote to increase taxes by 1.5%.

**School Committee Member Herbert** replied I am being honest, Mayor.

**Mayor Gatsas** replied well I am telling you that we will get the minutes for this Board so they can see them Mr. Briggs because you were one of the people who voted for the turn of the dial.

**School Committee Member Briggs** stated the turn of the dial is the request.

**Mayor Gatsas** replied no, it wasn't a request. It was voted to increase taxes.

**School Committee Member Briggs** replied it was not. We don't have the power to do that. We simply have the obligation to present a budget to the Aldermen to make a request based on the educational needs of the City.

**Mayor Gatsas** stated we will get the minutes out.

**Alderman Craig** stated I have a question for Dr. Brennan. Can you tell me a little bit about how enrollments are trending this year versus next year?

**Dr. Brennan** replied in terms of elementary K-5, middle school and high school for this current year we have 6,498 students in K-5. We have 3,310 students in grades 6-8. In grades 9 & 12 we have 5,618 for this current school year. Our projections for the next year, 2011/2012, we have K-5 at 6,616. We have grades 6-8 at 3,240. In grades 9-12 we have projected 5,563 students. I did some pluses and minuses here. Between the two years in K-5 you will see a gain of approximately 118 students based on our projection. You will see a negative 70 in grades 6-8 and a negative 55 in grades 9-12. As we go forward we looked at our projections out through 2021, which is a real guessing game more than a science but we see a rather flat level for the next three to five or maybe six years and then a slight increase over 2016 to 2021.

**Alderman Craig** stated Jim O'Connell came forward last night and talked about building a budget based on having adequate education in Manchester, Dr. Brennan, and I was wondering if you could address that. Do you feel the budget that you put forward or that is being put forward by the School Board is providing an adequate education to the kids in Manchester?

**Dr. Brennan** replied I don't believe that over the years...when I was first here and where I am now...that we have ever had an adequate education budget. I believe that that has always been something that has lagged behind. When you look at the percentages you see that. My dilemma is trying to work through the next two to four years in terms of where we are, but I do believe when you look at the numbers that the School Board budgets have been less than what they could have been in terms of determining an adequate budget for education. I am not going to spend any time trying to define adequate because you see what happens at the state level. In terms of what we need when I go through the schools and when I see teachers with multiple classrooms in excess of 25 and 30 in some cases and when I see technology not at the highest level and when I see other issues that confront us,

as I have said to my colleagues, I wish I could turn this thing around in one year but that is impossible. I believe that the School District, as well as the community of Manchester, needs to acknowledge that there is a value in education and that there is a cost that comes with that value.

**Alderman Craig** stated I have one last question regarding the expendable trust. In just looking at these numbers is it \$4.8 million that is the current balance?

**Dr. Brennan** replied yes.

**Alderman Craig** asked and what are the components of the...what are the names of the trusts or can you get that information to us?

**Dr. Brennan** replied we have it right here. I think it may be in your packet actually.

**Alderman Craig** asked and the balance for each one? There is more than one trust, correct?

**Dr. Brennan** replied yes. We can get that for you in a moment.

**Alderman Craig** stated you can just get it to us after but my question with that is is it true that the money in each individual trust can only be used for that manner? So if it is healthcare it has to be used for healthcare and athletics towards athletics?

**Dr. Brennan** replied that is correct.

**Alderman Craig** asked so if we can get that detailed information it would be helpful.

**Dr. Brennan** stated if I may, since we are talking about expendable trusts, in looking forward to the next school year and the year after that, when we had our discussion about how much do you tap into that, we were very much concerned that if you used all of the dollars this time or a great percentage of it this time we have increased that chasm for next year or the abyss or whatever word you want to use and that is a significant issue for us.

**Alderman Craig** asked the 200 paraprofessionals that you are proposing to lay-off, have you looked into whether or not legally we can eliminate 200 of those positions? Are there not IEP's that specifically state that those people have to be with the children?

**Dr. Brennan** replied we do believe that we could make that move at this time but that was the caveat that I talked about earlier. With April and May coming that is when students are identified and when IEP's are created and 504 plans are created. I will be very blunt but that is an opportunity for people to ask for paraprofessionals and they may or may not need them. As Superintendent of Schools and Assistant Superintendent of Schools and a Building Principal, we have no authority or no ability to control that. It is left entirely to the IEP team which is made up of parents and educators who work with that child. As I said before, in my experience there is a sense of protection that is out there for children as they transition, particularly from elementary to middle school to high school and oftentimes I believe, and this is what has guided me in this decision, those are done without a deeper understanding of what the disability is of that child and whether or not a paraprofessional is needed for that particular disability or whether or not we can develop other strategies to work with that child.

**Alderman Craig** asked so we don't know and we won't know until April?

**Dr. Brennan** replied right and that is my concern. I believe we could based on our current status. When we looked at our IEP's that is when we came up with the magical number of 127. We looked at that and as we go forward we believe we could develop strategies tapping into other resources in the District but come April or May if there is a greater demand or a greater request for paraprofessionals then we have a difficulty that we may have to look for more expendable trust money next year.

**Alderman Craig** stated I have one last question regarding the paraprofessionals. Have you taken...I am sure you have but in Webster there is an EH classroom and at Smyth Road there is Autism and they have paraprofessionals in those classrooms. They may not be IEP driven; however, they are needed in those classrooms. Are you proposing to eliminate those paraprofessionals?

**Dr. Brennan** replied no. That is part of that 127 and also we need to be concerned about our EL population and magnet programs. We have looked at all of these, not only in terms of paraprofessionals, but perhaps bringing in other qualified individuals to work with them.

**Alderman O'Neil** stated my first question is either for you, Your Honor, or Dr. Brennan. If 200 paraprofessionals...there is a belief that that cost is about \$6 million and what would be the cost for the 42 teachers?

**Mayor Gatsas** replied let me just give you some rankings so that you know what Dr. Brennan and I...well actually what I came up with for solutions that were on paper because if you remember we were \$11.4 million over and above where we were this year. We had to find \$11.4 million to come to a zero number with the budget that we are in currently. Some of the things we looked at were 200

paraprofessionals, which is \$6 million; 120 teachers, which is \$6 million; health insurance changes as you like to call them that I learned to pick up on to go back to the 20% contribution and the \$20 co-pay was \$6 million and that was for teachers, paraprofessionals and everybody in the District. Then there were a variety of other changes that were available to pick from. Those were the big ones that had to be in play. I don't have to tell you that if you are going to try to find \$11 million there was about \$25 million on the table but there was no way you could get to them all. Dr. Brennan was very, very explicit that he would rather see teachers in classrooms to reduce class sizes because that was important to him. I didn't look to influence his changes in any way. There were roughly 15 positions that were open this year that he wanted to fill with teachers. There were another 12 retirees and he was looking to fill those positions with teachers. Those were the numbers of how it was cultivated and I guess that was a long winded answer to your question but yes paraprofessionals equal \$6 million.

**Alderman O'Neil** asked would, therefore, the 42 teachers be about \$2 million?

**Mayor Gatsas** replied 42 teachers are roughly \$2.2 million but again those 42 teachers...you have to be careful because some of them have already been voted out.

**Alderman O'Neil** asked School Committee Member Herbert, in the budget that you presented you indicated that there is the reduction of 80 paraprofessionals...

**Mayor Gatsas** interjected no that is not in the budget. That vote has not been taken.

**School Committee Member Herbert** stated those are the things that we tried to pass in our last session and they are going to come up again. At some point we have to make those cuts.

**Mayor Gatsas** stated that question is in the \$2.5 million to be determined.

**Alderman O'Neil** stated okay maybe I need to go there.

**Mayor Gatsas** replied if you go to Page 6 you will see that the bottom line, 999, there is \$2.5 million in parentheses. That is the cut that they must make to get to the \$152,246,487.

**Alderman O'Neil** stated it also shows up on Page 4. So within that have some of the discussions centered on making up the \$2.5 million, a reduction of 80 paraprofessionals?

**Mayor Gatsas** replied yes 80 paraprofessionals.

**Alderman O'Neil** replied there was also some mention of maintaining teacher vacancies. How many currently?

**Mayor Gatsas** replied the only vote they did take was a vote that passed to not fill the 12 vacancies that are currently there from retired positions. There was another \$558,000 that reflected 15 positions in the unfilled positions of this year. They couldn't come to an agreement as to whether those positions would be filled or not filled. I think there were four or five votes taken on that.

**Alderman O'Neil** asked one more time, how many of those positions are there?

**Mayor Gatsas** replied 15.

**Alderman O'Neil** asked so there are 15 positions today that are vacant and that has a dollar value of what?

**Mayor Gatsas** replied about \$558,000...I am sorry; it is \$658,000.

**Alderman O'Neil** asked and there is an expectation of 12 more vacancies through retirements and that has a value of what?

**Mayor Gatsas** replied roughly \$551,000.

**Alderman O'Neil** asked and the 80 paraprofessionals?

**Mayor Gatsas** replied \$2 million.

**Alderman O'Neil** asked and what are some of the goals? I think School Committee Member Briggs talked about it. If we talk about the difference between the \$155 that the Board of School Committee has proposed versus the \$152 million that the Mayor and Superintendent proposed it is \$1 million, what do you hope to do with that \$1 million?

**School Committee Member Briggs** stated the key point of the difference in the two budgets or the most visible aspect of that is we would hope there would be fewer paraprofessionals affected and that the impact would be less and that we have a greater cushion here because no one was comfortable with that great of an impact at once. When I asked the Superintendent about the 43 positions and would those be available in this upcoming year to lower class sizes in K-3, the answer at that time was no nor would they be available in the following year. So it

was my way of thinking that I was really reluctant to let that many paraprofessionals go.

**Mayor Gatsas** asked Dr. Brennan do you want to chime in on that?

**Dr. Brennan** stated I am not quite clear on that response that I gave you in terms of the budget. The budget that we put together is calling for the 42 teachers.

**School Committee Member Briggs** replied but a large number of those teachers were targeted to go to MST, which...

**Dr. Brennan** interjected six.

**School Committee Member Briggs** stated but the question when I asked you, and it is in the minutes, was how many of those teachers would be targeted to K-3 in replacing the paraprofessionals that would be leaving and your answer was words to the effect of none or very few not this year or the year after.

**Mayor Gatsas** stated well he must have misunderstood the question because I think I spelled it out about three times when I was doing the presentation. I guess we will look at the minutes.

**Alderman O'Neil** stated my final comment is I honestly don't think it is helpful when School Committee Member Herbert says and this is verbatim 'you put us in a hole' and I think you said over and above it and now you are going to make it deeper. I don't believe that is what we have attempted to do in my years here. We attempt to fund education as best we can. We have tried to do the same with public safety and other public services provided in the City. You know you folks are fortunate enough that you live and breathe a very important part of government

but it is not the only part of government. We need to do the balance. I think we reflect the people who pay the bills. They want a good education system but they also want good public safety service and probably more than anything else and I say this very honestly, they want their services from Public Works. That is across the board. They want their garbage picked up and they want the streets plowed. Those are the people paying the bills. I don't want to say I take exception but I don't think it is helpful to the discussion when you make a statement like we put you in a hole. I don't believe that is what we have done.

**School Committee Member Herbert** replied I don't call into question anybody's concerns. I understand government and I understand that everybody puts in a lot of time in their work and it is very tough at times to balance. Maybe I put myself in the hole but we are in the hole. Without assigning blame anywhere, for whatever reason we used ARRA funds just like everybody else did across the country and now the ARRA postponed what was going to happen unless there was additional revenue and that is we are going to shrink. I can't speak with any authority about the Fire Department or the Police Department or the Highway Department but that is what you ladies and gentleman focus on. I focus on education. It is a huge organization in Manchester and I think it is equally huge in importance. When I find myself given the options of laying off 200 paraprofessionals or taking \$6 million out of negotiated contracts and whatnot as the only options...I mean I understand those options. Willy Sutton...if you need money you rob a bank. That is where the money is. They were very clean options. We just had a problem with laying off 200 paraprofessionals in one year and we got a lot of information from teachers and they were scared. This is not just Autism kids or the closed classrooms where you need all of these bodies. This was elsewhere. There were some real concerns from real teachers who knew what was going to happen to their classroom when that paraprofessional left, and if a teacher didn't show up it was not going to be good. The School Board decided in our

collective wisdom that we would give a certain amount if there was going to be a transition period. We would make it a transition period and do 80 and see what happens. So that is part of our budget. That is essentially the difference between \$4 million in savings. We took \$2 million back on the savings side because we didn't think it was the right thing to do and we didn't have many other options. So we crafted a budget that is another couple million or \$3 million over the Mayor's budget. The fact of the matter is that we took \$1 million of the trust fund in addition and I think that is something we can afford to do and we are asking for an additional, what is the equivalent of 1.5% in taxes. You can look at it any way you want. You can say we have to raise taxes or you can say I am not going to raise the tax rate but education is going to get another \$2 million out of it. You could do it that way. That makes your job a lot harder on Fire and Police and Highway issues, and I get that, but I am still going to stick up for my particular hole. It is big and I would appreciate a budget that I think is maybe not adequate but we can get some things done positively.

**Mayor Gatsas** stated Alderman O'Neil, you put them in such a bad hole last year that they have a \$1.9 million surplus right now. That is how bad a hole we put them in.

**Alderman O'Neil** stated I do appreciate the School Committee Member's comments and I greatly appreciate as a citizen of this city the passion that the School Board has for what they do. You should know if you haven't figured it out already that we are going through these same discussions with every other aspect of municipal government. We are talking about potentially laying off 10% of the firefighters in the City and between vacancies and lay-offs about 10% of the Police Department...

**School Committee Member Briggs** interjected Alderman O'Neil is that what your taxpayers want?

**Alderman O'Neil** replied no, they don't want any of it but what they want us to do is do the best we can within the taxes they are willing to pay. That is what we signed on for is to do the best we can in balancing the needs of the community versus what the people paying the bills can and are willing to pay.

**School Committee Member Briggs** stated if I could just briefly address something you said, I appreciate greatly the position you are in and the balancing act that all of you have to do because in the end you have to make that choice. I think that is all that we are really asking here and talking about in general is what the balance is. I think the balance in Manchester is away from education. I pay well over \$7,000 in taxes and I would like to feel a little bit more comfortable about what I am getting for it, specifically in schools. I know how it affects people's home values and I know that people are leaving and have been leaving Manchester for quite awhile so they can move six miles and get a better school. I think we need to reverse that trend. It is real. It is there. For many people where I live in my ward it is family values. It is work. Kids come first and that means school. Many people wonder why are we spending money to bond a new municipal center or bond a new Police Department if we are having to look at this big a cut in school. We need an elementary school over at Hackett Hill to offload Northwest, which is very crowded. I am not trying to pin anything I am just telling you those are the sentiments that I hear. I would like to just push for a balance a little more this way because I think that the facts are there. It is not even worth debating them; Manchester has been shy in funding education. I would just like to see that trend...it is not going to change overnight or this year but over time. I think we should start today and take the opportunity to begin to reverse that trend and begin to draw doctors, lawyers, and professionals back into the City

on the basis of the school system at a higher tax rate and so forth because we really need that. That is all I am asking for is a move towards a better balance.

**Mayor Gatsas** stated let me help you with one more balance because you know I know that sometimes we do an awful lot of work but we need to remind people when they talk about balance that we gave them \$3 million out of a one time account of this City to buy books. That was a balance. This Board decided to do that. That was last year.

**School Committee Member Briggs** stated that was a loan.

**Alderman O'Neil** stated my final comment is I think if the School District...and Dr. Brennan and I have talked about this more than once...is guilty of anything it is really not selling the great school system that we have. I tell the story of a month or two ago when I was in line at a wake and in front of me I meet a kid, a Manchester Central grad and a Manchester educated K-12 and the father of a firefighter and a West Point graduate. The next day I am down watching a hockey game in Massachusetts and another young man, K-12 Manchester public education is going to graduate this spring from the Coast Guard Academy. If you are guilty of anything, you fail to tell those stories. You fail to talk about the great school system we have here.

**Mayor Gatsas** stated I agree.

**Alderman O'Neil** stated I can only blame the Board of School Committee and the administration of the School District for that. There are a lot of good things going on here despite the challenges we have. There are a lot of great things going on in our school system. Alderman Shea could write a book on the number of young people who have gone on from Hallsville to be successful.

**Alderman Shea** stated John Kacavas.

**Alderman O'Neil** stated if there is any blame here, it is that the School District has done a lousy job talking about their successes and gloating about their successes.

**School Committee Member Gelinis** stated let me add to that story, Alderman O'Neil. I think the Board of School Committee and the District does the best it can in telling that good successful story of the District but unfortunately the bad news always seems to override the good news. That is always the headline of the day and that is unfortunate. The Mayor likes to tell the story that we have four students who all attended West who are attending Harvard. We have School Committee Member Sarah Ambrogi who is here this evening. Her son graduated from Central last year and is now attending M.I.T. That is a tremendous success. The Board sometimes takes the rap of pushing a budget that is sometimes too high or is viewed as too high but we are all advocates of education. That is what we do on the School Board and our decisions are not unlike the decisions that you have to make. They are no less difficult and they are no less stressful than the decisions that you have. The choices that you have are no different than the choices that we have. So we look at our budget and we look at our jobs and we say how can we do this to keep it in balance and also to satisfy the taxpayer and also to satisfy the many people who come to our meetings and to the School District demanding and asking for what they want for their child; the best education possible. That is what we are here for. That is what you ladies and gentlemen are here for.

**Alderman O'Neil** stated I want to thank the School Committee Members here for their passion and determination to try to make a difference in this community.

**Alderman Shea** stated certainly my sentiments are the same. The School Board members are elected to defend the school system and they are justified in doing that without any question. When the two former School Board members came on the Board of Mayor and Aldermen, and I had worked in the School District, I explained to them that now the school budget is one of 23 or 22 other departments, which means that everyone has to be treated fairly. You can't favor one over the other. I think that in all discussions, whether it is a Board of Mayor and Aldermen member asking a School Board member or vice versa, or the Mayor interjecting, we are all here for the same reason – to try to do the very best we can within the framework of our own thoughts, our own thinking, our own ability to handle things. When I compare the two budgets that the Mayor made out and the one that you folks have presented, the three major areas that strike me have to do with salaries, benefits and City services. Those are the three areas. No question about it. The main concern that you people have expressed is laying off people who work in different areas of the school as paraprofessionals. As one contemplates this, we don't really at this stage get a direct answer from the Superintendent. The Superintendent is saying in essence he needs at least 127 paraprofessionals. Beyond that point I am not sure. I am going to ask the Superintendent if he is not sure and if then in April or May when all of the principals respond to IEP demands and 504's or whatever, what then are you going to do in order to satisfy whatever kind of regulations you have to contend with? In other words, let's assume for the sake of discussion that instead of 127 you may need 150. How are you going to meet that obligation and may I ask if you know what the other \$1.9 million that you and the Mayor have put in the budget...if that is some kind of resource that you would use in order to make sure that all of the IEP responsibilities are being met?

**Dr. Brennan** replied we would probably have to rely on the expendable trust as a means to cover that situation.

**Alderman Shea** stated in other words what you would have to do is not tap into whatever the \$152,158,086 is but you would have to take money out of the health account for you to meet the obligation if there is an amount that is necessary. Is that what you are planning?

**Dr. Brennan** replied yes, that would be part of it and also to be quite candid I would look at the possibility of reducing hours and not having a full complement of hours. The contract allows for part-time paraprofessionals and that would be the first thing I would look at when determining how to spread them out to meet IEP's and 504's and whatever legal requirements we are obligated to meet.

**Alderman Shea** asked so in other words do all of the paraprofessionals that are now employed...I never had a paraprofessional when I was a principal. They just didn't exist in those days but can you arbitrarily say an IEP requires someone to spend 30 hours with a student can you...

**Dr. Brennan** interjected I have no authority to do that. It relies completely on the team comprised of teachers, administrators, parents and specialist. We are identified as a higher authority. That could include a principal or the Assistant Superintendent or myself. I have no authority to dictate or to bring about any change within an IEP or any 504 that may require paraprofessionals.

**Alderman Shea** asked and the reason you developed the budget, and I just want to be clear, is because the 327...that there are 200 that can be identified as people who are not governed by any kind of IEP relationship with children? Is that how you...

**Dr. Brennan** interjected yes, that is how we came about that number. Basically the 127 were the definite number that we needed and I felt...let me back up for a moment. When we first started talking about this we were looking to reduce the number of paraprofessionals to 200 and pick up approximately 100 teachers. That was the original concept behind this because I wanted to get more teachers. We realized that that couldn't be accomplished but I still believe, and I am committed to this belief, that we have paraprofessionals assigned to individuals that are not the best allocation of our resources.

**Alderman Shea** asked I am in no way criticizing either situation but if you were able as a Superintendent to hire additional teachers, would they be implementing the role or would they be replacing the paraprofessional now that is doing that work or would they be doing something different?

**Dr. Brennan** replied they would basically help to reduce the class size and the caseloads. They would be able to provide the direct instruction, which paraprofessionals by law are not allowed to provide. When you think of a brief scenario here, I am the teacher and I have two paraprofessionals and I have to provide the lesson plans for that paraprofessional and I have to monitor that paraprofessional's work and I then have to collect the work and determine what is happening. I am not saying that happens. I believe that there are more and more of our paraprofessionals that do provide direct instruction, which is against the law and also prepare instruction for students, which is not in keeping with the law. By hiring teachers there would be a better connection in terms of direct instruction to a smaller group of students.

**Alderman Shea** asked so if a class now has 30 students with one teacher and two paraprofessionals, you would then divide that class into 15 and 15, which would mean that one paraprofessional would be gone and the teacher that would have the

15 students would not need a paraprofessional but the other teacher who had the other 15 students would so that would eliminate one paraprofessional?

**Dr. Brennan** replied in that scenario that you just presented I would eliminate both paraprofessionals and have the teacher working with 15 students because I think that is an excellent class size.

**Alderman Shea** asked but if a child were Autistic or something...

**Dr. Brennan** interjected I am sorry sir. You are absolutely right. There is a variation depending on the type of disability that individual student may have. The 127 that we are talking about, that solid 127, are those students who, developmentally or physically require one-on-one in most cases and would have nurses in other cases.

**Alderman Shea** replied getting back to what I was saying initially, the difference in the two budgets has to do with salaries and benefits and City services. In other words the budget that was presented by the School Board is a difference of about \$3,864,556 as far as salaries. Benefits is \$1,158,127 for \$5,024,683 and then they have reduced City services by \$428,785, which then is a difference of \$4,595,898 according to the two budgets. Again, I would say...

**Dr. Brennan** interjected could you tell us what page you are looking at?

**Alderman Shea** stated I am comparing the two budgets. The Mayor's budget and the Board of School Committee budget.

**Dr. Brennan** replied there are other differences there. In the budget I prepared with the Mayor we called for the reassignment of the IT and HR departments to the City. You may be able to see that.

**Alderman Shea** replied it might be in here. I am just using salaries. Your salaries line is \$77,709,892 and the salaries in the School Board budget are \$81,574,448. That is what I computed.

**Dr. Brennan** stated if you were to look at the beginning of the handout you would see the breakdown.

**Mayor Gatsas** stated I think what you have to look at Alderman is that at the bottom of their page, the \$2.5 million that they are looking at “to be determined” by them is probably going to have to come out of the two lines that you were talking about – wages and benefits.

**Alderman Shea** stated I am just doing a comparative analysis comparing apples to apples and whatever else. Thank you for your explanation.

**Alderman Long** stated thank you, gentlemen, for your presentation. I heard early on that your budget is funded to move the District forward. I heard that you are saving 127 paraprofessionals and you are going to get IT equipment and academic advancement. Could you explain more specifically what your \$2.5 million more does academically?

**School Committee Member Herbert** replied right now we are considering new training for curriculum in K-3. This has been going on in five of the schools and the improvement has been dramatic so we want to propagate it throughout the system.

**Alderman Long** asked what is the anticipated funding for that?

**Mayor Gatsas** stated \$250,000.

**School Committee Member Herbert** replied yes \$250,000. There is also a specific program on technology, which is about \$240,000.

**Alderman Long** asked the IT equipment that you referenced is \$240,000? Is that a projected number that you are looking for for that?

**School Committee Member Briggs** replied out of this year's funds, out of what we didn't give back but that we kept, we are going to invest in replacing the IT at one school, Memorial, and we want to target doing that same replacement because it is required by the state as part of the state equalization funding and it is a pretty broad offering and serves six classrooms. We are starting with Memorial and we want to repeat that. This budget, once we get to fine tune it, we hope the money is in there for next year but let's be honest. To really do that we need to have the \$160,000. I am saying that that \$2.5 million...

**Mayor Gatsas** interjected Alderman Long let me try to help you. The money that they are talking about right now that he just brought up for the IT comes from the balance that is left from the \$3 million loan. It has nothing to do with anything in the budget. There is about \$275,000 that is left. The School District decided to vote to move that money into equipment. So that doesn't even...that is nowhere in the discussion of the budget.

**School Committee Member Herbert** stated Alderman Long, we think we are fighting a battle on the paraprofessionals. The School Board has a great deal of concern. We are not convinced that this is actually the right thing to do especially at 200. That is the difference in the budgets. We are retaining more paraprofessionals in the school system than the Mayor did. The Mayor out of 327 wants to get rid of 200. It is wonderful how those numbers are so round.

**Alderman Long** stated I have heard plenty of that. I sat at some of your Board meetings and I have watched your Board meetings. This Board is being accused of digging a hole and when I look at this and I am asking questions, it seems to me we are still digging that hole. I don't see your proposal of \$155 million...to me it wouldn't matter if it was \$152 million or \$155 million or \$150 million. I don't see where we are getting out of a hole. I still see where we are sitting in the hole. The bottom line is this is your responsibility. You need to convince me what you need for money and where it is going to go and then I will make as informed as I can a decision on what the appropriations will be. I am not really getting that too clearly. I was trying to figure out the \$2.5 million. Your statement was the difference between the Mayor's budget and yours is \$2.5 million and that \$2.5 million funding moves the District forward so I was trying to get my hand's around that. I got \$490,000 of it and \$240,000 of that is from the money we already gave you.

**School Committee Member Herbert** stated the hole is not getting as deep as it would otherwise be.

**Alderman Long** stated I will have to figure that out. One last question. Could you paint me a picture of 2013 if this \$152.4 million is passed? Could you paint me a picture or are we just looking at 2012? I want to get out of that hole so I

need this 2012 picture and then paint me a picture of the year after. I may not be here but whoever is here needs to know that we are digging our way out of the hole.

**School Committee Member Briggs** replied for example, if we did correctly fund just the technology and we also funded the literacy program for elementary school, that is \$500,000 that we would need to spend. As you are saying, when you move to 2013, once again you are talking about what would likely be another 10% healthcare increase. We are looking to the City to provide some leadership and maybe the state on how to better negotiate and handle that. I don't think it worked out too well with the give back in 2009.

**Alderman Long** asked leadership and what?

**School Committee Member Briggs** replied navigating the healthcare costs. It is a City-wide issue, how we manage and negotiate that.

**Alderman Long** asked would it be too much to ask the Board of School Committee, with respect to taking leadership and looking two years and three years down the road and finding a final picture so that you are not in front of us every year putting your hands out saying we need another \$6 million or another \$8 million and then coming up...you know one is up here and one is down here and then coming to this medium where next year...

**School Committee Member Briggs** interjected are you looking for a three or five year plan or something along those lines?

**Alderman Long** replied if I was in favor of this \$152 million or \$155 million or \$160 million I don't see where next year I am not looking for \$152 million or \$155 million or \$160 million. I would like to know at what point do we say we are okay and we are out of that hole. Yes, we have wages and benefits that we need to take care of and wage and benefit increases all the time, and those I understand, but I want to see where the academic advancements are. That is my interest.

**School Committee Member Briggs** replied I think that the 'bring it forward' budget, when we up-projected the budget to move what we have forward...we do have some very good innovations in place right now; we are getting control of class sizes and so forth, it was the \$160 million. I think that is in a direction that does move things forward and if you just projected...basically the increases there year to year are dominated by labor and benefits. I don't think they are any different from the same percentage that you would add to project out what any safety or public works would be.

**Alderman Long** stated it is not only wages and benefits. I mean those ARRA funds were used that we are looking to get now. We are taking money from these trust funds and that is going to be money we are looking to recoup. So it is not just wages and benefits. It is one time monies.

**Mayor Gatsas** stated let me see if I can give you a direct answer because I know the question you are asking and I am going to talk about it on Tuesday. Let me just tell you that in the discussions that we had, the \$160 million budget, was looking for a 6.7% increase in taxes. We had about an \$11.4 million deficit in the preliminary numbers that we were looking at. In 2013, Ms. DeFrancis just worked on those numbers today and it is back to \$12.4 million. If we give them \$160

million to cover the hole or get them to an absolutely incredible education, we are going to have to come up with another \$12.4 million next year, which is a 7.3% increase and it is going to perpetuate itself. Just on the school side, for two years, is roughly a 14% increase in taxes. That is just on a two year budget and those are the numbers clear as day and I will talk about it on Tuesday and everybody will get that documentation.

**School Committee Member Briggs** stated well there is a contract negotiation the following year. Maybe if we actually hire someone to negotiate...someone who is competent and knows how to do that...

**Mayor Gatsas** interjected I think the question that Alderman Long asked is what does it look like in 2013. What it looks like in 2013 is \$12.4 million.

**School Committee Member Briggs** replied unless we seriously negotiate that contract, which hasn't been done. That is what is driving the cost up.

**Mayor Gatsas** replied that is after that year's budget.

**School Committee Member Herbert** stated at any rate we are actually asking for \$152 million and change. That is the budget that we are asking for. In addition, Alderman Long, we are making a lot of progress in terms of data driven information so I think that shortly if not already...I mean we saw some of the impact of the reading program on the five schools. You are going to be getting a lot of good data coming out of Manchester in terms of scores and whatnot. That turn is already starting to be made. It took a long time to get there but it has gotten there I think. The traction is happening right now as we talk and if we can do the improvement and spread that throughout the school system it will just keep going. We are making progress for sure but...

**Mayor Gatsas** interjected and you are making it with a lot less money too. That's amazing.

**Alderman Ouellette** asked are you looking to hire new teachers as the Superintendent's budget does?

**School Committee Member Herbert** stated that is a good question, but no. We are retaining people. His budget is laying 200 people off. That is the difference.

**Alderman Ouellette** asked so you are retaining...let me get this correct. You are retaining about 111 paraprofessionals and you are not hiring any teachers and you are asking for \$2 million more and you still have a \$2.5 million hole? Does that sound right?

**School Committee Member Herbert** replied well the math is...

**Mayor Gatsas** interjected no. If they lay off the 80 paraprofessionals they have to then not hire the \$558,000 because the paraprofessionals only equal \$2 million. So there is another \$500,000. I am not sure where they are going to find that. Either they are going to lay off more paraprofessionals to get to their number or they are going to start laying off teachers.

**Alderman Ouellette** stated I am under the understanding that they want \$152 million. Okay, I understand now. So you are not planning on any new hires in your budget? Now, in your budget, that \$2.5 million you still need to come up with?

**School Committee Member Herbert** replied I look at it this way. We are not looking at firing as many people.

**Alderman Ouellette** asked can I finish?

**School Committee Member Herbert** replied you asked me what the approach was. We are not firing people.

**Alderman Ouellette** replied you still have a \$2.5 million hole to fill correct?

**School Committee Member Herbert** replied by law.

**Alderman Ouellette** stated and then as you pointed out on Page 1 if the state budget passes that is another \$5.6 million. Are you planning or is there any discussion on your Board about taking a rift vote?

**School Committee Member Herbert** replied we haven't taken it yet but there has been some discussion.

**Alderman Ouellette** stated in my calculation you are talking about \$8.1 million if the state funding goes the way the Governor proposes. You are looking to fill an \$8.1 million gap. The paraprofessionals you want to save are not going to cover that.

**School Committee Member Herbert** replied I am not sure what your point is. If we get the \$150 million budget it is not going to make a heck of a lot of difference is it?

**Alderman Ouellette** replied the point is they have 43 teachers that they wouldn't have to hire. There is some money saved right there. You don't have any new positions in your budget.

**School Committee Member Herbert** stated right. We have more people not being fired.

**Mayor Gatsas** stated until you find the other \$558,000...because if you were going to account for that, that is more paraprofessionals. It takes you from 80 to 120.

**School Committee Member Herbert** replied we will do what we have to do Mayor. I have no question that the Board will do what it has to do. It is just that the starting point is different.

**Alderman Ouellette** stated even to come up with the \$2.5 million somebody is going to have to go. I have sat in your seat before. I know where the money is. You said it 100,000 times. The money is in salaries and benefits. That is the only place there is in this budget to cut.

**School Committee Member Herbert** replied that is right and if the Governor's stuff comes down we are going to have to rift. That is where the money is.

**Alderman Ouellette** replied even if the Governor's stuff doesn't come down you still have to come up with \$2.5 million.

**School Committee Member Herbert** stated well we can do that without rifting teachers and we will.

**Alderman Lopez** stated the Committee's budget is \$152 million with \$2.5 million to be determined. Mayor you are going to present your budget next week and it is all going to go to the public hearing and we are going to have this discussion all over again.

**Mayor Gatsas** stated the public hearing will be held on April 6 so everybody can mark their calendars. I certainly will ask the School Board to join us. It will be held at Memorial High School at 6 PM on April 6.

**Alderman DeVries** stated I will be brief. I thank you all for the hard work you have put in. I have been watching hours of your meetings and it is not easy. All of our seats are difficult in this horrific budget year. It would have been a whole lot easier if the \$30 million that was scheduled to come to Manchester had been coming but unfortunately that quietly went away this last week without hardly a whimper. Your job and our job would have been a whole lot easier. That being said, there are still many other pieces of legislation, and I haven't heard a whole lot about them, but I am hoping that you are tracking them and they are on your radar screen so before we finalize our work to give you a bottom line it reflects as best as you can the ongoing pieces of legislation. It seems I have heard some talk about maybe eliminating the alternative education dollars out of the House budget. I don't know where that is going and I haven't really been watching education bills. I am assuming you have or the District has somebody who will, and you will update us to let us know because there are many other impacts that we could be feeling as a City above and beyond what we have already spoken about.

**School Committee Member Herbert** replied I don't know if we have anybody full-time doing that on our behalf. I know the Mayor keeps up with it probably as closely as anyone.

**Alderman DeVries** stated I don't know that I am hearing much on this end about education bills. It might be a worthwhile conversation for us to have before we...we are early. We are just starting our budget process on this side. This is early in our discussion, believe it or not, but we have been talking about it forever it seems like. So please continue to update us to let us know. This is a work-in-progress. It is a moving target this year, absolutely. It has been an admirable job put forth by everybody. I would also like to hear a little bit more about this discussion with all day kindergarten versus the other opportunities for the District. I don't know that I have really heard enough here tonight to know what I am giving or taking out of that funding equation. Maybe you could get us some more detail. I don't need you to go into it here tonight but maybe you can elaborate if you have the discussion on your side and let us know and send us a memo and we can pick it up. We see plenty of the replays. I think everything else has been covered and we do have hours yet ahead of us. I do thank you though.

**Alderman Arnold** stated I won't recap everything that has been said although I acknowledge that everybody involved – the Mayor, the Superintendent and the School Board - put in a tremendous amount of work. I think the members of this Board appreciate that as well. I have a question on the Superintendent and Mayor's budget. This question isn't necessarily to you Dr. Brennan but you had mentioned some of the other issues in the budget that you had proposed to the School Board other than the reduction of paraprofessionals. I understand why I guess that was sort of the central theme tonight. It is certainly the issue that has gotten the most ink in the newspaper and certainly deserves a significant amount of attention but I guess my question is to School Committee Members Herbert or Briggs. Were the other highlights of the Superintendent and Mayor's budget discussed at the full Board level? What were they and was there consensus on those issues other than the paraprofessional reduction?

**School Committee Member Herbert** stated most of the discussion, which I am sure has been the same in this Chamber, was almost entirely in regards to cutting expenses. The tough questions were all about cutting. The Superintendent expressed a desire to bridge into a different model other than paraprofessionals and he has explained why. We got a lot of feedback from a lot of teachers who said 'whoa' because nobody knew...I mean other than the closed structures where for each two kids you need a body, there was a discomfort and a lack of knowledge, if you will, as to how the rest of it was going to work. We didn't do the \$6 million savings. We trimmed it to \$2 million and that is basically the difference. In terms of improvements, it was IT and curriculum. We could spend millions on IT next Friday if we had it. We have done a math curriculum change and we are very hopeful that is going to work and now we are doing another curriculum change on reading and writing and we hope that is going to work. In the scheme of things this is not a lot of money. Those improvements aren't a lot of money. They have a lot of velocity. So we are being cautious, if you will. We are not asking for the moon but having said that we weren't ready as a Board to cut 200 paraprofessionals and say, 'Gee, I hope this works'.

**Alderman Arnold** stated I thought the Superintendent had said earlier this evening that his budget, in addition to reluctantly reducing the number of paraprofessionals by 200 individuals, also had transferring some services that are currently managed by the School District over to the City side.

**School Committee Member Herbert** replied yes. One of the options was to transfer IT and HR.

**Alderman Arnold** asked my question to you gentlemen or to Vice Chairman Gelinas is, does the budget that is being presented tonight that was voted on by the School Board have that in there or is that yet to be determined?

**School Committee Member Briggs** replied that is yet to be determined.

**Mayor Gatsas** stated no, they took a vote.

**School Committee Member Herbert** stated we took a vote and it did not pass.

**School Committee Member Gelinis** stated if I may add, a majority of the Board voted to keep HR and IT on the School side. That is an expense of more than \$968,000. We also voted to keep what used to be called department heads. That stipend remains in the majority of the School Board's budget. That is roughly almost \$217,000. That is in our budget proposal.

**Alderman Arnold** asked so we can add that to the basket of things in the budget that we are seeing tonight?

**School Committee Member Gelinis** replied it is a little over \$1 million that the School Board could look at when we get our final number.

**School Committee Member Herbert** stated the orientation is always a negative. It is negative. We don't have this anymore. We don't have that anymore. That is the defensive nature that the School Board has always been in and of course it is not getting any better because of the recession. There are some positives in our budget and there will be positives. Like I said, the data collection and testing is going to improve pretty dramatically in my opinion. As you said, we don't talk ourselves up enough mainly because the budgets are a huge fight every time and we always point out the negatives like the BLIC or BLIL's. These people aren't like the BLIC's when I first came on. That was just order some books and make sure somebody...it was not a big deal. It is a totally different job now, a

completely different job and we understand how important those things are. So we are trying to maintain some of these services and at the same time improve marginally and incrementally, and that is what this budget is. This will allow some marginal and incremental improvements. It takes some of the negatives off the table but it has revenue projections that apparently are problematic in this Chamber.

**School Committee Member Briggs** stated there was another thing that you mentioned, which was did we factor in moving IT and HR to the City. We had a special sub-Committee this summer that found some merit in doing that, yet the Board voted out of concern for three reasons to keep it. One was the response to insure that the teachers and classrooms and classes were first on the list and the people servicing them didn't have any other priorities. That was key. The second was to capitalize on the existing training and so forth of the people we had. Also significant was the greater flexibility in solution sets. The City is very efficient in doing what they do because they have very vertical solutions like Window PC's and all of that. We need a lot more flexibility in the classrooms. We are certainly going to more iPads and various tablets from various manufacturers and MAC's and a greater composition of open source solutions. We needed greater flexibility. We have to do that in order to control costs and also to qualify for other external funding. In that context, I think realistically we were going to save a significant amount of money by having that flexibility that we likely wouldn't have. In discussions with the City IT department, they were reluctant to engage those other solutions. I think in the end it is probably going to be the best solution that will actually save us money over time but I think that did need to be addressed.

**Alderman Shea** stated I have a couple of notations. One is that when you folks receive a budget from the Mayor and Aldermen, had you decided beforehand how you are going to structure your budget or do you just receive this budget and then decide what things you are going to eliminate?

**School Committee Member Gelinis** replied yes and when it comes back to us we are going to have to do it all over again. We do it twice.

**Alderman Shea** asked so in other words when it comes back to you this time...

**School Committee Member Gelinis** interjected we will have to go through every single line item.

**Alderman Shea** asked when you submit your budget you are assuming, for the sake of discussion, that it is going to be the budget that you will be given?

**School Committee Member Gelinis** replied we present a budget based on anticipating that is what you will give us and then we have to go through it again based on what you actually give us.

**Alderman Shea** stated my second point is that all of the City departments again have to be considered in a budget and although in your budget you have no layoffs or I think 80 paraprofessionals, most other departments submitted a budget predicated upon quite a deduction in their services. If I look at the Library and Senior Services and Highway and Health, their budgets were level funded to a point. In contrast your budget is a little bit different than theirs. Not that I am saying anything. You have to provide us with what you think is just and right but

I am just saying that when budgets are being considered by Aldermen, fair is fair. We will see what the future brings.

**Alderman Shaw** stated I haven't said anything and I don't want people to think I am asleep. I just want to tell you that I am very impressed with your presentation tonight. I would be the first one to say give you the money but we don't have it. So you need to be resourceful and do what you have to do. I agree that we should keep the paraprofessionals and I believe strongly that you should keep the IT department because I feel that the teachers are the ones that will lose the services they are getting now from the present IT department and I think it should stay where it is. I don't know what the answer is but I know you have a big job ahead of you and I trust that you will make the decisions that you have to make. I don't envy you because we have enough problems over here.

**School Committee Member Gelinis** replied Alderman Shaw, we didn't think you were asleep; we just thought you were going easy on us.

**Alderman Shaw** replied I was just taking it all in.

**Alderman Corriveau** stated I am now officially the last Aldermen out of everyone who has not spoken yet. I just wanted to say that I think considering the confines, which have been discussed at length tonight, I do think it is time that the City really does have an honest debate about how we value education and what we do want to provide our students because I think looking long-term Committeeman Briggs is right. One of our challenges is that we do lose a lot of fine citizens to surrounding towns and that goes for businesses and everything they may add to civic life. I think the great opportunity we have is that when we have these citizens when they are young and in our schools that is really a chance for us to move this city forward. Looking at these numbers tonight I am coming away

pretty impressed because when you have over \$4.8 million in stimulus money and that is now gone and you are still coming in with a budget that is pretty close to that stimulus number, that required a great deal of sacrifice on the School District's part. I have watched what I can of your meetings and I know at times they have been contentious but I think you have come up with a plan that I know gives us a good starting point not just for this year but where we need to take this District looking at some of these numbers. It helped give a lot of us new Aldermen an idea of where we need to look going forward and it is not going to be easy getting there. It is certainly not. This first hurdle this year may be the most difficult of all. I just want to say that I think the work being done in our schools and the work that the Board of School Committee has done up to this point and I know you have a lot more as do we, but I am coming away feeling pretty optimistic believe it or not. Considering the circumstances we find ourselves in economically, I think we have really good things happening in our schools and I think we have innovative thinkers in our schools and on the School Board who are taking us there. It is going to be a long road but I want you to know that whatever number we come up with I certainly want to be on that road for a long time. Thank you for all of your hard work and ideas.

**Alderman Shaw** asked Your Honor, may I say something about what happened in Concord today?

**Mayor Gatsas** replied you can say whatever you want Alderman.

**Alderman Shaw** stated I just thought that you might like to know that despite our strong efforts to defeat two bills up there today they were passed. One is to lower the drop out age back to 16 and the second one is to allow parents who conscientiously object to a program or a school to place their children where they wish in the city or town. So watch them carefully and fight in the Senate.

**School Committee Member Gelinis** stated Your Honor, we thank you and the Aldermen for your time. It was a pleasure.

**Mayor Gatsas** replied I am sure the discussion will continue. Everyone has been taking their break so we are going to go straight through.

4. Presentation of the Manchester Transit Authority's proposed FY2012 budget.

**Mr. Mike Whitten**, MTA Executive Director, stated I want to start with three quick points before we get into the actual dollars and cents behind the budget. I would like to first point out that this is very early in the process and no final decisions have been made. We are going to walk through a couple of different options that we have before us tonight, but by law the MTA is required to do a public hearing before we have any type of service changes or fair increases. That is something that will likely happen in the month of May. So this is just a beginning process. There will still definitely be an opportunity for the public and the riders to have input on any changes that happen to the system. Another important part is the federal funding aspect of our operation. We receive three different types of federal funds at the MTA. The biggest piece is our 5307. That is our operating money and that is a 50% match. So for every \$1 that the City spends in fixed route service the FTA contributes \$1. It is helpful in times of growth because it means we get to add service expansions for half of their true costs. It is a challenge when we look at cutting the service because it requires us to cut twice as much from the fixed route service to achieve the cost savings that we are looking for on a local level. We also received funding, with 80% being federal funds for ADA, which is our Stepsaver Paratransit service that serves

members of the disabled community. We also receive 80% funding for preventative maintenance on the vehicles. The preventative maintenance and the Stepsaver are largely out of our control. We don't have a lot of flexibility within the ADA. By law we have to provide that service. It is all based on the fixed routes. When we look at reducing the budget we always look at the fixed route operation. That is really the only place we have the flexibility. As we get into the numbers I think it is important to look back over the last two years historically. If you look at the executive summary I provided tonight in your packet and you go to Page 2 there is a table at the very top that walks you through since FY2005. I think it is very important to note that \$886,000 is not the true local match for FY11. It is not a realistic starting point to begin. In 2008 we completed our fleet replacement. We bought our last buses and we didn't expect to buy anymore until 2014. We have \$650,000 in remaining capital funds. That was all local money that was available at the MTA for our use. Originally it was going to be saved for future capital projects. At that time, the MTA and the City decided, because of the challenges facing the City's budget in 2009, that we would reduce the City's contribution from just under \$1.2 million to \$900,000 with the MTA making up that \$284,000 difference. We then did the same thing in 2010 and 2011. You can see in that last column the balance remaining in the capital fund and it is gone. So FY11 depleted that funding. Now we need to look at the full value of the local match coming from the City. I don't want anyone to see any sticker shock as we look at different numbers and we see that everything is higher than the \$886,000. \$886,000 never provided the level of fixed route operations that we have on the street. As we look at the budget on the bottom of Page 2 you see some of the assumptions that are built into this. These are our best projections from data currently available. We are looking at a 10% increase in our healthcare costs. That is based on the GMR provided by the Local Government Center. In conjunction with Kevin Sheppard at the Highway Department, we are using a diesel fuel cost of \$3.05. That is up from this current year of \$2.50. First Transit

has stepped up to the plate and reduced their management fees by \$35,000. That has been incorporated into our figures. We have a decrease in our electricity cost of approximately 30%. We have partnered with PSNH to replace all of the lighting fixtures in our facility. That work begins on April 4<sup>th</sup> and should be completed by the end of April. We are converting some full-time management positions to part-time. We are also increasing our labor rate by 3%. That is based on contractual obligations with the union. We are expecting a loss of all State operating assistance. That has been downshifted to the local communities. We received just under \$11,000 in this fiscal year and the budget that is in Concord right now has no funding for public transit operating assistance. We do have \$8,000 in new public/private partnerships this year, which reduces the City match dollar for dollar. That is \$8,000 that we don't have to come up with at a local level. We know that we will be losing the ARRA funding, which is what is paying for the Nashua Express service right now. That expires on June 30<sup>th</sup> of this year. So within that the first thing you will see on Page 3 are the six items that we looked at. The first piece is the elimination of the Nashua service and the Bedford portion of Route 13. We have confirmation from the Town of Bedford that they will not be contributing again to our operating expenses for that route. This is the second year that they have made this decision. I think it is important. Both of those recommendations, for Nashua and Bedford, would be made regardless of the budget that we are in. Nashua, while it has been successful and a nice project and we were thankful for the opportunity to try it as a pilot, is not getting the ridership that it needs to justify keeping it moving forward, especially in the economic times that we are in. Bedford needs to contribute towards that piece of their route service. I think it is important that if they are not going to do that we send the message out to other communities as we have discussions with Goffstown and Hooksett that they know that Bedford doesn't get a free ride when we would expect them pay for any service expansions into their communities. Making those two changes reduces the local share contribution and that is Attachment A in your

packet tonight. That is the budget that I am talking about currently. It brings us down to a local contribution requirement of \$1,138,000. I realize that is a significant increase from the \$886,000 that is in FY11 so in an effort to present you with several different alternatives...I know I have had conversations with several Aldermen and they have asked particular questions and I have tried to answer those tonight to the best of my ability. The first one that we looked at was the elimination of Saturday service. This is generally the first thing that comes up. The reason for that is because Saturday service system-wide transports roughly half as many people as a weekday. So when you look at having to eliminate one day's worth of service, Saturday just makes the most sense. It affects far fewer people than eliminating a weekday. The effect of that is outlined in Attachment B in your packet. You can see that it further reduces the City's cost, the local piece, by \$89,000, bringing us down to \$1,049,000. Another option that we looked at was decreasing our frequencies from one hour to every two hours. That is something that we do currently on Route 11, the Front Street route. We looked at expanding that out to other routes within the system. You don't have a budget for that number tonight because it was determined that that was really not a feasible options. 70% of our passengers transfer downtown at either the Center of New Hampshire or Veterans Park and increasing the frequencies to two hours would leave those passengers or 70% of our ridership outside at Veterans Park for roughly an hour waiting for their bus to come and that just didn't seem like something that was going to be acceptable to the community, having folks out there in the winter months on the sidewalk for an hour. So we didn't move forward with that once we knew that logistically it wasn't going to work within our system. We looked at Option 4, which rather than eliminating Saturday service looked at taking an equivalent savings out of the weekdays. The least effective route as far as a ridership standpoint is Route 3 but that route is largely funded through our public/private partnerships with different organizations out there, the largest of which is Stonyfield Farm. So because that route receives less

funding from the City, the next route that you go to is Route 5, which is the River Road/SNHU line. We looked at eliminating that in lieu of eliminating Saturday service. This would keep Saturday there and take it from a weekday instead. Additionally, we would eliminate all service after 5:00 PM, so the 5:30 PM and 6:00 PM trips. The reason for that is the ridership is significantly higher in the morning and I provided a couple of attachments for you this evening. If you go to the back of your packet they are labeled Attachments G & H. Those are breakdowns for the weekday and the Saturday ridership. This is average ridership for every route for every trip so that you can see exactly why the decisions were made. When we look at Route 5 you can compare that to all of the other routes in the system. You can see the difference between a weekday and a Saturday ridership. Attachment F provides you the gross ridership for the year-to-date through January 31, 2011. Attachment C is the budget associated with the loss of River Road. As you can see, this is the greatest cost savings as far as any of the one individual options. This reduces the City's contribution by \$103,000, yielding a local match requirement of \$1,035,000. The next option we looked at was closing service from 11:00 AM until 1:00 PM. As you can see from the average ridership, our lowest period of the day is the midday. We see a lot of commuters so a lot of folks will ride in the morning and it slows down in the middle of the day and then they ride home in the afternoon. So we looked at rather than Option 4, which really puts a lot of the burden on just folks in the North End of the community, River Road is gone and largely the other routes are unaffected. This is a little more of an equitable option where all route service is lost for a two hour period from 11:00 AM until 1:00 PM. The cost savings for this is \$93,896 yielding a local match requirement of \$1,044,000. That is budget attachment D. It does not save as much money and the reason for that is while it is the least productive period of our route service, there are more productive trips in there, largely the mall buses, and you lose the fare that you collect when running those. So you have a much larger lost fare revenue figure under Option 5 than you do

under Option 4. Option 6, which is outlined on the next table and this is Page 3 that we are on, was the increase in fare revenue. We looked at several different options for decreasing our expenses but we wanted to look at the revenue side too. Our current fare is based on a \$1.50 adult fare. We looked at all of the major transportation providers in our region. We looked in Maine, Vermont, New Hampshire and Massachusetts, and determined that we are already the most expensive full price fare out there; \$1.50 puts us at the top of the list. There are four other communities with the same fare set and two of them, Boston & Portland, ME have a \$1.50 fare but their service frequency is 15 to 20 minutes where ours is every hour. So riders will pay a premium fare if they are getting better service or a higher quality service or more frequent service. The other two communities, Coast and Lowell, MA are regional transit authorities so their local fare is \$.50. That is the equivalent of what MTA does. Their \$1.50 is the fare to travel multiple towns. It is their regional fare. It is the equivalent of what we do currently with our Nashua service; ridership to Nashua costs \$3 per passenger. Looking at that it was determined that it really wasn't plausible to do another fare increase. We have increased the fares twice within the last three fiscal years going from \$1 to \$1.25 to \$1.50 two years ago. Two years ago we saw when we increased the fares to \$1.50 in conjunction with some service changes and combining some routes into other routes we actually lost a little bit of revenue. So rather than make more out of it, we lost enough riders that it offset the entire gain that we made from the extra twenty-five cents. I would anticipate going from \$1.50 to \$1.75 or to \$2 would do that to an even greater extent. You get to the point where it is just too expensive for somebody to make use of public transit. A huge portion of our riders are seniors and folks with low incomes and fixed incomes. We are at what I believe is the maximum for our region right now with a \$3 roundtrip. Attachment E, the final budget before you tonight looks at trying to get to what we thought would be a bottom number. What if we eliminated the Route 5, the River Road route, on the weekday and also eliminated Saturday

service taking the best cost savings from the weekend and those from the weekday. What would that get us down to? It saves the City a little over \$155,000 dropping the number to \$982,000. So those are the budgets that are before you tonight. I would be happy to answer any questions that you have. Before I turn it over I think there are four variables that you see at the end of the executive summary that have the possibility of impacting this. The largest of course is the actual health insurance increase. We have a gross maximum rate from the Local Government Center. I don't anticipate that will come in much lower. Traditionally it doesn't. Usually it is fairly accurate but there is the possibility that if our health insurance number comes back cheaper from the Local Government Center we would have a cost savings there. Any money that is saved there would automatically go back to service on the street to reduce the amount of service cuts needed. Second is the price of fuel. To put it into perspective, every penny that the fuel prices changes equates to roughly \$1,000 in local contributions for the year. So if we are off twenty-five cents that is a change in either direction of \$25,000. Even small changes in the fuel market have a large ramification when you use the amount of diesel fuel that we do. The operating expense from the State of New Hampshire, I haven't received any indication that that will be put back in, but if it were, anything that the State would contribute would reduce the City's contribution requirement dollar for dollar. Finally is the reauthorization of transportation funding in Washington, D.C. This is separate from their requirements to pass a budget. This is not the continuing resolution that they are doing currently. This is the actual legislation that appropriates FTA funding for that 50% match. If we were to lose that funding, I can't over emphasize how dire it would be to our system. It would be the loss of half our funding overnight. We have already had discussions with members of staff from all of our Congressional Representatives letting them know the importance of that funding and that we really could not operate anywhere near the level of service that we do without that federal funding. With that I am happy to answer any questions that the Board has.

**Alderman O'Neil** asked in your experience if a change is made with any one of these options and the economy changes a year or two from now is there an industry standard where once you give up service how much time it takes to gain it back?

**Mr. Whitten** replied yes, it is four years. Certainly if you lose service to an area, for example the River Road route, those folks are still going to have to find a way to work so whether they go out and buy a car or they enter into a carpool type of arrangement it takes about four years to earn back that trust and that ridership once you put the route back out there.

**Alderman O'Neil** asked so that is four years once you put the route back on?

**Mr. Whitten** replied yes. The biggest challenge to public transportation is dependability. Once somebody has been burned by it when they depend on the transit to get them to work and then they are no longer able to get there by the bus, it takes a while to prove to them that that bus is going to stay there.

**Alderman O'Neil** asked in the options you have laid out it is all based on the data, correct? It is not based on opinions or anything? It is based on these are what the numbers say?

**Mr. Whitten** replied everything is drive from the ridership attachments that are included. If we have to make changes to the service, we look at where we can cut fixed route service that impacts the fewest people. The reason for the Saturday preference also is that that has the least impact on job access. It is in no way meant to insinuate that people do not ride on Saturday to get to work. There certainly are people that use the bus to get back and forth to places of employment

but it is a far smaller proportion compared to a weekday. So those are largely trips for shopping or recreation that potentially could be made at other points during the week.

**Alderman Craig** stated it looks like bus #3, #4 and #11 have lower ridership than the River Road bus #5. Is that correct?

**Mr. Whitten** replied Route 4 used to service the Elliot Hospital and East Industrial Park. The reason the ridership there is lower is because that was eliminated on November 4<sup>th</sup>. That route no longer exists. We made a round of service changes last fall anticipating that we were going to be in a difficult economic position at this time so we tried to realize some cost savings for the final seven months of FY11 so that we would be in a stronger position going to FY12. Route 3 is definitely the lowest ridership route out there. It operates on peak service though. There is no midday service to the Airport or to Brown Ave. That runs four trips in the morning, comes off the road because there is nothing in the midday and then goes back out for four trips in the afternoon. That is why that ridership is lower. The average ridership per trip is higher on that one. That is where you look at the averages on the next two attachments. The same logic holds for Route 11 Front Street. That bus operates every other hour so it actually only runs half as many trips and it still brings nearly as many people.

**Alderman Craig** asked for the River Road bus how is that currently operating and can we cut that back a little bit and still save money? I just have a problem with cutting bus service to a part of the City altogether.

**Mr. Whitten** replied sure. The challenge with River Road is that two years ago that used to be what we call a line haul route. It ran out on River Road to SNHU and then back. It was a 45 minute trip out and back. We had a separate

stand-alone Route 9 that went to the North Side Plaza. Because of budget concerns then, those two routes were combined. So Route 5 is now the only service in the entire North section of Manchester. It does River Road, SNHU, North Side Plaza and Webster Street. There really is no place to combine it. There is no other bus service around. The only thing you can do is eliminate trips.

**Alderman Craig** asked so could we operate only during peak hours?

**Mr. Whitten** replied we could but looking at the average ridership unfortunately it doesn't have a period where there are commuters in the morning that then don't ride in the middle of the day. It is fairly consistent. The 3:00 PM and 4:00 PM trips are a couple of people higher but we are talking about a difference of ten versus eight or seven. If you were to look at Route 1, for example, one of our proposals that included the elimination of River Road would also take Route 1 and make it a midday service only. So you see single digit ridership for the first three trips and then from 10:00 AM to 3:00 PM it is in the double digits. What we would do is keep those trips from 10:00 AM to 3:00 PM and we would eliminate the other service. It is a possibility. We could certainly look at trying to do every other hour service on River Road. The problem that you run into is for every trip you keep on River Road, you have to cut a trip from somewhere else and the numbers are higher on any other route.

**Alderman Craig** asked so elimination of Route 5 along with the midday for Route 1 is a savings of \$103,000?

**Mr. Whitten** replied yes.

**Alderman Craig** replied and then Option 5, which is the elimination of MTA service from 11:00 AM until 1:00 PM is \$93,000?

**Mr. Whitten** replied correct. You save less money doing that because you have a greater lost fare revenue.

**Alderman Arnold** stated I am sorry if you said this already while I was reading through your materials. Has the Transit Authority expressed a preference for one of these options over the others?

**Mr. Whitten** replied my preference definitely would be the loss of Saturday service. The largest two reasons behind that are these: one is, as I said earlier, the smaller impact to job access. I think eliminating weekday service seems to be more people that are going to medical appointments and people that are going to work. Saturday tends to be more shopping trips and I believe that while it may be less convenient for folks to do that during the week, they at least will have that option. They can do their grocery shopping. That is not to say that there aren't people that ride on Saturday that will be negatively impacted and not able to reach work but I think it is the smaller number of people. The other reason is that you save things that you don't save in any other way. If we don't have Saturday service we don't need a dispatcher and we don't need maintenance staff and we don't pay utility costs for opening the facility. You save a lot of extra overhead on top of things.

**Alderman Arnold** asked is there one of these options in your budget, Your Honor?

**Mayor Gatsas** replied I am sure you are going to find one of those options in my budget. It probably won't take long for you to take a look at it. I think that he might have just touched on a good piece of it.

**Alderman Shea** stated I want to divert for awhile. You do have the school transportation contract, don't you?

**Mr. Whitten** replied correct.

**Alderman Shea** asked so how does that impact your transit budget if, in fact, you had to lay-off people and not have enough people to service the schools?

**Mr. Whitten** replied there is no real direct impact between the two. We run the school service and the transit service as two completely separate businesses. We are required to do that by the FTA. We are one of only four operators in the entire country that does both transit and schools. That is something the FTA hasn't allowed since 1973 but we are grandfathered in. So any reductions on the transit budget would be lay-offs only of transit staff. The only time it affects the other division's budget is if transit were to be eliminated entirely. There is certainly some shared overhead from facility costs, building insurance, maintenance and that type of thing that once there is no transit division then the School District's costs would go up. Until we get to that point, it really shouldn't have any impact.

**Alderman Shea** asked so right now your arrangement with the schools is resulting in a profit for your company? How does that work?

**Mr. Whitten** replied no, we are non-profit, so any funding that is realized in the black at the end of the school year is immediately put into capital replacement of the school bus vehicles. If we end up coming in under budget that all goes towards replacing the fleet.

**Alderman Shea** replied so if you come in in the black, you have a fund so that you can replace vehicles that are indigenous to the School District?

**Mr. Whitten** replied correct. It is set-up so that the school side of the business is self-sustaining so that we don't have to come to the City and the School District for capital fund requirements to buy school buses. It should generate the vehicle replacement.

**Mayor Gatsas** stated maybe you can tell Alderman Shea how many school buses you bought this year.

**Mr. Whitten** replied we are buying ten used school buses this year and ten more next year with that funding. We have already purchased five. This year we will purchase five more at the end of the school year once we have built up the back half of the year's reserves.

**Alderman Shea** asked and they can only be used for the school buses? They can't be intermingled?

**Mr. Whitten** replied right. That funding is just for the School District. It comes from the School District so it can't pay for transit.

**Alderman Shea** asked so if you purchase a new bus for the School District you can't...after years of wear and tear you can't bid for that on the City side but you have to just eliminate that from your inventory?

**Mr. Whitten** replied they are completely separate. A transit bus is 80% owned by the Federal Transit Administration. They pay 80% of the capital costs and retain 80% ownership. They receive 80% of the funds when we dispose of the vehicle, anything over \$5,000. So they are completely separate. The School District owns all of the school buses. MTA doesn't own them. They are deeded to the District.

**Alderman DeVries** asked Mike, did you touch on how the expansion into Hooksett might affect some of the proposals before?

**Mr. Whitten** stated in early discussions with the Town of Hooksett they are looking for a public/private partnership with one of the shopping facilities there to do a shopper shuttle. That is something we do in Manchester three days a week. In this case it would provide the residents of Hooksett with direct access from senior living complexes and apartment complexes to a Hooksett business, whether it is Wal-Mart or Shaws or Market Basket when it opens. The store pays the full local share so it doesn't cost the City of Manchester or the Town of Hooksett anything and it eliminates the need for a fare on that. So the riders can use that service for nothing. In return for that, the store gets customers brought right to their front door so they turn a profit on it. Any service that we are able to negotiate through that directly reduces the number of lay-offs required for our drivers. If we can have them driving in Hooksett to replace some of the lost service in Manchester, it is fewer positions we have to eliminate.

**Alderman DeVries** asked but it wouldn't allow you to continue a service that partially feeds the loop up in the North end?

**Mr. Whitten** replied correct.

**Alderman DeVries** asked it has to be totally separate?

**Mr. Whitten** replied right. They cover the cost of the service that they are paying for so they act in place of the City.

**Alderman DeVries** stated I noticed in your minutes also that you talked about the Durham/Concord/Manchester loop with the UNH collaborative potentially. Is that something that you have gone to the other colleges to see if they wanted to...you talked about the difficulties with Southern NH University? Have you tried to sell something similar?

**Mr. Whitten** replied yes. We have student pass programs with UNH-Manchester and with the Manchester Community College. They pay a set amount and in exchange for that their students are allowed to ride any MTA fixed route service out there for free just by showing their student I.D. That funding is then used to pay a portion of the operating expenses for the route that services the school. The UNH proposal that we are working on is actually to tie their three campuses together: UNH-Manchester, UNH-Concord, and UNH-Durham. I am very hesitant to think that that service would start any earlier than September 2012. What that would do if we were successful in negotiating that is UNH would step in again like a shopper shuttle and take the place of the City as the local match piece. It wouldn't contribute towards our fixed routes within the City. It would just allow for this new service to connect their three campuses. It does have a benefit in that it saves some positions but it is a ways off; a year in a half at the minimum.

**Alderman DeVries** asked the Exeter piece of that to tie into the Amtrak train, is there not a way to maybe fund part of your enterprise through private corporations that might see the benefit of tourists? I mean, you are adding a tourist activity if you tie us to the trains.

**Mr. Whitten** replied we have put that on the back burner because the NH DOT has released an RFP for East/West bus service along Route 101, so they are looking for a public or private entity to come in and they have grant funding to pay

half the cost for that service. That doesn't benefit MTA. We already receive a 50% match from FTA. What it may do though is make that attractive to a private bus operator who we could then partner with so that we are not duplicating a service. I don't want to put something new out there that connects to Exeter and then have a private bus following behind us. I would rather wait and see how that goes and make sure that we are doing something that is not a redundant service.

**Alderman DeVries** stated thank you for your presentation.

**Alderman Ludwig** stated I am on Page 1 of the Executive Summary, the last paragraph, and trying to understand this chart. I am not sure I have this down.

**Mayor Gatsas** replied I was just going to bring you to that chart. Let me see if I can help you.

**Alderman Ludwig** replied you can because it looks to me like they are funded and the City is not paying at the level that it was and now it looks like they are broke and I want to know how they fund capital improvements.

**Mayor Gatsas** stated in 2008, if you take a look, they had a fund balance of \$652,849. At that point, in 2009 the City funded \$900,000 and they used \$284,000 to fund the project.

**Alderman Ludwig** replied I don't want to interrupt you but the \$284,000 was that...

**Mayor Gatsas** interjected that came from an account that they...

**Alderman Ludwig** interjected like a retained earnings account?

**Mayor Gatsas** replied yes. The next one, as you can see, the City gave another \$900,000 and their fund came in at \$180,420. It was City money but it was money that they held in an account. The final year, last year, they had \$886,500 that we funded and they had a balance of \$187,768. Included in that...that total amount is \$1,074,268 and in that balance if you remember we said we were going to cover them for the \$25,000 shortfall going to the Bedford route. We really funded them somewhere around \$1.1 million. They are still short the \$25,000. They have not made that up. That route was \$43,000 and they got \$18,000 or \$20,000 of it. If you take a look at Mr. Sander's report there is \$25,000 on that report as a shortfall to make up for what we told the MTA we would cover. Last year's spending was about \$1.1 million. It came from the City and sources that MTA had that were actually sources from other previous years that they retained. They now have no more money in that account. Zero. It is cleaned out.

**Alderman Ludwig** asked so how does he make...I thought I heard him answer Alderman Shea's question as to how they handle the school side bus purchases. It is a separate account so how does he handle capital improvements? Are those built back into his overall operating budget then? How do you handle capital improvements from year to year?

**Mr. Whitten** replied previously it was. So that was the idea of the \$652,000. A transit bus costs approximately \$360,000 of which the City would pay 20%. So you are looking at between \$70,000 and \$75,000 per vehicle. So when we go out and buy 12 buses, it is a multi-million procurement, so we put aside a little bit each year so when we get to 2016 and we need to buy six of the buses we are not coming before the CIP Committee asking for \$2.5 million. The decision was made in 2008 that we had replaced the entire fleet and didn't expect to have any vehicles until 2014. So the idea was to spend that money down, and then in future

years hope that the revenue situation turned around and we would be able to build that back up again in future years. You are correct. It does leave us with a challenge come 2014, the next time we need money for capital improvements.

**Mayor Gatsas** stated last year we did buy a couple of buses and that is why the CIP budget needed to find \$75,000. We had that discussion because we told them that the MER account...

**Alderman Ludwig** interjected does he come into our MER account now?

**Mayor Gatsas** replied that is where the \$75,000 is going to come from.

**Mr. Whitten** stated right, and we are new participant in that. We have been working with the Mayor and Kevin Sheppard. We started our discussions last fall. We are going to be taking part in the MER in future fiscal years so we can replace some of the question marks so that we will know in advance what we are needing. Another piece of this is I am a big advocate that a lot of the buses we have are a lot bigger than we need them to be. We buy the smallest bus that we can. It is only 30 feet long. Part of where that \$662,000 comes from is we bought smaller vehicles than we had in the past but they are still \$360,000 a piece. What we bought this year with the funds that the Mayor is referring to are three low floor cut away type vehicles. They are like our Stepsaver vehicles but they are for fixed route operation. There are no steps and no wheelchair lifts. Everybody gets in through the front door. They are about \$125,000. You can buy three for the price of one. So our capital replacement needs moving forward will be significantly less as we move to the cheaper more appropriate size vehicles for this City. We still will always need some of the full sized transit buses for mall routes. When they have 18 or 19 people on them at a time you can't fit that in a van but we will need fewer of them in future years.

**Alderman Ludwig** asked so effectively, Your Honor, they don't really need to be concerned about purchases because we are covering them in MER now?

**Mayor Gatsas** replied there is nothing that they are talking about currently to purchase in this budget except for the \$75,000 that we need to get to them in the next budget to take care of the purchases that they made last year.

**Mr. Whitten** stated correct. We have \$75,000 in FY11. FY12 and FY13 have no vehicle replacements so there is no capital requirement in either of those fiscal years.

**Alderman Ludwig** asked and you are comfortable with that?

**Mr. Whitten** replied yes. We have no vehicles to replace. We only have 16 so there just happens to be a two year window where nothing is at the end of its useful life.

**Alderman Lopez** stated thank you Mr. Whitten for calling and talking to me. It was an outstanding presentation. I have seen a lot of presentations and the knowledge that you have on MTA is great. I am sure we will make the decision that we need to for the future.

**Mayor Gatsas** stated Alderman O'Neil, do you have an announcement before it gets too late and while people are still watching?

**Alderman O'Neil** stated I want to remind folks about the Manchester St. Patrick's Day Parade on Sunday, March 27<sup>th</sup> stepping off from Salmon and Elm at noontime. Grand Marshall is Father Jerome Day from St. Raphael Parish. The

Thomas J. King award winner is Dr. Sylvio Dupuis. This may not be common knowledge but West High School will be participating in the parade this year. It is the first time in 16 years that a Manchester school has been involved.

**Mayor Gatsas** stated let me give you a few more announcements. There will be a groundbreaking for the Manchester Municipal Complex on March 23<sup>rd</sup> at 2:00 PM. It is open to everybody. The other notice that I would like to make is that on March 25<sup>th</sup> at St. George's there will be a Greek Independence Day celebration and I certainly invite all of you to participate. We will be there. The tickets are \$35 so if you let me know I will get tickets for whoever needs them. Lastly, we need to have a motion to receive and accept the funds that the Cashin Senior Center brought forward this evening.

*On motion of Alderman Lopez, duly seconded by Alderman Shaw, it was voted to accept and remand funds in the amount of \$5,000 to the William Cashin Senior Center for the Senior Luncheon.*

#### **CONSENT AGENDA (ITEMS 6-30)**

6. Mayor Gatsas advises 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.

#### **Accept BMA Minutes**

7. Minutes of meetings held on January 4, 2011 (two meetings), January 25, 2011 (two meetings) and January 27, 2011 (one meeting).

**Approve under supervision of the Department of Highways, subject to funding availability**

**8. Sidewalk Petition:**

69 Harrison Street

**Information to be Received and Filed**

9. Approved minutes from the MTA Commission meeting held January 25, 2011, January 2011 Financial Report, and January 2011 Ridership Report submitted by Michael Whitten, Executive Director MTA.
10. Communication from Bryan Christiansen, Comcast, regarding price adjustments.
11. Communication from Bryan Christiansen, Comcast, regarding relocation of the customer service center.

**Accept and Remand funds for the purpose intended**

12. Accept funds in the amount of \$2,500 from the Community Health Institute to be remanded to the City's general fund.

**REFERRAL TO COMMITTEE**

**COMMITTEE ON FINANCE**

**13. Resolutions:**

“Amending the FY 2011 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Six Thousand Four Hundred Ninety One Dollars (\$106,491) for the FY 2011 CIP 210211 Homeless Healthcare Program.” [Health- new funds]

“Amending the FY 2011 Community Improvement Program, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars (\$15,000) for the FY 2011 CIP 412411 Hazardous Materials Emergency Preparedness.” [Fire- new funds]

## **REPORTS OF COMMITTEES**

### **COMMITTEE ON COMMUNITY IMPROVEMENT**

- 15.** Advising that the communication from the MTA Executive Director regarding projects for consideration in the Ten-Year Transportation Improvement Plan has been accepted.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
- 16.** Advising that the communication from the Public Works Director regarding Highway Department projects on the current Ten-Year Plan has been accepted.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
- 17.** Recommending that CIP project 612311 World’s Championship Chili Cook-Off be extended to June 30, 2011.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
- 18.** Recommending that a request from the Health Department to accept funds in the amount of \$106,491 from the United States Department of Health and Human Services to be used to provide health services to the homeless be approved.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
- 19.** Recommending that a request from the Fire Department to accept grant funds in the amount of \$12,000 for Hazardous Materials Emergency Preparedness be approved.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*

20. Recommending that grant funds in the amount of \$975,000 through the Congestion Mitigation and Air Quality (CMAQ) Program for the Campbell Street Improvements Project be accepted.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
  
21. Recommending that grant funds in the amount of \$485,000 through the Congestion Mitigation and Air Quality (CMAQ) Program for Phase II of the South Manchester Rail Trail be accepted.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
  
22. Recommending that the Parks, Recreation & Cemetery Division be authorized to send a Letter of Interest to the City of Dover indicating intent to submit an offer on the used pedestrian bridge.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*
  
23. Recommending that the proposal from Milton CAT of Hopkinton, NH for the lease purchase of a loader backhoe be accepted.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*

## **COMMITTEE ON PUBLIC SAFETY, HEALTH AND TRAFFIC**

25. Recommending that the following regulations governing standing, stopping, parking and operation of vehicles, be adopted pursuant to Chapter 70 of the Code of Ordinances of the City of Manchester and put into effect when duly advertised and the districts affected thereby duly posted as required by the provisions of that Chapter and Chapter 335 of the Sessions Laws of 1951.

<b>Section 70.36 Stopping, Standing, or Parking Prohibited</b>
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**RESCIND RESIDENT PARKING ONLY DURING SCHOOL HOURS –  
EMERGENCY ORDINANCE:**

On Maple Street, east side, from Bridge Street to a point 120 feet south  
(Ord. 9989)  
Alderman Roy

**RESIDENT PARKING ONLY DURING SCHOOL HOURS –  
EMERGENCY ORDINANCE:**

On Maple Street, east side, from a point 30 feet south of Bridge Street to a point  
46 feet south  
Alderman Roy

**TWO HOUR PARKING MONDAY-FRIDAY – 8:00 AM-5:00 PM  
EMERGENCY ORDINANCE:**

On Maple Street, east side, from a point 76 feet south of Bridge Street to a point 44 feet south  
Alderman Roy

**TRAFFIC SIGNALS - UNION STREET AND WEBSTER STREET:**

On Webster Street, install protected/permissive (green left arrow) signals – eastbound and westbound  
Alderman Craig  
Alderman Long  
Alderman Ludwig

**STOP SIGN:**

On Smyth Road (Extension to Holmes Drive) at Smyth Road – NWC  
Alderman Craig

**NO PARKING ANYTIME:**

On Cypress Street, east side, from Auburn Street to a point 50 feet south  
Alderman Osborne

**RESCIND NO PARKING TOW ZONE (ANYTIME):**

Amherst Street, both sides, from Ash Street to Beech Street  
ORD 8643  
Alderman Roy

**NO PARKING TOW ZONE MONDAY-FRIDAY – 6:00 AM-4:00 PM:**

Amherst Street, both sides, from Ash Street to Beech Street  
Alderman Roy

**RESCIND NO PARKING ANYTIME:**

On Trolley Street, east side from a point 195 feet north of Hickory Street to a point 400 feet northerly (Ord. 9609)  
Alderman DeVries  
(*Unanimous vote*)

26. Advising that the communication from Alderman Greazzo regarding policies and procedures related to snow emergencies has been received and filed.  
(*Unanimous vote*)

27. Advising that the communication from Alderman Arnold related to animal cruelty ordinances has been received and filed.  
*(Unanimous vote)*
  
28. Recommending that the request from Millennium Running for free parking to race registrants in the Victory Garage on Friday, March 25, 2011 from 3:00 p.m. to 10:00 p.m. be approved.  
*(Unanimous vote)*
  
29. Recommending that the request from MCCI for an extension of discounted commercial parking on Elm Street be approved.  
*(Unanimous vote)*
  
30. Advising that the communication from McLane Law Firm requesting a directional sign be placed in the City right-of-way on South Willow Street has been received and filed.  
*(Unanimous vote)*

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

## **REPORTS OF COMMITTEES**

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

14. Recommending that the Peter Capano, Chief of Parks, Recreation & Cemetery, be authorized to enter into a 3-year contract, with Michael Ryan, PGA Golf Professional at Derryfield Country Club, subject to the review and approval of the City Solicitor.

The Committee further recommends that the contract allow for two, 3-year renewal options and that a provision be placed in the contract that does not allow the contract to be assigned to a designee without the City's consent.  
*(Unanimous vote)*

**Alderman Corriveau** stated I read the contract and it looks fine. I just wanted to get the City Solicitor on record as saying that the changes you requested in Committee and the merits of the contract are good to go.

**Mr. Arnold**, replied yes, the contract was modified to take into account the City's request which was primarily that the contract would not be assignable.

*On motion of Alderman Corriveau, duly seconded by Alderman O'Neil, it was voted to accept the report and adopt its recommendations.*

## COMMITTEE ON COMMUNITY IMPROVEMENTT

- 24.** Recommending that the Municipal Energy Reduction Fund loan in the amount of \$400,000 be accepted.

The Committee further recommends that CIP staff report to the Board of Mayor and Aldermen at the March 15, 2011 meeting with a recommendation of a funding source for repayment of the debt service.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*

**Mayor Gatsas** asked Kevin O'Maley and Sam Maranto to come forward. Did everybody get the handout?

**Alderman O'Neil** asked who wrote the cover?

**Mayor Gatsas** replied I think it was a collaboration of everybody getting together so that it was clear and concise and very much to the point so that everybody could understand it. If there is a direct question I will certainly try to address it. I want to make sure that everybody understands what the payments were on the various items. It was important that we clarified what was going to be paid by CDBG and what was going to be paid by General fund dollars. My understanding is there

may be an opportunity for more funding because there are a lot of communities that have not used these funds and certainly when you take a look at the rates and the average amount, it is a very savable rate and if we can replace the boiler at City Hall over time rather than trying to find \$150,000 in cash, it probably makes sense to do it because my understanding is there is not much life left to it. A lot of the discussions that we had...there may be items in other buildings in the City that say that we can get a bigger savings. I think it is imperative when we start these projects that we truly finish a building. We have a great propensity for putting \$100,000 into a building and coming back four years later and wondering why it wasn't finished. I sent them out to task and said we should complete the Library and City Hall. Let's have two buildings that are done and then if we have more money let's look at some other projects.

*Alderman O'Neil moved to accept the report and authorize the Mayor to enter into a \$400,000 loan agreement with CDFR, subject to the review and approval of the City Solicitor.*

**Alderman Arnold** stated one of the reasons I asked that this be pulled off the Consent Agenda is the CIP Committee requested from staff that the funding source be identified. I read the handout and the funding source for the debt service to General fund...I am with you on the savings...

**Mayor Gatsas** interjected if you take a look at the bullet points and you go down the money for the renovations at City Hall, they must be paid with General fund dollars so they are going to come out of the General fund. The money that is going to be allocated to the Library can be paid for with CDBG funds. I think that if you take a look, the Library improvements of \$317,000 will generate \$36,000 of debt service, which will be funded with CDBG money. There is an energy cost savings of \$26,000 annually which will be generated by the Library. For the City

Hall project, the General fund will need to make up the annual debt service payments of approximately \$22,000 for a \$200,000 loan. A significant portion of the debt service will be offset by energy savings of \$10,000. So the \$22,000 that we are paying for debt service will be offset by \$10,000 worth of savings on the City side.

**Alderman Arnold** replied okay, and where we talk about CDBG funding, if I can follow-up on this document, I guess my understanding of the item in Committee was that there is significant concern over the future of CDBG funding.

**Mayor Gatsas** replied sure. I don't think it is going to be totally eliminated. I think that as we put the budget together or at least my budget going forward with CIP and CDBG funding we are of the understanding that we may have to come back. There is an allocation that we save money for this debt service payment. Again, if it is a matter of the federal government cutting 10% of the CDBG funding then it would be cut appropriately across the board and we would find the \$3,000 of CDBG funds and we held a little bit back for that particular reason.

**Alderman Arnold** asked according to this though we are still relying on anticipating that there will be some funding?

**Mayor Gatsas** replied that is true. Again, I have not seen where they said they were going to cut it all.

**Alderman Greazzo** stated I would like to ask the Finance Director what he thinks about taking out a loan at this time.

**Mr. William Sanders**, Finance Officer, replied I think the interest rates are very favorable as the Mayor mentioned. I would also say regarding the repayments, assuming that CDBG continues, we would be able to make the entire General fund payment with the savings. If you combine the Library and what we will save at City Hall that will more than offset the debt service in the General fund. As long as CDBG continues we would be able to pay for these improvements with the savings generated by the energy reductions. I would be in favor of the program.

**Mayor Gatsas** stated I think the big point, Alderman, if you take a look at it is the two boilers – the boiler at City Hall and the one at the Library - if they have two years left we are going to be pretty lucky. Those are \$350,000 items that if we had to replace them we would have to replace them with cash.

**Alderman O'Neil** stated Alderman Arnold picked up on my comment earlier. I just want to know who I need to get the memo to on how to write a letter to the Board of Mayor and Aldermen for an action. That was my...you have to read this about three or four times to figure out...that is why I asked who wrote the letter.

**Mayor Gatsas** replied I can only tell you that I met this morning and I was very specific with what I wanted on this. I said I wanted it to be clear and concise and spelled out. I hear you. I don't disagree with you.

**Alderman Corriveau** stated if the Library improvements total a little over \$317,000, it looks like there is \$400,000 total of available funding. A little over \$317,000 would go to improvements to the Library. I have also noticed that the total scope of the projects for City Hall and the Carpenter Library comes to \$509,000. Would the idea be that we would do the all of the improvements at the Carpenter Library for the \$317,000 and then maybe do the boiler at City Hall?

**Mayor Gatsas** replied I think the discussion that we had, Alderman, was that based on the \$519,000 how we bundle those...staff thinks we can come in somewhere around \$400,000. There could be a 20% savings to get to the \$400,000. I think we could do all of those items. That is based on...let me let Mr. O'Maley speak to that.

**Mr. Kevin O'Maley**, Facilities Superintendent, stated when we went around and audited all of the buildings, each one of those projects stood on their own. If we bundle two boiler projects together we are going to get more favorable pricing. When we bid all of that out we will bid certain items out as bid alternates. Say for example the price came in at \$420,000. We would juggle all of the priorities to say make sure that the total project comes in under \$400,000. We would give ourselves some options. If we do package them together we should get some favorable pricing.

**Alderman Corriveau** asked so the \$509,000 you think you can take the scope of this total work to City Hall and the Carpenter Library and come down close to that \$400,000 number?

**Mr. O'Maley** replied I am thinking we could easily get into the \$415,000 to \$430,000 level. Like I said, if we are still over we can take parts of that scope out to get on budget.

**Alderman Corriveau** stated I also noticed that one of the bullet points I think mentioned...the last one that says if additional CDFR funds become available staff should be directed to apply for them. Do we have any indication that CDFR may have more funds available for us to apply for in the future?

**Mr. Samuel Maranto**, CIP Manager, replied this fund source totals \$1.5 million for the entire state. Once the town hearings are done in March, CDFA will know better if there are additional funds. They have already asked if we would be able to utilize additional funds should they become available. We anticipate that there will be additional funds.

**Alderman Corriveau** asked so depending on what other municipalities do, if they decide we don't want to pay for this at this time there will be a pool of money available for which we would now be authorizing you to apply for?

**Mr. Maranto** replied they presently designed the program with \$400,000 being the maximum. Given the level of interest and the ability of other communities to access those funds and repay them, they are anticipating that there will be additional funds.

**Alderman Corriveau** asked have they given any indication how much additional funding?

**Mr. Maranto** replied no.

**Alderman DeVries** asked Kevin, the guesstimated savings that you put down on the sheet for us, what is that predicated on? Do you expect to see the potential savings to be much greater?

**Mr. O'Maley** replied we are pretty conservative when we put those estimates together. It is a combination of two things. There is what we think we can save on energy by putting this different technology in place and also there would be some maintenance and repair cost savings of our people going out and doing work

on newer equipment versus the old equipment that we have now. There are two components to the savings.

**Alderman DeVries** replied just to be clear, the savings, because this was conservative, will only be greater and not less?

**Mr. O'Maley** replied absolutely.

**Alderman Lopez** asked if Building Maintenance did some of this would they be able to use this money for chargeback? Do you follow my question? If we borrow this money to do the job and...say the project is \$317,000 and Building Maintenance could do \$50,000 of that. Are they eligible to receive that money?

**Mr. Maranto** replied I could ask that question. I am unaware of what their policies are. Generally speaking this is based on bids that we go out and seek but I can see if we can do in kind and get a response for you.

**Alderman Corriveau** asked should more than \$400,000 be available from CDFA, what is next in the pipeline after the Library and City Hall? Is that to be determined? Do we have to go before the Energy Committee?

**Mr. O'Maley** replied we have another close to 300 projects that would be energy related. I would anticipate that we would go back to the CIP Committee if there was more funding available and talk about which projects to do next.

**Alderman Lopez** stated there is an Energy Committee so it is not just CIP. Keep that in mind. The Energy Committee should be informed of this. I have had some Aldermen approach me and talk about energy. I would appreciate that you get together with the City Clerk to see who is on the Energy Committee.

**Mayor Gatsas** stated I am sure Alderman O'Neil will call a joint committee meeting with Energy.

**Alderman Lopez** stated I want to ask the Finance Officer if it is \$400,000, now you are not...

**Mayor Gatsas** interjected there are no bonds.

**Alderman Lopez** asked there is no bonding?

**Mayor Gatsas** replied no. This is coming out of CIP.

*Alderman Shea* duly seconded the motion to accept the report and authorize the Mayor to enter into a \$400,000 loan agreement with CDFFA, subject to the review and approval of the City Solicitor. **Mayor Gatsas** called for a vote. There being none opposed, the motion carried.

**Mr. Maranto** stated we were also looking for you to allow us to solicit additional funds should they become available. If they do become available, I will come back again to CIP.

*On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to allow staff to apply for additional CDFFA funds should they become available.*

### **REGULAR BUSINESS**

**31.** Nomination(s) to be presented by Mayor Gatsas.

**Mayor Gatsas** stated there are no nominations this evening.

- 32.** FY2011 budget projections submitted by William Sanders, Finance Officer, if available.

**Mr. Sanders** stated everything continues to do well. Relative to last month, our net surplus in the General fund is about \$513,000. The current forecast of a \$580,000 expenditure surplus is a little bit worse than last month but still well above the benchmark that we set earlier. With three and a half months left in the year we seem to be in good shape.

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

- 33.** Report of the Committee on Community Improvement recommending that grant funds in the amount of \$125,000 from the NH Department of Environmental Services - Dam Bureau for Dorr's Pond Dam improvements be accepted.

The Committee further notes that a Memorandum of Agreement will be brought forward by the Parks, Recreation & Cemetery Division at the March 15, 2011, Board of Mayor and Aldermen meeting for acceptance.  
*(Unanimous vote with the exception of Alderman Ludwig who was absent)*

*On motion of **Alderman Craig**, duly seconded by **Alderman Shea**, it was voted to accept the report and adopt its recommendations.*

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

- 34.** Communication from Pat Harte, Tax Collector, regarding acceptance of a bid for property on Gabrielle Street known as Map 925, Lot 38A.

*Alderman DeVries moved to accept the bid. Alderman Shaw duly seconded the motion. Mayor Gatsas called for a vote. There being none opposed, the motion carried.*

*On motion of Alderman Shaw, duly seconded by Alderman DeVries, it was voted to suspend the rules and ordain the related ordinance.*

*On motion of Alderman O'Neil, duly seconded by Alderman Roy, it was voted to recess the meeting to allow the Committee on Finance to meet.*

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

**37. Report of the Committee on Finance**

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

“Amending the FY 2011 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Six Thousand Four Hundred Ninety One Dollars (\$106,491) for the FY 2011 CIP 210211 Homeless Healthcare Program.” [Health- new funds]

“Amending the FY 2011 Community Improvement Program, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars (\$15,000) for the FY 2011 CIP 412411 Hazardous Materials Emergency Preparedness.” [Fire- new funds]

ought to pass and be Enrolled.

*On motion of Alderman Roy, duly seconded by Alderman Long, it was voted to accept the report and adopt its recommendations.*

**38. Report of the Committee on Administration/Information Systems**

The Committee on Administration/Information Systems respectfully recommends, after due and careful consideration that Ordinance Amendment:

“Amending Chapter 52: Sewers of the Code of Ordinances of the City of Manchester by amending Section 52.160, Sewer Rental Charges by reducing the user charges in the City of Manchester.”

be approved as amended.

*Alderman O'Neil moved to accept the report. Alderman Corriveau duly seconded the motion.*

**Alderman Lopez** stated I just want to bring to the Board's attention that I voted in opposition to this for the simple reason that some of the comments made by Mr. McNeil that negotiations will be going on for anywhere from six months to a year and a half and the effective date of this amendment would be to start on April 1, 2012, increasing to \$22.77. They are still in negotiations and that might take a year and a half. I can't see starting...the same reason we had a 7% reduction we

will have a 7% increase starting in April of 2012. They are going to present things to us in the future and we can go from there.

**Mayor Gatsas** stated I watched the meeting and let me tell you that it wasn't just a number that was arbitrarily pulled out of the sky. From 2007 until 2010, there was roughly, and correct me if I am wrong, about a 45% increase in sewer rates. Is that correct?

**Mr. Fred McNeil**, Chief Engineer, replied from 2007 until 2010 there were four sewer increases that totaled 107%.

**Mayor Gatsas** stated if I had known that I would have probably looked for a bigger rate reduction. Again, let's follow through because the reason we were advised by the experts out there to start in 2007 was because we thought the CSO project was going to start in 2010. At this point we know it hasn't and staff has said that the next increase they would be seeing would be in 2017 and that would be a 5% increase. That is assuming that the CSO project comes before us in the next two years. There is \$4.5 million that you have in escrow for the CSO project Phase II that you have been collecting and holding.

**Mr. McNeil** replied correct.

**Mayor Gatsas** stated that money is earning interest at 1%; I am using 1% and it might be a little bit more than that but if we use 1% that is somewhere around \$45,000 a year. What I understood you to say during discussions in Committee was that for every 1% it is about \$70,000 or \$100,000?

**Mr. McNeil** replied a little more. We used \$18.5 million of projected revenue and 7% of that would be the reductions so about \$1.5 million or \$1.3 million we kicked around.

**Mayor Gatsas** stated so I think the important discussion, and what I think I heard you say in that Committee, was that no projects that you have done without bonding would be affected in a negative manner. The projects that we know of down in South Manchester that we have been working on will not be affected.

**Mr. McNeil** replied that is correct. Cohas Brook will proceed as scheduled, as well as the treatment plan improvements and the pump station improvements.

**Mayor Gatsas** replied I am a little confused as to why we would look at a 7% reduction for a year when staff is telling us that if we were to do anything in 2017 it would be a 5% increase and they said they would have to move that forward until 2015. I would say that rather than...and I think that there have been discussions about up and down rates so why would we have a reduction in sewer rates when we have increased rates by 107%? To be honest with you, I didn't know it was that high or I would have been asking for more. Certainly people's sewer bills are a concern to them right now in these economic times. I would probably agree with Alderman Lopez that we leave what this Board passed the last time and leave the 7% in place and wait until 2015 and if we need an increase it would be at that time.

**Alderman O'Neil** stated it is not going to be if we need an increase in 2015 Your Honor. It is going to be how big that increase is above 5%. Fred pointed out to us that the CSO program that has been identified is \$165 million. Correct?

**Mr. McNeil** replied correct, over a 20 year period.

**Alderman O'Neil** stated we don't make a determination if that is 20 years. The EPA could say we want that done in ten years. Am I correct?

**Mr. McNeil** replied correct. That is why we use the term negotiation. That is what we anticipate.

**Alderman O'Neil** replied I understand that. The plan that was laid out that we paid \$30,000 or \$40,000 for was to set-up money knowing very well that we were banking money. It was done in the 80's as we moved forward with Phase I but we are setting up the rate payers of this, if we keep this 7% reduction on forever, for a double-digit increase in my opinion, and I think that is unfair. I think it is wrong. Secondly and I know in Committee we asked for this information but the Committee to date has yet to see one piece of documentation on the financial analysis that was done, as well as an update on the identified programs. I think as Fred pointed out in Committee, when the plan was put together the CMOMS was not part of the original three discussed. It was the plant, Cohas Brook and CSO. I don't remember at the time that it was figured into...I could be wrong.

**Mr. McNeil** stated actually it was under a different name and the feds just rolled up that program.

**Alderman O'Neil** stated it is my opinion, Your Honor, that we are setting the rate payers up for a huge increase when this agreement is negotiated. I think it is better to have small increases over an extended period of time. That is why I supported the amendment that Alderman Corriveau brought in.

**Alderman Roy** asked if we pass this amendment tonight we can still revisit this next year and continue this 7% if it is not needed, correct?

**Mayor Gatsas** replied I believe you are absolutely right but I would think that maybe what we would do is revisit it next year and if we need to say that our negotiations are mounting with EPD then we can change it at that time and put it back into effect. I would rather put the reduction in place and leave it there and have the department heads as we pay them the money that we pay them, come back with the analysis.

**Alderman Roy** stated I can appreciate that. I think we are both headed in the same direction. I just personally would rather have it sit here so that I have to address this next year. The other way I may kind of forget about it and then I may be caught short the following year with the double-digit increase that may come. It may not come. I just think it is something we should keep our finger on and keep a pulse on. I know it is a different approach.

**Mayor Gatsas** stated I would agree with you Alderman Roy. If we had a tickler folder around here that said next year on X date we should look at something... because I can tell you that just in the short time that I have had there have been an awful lot of things that fall through the cracks because for some reason we don't remember and nobody has brought us up-to-date on it and all of a sudden the rate goes into effect and we are back here saying the rate payers are hollering because their rates have gone up and there is no CSO project on the horizon. If you wanted to say...and I think what Fred McNeil was talking about is that there was going to be a 5% increase in the rate in 2017, but because of this reduction that rate would go into effect in 2015. So they have taken into consideration of the rate reduction of 7% until 2015. I don't disagree with you and maybe what you want to put on there Alderman Roy, maybe we can fix it and say that in 2015 it would have to be addressed because they are going to have to come to us for a rate increase rather

than trying to deal with this on a yearly basis and possibly forgetting when we did it or when we didn't do it.

**Alderman DeVries** stated I think the important thing to address here is that the rates are being decreased effective April 1<sup>st</sup>; the 7% reduction that you had requested Your Honor is honored in this. The Committee has requested that Mr. McNeil come forward with the rate study as well as the financial analysis that he has conducted and start that conversation with the Committee sooner rather than later so that we can truly understand the needs of that division as well as understand where the negotiations are progressing with the EPA so we are not caught flat footed and we all have the information that we need to make an informed decision, an important policy decision, prior to the effective date of April 1, 2012. That was a request of the Committee that he continue that conversation with us. I know that he will be back before us.

**Mr. McNeil** replied we will.

**Alderman Lopez** stated just to follow-up on that, I have asked that the entire Board of Mayor and Aldermen get this information to revamp the whole thing. I will request a roll call vote.

**Mayor Gatsas** stated a roll call vote has been requested. If you are in favor of keeping the 7% reduction in place for one year you would vote yea.

**Alderman O'Neil** stated if you are in favor of protecting the ratepayers from a double-digit increase in future years, you would want to vote yea for this I think.

**Alderman Craig** asked did your plan include a double-digit increase?

**Mr. McNeil** replied no. Based on the plan that we submitted to the EPA, which is a 20 year plan of \$165 million, one of the driving factors was to keep rate increases below 5% and to put them off as long as possible. Our plan did not call for rate increases until 2017 and 5% yearly after that. The impact that this will have based on the EPA accepting our plan would be that the 5% rate increases would start two years earlier.

**Alderman O'Neil** asked for clarification, Fred in the plan you submitted did the paperwork indicate a 7% reduction in rates?

**Mr. McNeil** replied it did not.

**Alderman O'Neil** asked and secondly Phase I was how many years to carry out?

**Mr. McNeil** replied ten years and \$58 million.

**Alderman O'Neil** stated I am going to guess that the City probably went in looking for 20 years to do it.

**Mr. McNeil** replied actually what happened was the EPA wanted the City to do both the east side and the west side jointly. In doing those negotiations, they tackled the west side first and I am not sure how the time table came out of that.

**Alderman O'Neil** stated my point I guess is that it would not be a surprise to me if the EPA held ground and said you are not going to have 20 years to implement this. You are going to have ten or fifteen years to implement it, which throws that 5% a year out the window because we are going to have to have a higher increase in order to do it. I think what Alderman Corriveau proposed and Alderman Roy

pointed this out is that what is proposed forces us to look at this a year from now I believe. I am going to support the Committee report.

**Mayor Gatsas** stated I will allow two questions and then we are going to get into the vote because we are in the voting mode.

**Alderman Ouellette** stated I am not going to support the motion because I would rather make the decision on increasing the fees when we get better data and not really worry about what could be or what might be. If you need to raise the fees, I think you are going to come to us in a timely fashion. I have confidence in you to do that.

**Alderman Greazzo** asked if we vote this down can we then vote for a 7% reduction moving forward until they have to come back for an increase?

**Mayor Gatsas** replied yes.

**Alderman O'Neil** stated as someone who lived on the east side, I paid for the west side project.

*A roll call vote was taken on the motion to accept the Committee report.*

*Aldermen Lopez, Shea, Greazzo, Ouellette, Craig, and Long voted nay. Aldermen DeVries, Shaw, Arnold, Roy, Corriveau, and O'Neil voted yea. There being a tie vote, Mayor Gatsas voted nay. The motion failed.*

***Alderman Greazzo** moved to maintain the 7% reduction. **Alderman Lopez** duly seconded the motion.*

***Alderman O'Neil** requested a roll call vote.*

**City Clerk Normand** asked what was the motion?

**Mayor Gatsas** replied to leave the 7% reduction.

**Alderman Craig** asked if this motion doesn't pass, then what happens? Would you just come back in a year and let us know what the status is? I guess I have the same feeling that Alderman Ouellette brought up.

**Mayor Gatsas** stated we ought to just take the vote and see what happens. I think that what is going to happen is I would assume that the people that voted no are going to vote yes.

**Alderman Craig** replied I would like to know what the implication of the vote is. Should we wait until we get more data?

**Mayor Gatsas** replied no. I think the implication of the vote is that he has to come back to us if he is looking for an increase, so the 7% would stay in effect until he comes back looking for an increase in 2015.

**Mr. McNeil** stated yes. Until we complete negotiations with the EPA, that is really the driving force behind this.

**Alderman Craig** asked when do you anticipate that happening?

**Mr. McNeil** replied we just started our dialogue last month. I would say between six months and a year and a half so I would give it a year as a round number at this point.

*A roll call vote was taken. Aldermen O'Neil, Roy, and Corriveau voted nay. Aldermen Lopez, Shea, DeVries, Shaw, Greazzo, Ouellette, Arnold, Craig, and Long voted yea. The motion carried.*

**City Clerk Normand** stated I believe that Mr. McNeil requested that this be enacted on April 1<sup>st</sup>. In order for that to follow the traditional Committee process it would not meet that deadline so we would need a motion to suspend the rules.

*Alderman Lopez moved to suspend the rules. Alderman Shaw duly seconded the motion. Alderman Arnold requested a roll call vote. Aldermen Arnold, Corriveau, O'Neil and DeVries voted nay. Aldermen Craig, Long, Roy, Lopez, Shea, Shaw, Greazzo and Ouellette voted yea. The motion failed.*

**Mayor Gatsas** asked when is the Committee going to meet? Obviously this affects ratepayers in this entire community. I think it is important enough that they make sure they get those rates into effect on April 1<sup>st</sup>.

**Alderman Roy** asked the quarter for usage ends March 31<sup>st</sup>?

**Mr. McNeil** replied yes.

**Alderman Roy** stated so this rate change would not affect the quarter end. It will affect April 1<sup>st</sup> going forward, which would be the second quarter this year, correct?

**Mr. McNeil** replied that is correct. We prefer to implement it April 1<sup>st</sup> and have an equitable distribution of the new rates.

**Alderman Roy** asked can the Committee do that retroactively? In other words can they say that the start date is going to be April 1<sup>st</sup> even though it isn't going to go through the Committee before then?

**Mayor Gatsas** stated don't look at me. I wanted it to start April 1<sup>st</sup>. Obviously there are people here trying to stop it.

**Alderman Roy** stated my point is that apparently it will be passed and the rates will be reduced before that second quarter is billed. The second quarter is not going to be billed until when, June 30<sup>th</sup>?

**Mr. McNeil** replied no. My understanding is right after April 1<sup>st</sup> we start our second quarter billing. It is a 12 week billing cycle that we bill ten or eleven weeks out of. So we would need approval for April 1<sup>st</sup>.

**Alderman Roy** asked April 1<sup>st</sup> through June 30<sup>th</sup> is the second quarter, correct?

**Mr. McNeil** replied correct.

**Alderman Roy** stated no one is paying on the second quarter until July, correct?

**Mr. McNeil** replied our bills go out based on our fees starting April 1<sup>st</sup> is my understanding. I can confirm that.

**Alderman Roy** asked the fee right now from January 1<sup>st</sup> until the end of this month is the fee no matter what, right? What we do here tonight or did here tonight was not going to affect that rate correct?

**Mr. McNeil** replied correct.

**Alderman Roy** stated so my point is that regardless of when we get this out of Committee it is not going to have an effect on the bills that are going out for the first quarter. It is only the second quarter.

**Mayor Gatsas** replied I think what he is saying is that there is a 12 week billing cycle. The bills started coming out in January even though the water wasn't produced until the end. So the billing that comes out in January is starting January 1<sup>st</sup>.

**Alderman Roy** stated the bill you get in January is for the fourth quarter of the previous year.

**Mr. McNeil** replied that is correct.

**Alderman Roy** stated the bill we get in April is for the first quarter of this year.

**Mr. McNeil** replied that is correct and that is when we want to implement...that is how these rate increases are implemented. It is effective the date the bill goes out not effective the date the water was consumed.

**Mayor Gatsas** asked so the water that was consumed in January will be billed April 1<sup>st</sup> and that is when you wanted to put the 7% reduction into place? If we don't vote that in tonight, it is three more months that people don't see a rate decrease. I am not too sure why it needs to go to Committee other than to delay it and to delay the people from seeing a rate reduction. That is the only reason why I can see it unless somebody can give me another reason. Is there another reason why we want to delay it? Certainly this has no effect on what the Committee is

doing other than reviewing the words of an ordinance. We have suspended rules before and this is all about not having the ratepayers see a rate reduction.

**Alderman O'Neil** if I may Your Honor, with all due respect in my opinion it is not about the rate reduction now; it is about the rate increases in the future. That is what it is for me. So you can stand up there and say it is about rate reduction now. It is going to be pay me now or pay me later because the CSO program is going to be \$165 million whether we want it...plus or minus. It is not going away. It isn't going to be \$40 million. It is going to be \$165 million and we are going to have to have significant increases depending on the timeline the EPA puts with it. The program we submitted is a 20 year program. I would be highly surprised if that is what they agree to.

**Mayor Gatsas** replied I can only say that if we don't think that a 107% increase in rates in a four year period is a lot that we have been banking because we thought the CSO program was going to start in 2010, I don't think we are going to see 107% increases starting in 2015. That is what we increased rates by in 2007 – 107%. A 7% reduction is a mere pittance.

**Alderman DeVries** asked City Clerk, for reconsideration of that vote, by whom would that be requested? Who is the prevailing side?

**City Clerk Normand** replied well, the motion failed.

**Alderman DeVries** asked so someone who voted no would have to call for reconsideration, those in the minority?

**City Clerk Normand** replied yes, I believe that is correct.

*Alderman DeVries moved for a reconsideration of the vote based on the information that Alderman Roy brought forward. Alderman Greazzo duly seconded the motion.*

**Alderman O'Neil** stated I have a question for Mr. McNeil. Fred, with the increase that the Mayor talked about, the 107% increase since 2007, even with that did I hear you say that the reserve only has \$4.5 million in it?

**Mr. McNeil** replied no, it has more than that.

**Alderman O'Neil** asked what is the amount in the reserve?

**Mr. McNeil** replied I believe it is around \$13 or \$14 million.

**Alderman O'Neil** stated okay, so \$13 or \$14 million and we could be heading to a program that is \$165 million. We are going to have some rate increases here.

**Mr. McNeil** replied correct.

**Alderman DeVries** asked can I speak to my motion?

**Mayor Gatsas** replied yes go ahead.

**Alderman DeVries** stated this has not been about not wanting to honor the rate reduction. I supported that vote when it came through the Committee last time. I, too, want to be able to reduce the rates for those who are struggling through the economy. The other factor that I have weighing on my brain is that I do have a whole lot of households that are waiting to have their opportunity for sewer installation in Manchester. As long as we are whittling away at the reserves that

you have as you look down at the EPA project looming over, the less opportunity I have to lobby you to spend some of the money that you have bonded to fill out the other neighborhoods. I have been working to try to get those neighborhoods done and in my ten years I have only been successful in getting one neighborhood of the infill done and it is not for lack of trying. There are many, many other neighborhoods waiting and they turn to us constantly and ask why can't we get the sewer system installed. We all have to balance this. Some of us have more of those neighborhoods waiting for sewer installation than others. Ward 8 and Ward 6 have an awful lot of homeowners waiting for sewer installations. I try to balance that but I also want the rate reduction to go through. I want our conversation to continue. I am sure Mr. McNeil that you will be in front of the Committee before 2012 and we will have an informed decision.

**Mayor Gatsas** stated I want a correction by the Clerk because it is a two-thirds vote of those present, and 8-4 is a two-thirds vote and it passes.

**City Clerk Normand** stated correct.

**Alderman DeVries** stated then the motion for reconsideration is not needed.  
Thank you for the opportunity.

**Alderman Shea** stated just to put this in historic perspective, when I first became an Alderman a lawyer by the name of Gregory Smith came before the Board of Mayor and Aldermen when we were up at the former Ash Street School and explained to us about the CSO project. At that time the indication was that it was going to cost...I am not sure but between \$150 and \$168 million. Then it was reduced to a level that was more palatable in terms of how to meet that obligation. The point is that I am not sure whether or not the combined sewer overflow will be developed on the east side of Manchester within a 20 year period. I really mean

that simply because at the federal level and at the state level there are all kinds of requirements. At one time the Merrimack River was 97% cleansed of debris but the other 3% was left to the City. Then we went into lengthy discussions about whether or not we were going to have holding tanks down where the ballpark now is. So we have had so many discussions about this CSO, even more so than developing the school budget, as it were. I am not sure when, if ever, this is going to happen. Now again, a lot depends on the federal requirements and right now at least from my way of thinking as prefaced by Alderman Shaw, more things are being thrown out than being required. I am not sure if in time there will be fewer requirements for clean up. You are nodding and saying yes. I am not sure if you agree with me or not Fred.

**Mr. McNeil** stated no. I think the City of Manchester has been a willing and productive partner with the EPA. I think we showed that on the west side by finishing that program on schedule and meeting all of their mandates. What we proposed to them is what we feel is a fair plan to move forward. To answer your question, those regulations aren't going away. If anything they are tightening up. I think some of us saw what happened to our neighbors toward the north recently with their plan and the backlash with that. Again, we have been good partners with the EPA and I am confident we will be able to work with them to reach a reasonable plan.

**Alderman Shea** asked when one administration takes over for another administration don't certain committees at the federal level decide certain things that probably another committee did enact? In other words if there are different members on the EPA in a few years will the requirements stay the same or are these things that can change? I am just trying to gauge this discussion in terms of where it is going to be actualized. When are we going to have a definitive answer concerning the fact that this particular project has to be enacted and implemented?

**Mr. McNeil** replied I would say within the year we will probably conclude negotiations. It is to the City's benefit to move slowly in these and frankly delay as long as possible spending these funds and that is how we will approach this.

**Alderman Shea** asked have you seen a reduction in the amount of money required by the City in order to implement this or have you seen an increase in the amount of money?

**Mr. McNeil** replied an increase no different than the fire station. I think those costs go up every year and they will continue to go up.

**Alderman Shea** asked so in your judgment, to implement this in whatever year, it will cost more money than is required now?

**Mr. McNeil** replied yes.

**Alderman O'Neil** stated with all due respect to Fred, he said it would be in our best interest to slow it down and I disagree. I chaired a committee in I want to say 2000 at the Legislature. In 1993 it cost \$270 million and ten years later it cost on paper over \$700 million and it will be \$1 billion by the time it is done. It is not necessarily in our best interest to delay construction projects. We did see a little bit of a downturn but as we saw in the presentation earlier that you just commented on, construction prices are going back up. Pushing it off is not going to make it cheaper. It is going to require larger rate increases to pay for it. We need to develop a plan that once the EPA finalizes what they will agree to that takes time into consideration. The further you push it out, the more expensive it is going to be.

**Alderman Greazzo** asked Mr. McNeil is this a mandate by the federal government, the CSO?

**Mr. McNeil** replied yes it is.

**Alderman Greazzo** asked how much of it do they pay?

**Mr. McNeil** replied zero.

**Alderman Greazzo** asked so it is an unfunded mandate?

**Mr. McNeil** replied yes.

**Mayor Gatsas** stated well you never know. If there is a change in Washington they might not give you the money but they might remove the mandate and tell you that you don't have to do it.

**Alderman Shaw** asked do we need another motion?

**City Clerk Normand** stated we need a motion to place the ordinance on its third and final reading and Ordain.

***Alderman Shaw** moved to place the ordinance on its final reading and Ordain.*

***Alderman Lopez** duly seconded the motion. **Mayor Gatsas** called for a vote. The motion carried with Aldermen Arnold, O'Neil, Corriveau and Roy duly recorded in opposition.*

**39. Report of the Special Committee on the Manchester Municipal Complex**

There was no report.

**40. Resolutions:**

“Amending the FY 2011 Community Improvement Program, authorizing and appropriating funds in the amount of One Hundred Six Thousand Four Hundred Ninety One Dollars (\$106,491) for the FY 2011 CIP 210211 Homeless Healthcare Program.” [Health- new funds]

“Amending the FY 2011 Community Improvement Program, authorizing and appropriating funds in the amount of Fifteen Thousand Dollars (\$15,000) for the FY 2011 CIP 412411 Hazardous Materials Emergency Preparedness.” [Fire- new funds]

*On motion of Alderman Roy, duly seconded by Alderman Long, it was voted to waive reading of the Resolution.*

*On motion of Alderman Roy, duly seconded by Alderman Long, it was voted that the Resolutions ought to pass and be enrolled.*

**NEW BUSINESS**

**Mayor Gatsas** stated I have a couple of things. I am asking that the Committee on Accounts take a look at the Revolving Loan Fund and all of the loans that are currently in there. I am getting a little bit of an uncomfortable feeling with them so I would ask them to take a look at them and maybe the Finance Officer can meet with the Economic Development Director and come forward to your Committee for a report on the standings of those loans and the last time that payments were made.

**Alderman Lopez** stated the City Solicitor could get the Revolving Loan Account Committee and the people appointed to that. I think there is some authority that they have on that account.

**Mayor Gatsas** asked do you mean Aldermen or just a separate standing Committee?

**Alderman Lopez** replied the Committee on the Revolving Loan Account.

**Mayor Gatsas** stated it is an appointed Committee but I want to make sure that Accounts looks at it because...

**Alderman Lopez** interjected but there is a written agreement with...

**Mayor Gatsas** interjected I understand that but we are the ones that vote on projects moving forward. They don't only come from the Revolving Loan Fund. My concern is that we understand what those balances are and if there are any in default.

**Alderman Lopez** replied that is no problem. There are two people on the Manchester Development Corporation as you are well aware of and they also contribute to the Revolving Loan Account to the tune of \$400,000. I just want all of the cards to be put on the table.

**Mayor Gatsas** replied I have no problem with that. I just want to make sure that one of our Committees takes a look at it. The other thing is you will see there is a legislative update in here in regards to certain pieces of legislation. I ask you all to take a look at it and if there is anything that you think we should respond to, get

back to us. The pension bill...there is an outline here on the sections of that bill. I know that Chief Mara might be the 401<sup>st</sup> legislator up there and the 21<sup>st</sup> Senator because he is spending so much time up there to make sure that he can get his voice heard and make sure they protect the employees of both Fire and Police. There are two other things.

**Alderman DeVries** asked on retirement am I understanding that the Committee on House Bill 462 has added back in?

**Mayor Gatsas** replied yes. They have added it so that it takes four years to get to 100%.

**Alderman DeVries** asked and that is the one that is likely going to give us a big expense impact for this year, correct? People exiting before they are under the cap.

**Mayor Gatsas** replied the reading of the bill, if you read the legislation there are a couple of different ways you can look at it. I am assuming that anybody that retires in 2011 we would get hit with a 25% premium on their retirement that is over 125%. In 2012 it goes to 50% for anybody that retires in 2012. Anybody that retires in 2013 it is 75% and in 2014 it is 100%. So what they are telling communities is get your houses in order and be prepared that if you are not paying attention you are going to see these increases. Obviously it is going to be based on detail pay and a variety of other things like sick time that boost the final year going out. Those are on the table and that passed. I don't know what is going to happen. I can only tell you that I believe as difficult as it is here, you will see that both the House and Senate are going to start holding legislation hostage in that part of the government to see what they get on the other side that is approved. I can only see that as what is going to happen. I don't think they are going to come

to a common understanding saying they are in favor of spiking because there is no spiking in Senate Bill 3 that talks about the retirement plan. The House looks like they are pretty serious about the spiking issue. I don't know where the Senate is so it depends on what happens in the Committee of Conference and trying to keep your eye on that ball is just about next to impossible.

**Alderman DeVries** asked so what have you already sent up there or how have you approached these items that will have a financial impact on us?

**Mayor Gatsas** replied let me tell you that that amendment just got passed. It got passed at the very last minute so there was no way that we could voice our opinions on it. It was already out and in process.

**Alderman DeVries** stated maybe I should ask Alderman Greazzo because he is House leadership. Do you have an opinion to share with us on this or can you help us?

**Alderman Greazzo** replied that is a good question. I don't know if I can help with this. This is something that I haven't been involved with. This is not my area of leadership. I am a freshman liaison so issues that arise from the freshman and their antics are what I deal with as far as the leadership is concerned.

**Mayor Gatsas** stated Senate Bill 3 takes the opposite position of where this bill is. That is why I am saying I don't know what is going to be held hostage as we move through the process. For us that have been up there we all understand how that works and you could be paying attention to a bill that is in the Committee on Conference in one room and all of a sudden the amendment appears on another bill in another room and it comes out and nobody knows that it is done and then it has to go to a vote.

**Alderman Shaw** stated House Bill 617 was on the consent agenda until Will Infantine pulled it off but we didn't get to it today. House Bill 422, the inexpedient to legislate thanks to Shawn Jasper who came to our assistance. He explained that the schools are under local control and the schools are used for various activities and it isn't up to the Legislature to decide how the schools in the local areas are used.

**Alderman Long** stated on that same topic I understand Alderman DeVries' concerns on what approach we take. We have a delegation from Manchester so those communications have to continue. With respect to the pensions, that is...good luck on that because you are not going to know what one hand is playing against the other. From what I understand they are not even together. The House is firm on this and the Senate is firm on that. The bill that the House is looking to pass is about a \$700,000 cut for Manchester's contribution if that goes through. I think the Senate and the House are both on board with that.

**Mayor Gatsas** asked so the contribution would be the same number as this year? Is that what you are saying?

**Alderman Long** replied no.

**Mayor Gatsas** stated two other things and then I will turn it over to Alderman Shea. I appreciate everybody's patience. There is a letter here that talks about the Gold Star Mothers. It is for informational purposes. What I am hearing is that they are selling bricks around this monument. I am not sure if any of us knew that was going to happen. My understanding was that they were just going to place the monument and that was it. Alderman Lopez do you have anything new to report?

**Alderman Lopez** replied yes. I don't know anything about the bricks but I know there was an agreement and if the City Solicitor could get that agreement, Parks & Recreation should have a copy of it and that should have been brought to our attention.

**Mayor Gatsas** asked has Peter left? Tim can you get him a message so we can find out about the bricks around the monument?

**Mr. Timothy Clougherty**, Deputy Public Works Director, replied yes.

**Alderman DeVries** asked can we clarify the date of the ceremony? I am not sure if it is April 4<sup>th</sup> or May 1<sup>st</sup>.

**Mayor Gatsas** stated it says no official ceremony on April 4<sup>th</sup> but it will be on May 1<sup>st</sup>. One other thing. Anybody that wants to attend Southwest Airlines...Mr. Kelly will be in town on March 23 to talk about...I guess I will try to convince him to get more flights out of Manchester. The discussion will be at 11:30 AM at Southern NH University. Any Alderman that would like to go if you could just let Sam know by Friday so that we can get your name on a list and get you into the room I would appreciate it.

### **TABLED ITEMS**

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

This item remained on the table.

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

*On motion of **Alderman Roy**, duly seconded by **Alderman Long**, it was voted to remove this item from the table.*

**Alderman Shea** stated at a meeting of the Municipal Complex Committee this evening we were asked by Mr. Clougherty to present to the Board the petition for discontinuance of a portion of Lincoln Street between Valley and Hayward, just that section; the southern part of Valley and the northern part of Hayward Street.

*On motion of **Alderman Shea**, duly seconded by **Alderman Long**, it was voted to discontinue a portion of Lincoln Street as described.*

**Mayor Gatsas** asked do we still leave that other portion?

**Alderman Shea** replied that is correct.

**Mayor Gatsas** replied so we are going to leave a portion of Lincoln Street on the table? One portion is coming off and another portion is...

**Alderman Shea** interjected they are going to keep Hayward Street from Maple to...

**City Clerk Normand** interjected there are two separate petitions, Mayor.

**Mayor Gatsas** replied right, but there is only one portion of it. It is two streets and we are only doing one. Do you want them both?

**Mr. Clougherty** replied there aren't two sections of Lincoln. There is one section of Lincoln.

**Mayor Gatsas** replied I agree. The next one is Hayward Street. You don't want Hayward Street touched?

**Mr. Clougherty** replied no.

**ADJOURNMENT**

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

A True Record. Attest.

City Clerk