

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

September 21, 2010

5:30 PM

Chairman Lopez called the meeting to order.

The Clerk called the roll.

Present: Aldermen Lopez, Osborne, O'Neil
Aldermen DeVries and Corriveau arrived late

Messrs: J. Minkarah, B. Stanley, T. Arnold, W. Sanders, J. Angell,
D. Howard, K. Sheppard

Chairman Lopez addressed item 3 of the agenda:

3. Communication from Alderman Long regarding the Fair Competition Clause.

On motion of Alderman Osborne, duly seconded by Alderman O'Neil, it was voted to discuss this item.

Alderman Long stated I am assuming everyone has read this. At some point we would want to read it to the public. I will give you an overview. The Because's come right out of the American Recovery and Reinvestment Act (ARRA), so it all fits in with that act. Whether you agree with stimulus money or not, the intent behind it was to stimulate the local economy. In that act, 138 times it references local, with ways to help local government budgets, avoid reductions in essential services, avoid state and local tax increases, provide local training and local employment, tax incentives for health insurance and provide funds for New Hampshire's unemployed construction and other workers. With the Facility Economic Development bonds that we are getting through Hillsborough County and the Build America bond, there is a Davis-Bacon requirement. The labor piece of this, the price has already been set in this Davis-Bacon rate. I don't believe they establish the rates until we go out to bond. I hear a lot of constituents say this hasn't affected me. This stimulus hasn't affected me. I believe strongly that there is an opportunity in Manchester to assure Manchester residents and Manchester businesses get the stimulus from this complex that we are going to be building.

Coming from this Board it is not mandatory. There are federal Supreme Court cases that pretty much gave their opinion as to when and where a public entity can mandate residential or anything when it comes to doing construction work. With that said, it is a preference. I am looking for the Board of Mayor and Aldermen to vote as to a preference of Manchester residents, qualified construction workers working on this project. We would also ask that the contractor have a bona fide apprenticeship. In the Build America bond the third criteria are for training, whether it is in construction or business training. That fits in that bond. We are also looking to have a lawful, written binding document establishing a hiring program. A few of those questions were asked in the interview for construction manager as to how they could show that they could hire qualified Manchester construction workers. In the David-Bacon rate, it is broken down in two parts. One is a rate, which is your wage, and the other is fringes, which is health care, pension and some there is an apprenticeship cost. As a contractor you don't have to have health insurance. You can set up an HSA and just put the fringe, whatever that breakdown is into the HSA for the construction worker. I just feel that this is an opportunity to not only get a good facility for our Public Works and our Police Department but also an opportunity to keep these wages flowing in Manchester. It just makes sense. Somebody from Manchester is going to spend their money in Manchester.

Chairman Lopez stated that is the way I read it. It is a benefit to Manchester, New Hampshire and the State of New Hampshire in hiring, if at all possible, to sanction the Fair Competition Act for the ARRA bonding projects. What are the wishes of the Committee?

On motion of Alderman Osborne, duly seconded by Alderman O'Neil, it was voted to approve the Fair Competition Clause for the Manchester Municipal Complex Project

Chairman Lopez addressed item 4 of the agenda:

4. Communication from Jay Minkarah, Economic Development Director, requesting approval of the attached Development Plan for projects approved for funding through the Recovery Zone Facility Bonds.

Chairman Lopez asked Jay, can you speak briefly on this? I know that Alderman O'Neil and the CIP Committee allocated the \$8,966,000 and basically this is the administrative document that you need in order to move forward, from what I understand.

Mr. Jay Minkarah, Economic Development Director, stated we are working with the Manchester Housing and Redevelopment Authority (MRHA) who will actually be issuing the bonds under the Recovery Zone Program. In order for MHRA to act, it is a statutory requirement that there be a development plan in place that covers the area within which they are going to act. For Hackett Hill we already have a development plan that was previously approved. For the other remaining three projects, two are in the Millyard and one is down at the Elliot at River's Edge. We do need to have a development plan that covers that area. Essentially it really is an administrative type of function. When you look through it, if you have had the chance to, basically it just shows the effected area, states our master plan goals of encouraging redevelopment, removing blight and some of the other statutory roles that MHRA has. Then it basically references the three Zoning Ordinances and requirements that are in them. This has to be approved by the Board of Mayor and Aldermen as well as the MHRA, who would also have to hold a public hearing. If it is your pleasure to approve this tonight than that would be the next step. We would get it over the MHRA and they would hold a hearing, so that we can move forward. It is somewhat time sensitive of course because we do need to get through the process fairly quickly, so that we can actually issue these bonds before the end of the year.

Alderman Lopez asked would you want the full Board to approve this tonight?

Mr. Minkarah replied if that is possible, that would be our preference, yes.

Alderman O'Neil asked Jay, if this was time sensitive why are we only seeing this now?

Mr. Minkarah replied we didn't realize this was a statutory requirement until we were informed by MHRA's attorneys that this was another step that to be done. We brought it forward as quickly as we could and apologize for the oversight.

On motion of Alderman Osborne, duly seconded by Alderman O'Neil, it was voted to approve the development plan.

Chairman Lopez addressed item 5 of the agenda:

5. Communication from Brandy Stanley, Parking Manager, requesting authorization to execute a contract with Standard Parking for the Chili Cook-off.

Chairman Lopez stated the Board has already approved the parking plan for the Chili Cook-off. This is just a matter of approving the documentation so that Brandy can move forward.

Alderman O'Neil asked have we sold at least \$7,300 worth of passes? Can anyone tell me that?

Ms. Brandy Stanley, Parking Manager, replied I checked online this afternoon and we have not sold \$7,000 worth of parking.

Alderman O'Neil asked what is the number as of today?

Ms. Stanley replied I believe we sold about \$250 worth of parking online. However, I don't know if Jay knows how many admission tickets have been sold. We anticipate a lot of the parking is going to be in the form of cash as opposed to advanced sales.

Alderman O'Neil asked Tom, what happens if we don't make at least the \$7,300? How do we pay the bill?

Mr. Thomas Arnold, Deputy City Solicitor, replied that is probably better directed to the Finance Officer.

Alderman O'Neil asked if we don't make the \$7,300 in revenues to pay this contract, how do we pay it?

Mr. William Sanders, Finance Officer, replied all the expenses of the Chili Cook-off are being aggregated in the special account that the Aldermen approved a few months ago, where contributions have gone in and expenses of the Chili Cook-off will be charged to that special account. If in the aggregate the special account is short, there would need to be some action by the Aldermen to fund it. I am hopeful that that won't be the case.

Chairman Lopez asked Brandy, why do you think we are so low in selling parking? What is your opinion?

Ms. Stanley replied the online sale of the tickets, and particularly the parking sales of the tickets, have not been the focus of the marketing campaign so I doubt there are a lot of people. I think the focus has been on having the charities pre-sell tickets and people sell tickets in person. I think that is where most of the ticket sales have gone rather than online.

Chairman Lopez stated so if we continue to move forward when we approve this, in order to not have a traffic jam, what are we going to do to not have that traffic jam? Are the policemen or someone going to tell people where the parking lots are?

Ms. Stanley replied yes, we have a very comprehensive signage package. The Police Department confirmed this morning that the State Department of Transportation is going to have at least three of their signs up on the highways directing people into the city off of Exit 5 and Exit 6. We have plenty of signage directing people into the Millyard directly from the exits. I don't think we are going to have a traffic jam and whether we have online sales or sales coming in the form of cash we are still probably going to have to manage the parking operation the same way.

Alderman DeVries stated Brandy, I noticed that there is an advance due September 23rd. How will that be handled where we don't have the account with the aggregate available to us, or do we already have it available to us?

Mr. Sanders replied I can't answer with assurance right at the moment but even if we didn't have the money available, you have appropriated \$150,000 in that special account and we would pay the fees. We would be coming back to the Aldermen in late October with an accounting of that account after the Chili Cook-off occurs to let you know how we did.

Alderman Corriveau asked Bill, does the \$7,300 include the \$4,192 for the advanced fee?

Ms. Stanley replied yes, it does. The \$4,192 is the advanced fee. The \$7,300 is what we anticipate the contract to end up being. We are paying an hourly rate per person. If it rains then we are not going to incur the \$7,300. I would not contract for that many bodies. The \$7,300 is an estimate based on what actually happens because I will have the ability to manage the cost based on the volume as things progress.

Alderman Corriveau asked so you see the \$7,300 more as a ceiling than a floor?

Ms. Stanley replied yes, that is our best guess of what the contract is going to cost.

Alderman Corriveau asked so the \$7,300 minus roughly \$4,192 is about \$3,100 for essentially the operation, is that right?

Ms. Stanley replied the \$7,300 is based on a pure hourly rate for their employees. Again, if I say I only need three people instead of five people, we are going to be closer to the \$4,200 than the \$7,300. Obviously it is more people than that.

On motion of Alderman DeVries, duly seconded by Alderman Osborne, it was voted to authorize Brandy Stanley to execute a contract with Standard Parking for the Chili Cook-off. Alderman O'Neil was duly recorded in opposition

Chairman Lopez addressed item 6 of the agenda:

6. Communication from Jennie Angell, Director of Information Services, requesting the City enter into a contract with Innoprise Software of Broomfield, Colorado for the purchase, implementation and ongoing maintenance of a new Enterprise Management System.

Ms. Jennie Angell, Director of Information Services, stated I included in the agenda a brief synopsis of where we are. We are proposing that the City enter into an 11-year agreement with Innoprise Systems of Broomfield, Colorado. The City has been using Sungard, also known as THE, since 1997. The City pays Sungard \$224,000 a year for support for that system. About \$55,000 of that is actually reimbursed by the Enterprises. As I listed in my memo, this is the software that the City uses to operate all of the administrative functions. It includes payroll, budgets, chart of accounts, purchasing, invoicing, fixed assets, and cash receipts. It also does water and wastewater billing, tax billing, land parcel management, building permits, code enforcement, work order and fleet management. It is very important to the operation and management of the City. The software from Sungard is not intuitive, which impacts its usability for groups like the NET team. Different modules work differently, which is a source of frustration for employees and extracting data is difficult and usually must be done either by Guy Beloin from Finance or Rick Linder from my office. The standard account clerks can't do it. It is expensive to implement interfaces. The City is in a situation with the software that they can't take advantage of services that would enhance customer service or efficiency and we want integrate into using iPods and Smartphones. We just can't do that with the HTE software. In April we got a demo from Innoprise Software and they offered the City what they call their Strategic Cities Partnership. They are relatively new but not too new. They have been in business for about six years. They are looking for strategic partners who can be reference sites. What they have offered to us is, they would take over our HTE maintenance

and they will migrate us over to their software. They did some demos using some of our data to departments and people in the departments liked what they saw. They got pretty excited about what this could do for them and streamline their departments to improve efficiency. Since this is such a big deal for the operation of the City, what we did is we put together a steering committee of key department heads and we decided to spend the time to make sure it was right. We put out an RFQ and then we put out an RFP. Innoprise was the only vendor who could not only provide maintenance for Sungard but could also provide software for other modules we needed. They also were the lowest cost proposal. If we enter into this contract, we can do it with the money that has been appropriated for Sungard so we aren't asking for additional money. Not only that, originally the contract was for six years and then when the Mayor started looking at it, we extended it for a years seven through eleven and we are locking in maintenance for years seven through eleven at \$123,000, which is 55% of what we are paying Sungard now. The contract also includes 1,000 days of consulting services from Innoprise. This will be used for conversion and setting up the system but it will also allow us to look at processes, revamp processes, and decide if there is a better way to do things. With 1,000 days of their time devoted to what we are doing in the City, this will help us streamline what we are doing. Water Works has said they want to go immediately upon signing a contract. Planning & Community Development wants to also go very early. They want to get building permits and code enforcement on the web. Matt Normand with business licensing wants to do the same thing. With this software, we can implement it in the order that suits the City, what works with the City. We are estimating that it will take about two and a half years to migrate everybody off of Sungard. We are working on that schedule. I am told I am supposed to have that schedule by Monday's meeting. The steering committee feels strongly that this is an exceptional opportunity for the City to move forward. The fact that we can do it within the current budget is a great thing but that is not the reason we are recommending this. We think this is probably one of the best solutions for the City with what they need to do. We feel strongly that this is a good solution for the City and the fact that we can do it within our current appropriation is kind of a bonus and makes it doable. We are asking to see if we can move this forward tonight. Every month that we delay it is costing the City another \$17,000 that we have to pay in monthly maintenance. That is the summary.

Chairman Lopez stated I want to commend you for looking at this. It started back a long time ago and I know you have been looking at this contract and how we get service so I commend you for bringing something forward like this to the Board.

Alderman O'Neil asked Jennie, what would be the problem with waiting two weeks to approve this?

Ms. Angell replied it is actually in the contract that if we get it approved tonight the vendor gets his first check tomorrow, and that was something that the Mayor did a lot of negotiating back and forth on. We have been working on this since April and you are right, if it waits two weeks then it waits two weeks.

Alderman O'Neil stated the reason I bring it up is I was aware this was going on, but I didn't know it was coming in until I spoke with the Mayor last week. It is a pretty significant contract. I think the Aldermen probably should have been briefed on this in small numbers. HTE has not been a great system. We have invested millions upon millions of dollars into it. Once we make the decision there is no looking back. I learned yesterday, and I am pleased to hear, that this system will be able to do the NET work that we have been looking to do for years. But I learned that yesterday. I honestly think the Aldermen should have been briefed on this a little bit. They should have been shown what is going to happen with it. We are locking into a long-term contract here. I have no problems saying that HTE has not served us well. Every time we have tried to do something they didn't have a module that worked. It always ended up costing us more and more money to try to implement something or in the case of NET we couldn't implement it. I personally would like to see us wait two weeks. I don't think it is going to hurt. I don't know if the gentlemen are going to be here in the two week time period.

Ms. Angell stated they are here now.

Alderman O'Neil stated that is fine. This is the first time I have ever seen them. I have no idea what their names are.

Ms. Angell asked would you like me to introduce them?

Alderman O'Neil stated I understand one of them is the H, in HTE.

Ms. Angell stated yes, he is.

Alderman O'Neil stated I learned that yesterday.

Chairman Lopez stated since they are here, why don't you introduce them, please.

Ms. Angell stated we have here Dennis Howard. He was originally from Dover, New Hampshire and he is currently living in Colorado. Also here is Pete Connolly. He is the area representative and he is from Boston. Do you have any questions for them?

Chairman Lopez stated I think that Alderman O'Neil brought up a good point. Is this going to solve all of our problems with HTE?

Mr. Dennis Howard, Innoprise Software, stated we started this company for the expressed purpose of improving it. I don't want to get into a long story about what transpired and why we became a separate company but basically the very things that you are complaining about are the reasons that I left HTE after it was a public company where I was restricted from solving the very problems that you have. It is very frustrating for me to hear these things because for anybody that has been an entrepreneur and has built a successful company from \$3,000 to \$100 million and then to see the way it has been run into the ground for the last ten years, it is just very frustrating for me to hear that. My name is on it. In fact, after I left, tried to sue them so that they couldn't use my name. They would have to take the H out of the HTE. We just decided to wait until our non-compete was over. The day that was over, I got the six original developers and started a new company. It took us nine years and every dime I had to get this launched. Today we have 100 customers in 32 states. I just flew in today. We have people in the files for the City of Boise. So to be considered as one of the top three vendors in any situation, not just one here where I am basically giving you the software. It is because I have a conscience and I feel bad about what happened. I have negotiated this in good faith and we have worked on this very hard for the last six months.

Alderman O'Neil asked do you understand this from our position though, that we are seeing this for the first time? All I am saying is two weeks. I don't know but you are probably heading back to Colorado. Maybe Mr. Connolly is around. I would like to see some demos of what we can do. That is all I am asking. To be honest we have spent months on a computerized dispatch and records management system. Staff spent time on it and it has had some issues. It has demanded more police officer time to do various reports than they previously had to do. That means they are not out on the streets. I want to make sure we take our time and do these things right. All I am asking for is two weeks.

Chairman Lopez asked who was on the committee and what input did they have in making this recommendation?

Ms. Angell stated the people on the committee included Bill Sanders, Tom Bowen, Leon LaFreniere, Jane Gile, Kevin Sheppard and Matt Normand. They were very active. We put an RFQ and then we put out an RFP and they reviewed them. They interviewed the different parties. They were extremely active. They definitely were not all on board when we started. Bill Sanders was extremely cautious, more than the other committee members but all of them were very cautious. None of us want to be responsible for a recommendation that has the

reputation of the HTE recommendation. We were very cautious. When we are done, we want everybody to be saying we made a great choice because this is helping the City provide better customer service and to be more efficient. That is our goal.

Chairman Lopez asked are they satisfied that this system, if we approve this contract, is going to provide the City of Manchester with everything that we need?

Ms. Angell replied in my opinion, yes. All of the committee members except for Tom Bowen, who is out of town, are here tonight. I think everybody is satisfied with our decision.

Chairman Lopez stated I see them nodding their heads.

Mr. Howard stated a little bit of a different story, we already converted your data when we did our earlier presentations. That is the biggest issue we have. We asked if people have these experiences. We have to prove it. It is very unusual for a demo to use your own data. We wanted to make sure they knew we weren't just blowing smoke, and that we were really serious about what we were saying. When they were checking our references, probably the best reference that I heard was from Lawrence, Kansas, one of our customers who came from HTE also. The day the system went live, the Finance Director and the IT Director played golf. I think that is probably the best reference. I can just say I have been involved in this for many years. Nobody has ever been as thorough as Jennie and her group has been in this situation. It was very frustrating for me because I was coming in with a deal that really is a no-brainer. First we had to do an RFQ and we did that. Then it was an RFP. Normally when there is an RFP, the price is automatically double. So the proposal I have for Boise for the very same software is over \$3 million. There is no support of the existing system. They put up with a lot of whining from me already about the delays and the process. Normally if there is an RFP it is a retail deal.

Chairman Lopez stated I think the problem we have as policymakers is when we ask for something, we can't do that. That's not going to happen anymore.

Mr. Howard stated in fact, I have an iPad right here; somebody negotiated one into the deal. Basically, I could call information out of the financial system right now. This is a different situation than what you have now. The technology has advanced tremendously. We were able to take advantage of it. We think it is all about empowering the users of the systems.

Alderman Corriveau stated if I could direct your attention to the bullet points of reasons for migrating to Innoprise software. I just want to go through a few of them. The fifth bullet point states the new system can be implemented within the current budget appropriation the City has for Sungard maintenance. What is that appropriation?

Ms. Angell stated the City has been paying Sungard \$224,000 a year. Instead of paying it to Sungard, we will pay it to Innoprise. They will provide support that normally Sungard does for that amount of money but we will also get all of the new software, the 1,000 days of support and implementation.

Alderman Corriveau asked the 1,000 days of support, is that essentially consulting?

Ms. Angell replied when you are putting in systems of this size, you have a project manager on both sides and you meet with each group and systems like this can be configured in thousands of ways to do specific things, so they sit and work with the subject matter experts within the city. They find out what it is that they need, what it is that they currently do and why are we doing that. With this process it is going to be, 'Why are we doing that?' because we are going to be looking at business processes. Is there a better way to do it and what is the most efficient way to do it? This system also provides what is called workflow, which is not something we have right now. So for example, when you are paying bills, a clerk might put a bill in to be paid but they may not be authorized so it would automatically forward it to the person that needs to do the authorization. All of those things are automatically set up. These 1,000 days are used to help departments analyze their process, set up and configure the systems and do training.

Alderman Corriveau stated okay. The reason I ask is because it mentions in the letter about allowing us to review business processes used throughout the City to identify areas that can be streamlined to improve efficiency. Essentially that is training, consulting...

Ms. Angell interjected system configuration too, yes.

Alderman Corriveau stated if we can go back to the bullet points, the next one actually states at the end of six years the annual maintenance cost will be 55% of what it is today. Maybe this question is for the Mayor: The five year extension that you negotiated after the six years, obviously you know there is a trade off to the duration of a contract versus having the maintenance fee locked in. Maybe you could just explain some of your reasoning for that.

Mayor Gatsas stated let me start first by saying, I think it is important that everybody read through this documentation because Sungard didn't even bid some of the things that we are getting from Innoprise. It is easy enough to say that we are going to look at this and understand it. I certainly appreciate where everybody is coming from but I think that when you talk about a contract, locking in at \$123,000 on a fixed rate was not something that they wanted to do. They were looking to escalate that rate through that process and come back to the table and renegotiate it at the end of six years. I wanted to make sure that the City was protected in the long term and that we had somebody at the table that knew the system that they implemented and to make sure that they were here to run it if there was a problem. The \$1,000, when we first had a discussion, I think it was \$1,000 a day. We negotiated that down to \$580 a day. The package that we have here...when we talk about 'Why tonight?' it is because we reduced it to such a level that he wanted to leave here with a contract in hand and a check by tomorrow because of the pricing that we did. It was a reduction. As he said, the retail price on the marketplace would be at about \$3 million. We are at a much less expensive spot than that, so I think it is important as we go through this, that \$123,000 for the next five years was a number that I thought, along with Jennie, was the reasonable thing. Most of my understanding of what we did came from our department head, who I know that we entrust in this city with decisions. We can sit here for the next two months and I don't think that any of us on this Board would have the knowledge that Jennie has to ask questions to move forward. I can tell you that Mr. Howard certainly was in a position, when we first started this discussion before the RFQ. The numbers I can tell you went from 381 days to 1,000 days. The benefits that the City has been seeing through this entire process have been an advantage for the City. Certainly I appreciate Mr. Howard being forthright and coming forward and saying that he is going to do these things. He is looking to have an office here in Manchester so that this can be the satellite to work out of to move forward.

Alderman Corriveau stated thank you, Mayor. Back to my original question, the five year extension, there is a trade off there and I certainly see the benefits that you just discussed and I also recognize the fact that this means we don't go out for an RFP for another five years. Was there any discussion about maybe making that an option, a potential option the City could exercise for an additional five years?

Mayor Gatsas stated I am sure if...

Chairman Lopez interjected excuse me, Your Honor. I think Jennie would like to respond.

Ms. Angell stated it is our option.

Alderman Corriveau stated it is an option. So this is not an 11-year contract. This is a six year contract with a five year option.

Chairman Lopez stated I just want to make sure that we are getting the answers from the department head. Not that you don't know the answer, Your Honor, but I just want to make sure of that.

Ms. Angell stated we did that because we thought that would be in our best interest.

Alderman Corriveau stated I just have one final question. The next bullet point states all Innoprise modules, including all citizen access modules, are currently live and being used by other cities. I guess I would like to know what other cities and are there any letters of recommendation. When we had to determine the new ambulance contract, I was bombarded with letters of recommendation from one company to another and I didn't see any here.

Ms. Angell stated Dennis can give you more information. I didn't bring all of the reference materials. I don't have letters of recommendation. We did spend a lot of time speaking with people who were live. I spoke with a lot. I know that some of the steering committee spoke with their counterparts in some of the cities to find out how things went and what they did. I do not have any letters of recommendation here with me.

Alderman Corriveau stated depending on what happens with this vote, whether it proceeds tonight or in two weeks, if it does proceed in two weeks, I guess I would like to request that we have a list of the cities that Innoprise serves and whatever reference materials, whether it be letters of recommendation or some sort of reference material that provides us the assurance. I don't doubt your assurance that Innoprise is doing a good job in cities because obviously we would be their first in the Northeast. I am curious what some others might think.

Mr. Howard stated in Branford, Connecticut, we have had the permitting systems in there for three years. Also, every time a customer goes live, ever since 2004, it has been posted on our website. There is a section there called live customers. Every single live customer, the day they go live gets posted on that website. It is one of those things where I just believe putting all of your references is better than screening them off.

Alderman Corriveau stated that is fine. This is the first I have heard of that. I think sort of what Alderman O'Neil was saying, we haven't been able to review those.

Chairman Lopez stated I think, Alderman, we can ask for anything we want. What are we going to do with it? If I was an IT expert I would be sitting on that side of the table. I don't know what we want. I think the committee did an excellent job. I am sure that people like Mr. Sanders or other people who were on that committee are not going to sanction something that they felt wasn't good for the City. That is my only point.

Alderman DeVries asked the interface with the state programs, title and auto registration, will that improve? Is that taken care of with this implementation?

Ms. Angell stated all of the current interfaces that we have with HTE will be replicated with this. As far as improvements, I guess it depends on what they do and what the issues are. If it is something with the state, we can't change what the state is doing. At the very least they will be equal to what they are now.

Alderman DeVries asked will there be a cost to us for that interface?

Ms. Angell replied no.

Alderman DeVries asked the indemnification, in case there is a breach of information or identity theft issues, how does that fall? I am just playing the Section 6 of the contract, the limitation of liability versus Section 12, the hold harmless and indemnification. Whoever would like to answer that can tell me where the liability sits if there is a major breach compromise of our information.

Ms. Angell stated their systems run behind the City's firewalls so the bulk of the responsibility is on the City. There is security on the system but internal security for things like web access into the system is behind the City's firewalls so it is the City who is the entity that is providing protection.

Mr. Howard stated this is a big issue in every instance. A lot of the Sungard systems we have replaced, the very first thing they have us do is change their bill pays because we never store any credit card information. We never store any of that client proprietary information. What happens is, if a citizen comes to pay a bill online, there is a provider who actually processes that. We never have the customer's information. All we have is what is called a token, a certificate from them. Basically we never actually store it. I don't think you are doing that much of that today but as you do more of those things, people get online permits and things like that so none of their information gets stored on the system. That is not the case today. If we dug in there we could probably find some of it. We don't store the information.

Alderman DeVries asked so if there was a breach with that third party vendor who has that information...

Mr. Howard interjected absolutely, they carry the liability. We don't, you don't. That is part of the agreement with them.

Alderman DeVries asked you are contracting with them?

Ms. Angell replied it would be contracted.

Mr. Howard stated it could be your bank. In some cities it is their bank. It is whoever actually processes that online transaction for you. The point is that we don't. We facilitate it. We forward it. We never get the credit card information and we never put it in the City's databases.

Ms. Angell stated the City can use whichever credit card vendor that they want so Finance would go out to bid for those services.

Mr. Howard stated I have some customers where that is the first thing I do.

Ms. Angell stated it would insure that they are compliant. What Dennis says about the way his system works, none of the sensitive information that is required to process those transactions is stored locally.

Alderman DeVries asked the 1,000 days for training, are we going to be making the best use of that by training the trainers and those sorts of implementations?

Ms. Angell replied yes. The 1,000 days is for training but it is also for configuration, analysis, and really consulting to help us revamp where it is appropriate. We will train the trainer where it is appropriate. What we have gotten we have written out such that we will be managing those days and for each section, when we write up a statement of work, we are going to record how many of these days we expect to use so it will be managed like money because it is, so we don't run out of these days before we get to the end. That is written into the contract.

Alderman DeVries asked what is the impact going to be of this changeover to our departments' budgets next year, the soft costs, the things that you aren't accounting to us within the contract? Obviously there is an expenditure that will have to happen and will vary from department to department. That would be useful information for us.

Ms. Angell replied the main expenditure that departments will incur is the human capital that has to be used. The systems do not get put in without significant amount of input and effort on the part of people within the department. That has been recognized by the committee, it is recognized by the Mayor. We are taking that into very careful consideration when working out the schedule. There is no sense in trying to schedule Matt Normand for anymore work than he did last week when he put in a 24 hour day just for the election. He can't do any more work than that. We have to very carefully figure out what the schedule is going to be to work with departments because that is where their costs are going to be. It is going to be the human cost.

Alderman DeVries stated that is exactly my question, Jennie. How is that going to impact what is going to be an incredibly difficult budget already next year?

Ms. Angell stated technically we have five years to get this done. We think we can do it in two and a half. There is no reason to push a system live before it is ready. We will work with departments. Departments are excited about this. Any of the departments that I have talked to, they want to move. They are frustrated. They think this will save them time in the end. They are motivated. We do have to work out a schedule that works for them because we understand they still have to get their daily work done.

Alderman DeVries stated that just leaves one other question. Are we going to carry both costs, the maintenance cost for HTE as well as the new contractual costs, at least for the next two and a half years, maybe five years? Is that how this will play out?

Ms. Angell replied no. As soon as we have a contract, we will be giving HTE a 30-day notice. Right now we are on a month-to-month schedule for maintenance with SunGard. All we have to do is give them a 30-day notice. This is one of the reasons for signing this contract. As soon as we sign the contract, the next day I am giving SunGard their 30-day notice. Then I stop sending them a check every month because Innoprise will provide the support.

Alderman DeVries asked to HTE while we implement?

Mr. Howard stated that is one the things we were saying. I have the six original developers from HTE on our team. The whole reason this program works and the reason that there is no real risk in it is because we are just taking the money that you are already spending. It takes us on average, to support an HTE system, ten hours a year. So you are paying \$224,000 for ten hours of support, essentially, because Rick and Jennie and everybody on your staff basically are taking care of these systems.

Alderman DeVries asked isn't some of that proprietary though with HTE?

Mr. Howard replied no, because we don't need to touch the proprietary information at all. In fact, I provided a letter to Rick because SunGard did raise that they do raise that because it's obviously not very pleasant with this happening. What happens is that we provide a letter saying if you want to remove all sources to a different system that is fine with us. We do not need it. The types of things that you own are your files and your data. Typically the area where customers need support is in running a report and not getting the right result, so we would want to go in and look at the file and see what happened in terms of what was done. We would look at the log. Those are all tools that are built into the computer itself. We don't need to use the proprietary software to figure out what happened. If there were a worst case scenario where for some reason something didn't work right, then we would coordinate with your staff so that we never touch the proprietary materials. We would have them do it.

Ms. Angell stated basically what we are doing is instead of paying SunGard, we would pay Innoprise and in addition to getting maintenance on our system we will get all new software and implementation. At the end of the day our maintenance will be 55% of what it is now.

Chairman Lopez stated we are going to have to move this along.

Alderman Osborne stated as long as I have known Jennie, she has always come in here with very good results and has always gone through things very thoroughly. Seeing how we have most of the City staff here that are going along with the idea, I have no problem with it. That is why I made the motion. I would just like to take it from there.

Alderman O'Neil asked Mr. Howard, if we refer this to the Board for October 5th, is the deal still on the table?

Mr. Howard replied actually there are some things in this deal that I don't like. The Mayor negotiated with me very tough and I would like to change those things. One of those things is a hold back where basically the City...

Alderman O'Neil interjected you have to deal with him on what you negotiated.

Mr. Howard stated I am just telling you that is something that I would like to change. It gives the City the right to basically hold back part of our payment in future years if for some reason the system isn't live. Well, when I see systems that don't go live, honestly a lot of the times it is not because of us, it is because staff

doesn't have time to do things that need to get done and things like that. That is something that I would definitely like out. The contract that we have expires on September 30th. I believe it actually expires tomorrow.

Alderman O'Neil asked so the deal is off the table then?

Mr. Howard replied well, you know, we have gone a long way on this. We have a big investment...

Alderman O'Neil stated I appreciate your comments about HTE. I appreciate your passion. That gives me some faith the system is going to do just fine but I am being asked to approve... I get this at home on Friday. I can tell you that I don't sit at my door waiting for my agendas to come in. I glance at them over the weekend and maybe Sunday night I get into them in some detail. Traditionally, over the years, something of this importance, the Aldermen would have been briefed well ahead of time on. I hope you understand where I am coming from and maybe where some of the others are coming from.

Mr. Howard stated I hope you understand where we are coming from.

Alderman O'Neil stated you have been in the process. I haven't been in the process. Your answer is that if we do not refer this to the full Board for a vote tonight, the deal is off.

Mr. Howard replied there may be some changes.

Alderman O'Neil stated that is not my question. It is a yes or a no. Is the deal off if it doesn't get referred to the full Board tonight?

Mr. Howard replied yes.

Alderman O'Neil asked the deal is off?

Mr. Howard replied yes.

Alderman O'Neil stated well, you make my vote pretty easy then. I am not going to support your company based on that. All I asked for was a courtesy of two weeks so that I could learn more about this. As Alderman Corriveau brought up, I know nothing about your company, nothing. I don't know what cities you do work in currently. Maybe I could have picked up the phone and called some of them myself. If the deal is off, Mr. Howard, then I will have to live with my vote. I can tell you that if the deal is off, you are not getting my support tonight. I am

going to encourage others to do the same because I don't like to do the people's business that way.

Mr. Howard stated I don't either.

Alderman O'Neil stated but your answer is yes the deal is off if we refer this to the October 5th meeting.

Mr. Howard asked could we make some changes?

Alderman O'Neil stated I don't know because I don't know what is in your contract. I wasn't at the table. I didn't negotiate it. I don't know what you agreed to and what you didn't agree to. I have four pages of summary. That is it. Bullet points and a two page letter.

Ms. Angell asked did you get a copy of the contract?

Alderman O'Neil asked why wasn't it with the original?

Ms. Angell replied I would like to apologize to the Board for not providing more information earlier. I had been...

Alderman O'Neil interjected I do have it right here. I haven't read it. I barely got to read the agenda item.

Ms. Angell stated I will take responsibility for not providing more information. I had talked to the Chairman and I thought we were okay. I apologize.

Chairman Lopez stated let's understand something here very clearly. There is a committee that was put together and if I add up the money, it is probably about \$600,000 in order to go through this the last six months. I have to trust the department heads in what they want and I have heard that this company is going to provide us everything. Can you tell me that you checked out this company?

Ms. Angell replied yes, we did.

Chairman Lopez asked was the committee satisfied with what you found out?

Ms. Angell replied yes, they were.

Chairman Lopez stated I see no problem in moving forward tonight. I think this is a good deal. If they turn around and say the deal is off the table, where are we going to go? Another six months?

Ms. Angell stated I think this deal is in the City's best financial interest. I think this deal is in the City's best interest in providing efficient constituent services. I understand what Dennis is saying and I will be honest with you, if we come back in two weeks, Dennis will probably do the deal. Dennis has been here this is his third or fourth flight out here and we don't have a deal yet. We do have...

Alderman O'Neil interjected Jennie, that is not our fault.

Ms. Angell stated I do apologize because we spoke with... I did try. I thought we were okay so I do apologize.

Chairman Lopez stated there is nothing to apologize for. The contract and all the information was provided to the Aldermen to look at and ask questions, just like I called you. We approved two or three other contracts tonight. I am sure that everybody remembers that they approved them. I can't help it if the Aldermen can't read it over the weekend.

Alderman O'Neil asked you are going to compare a \$7,000 parking contract to this deal?

Chairman Lopez stated I am comparing that you got the information that was provided.

Alderman O'Neil stated yes, I got the information on Friday night, Mr. Chairman.

Chairman Lopez stated we are not going to argue about it right now.

Alderman O'Neil stated I have the floor. Alderman DeVries' question was not answered because I was on this Board in 1998, where we paid out tens of thousands of dollars to overtime including deputy staff to implement HTE.

Chairman Lopez stated Alderman, you are out of order.

Alderman O'Neil stated that question was not answered. We paid the Deputy Finance Officer's overtime.

Chairman Lopez stated I will take the motion on the floor.

Alderman O'Neil stated I will withdraw my second. This is lousy that this is how we are doing business. I feel bad for them.

Chairman Lopez stated this is not lousy.

Alderman Osborne stated Mr. Chairman I wish I could give a first and a second because of the way he spoke about wanting to get out of it. That makes me want it more.

Alderman Osborne moved to approve the contract; Chairman Lopez duly seconded the motion. With Aldermen O'Neil, DeVries and Corriveau voting in opposition, the motion failed.

Chairman Lopez addressed item 7 of the agenda:

7. Communication from the Board of School Committee requesting an expendable trust be established for athletics for the School District's Athletic Department.

Chairman Lopez stated I would like to have this tabled to be able to talk to Finance, if that is okay with the Committee.

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

Chairman Lopez addressed item 8 of the agenda:

8. Communication from Mayor Gatsas regarding a proposal submitted by Kevin Sheppard, Public Works Director, to begin resolving operating losses in the Parks Enterprise Fund.
(Note: Communication has been submitted by Kevin Sheppard and is attached.)

Chairman Lopez stated before we get started I know there is passion about this particular issue also. I want everybody to understand that this is a proposal of the department head who is trying to solve and as they go through it with the Finance Officer, I have some comments in reference to it. It is to get rid of a \$5 million debt so that we can move forward in clearing that debt. With that I will turn it over to Kevin Sheppard.

Mr. Kevin Sheppard, Public Works Director, stated as I said in my cover letter for the correspondence that was presented to the Committee, Parks became part of a division of the Highway Department back in March. As part of that, as with other divisions, we are continually evaluating the operations and procedures. We are looking to see what is good, what we can change and what can stay in place. One of the things that stood out to us, in my past observations, especially before the

Board, was the Enterprise section of the Parks Division continually was at that time running in the red and at the present time it is \$5 million in the red. That is one area that we began to concentrate on early. I worked with my staff, including Tim Clougherty, Peter Capano the Chief of Parks, Recreation and Cemetery, Don Pinard who is our BSO for both the Highway Division and Parks Division, and Andy Vachon, the acting manager of our Enterprise fund at the present time to take a look at the Enterprise to see what we can do to help reduce the potential costs that we are running into at the Enterprise division. Part of the attachment to the Committee agenda is the summary of what we actually came up with as part of our thought process. If you would like I can go through that, step by step.

Chairman Lopez stated I think some of the bullet points are what will save us money. For example McIntyre Ski Area is no longer, so that is going to go into the General Fund. Will you explain that?

Mr. Sheppard responded as the Committee is familiar, recently the Board of Mayor and Aldermen contracted out to a third party, the operations of McIntyre Ski Area. The cost of that in fiscal year 2011 is roughly \$77,000 to our Enterprise fund. Our thought was that we have no control over that part of the Enterprise, how to manage or control that. That is in a contract that was entered into by the Board of Mayor and Aldermen. Over time, I am sure Mr. Sanders can provide more information on that. This year it is costing the City \$77,000 and next year it will be roughly \$65,000. In extended years, that actually flips over where there is some money coming back to the City. That is the balance of the revenue versus the City's portion of the bond cost on that. Our opinion is that McIntyre at this point should be out of the Enterprise fund.

Chairman Lopez stated the other area is the rate structure. High school hockey and the other items there under revenue, from what I understand in conversation is that this would be in the budget process, whether or not we would decide to have them free or subsidized from the City side in order to meet your goal.

Mr. Sheppard stated as you can see in the spreadsheet that is before you, the fiscal year 2011 savings for those revenues right now are zero because we don't anticipate implementing those as part of this budget year. You are correct; it would be part of the budget process. These are our recommendations. It is our opinion. We are being told by the Board of Mayor and Aldermen to run an Enterprise but we need to charge all of our users. We need to be consistent across the Board. That includes the School District and some other users at the Derryfield Country Club and it includes users at all of our ice arenas.

Chairman Lopez stated the point that I want to make is if we subsidize the revenue in 2012 that would meet your goals also.

Mr. Sheppard stated correct, if the Aldermen wanted to allocate funds for those to pay the Enterprise.

Alderman Corriveau stated thank you, Mr. Chairman. Kevin, I have two questions for you both in regards to the miscellaneous expenditures on your sheet. The first, you write for a savings of approximately \$183,000 properly allocate administrative expense cost between both cost centers. Could you explain that to me?

Mr. Sheppard responded that actually goes to the first two points there regarding the administrative as well as the management of Derryfield Country Club. Right now the Enterprise is charged 50% of the administrative fees of operating our Parks Division. The General Fund and Enterprise basically split those administrative costs. When we started to take a look at that we asked Don and some other staff within our Parks Division to take a look at actual cost of operating the General Fund versus the Enterprise side. It actually came out that 75% of the time is General Fund and 25% of the time is Enterprise. We are asking that we be allowed to properly allocate the time spent within General Fund and Enterprise. Enterprise is going to go from 50% of the administrative costs to 25% of our administrative costs.

Alderman Corriveau asked and the next item down?

Mr. Sheppard stated the next item down is Derryfield Country Club; that is the City's portion of the bond payment.

Alderman Corriveau stated I apologize. I was referring to the next item in miscellaneous - Properly Allocate Debt Service between Both Cost Centers.

Mr. Sheppard stated that is the debt service for the Derryfield Country Club. Right now the Enterprise pays 100% of the debt service of the Derryfield Country Club even though our administrative staff that works in the General Fund side of the City is housed there as well. We feel that the debt service should be split to 75/25 as well.

Alderman DeVries stated thank you, Mr. Chairman. I guess I have some questions and I haven't heard a whole lot more tonight and I don't know how much time you want to spend on this tonight. I went to an individual who I thought had considerable expertise in this and actually asked one of our fellow Aldermen, who happens to be the past director for Parks and Recreation, what some of the implications on this were. I was trying to understand the reductions of staffing at the ice arenas. What I heard raises some concerns. I think it is going to need to be

vetted a little bit more. Maybe you can explain to me the two eight hour shifts. I think I need to see what we are doing for rentals at the ice arenas because it looks like we are going to contain the hours of operation and have somebody there while they are in operation and I am trying to understand maintenance and such.

Mr. Sheppard stated if you would like, I can explain that first bullet in more detail and then answer some questions.

Alderman DeVries stated I guess I would defer to the Chairman. Can we get more detail on this?

Chairman Lopez stated you can get all the details you want on this. I think we have an informational document here. I don't think there is a vote, maybe just on one item, which might be McIntyre going to the General Fund. I don't know if there is any other vote whatsoever. I will have the City Solicitor rule on this because there is some authority under the department head in reorganization that the Board has no control over, so to speak. I understand we can wish for something and ask them to do something else but I think the goal is the \$5 million debt that we have. I believe in November bond council is coming to see Mr. Sanders. We have got to produce a plan. This has been going on for three and a half years or so. We must produce a plan. You can go into a lot of detail but I don't know what it is going to mean because under the Charter the department head has the authority to run the department, to hire, and to fire. We can give our wishes but I don't know where you want to go with this.

Alderman DeVries stated well, it looks like we have a reduction of ice time as well, that we are considering. It is not just the reduction of employees. It seems that there is going to be a change in the way that you are doing business at the arenas and condensing everything into an eight hour, open for business. Is that what I am understanding?

Mr. Sheppard stated you are correct. It is not eight hours. We have two employees at each ice arena. Basically they are open anywhere from 14 to 16 hours each. You are right, we are condensing the time. We have our customers that have come to us and we have tried to work with our customers in saying these are the time slots that we have available. There may have been a few customers that say they want a specific time and we had to tell them that that time was not available. I don't believe there are many customers that were turned away as part of this process. We still have open ice time available during the days at both arenas that we can fit customers in but the customer may not get the specific ice time that they want. Again, I am trying to run an Enterprise and I look at an Enterprise as a business that I have to manage. I also spoke with an Alderman today and I understand with Parks being under Highway, the ice arenas are very

similar to our parks. We want to make those available to our residents but again if we need to manage it as a business; we have to manage costs.

Alderman DeVries asked can you follow up with the document? I understand the bullets here. Can you put some of that into writing as to what the plan is actually going to look like? What do you envision we will see by the change of the maintenance, the drop off?

Mr. Sheppard replied I don't believe there will be any maintenance drop off. To me it is a simple answer. In my opinion, there will be no maintenance drop off.

Alderman DeVries stated that is a great answer but if I don't know intimately the operation today and you are dropping two maintenance positions, are you saying that you had two employees there today that did nothing?

Mr. Sheppard stated we are actually dropping four.

Alderman DeVries stated well, two at each.

Mr. Sheppard replied correct. That is our opinion that we need four employees plus a supervisor to manage these ice arenas. It is difficult for me to go into detail. I haven't operated an ice arena or spent as much time in an ice arena as Alderman Ludwig has in the past but we have done a lot of research. We have talked to other ice arenas. This is not a proposal that I would bring forward without doing some research and without feeling some confidence in what I am bringing forward. I don't have the expertise that other people have. I am not afraid to come back to the Aldermen in one year and say I was wrong.

Alderman DeVries stated Kevin, with one little block in a chart here, there is not enough detail there for me to really understand. You are right, I haven't done the study to understand what we have there today and I can't even quite understand what you are proposing to change it to. I am asking if there is a way to put together something more detailed and specific to the duties that are accomplished and what the change in the manpower is actually going to do there.

Mr. Sheppard stated we have a lot of detail that goes behind this. This is just a chart showing the ice times and the down times. The times that there is opportunity for maintenance we have added in, actually \$150,000 per year, basically as a reserve for maintenance and other costs.

Alderman DeVries asked so if you have all the supporting documentation, can you put together a package for us?

Mr. Sheppard replied sure.

Alderman DeVries stated so we have a knowledge base that we are voting from.

Mr. Sheppard stated I have no problem providing that.

Chairman Lopez stated Mr. Sanders, I think it is important that you speak on this issue because we have had conversations about bond counsel and the \$5 million.

Mr. Sanders stated as mentioned in Mayor Gatsas' letter, we met with the rating agencies as opposed to bond counsel. Bond counsel is the attorney in the issuance of bonds and rating agencies are those that say whether you get a AAA rating or a AA rating. Bond buyers rely on rating agencies. The City I think as everyone knows had a successful issue of debt in June and we actually got a AAA rating from one of the rating agencies and we got AA Plus from the other two rating agencies, which probably puts us in an exclusive 10% or 15% of municipalities in terms of our bond rating. The one issue that was talked about extensively and in fact we had to follow up with in a separate call over the following two days, with two of the rating agencies was the status of the recreation fund itself. We are running a significant deficit and the deficit is about \$4.8 million as we sit here today. It was about \$4.5 million at the end of June so it is about \$250,000 higher today than it was at the end of June. The rating agencies see this money as a drain on our reserves because we are advancing money out of the general fund today. We have advanced the recreation fund let's just say \$4.8 million over the last four and a half years to maintain the services, paid the debt service, maintain the ice arenas, McIntyre Ski Center and Derryfield Country Club. We have a budget this year that we are going to have to advance another million dollars this year, in the year we have just begun. The rating agencies look at that and they see that as a very serious situation because it drains our existing reserves and keep in mind all that rating agencies are interested in is the money to pay off the bonds. When they look at the reserves they see money that is available for cushion for bond holders and adverse economic situations, which we have just been through. We have drawn on the Rainy Day Fund and so on and so forth. Reserves are the heart of what rating agencies are looking at in cities. They look at our balance sheet today and they see a lot of really positive things in our reserve accounts, our Rainy Day Fund, our Special Revenue Fund but the one detriment that they see is the situation of our Recreation Fund. They were very direct with Mayor Gatsas. They were very direct with me as to what is our plan. It is not just a plan that we might get around to. We need an actionable plan that we are prepared to do and are doing to improve this. In the rating agencies view, if you think about, we are not really going to pay back the \$5 million. What they want us to do is charge it to the tax rate and collect the money and reestablish the reserves. That is what the rating agencies want you to do. We assured the rating agencies that we have a new

organization running the Recreation Fund. We have put that under the direction of the Public Works Director and the Deputy Public Works Director and we have a lot of confidence in that team. We believe there are a lot of good ideas that can be brought to bear to improve this situation and we expected that within the next 12 to 18 months we would be able to reduce the million dollar loss to something in the vicinity of \$300,000. Then from there we would continue to work and continue to find way to turn this into a positive cash generator. Keep in mind the rating agency's break even is not enough. We have to pay back the \$5 million. That is the perspective of the rating agencies. If we don't have a plan and if you go to the bond markets here in November, I think we still have a good story to tell. I am very proud of Manchester and the work that the Aldermen have done and the department heads have done. I mean that sincerely. We had a very good year that we just finished. We improved our reserves. I know that this question, of the rating agency's views of the recreation fund are going to continue and they are going to be an unnecessary drag on our future. Will it cost us a rating right now? Maybe not but if we don't have a plan two years from now, it will. It will be more expensive and it will be harder to deal with.

Alderman Lopez asked can we hold up this plan? Can he move forward as a department head? I know there is a lot of information that everyone wants but I need to know what we are supposed to do here tonight.

Mr. Arnold replied I think that Board of Mayor and Aldermen approval is technically required for two items on this proposal. The first is the McIntyre Ski Area proposal because that of course involved bond funds. The second item in the revenue block is that high school hockey does not pay for ice time. I believe that was by a vote of the Board of Mayor and Aldermen so that you would need to take a vote to modify that to allow them to charge. I think that the rest of the items are probably within the authority of the department head; however, that is not to say that the department head can't present them to this Committee or the Board of Mayor and Aldermen for input to his proposed actions.

Chairman Lopez stated I think the revenue we can take that particular issue when we do the budget for 2012 as to what we are going to do, if that is okay with the Committee. As far as McIntyre Ski Area, we all know what we did there so a motion would be in order to move the McIntyre Ski Area to the General Fund.

Alderman O'Neil moved to move the McIntyre Ski Area expense to the General Fund. Chairman Lopez duly seconded the motion.

Alderman O'Neil asked Mr. Sanders, if we take that action, on the chart here it shows a savings of \$77,149 in this fiscal year and \$65,000 in fiscal year 2012. If we take this action tonight and it is approved by the full Board, will those numbers still remain? I want to make sure I understand that part of it.

Mr. Sanders replied yes, the Recreation Fund would achieve those savings. This year we have enough room in our debt service account and the General Fund because of the low rates we received; they were better than I had anticipated when we did the budget. We have room in our debt service appropriation in the General Fund to absorb this debt and create the savings for the recreation fund.

Alderman O'Neil stated this is more of looking at the big picture. If you would like to take a vote on McIntyre I can wait.

Alderman Corriveau stated is it my understanding, based on what the City Solicitor said, there will be two separate motions, one for McIntyre and one for the high school hockey?

Chairman Lopez stated what I would recommend to the Committee is that we refer the high school hockey revenue and the other items to the budget process. At that time we can make a determination as to whether or not to go along with this recommendation or subsidize them with the General Fund.

Alderman Ludwig stated first of all, I know and understand more than anybody. I am not going to go into a big speech because I just think there is not enough time tonight to talk about this plan in total. However, if you are voting to remove \$77,000 from the McIntyre item, why would it also carry over in fiscal year 2012?

Mr. Sanders responded there would be savings in the fiscal year 2012 budget as well. There is actually some increasing debt service within McIntyre that would be absorbed into the general fund.

Alderman Ludwig asked aren't they going to take a vote tonight to remove it? So why would it still be there in fiscal year 2012? I don't understand if you are taking out the \$77,000 in fiscal year 2011, why there is \$65,000 being taken out again? Is it coming back in fiscal year 2012?

Mr. Sanders responded no. The savings are predicated on the current operating model that exists at the Recreation Fund. Under that current operating model there would be debt service in both fiscal years 2011 and 2012. If we do these proposals, we will improve the current operating model in each of those years by those amounts.

Alderman Ludwig asked are you saying that the City will be picking up \$77,000 plus \$65,000?

Mr. Sanders replied yes.

Alderman Ludwig asked so why is \$65,000 staying in a reduction in fiscal year 2012? Is it paying the whole amount? Is that what it is going to pay this year, when they vote to take this out?

Mr. Sanders replied the amounts you are looking at are net numbers. They are a net of revenues being generated by McIntyre and debt service being assumed by the General Fund. The General Fund is actually assuming more debt service.

Alderman O'Neil stated that was part of where I was going with this to understand that.

Mr. Sanders stated what we are showing here are the net savings to the recreational fund based on the current operating model.

Mr. Ludwig stated I hope we are not going to end this tonight because I have a lot more questions. I want to look down in the fiscal year 2012, \$551,468. That is the savings in fiscal year 2012. Where do the numbers \$65,889, the \$82,700 and the \$183,111 go next year? I believe those add to \$331,700. Where do they go next year?

Mr. Sanders responded I don't follow your question, sir.

Alderman Ludwig stated you are telling me, if I am reading this right, that you are reducing expenses at McIntyre Ski Area in fiscal year 2012 to \$65,889. We are going to reallocate the cost between both cost centers in the Parks & Recreation General Fund and Enterprise, which is \$183,111 and we are going to take the parks general fund budget is not allocated cost associated on the debt at the DCC office space. I guess you are doing that 75/25 now. That is \$82,700. If you add those three together, who pays for those three next year?

Mr. Sanders replied the general fund.

Alderman Ludwig stated those add up to \$331,700. If I take the \$331,700 and I subtract it from \$551,468...

Chairman Lopez interjected I hate to do this but this is a matter of time. There are a lot of other questions that I know you have. The only thing we are doing tonight is take McIntyre out of the Enterprise fund. That is the only motion, as the City Solicitor indicated. The motion is on the floor to remove McIntyre from the Enterprise fund.

On motion of Alderman O'Neil, duly seconded by Chairman Lopez, it was voted to move the McIntyre Ski area expense to the General Fund. The motion carried, with Alderman Osborne being duly recorded in opposition.

Chairman Lopez stated I know there are a lot of other questions and I would suggest that you sit down with Mr. Sheppard so he can provide you with whatever documentation the Aldermen want. He can answer any questions and then we can go from there.

Alderman DeVries asked Mr. Chairman would you like a motion to table the remainder of the proposal?

Chairman Lopez stated I don't know. I would have to yield to the City Solicitor. This is Mr. Sheppard's proposal and according to the City Solicitor, he can move forward with running his department. Are we going to run the department to the degree of micromanaging?

Alderman DeVries responded we have always had discussions about staffing in the past, at least as part of the budget, no matter which side it was on. I would hope that would continue. It has been past practice with this Board.

Chairman Lopez stated I want to know from the City Solicitor if tabling this means the department head cannot move forward.

Mr. Arnold stated I have indicated the two areas that I think need Board of Mayor and Aldermen approval. Could the department head move forward with the remainder? Yes, I think he could. Whether he wishes to do so without the Committee's and the full Board's input is up to him.

Alderman O'Neil asked Kevin, was it your hope to have some of these changes regarding the staffing of the arenas in place by a certain date?

Mr. Sheppard replied quite honestly some of it is in place right now. It is not to snub anyone but we felt it necessary to put these into place to make sure it is working. I am confident that it is going to work. I don't have a problem providing the details. I have no problem not implementing this but those

employees right now are on the general fund side. If the Board is going to direct me to not move forward with this, I will have to charge those employees to our enterprise side and find work for them.

Alderman O'Neil stated you have already made some moves. Do you need to make others? Is that what the proposal says? Or have you already made the moves in the proposal?

Mr. Sheppard stated the moves that we have made were in regards to the ice rinks.

Alderman O'Neil asked those have already happened?

Mr. Sheppard replied correct.

Alderman O'Neil stated you still have some of those people at the golf course maybe, and Gill Stadium.

Mr. Sheppard stated correct. I think it is right around Thanksgiving that is the crunch time.

Alderman O'Neil stated I certainly don't want to hold you up. I don't look at it as micromanaging but certainly with these changes coming...I took some phone calls, I have talked to Kevin, Tim and Peter at different times about things. I have a pretty good understanding of where they are going. I haven't seen any detailed plans but I think our role is to defend the direction that we are going. I think in order to do that we have to have the details. I don't want to micromanage but I think we have to have the details so that we can answer the calls when we get them.

Chairman Lopez stated I agree with you and I think they can provide the details of what is going on to any Alderman that would like it.

Alderman O'Neil asked Bill, if we take the bottom number, the total savings in FY2011 and FY2012, and move forward with this, I am going to guess that the rating agencies are going to want us to put money in a capital reserve, correct?

Mr. Sanders replied they would certainly be interested in that but I would expect they wouldn't want it in capital; they would want it to retire the debt. I am speculating.

Alderman O'Neil stated it would be nice to retire the debt if the buildings fall apart, I know we just did at the JFK. So the numbers then that we are really looking at are the top numbers the \$227,698 and \$716,975? Those are the numbers that are going to get their attention?

Mr. Sanders replied yes. The one thing just to focus on in this plan, and I will use the net savings number as the example, if you take the net savings of \$566,975 and subtract it from the projected shortfall this year of \$997,058, we are at about a \$400,000 loss next year. That is for 2012, under this plan. It is not the \$300,000 or \$350,000 that I said from the rating agency but that is a plan and we are showing that we are driving to that. We are showing that we are making progress so I think they will see that positively.

Alderman O'Neil asked for the rating agencies can we come up with a one-page document that would show from a financial standpoint the plan, some kind of a combination of financial and operational? Maybe that is what they want. Maybe they want to see the operational.

Mr. Sander stated they like finances too.

Chairman Lopez stated I want to give notice for a minority report on the Innoprise contract to the City Clerk.

TABLED ITEMS

9. Presentation by Robert Cote, President of Brattle Consulting Group, Inc., regarding SubItUp.com and its impact on the Manchester Police Department.
(Note: Re-tabled on 8/30/2010; Police Department to evaluate through December 2010; originally tabled 04/20/2010.)

This item remained on the table.

10. Communication from Jay Minkarah, Economic Development Director, recommending that the City enter into a proposed Water Line & Sewer Line Extension Agreement with the U.S. Department of Labor related to the Job Corps Center construction off of Dunbarton Road.
(Note: Referred by the Board of Mayor and Aldermen on 05/04/2010. Tabled 5/18/10 at the Department Head's request.)

This item remained on the table.

11. Communication from the Board of School Committee requesting an expendable trust be established for technology for the School District.
(Note: Tabled 08/30/2010)

This item remained on the table.

12. Communication from Alderman Arnold regarding tax exemptions for individuals.
(Note: Tabled 08/30/2010; Committee to obtain additional information)

This item remained on the table.

13. Communication from Matthew Normand, City Clerk, regarding a proposed Municipal Banner Policy.
(Note: Tabled 08/30/2010)

This item remained on the table.

There being no further business, on motion of Alderman Osborne, duly seconded by Alderman O'Neil, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee