

COMMITTEE ON HUMAN RESOURCES & INSURANCE

March 9, 1998

5:30 PM

Chairman Sysyn called the meeting to order.

The Clerk called the roll.

Present: Aldermen Sysyn, Klock, Pinard, O'Neil
Alderman Shea arrived late.

Messrs.: Mark Hobson, Ellen Malloy

Chairman Sysyn addressed item 5 of the agenda first:

Communication from Chief Driscoll requesting to hire four police officers effective April 1, 1998 instead of July 1, noting 75% of the costs are federally funded.

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted to approve this request.

Chairman Sysyn addressed item 3 of the agenda advising that presentations would be made by the following health benefit representatives:

- (a) Blue Cross/Blue Shield
 - Roland Lamy, Sales Manager
 - Lynne Hebert, Account Manager

Mr. Hobson stated the purpose of this meeting was to have the main groups that represent health benefits to the City employees and Aldermen give a brief presentation and overview of what they offer to the City now. We are currently in negotiations with these companies for the future pricing and don't want to necessarily get into the pricing issues for next year, but talk about what they offer to us as employees and elected officials and introduced the representatives.

Mr. Lamy stated I'll start with a history of the merger followed by Lynne who will talk about current activities; that our senior management due to a previous commitment was unable to attend this evening's meeting; that with the merger in November of 1997 between BC/BS and Matthew Thornton was a unique event for all involved and brought two organizations with similar missions together both dealing with the members at the center of their organizations noting they are both not-for-profit; that Matthew Thornton was now a wholly-owned subsidiary of BC/BS and represent collectively about 390,000 members which is the largest of any insurer in the State; that their intent is to continue the Matthew Thornton namesake, symbols, etc. because they have achieved an enormous levels of satisfaction with member satisfaction with the recent ranking they achieved in *Newsweek* as the number one HMO in the country and recognize their strengths and want to partner with them to know how they can impact the rest of our business (BC/BS) and will be looking to preserve the excellent levels of members satisfaction they've obtained as well as trying to incorporate it into their business practices as well. A current activity with the merger is that most of the focus is on trying to consolidate the two offices which would give about 900 employees at the Goffs Falls Road location and from that point on will look toward developing best practices and policies and processes and trying to make sure that the organization as whole is moving forward.

Ms. Hebert stated she would review the benefits and things that go on at BC/BS that not all members see which really have an impact on what insurance is all about; that one thing that BC/BS firmly believes in is a partnership approach which is what they have tried to do with the City and open up lines of communications where it's goof for the City as well as BC/BS; that prior to Mr. Hobson coming on board, they had worked with Mr. Ntapalis and come up with the BlueChoice Program which was implemented in July 1995 noting it was completed in July of '97 noting the only area not yet included was the Airport who were still on the old JW Plan; that BlueChoice is a point of service plan which has three different levels of benefits and can decide what benefits are wanted when seeking services; that Option 1 is when individuals use their Primary Care Physician (best level of benefits) and it's tight, managed care like an HMO; that the other two options are there if the individuals wish to bypass their physicians and have freedom to go wherever they want; that Option 2 is to go within the network with Option 3 going outside of the network which would also have the highest expenses to the member; that this past September they started working with Mr. Hobson and the MEA, Tom Adams, to look at various design plan changes that the teachers might want for negotiations and also working with a consultant and Mr. Hobson (Mr. Mercer) and have had a few meetings looking at benefit design changes, but still keeping the high quality of the BlueChoice

Program and what they would really like to see is more freedom when it comes to perhaps mental health services and will have something given to Mr. Hobson and the consultant when requested; that they wanted to stress their willingness to work with them to design something that is in the best interest and not come up with merely a core plan which they already had, but wanted to work with them on their best interest/ Matthew Thornton, the HMO offered by the City has a great provider network and a very high-quality of service; that the City representative due to the change of the date and time was also unable to attend this evening and asked that she distribute the packets to the members. With an HMO the individuals must seek care from the Primary Physician, a very strict managed care and have to have the services done by that Primary Care Physician or get referred by the physician to a specialist; that the City currently is on a self-insured basis over a so-called cost-plus basis which means that the claims come into BC and processes them, receive discounts which are negotiated with providers, and the City pays the claims, then BC bills an administrative charge; that we will be providing renewal rates together with Matthew Thornton and BC/BS and because Matthew Thornton is now under the BC umbrella you need not worry about the "risk pool fragmentation" which is when there are a lot of different carriers in a company people tend to go to an HMO which is fully-insured while the self-insured tract will attract a lot of the unhealthier noting it was statistical in nature, but now with the merger that risk pool fragmentation will be avoided and should help this year with the rating going forward. Benefits and how the company practices needs such as quality management, provider management, network management, and medical management which are all areas that most companies have and at BC/BS there is a Medical Director who is over all of these. For instance, medical management is where we work in a geographic area within the State and have nurses who go into the hospitals in these areas because the nurse then knows what the community services are in the area and when a patient is discharged or needs continual care at home they know what services are available; that with provider management we share data with providers by trying to help physicians look at their practice patterns (i.e., what types of services are they having, what's the diagnosis, the outcome) and work in collaboration with them for the best interest of the members; that quality management has focus groups, a new customer advisory committee of which Mr. Hobson is a member of and looking at what they want to see different, what improvements, etc. and are focusing on quality management of what the members want to see; that another program is the "Your Health Program" which is a shared decision-making model and BC is actually the first in the nation who has put all three of the components together such as "Ask A Nurse", people getting medical self-care book, also a

knowledge base on the computer system noting they're out there but have never been put together as one entity and they are now working with Health Dialogue out of Massachusetts and putting all of the components together so that members have the best information as their fingertips. BC's new CEO, David Jensen is very much involved in it as he feels that is the way it's going and the member has to get involved in the whole process and not just between the doctors and the insurance companies; that there had been a meeting about a year ago which Mr. Hobson attended which included both union and management representatives where senior representatives explained everything and wanted to offer it again for those who may be interested; that they're committed to the partnership and feel they are a corporate citizen and can work with the City to provide the best benefits for the City's employees.

Mr. Lamy stated I thought perhaps the Committee might appreciate what the Police Department is on right now which is known as a PPO or an organization of hospitals and providers and BC is going to be offering a similar product in May and asked if they could share a little bit of that so as to get a better understanding.

Ms. Hebert stated a PPO is what is called a "Preferred Provider Organization" and what it is going to be is a type of program where there is an in-network benefit and an out-of-network benefit, but you don't need to choose a primary care physician for your in-network benefit, so you can go in-network to anybody that is in the network or you would have the out-of-network benefit which is sort of what the Police Department now has. A PPO gives people even more freedom but it does have some managed care concepts to it so there are some cost-savings features but people who don't like the managed care concept a PPO is a great opportunity for them.

Mr. Lamy stated one important aspect to the HMO and the point-of-service product is that they have a "gate-keeper" model where you organize your care and received your care as directed through your primary care physician. In the PPO model that doesn't take place although there are other managed care components. If you look at it in terms of the highest level of managed care would be the HMO, the point of service would be your next level, your PPO would be next, and then the indemnity old JW programs would be the lowest level of managed care essentially which is how the costs would work.

Ms. Hebert stated one thing Clark Dumont asked I relate was that there was a press release being sent out today that BC/BS produced positive financial results for 1997, we had a surplus of \$2.2 million and felt very positive for 1998.

Alderman Shea asked are you still associated with Vermont.

Ms. Hebert replied no, we no longer are.

Mr. Lamy stated there is no pure affiliation from a financial standpoint or anything else, we do offer regional type programs with Vermont, Massachusetts, Rhode Island and Maine which allows you to use a managed-care type product, but seek providers in another state.

Alderman Shea asked, Mark, are we going to discuss other factors like financial arrangements in that some who are currently enrolled in Matthew Thornton don't pay as much as those affiliated with BC, is that something that the rates will be adjusted...will it impact the people that are under Matthew Thornton.

Mr. Lamy stated this arrangement was more or less to have you get to know the product in the future and I will be making future arrangements with Alderman Sysyn to talk specifically about financials and the health insurance impact on next year.

Alderman O'Neil asked could you review the four programs again.

Mr. Lamy stated the highest level of managed care which is also the lowest priced product would be an HMO product where you would go to your primary care physician.

Alderman O'Neil stated that would be the Matthew Thornton product, correct and asked didn't BC/BS have a similar product.

Mr. Lamy replied yes, we also have HMO Blue which we had talked to the City about in the past; that the next level would be point of service which is the BlueChoice Program; next the PPO (Preferred Provider Organization) which essentially a non gate keeper managed care program.

Alderman O'Neil asked could you give me an example of how that would differ from the point of service.

Mr. Lamy replied in a preferred provider organization instead of having Options 1, 2 and 3 you might have a similar type program design in terms of cost-sharing such as you might have an office visit co-pay, but you really have an option 1 which is in the network and option 3 which be you're out of the network option

and you could seek care wherever you wanted, but if you did you might pay more out of your pocket, the big difference essentially is that you don't have to coordinate all of your care through your primary care physician, you don't have to pick a primary care physician with a lot of organizations now looking at that possibility.

Mr. Hobson stated the issue we have as retirees with the fact that we have both City Retirement and State Retirement you will see that many more of the State retirees choose to live out-of-state for longer than ninety days at a time in a calendar year which could, but doesn't have to impact their health insurance, so that was one of the factors that was raised, for example, in the last Police negotiations where they were greatly concerned with their retirees with BlueChoice and it's not a problem at all if the retirees are out-of-state for ninety days, but more than that there are other issues that impact it, so the PPO program that the Police picked up just covers a broader base, so retirees aren't impacted and we frankly don't have that many classified City employees that live out-of-state after retirement and we need to look at that and all options as a City; that William Mercer and Company which is the oldest and largest insurance consulting firm in the northeast is working with Manchester to look at its financials with the Blue's and with Delta and also looking at us to help us with program design for the future.

Alderman Shea stated I own a home in Maine, I now have Matthew Thornton and if I get injured up there and go to the hospital asked what happens under this new situation.

Ms. Hebert replied your benefits are the same, Matthew Thornton is a wholly-owned subsidiary of BC, so their benefits are all the same. It would work the same as if you had BlueChoice, if you're out-of-state and you have an accident, you have services, you have to call your primary care physician and let them know that you have had a service noting that would not change even with the merger.

Alderman O'Neil asked are there many left on Plan J.

Mr. Lamy replied we don't have a whole lot of business left on that indemnity J-type Program anymore, we have well over 50% of our business now, we just want to make sure we have a broad product portfolio.

(b) Delta Dental

Erika Flewelling, Division Service Manager

Ms. Flewelling stated I have handled this account since inception; that each Delta has its own operating guidelines noting they were Northeast Delta Dental and cover Maine, New Hampshire and Vermont and have their corporate office in Concord, NH where all of the claims are processed and have a sales/service office in Burlington, VT and one in Saco, Maine with all of the systems set up in Concord to process claims. Our program is based on participating dentists concept and have for many years recruited dentists throughout our region and have approximately 90% in the State of NH that participate with about 85% across the three-state area; that in the Manchester area we have 93% which makes a strong organization of participating dentists and what it means to the subscribers and the City as a client is that they file their fees directly with us and we establish a maximum allowable or the 90 percentile and pay our claims based on those filed fee, if however, the dentist wants to refile fees and increase their fees for all of their given services and they must do this for all of their clients, we still establish a maximum allowable and if their fees are higher than nine out of the ten of the state dentist charge we cut those fees back to the ninetieth percentile and they cannot charge that difference to the subscribe; that it's a very important cost containment feature and claims are also based on many processing policies and there are many where there are procedures where we do not allow a participating dentist to charge a subscriber an extra charge; that claims are audited regularly; that subscribes are allowed to go to any dentists which is a broad type of a PPO as the product is based on a program that works; that subscribers may go to non-participating dentists and there may be a few more dollars out-of-pocket; that one an out-of-state basis they would pay based on the prevailing fee for actual dentist charges in the geographic area in which the service was provided; that is was a full-insured product by setting rates based on prior years experience and set a rate going forward for what they expect their claims processing costs will be plus the administration and every year at renewal time they look at a 12-month experience to set the following year's rates and there is a guarantee of excellence program which they began in 1996 which has seven points of service guarantees where if they fail to process 90% of your claims within 15 calendar days they return to the City administration costs; that it has been the same coverage since the beginning, however, had heard that some people may required crown, dentures, or orthodontia work thereby increasing coverage; that Coverage A included preventive diagnostic, Coverage B the basic and restorative, Coverage C entails all of the major services such as dentures, crowns, caps, etc., and Coverage D strictly orthodontia.

Alderman O'Neil in reference to the expanded levels asked if it was a negotiated item or was it something the City could make a decision on.

Mr. Hobson replied as you know health insurance is a negotiated benefit across the board for all contracts; that Erika and I have talked about what it would take to add more to this package in terms of cost and we could certainly bring that on as an offer to non-affiliated and can offer it as a possibility to all of the unions noting COPE group that oversees all of the unions has been hearing to expand dental noting some unions would perhaps share the full cost of the difference if we could at least offer it to them and William Mercer will also be looking at claims experience and costs and giving us some more hard financial data, so the answer is it could be brought to about 400 people immediately and the City could make that decision with the remainder being negotiated.

Alderman O'Neil asked what is the general coverage, is it A & B.

Ms. Flewelling replied the majority of the municipalities that we handle maybe 15,000 people through the NH Municipal Association; that the City of Keene is the only one with A & B coverage, the majority have at least A, B & C with more and more going for orthodontia and would provide information to Mr. Hobson; that a lot of her groups have higher coverage but their employers are not as generous as Manchester as far as the total premium; that there are other funding methods and could provide a self-funded program, but wouldn't suggest that until the City's experience settles down and suggested that Delta Dental take the full risk until the experience comes down, but certainly they do provide self-funding with a ceiling on it.

TABLED ITEM

On motion of Alderman O'Neil, duly seconded by Alderman Shea, it was voted to remove the following item from the table for discussion.

Communication from Sam's Club requesting distribution of extended passes to City employees.
(Tabled 2/17/98)

Clerk Bernier stated the Board had raised questions at a recent meeting expressing concern as to whether or not there were hidden costs involved.

Alderman Shea stated one of the questions raised was that some people bought a particular membership with others who were being afforded whatever the passes were.

Ms. Malloy stated there were benefits offered to large organizations to be used 365 days a year.

Clerk Bernier stated a question raised at the Board meeting was if there was a fee charged. For instance, they might purchase an item and then a 5% fee tacked on at the register.

Ms. Malloy stated under item 24 there were different ways benefits could be offered through Sam's Club which are the passes as well as memberships; that if the department's bought the first membership then the other employee's could be offered memberships for \$15.00 each rather than \$30.00 for a membership, so it was another way to offer a discount for employees to the City. So, the pass is another level of benefit; that just about every one of the schools have business memberships, but only a selected few are on the membership, so if you want to offer a benefit from Sam's Club to all of your employees at a particular school you could offer them the Advantage Program where she could go and explain the programs.

Clerk Bernier stated that during the holidays the Board approved a 90-day membership for the employees which were distributed via payroll checks and then a communication was sent by Sam's Club indicating they wished to continue the program noting he did not believe the City wished to get into a situation of buying programs for its employees with the Board taking a position where they do not wish to continue this practice which is why this item was tabled; that if each employee was given a membership now for 90 days would they pay the 5%.

Ms. Malloy replied yes, there would be a 5% charge; that the pass would allow them to get in to get a free +5 Card for the year.

Alderman O'Neil asked what would be the difference if I walked in off the street and joined Sam's Club, what would it cost me.

Ms. Malloy replied so long as you were qualified through a business or through city or state employees.

Alderman O'Neil stated there is no advantage as to whether a school joins for \$35.00 or the city as a whole program.

Ms. Malloy stated each department would have to have a separate membership because there are just so many that can be placed on those memberships.

Alderman Klock stated by giving this out, I can go into Sam's Club, I don't have to purchase anything, but I can sign up for the membership at a discounted rate.

Ms. Malloy stated not a discounted rate.

Alderman Klock stated you keep talking about department heads and I'm not entirely sure of what you are saying, so if I am a City employee and I have this pass all I have to do is go into Sam's Club and say I want to sign up and become a member.

Mr. Hobson asked is this the same program that was presented to and accepted by the School Department about two years ago.

Ms. Malloy replied she did not know; that there might be complaints about the 5% charge, but it was stated on the coupon and maybe there was a way employee's could be notified of the 5% noting they would be able to get a membership this way.

Alderman Shea stated if we did it for Sam's Club, why not do it for other organizations.

Mr. Hobson stated when the passes were originally distributed in December, the employees had thought they would get a better deal than they did and felt it was not defined as it should have been; that the second thing is when information such as this is distributed to employees it's generally a very real and perceived benefit to the employee such as when information was distributed about Bell Atlantic's cellular telephone systems they could see a Bell Atlantic group discount rate of "X" when buying the phone and could see by reading the ads that there was a perceived benefit and asked what is the real benefit the employee will receive and is it spelled out clearly to them through the documentation, so if the Aldermen were going to accept this there needed to be a clearer communication vehicle.

Ms. Malloy stated it was very misrepresentative by saying "one-day guest membership" when you have the 5% up charge, but maybe it to the fault of the person not reading the whole thing, but it can be pretty unclear.

Chairman Sysyn asked what the Committee felt on the issue.

Alderman O'Neil stated he did not feel comfortable with it as he did not see it as a benefit, but rather a marketing tool for Sam's Club and asked if there were any other programs.

Ms. Malloy replied it was a simple program which could be given out to all employees and they could then make their own decision; that there was a membership they could get free but pay 5% each time they go in.

Mr. Hobson stated he thought it was too confusing, if the Committee couldn't understand it and the employees who wouldn't actually use it are confused I think we'd be asking for trouble and suggested that Ms. Malloy sit down with him or someone within Human Resources and try to hammer out something which is realistic, clear, and concise and something the Board could buy into and the employees could understand it if they could not come to any agreement it would then be like any other benefit.

Alderman O'Neil moved to the recommendation as outlined by Mr. Hobson. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Chairman Sysyn addressed item 4 of the agenda next:

Update by Floyd Decker, President, Yarger, Decker, & Thomas, Inc.

Mr. Hobson stated the reason of having Floyd Decker here this evening is one of good timing as he was in town this week meeting with all department heads and trying to come up with some realistic proposals to put into so-called "wet cement" so that it could be brought in for budgetary purposes by April 1st, with a timetable of making modifications between April 1st and June 1st as they would need to see what the City could afford and which department heads felt realistic with their departments; that Floyd, in my opinion, and I was hired after Floyd was selected by the Quality Management Committee, has attempted to over communicate to people about what he is doing and how he is trying to do it; that he has met directly with several employees and with union groups; that there was the Oversight Committee which included four union representatives and trying to get as much employee and union input into this process as we can and I could give you names of employees who have talked to Floyd from home on Sundays where they've had concerns and couldn't reach Floyd during the day and he took the time to call them from his home on Sundays out in Idaho, so today has been a busy day where we started at seventy-thirty this morning talking about specific

department's (i.e., Police, Fire, others) and now Floyd and Jack have been meeting with individual department heads and also some union groups before the end of the week and I wanted Floyd to give you a snapshot of what he is doing and what some of his thoughts are to date and then to allow members to ask questions.

Mr. Decker stated we have provided the department heads and all employees with class specifications/job descriptions based on information employees gave us and based upon personal interviews with over 70% of all of the City's employees which was done prior to the end of '97; that we sent to each employee what we think their work/job should be defined in terms of its general statement of duties and essential tasks performed and what distinguished their jobs from others, knowledge, skills, and training, and ADA requirements and so Jack and I are meeting with some employees but mainly department heads and supervisors this week to get the editorial changes that the employees and supervisors and others have suggested, not very many; that there have been some changes which are really interested and we probably missed a couple of three classifications that they convinced us should be somewhat different and so our next step when we finish at the end of the week on Thursday morning we meet with the Quality Management Committee and inform them of something similar to what we are doing here tonight, with a little bit more information because we would have met with some of the other department heads; that our next step is to go back and make a very quick determination of what we call internal equity, in other words where should one job be relative to another in terms of pay without actually looking at the numbers... what we call a fact report analysis...should a police sergeant be paid more or less than a risk manager; that on the basis of that and the returns that we have to date on the compensation survey which is looking very good with a 50% return, give you and the Quality Management Committee a rough number, whatever that may be, what we think it would be to implement the plan. If we find that we are on target and you say that looks fairly affordable and keep in mind the object is to implement the study with you, I don't want to see this go on the shelf; that if we find and if you believe that our recommendations are too rich then we all need to work together to figure a way to implement that in maybe a two-year period and maybe we back everybody down equally from our original recommendations to preserve the internal equity in order to get to a number that you can use and implement; that we will work with the Quality Management Committee and you and Mark to make sure we get there so that this is not a wasted effort; that we've got an excellent track record in implementing plans as we've talked about before and that is what I want to do; that when you see these recommendations, I hope you'll look at them in the context in which we give them to you and that is look at the internal equity, look at the market and see where you think we are and if you have concerns let Mark know and Frank Thomas know as

the Quality Management Chairman and we will answer and stand and defend anything we do and if we can't we admit sometimes that we make mistakes on these, but I think you'll find very quickly that we're going to begin moving toward implementation of this study. My hope is that after we give you your number later this month then we can then move to conclude the whole thing in about six weeks to a final number for you so that you have plenty of time between May and July to do what you have to do in order to make it work; that there are a couple of interesting things and I don't think that they are particularly secret that we're going to recommend...one is that we're thinking of creating a new class of positions in the Police Department and they will be called Police Investigators/Specialists... they are between a Police Officer and a Sergeant, they are people who are detectives, they work in the Juvenile Division, whatever the case may be and usually when you select a detective or person for the Juvenile Division or Family Matters you pick the best and the brightest out of patrol and even the unions have admitted to that and if you give them a year's probationary period, you still have time to watch them before you make that permanent and once they pass their probationary period we would have this intermediate position which creates a stronger career ladder/opportunities in the Police Department to work up the scale; that there are other similar changes like that that we've made with the view being to reduce the total number of types of jobs that you have, broaden out the definitions but at the same time to improve career opportunities for people either within a department or cross departments; that another thing we want to suggest to you is that we look at...for many employees and particularly non-union employees that we make the pay based on satisfactory performance instead of just an automatic move up the ladder and that may be a way to reward not only satisfactory performance, but extraordinary performance, but not in terms of base pay...in terms of some bonus of some kind because if I work for Mark and I do a great job an extraordinary job this year, if that is rewarded in terms of an increase in my base pay you just gave me an annuity for the rest of my life and maybe next year my performance is not very good, but I'm still getting money for that one year's performance; that another thing we want to look at is rewarding employees for the acquisition of new skills and knowledge that are of value to the City. Let me give you an example of that...let's say we have a Park maintenance worker that basically mows the grass and pulls weeds, where is that person going to go other than mow grass and pull weeds. But, what if the Director of Parks & Recreation says we need two or three people to help repair sprinkler systems and that employee knows how to repair a broken sprinkler head so maybe instead of being in paygrade 8, they go to paygrade 8(a), a couple of percentage points ahead of (a) and as long as they are with the City they continue to earn that paygrade 8(a) because they have that extra skill. Now, if they leave and you replace that employee who can't do sprinkler systems, they go back to paygrade 8, until they

also learn to do it; that principle can be applied in many cases. It can be applied to someone who may gain a certification say of the Board of Assessors, right now you've got three Assessors on the Board, two of which are primarily residential and one which is primarily commercial. What if the second one gained the capability to do commercial or some other certification for a property appraisal or assessment and you may want to create a grade there. So, every job...secretary learns to do Microsoft Access Database or Excel, every job...not just class of job in the City may have certain skills that would be of value to the City. If we could identify those skills over a period of a couple of years, now you can begin to encourage your workers to gain some additional knowledge of value to them and helps them along in their career and then their other pay is based upon satisfactory performance. Now, of course, that doesn't work...in some cases the unions feel more comfortable with an agreement where they move up on the basis of just not getting fired because in some ways many people feel that performance evaluation has failed because the supervisor's have failed to take it seriously and the supervisor's don't really know how to relate in terms of their employees. So, we may be able to work with the supervisors in teaching them on how to be objective in some of those things rather than subjective. So, performance evaluation can be subjective and have to be very careful there...the skill and knowledge basis is very objective because you either get the credentials or you don't. So, I think you're going to find that those in bargaining units are going to lack the skill and knowledge based aspect and they may want to opt out in the performance evaluation initially until they see it work for non-union employees. You'll probably want to kick that around as it is just a short version of where we are and expect to be back by the end of the month with some numbers and then be back shortly after that to talk about performance evaluations and submit a final report. On the question of ordinances we will be providing Mark with rules and regulations for the maintenance administration about the classification and compensation. We were talking today that Hugh or someone in Human Resources is going to help us take that and modify the ordinances to be consistent with that so that you have a chance to look at that soon and we will also be working with him on the Employee Handbook to go through pieces of it and put that together as well.

Chairman Sysyn stated there are differences in pay between department heads and some deputies.

Mr. Decker stated we are going to look at every position, not only department heads and deputies, but all of them about the differences between what one position gets and another one doesn't because in some cases if I'm working in a position and someone says I want to offer you an opportunity to be promoted and particularly if that promotion takes me out of overtime under the Fair Labor Standards Act, at that point I'm going to give up my overtime unless there is an adequate differential between the position I'm in and the position I'm going to be promoted to, I may turn it down. So, the same thing with department heads and their deputies...how much difference should there be...we're going to measure every one of those and make recommendations to you, but typically, we like to have enough gaps so that the promotion is worth working for, but it isn't so much that it discourages the worker from being able to put in adequate effort.

Alderman Shea stated maybe the study will clarify it but some department heads have come in and said well, when this particular individual was hired for the job several years ago, we explained to that individual that they would be paid overtime as part of their job classification; that in turn has created problems because what has happened is some of them are considered exempt employees under the ordinance and so forth, so I am assuming that in discussing it with Mark you have clarified that kind of situation.

Mr. Decker replied yes.

Alderman Shea asked are we, as Aldermen/Women, are we going to receive the report prior to the department heads or are we going to receive it simultaneously, what is the timing of the release of the report.

Mr. Decker replied my understanding is that I'm supposed to give a general report to the Oversight Committee and then the Oversight Committee, Frank Thomas will report to you or ask me to come in and report to you. My guess is that that would be prior to a general release. Some city councils or boards of aldermen prefer to let the report out first to see what your reaction of employees are. Some prefer to look at the report and say we think we can do this, now let's release it and see what the reaction is in terms of appeals; that is strictly up to you. I don't feel that I am going to release this generally/publicly except to Frank Thomas to let him take a look at it on a confidential basis and take it back up until you give us the green light that this is worthwhile and to send it out because you know as well as I do that once this thing gets into the hands of just a few people they'll be Xeroxed and be in the hands of your newspaper in a New York minute.

Alderman O'Neil asked do you feel an obligation to present it to the Oversight Committee first.

Mr. Decker replied they were the ones that hired us and that's been my instruction to date. Now, if someone were to change that instruction, I would, but the question was do I have an obligation to present it to the Oversight Committee and I said that's in our contract.

Mr. Hobson stated it's kind of hard because the Quality Management Committee is the originator of the contract and I don't know the details behind that because it's a little bit before my time, but I do know that the QM Committee which has the two Aldermanic appointments are supposed to be the ones that review the documentation first. I don't see the Quality Management Committee's as close-session by any stretch, but the concept was to include the unions so they have a shared knowledge and they don't feel that we're doing something beyond their...

Alderman O'Neil asked what about a joint presentation. My concern as you indicated is that it is going to be photocopied about 15 minutes after they leave that room and then I start getting phone calls and I haven't even seen it.

Mr. Decker stated let me assure you...I've been through this a lot and there are ways to keep this away from the media till we're ready. First of all, it isn't the Committee's property until we release it as a final report. Now, when we release it, it is your property in every aspect to it - electronic paper and everything else. But, I would do with the Oversight Committee is go in and say here are the results of the survey, here is what we think the numbers are, it's going to cost "X" percent and what do you think and that is before we show them the details to give you a sense of where you want to be in terms of the bottom line number which I think is one of the first things you are going to be concerned about is can we afford this. Now, once you say if we can get it down to this number, we can do it and we can get it down there then we can talk about the details...at that point we know that if we hit a certain number and London Bridge doesn't fall in terms of just a reaction to everybody that we've got a chance at implementation, I think we feel comfortable to going out to the employees. My general experience has been the quicker we get out to the employees the better because there will be rumors, there will be fear, they'll be anticipation...all of this and they'll hear that we'll recommend this or that...they so far have been very straight with its employees. But, I think that's the first thing is to watch very carefully when you go and share it with the Committee there is nothing wrong with handing out a draft and picking

it right back up because the only thing they can pass is only verbal and we emphasize that this is our final draft before we send the final report in. The worse thing in the world you can do is have this thing appear in the press because you don't want to read it there, the employees don't want to read it there.

Alderman O'Neil stated that is my concern. We've got to see this pretty much as quickly as the Oversight Committee because we're going to get the phone calls.

Alderman Shea asked how extensive is your report, is it a 20 pages, 50 pages, a hundred pages.

Mr. Decker replied it's three volumes and will be about 1,500 pages. It will include the job descriptions and everything otherwise it's going to be four or five hundred pages of data and analysis and that sort of thing, but there will be a summary so that you can go in and see the key findings and recommendations and then they will be referenced over and if you want to go and look at the details you can. Some of you will be interested in the details and some of you won't. For example, if we make a recommendation like I talked about with the Police Department, you may want to thumb over and say well what are these other cities that we surveyed paying their police officers, what are they paying for fire. You'll be able to see that if you want to. How do their benefits back up against the benefits that you have; that information will be in the appendices and it's all very technical, but we will also do a summary for you tot ell you what we found in our interpretation of it.

Alderman Shea stated I think the bottom line is going to be how much is it going to cost, we can talk about other matters. If it's going to add \$15 million to the tax rate or \$10 million, \$5 million...

Mr. Decker stated I made a mistake a long time ago in my life and I got elected to a city council at one time and I think in most of these studies what you want to come in with is a minimum rate of pay, you want to make sure that for most employees they're current pay is above the minimum that you are recommending and so your maximum rate of pay is competitive in the market so that you don't have a whole bunch of employees who are below the minimum and you have to move in eight or ten percent to get them to the minimum. We want to make you competitive in the New England market within 45 minutes if you're in a circle, roughly. But, that doesn't mean you have to meet with what Boston's paying or what some of the others are paying, you just have to be sufficiently competitive.

Chairman Sysyn asked can we do this in parts if we can't afford to do the whole thing because I think it's silly for us to do the study and then put it on the shelf, but if you could do it in portions...say so much this year and so much the following year.

Alderman Shea asked is this suppose to impact the budget of '99.

Chairman Sysyn replied yes.

Mr. Hobson stated we have to put in a budgetary number. Well, the Charter is requiring that we put a budgetary number in before April 1, but you don't have to...there's going to be a lot...if it's anything like what's happened in the past there is going to be a lot of discussion and negotiation about what that bottom number will be.

Alderman Shea stated I am going to be very political here which is what I am...outspoken. I don't want the Mayor to come in with a particular figure and then we as Aldermen come in with a figure that's going to be somewhat akin to the recommendation and the Mayor is going to back off and say, it's not my problem now, it's your problem. So, I want to make sure that we are a Board of Mayor and Aldermen, not just Aldermen; that is what I'm saying. I don't want somebody to say as we have in the past...well, I'm protecting the taxpayers here, but the Aldermen are proposing this and I don't want that to happen.

Chairman Sysyn stated I think the Mayor would like to see us implement this.

Alderman Shea stated he has been in favor of it, verbally and I want to stress that, and I apologize for giving my opinion.

Mr. Hobson stated your opinion is a good one. I think one of the things we are trying to do this year to avoid that is your Chairman, Alderman Wihby is on the budget task force with us this year and he is going to see that number as part of the Operating Budget Task Force, so it won't just be a Mayor number coming out of nowhere, if you will.

Alderman O'Neil stated in speaking for myself...a number goes to the Mayor and a number should go to the 14 Aldermen, at the same time, not a week later.

Mr. Hobson stated, Alderman, there won't even be any time because of the deadline that Mr. Decker is under and he realizes that he's got to crunch.

Mr. Decker stated the way I see doing it unless someone tells me this is wrong, I see meeting with Frank Thomas, telling him the number, and Frank can turn around and call a meeting of the Board of Mayor and Aldermen and bring Decker right into the room and we'll do it right there.

Alderman O'Neil asked how do you handle the situation with Police and Fire, I believe both of them were probably in 12th or 13th in pay compared to other communities, but yet we don't have high turnover with Fire, but very high turnover with Police. Does the turnover part happen to enter into your recommendation.

Mr. Decker replied if you've got a problem where you're losing your police officers to Nashua as you just did recently, one of them. You've got a lot of money you're spending to train those police officers and they're going right down the tube and so you can either spend it on training officers or try to use it to enrich their pay to keep them there. Now, Fire tends to turnover slower for a lot of different reasons. There's always efforts on the part of Police and Fire to maintain parity, but on that issue we again want to make you sufficiently competitive so if someone tries to steal one of your officers that they would think three or four times because they do it.

Alderman O'Neil asked is there going to be a recommended grade that will be the cutoff for this exempt overtime that we've gotten ourselves into a lot of hot water over.

Mr. Decker replied not quite that way. We are going to look at each individual class of jobs and recommend to you whether or not that position should be exempt or non-exempt based upon the job content, not an arbitrary grade because what happens is typically in the lower grades they are all non-exempt and in the upper grades they're typically all exempt, but there is this middle level where if you just draw a straight line and say everybody above paygrade 20 is exempt that is what gets you in trouble. So, what we will do is look at each job based upon its content and that relationship to the Fair Labor Standards Act and we will tell you whether that is either administratively-exempt or whether it's non-exempt or if it's exempt on what basis is it exempt (i.e., administrative/executive/professional). So, you'll have a list and can show that to your attorney, you can show it to anybody and it can be questioned. Mark can question it, Quality Management Committee may question it, but those regulations are pretty straight forward...there are some areas like in computer technology today where there's a number of court cases whether a computer specialist is exempt or not, there is some controversy over some positions, but not very many. But, we will give you a clear listing so that you can

say from here on that you are going back to your question about that overtime issue and we will also tell you what the practice is of some of the surrounding cities that are paying overtime for exempt and non-exempt employees. You can pay overtime to exempt employees if you want to. Very few cities do it. The last city I saw doing it to any extent was the City of Cedar Rapids, Iowa and wished they had never started it. You can pay overtime under certain, extraordinary conditions like the Mayor or the Board of Aldermen calls a state of emergency like you had the big ice storms up here and maybe you'd do it then or maybe you don't; that's a policy issue for you, but generally if you're exempt you don't get overtime and if your non-exempt you do and try to figure out where that is.

Alderman O'Neil stated you will have specific recommendations, correct.

Mr. Decker replied by class. It will be a table and it will say class title and it will say whether it is exempt or non-exempt.

Mr. Hobson stated the issue with the Fair Labor Standards Act is very important to remember and the confusion is that our current ordinance and this is not against anybody or any place and time in Manchester, but the current ordinance is not, in my opinion and I would say that several District Court judges would agree with me, is not in line with the Fair Labor Standards Act. This municipality is getting creamed when they draw a line and say 22 or above no overtime, 22 or below overtime. You can't do it that way, it's against the way the Fair Labor Standards Act is structured. It says you have to have this sort of test, this litmus test of what the job does and that's one of the things that we're asking Floyd to get us out of trouble with because that ordinance is a liability waiting for somebody to pick it up.

Mr. Decker stated I would give you a very simple ordinance. You're going to pay overtime to those people who are non-exempt and you're not going to pay overtime to those who are exempt period. Signed by the Mayor and the Board of Aldermen and if an employee doesn't like it they can challenge whether it's exempt or non-exempt.

Alderman O'Neil stated you are saying that we could have in one department a 25 that's exempt and that in another department if we use our current grade you could have a 28 in another department that was non-exempt.

Mr. Decker stated theoretically you could. Let's say that 28 is a Master Plumber and the 25 is a Junior City Planner, you could have a plumber that is getting overtime and a junior city planner that was exempt.

Mr. Hobson stated highly unlikely based on the data that I've seen from the study, highly unlikely that that will happen. We will get this straightened out, so there will be a clear case of being able to say yes/no in the future.

Mr. Decker stated you're protected a lot better if you go on the basis that it is either exempt or non-exempt.

Alderman Shea stated one question that is very difficult is evaluating the performance of an individual, in other words who evaluates the capabilities of the evaluator and that's one of the points that in your report that I would be extremely interested in, in terms of how do you remove in an evaluation the element of favoritism or cronyism, even being prejudiced against an employee because of their performance; that is going to be very difficult...they've tried it in different areas and it sounds very good...if this person does the job they should be rewarded, they should be prompted but we don't always see that. We see other means of promoting, but in your report you are going to bring forth mention of performance.

Mr. Decker stated we are going to make a recommendation to you for a system. Now, one of the reasons performance evaluation systems are not well-thought of or have not been highly successful to date is not because of the employee, but because of the supervisor's inability to do it. To sit down and be honest and be straight forward and objective in doing it.

Alderman Shea interjected the reason that is is because the supervisor's political and they are incapable, in many instances, of being a true evaluator.

Mr. Decker stated one of the ways to deal with this and this sounds awfully simplistic is if you are committed to a performance evaluation system, the Mayor is committed to a performance evaluation system, and you insist that your department heads and your supervisors be committed to it. If you find a supervisor doing that, you fire them, they're gone and once they learn that unless they do a good in doing it that is one of the things that they are expected to do.

Alderman Shea stated one of the problems we have in our society too is that there are so many loopholes you can jump through. In other words, the supervisor may recommend that a particular individual is not doing the job as they should and they may recommend that individual to be fired, they may end up being fired because the guy that they are trying to get rid of has more political pull than they have.

Mr. Decker stated if you look at performance evaluation for what it really is or what it should be you're most important assets of the City are your employees. Now, if the purpose of performance evaluation is to help strengthen their performance that is the real task and in doing that they can be rewarded if they do a really good job, but that the negative side is to find out how you can help them overcome that negative side and how you can help them overcome their shortcomings, if that is the way the supervisors come to view it.

Chairman Sysyn stated that is the way it is supposed to be when you're evaluating, it shouldn't be on a personal level and sometimes you have "X" amount of employees under you and you might not like all of them.

Alderman O'Neil stated you are going to make several recommendations of which performance evaluation is one of them. Is it a package deal, if the Board says we run chicken, we don't want to do it. Do you still stand behind the rest of your recommendations or is it that it has to be that way.

Mr. Decker replied no, we can't do that to you. Each system needs to be tailored for you, this needs to work in the culture of Manchester. What works in Des Moines or Cedar Rapids or Auburn, Alabama may not work here. What works here may not work in Portland, Maine. It depends on the culture of the organization and we would make a recommendation to you on how to phase, we're going to say how you can phase this in, you don't have to do it all at once. The other recommendations you can take, we're not going to give you a situation where you can take it or leave it. I think the principle reason we are here is to give you a good classification and compensation system. Performance evaluation in our RFP was mentioned as sort of a secondary aside and said let's take a look at it, let's see if it works or if it can be made to work here and we're going to spend a couple of days with the Quality Management Committee exploring some of those issues and make a recommendation to you. But, no, I really don't want to do that because that's not fair to you and it wouldn't be fair to us to come up with a perfect system.

Mr. Hobson stated there are several sections that Floyd is looking at. One, was the employee interview turning into the comp and classification spec and then he more or less will sell that system which is a budgetary issue for you to consider. Tied into that is the performance evaluation system that he just discussed; ordinances which will be affected by the new comp and classification system. How to develop then an employee handbook which could be given to each and every employee so they know what the rules and regulations of living and working in

Manchester and how you develop a Human Resources system to maintain it. So, you've got several components but you don't have to buy the whole thing nor buy it all at once. Obviously, we will try to work it so that it is something you can buy because you paid for it.

Chairman Sysyn stated you've never had an employee handbook.

Mr. Hobson replied no, there never has been one. There was an administrative regulation booklet drafted in 1967 that was never adopted.

Alderman Shea stated there is no recommended timeframe for the implementation; that will be decided by the Oversight Committee who might make a recommendation, but the Board of Mayor and Aldermen...

Mr. Decker stated we will make a recommendation to you as to how you can do it and that is where that number would come from. Now, when we look at that number maybe we need to get back in the room together and explore a lot of things. You said maybe one way to do it is in two years, another way is to implement it...is to annualize your cost. Maybe you don't have a cost of living increase this year, maybe you do. Another way to do it is to say that any employee who gets more than "X" percent increase gets only that increase and they get the balance the following year; that there's a dozen different ways to do it. What I think is really important for all of you to realize is that this begins to come down; that unlike a cost of living increase the impacts of this will be unequal because we are trying to correct inequities so, therefore, the answer solution is going to be unequal so you are going to have some employees say you mean to tell me that after all this effort, I'm getting a hundred dollar increase per year while Jack over here got \$5,000 or \$850, why did he get \$850 and I got a hundred and that is where you are going to get some flack that it is unequal. But, it is unequal because we are correcting different things at the same time.

Alderman O'Neil asked does the RFP require you to stick to you, do you come in periodically over the first year or is it when it's approved you're out of here.

Mr. Decker replied when it's approved, as a former client of ours we're available anytime at no charge with telephone calls and suggestions and that sort of thing and then we've always said that if they want us back for other things to help implement it, it's just per diem matters if that is what the Quality Management Committee wishes us to do.

Mr. Hobson stated I would expect that we would want Floyd in some capacity next year as we start...just because you might have unions that start asking questions about we combine it to this piece, but we need this and that and we don't have that data how are we going to get that done. A lot of times outside counsel helps to settle a lot of things when they don't think it's coming from somebody who has an ax to grind or whatever.

Chairman Sysyn thanked Mr. Decker for his time.

Chairman Sysyn addressed item 6 of the agenda next:

Communication from Human Resources submitting a proposed overtime ordinance for informational and discussion purposes only.

Mr. Hobson stated obviously this is a sensitive issue and this was out to all of the department heads and I told the City Solicitor that I wanted this to go to our Committee at the same time, just so that you at least have the document and you know what's going on and you know it's in process. What I would encourage you to do which three departments heads so far have done maybe take an opportunity, maybe not tonight, but you have this in your hands and maybe you could talk about this, think about this, make some suggestions or recommendations and get it back to me so that we can then go back to the Solicitor after we get the documentation back from the department heads and say okay, now we've got a lot of things to consider, let's pull this back together again and then we're sending it back to Floyd one more time. Because we've already paid for him to look at this and to produce this, so we don't want to produce this in a vacuum, we want to get his imprint on it before it becomes law.

Alderman Shea stated I have a concern. If one were to turn to page one under Administration it says "emergency overtime requests shall be forwarded to the Human Resources Department no later than five work days after the overtime is performed. Planned overtime shall be forwarded to the Human Resources Department at least five work days prior to the start of the overtime. Emergency and planned overtime shall be reported as justified by the Mayor." Now, as an Alderman, I don't want to give up some of the responsibility as an elected official.

Mr. Hobson interjected that is in the Charter; that kind of wording in the Charter. On the “emergency standpoint, for example, something will happen at Water Works as happened this past week. Somebody was out sick and somebody went to a seminar and something happened and what they would generally do, to their credit, is Tom Bowen or Bob Beaurivage usually call me and say this is going on, you need to know about it, we’re going to fax it over to you, it’s already happened. At that point in time, he’s a non-exempt employee and you’ve already approved him to get overtime.

Alderman Shea stated those are all non-exempt employees, okay.

Mr. Hobson stated these are people that you have already approved to get overtime.

Alderman Shea stated wouldn’t it be better to put in non-exempt employees.

Chairman Sysyn stated it was listed further down.

Mr. Hobson stated we can maneuver those around.

Alderman Shea stated fine, that’s not a problem at all.

Mr. Hobson stated sometimes you assume people understand this stuff because you’re dealing with it all the time, but you want to designate it right from the getgo in terms of say exempt and non-exempt.

Alderman Shea stated I’m not opposed to exempt employees.

Mr. Hobson stated under this structure exempt employees have to come before you for overtime approval.

Alderman O’Neil moved to receive and file item 6. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Chairman Sysyn addressed item 7 of the agenda next:

Communication submitted by the Human Resources Director for informational purposes:

- A. New Hire Report
- B. Termination Report
- C. Vacancy Report

Alderman Klock moved to receive and file item 7. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

Mr. Hobson asked, Alderman O'Neil, do you want to see the vacancy reports; that these are open positions that we're recruiting for, do you want to see these on a monthly basis.

Alderman Shea stated to me, it just gives me a sense of what's going on in departments. If I'm correct under the Charter if it's a budgeted position, they have the right to filling it without coming back here for approval unlike previously everything had to come here for approval. So, I think it's helpful.

Mr. Hobson stated I like that we're doing this because I think you need to know what's going on in the labor market, in the city, what's happening in my department; that this is Human Resources and we are different, I need to tell you that there are times where I will get up to 200 calls a week and over a 100 walk-ins of people filling in applications and it creates cyclical issues for us. I sent to you a report which you didn't get yet, but you will be about the...because of the change in the labor market that's happening right now we're having huge difficulty finding certain types of positions to get people to actually be there and we're spending a lot of resources and time on the recruiting process and we need to fix our recruiting process going into next year, you're going to see some changes.

Alderman O'Neil stated the report hopefully will help solve a lot of that, correct; that a year from now things should be a little better in your office with regard to turnover.

Mr. Hobson stated Human Resources has to have a much more systemic organized approach to the way we do business as opposed to reactive and reactionary and knee jerk, we have to be led by policies and systems as opposed to someone called and yells and now we're doing something about it.

Alderman Shea stated under the New Hires report it says date of birth, some were born 1/1/98.

Mr. Hobson stated that is like that because the system fills it in with no date whereby the hiring department doesn't enter in any information, we'll talk to the departments about it.

NEW BUSINESS

Communication from the Human Resources Director requesting the transfer of \$18,000 from Contingency to the Human Resources Department for salaries and daily operations and \$11,000 for Non-Departmental Medical Services for the remainder of the fiscal year.

Mr. Hobson stated we are going to the Contingency fund this year for Human Resources for three basis items: one is salaries, one is supplies, and one is non-departmental medical. In the salary budget when the merger came together for Human Resources and payroll and Risk Management for some reason, I believe, it was a mistake, no step increases or raises were budgeted for the new people that were merged. So, if you brought in somebody say Terry Desrosiers from Risk Management she was brought in and put into the budget and she's supposed to be getting step increase...the money's not there, so that's a problem and we have to pay Terry because she's a non-affiliated employee and is supposed to get that step increase and the money is suppose to be there. I frankly think it was just an oversight. Would need \$9,000/salaries, \$2,100 to cover school support and overtime for our non-exempt employees and the remaining amount to cover those raises that the employees are due.

Alderman Shea moved to approve the request of the Human Services Director as submitted. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Alderman Shea stated he had received a letter from Phil Croasdale relative to payment of athletic officials and suggested he appear before the Committee at it's meeting in April.

Mr. Hobson stated I have had conversations with Phil a long time ago noting we have gotten to know the IRS real good this year with the W2 problems; that we are interpreting and the IRS has told us that we are right, we are interpreting the IRS regulations in terms of what we are suppose to tax for employees who are full-time employees or employed by the City of Manchester be considered an employee above the IRS's limit of \$500 to \$5,000. If, for example, Phil is going out and doing work for the City of Manchester...Joe Morris is a teacher at West High School and he holds two other jobs with the City of Manchester, he holds a job at Parks & Rec and he holds a job officiating, Joe had the same issue and asked what's going on - I didn't use to get taxed separately well, that's because of your income level and because of the IRS guidelines. What you do for those employees

who are not full-time employees or considered to be employees by the IRS, you give them a 1099 through your accounts payable system. I personally qualified the people who could get the 1099's and the people had to go through the W2 Wage & Tax Statement with the IRS. If Phil comes in and presents something, I don't have any problem with that. You need to get the documentation so you make the correct policy decision within IRS.

Alderman O'Neil stated there are some discussions about some accountants who will say specifically sports officials are contractor's and not employees. If they're contractor's then they get a 1099, but there have been some preliminary meetings on this, it still isn't settled and now there is a question on whether or not they've taken out retirement on a firefighter (Jeff Duval) who does a basketball game and we're paying his State Firefighter Retirement as if he was working, this thing is a little deeper and then there's a question on Workmen's Comp now.

Alderman Shea stated you hire someone and they get hurt on that job, the City is considering them a City employee, what about the other people that aren't.

Mr. Hobson replied they are considered contractor's and they're suppose to produce for you certain kinds of insurance.

Alderman O'Neil stated I'm a sports official. My personal opinion is the City is making a bigger deal out of this than...no other City requires the things Manchester does. I think it probably is appropriate that it comes before Personnel...Mark is here, Kevin is here, Harry is here. There was a meeting and I can tell you that they are not all on the same page. Dick O'Shea should be here to get everybody on the same page.

Alderman Shea stated isn't this causing us more money if, for instance, Dan is a City employee by reason of the fact that he's an Alderman, he's paying Social Security out of the check that he gets but the City is balancing, so it's costing the City more money.

Mr. Hobson stated, Alderman, I don't disagree with you, but if I don't do it the way that the IRS is directing me to do it and we get caught then what do we do, then isn't it a bigger problem. If someone gives me clearer guidelines...I agree... Dick O'Shea and I have had this discussion on numerous occasions and so hasn't Kevin Clougherty. We're not trying to create a problem for officials or make the School Department have a harder time finding officials. All we're trying to do... I'm telling you that I believe that what the School Department was doing before was wrong and illegal.

Alderman O'Neil stated how can we...say Bill Shea doesn't work for the City and he ref's a basketball game and they treat him as a contractor, Cheryl works for the City and she does a basketball game and we're treating her as an employee, to me it's got to be the same...either everybody's an employee or...now, I've talked to several accountants...in my opinion either everybody's employees or everybody's contractors. They do not contract with the City of Manchester, they contract with the NHIAA.

Mr. Hobson stated that is a different story if they did that.

Alderman O'Neil stated that is what we need to figure out, Mark, if they do that that's over with...the City School Department through NHIAA contracts the officials. The Officials Association don't have agreement with the City of Manchester, they have agreements with New Hampshire Interscholastic Athletic Association. But, I think we need to bring this in as a group here.

Alderman O'Neil moved that the Finance Officer, Risk Manager, Business Administrator from the School Department, City Solicitor and Mr. Croasdale be invited to attend the next meeting to address this matter.

Mr. Hobson asked if he could get information before the meeting so that he could go to the IRS and present them a picture.

Alderman Klock duly seconded the motion. There being none opposed, the motion carried.

TABLED ITEM

Communication from Alderman Hirschmann regarding a Sidewalk Action Team proposal.
(Tabled 1/20/98)

This item remained on the table.

There being no further business to come before the Committee on motion of Alderman O'Neil, duly seconded by Alderman Klock, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee