

## COMMITTEE ON HUMAN RESOURCES/INSURANCE

**March 3, 2009**

**4:00 PM**

Chairman Gatsas called the meeting to order.

The Clerk called the roll.

Present: Aldermen Gatsas, Shea, Lopez, Garrity, Pinard

Messrs: J. Gile, T. Soucy, B. Sanders, T. Arnold

Chairman Gatsas addressed item 3 of the agenda:

3. Communication from Jane Gile, Human Resources Director, recommending reclassification of school nurses.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to discuss this item.

Ms. Jane Gile, Human Resources Director, stated this request came from the school nurses via Tim Soucy who is the Public Health Director for the City of Manchester and just by way of background, the school nurses in the City of Manchester are City employees. In most other areas of the State of New Hampshire they are employed by School Districts. The request came for us to evaluate the school nurses because of the fact that there is some disparity in the way the school nurses are compensated in comparison to the community health nurses. That comparison was made as well as a comparison made for the compensation levels of school nurses relative to other places in the State of New Hampshire. It was a difficult comparison to make. Most of the school nurses, as I said, are employed through the school districts. They are under contracts so they have contractual or collective bargaining agreements that are similar to teachers collective bargaining agreements. Compensation is often based on education attainment and years of service whereas in the City of Manchester that is not necessarily the case. Throughout the course of this investigation we looked at various surveys that were conducted. We did a survey of other areas, in terms of compensation. We interviewed the school nurses and we interviewed the community health nurses at the Health Department and talked a number of times with Tim Soucy. What we concluded is that, in terms of a fair rate of pay for the school nurses, it was agreed that the ones with bachelors degrees should be compensated at the same level as bachelors degree nurses, the

community health nurses. In order to do that, the school nurses would be elevated to a grade 18 on the same salary grade as a community health nurse, with a bachelors degree. Those school nurses without a BA would be compensated at the same level they are at now, which is a grade 17. They would stay at the same grade; however, the school nurses would now be termed school nurse II at a grade 18 and school nurse I at a grade 17. The school nurse I classification is not used and we recommend using that classification for the RN only school nurses. Tim Soucy is here and we have worked very closely on coming together on this recommendation.

Chairman Gatsas asked Jane, how many employees does this consist of?

Mr. Tim Soucy, Public Health Director, stated thank you. We currently have ten school nurses who are bachelors prepared and 14 who are straight RN's, diploma nurses or associate degree nurses.

Chairman Gatsas stated so it is a total of 24 employees.

Mr. Soucy stated a total of 24 nurses, but the upgrade would affect the ten that have bachelor's degrees, not all 24.

Chairman Gatsas asked it doesn't affect the 14?

Mr. Soucy replied correct, because they are RN's they would be put in the school nurse I classification.

Chairman Gatsas asked so the ten nurses would go from a grade 17 to a grade 18? What is that rate of increase?

Mr. Soucy replied yes, it would be three percent.

Chairman Gatsas stated give me a number so that we can...

Mr. Soucy interjected sure. For salary it is a little over \$18,700 and this is for fiscal year 2010. These are requested to be effective July 1<sup>st</sup>. The benefits are an additional \$4,900 so the total is a little over \$23,000. These are once again, chargebacks to the School District.

Alderman Shea asked is this a chargeback to the School District?

Mr. Soucy replied yes it is, and as we presented our budget to the School District we did include these numbers in the Fiscal Year 2010 budget that we had given them.

Alderman Shea asked they had no problem with that?

Mr. Soucy replied once again, they are taking it all under advisement and when we get to the point of getting a number from them, we will make the decisions we need to make one way or another.

Alderman Shea asked so it doesn't impact the Health Department because it is the chargeback to the School District?

Mr. Soucy stated that is correct.

Alderman Lopez stated thank you, Mr. Chairman. I wonder if you can explain to me the difference between the community health nurse and a school nurse as to the working relationship they have, either with the City or the School Department.

Mr. Soucy replied sure. Our community health nurses are the ones who, if you come into the Health Department to get a flu shot, you would typically see. These are the nurses that are responsible for communicable disease control, TB control, immunization clinics and HIV/STD clinic. These are nurses that go into providers practices to do immunization surveys, so not only do they provide clinic service but they do outreach into the community as well. The school nurses are essentially independent nurses within their schools. They are the only ones there and they are responsible for the health of the kids in that school. It is upwards of 1,800 kids in the high schools. It is not uncommon for a school nurse to see between 50 to 100 kids a day. They see them for everything from medication administration to first aid. They are now doing more and more with the complex health needs and more kids are coming in with procedures, tube feeds, medication distribution, in addition to the oral medication. They have also become much more involved in special education and the needs of the special education population as well. They do a lot of teaching in the schools. While their duties are very different from community health nurses to school nurses, the importance of each I would argue is certainly equal. One of the reasons we are coming forward is to have those bachelor's prepared nurses treated equitably between the two divisions.

Alderman Lopez stated they work during the school year, the school nurses. You can't transfer them over to the community nursing, can you?

Mr. Soucy stated our minimum standards for our community health nurses are bachelor's prepared so I can't just take a school nurse and plop her in the community health division. Number one, if they don't have a bachelor's degree they wouldn't meet the job specifications and number two, under the collective bargaining agreement, they are separate classifications or divisions, if you will. They have seniority within each of their divisions.

Alderman Lopez asked what is the pay structure for a grade 17? We know it is three percent, but is it lower because they don't work the full year or are they compensated at a higher rate of pay at grade 17?

Mr. Soucy replied no, they would be put on the regular Yarger Decker scale depending on whether they are a first year or a 15<sup>th</sup> year employee of the City, like any other City employee. One of the reasons that the discrepancy evolved was years back we were having difficulty in recruiting and retaining community health nurses. Nurses can make a heck of a lot more money in a hospital than they can working for the Health Department. The upgrade occurred at that point. We didn't do the equivalent at that time, which is why we are coming back today to get that parity.

Alderman Lopez stated Jane, you mentioned other places that you have checked. Are they comparable to our system here or are they separate? What I mean by that is the split between all the nurses on the City side?

Ms. Gile stated in other areas of the state, the comparison is difficult to make. I don't know of many community health nurses that other cities have. When you look at a school nurse in other communities, they are often aligned or they are in the same unions as teachers. Their compensation is more like a teacher rather than a school nurse. That is at least the comparisons that we were seeing. How their level of compensation was derived was coming from a different angle. Manchester seems to be unique in that the school nurses are under the city side rather than the school side.

Alderman Pinard asked what effect will this have on the budget? You gave a number. Now do you have a total cost for both classifications and what effect it will have? The people out there are asking questions about raising taxes and personally Mr. Chairman, I think you should table any request for money, for the time being.

Alderman Shea asked Tim, do the school nurses work the same amount of days as the teachers do?

Mr. Soucy replied our school nurses are paid for the days that they work. They are paid an equivalent of about 186 days per year. They come in for a couple days before school starts and a couple days after school gets out, getting their offices ready and records swapped. During school vacations they are not paid and they are not paid during the summer months. They are paid for the days that they work.

Alderman Shea asked do all the schools have a nurse now or are there some that go to two schools like years back?

Mr. Soucy replied no, we do have a minimum of one nurse in every school.

Alderman Shea asked and at the high schools?

Mr. Soucy replied the high schools have an RN and an LPN because these are the busiest schools.

Alderman Shea stated I am glad to see that because there is a lot of concern with parents.

Chairman Gatsas asked Tim, what happens if the School District decides they don't want to pay the increase?

Mr. Soucy replied that is a reality Alderman, as we move into next year's budget. We are still waiting to see what our final number is going to be the same decisions I need to make based on the dollar figure that the Board of Mayor and Aldermen approves for me. I am going to need to make the same decisions when the School Board gives me a number. We have a number of increases that we have asked the School District for in equipment and other things. We will pare those back. We will look at personnel that are not required to be in the schools. We have several health assistants. Those would be the cuts that we would make before we would even get to the level of nursing.

Alderman Lopez asked have we lost any nurses in the last three years?

Mr. Soucy replied oh sure.

Alderman Lopez asked how many?

Mr. Soucy replied I don't know that number off the top of my head. This has probably been the best year for retention. I am hoping that this helps retain the school nurses, as we move forward. I don't have that number though. I could get it for you if you need it.

Alderman Lopez asked the School Board has not okayed that they are going to have the money for you, is that correct?

Mr. Soucy stated they never do. Typically I don't know until much later in the budget process, as your Board and the School Board negotiates numbers, once they get their final number then they look at our request and say how they are going to fund us. Once again, this figure has been included in the numbers that we have presented them for our first budget proposal to them.

Alderman Lopez asked I sort of remember that we were going to transfer all the nurses over to the School District, right? Whatever happened to that?

Mr. Soucy replied there has been a discussion. I have actually been engaged, over the past six months in a strategic planning effort with our school nurses and it has been everything around a financial analysis, a swat analysis, a gap analysis, an underutilized resources analysis and part of that dialogue has been where do school nurses best sit. Is it with the City or with the School District? I will tell you there are pros and cons to both approaches. Having the school nurses employed by the Health Department gives us access to 16,000 kids in this community. When we want to talk about issues like obesity, preventing diabetes, and physical education we automatically have an in, if you will, at improving the health of that population. If they were on the School District side, it would probably be cleaner administratively. I am not sure that it would cost less money. That is one of the things that we are looking at because if they were put on a teacher's contract it would ultimately probably cost more money. One of the reasons we look at our school nurses as community health nurses, in the school setting if you will, is because they are doing many of the same things around education and teaching but on a population base.

Chairman Gatsas asked are you saying that these ten employees receive benefits?

Mr. Soucy replied they receive health, dental, and city retirement. They do not receive vacation time.

Chairman Gatsas asked City side or School side? Who pays for it?

Mr. Soucy replied School side. It is all included in the total chargeback, the salaries and benefits.

Chairman Gatsas asked are they on our health plan or are they on the schools health plan?

Mr. Soucy replied our health plan. I am sorry.

Chairman Gatsas asked are they on a retirement plan?

Mr. Soucy replied they are on City retirement.

Chairman Gatsas asked do they pay the retirement portion back as a chargeback?

Mr. Soucy replied yes, everything is included as a chargeback, as far as I understand it.

Ms. Gile stated I believe so. We can check on that though.

Mr. Soucy replied I am pretty sure the answer is yes on that.

Chairman Gatsas asked is there a reason why we wouldn't wait...what you are saying is that the \$23,000 you will find in your chargeback line by eliminating other things below them?

Mr. Soucy replied depending on what that final number from the School District is.

Chairman Gatsas stated right. If it is \$23,000 less than what you are expecting, you are going to have to find \$23,000 in cuts to accommodate this.

Mr. Soucy replied that is correct and I will make those on non-personnel items first, such as new equipment that we have asked for, that we could do without if it came down to that. Once again, one of the reasons that I am coming before you today is to get parity amongst my staff. I have two classifications of nurses with equal credentials that are paid differently. I inherited the problem. I have worked with both Jane and Ginny before her to correct this problem and once again it is one of equity and certainly I will deal with the finances as part of the FY2010 budget.

Chairman Gatsas stated I understand what you are saying and the \$23,000 you are going to find in the budget.

Mr. Soucy responded that is correct.

Chairman Gatsas asked is there an emergency that we have to do this today?

Mr. Soucy replied the only request I would have is that this disparity has been going on for several years and I would like to correct it as soon as possible.

Chairman Gatsas stated right but it is not going into effect until July 1<sup>st</sup> anyway.

Mr. Soucy replied that is correct.

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

Chairman Gatsas addressed item 4 of the agenda:

4. Discussion relative to an early retirement package for City employees.  
*(Note: Referred by the Board of Mayor and Aldermen on February 17, 2009. Report to come from Human Resources on the fiscal impact for 2009.)*

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to discuss this item.

Chairman Gatsas stated looking at this there is a correction because we were talking about 195 employees on the last sheet that you had given me, but it really is based on 116, the 75 or 79 employees were part of the 116.

Ms. Gile replied that is correct.

Chairman Gatsas stated if we look at this number and again... I guess what you are telling me here is that the severance package is \$2.8 million.

Ms. Gile replied \$2.9 million almost, yes.

Chairman Gatsas asked that severance package, whether we do early retirement in 2009 or early retirement in 2010, is going to be the same number? It might even be a little higher.

Ms. Gile replied yes, it could be higher.

Chairman Gatsas stated that is not going to change. If we go forward with an early retirement package, whether it is in the budget or it is now current, it is \$2.89 million in severance?

Ms. Gile replied yes.

Chairman Gatsas stated I asked Jane to put some other things together based on the assumptions that we have. If we take a look, the average weekly payroll for those 116 people...let's assume for a second that we give everybody \$10,000 for an early retirement. That is \$1.160 million for a payout. If you take the \$2,891,532 that we have for the severance, and that is going to stay as a severance no matter where it is, that is a total of \$4,051,532. That is if we looked to do it on an early side. You have the 116 people, and if they all went out, multiply that by \$1,102 of an average payroll per person, multiplied by 12 weeks, which would be April, May and June, that is \$1,534,512. It basically says that in that time frame we would save roughly, just in the payroll side, \$1.5 million. If we subtract that from the \$4.051 million that we would have to pay for severance and the early retirement package, that leaves you with a balance of \$2,517,019. You would also eliminate for three months, and I don't know what the make up is but certainly looking at the...if we said it was family for everybody, the portion that is owed by the employees is \$1,158 and if we use the HMO side it is \$1,158.91 plus \$106 for dental which is \$1,200 multiplied by 116 employees for three months. That is an additional \$440,188 that we would subtract from the \$2.5 million. That gets us down to \$2,076,830. Then you have the City retirement and I guess to try and play with those numbers to get a retirement on the wages based on going in is not an easy number. I guess I would leave that to Jane to come back to us to tell us what that might be. Right now, if you had those 116 people go out today, it would cost \$2 million to do it. It would

be actually a little less than that because you wouldn't be paying retirement. If you had those same 116 people go out July 1<sup>st</sup>, it would cost you somewhere in the vicinity of \$4 million because the severance package would still be there of \$2.8. You would still have a buyout number of \$10,000 per employee but you would have no reduction in payroll. Is that right Jane?

Ms. Gile responded there would be no reduction in payroll for this year, but for next year, if you didn't fill those positions there would be a reduction in the budgeted payroll.

Chairman Gatsas stated correct, but you are not going to get any net gain because they would be gone and you would have to pay the \$4 million in July. I am looking at if they went in April, you would have a net gain because it would only cost you \$2 million to get those same people on a full rotation July 1<sup>st</sup> instead of \$4 million. You would basically be saving their wages for three months.

Alderman Shea asked in your calculations, have you included the savings for the dental and health benefits?

Chairman Gatsas replied yes.

Alderman Shea stated let's assume that you wanted to sweeten the pot and say, if you retire we will pay your health benefits for a year or six months or two years, whatever the case is, as an incentive. That would probably not be as beneficial as far as the overall general picture is concerned, the way you are describing it, but it would be beneficial for the City. Plus it might be an incentive for people that may not mind retiring but don't know what they are going to do about health benefits. Therefore that would allow them to keep those benefits at least until they feel reasonable that they could do something else in their health benefits. That would be an incentive that might be considered.

Chairman Gatsas stated they get the number that retirement benefit picks up.

Ms. Gile interjected I believe you have to be 60 years old. I know for group one for the state retirement you have to be at least 60 years old to get it. I am not sure about the City retirement. I will have to check on that. Police and Fire is of course a different category for group two. The only thing I will say, and I want to just throw this out there for your consideration, is that the employees that are eligible to retire of these 116, some are heavy in some departments and so if they all chose to retire and were not replaced, that could have a serious impact on the operations of this City in those particular departments. It is not like it is across the board, two people in one department that has a staff of 20; there could be 30 people in a department that has a staff of 80. The effects on the departments operations themselves could be serious.

Chairman Gatsas stated that is not going to be any different if the buyout becomes July 1<sup>st</sup>.

Ms. Gile replied that is true.

Chairman Gatsas stated let's call apples to apples because both of those are going to be relevant no matter when it is done.

Ms. Gile replied you are correct.

Alderman Lopez stated based on 116 employees, there are really 91 City employees and the rest are Enterprise system. That has no effect whatsoever on our budget because they pay for that. The insurance aspect of it... I don't believe anyone is going to retire with \$10,000 in 20 years and give up the insurance. I can't see it myself. What kind of retirement are you going to get... \$600 and pay \$1,000 for life insurance or \$3,000 for health insurance? Those are the decisions I think each individual has to make on their own, whether they are going to retire or not. I don't believe that you are going to get this number of employees. Jane, have you run any of these numbers by the Finance Officer?

Ms. Gile replied yes, he has the memo.

Alderman Lopez stated I would like to have the Finance Officer comment on these numbers then because we are talking about some big numbers here. I agree with you to the extent that if 91 employees left or 116 employees left, whatever the case may be and whatever it may cost us, it might be beneficial. I just don't see that people are going to do that. Do we have the money in the FY2009 budget to do this?

Mr. William Sanders, Finance Officer, stated with only three months left in the fiscal year come the first of April... there is about four months right now. As the Alderman went through the arithmetic there isn't sufficient time left in the fiscal year to get the proposal to a break even, let alone creating savings for the City. It would be a net cost to the City of approximately \$2 million, setting aside Enterprise fund versus general fund but just dealing with those numbers as they were laid out. Right now as the Aldermen are aware our forecast for the full fiscal year indicates that we will have, if it turns out as currently forecasted, an expenditure surplus of approximately \$600,000 or \$650,000, a revenue shortfall of about \$2.5 or \$2.6 million, for a net shortfall of \$2 million, net deficit of \$2 million. We don't have \$2 million extra to pay for this in our appropriation. We would require additional money from elsewhere in the budget to pay for this. If I might just say something about why it might be beneficial to do in next year's budget rather than this year's budget, I am not suggesting at the moment, whether it is a good idea or not. If we did it effective the first of July and used the exact same numbers in terms of a \$4.5 million buyout payment, I think that is what the calculation was, we would then have 12 months to garner the savings attendant with holding those positions open. We

wouldn't need the whole 12 months. I think the arithmetic would tell you this gets to break even at maybe six months approximately. We would have more time to garner savings to get to break even and maybe save additional money. The HR Director is correct; we can't predict who might take it and it may be the top three people in one department may accept the buyout and there would be some disruption there potentially. The benefit of being able to plan to do it effective July 1<sup>st</sup> would be to set up a situation where the City could recoup the money through salary savings by not filling the positions, which due to the lateness in the year at this point, is not possible primarily because of the severance payment.

Alderman Lopez stated the other question I have maybe Alderman Gatsas or Jane could answer. You kept mentioning 116. The numbers were calculated on 116 not 91, is that correct?

Chairman Gatsas replied that is correct.

Alderman J. Roy stated thank you, Mr. Chairman, I would like to make two points. First, Jane's point about hurting some of the departments and having a void is relevant. It affects services, as we all know, when we don't fill these positions. However, another way to look at it is, if you did fill that position in some of the larger departments the individual would probably be at half the pay of what the original retiree was making. If you are taking the top people out of the formula, in the larger departments, when the new employees come in, they come in at the bottom of the ladder. That might increase Alderman Gatsas's number. The other point I wanted to caution about is that the intent of this policy that we are talking about would be to entice people to retire that normally wouldn't at this time. My caution would be, if we set up a program like this, I think there needs to be some type of a fail safe because if we don't attract anybody, then all we are going to do is give people an extra \$10,000 on the way out the door. That isn't the plan. The plan is to actually save money by enticing more people to retire. I am just afraid if it isn't sweet enough, as Alderman Shea and Alderman Lopez said in talking about adding the health insurance that we aren't going to attract anyone else. There are a few departments that I could sit down with and say so many people are going to retire from these departments each and every year. I think most of the department heads in the larger departments can do that. If all we see are those people that are normally going to retire go out the door, I for one don't want to say, here is an extra \$10,000 on the way out the door. I think this is a great idea but we need to have large numbers of participation to make it happen.

Alderman M. Roy stated thank you, Mr. Chairman. To start off I would like to commend you for bringing this forward and opening the discussion. I think it is fantastic that we are looking to give people incentives in ways that they can help the City. Much like my colleague Alderman Jim Roy talked about the pay differential, when we look at the average salary of \$57,000, many of the people that would be hired would be back at the

lower steps. They would be new employees that would be garnering quite a lower level on our matrix. That being said, there could be as much as 50% savings that you are not calculating into the salaries, which is upwards of \$3 million. In my opinion the sooner we move forward in either sweetening this deal or making it happen, the better off the City will be, not just this year or next. In somewhat of agreement with the Finance Officer, we don't have the money this year. We won't have the money this year but it doesn't mean that we have to pay it out this year. We can structure this in the offer to employees that a July 1<sup>st</sup> and potentially again a December payment, which would come from savings instead of general fund. We are stretching out our payment on the City side, while they are giving us the ability to reap the benefit of their retirement. I would offer that as a friendly suggestion. That being said, I will also agree with Alderman Jim Roy. The more we talk about this in public, the less likely anyone who has a foot out the door, is going to go when we talk about sweetening the pot or making changes to this. I would caution everyone to formulate some numbers and then come together with an Aldermanic plan so that we don't either delay employees that were stepping out the door just to wait and see what happens. Get something enticing. Get it out there. Set a specific deadline and in my opinion, the sooner the better, so that it could help with this years budget.

Alderman Pinard asked what would the procedures be on a buyout for individuals of every department? Jane, do you have an answer for that?

Ms. Gile replied we haven't really worked out the procedures as to how that would happen and I think it would take a lot of collaboration to really work out a good plan.

Alderman Lopez stated I just want to clarify something. I have heard this twice. We get employees at a lower rate scale but that employee or supervisor that is leaving, other people are going to be promoted and every employee that we have hired in the City of Manchester got more money than the past employee that left us. It is misinforming to say that people are going to be hired at a lower salary, as long as you have the Yarger Decker. We went through this exercise tonight. You have a bachelors degree, you deserve a grade 18. So if you have a masters degree, you deserve something else. I think the HR Director will go through that scale and say that this person deserves \$80,000 versus getting rid of another guy and him having a masters degree. His point scale says he deserves something else. Am I correct?

Ms. Gile replied to a certain extent. However, many of the jobs that we have in the City, there may be people with masters degree where their job does not require a masters degree and that person does not automatically get more pay as a result of that. I understand what you are saying, but there are many situations where someone might have a bachelors and the job doesn't require a bachelors and they are getting paid at the level that the position warrants, not what their educational credentials warrant.

Alderman Lopez stated I think that if someone retires and we offer a program, I think you have to look at the vacancy of that job. I can name quite a few jobs that would remain vacant for a while or you have to consolidate or do something. When Bob Mackenzie retired he was making around \$80,000 and no one is going to be making that. I think those are things that you have to look at too. Don't just assume that everyone is going to come in at a lower salary. It just doesn't work.

Chairman Gatsas stated I think it is important that we all understand one thing. We are going through a budget process and the rumors have been that there are going to be layoffs. If you had 100 people come in for early retirement, you are probably not going to fill those positions if you are looking to layoff employees.

Alderman Lopez stated I spent 22 years in the army and there were a lot of rumors a lot of times but I go on hard facts.

Alderman Shea stated thank you. I was in the army too but I didn't get laid off. Jane, are there any studies of any situations similar to what we are trying to introduce here? I know maybe at the state level but I mean among municipalities is there any kind of research that you can look at to see whether or not...

Ms. Gile interjected I can research it if you would like me to.

Alderman Shea stated I think that would be helpful. Not that I am against it. I am just saying that we ought to try to put all of these thoughts and ideas together. Having a deadline is certainly important. Offering it up is very essential. Not being bit by what we offer up is another essential idea. Certainly we should look at all of these options. I too concur that if somebody does decide to leave, it doesn't necessarily mean that they are going to be replaced. I think it could be that maybe someone else will be asked to do a little bit more or whatever the case might be.

Ms. Gile stated I will look into it. I will see if there are other municipalities that are going through the same thing. I know school districts oftentimes offer early retirements. I am not quite sure how that works with school districts.

Alderman Shea stated what I think the school districts offer for early retirement... simply because at this stage there are a lot of people thinking about subsidy as we discussed. Obviously, I think that unless they retire by the last day of June of this year, I don't think they would be eligible for that. I think that has been an enticement. That is why I brought it up in this regard whether there would be a subsidy that might be offered.

Chairman Gatsas stated I think it is important that we remember one thing, that if you can take a look at RSA 100, that says that anybody that is in group two must notify within 30 days. If we decide to do this July 1<sup>st</sup>, to see where we are going to be at, you are not going to be able to get anything into play until somewhere around September 1<sup>st</sup>.

Alderman Shea asked what would your suggestion be, Mr. Chairman?

Chairman Gatsas stated as soon as you start talking about sweetening the pie, you go from a six month payback to a nine month payback and if you make it too sweet, it will be a year. Then you might as well not do it. I understand that the \$4 million is going to have to come out of some budget next year, or if not out of a budget than out of some one time account. I am looking at this and saying what is the least damage that you can do and recoup the amount of money as fast as you can recoup it. Obviously the sooner you can do the retirement plan you can recoup dollars in this budget. If I said to you, we are going to be able to save money in this budget to the tune of about \$1.5 million for payroll because we are going to pay everything out of a one time account, that takes away the \$1.5 from the \$2.6 that you were discussing and it brings us down to \$1.1 million. This Board can do anything it wants with ten votes. You are the one that taught me that, Alderman.

Alderman Lopez stated I think it has to be appropriated in the FY2009 budget. I think that is the issue.

Chairman Gatsas responded no, you have one time accounts and if this Board votes in a majority, then we can take the money out of those account.

Alderman Lopez asked do you agree with that, Bill?

Mr. Sanders replied I was actually going to ask the City Solicitor if he would respond to that. Is the money in the one time account appropriated money that can be freely spent with ten votes?

Mr. Tom Arnold, Deputy City Solicitor responded if by the one time account you are talking about the special revenue reserve account, we had a ruling by Bond Counsel back in 2004 that essentially said that the money was appropriated. There was some language in that ordinance, as you are aware, that was talked about during the budget process and Bond Council at that time emphasized that it said nay. It allowed during the budget process but did not necessarily require that. In the past that has been treated as appropriated funds, for instance when we bought the Jac Pac parcel.

Chairman Gatsas stated your answer to the question is, yes it could be used. Is that correct?

Mr. Arnold stated yes, it could be used within the restrictions of the special revenue reserve account, as you know. For certain expenditures within that account it requires ten votes of the Aldermen elect.

Alderman Lopez stated Tom, I think if you check that out...and you are right, during the budget process that is when we took money out of the one time account. We are talking about a FY2009 budget that has already been approved. Does that still hold true? You don't have to answer, unless you want to check it because I am pretty sure that the only time ten Aldermen can do anything with that money is during the budget process.

Mr. Arnold responded that is not the interpretation of Bond Counsel, Alderman.

Chairman Gatsas stated Alderman Lopez, what I am trying to say is that the \$2 million or the \$4 million that must be spent, is going to be spent out of a one time account, which saves you \$1.5 million in this budget. Do you agree with that Mr. Sanders? I am just using simple numbers from payroll and the benefits. The \$1.5 million is the number that we would save in 12 weeks of payroll on roughly those 116 people, which would reduce your deficit number from \$2.5 million to \$1 million.

Mr. Sanders asked how are we paying for the \$3 million, or the \$3.5 million for severance...

Alderman Gatsas interjected out of the special account because those are all one time payments and they would come out of that special account.

Mr. Sanders responded I am not sure that there is actually \$3 million in the special revenue account at this point in time. Assuming for the moment that there was \$3 million in the special revenue account and it was the determination of the Aldermen to spend it for this matter there would be \$1.5 million dollars of salary savings assuming the positions weren't filled.

Alderman Shea asked is it necessary to have a certain amount? We are talking about 91 City employees and 25 from Enterprise. Let's say only 15 people decide to do this, would that be in the best interest of the City or not? In other words are numbers essential for this to be successful or is it just arbitrary that if one person left it would be beneficial?

Mr. Sanders replied I don't mean to dodge the question but in the end it is the determination of the Board of Mayor and Aldermen whether this is in the best interest of the City.

Alderman Shea stated I am talking about financially. You are the Finance Officer. In other words, does it necessitate a certain amount of people taking advantage of this particular suggestion?

Mr. Sanders responded no, it does not. It will have the same effect if one person does it or if 116 people do it. It will cost money to the City that will either have to come out of the special revenue account in Alderman Gatsas's example or it will require keeping the positions open for six or seven months to recoup the savings.

Alderman Shea asked in the long run is it beneficial to the City for this to happen? Not in the initial amount. It will cost money, I realize that, but would it be beneficial City's financial position for a certain amount to have to take advantage of this in order for the City to consider it helpful?

Mr. Sanders replied it depends what the Aldermen ultimately do with the positions that are opened and vacant. I will use my position for an example. If the Finance Officer accepts the offer and retires and if you were going to replace the Finance Officer, set aside six months to pay it back, but if you were going to replace me and promote somebody into this position and he is going to go into the Yarger Decker system and on the same step and in the same grade that I was in, it will make absolutely no difference to the City. If on the other hand you were going to replace me with an individual making 50% less than I am currently making, then it would have a long term benefit to the City.

Alderman Shea stated so it is case by case. In other words, what you are saying in essence is, if a few people decide to take advantage it is going to be based on a case by case determination.

Mr. Sanders stated absolutely, Alderman. I think department heads are going to come forward and say I really need to replace that position that Mr. Shea was in and I didn't want him to accept the early retirement, but he did.

Alderman J. Roy stated Bill, let me continue this discussion. You have heard me say before that every year ten individuals will retire from the Fire Department and ten individuals retire from the Police Department. I might be off a little bit. Let's say 10% either way. Given that information, if only those ten people retired and got an extra \$10,000 going out the door, that wouldn't be beneficial. This plan wouldn't be working with it. Would it? What we are really looking for are larger numbers than normal to go out the door. We would be looking for 15 to 20 individuals to go out then when we have that void. We are probably going to leave those positions open for a while, which would eliminate the possibility of layoffs and when we don't have to lay off we don't have to pay unemployment. It all adds up to a lot more money. The intent of this type of a policy would be to entice individuals who normally wouldn't walk out the door right now, to walk out the door. Isn't that correct?

Mr. Sanders responded it may be to you, Alderman, and I understand that point. On the other hand, I would expect that most of the people that will accept this offer or even a sweetened offer and this is just my opinion, will be people that have already decided they are going to retire in the next twelve months. I think the current economic situation probably is making people who are 55 years of age and may have thought they were going to retire five years ago, think twice about doing that right now. That is just my opinion. To the specific question of whether you are just giving me an extra \$10,000 to walk out, if I was already going to retire you are still going to keep my position open until you recoup that \$10,000. That is in the calculation that Alderman Gatsas went through so even in the individual situation, if I am the only person that accepts it, or everybody in this room accepts it, the economic reality of paying back the severance and recouping the \$10,000 is we have to keep that position open for a period of time. Maybe we get used to the position being open and we never fill it. The mechanics of how it will work are true if only ten people take it or 116 people take it. We would be just guessing to decide whether...

Alderman Gatsas interjected I think the enticement to make people leave is... as you said there are ten in Fire and ten in Police that are probably going to retire next year. You are looking at the ten that are in the following year and maybe the ten that are behind them. If you can lump that 30 in Fire and 30 in Police, you may entice them with the severance package plus the early buyout of \$10,000 to get them to leave. You are really enticing the person that is not leaving this year because he is going anyway. Maybe the person who was thinking about going next year, will look at their severance and factor in the \$10,000, so put together the retirement number is enough to leave and they receive enough in the retirement package to make that up. I don't know what that number is and you would have to have an actuary look at it to see if it made sense. Looking at the quick numbers you may be enticing somebody from two years out that would jump into this plan.

Alderman Shea stated timing is everything, as we all know. Is it possible for the City, under this particular proposal, to find out how much it would cost in the event that people did decide to go? In other words, they say we will go so we compute it and say this is going to be beneficial. Therefore we will go along with it or it is not going to be beneficial and therefore we won't go along with it. In other words, are we going to have to make this available before we find out how much it is going to be costing? Or can we cost it and then make it available? I think that would be the logical way for us to go, whether people agree with that or not but that would be what I would try to do if I were in charge of any program. I would ask how much is it going to cost me and is it going to be beneficial or not? If it is beneficial then I am going to go along with it. If it is not beneficial then I am certainly not going to go along with it. Is that possible to do, to get the names and how much it is going to cost?

Ms. Gile stated I do have a breakdown. I do have a breakdown of what the positions are and the various departments with what their current salary is and what their severance package is. What I don't have is what their retirement would look like. That would be something that the Manchester Contributory Retirement System would have to figure out or the State retirement. It would be a personal decision on that employee's...their opinion as to whether or not it would be good for them to retire. I think a lot of that would be based on what their pension check would look like.

Alderman Shea asked would we be able to get that information before we offer the plan up?

Ms. Gile replied I think it would be very difficult to do right now.

Alderman Shea stated so we would have to offer this plan and if people took advantage of it and we are not the beneficiary of it, as a municipality, then it would really be costly for us to take that risk. That is what I am trying to figure out.

Alderman Lopez stated I don't think you have to take the risk. If you go 20 years or 25 years you can retire. Then it is up to that individual to go to the retirement director and ask how much money am I going to get? They would tell you what you are going to get. Then the employee will need to decide if it is worthwhile. It doesn't mean that you are committing anything. We went through an exercise a few years ago and we didn't put anything out there because it was going to cost a lot of money. Let's say we put out the plan, 20 or 25 we will offer you \$10,000 and we would like to know how many people are signing up. We would ask Jane and she would come back with a number, say three or 20, then you can get into the numbers. I don't believe that too many people are going to take it but...

Chairman Gatsas interjected let me just do some quick math for you. Let's take the \$2.8 million that Jane said it would cost us for severance. If we divide that by 116 people... I know they are not all the same. Let's for a second assume they are, that is \$25,000. If you add the \$10,000 that then gets you to \$35,000. That gets you to 30% or 70% of pay for the following year. Usually the number, when you look for an early buyout, is around 55% or 60% when it leans towards you as an employee that is when you usually look at it. All I am saying is if you just use the number and say everybody is at \$25,000 plus \$10,000, that is \$35,000 that goes on to your retirement as your final three years. You may be dragging some people in from the two years that I was talking about, the following year and the year after that.

Alderman Lopez stated some people are going to take it. You might have a married couple in the City and one leaves and they have insurance. You have to put something out there in order to get a number.

Chairman Gatsas stated I think the biggest problem we have is when you look at the bottom caveat for RSA 100a, that it has got to be 30 days. If somebody is going to give notice, you cut that down and I don't know how many people are in group two on that sheet that you have Jane.

Ms. Gile responded as we were having this discussion, when we ran the figures we ran it at age 55 and 20 years, but Police and Fire can retire at age 45 and 20 years. We don't have those calculations. We do have eleven in the Fire Department that meet the 55 years old and 20 years of service and we have seven in the Police Department but I don't have the difference between the 45 and 55 year old categories. There are probably more Police and Fire that would be eligible to retire.

Chairman Gatsas stated right, but if you were to do this and they had to give a 30 day notice, that means you would have to get some sort of idea where you are from March 15<sup>th</sup> to April 1<sup>st</sup> so that they could report out to go in May and then for those people you would only have two months of accumulated leave.

Ms. Gile stated the way the retirement system works I think the date of the retirement is always the first of the month, whether it is April 1<sup>st</sup> or May 1<sup>st</sup> or July 1<sup>st</sup> or September 1<sup>st</sup>. The effective date of retirement is always the first of the month. We would have to do that calculation accordingly.

Chairman Gatsas asked what is the desire of this Committee? Do you want to...

Alderman Lopez interjected I would like to see, Mr. Chairman, some type of documentation, as a plan. I don't think this gives me enough. I would like to see if we are going to make a proposal, whether there is a difference between City employee retirements and Police and Fire. As Jane indicated 20 years of service, 45 years of age they can retire no problems. Some of them do. I think you have to have two different plans out there, not just one, because the Fire and Police are separate. If you can put something together, if it is going to be 20 years, \$10,000, then okay, let's see how many people take it.

Chairman Gatsas stated if you are going to offer it to even somebody that is 45 that goes out. It should be the same payment.

Alderman Lopez stated well I don't know if it is the same situation being City retirement versus the Police and Fire retirement. I don't see where the equal balance is, unless somebody can tell me where the equal balance is.

Ms. Gile asked the equal balance means what?

Alderman Lopez replied between the City employees and Police and Fire.

Chairman Gatsas stated the \$10,000.

Ms. Gile responded I think the \$10,000 would be spread over the three highest years of your compensation so the \$10,000 might make a big impact on your earnings for the last year but that would be divided over the three highest years that they figure your pension on. They take the three highest years and then divide it by three so you get your average compensation and then multiply it by your years of service for credible service. In the City's retirement system is works a little bit different because it is 2% a year times your years of service. They are different pension plans as to how they are calculated. They are calculated a little differently.

Chairman Gatsas stated I think his question is, does that predicate a different amount for buyout?

Ms. Gile stated we would have to work some numbers to see if that is an equitable thing.

Chairman Gatsas stated I don't think you can differentiate from City employees that are on City retirement for a buyout versus a group two buyout. I think if you are going to pay it, it is paid the same to everybody on a nondiscriminatory basis.

Alderman Lopez stated I agree with the statement but I don't see how the difference in City retirement that Jane alluded to is that I am going to lose all of this insurance versus someone with 20 years is not going to do that with the Fire and Police Department. That is fine if they want to leave with \$10,000. I am just saying what are the numbers? If it is going to be equal, is it equal to everybody or is it two different plans?

Ms. Gile stated I think you bring up another point when you were talking. I don't believe that there is a penalty to Police and Fire that retire at 45 with 20 years of service. Where a City employee who retires at age 55 with 20 years of employment would get a penalty of 2% per year for each year prior to retirement. They could have a 10% permanent reduction in their pension where the Police and Fire would not be affected in that same way.

Alderman Lopez stated I agree with that. I think that is why you have to sit down and somebody has got to come up with what we are offering to Police and Fire and what we are offering to employees on the City side. Whatever it is, I think you have to put two plans out there and if it is 45 years of age, \$10,000 for a Police or Fire then so be it. Unless we have some type of plan to go forward, I don't think anybody in their right mind...I know if I was in any employee's situation, I would be running over to the Retirement Director and asking how much money I am going to get and what am I going to have to pay. I know being on the HR Committee previously, and I am sure the Chairman knows it, some retirees come in and give us their whole check just to pay for

their insurance. I agree with what you are saying but I would like to see something where the employees can see what we are offering. This is what we are offering. Do you want to take it or not?

Alderman M. Roy stated thank you, Mr. Chairman. To answer two questions that your Committee has raised... one, Alderman Shea has asked about the risk involved. The risk has very set parameters and you went over that. It is about \$4 million. The longer term risk is that when you don't offer something like this and don't get the extra enticement, if we do get to layoffs next year, we are looking at the last hired being the first one out. When that comes to our Police and Fire departments, laborers at Highway, many of the positions that make up these 116 employees, you are talking about in some cases, our youngest and very capable new employees. Then you would be keeping the employees, as it has been said, who may be retiring in the next three to five years. I would look at the risk. It goes beyond just financial. It is that we are keeping, and it is statistically proven, employees that are more prone to injury, more prone to sick leave and have served the City valiantly but do have a foot out the door because they are eligible for retirement. When you look at making an offer to someone, everyone is going to take it and apply it to their own personal situation. I will take two scenarios: I will use Bill because he used himself before. If Bill leaves the City for a \$10,000 payout I would be shocked because he is a high salaried employee. He has a high level of responsibility. He is there and making a certain amount of money. There are other employees in the City that the \$10,000 may be a quarter of their year's salary but they have been here so long that they are high on the matrix. They will look at it much differently whether they are City retirement or Police and Fire, group two. They will look at it to match their own individual situation. I for one would like to see just one speedy plan put out for both categories. Let people decide what it is for their own personal agenda and their family, whether or not they are going to accept it and make it so that it affects our budget as soon as possible.

Alderman J. Roy stated thank you, Mr. Chairman. Jane, the earliest somebody can retire in the City retirement is 55?

Ms. Gile stated they can retire prior to age 55, if the magic number of 80 is present. So if someone was 50 years old and had 30 years of service, they could retire but they also effectuate a 10% permanent reduction in their pension.

Alderman J. Roy stated other than that it is 55 years old.

Ms. Gile stated it is typically 55 but there are others that could retire.

Alderman J. Roy stated my point is speaking to Alderman Lopez's discussion about two plans. I would have to say let's not make it too difficult here. I think it is the same when the earliest you can retire from the City normally is 55 and the earliest you can retire

from group two is 45. For 20 years of service, is it different, how it is calculated, absolutely. There are penalties on the City side but that is all personal decisions that need to be made. My last point is for group two, something like this, they have to make a decision on this by the last day of March in order to be eligible to retire May 1<sup>st</sup>. Time is of the essence here if we are actually gain as much advantage as we want to this year.

Chairman Gatsas asked does this Committee want to work on a plan to move forward or do we want the HR Director to work on a plan? Do we want a subcommittee to work on a plan? What are the choices that this Committee is looking to do? I will open it up.

Alderman Lopez stated I think a subcommittee or staff should come up with the guidelines and financial aspects that if we are going along with the legal determination that we can take money out of the one time account for 2009, that is one issue I would like to see. The second issue I would like to see is with 2010. Which is a better program for the City? Looking at category two, of course it is going to be 2010 before you even get there I think, I would like to see somebody work on some numbers and facts and figures as to is it beneficial in 2009 using the one time account or is it more beneficial to do it in 2010.

Chairman Gatsas stated I hear what you are saying, Alderman. I think that 116 people going out for 2009 is probably unrealistic. I think that your number is going to be closer to maybe 60 people that you may entice to go. I think that when you look at that number, if it is 60 employees less that you have in 2009, it is a savings you are going to create to offset the deficit. I guess we can do it the simple way and say the average payroll per week is \$1,102, times 60, times the three months, that is \$793,000. That is about \$800,000 off of Bill Sanders's \$2.5 million shortfall. I am just looking at the numbering saying how do we help him or help ourselves to reduce a cost in shortages and if you look at that number, that number is going to make sense and it doesn't even include the health benefits.

Alderman Shea stated if we were to set a deadline, in terms of how many people will decide to take advantage of this, could we then, like I brought up before, calculate what it would mean to the City? Is that possible?

Chairman Gatsas responded I think if you go out, Alderman Shea, with an offer that says if you retire this year and inform us by April 1<sup>st</sup> and it is a \$10,000 buyout, you are going to have a pretty clear idea of who is going to come forward in the next...

Alderman Shea interjected right, but are we committing to that at that time or are we just saying...

Chairman Gatsas replied I don't think you can give it out and not commit to it.

Alderman Shea stated this is what I am trying to say, so that if only certain individuals decide to take advantage of this, who are in fact going to retire anyway, it would be foolish of them not to retire. We may be not the beneficiaries but obviously we wouldn't be reaping what we want to reap, mainly the second and third year people who wouldn't take advantage. Bill, could you respond to what I am saying? I am trying to bring this up to...

Chairman Gatsas interjected I hear what you are saying, Alderman Shea. I think what you are trying to say is that if the 20 people that were already deciding to go this year...

Alderman Shea interjected right, tell us they are going to go and take advantage of the \$10,000...

Chairman Gatsas interjected right, but the difference is they probably would not go until July when they would get that next merit and step increase that makes a difference in their wage. That is the difference that somebody is going to weigh. They are going to sit for 90 days.

Alderman Shea stated I would rather have one in the hand than two in the bush. Do you know what I am saying? In other words, I still feel that we don't have a full overall picture of this and I am very willing to ask, if this were to be implemented and you were to take it, would you take advantage? Not saying that we are implementing it, take advantage. That is what I am trying to say. In other words, we are giving them this offer but not saying to them in essence that we are actually going to commit a certain amount of money to it. We are questioning them. Are you willing to do this if we decide to do it?

Mr. Sanders responded it is the difference between a survey and an offer. I think, sir. The only way it is going to work is you have to make an offer to the employee and you have to establish what the eligibility is and if you want me to retire but not Jane but we meet the criteria, you must offer it to both of us. I think the City Solicitor would agree and there are labor laws. You cannot say just offer it to Sanders. We want him to leave but not Gile. You can't do that. I am sorry for using your last name.

Alderman Shea asked have we ever done anything whereby we have not fully committed to something by saying to people or in essence saying, if this were to be implemented...

Mr. Sanders interjected I am sure we have not, Alderman.

Alderman Shea asked do we have to do this? Do we have to make it a definite before we know what it is going to mean to us as a City?

Mr. Sanders replied well, think of it on the other side. If I am the employee and I am taking what you are giving me and I am making a life plan and a life decision and I accept it and then you change it.

Alderman Shea stated I am not saying change it. I am just saying...

Mr. Sanders interjected take it away.

Alderman Shea stated that is different than in a sense saying if you are willing to do this, then we have to figure out exactly what it is going to mean. There has to be some kind of...

Mr. Sanders interjected then the only way, sir...the maximum cost just using all the numbers that were talked about tonight is you should assume 116 people are going to accept it. This is what it is going to cost and this is how it is going to work out or not work out. You have to deal with the fact that within those 116 people are people that are going to retire tomorrow but you can't do anything about it and there may be people as Alderman Gatsas said that won't retire for three years from now. You must assume that we will all take it and that you must not fill the positions and here is the maximum dollars that you are going to incur to pay it. In the end you will have to decide whether that was in the best interest of the City.

Alderman Shea asked if only those people who plan on retiring decide to retire prior to the end of June, in other words by the first of July, would it still be beneficial for the City to offer this plan to them? That is what I am asking.

Mr. Sanders replied sir, if someone is going to retire by June 30<sup>th</sup> we should not offer them \$10,000 to retire on June 1<sup>st</sup>. That would be my opinion.

Alderman Shea stated right, so you can't offer the \$10,000.

Mr. Sanders stated so I think that those will be the people that will take it, personally.

Alderman Shea stated that is what I was intimating before, that unless we have a certain hold on how many people are going to be leaving, how are we going to figure out whether it is going to help the City?

Chairman Gatsas asked if someone is at \$57,000, Jane, July 1<sup>st</sup> what is their increase? It is 3% plus...a total of 7%?

Ms. Gile replied July 1<sup>st</sup> would be 3%.

Chairman Gatsas asked plus COLA or is 3% for step?

Ms. Gile replied 3% for COLA. The steps are based on your date of hire so it is not automatic on July 1<sup>st</sup>.

Chairman Gatsas stated let's just assume that it is. How much is the step?

Ms. Gile replied the step is 3%.

Chairman Gatsas stated okay, so it is a total of 6%. That is what I am trying to say. If we take the \$57,339 times 6%, that is \$3,400. That is the assumption that you are looking at. It is \$3,400 that he would be going out with as an increase for his retirement. So it is \$6,500 difference if you gave him the \$10,000 buyout. The difference is, do you save \$1,102 times 12 months, the \$6,500? That is all that I am saying. If you are going to give it to him and he is leaving early, you are not going to give it to him in the raises that you have got to pay him in the weeks going forward. If he leaves, it is almost a net gain because it is not going to be in his wages when you pay him going forward. I think that anybody that leaves early you are going to recoup your money in either the short run or the long run. The long run...

Alderman Shea interjected if you don't replace them, naturally you will recoup more.

Chairman Gatsas stated it depends on where this Committee wants to move and how they want to move.

Alderman Shea asked could we have any kind of financial material back within a couple of weeks, in other words, before the 31<sup>st</sup> of March? Is that asking that...

Ms. Gile interjected you need to tell me what you would like because I think we have gone around a number of things. I can give you tonight, if you want, what the positions are that we have calculated this information on what the current salary is and what the severance buyout would be on those particular individuals, what these figures were calculated on. I can give you the backup for that. I am not sure what other information you would like.

Alderman Shea asked according to the figures you have, do they make sense to you?

Ms. Gile replied I guess it depends on in terms of... if we are to offer this package to employees, I think we need to be clear what it is we are offering and...

Alderman Shea interjected this is what we need to know then. In other words, I am not quite sure whether we know, exactly. Maybe some have an idea.

Chairman Gatsas stated I have a pretty good idea.

Alderman Shea stated then give them to Jane. Jane could then, you know...

Chairman Gatsas interjected I think she gave us the numbers. They are here. As Bill Sanders said you must take an assumption. The assumption is all 116 people leave. If they all leave you have to be prepared to pay them.

Alderman Lopez stated I think the thing is that we are going to offer you \$10,000 if you want to leave. I don't see any reason why we can't put something out there maybe in a survey form for 20 years \$10,000. Do you want it? Now that we have talked about it, people are not going to retire until July, because they will think there is something bigger. Anyway, if we are looking at 20 years or 25 years, I think 20 years is what you have here so we will work on that basis. We have 20 years and we are going to offer you \$10,000. I believe a survey could go out to those employees that you have listed and come back and say either after they consult with you and the retirement branch, would they accept it. I don't see anything wrong with it. We are not committing anything. We are just taking a survey to see how many of those people that fall in that category would take it at \$10,000. They can figure out their own pay and everything else.

Alderman Shea stated then we could have that information maybe in two weeks.

Alderman J. Roy stated thank you, Mr. Chairman. I will tell you my view on what you just said, Alderman Lopez. If I was still on the Fire Department and I was on a promotion list, I certainly wouldn't want the Chief to know that I am ready to retire. That survey isn't going to be accurate. That is why I think what Mr. Sanders said is you need to come out with an offer of what should be done. To your point, Mr. Chairman, about recouping even faster, let's remember if the anniversary date and the 3% were on June 1<sup>st</sup> then the payout to that person goes up at 6% as well. Their severance is actually unpaid previously earned benefits. Some people ask what are you getting severance for? It is actually unpaid previously earned benefits. If you compound all that together you are absolutely right, the gain is going to be more significant.

Alderman Lopez stated what you say is absolutely correct, if you are on a promotion list. Unless you go out there and tell somebody what you are going to give them or potentially what you are going to give them, or what you are looking at as a policy, and there are a lot of people who go to HR and the Retirement branch and we don't even know they are anticipating retirement. Unless we put something out there I don't see how anybody in their right mind is going to say will take the \$10,000 and run.

Chairman Gatsas asked Alderman Lopez, is it your suggestion that we send out a letter to those 116 people?

Alderman Lopez stated I have no problem with sending out a letter, as long as it is not a commitment.

Chairman Gatsas stated I don't think anybody is going to do anything unless it is a commitment. They are not just going to say...

Alderman Lopez interjected we are not fully implementing that we are going to give somebody \$10,000. We want to know, if we did...

Chairman Gatsas interjected I don't think you are going to find any employee that is going to come back to you and say here is your survey and yes I am going.

Alderman Lopez responded yes.

Chairman Gatsas continued because you are going to look at it and say why are we going to pay him the money because he is leaving this year anyway?

Alderman Lopez stated the only thing I am in doubt about is, are these number correct? Maybe if I am a little bit more comfortable with the numbers I would agree to the \$10,000 and go out and offer that. I think that is where I need to have the HR Director work with the Finance Officer and come back to the Chairman and present a cleaner sheet so that we can make a policy decision for the full Board, because it is going to take the full Board. The Chairman can call a 15 or 20 minute special meeting if this is urgent to get it out by the end of the month. I think I need a cleaner sheet of what we are offering. I am okay with the \$10,000 but I want to make sure that the numbers are all correct in 2009 and 2010.

Alderman Pinard stated I will repeat what I had said before to the Human Resources Director. You have to have a plan in place. I think Alderman Lopez is correct, if we have that then you can present it and people will know which way we are going. Right now we are discussing and going around and around and going nowhere. I think if we put a plan in place everybody will know what is going on.

Chairman Gatsas asked can I get a motion that we have the Human Resources Director and the Finance Officer come in with a sheet that clarifies the numbers a little better so that we have a column with pluses and minuses? We can then see what the bottom line equates to. I have taken some assumptions in that everybody is on a family plan on the HMO. Maybe 60 of those 116 people are on the family POS plan, which increases the numbers. If we can have that come forward and if we can schedule another meeting just before the full Board meeting on the 17<sup>th</sup>...

Alderman Shea stated I don't know if we are meeting on the 17<sup>th</sup>.

Chairman Gatsas asked why?

Alderman Shea replied why, maybe some of us are Irish and don't want to meet on the 17<sup>th</sup>.

Chairman Gatsas asked does that mean we won't meet on the 25<sup>th</sup> if that is on a Tuesday too?

Alderman Shea replied yes, that means the same thing.

Chairman Gatsas stated that is Greek Independence Day. I was just checking. There has got to be a plan that is going to come forward for people to make a decision by April 1<sup>st</sup>. Jane, do you think that a two week notice to report in is long enough for somebody if the full Board votes it out? Obviously, if Fire and Police go in they have to notify by May 1<sup>st</sup>.

Ms. Gile responded I think we are cutting it close with Police and Fire in terms of the notification. That is going to be an interesting one. We would include the other numbers for age 45 and 20 years as well. That will increase these numbers a bit.

Chairman Gatsas asked is it your suggestion that motion is for a sheet to come in that gives clarity to what the numbers actually are including the age 45?

Ms. Gile replied right. What we can provide for you is a sheet that lists the departments, positions in the departments that are eligible to...

Chairman Gatsas interjected I don't think we need to know that. I don't think that is relevant in any case.

Ms. Gile stated if you want to know, in terms of the benefit load, we need to know who the people are so that we can figure, and I thought that is what I heard you say...

Chairman Gatsas interjected right, but I think you can come back to us and say that there are 22 people on a two person plan, there are 45 people on a single plan. We don't need to know anything about the department or anything else.

Ms. Gile responded we will have the backup but we will provide the summaries to you in terms of the actual costs of those employees currently who are on all of our benefits and so forth and what that benefit load is and what that relates to.

Alderman Lopez stated also make sure the numbers are there for 2009 and 2010 and how long these positions... which I think the Finance Officer can tell us, if somebody does go we have to leave that vacant for a period of time in order to recoup the \$10,000. Am I correct? I need to see that all on paper. If we take it out under special revenue that is a different ballgame.

Ms. Gile stated if you calculated the severance out you would have to add the severance into that calculation as well. It could be a long term vacancy before any savings would be realized.

Alderman Shea asked would we be able to make a decision if that information came to us in April?

Chairman Gatsas replied I think the longer you go the more months of savings you eliminate.

Alderman Shea asked when can you have that?

Ms. Gile replied I will do my best. As long as I understand what it is that you are asking for. We will just try to summarize what the severance looks like and some of these figures that are on here. I have got most of the numbers there.

Chairman Gatsas interjected you have the numbers all here. They just need to be in a form that everybody sees a plus and a minus to say, here is the savings or here is the cost. I think you have the numbers here.

Ms. Gile stated it is just how you format them.

Chairman Gatsas stated correct, and it gives you a little bit more time to work on the retirement side to see what those savings are.

Alderman Shea asked Mr. Chairman, could that be ready if we were to meet the 17<sup>th</sup>?

Ms. Gile replied I think we can probably pull something together but if you want to review it beforehand I would be happy to have somebody look at it.

Chairman Gatsas stated we will have a meeting beforehand if you can get it to us before the meeting. We will plan on a meeting at 4:00 P.M before the Board meeting, whatever night we are meeting. We can move it forward because the Board is going to have to determine if they want to do it. I don't know if you can compile a spreadsheet with these numbers on a plus or minus so that it can be presented to the full Board and they at least get a flavor of where we are at.

Ms. Gile asked you would want it separated by Enterprise and General?

Chairman Gatsas stated right. If we took this sheet and merely made it pluses and minuses as we go down, I know it doesn't include the 45 year olds but I think that at least it gives the Board a flavor of where we are going. If we don't have a consensus to move forward then there is no sense in having everybody work because it gives you about an hour and a half to put something together that, at least from these numbers, you can see something on a plus or minus basis.

Mr. Sanders responded I feel like I am being a little contrarian but I am a little uncomfortable, in just an hour, pulling this information together on something that we might be living with two weeks from now. I am just very cautious when it is numbers and dollars and an offer that might play out. If Jane is fine with it, that is okay with me but I would prefer to have a couple weeks to make sure that we understood what we were putting on a piece of paper and got to show it to you beforehand.

Chairman Gatsas stated as long as it doesn't turn into a few months. Parking report.

Alderman Lopez asked can we have that Committee of Human Resources, Finance Officer and the City Solicitor work on this?

Chairman Gatsas replied we can do that.

Alderman Lopez stated thank you.

Alderman Shea asked how about Kevin Buckley too? Isn't he a CPA or something? Wouldn't it be helpful for...

Chairman Gatsas interjected these numbers are pretty easy. The motion is for the Finance Officer, Human Resources Director, and City Solicitor to work together to bring numbers to see a clear plus and minus, what the payouts are going to be and how they are going to be including the 45 year olds. Jane, you will have the opportunity to work on the retirement side to see what those numbers are. Also the net savings... because when you start looking at where you are for Fire and Police, those retirement numbers are going to make a significant difference in savings.

Ms. Gile stated we can do the costing out in terms of what percentage the City pays for that but if you are talking about pensions we are not going to be able to do that.

Chairman Gatsas stated no, what the City costs are. That is all we can be concerned with.

On motion of Alderman Lopez, duly seconded by Alderman Shea, it was voted to have the Finance Officer, Human Resources Director, and City Solicitor work together to provide the Committee with numbers to see clear pluses and minuses for what the payouts are going to be for an early retirement plan and include the 45 year olds.

## **TABLED ITEMS**

5. Discussion relative to the New Hampshire Retirement System pursuant to RSA 100-A.

*(Note: Referred from the Board of Mayor and Aldermen on 9/16/08; Recommendation to be submitted by the Human Resources Department; Tabled 11/12/08)*

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to remove this item from the table.

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to receive and file this item.

6. Discussion relative to the guidelines of the Bright Ideas Evaluation Committee awards.

*(Note: Referred from the Board of Mayor and Aldermen on 9/16/08; The Committee has requested members of the Quality Council to appear at the next meeting to discuss the issue further; Tabled 11/12/08)*

This item remained on the table.

7. Recommendation of the Special Committee on Parking in the vicinity of high schools to approve immediately a Seasonal Parking Control Officer for the Parking Division to enforce the new regulations for a new Residential Parking Permit Zone #8.

*(Note: Referred to the Committee by the Board of Mayor and Aldermen on 9/2/08; The Committee received and filed the proposed parking permit zone on 12/01/08 related to this position request; Tabled 11/12/08)*

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to remove this item from the table.

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to receive and file this item.

8. Communication from Jane E. Gile, Human Resources Director, recommending that the Committee upgrade the part-time parking control officer from a salary grade 10 to a salary grade 11; and upgrade the reserve police officer from a salary grade 18 to a salary grade 19.

*(Note: The Committee has requested additional information from Human Resources on this item; Tabled 8/5/08. Communication from Chief Mara regarding Reserve Officers was received and filed on November 24, 2008.)*

This item remained on the table.

9. Recommendation from Thomas Clark, City Solicitor, regarding Section 33.011 Retired Employees; Policy on Rehiring, if available.

*(Tabled 8/5/08)*

This item remained on the table.

There being no further business, on motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

City Clerk