

SPECIAL COMMITTEE ON THE CIVIC CENTER

February 22, 2000

5:00 PM

Chairman Wihby called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Pariseau, Cashin, Hirschmann, O'Neil

Absent: Atty. Craig, S. Ashooh, K. Clougherty, J. Taylor, B. Martel
R. Welch

Chairman Wihby addressed Item 3 of the agenda:

Communications from the Economic Development Director submitting spreadsheets showing expenses paid through December 31, 1999 and January 31, 2000 in connection with the approved Phase II civic center budget.

On motion of Alderman O'Neil, duly seconded by Alderman Cashin, it was voted to receive and file this item.

Chairman Wihby addressed Item 4 of the agenda:

Amendment to the Management Agreement between Ogden Entertainment, Inc. and the City of Manchester regarding parking.
(Note: to include consideration of Alderman Thibault's proposed \$1 surcharge per ticket for civic center events.)

Chairman Wihby stated this was something that Ogden had agreed to do and it was better for the City.

Atty. Craig stated this, whenever feasible, requires a surcharge at certain events and it varies and children under a certain age and depending on the event it depends as to whether they get a freebie or not, but the money goes to the City of Manchester under those circumstances. It was referred to your Committee just to be on the safe side and make sure that it gets in the Ogden agreement legally and I have seen the latest draft of the agreement and it is in there.

Chairman Wihby asked what action do you need, if any.

Atty. Craig answered I guess you could approve it.

Alderman O'Neil asked would it be possible to...I don't understand this parking agreement at all. Would it be possible, and not tonight, to have somebody work out a scenario of a given night, a hockey game for instance, and how this would play out, what Ogden gets and what the City gets based on parking at what facilities, etc. I will tell you that I don't understand this thing and I have read it about 10 times.

Atty. Craig replied the answer is yes according to Kevin Clougherty and Tom Clark and Jay Taylor who has done the study, I suppose, would also agree.

Alderman O'Neil asked could we have that by Friday.

Atty. Craig answered you could have it by Monday.

Alderman O'Neil replied that is fine. Just work out a scenario, maybe because there is 42 hockey dates, break it down as specific as you can based on what facilities, what amount Ogden gets and what amount does the City get.

Chairman Wihby asked are you talking per day.

Alderman O'Neil answered yes. Just work out one night of a hockey game or afternoon of a hockey game because I really don't understand who is getting what.

Chairman Wihby asked and you probably want different scenarios too, right. A lot of cars, no cars, that type of thing.

Alderman O'Neil answered yes and as I said maybe the hockey because that is the most consistent event scheduled. I don't think we need a motion to do that, but I will make one if it is necessary.

Chairman Wihby replied no, they know what we want.

Alderman Pariseau stated I would like to have other events included and not just limit it to hockey games. If we could have the scenarios based on concerts or whatever. I don't want it limited to just hockey.

Chairman Wihby asked who is doing it. Kevin or Jay. Who is going to do that.

Mr. Clougherty answered it will be a group effort.

Chairman Wihby asked do you know what we want. Different scenarios for different events and different amounts of cars and what it means.

Mr. Clougherty answered we will pull it together. We will have to contact Ogden and get some other information.

Alderman Pariseau asked can we get a clean copy of this amendment so that at least it is readable.

Alderman O'Neil stated this amendment, Atty. Craig, in all honesty I don't read those changes in it. It is a bunch of stuff scribbled in.

Atty. Craig replied I don't know what it is you are looking at or working from, but certainly I will clean it up. I will take the responsibility of getting it done accurately and I will run it by Alderman Thibault to make sure that it does what he intends and then I will send copies to each of the members of the Committee.

On motion of Alderman O'Neil, duly seconded by Alderman Pariseau, it was voted to approve the amendment.

Chairman Wihby addressed Item 5 of the agenda:

Communication from Linda Turner inquiring as to who the contact person might be so that she may submit an application for rental of the Civic Center August 5 - 9, 2002 in conjunction with an antiques show.

Mr. Ashooh passed out a copy of a letter that he received after a conversation that he had with her. The letter is dated January 21. She has since been referred to Ogden and Harold Bannon who is the Vice President of their East Coast operation. We have been collecting names of parties of those who are interested in renting floor space at the civic center. What precipitated this letter was the fact that she was at an antiques show in Nashville, TN and one of the exhibitors there apparently was touting the fact that he had already booked the Manchester Civic Center for the spring of 2002 and she wanted to know how on earth after she spoke with me that we could book this in a competitive situation so she wanted to follow-up again. I told her to contact Ogden and as soon as we have a schedule, they would be happy to book someone in there, but I think people are just jockeying for position right now. This is a letter that I have from Linda Turner and it has been forwarded.

Chairman Wihby asked what should happen in the future.

Mr. Ashooh answered we have been collecting names of interested parties for about a year and as soon as Ogden has a sales office and they have the ability to book events, then they will take all of those names and contact people so if anybody has any questions they can contact me and we will take the names or Jay Taylor or anybody here.

Chairman Wihby asked does anybody have anything else before we address the next item.

Alderman O'Neil asked can we get, and I thought I asked for this at one point and have yet to receive it, specifically what City services are going to be required both inside and outside the building and who is going to be responsible for paying them. Now I was told that there was an agreement on the civic center side, but in my discussions with both the Police Chief and the Fire Chief, they don't believe there was an agreement. I don't want to see the citizens of this City stuck paying for those services and that includes, as far as I am concerned, services needed outside for traffic control, etc. Those are services directly related to the operation of the civic center and I don't believe the taxpayers of this City should be paying for those services.

Atty. Craig stated in the Ogden agreement, it refers to an agreement to be worked out. During the initial period, it is very specific and I did personally deliver photocopies to your home.

Alderman O'Neil replied the problem is that both the Police Chief and Fire Chief never saw those documents that you presented and they didn't agree with the documents presented.

Atty. Craig responded that I didn't know. I am sorry to learn that and I am glad that you brought it up.

Alderman O'Neil stated and those specifically addressed inside the building. There is going to be a need for City services outside the building, which is related to the operation of the civic center. Maybe not so much from the Fire Department.

Atty. Craig replied the only one that really had some concerns and I am not sure because I never talked to him but get everything second and third hand, was the Police Chief.

Alderman O'Neil stated I spoke to both the Police Chief and the Fire Chief about the documents that you gave me a copy of. They did not agree with those agreements. It is not what they believe they had an agreement on. Those

specifically addressed inside the building. My concern is that outside the building there is going to be a requirement to have X number of police officers, probably, depending on the event, the expected crowd and those costs should be absorbed by the civic center and not by the taxpayers of this City. I also followed up with Frank Thomas, the Director of Public Works and although he saw a very limited role for his department, he expected things like maybe extra trash pick-up in the area, etc. and again if the civic center is creating the need for those services it should be the civic center that is responsible for paying those. I know, for instance, when we visited Greenville, South Carolina, the taxpayers underwrote the whole thing. I don't believe that should be the case here.

Atty. Craig stated the Ogden Agreement in its present form says that when it is signed Ogden will in good faith work with the City to work out an equitable fee arrangement so that the City won't get whacked with what you are concerned about.

Alderman O'Neil replied that doesn't make me feel very comfortable.

Atty. Craig stated I understand that the agreement is not there and good faith is whatever you want it to mean, but that is what it says.

Alderman O'Neil stated maybe it is something that we need to be concentrating on. I would like to make that in the form of a motion because I don't want to see these expenses, and in my opinion it can relate to hundreds of thousands of dollars in a year, passed on to the taxpayers when the civic center is generating the need for these services.

Alderman Hirschmann asked when we all went down to South Carolina, didn't we discuss in the conference room what police protection would probably cost and that a percentage of the ticket price would go towards that because we didn't want the taxpayers paying for that.

Alderman O'Neil answered we may have discussed it, but I don't believe that was ever agreed upon.

Alderman Hirschmann stated it hasn't been agreed upon; you are right.

Alderman O'Neil stated I just want to make sure that the taxpayers of this City are not going to pay for services that the civic center should be paying for and I don't believe that is uncommon in this business. We put on a concert, not we, but a promoter put on a concert in Singer Park a summer ago and there were 16 or 17 police officers both inside the facility and outside, which the promoter was

responsible for paying for. Those costs cannot be passed on to the taxpayers of this City.

Atty. Craig replied we can work on the agreement is about all I can say.

Alderman Hirschmann stated we can still add to the ticket price for police protection.

Atty. Craig replied you could. This is not really my expertise. You can keep building up and building up and then you price yourself out of the market and like I said I am not the one to say how high the tickets can go. That is the only concern I would have.

Alderman Hirschmann responded I understand that, but we discussed police protection long before we discussed giving money to education or wherever they want the money to go to now. I don't know with this other proposal where that money is going.

Chairman Wihby asked what other proposal.

Alderman Hirschmann answered Alderman Thibault's dollar. We did discuss, a year ago, exactly to the date a year ago in South Carolina putting 50 cents or 25 cents per event so I think we have to leave that open and discuss it.

Alderman O'Neil stated in my opinion, City services is an operating expense to them as is paying electricity, paying for help setting up stages, etc. That is an operating expense and they should absorb that. They should have to include that in their ticket price, not have it be a surcharge to the tickets.

Atty. Craig replied I am certainly not disputing it.

Alderman O'Neil stated I would make that a motion that we start addressing those concerns.

Alderman Cashin stated two weeks ago or a couple of months ago, your committee or whatever it is came to this Committee and told us that everything was all wrapped up and set to go and all we needed was a letter from the banks. Now I am sitting here and I am hearing well we really haven't negotiated with the Police Department and we are going to do it in good faith, so this isn't all wrapped up is it.

Atty. Craig replied you can say it isn't all wrapped up because we don't own the land, the building is not built, and it is not designed yet. It is not really wrapped up, but we are wrapping it up.

Alderman Cashin responded but we were told that this thing was all wrapped up and everything was done.

Atty. Craig replied it depends on your definition of wrapped up.

Alderman Cashin asked do you mean what is is. First let me preface my remarks. I have been opposed to this from Day 1 and everybody knows it. I haven't hid that. I also said that I would sit here and as long as it was voted on I would support it, but I am sitting here tonight and I am hearing that this thing has not been wrapped up. All of the T's are not crossed and all of the I's are not dotted. Where are we with the banks?

Atty. Craig answered we have a commitment letter and today we got a 414 from the City's financial advisor, a letter saying that it meets all of the criteria and this Friday we are starting with the bank lawyers to wrap up the process. True that all of the T's have not been crossed and all of the I's have not been dotted, but that is what you do when you get to a closing and the closing process is starting this coming Friday.

Alderman Cashin stated you and I have worked on a lot of development in the City of Manchester over the last 30 years and when you say it is true when you get down to this that is when you start, but I think this is a little bit further back than most proposals that we have been involved in up until this one. Now this Committee was told and if I am wrong, somebody correct met, that this thing was all set and ready to go. It isn't all set and it isn't ready to go. Is that fair.

Atty. Craig replied it is financially all set and ready to go. That is the only thing I can say. Now that is a big difference from all set and ready to go. Can I explain to you...I have been racking my brain and this thing has been a monster to me and probably to a lot of people. People's nerves are on edge and people are frustrated, even people who are supporting it. Let me give you an example of how this really is as far as the banks are concerned. It is like me going to the bank and saying I want to borrow \$100,000 to buy a house and I don't want to put any money down, I don't want to give you a mortgage on my house and I will agree to pay it back only if I am working and I have the money to do it. That is exactly what this is. Now what do you think the bank would say to me if I went to them with that proposal? Now the parameters that were put on here were for the good of the City and for the protection of the City and I am not complaining about them because it

is protection of the City and that is excellent, but it make it very, very difficult to finance.

Chairman Wihby asked, Alderman O'Neil, what kind of motion do you want to make. To have him go back and do that.

Alderman O'Neil answered there has to be some serious discussion. In all honesty, this thing is leading in the direction that this is going to be a done deal with the banks very shortly I believe, although we have heard this for months, but I just don't want to and I know in some parts of the country it is a philosophy where the citizens of the City pay for those services. I don't believe that should be the case here. Any of those services are operating expense from the building and should be paid for by the building.

Atty. Craig replied you are absolutely right and that is what it will be. The difficult thing is going to be the definition of operating expense coming from the building. That is going to be the tough part.

Alderman O'Neil responded my concern is that we sign an agreement with these guys and then they tell us down the road well tough luck.

Atty. Craig stated that is not in black and white with Ogden yet, but it will be before we close.

Alderman O'Neil stated those services, as far as I am concerned, are their responsibility and not the responsibility of the taxpayers of the City and I don't believe the intent of Alderman Thibault was that the surcharge go to pay for those services either. That needs to get addressed and I think that Ogden needs to understand that we are serious about that.

Atty. Craig replied as I said before, I am certainly not disputing your position.

Chairman Wihby asked what is the motion exactly.

Alderman O'Neil moved to have the City staff start discussions with Ogden with regards to addressing the concerns of City services both inside the facility and outside the facility. Alderman Cashin duly seconded the motion. There being none opposed, the motion carried.

Alderman O'Neil stated I have another item. At a full Board meeting, we talked about getting information and I would like to make this in the form of a motion that on Mondays delivered with the courier we get a weekly report of activity from the week before. I don't care who has to get together to do it, but I want it

delivered every Monday afternoon for the previous week whether it be financial with the banks, hockey owner, Ogden, construction, whatever it is. Although I appreciate Mike Cousineau and his ability to write, again, I am sick of reading things in the paper. If it is items that need to be addressed confidentially, then that should be marked on the envelope that there are confidential items in there. We are the owners of the building and we should know what is going on. I would like to make that in the form of a motion and it goes on until there is no need to have the report anymore.

Chairman Wihby asked can we give them further than a Monday, how about a Tuesday so they can have the weekend.

Alderman O'Neil answered well they have all day Monday to get it ready and get it to the courier.

Chairman Wihby asked well the courier starts delivering at what time.

Clerk Bernier answered around 2 PM he starts delivering to the Aldermen.

Alderman O'Neil stated okay then we will have it on Tuesday.

Chairman Wihby asked who is going to do it. I don't want to have four different reports.

Atty. Craig stated that was going to be my question. I think it is a fair request as long as someone can do it.

Chairman Wihby stated well somebody has to be responsible to do it.

Alderman O'Neil thanked Mr. Clougherty, Mr. Clark and Mr. Taylor for raising their hands.

Atty. Craig asked was that to the full Board.

Alderman O'Neil answered yes. Again, the emphasis is all activities, whether it is banking, the land acquisition, whatever it is so that we know it is going on and if there are confidential items than it should be marked confidential.

Chairman Wihby asked so who is it going to be. Kevin, Tom, Jay. It could be all of you, but somebody has to be responsible.

Alderman O'Neil stated this is an economic development project and at the suggestion of Alderman Cashin, maybe the Economic Development Director should be responsible for it.

Chairman Wihby asked is that all right, Jay.

Mr. Taylor answered yes.

Atty. Craig stated Kevin just made a good point. Up until the time the bulldozers get there maybe Jay or whoever should be making the report, but after that point the Redevelopment Authority will be the contact and the people on the scene and you will probably be getting it from them. It is hard for me to say that without talking to their Board, but I am meeting with them tomorrow night and I am sure that they will want to know just like you folks want to know.

Alderman Hirschmann stated because Mr. Clougherty is an officer of the City and he is a financial officer and is going to be involved in the closing, I was wondering if we could have Kevin report until the deal is closed. I would be more comfortable with that.

Alderman O'Neil stated again, I just want to emphasize that I want all aspects of this thing. Don't leave one out. If there is discussion with the banks, we should know about it. If there is discussion with the landowner, we should know about it. The hockey owner, the management company, etc.

Chairman Wihby asked so who is going to take the lead, Kevin or Jay. Who are we going to call if we want to complain?

Mr. Taylor answered me.

On motion of Alderman O'Neil, duly seconded by Alderman Pariseau, it was voted to have Jay Taylor responsible for the distribution of a weekly report to be sent to all Aldermen every Tuesday detailing the activities that went on regarding the civic center during the previous week. This is to be continued until the civic center is complete.

Chairman Wihby addressed Item 6 of the agenda:

Discussion with Dennis Adams of Associated Builders and Contractors, Inc.

Mr. Martel stated I am with the NH Building and Construction Trades and I am here representing Dennis Adams. I am Secretary/Treasurer. Mr. Gardner has given you some decisions on Project Labor Agreements and that is what I am here to talk about. I would hope that this Committee strongly consider the use of a Project Labor Agreement for the completion of this project for several reasons. One is with a Project Labor Agreement you can require the use of an area standard for wages and also employer provided health benefits and pension benefits are included. You can require that the contractors performing the work have a bonafide apprenticeship program and that a fair percentage of residents are employed on this project. I think that would be a benefit to the residents of the City of Manchester. The PLA would insure that your project would come in on time and on budget. Additionally, it allows that the people working on that project, through health benefits, aren't going to be a burden to the healthcare industry in the City of Manchester and that they could retire with some kind of respectable pension. Additionally, the dollars that the residents of Manchester are earning on that job site and we keep hearing numbers and I know that when they have race events up in Loudon they say that \$1 translates into \$10 as it gets recycled. The same thing happens with wages. It is only fair that City residents get an opportunity to work with that. Use of PLA does not preclude that non-Union contractors can bid on the project because they can and they can use their Core workforce. What it would do is if you entered into a Project Labor Agreement, would insure that beyond the core group that skilled craftspeople are hired and I will have to say from the trades and that they would be residents of the City of Manchester. I am open to any questions. I know that you heard and I know we passed out a booklet that has different language on Davis Bacon and its effect on the industry and Project Labor Agreements and also City ordinances that allow for residency. The PLA also offers you a way of enforcing your residency requirement. If you say fair percentage, you know that through the use of the Union halls you are going to get residents and they are going to be on that project, whereas a handshake or a verbal agreement or a few words written in a sentence that say you are going to be required to hire residents doesn't insure that the criteria will be met because there is no way of enforcing that.

Alderman Pariseau asked when you are talking about residents, do you mean limiting it to Manchester residents or New Hampshire.

Mr. Martel answered well not limiting it strict, because you can't do that strictly to Manchester residents, but you can use a fair percentage. Most of the trade unions, of which there are 15, have a large membership in the City of Manchester. They also have them in surrounding communities like Goffstown, Londonderry, Hooksett and Auburn. It would depend on the people being sent out, but if they

were directed to use as many of the City residents as possible, that is a very plausible scenario.

Alderman Pariseau stated on the third page under Item 1, seventh paragraph which begins "access to skilled craft personnel" you go and say that it is open to Union and non-Union employees, but the local building trade unions don't look favorably upon non-Union employees.

Mr. Martel asked where did that information come from. We are in New Hampshire. We are open shop projects. We are working alongside of non-Union people every day. There is no animosity one way or the other. They have their choice.

Alderman Pariseau asked have things changed. I know that Union shops don't look that favorably upon non-Union members so you are saying that both Union and non-Union members could seek employment and I don't think the non-Union members would stand a chance in my opinion.

Mr. Martel answered I don't know where you are getting this information from.

Alderman Pariseau asked isn't that the nature of the Unions.

Mr. Martel answered if that is how you perceive it, but I don't believe that is how I perceive it. I have been a member of my Union since 1964 and I have worked alongside non-Union people on some jobs and I could give you an endless list in New Hampshire. Could I give you one example? When City Hall was renovated, my people on the project worked alongside non-Union people and I don't know where we had any kind of disputes there.

Alderman O'Neil stated one of the things you hear continuously is that if we agree to enter into one of these types of agreements is how can we be assured that the cost of the project will not exceed the number that the construction manager has committed to the City.

Mr. Martel replied because you are committing to a number with the construction manager prior to the project and when the job is engineered and the architect's drawings are done and the job is budgeted it is budgeted by the area standards so that the worst scenario is that all of the numbers will come in at the top and the best scenario for the construction manager is that all of the numbers come in near the bottom. You people don't see the benefit of that. The construction manager does or the sub-contractors keep that and they don't have to pay it to their employees. When it is budgeted, it is budgeted by area standards.

Alderman O'Neil asked so you are saying that if we were to support entering into an agreement like this that we would not see what has happened in Boston with the Big Dig.

Mr. Martel answered I can answer that. Do you know why the Big Dig is a problem?

Alderman O'Neil replied I haven't seen a good explanation.

Mr. Martel stated it doesn't have to do with the hourly wages, it has more to do with engineering and misengineering and finding things that they didn't expect like contaminated materials that had to be removed. For instance, if you budgeted \$50 million for a building and they go to do the demolition and they start to dig up the site and they find that the site was contaminated and that wasn't revealed in the beginning, then someone is going to say jeez why is the civic center costing us more than was anticipated.

Alderman O'Neil asked so what you are saying is that you guys, if we enter into an agreement, the building trades can guarantee that they will live within the budget agreed upon.

Mr. Martel answered exactly. The other thing I would say is that some people bring up the Big Dig as far as PLA's and there are hundreds if not thousands of PLA's being used by communities. The City didn't go into PLA's for a lot of projects in this City and my argument would be is that why they are having so many problems with the buildings that they have.

Alderman O'Neil stated that is a fair statement.

Chairman Wihby asked don't you do PLA's before you get as far as we have gotten.

Mr. Martel answered not really. We just completed one on a substantial project in New Hampshire and the project was near commencement before we were involved in the Project Labor Agreement.

Chairman Wihby asked, Atty. Craig, do you agree with that. Do you think it is too late or not too late?

Atty. Craig answered admittedly PLA's are certainly legal. I would have a concern, a serious concern, about entering into them now and requiring them at this point because RFP's have gone out to various sub-contractors and also to the

construction manager and by requiring a PLA now you are changing the RFP that went out and you would be exposing the City to some serious legal problems.

Alderman O'Neil asked how does that change the scope of this project just entering into an agreement on where the workforce comes from. I don't understand that.

Atty. Craig answered a PLA is a contract and this would be another document that the sub-contractors or whoever is bidding to do work on the job would have to read, review, analyze and assess its impact on the contractor and that is an addition or change to the RFP.

Alderman O'Neil asked but is it my understanding that none of the sub-contracts have been awarded or should not have been awarded.

Atty. Craig answered they haven't been awarded, but they have been submitted based on RFP's and they are good for a certain length of time.

Alderman O'Neil asked how many. Two.

Atty. Craig answered I don't know how many. I haven't been handling that aspect of it.

Alderman O'Neil stated with due respect to Atty. Craig, I find it hard to believe that contracts have been...I did understand that they went out on steel and pre-cast, but I find it hard to believe that anything beyond that has been bid when this project hasn't even been financed yet. If it has, we should have a concern about that.

Atty. Craig replied I can't answer that question. However, I do know that while bids were accepted in the sense that they were requested, no binding commitments have been made because we are not going to do it until it is okay.

Alderman O'Neil asked so if there are no binding commitments, why can't we enter into a PLA.

Atty. Craig answered because their bids are good for a certain amount of time and then they are going to say you changed the rules on us after we submitted our proposals.

Alderman O'Neil asked is it the position of the Housing Authority then that we are going to use as cheap labor as we can on this project.

Atty. Craig answered certainly not.

Alderman O'Neil stated that is what we are saying if we are afraid to enter into a PLA.

Atty. Craig replied that is not what I am saying.

Alderman O'Neil stated I find it hard to believe that if there aren't any binding agreements that we can't enter into one of these.

Chairman Wihby replied I think what I am hearing from Atty. Craig is that the RFP's that are out are already binding and you can't change them. It doesn't mean that the new ones that are written can't have PLA's written into them.

Alderman O'Neil asked how can an agreement be binding if we haven't signed anything.

Chairman Wihby answered you would have to go back out with a new RFP and change it and start all over again.

Atty. Craig stated right because we have accepted some proposals and they submit them with the understanding legally binding that they are good for a certain length of time. Those proposals were submitted without any knowledge of a PLA being required.

Alderman O'Neil stated one of the things that was discussed way back was the residency requirement which, I understand, is a portion of this PLA. Is that in this agreement?

Atty. Craig replied that is going to be in this agreement.

Alderman O'Neil responded you say it is certainly going to be but yet you are telling me that we have agreements with...you can't play both sides here.

Atty. Craig stated we haven't signed the construction management agreement. We have written it up and the construction manager has agreed to serve, but neither the City nor the Authority has signed it because the money isn't available yet. That is number one. Number two; there are two parts of the construction management agreement that are subject to the approval of this Committee. Number one is the local hire and number two is the change orders. We are not going to sign that until we come back to you with the wording of the local hires and the change orders.

Alderman Hirschmann stated I knew that the RFP's went out and I don't remember in those RFP's anything about a retirement plan or apprenticeship programs. Those are admirable, but I do believe that they would drive up the cost of labor and that is my personal opinion. If you added those values and factors into this project, I think the price would go up. I think the RFP that went out saying that we want local labor... Gil Bain is one of the major construction outfits in the region and that is why they were selected. I think that everything we have done... we said as Aldermen that we want local labor and if you folks bid on it we are happy to have you but to require a retirement program and apprenticeship programs... we are interested in building a civic center. We are not interested in retiring people. I am just making a statement.

Mr. Welch stated once the price on the job is determined and let's say it is \$50 million, how would that drive up the cost on the job. If you know that it is going to cost the City \$50 million to construct that building irregardless if there are apprentices being trained or pensions being paid, can you explain to me how you are going to drive up that price.

Alderman Hirschmann stated by you putting that mandate in there, Sir, you would be requiring a contractor to provide those two elements thus driving the price up.

Mr. Welch replied you would not drive the price up. Let me explain it to you. When a job is put out for bid, now we are not going to exceed \$50 million right, say that is the price of the job so we know that we have some restraints and we have to be within that zone right there. I can't see how that is going to drive the price of the job up. What you are going to get are well-trained people. You are going to get people trained in OSHA. You are going to get people trained in safety. You are going to get people trained to do that specific skill for what Union they belong to, i.e. carpenter, ironworker, or plumber. You are going to get skilled craftsmen. I don't see it driving the cost up. I see it bringing the cost of the job down because you have skilled labor instead of unskilled labor building this. I see a safer job and a job being built on time.

Alderman Hirschmann asked was there a PLA for this building.

Mr. Welch answered no.

Alderman Hirschmann stated and you worked side-by-side with contractors and you said it was a good experience so why would we want to change that.

Mr. Welch replied why wouldn't you want the best bang for your buck.

Alderman Hirschmann stated you just said it was a good experience and you did a good job here.

Mr. Welch asked was this building completed on schedule. It wasn't. Was this building completed to budget? It wasn't. The other thing is if you want to look at promises of where they are going to hire residents, we gave a parking garage to a contractor that was from Maine up at the Airport and if you went up to see how many people because they promised to hire local people and we sent plenty out there, it would be 5-1. Five Maine license plates to one NH license plate. If you are preserving jobs for the guy that is going to pay the least amount and do the least amount for the community, then you are right on track. Again, most of these contractors provide some kind of health benefit anyway or they have that number figured in that they could provide it if they have to pull in the type of people they need. Unfortunately, a lot of them don't utilize it. A lot of them utilize it because their help isn't as skilled so it takes a longer time to perform the work for the same money. They get it in wages. They get it over a longer period of time. They put in more hours to get the same money that someone else would get. You get a building that comes in beyond schedule and possibly beyond budget and possibly not what you want. You have two schools here now that you are looking at repairing and your fire stations have roofs that leak and electrical systems that aren't adequate, but you have the bottom dollar. Now you just have to go out and see what it is going to cost you to improve upon that building. With a PLA, at least you address all the concerns right away and you know what it is going to cost. If it is \$50 million, everybody has got to play by the same rules and they have to stay in that ballpark. That would cost the City \$50 million. If it costs less than \$50 million, you don't know where the savings are because everybody got to keep their piece of the pie.

Mr. Martel stated a PLA also prevents one thing and that is price shopping. When you selected your contractor to build this project, what happens is he gives you a figure that it is going to cost the City of Manchester to build. He turns around and he goes out and starts getting bids from other contractors and what he does when that bid comes in is he shops it out for a lower bid and responsible contractors don't operate that way. That is some of the language that you will see in that PLA. A responsible contractor does provide a good wage, the area standard wages, he does provide medical, and he does provide a pension benefit for his worker because he is a responsible contractor and he can't afford to lowball. Once he starts low-balling then labor, the blue-collar worker, gets cheated out of wages because he has to cut his price down to the worker. He doesn't provide medical because he can't afford to because he just chopped his price to get that job and then you start using inferior material and unskilled labor so basically by signing a Project Labor Agreement and making all of the contractors bid on a level playing

field, then you will get quality, skilled craftspeople to build your project and build it right. Thank you.

Chairman Wihby stated somebody like Gil Bain who we are looking at to do this, why wouldn't he want to do something like this. Could you explain that?

Mr. Martel replied there is the bottom line. For every nickel he can save by bid shopping, that goes in his pocket, not in the City of Manchester's pocket. It goes in his pocket so when he has committed to signing a PLA, the first thing he thinks of is my profit margin is not going to be quite as high as if I didn't have it. Without that PLA, he can go out and shop and get bottom line. The history of Manchester has been terrible as far as construction is concerned. How many buildings have been built right the first time? Not very many. Why? Because the procurement policies you have are poor. It is bottom line shopping and the citizens of Manchester pay for this.

Chairman Wihby asked if Gil Bain signs a PLA does he have to go with a Union.

Mr. Martel answered no, absolutely not.

Chairman Wihby asked he can still price shop.

Mr. Martel answered it is the criteria in that PLA that any contractor can bid, but he has to bid according to the criteria of the PLA. A fair wage, a benefit, a pension and basically that is it and that allows every contractor who is bidding to bid on a level playing field. You don't have to worry about a sub-contractor sliding in the back door and saying how much did he bid. \$100,000. Well I can do it for \$75,000. Well, that is \$25,000 in somebody's pocket and it is not going to be the City of Manchester's pocket. This is what it prevents.

Alderman Hirschmann asked with the requests that went out, did your firms reply and respond to those.

Mr. Martel answered yes.

Alderman Hirschmann asked so you were agreeable to putting in a bid.

Mr. Martel answered I think Ray can speak on this better than I can.

Mr. Welch stated we represent the Plumbers and Steelfitters in the State of NH and we have several contractors that are looking at the job. We have indicated to them that there is possibly going to be a PLA agreement.

Alderman Hirschmann asked, Atty. Craig, is Davis Bacon part of the Housing Authority's RFP. Is that part of this?

Atty. Craig answered I can't answer that.

Alderman Hirschmann replied I didn't think it was. The reason I am asking that question is we were using revenue money and I didn't think we were using Federal money for this job.

Atty. Craig responded we are not using any Federal money at all.

Mr. Martel stated what we are using is an area standard, which you could basically say is the average of the county, Hillsborough County, that the Federal government takes and that is where they come up with the area standard better known as the Davis Bacon or prevailing wage rates. By incorporating a Davis Bacon rate or an area standard rate, what that does is give the worker a decent wage. Also, you are getting skilled craftsmen. You are not going to get a skilled craftsman for \$10/hour when he can go and make \$20/hour someplace else. By keeping the number of residents high on this particular job, all of that revenue goes back into our City in some way, shape or form. In the supermarkets, the clothing stores, etc. The more you make, the more you spend. The less you make, the less you spend. So, who benefits from this? We all do. The worker because he can buy things. The businessman because he can sell him things.

Chairman Wihby stated we also talked earlier and I know that Ray was involved as far as the apprenticeship program goes and teaching some courses in school and doing an on-site if it was possible and we have had this discussion before where it sounded like it was a good thing. I don't know where that is. Probably nowhere.

Mr. Martel stated back a year ago we met and at that time through the building trades we suggested that we would put on people as apprentices and we would train them and take kids out of the center city and give them jobs and put them into the trades and give them good paying jobs with benefits. They are going to be residents of the City. Let's work with them. That was our proposal at the time. Let's take these kids and give them jobs. I know that you listened to some of our competitors and whether they offered that I doubt it, but that still stands on the floor from the building trades. We will give you that and we will guarantee that we will take center city kids or anyone from the City and put them into the trade.

Mr. Welch stated can I regress back to Davis Bacon and why I want to do that is to give you a clarification. Everybody thinks that Davis Bacon is the Union rate. Davis Bacon is a survey of all of the contractors who do a specific type of business, whether it is pipefitting, electrical, carpentry, laborers or masons.

Everybody provides that information on a voluntary basis to Davis Bacon whether they are Union or non-Union. The government, the wage and hour division, takes that information and comes out with the average wage in the area. In most cases, it is not the Union rate. It may not be far, but it is going to be closer to what some of the non-Union are paying their key individuals. The Davis Bacon rate goes by the peak period and most of the time those companies have their key personnel working at that time. It is respective of the wage that is paid in that area. Whether or not there are benefits, you will see that in the survey results.

Alderman Hirschmann stated I am in the construction industry and I am non-Union and quite frankly every time I win a proposal to do a job that had the Davis Bacon Act, my employees were thrilled because they were going to make sometimes \$10/hour more than they would normally make. We did jobs down at the Internal Revenue Service in Andover. I am not saying that I think the City of Manchester should be doing that because that same work could be done for a lot less and that is a fact of life. I don't think there is any reason to put a Davis Bacon wage on any City job. That is just my opinion.

Mr. Welch you are saying that it could be done for a lot less because you are measuring by hourly rate.

Alderman Hirschmann replied as an employer that is what you tend to do.

Mr. Welch responded I am saying that you are not looking at the overall cost. I will use a for instance. Davis Bacon rates on the highway in this area for a laborer are less than \$8 for an hour and for a carpenter, a little over \$9, but it is a Union contractor that got the first phase of the three bridges and the widening of 93 bidding against a non-Union who pays lower wages and no health benefits and no pension benefits. It is strange that the hourly wage must have created that situation. How does he make up the difference? Do you follow me?

Alderman O'Neil stated I just want to make a comment about the job getting done for less. My understanding is we are going to enter into an agreement for and I don't even know what the right number is. Let's say \$50 million and it is guaranteed not to exceed \$50 million. I don't believe there is anything that says if they can do it for \$45 million then that is what the City of Manchester is going to pay. We are going to pay \$50 million. The only part of the agreement...the only thing that is in the agreement is that we will not pay more than \$50 million. I want to make that clear. We are going to pay what the guaranteed price is whether it gets done for less or not. If they can get it done for less, that is money in their pocket and I just don't want to see that profit be put on the backs of the workers and when we have a chance to...this is an economic development project not only after it is open but while it is being constructed. We might as well put as many

local people to work as possible. They should be paid a fair wage and be given benefits and the money they make should be reinvested in the community. I am going to make a motion. I understand Atty. Craig's concerns but I think that some of this can be worked out.

Alderman O'Neil moved to recommend that the Housing Authority sit down with the Building Trades, Atty. Craig and Solicitor Clark to try to work out a Project Labor Agreement. Alderman Cashin duly seconded the motion.

Alderman Cashin stated, Ray, you guys were here a year ago with this Committee. Why didn't this PLA agreement come up at that time? Why wasn't that discussed then? Right now we are in a spot. You guys are coming in and we have already sent the RFP's out and we are being told that we are going to have a problem if we try to make any changes. Had this come up prior to the RFP's being sent out, we would probably both be in a better position.

Mr. Welch replied at that time, we did come in and meet with you. It never occurred to us at that time, but we did try to contact the attorney and have him look over some of these documents. He was contacted by the President of the State Building Trades, Dennis Adams, and the attorney got back to Dennis and told him that a PLA is illegal. What we did is put together a booklet here with a lot of cases throughout the country where they are saying that these are legal. They are not illegal. The case numbers, courts, cities and towns are listed. We did a lot of research into this. As a result, we came out with this booklet that all of the Aldermen were given last month. It took us quite awhile to do a lot of this fact-finding to come up with this information. I know that we are late in trying to present the PLA, but it did take time to research this.

Alderman Cashin asked so you did approach the City attorney.

Mr. Welch answered the City attorney was contacted by Dennis Adams. Atty. Craig.

Alderman Cashin asked, Atty. Craig, was this prior to the RFP's going out.

Atty. Craig answered I can't say to be honest with you, but I can say this, I never told them that it was illegal.

Alderman Cashin stated it is obvious that somewhere along the line again with this whole project like everything else this got screwed up. They are saying that they talked to you and now it is a question of whether they talked to you before the RFP's went out and we don't seem to know and that is okay. Please, let's sit down and see if we can work this out.

Chairman Wihby asked, Atty. Craig, do you have a problem sitting down and trying to work it out.

Atty. Craig answered I don't have a problem, no. They may have a problem, but I don't have a problem.

Chairman Wihby asked there is nothing illegal with that is there.

Atty. Craig answered no.

Alderman Hirschmann stated I am going to oppose the motion. Many projects have been done in this City without a PLA including this building. This is another strict, tough parameter that you would be putting on the civic center. I think that we have on the table the discussion of local labor that we really want in the project. To set more strict parameters and redo RFP's, we probably shouldn't be doing this.

Chairman Wihby replied all they are doing with this motion is going back and trying to see if they can work it out.

Alderman Pariseau stated my question was to get a clarification of the motion because I really don't know if I support a PLA or don't. My first question related to Union and non-Union and we had Aldermen O'Neil who was referring to cheap labor and the gentleman who was referring to unskilled labor so I take that as the argument is ongoing that anybody non-Union is either cheap or unskilled.

Chairman Wihby replied I don't think they were trying to imply that. The motion on the floor is to have Atty. Craig and Solicitor Clark go back and see what they can work out as far as putting something together and then they would have to come back to this Board. Chairman Wihby called for a vote on the motion. The motion carried with Alderman Hirschmann being duly recorded in opposition and Alderman Pariseau abstaining. Chairman Wihby broke the tie and voted yea.

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

A True Record. Attest.

Clerk of Committee