

COMMITTEE ON COMMUNITY IMPROVEMENT

December 11, 2007
Aldermen Garrity, O'Neil,
Osborne, Gatsas, Duval

6:00 PM
Aldermanic Chambers
City Hall (3rd Floor)

Chairman Garrity called the meeting to order.

The Clerk called the roll.

Present: Aldermen Garrity, O'Neil, Osborne, Gatsas

Absent: Alderman Duval

Messrs: R. MacKenzie, S. Moran, C. Everett, T. Arnold, Deputy Chief G.
Leidemer, J. Minkarah, Deputy Chief G. Simmons, C. Deprima

Chairman Garrity addressed item 3 of the agenda:

3. Amending resolution and budget authorization for the FY2006CIP 214206 Manchester Health Care Access Review Program in the amount of \$60,000 submitted due to the receipt of additional funding.

On motion of Alderman O'Neil, duly seconded by Alderman Gatsas, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 4 of the agenda:

4. Amending resolution and budget authorization for the FY2007 CIP 210607 School Based Dental Services Program in the amount of \$17,000, submitted due to the receipt of additional Medicaid funds.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 5 of the agenda:

5. Amending resolution and budget authorization for the FY2008 CIP 210208 Homeless Healthcare Program in the amount of \$14,376, submitted due to the receipt of additional grant funds.

On motion of Alderman O'Neil, duly seconded by Alderman Gatsas, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 6 of the agenda:

6. Amending resolution and budget authorization for the FY2008 CIP 214008 Cities Readiness Initiative in the amount of \$79,200, submitted due to receipt of a state grant.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 7 of the agenda:

7. Amending resolution and budget authorization for the FY2008 CIP 214108 NACCHO Accreditation Improvement Project in the amount of \$7,000, submitted due to receipt of a state grant.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 8 of the agenda:

8. Amending resolution and budget authorization for the FY2008 CIP 214208 Primary Care for the Homeless Project in the amount of \$155,656, submitted due to receipt of a state grant.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 9 of the agenda:

9. Amending resolution and budget authorization for the FY2008 CIP 713508 South Willow Street Area Improvements Project in the amount of \$225,000, reflecting developer contribution to be used primarily on improvements along the Huse Road area.

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

Alderman Gatsas asked can somebody tell me how much is in that fund now, besides the \$225,000?

Mr. Bob MacKenzie, Planning Director, responded that last time I checked, and I think it's fairly up to date, there's \$290,000 roughly in that fund from a variety of developers. And there are at least a couple of projects that the Planning Board had looked at in order to help traffic improvements in the South Willow Street area. Again, I'm not sure...I know our staff is trying to get an update from Highway of one those improvements, which is the South Porter Street improvements near the former Dobles.

Alderman Gatsas asked isn't this the fund that for some reason we always find money in?

Chairman Garrity responded no.

Alderman Gatsas asked there's another one?

Chairman Garrity responded it's the South Willow Street Fire Station roofing project.

Mr. MacKenzie stated this is not the fire station roof, no.

Chairman Garrity asked for the South Willow and South Porter area, wasn't that fund short? Wasn't there some contribution that was supposed to come from some development down there? Has it made it to that fund?

Mr. MacKenzie responded as I looked at the numbers, the funds now have come in, and it looks like we're very close to that. The last estimate we got from Highway was \$240,000. Again, we have about \$290,000. The estimate is about a year and a half old, so I'm hoping that we will be good in order to get that project done.

Chairman Garrity asked but do you have \$290,000 in this fund, including the \$225,000 contribution? Or is it \$290,000 plus the \$225,000?

Mr. MacKenzie responded it's \$290,000 plus the \$225,000.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 10 of the agenda:

10. Amending resolution and budget authorization for the FY2008 CIP 810808 Manchester VISTA Initiative Program in the amount of \$290,000, due to a notice for continued funding received from VISTA.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 11 of the agenda:

11. CIP Budget Authorizations:

214105	Manchester Multi-Lingual Asthma Education and Outreach Prog. – Revision 2
411807	Hazard Tree Removal – Revision #1
810607	ADA Compliance – Revision #1

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 12 of the agenda:

12. Communication from Robert MacKenzie, Director of Planning, requesting CIP project extensions until June 30, 2008.

On motion of Alderman Osborne, duly seconded by Alderman Gatsas, it was voted to approve this amending resolution and budget authorization.

Chairman Garrity addressed item 13 of the agenda:

13. Communication from Robert MacKenzie, Director of Planning, submitting a request on behalf of Helping Hands for the City's approval to use \$299,693.52 in city funds for mortgage funding and partial rehabilitation of a recently acquired property located at 140 Central Street rather than using such funds for the Permanents Support Housing Project on Somerville Street which can now be supported through other funding mechanisms contingent upon the Central Street funding.

(Note: If approved by Committee a revised budget authorization will be submitted to the Board.)

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

Chairman Garrity asked Mr. MacKenzie, is this just the same request that they had for Somerville Street, a bridge loan type of thing?

Mr. MacKenzie responded I'm going to defer to Sam on this one as to the details. It is a loan and not a grant, but Sam can provide the details of that.

Mr. Sam Moran, Planning Department, stated Aldermen, this is actually a different one. We initially proposed a request for a bridge loan on Somerville Street, but Mr. Everett is asking that these funds be used for acquisition and some work at One Central Street, so it would be a different property. If you recollect, he had a request that had been tabled, but he has sought alternate funding, I believe it is from HUD, for that other project. This would be a separate project, a new project. It would be consistent with one of the goals of our draft, our ten-year chronic homeless plan that will be coming out shortly in terms of the assistance of the clientele.

Chairman Garrity asked has Helping Hands reached out to the Ward Alderman yet? Is that Alderman Duval or is that you, Alderman Osborne?

Mr. Craig Everett, Helping Hands Outreach Executive Director, responded it's Alderman Long.

Alderman Osborne asked where is this located? Is it on the corner?

Mr. Everett responded yes, that's correct. On the corner of Pine and Central.

Alderman Osborne asked didn't there used to be a club downstairs there?

Mr. Everett stated that's correct. That's the former Eagles Hall, the Fraternal Order of Eagles.

Alderman Gatsas asked Sam, can you tell me...you said there was a difference between a grant and a loan. What is the difference? I know what the difference is, but tell me what it is pertaining to payments on this.

Mr. Moran responded in the past, Alderman, the CIP Committee had been supported various organizations through grants which weren't repaid. In the last few years in order to supplement our affordable housing trust fund, we've been asking that the payments be made back to us, just principal only, no interest. And this would be a principal only re-payment to us to be put back in the fund for future use.

Alderman Gatsas asked and what is the term?

Mr. Moran responded we haven't discussed that yet. It would probably be about twenty years repayment. Once we got approval here, we would sit down with him, look at his cash flow, and determine what that would be.

Chairman Gatsas asked Sam, if we don't know what the term is, what is he even doing here?

Mr. Moran stated again, he's looking to utilize \$299,000 to be repaid, probably over 20 years at zero percent. Fifteen thousand a year back to us.

Mr. Everett asked would it be helpful, gentlemen, if I provided a little further background? We've had two projects underway, both of them being initially HUD funded: one for a permanent supportive housing program, the other for what's referred to by HUD as a safe haven program. We are dealing with the chronically homeless in the safe haven program, and we have purchased the property. It was far more property than we needed for the HUD grant. Our HUD grant was for a much smaller amount than there was for the permanent supportive housing project. Both of these projects are in line with the proposed ten-year plan to end homelessness, and they were funded in two separate years through HUD. The property at 140 Central Street is something that we can use as multi-purpose. There are 17 rooming house rooms, one of which will actually be office space for case management services provided to the residents of the facility. Then downstairs, as was mentioned, in what was the club of the Fraternal Order of Eagles, we are proposing rehabilitating that space into sort of a gourmet coffee and sandwich shop, which would be a job training program for the residents of our facility, as well as revenue generation back into funding for the programming. So that is the proposal for that property, and as I say, it was far more than we needed

for the HUD grant, but we saw it as an opportunity for additional programs that we can run out of that facility. It has also been used for the Continuum of Care. On November 14th we hosted the Project Homeless Connect, which is an interagency consults and homelessness project, which is a national program, and we had about 20 different service providers present and served about 50 homeless people who are in the greater Manchester area.

Alderman Gatsas asked you have already purchased the property?

Mr. Everett responded we have.

Alderman Gatsas asked and the price?

Mr. Everett responded \$600,000. We're expecting another I don't know how many thousands of dollars in rehab work. It's minor rehab. There's nothing major that needs to be done for the rooming house rooms. It's mostly cosmetic work, but I'm figuring about \$2,000 for each one of those rooms to make those habitable.

Alderman Gatsas asked and you received the funding from where, the \$600,000?

Mr. Everett responded we received funding from Centrix Bank, from the New Hampshire Community Loan Fund, from New Hampshire Health Education Foundation...

Alderman Gatsas asked are these all grants or are they loans?

Mr. Everett responded all of that is loan funds, particularly the funds from the New Hampshire Community Loan Fund. They are at a relatively high interest rate with a very short term for repayment, and that's why we need to get funds to replace those that are longer, more stable funds.

Alderman Gatsas asked and how much is that?

Mr. Everett responded that alone is \$225,000.

Alderman Gatsas stated so you're basically funding fifty percent of the project at zero interest.

Alderman O'Neil stated Reverend Everett, you said you purchased the building for approximately \$600,000. Is the money you're requesting from the City to offset the purchase price or is it for renovations?

Mr. Everett responded it's both.

Alderman O'Neil stated the only reason I jumped in...Alderman Gatsas asked the question something to the effect, we're funding fifty percent of the project cost. That's not really true then.

Mr. Everett stated there are additional costs, yes.

Alderman O'Neil stated I have to apologize. We don't have a lot of detailed information here on it.

Mr. Everett stated I understand. This was sort of a quick adjustment. The other reason that I asked for this shift in funds is that we had applied for matching funds for the HUD grant initially for this project through CIP, and we were told we could not have additional funds because we had the outstanding \$300,000 that had been appropriated for the permanent supportive housing project. Therefore we didn't qualify for funds on this project. So now we're asking, all right, if we're running into a problem with the permanent supportive housing project and we were denied funding for the safe haven project because we had funds allocated for a different project, now that project is running into problems, so can we now put these funds back onto this other project that we were seeking funding for?

Alderman O'Neil asked are you asking for the City funds to replace the New Hampshire Community Loan Fund?

Mr. Everett responded that's correct.

Alderman O'Neil stated and there's a balance of approximately \$75,000 difference. What would that additional \$75,000 be replacing?

Mr. Everett responded at least \$30,000 would be in the renovation work. And then there would be about \$40,000 that I'm sure would be helpful to pay down another debt.

Alderman O'Neil asked is our action tonight and then by the full Board next week...is there a critical time line here?

Mr. Everett responded I wouldn't say it's a critical time line, but in any non-profit work when you're extended as far out as we are, and we're trying to do additional funding for the homeless, it's always a little tight.

Alderman O'Neil asked so if for some reason this got pushed out till the middle of January, that's not necessarily in your best interest?

Mr. Everett responded not in our best interest, no.

Alderman Osborne stated I just had one small question. When you spoke with me on the phone back...I guess it was in October, the 15th or something like that, what avenue were you taking at that time, when you spoke with Alderman Long and myself? What kind of an idea did you have at that time? The same one as you're coming here for? The same thing?

Mr. Everett responded yes.

Chairman Garrity stated Sam, I would assume that their financials have been looked at and all that research has been done.

Mr. Moran responded actually, as I said, we only have preliminary; we do not have up to date. The other one had been tabled and we brought this in. We still need some due diligence in terms of the final revenue projections.

Chairman Garrity stated I would be more comfortable doing due diligence and looking at their financials before we took some action on this, gentlemen. Why hasn't that been done yet?

Mr. Moran responded we have not done that yet. If we get an approval from you, we would determine, based on cash flow...we look at that and then we determine whether it would be zero percent or if it could handle...

Chairman Garrity stated yeah, but that's kind of putting the cart before the horse, is it not? We're going to approve a \$299,000 loan and you haven't had a chance to look at their financials yet?

Mr. Moran stated this was put on last CIP and then...

Chairman Garrity stated which was probably six or eight weeks ago, so nobody has bothered to look at their financials yet.

Mr. Moran stated we have not been supplied with that yet.

Alderman O'Neil asked wouldn't it be helpful, if we're going to make a decision, to know what the terms of their...?

Chairman Garrity stated I don't feel comfortable approving this tonight, gentlemen.

Alderman O'Neil stated for us to pass this and then staff to determine what the rate is going to be...Have we been doing that regularly, Sam?

Mr. Moran responded yes we have.

Alderman O'Neil stated we've had these discussions before, I believe. Correct me if I'm wrong. We need to be involved in those discussions.

Mr. Moran stated in the past, actually, \$300,000 and over we've been requested to bring projects back to you, but what happens is we probably get these numbers and look at the cash flows and what he can carry and whether or not he can afford to pay any interest or not, or whether or not it would be a zero percent loan. And we have not done that yet. The minimum we would ask is zero percent. On the other project, as you know, I think it has come before us twice before, and we've tabled this.

Chairman Garrity stated well, we're going to table it again. I'll take a motion to table.

Alderman O'Neil asked can I make a suggestion? This may not be practical, and that's why I ask Reverend Everett this question: The full Board meets in a week. If there isn't action by the full Board next Tuesday, this is going to sit till middle of January at the earliest. The first meeting in January there will be no business conducted. Is it possible that they can get this information in a week? I think it's a worthwhile project. I hate to see it tied up, but I can't approve it. I'm willing to allow it to move forward to the full Board, but subject to getting all this information. I don't know if that's fair, Mr. Chairman.

Mr. MacKenzie stated if I could, Mr. Chairman, I'd be a little bit concerned about doing all the due diligence necessary. The Committee does want to see those details. We really couldn't do that in a week and really make sure that we understood all the issues and then gave you a final decision. So I'd be hesitant to say we could have anything within a week.

Alderman Gatsas asked if we table this, doesn't all tabled items extinguish themselves till the next Board? They don't carry forward to the next Board; they just lay on the table and then they die, is my understanding. That's what we've always done in the past.

Mr. Tom Arnold, Deputy City Solicitor, stated generally in the past what the Board has done is either voted to, for lack of a better term, kill whatever is on the table. However, you've also voted in the past to refer matters to the new Board.

Alderman Gatsas stated my suggestion would be that we send it right back to Mr. MacKenzie and have him come back with a proposal the first of January. I think you're going to have to wait till the first of January, even though you may not want to. I think that somebody needs to identify what our security status would be in the property – whether we'd be a second and whether it would be a fixed loan or whether we would be in a position that we would be moved out of that second position. I think those are very important things to address if we're going to be 59% on this project, or close to.

Mr. Everett stated just in appreciation for your consideration. This is something that we've been working on for a considerable amount of time, and I've provided all of the financials that I've been asked for back in May. And then the CIP board did not meet all summer, and then we were tabled last month. We're just trying to do projects, and we have HUD breathing down our neck at this point on these projects because they go out a couple of years. I can tell you that, with the funding that's in place on this project at this point, the City would be in second position, taking out the current second, and Centrix Bank would be in first position.

Chairman Garrity stated Mr. MacKenzie or Sam, whoever can answer this, has he provided the necessary information that you require?

Mr. MacKenzie responded I know that he has provided information on the previous project, on Somerville Street. But I'm not sure if the staff has received everything on this Central Street project. Again, I know we got it on Somerville, but I do not think we got it on Central Street.

Mr. Everett stated I did provide a 15-year spreadsheet, a 15-year cash flow spreadsheet.

Mr. Moran stated and you indicated it was something you quickly put together, just so we could get something on the agenda at the time, correct?

Mr. Everett responded yes.

Mr. Moran continued the idea being that we would look at this in the future. We haven't gone beyond that.

Chairman Garrity asked what's the assessed value of the property on Central and Pine?

Mr. Everett responded I'm drawing a blank. I'm sorry, I don't remember.

Chairman Garrity asked are there any further questions from the Committee? It would be my recommendation that we send it back over to CIP staff. I don't feel comfortable voting on this tonight. It's a worthwhile project, but we have...the property is assessed at \$465,000?

Deputy City Clerk Matthew Normand stated \$638,900.

Alderman Osborne asked do you want to refer it to the full Board with no decision?

Chairman Garrity responded no. Can I get a motion, gentlemen, to send it back to CIP staff to get the necessary financials?

Alderman O'Neil stated there's a possibility, everybody gets their act together between now and next Tuesday, is this something the Board could take up?

Chairman Garrity responded well the Planning Director just told us that it is probably an impossibility; it could never happen.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to refer this item to the CIP staff. The Planning Department will complete all due diligence and Helping Hands will provide all necessary financials to the CIP staff.

Chairman Garrity addressed item 14 of the agenda:

14. Communication from Bruce Thomas, Engineering Manager, seeking approval of a chronic drain project on Oakdale Avenue and Lincoln Street at an estimated cost of \$20,000 from the Chronic Drain Program funds.

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

Chairman Garrity asked Kevin, is this a bondable project? Or who has an answer to that? Somebody should have an answer for that. It's just a simple yes or no. I don't need the whole show up here. I'll take a motion to move this to the next CIP cycle.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted to defer this item till the next CIP meeting.

Chairman Garrity addressed item 15 of the agenda:

15. Communication from Deputy Chief Glenn Leidemer requesting to add an undercover vehicle to the Police Department's fleet for use by the Special Investigations Unit.

Alderman O'Neil made a motion to approve this request. The motion was duly seconded by Alderman Osborne.

Alderman O'Neil asked Glenn, is this theoretically...you have the funds to purchase the vehicle...Is this just authorizing an additional plate?

Deputy Police Chief Glenn Leidemer responded yes. This isn't going to come from our budget; it's going to come from drug forfeiture. And if it's appropriate, during the last 14 months we've been adding additional personnel to our undercover special investigations unit. And some of those people have been in training and they're now getting to the point that they're going to be out on their own, needing their separate vehicles. If it's appropriate I would suspect that I would be back here next month or the month after or very soon after that for authorization for another vehicle, based on the number of people that we currently have in the unit. If it's appropriate I would certainly amend my letter or formally ask for authorization for two vehicles to be added to our fleet.

Alderman O'Neil asked could the makers of the motion amend it to include two so he doesn't have to come back?

Chairman Garrity responded sure. Who made the motion?

Alderman O'Neil stated I amend my motion to include two.

There being none opposed, the motion as amended carried.

Chairman Garrity addressed item 16 of the agenda:

16. Petition to discontinue a portion of Second West Back Street.

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

Chairman Garrity addressed item 17 of the agenda:

17. Petition to accept a portion of a previously discontinued portion of Cartier Street.

(Note: report of the Highway Department, if available.)

Mr. Arnold stated I just wanted to comment...I've taken a look at this one, and quite frankly, it's unclear to me what the petitioner is asking for, whether they're asking for a layout of the street or if they're asking the City to accept a dedication. I'd like to see that question in the paperwork cleared up before the Committee took any action, or probably more properly, before the Board took any action.

Chairman Garrity stated I'll take a motion to send it back to Highway.

On motion of Alderman Osborne, duly seconded by Alderman O'Neil, it was voted to send this item back to the Highway Department.

Chairman Garrity addressed item 18 of the agenda:

18. Petition to discontinue portions of South Willow Street and Harvey Road.

On motion of Alderman Osborne, duly seconded by Alderman O'Neil, it was voted to refer this petition to a road hearing at a date to be set by the City Clerk.

Chairman Garrity addressed item 19 of the agenda:

19. Sewer abatement request (870 Hayward Street).

(Note: EPD recommends an abatement in the amount of \$132.75.)

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

Chairman Garrity addressed item 20 of the agenda:

20. Sewer abatement request (21 Renard Street).

(Note: EPD recommends an abatement in the amount of \$243.00.)

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

TABLED ITEM

21. CIP Budget Authorization:
613105 “Jac Pac” Acquisition Project – Revision #1
(Note: additional information submitted by the Director of Economic Development dated 10/05/2007 enclosed.)
(Tabled 09/25/2007)

On motion of Alderman O’Neil, duly seconded by Alderman Osborne, it was voted to remove this item from the table.

Chairman Garrity asked Mr. Minkarah, do you have the information that was requested by the Committee on Jac Pac?

Alderman Gatsas asked the revenue for the parking from CMC, where is that?

Mr. Jay Minkarah, Economic Development Director, responded that’s currently held by the MHRA on behalf of the City.

Alderman Gatsas asked is that City funds?

Mr. Minkarah responded well, it’s...in a sense, all of these funds are, but it is held by the MHRA. The only funds that...actually of these funds, we don’t hold any of them at this point. They’re all being held by MHRA.

Alderman Gatsas asked so at the end of the project there should be somewhere around \$300,000?

Mr. Minkarah responded yes.

On motion of Alderman O’Neil, duly seconded by Alderman Osborne, it was voted to approve this budget authorization.

Alderman O’Neil stated I have what I think is an easy one, Mr. Chairman. I’m not really sure of how or why this is hung up, but we have a program called Juvenile Fire Setter Intervention Program. It’s \$10,000. I really don’t know what the hang up is with it and why it’s not moving forward. I’ve been told it’s locked up on our side at some place by the people that run the program. So can we...I don’t know if staff can tell me why it’s not moving forward.

Chairman Garrity asked is there a shortfall?

Alderman O'Neil responded I don't know if there's a shortfall. It could almost be procedural.

Chairman Garrity asked did you have a chance to share this with City staff before tonight?

Alderman O'Neil responded I didn't, but I would have thought they were copied on this but maybe they weren't. I'm willing...it didn't make a lot of sense why it's hung up someplace, and I don't think it's the dollar amount per se. I think it's sign offs or something. Does staff have any idea?

Mr. MacKenzie responded we don't have a lot of light on that. We weren't aware of any hang-ups, per se. We knew that there was going to have to be some future funding requested to the City, but we're not sure...we don't believe there's any hang-ups, but we can certainly check into it and get you more detail.

Alderman O'Neil asked can an appropriate motion, Mr. Chairman, be, this is one they should be able within a week...refer it to the full Board and hopefully staff can figure out...I did not think it was short \$10,000. That may be the fact. But I also thought there was a match and some grant from the county as well.

Deputy Police Chief Gary Simmons stated Alderman, I had spoken to Marty last week about this project and he made no mention of any hang-up. He just talked about a potential funding deficit in the spring. I'll look into that.

On motion of Alderman O'Neil, duly seconded by Alderman Osborne, it was voted that to refer this item to the full Board. The CIP staff will report to the Board of Mayor and Aldermen on the status of the Juvenile Fire Setter Intervention Program.

Alderman O'Neil stated they see about 30 young people and families a year. These are potential arsonists.

Chairman Garrity asked it's been a long time program too, hasn't it?

Alderman O'Neil responded yes, it has. I think we have a volunteer, or he is given a very small stipend, a retired firefighter that conducts it, along with an active firefighter who does it on his own time, I believe.

Chairman Garrity stated I have a bit of New Business, gentlemen. This morning I was informed that a \$90,000 transfer took place in the surplus that's currently in the Sullivan Family Park. It has always been the practice of this Committee that any transfers from projects to other projects has to come before us. I gave you some back-up information on some authorized transfers that took place with this account...I think it was at our last meeting...for Raco Theater Pool parking lot and for Junior Deb security over at the West Side Arena. So I was a little alarmed to find out that a \$50,000 transfer and a \$40,000 transfer were made without the approval of this Committee. I don't know how the rest of the Committee feels about it.

Alderman Osborne asked were the minutes checked on this date? Was it September 30, 2007? Did you check the minutes? Do you know if the full Board recommended this at that time?

Chairman Garrity responded no, there has been no action by this Committee nor the full Board on these transfers.

Alderman Osborne stated so it was looked into that way, on that date.

Chairman Garrity stated it didn't go through this Committee. The Pool was, and the Junior Debs but not the \$40,000 transfer to Weston Observatory and the \$50,000 transfer to Valley Street Cemetery project.

Alderman Osborne asked but it wasn't okayed by the full Board either, neither one?

Chairman Garrity responded that's correct.

Alderman Gatsas asked who made those decisions?

Chairman Garrity asked Mr. MacKenzie, did you make that decision, or Sam?

Mr. MacKenzie responded no, we did not make that, or the staff. I would note that...

Alderman Gatsas state well let me try the question again then: If you didn't make it and the staff didn't make it, it didn't just happen by itself. Who made the decision?

Mr. MacKenzie responded the decision was made by the Parks & Recreation Department, but if I could go on, Mr. Chairman?

Chairman Garrity responded go ahead, Mr. MacKenzie.

Mr. MacKenzie stated in this situation it was all within one CIP project. So there were no formal transfers required by the Board. It was not going from one CIP project to another. There were roughly five projects identified within it, including such things as Sullivan Park, which is on Calef Road; such things as the Weston Observatory; and if you look on the...I know that Alderman Garrity did attach the actual start-up to his memo. So if you look on the next page, there is one CIP project, 510907, and then under the project description there's a number of projects listed. This Committee has amended that on two past occasions for a variety of items. You'll notice that there were the term estimates assigned to each of the projects. The Parks & Recreation Department did make adjustments to those numbers all within that one CIP project.

Chairman Garrity stated these numbers are not the accurate ones that we approved. I believe that before we approved, for example, Sullivan Park, this Committee approved a final number of \$464,000.

Alderman O'Neil stated I guess if I'm reading this correctly, and hopefully I am, there have been some reallocations of funds within that project account that this Board has voted on, correct?

Mr. MacKenzie responded yes, and I can give you those four specifically.

Alderman O'Neil stated Rockingham Trail, Emergency Field Repairs, Security Systems at West Side Arena, and Parking At Raco Theater. Now those were approved by the Committee and I believe later confirmed by the Board. Would that be correct? If I'm hearing you, saying we didn't necessarily have to do it, why was the practice that we did it for those four and we didn't for these other two?

Mr. MacKenzie responded because those four projects were never identified in the description, so if there is a major change to a description of a project we would normally bring those back. The projects that there were transfers in between were projects that were originally identified as part of this description.

Alderman O'Neil stated it sounds like a weakness in our practice that, if they weren't identified you've got to come back, but if they were identified they can be moved around any way that staff sees fit. I don't think, my personal opinion, that's a very good practice. I don't believe it has happened regularly; I hope it hasn't over the years, that I'm aware of. But I certainly...when I vote to approve something, I expect it's going to stay within that framework, and if there's a change to that that it would come back to us, if anything, for informational.

Moving forward, I'm very concerned about grouping projects together. It apparently can lead to some not very good decisions. I don't want to say poor, but they weren't very good decisions made. Do we have many of these like this that are grouped together? I'm thinking of municipal buildings, we do that. So I don't know if we need to adopt some policy here, going forward, that that just should not happen.

Mr. MacKenzie stated it is actually fairly rare that the numbers are actually identified in the description. Normally what that means is that the Board wanted to keep an eye on those. For example, we have a \$50 million Airport project; it's one CIP account that included dozens of different projects, but the numbers are not identified specifically for each one of those subcontracts within that. In this case, and in a few other cases, including some that Highway and Facilities have had, the Board has specifically put numbers in. Again, this says 'estimated,' so I think there is some flexibility, but we didn't know about those major changes and our advice is normally to bring that back to Committee for informational purposes, if nothing else.

Chairman Garrity stated one of my disappointments in this is the fact that Valley Street Cemetery was funded at \$250,000, and I know that some of our colleagues were not overly supportive of that project, but they decided to go along with \$250,000. Now, if there's a \$40,000 shortfall, we didn't award them \$290,000; we awarded them \$250,000, and I'd like to get some information on why they're so over budget over there. Chuck, do you have that information?

Mr. Chuck Deprima, Acting Parks, Recreation & Cemeteries Director, stated actually the information that I gave you this morning was slightly outdated. Actually there was not \$40,000 transferred to that from Sullivan Park. It was \$12,000 to make up for a shortfall. And it was done ahead of the project construction schedule, just knowing there was a slight shortfall, in order to get that project started in the first place.

Chairman Garrity asked why do we transfer \$40,000? Why don't we do the transfer after the project is done, if it's over budget? It's gone from \$40,000 now down to \$12,000 in less than ten hours? I talked to you at 9:30 this morning.

Mr. Deprima responded that was a mistake in the spreadsheet that I had originally given you this morning.

Chairman Garrity asked why are they \$12,000 over budget?

Mr. Deprima responded that was the estimate, or that was the price that Harvey Construction, who we worked with as the CM, had given us prior to the start of the contract.

Chairman Garrity asked when did you get the number for Valley Cemetery from Harvey Construction?

Mr. Deprima responded back in July.

Chairman Garrity asked so back in July you couldn't come to this Committee and say, it's underfunded?

Mr. Deprima responded I didn't realize...It was my mistake. I didn't realize that was necessary to do within one CIP project.

Chairman Garrity stated well, if there's X amount of dollars for a project and if it's over budget, someone needs to know about it...Bill Sanders, Bob MacKenzie, the CIP Committee, the CIP staff. Any further questions?

Alderman O'Neil stated I guess it's more a statement. If I look at the project description, and this is how this was laid out originally, that's what I'd believe I'm approving in the total amount of \$2,662,000. That's what I'd believe I'm voting for, whether you want to call them estimates or not. If there's changes to those numbers, in my opinion, the Board needs to vote on that. As you all know, during the CIP budgeting process, it's a balancing act for us in trying to address all the needs of the City. It doesn't mean that it's a fund that staff can go in and decide that the priorities of the Board changed. This, in my opinion, was the priority of the Board. If numbers changed, up or down, the Board should have been informed of that. And I don't know if we need to adopt some policy that says that.

Chairman Garrity stated just to follow up on Alderman O'Neil's statement...there's a lot of requests to the CIP funding. There's a lot of people that get left out, that we just have to say no to. We can't fund everybody. When things go over budget it's important that we know about it. This is bonded money; this is taxpayers' money. And we need to know when something is going over budget and when transfers are taking place.

Alderman Osborne asked this \$38,000 supposedly, is it back in your budget or back with...Where is it? You've got \$40,000 here and you say there was only \$12,000 taken out. Where's the \$38,000?

Mr. Deprima responded it's back in that overall \$1.97 million.

Alderman Osborne asked and you can see it and it's there?

Mr. Deprima responded yes.

Chairman Garrity asked how about the Weston Tower project? Is that \$50,000 or has that number changed?

Mr. Deprima responded no, that's \$50,000.

Chairman Garrity asked and why did that go over budget?

Mr. Deprima responded I have a letter here that I could pass out from the architect that explains it a lot better than I can.

Alderman Gatsas stated Mr. MacKenzie, I assume this document here that we're in receipt of that has the three revisions that had to come to this Board is because of the RSA that states that any funds from a bonded project that are not going to that project and going to a project outside of that bond must have a two-thirds approval of the Board. I think it's RSA 33 either a or b.

Mr. MacKenzie stated that is if you're switching out of the CIP account.

Alderman Gatsas stated if you're switching to a different project than what the bonds were allocated for, is explicitly what that RSA says.

Mr. MacKenzie stated if you read the original, and it's still identified here, this is a parks improvement project, and at the very end it does indicate, 'and other improvements, funds permitting.' So in that situation the Board has added for the projects. This Committee added those four projects, and that would fall under those 'other improvements, funds permitting.' Now, if the majority of those funds, if \$2 million was being switched to another purpose, than I would concur that we would have to follow those bonding statutes. But in this case, and the Board can do that, it can transfer from one type of project to another.

Alderman Gatsas stated with a two-thirds vote. And I assume these four projects that were voted on at the full Board were probably unanimous, so that takes care of your two-thirds vote. The other two projects...I guess I take the same position as the Chairman. It's not like we're not around here but once every twelve months. I think that those two allocations, of moving them to the Weston Observatory and the Valley Street Cemetery...There might not have been discussion on the Weston Observatory but there might have been some discussion on the Valley Street Cemetery. And I think that certainly this Committee should have the opportunity to weigh in on what its position is, rather than the money just

going. What was that \$50,000 for? That's on top of the \$250,000 that was already given?

Mr. Deprima stated it's described in that letter.

Chairman Garrity asked are you asking about Valley Cemetery?

Alderman Gatsas stated I'm asking about Valley Street.

Mr. Deprima responded oh, Valley Cemetery. That was just to complete the project as described in the original CIP request. Nothing was added. Nothing was unforeseen.

Alderman Gatsas stated so basically the original CIP request was \$300,000, and this Committee and the Mayor decided to fund \$250,000.

Mr. Deprima stated yes \$250,000 was estimated. The actual price, once the bids came in, exceeded that \$250,000 by roughly \$12,000.

Chairman Garrity what I have a concern with is when you get a bid, and this goes for Sullivan Family Park too. I mean, Sullivan Family Park, the estimate was \$160,000 more than what was needed. And then you've got Weston Observatory that is under budget by \$50,000 and Valley Cemetery that is under by \$12,000. So maybe our bidding process or our estimates of projects...it's not working in the Parks Department because you've got three different projects that are either over budget or under budget. How does that process work?

Mr. Deprima responded as we're filling out the sheets for our CIP request we look at the projects we've done recently, and we don't have the staff in house to accurately estimate things so we do the best we can.

Chairman Garrity asked do all three of these projects have a ten percent contingency fund in them?

Mr. Deprima responded eight to ten.

Chairman Garrity asked and that was expended when it came to the Weston Observatory and the Valley Street Cemetery?

Alderman O'Neil stated Chuck, I don't necessarily have a problem with what was handed out by the architect, but if it brought...the original amount approved for Weston Observatory was \$196,000. Correct? Based on this action...the items that were discovered and the actions that needed to take place, it now brought it up to

\$246,000. Shouldn't the Board have been informed of that? Because again, the project I voted to improve was for \$196,000. If it wasn't a good number, it should have come back to the Board.

Mr. Deprima stated it probably should have, but at the time that this exceeded the estimate we were in the middle of the construction process.

Alderman O'Neil stated I understand that, but a memo could have went out, something could have went out. This was almost treated like a slush fund. Spend it anyway anyone sees fit. If Weston Observatory was a specific, defined project, you would have had to come back to this Board for \$50,000. Correct? I know you had to make decisions. The contractor was on site, but I have great concerns about grouping these funds together in the future. I know it's going to create more paperwork, but maybe that's what needs to happen.

Chairman Garrity stated when you're talking a \$100,000 transfer that's not chunk change. What would the Committee like to do? In the future... We should come up with a policy: Any transfers have to come back in front of this Committee and then on to the full Board.

Alderman O'Neil stated number one, we should identify how many of these similar projects are there in CIP? I know there's a Building Maintenance one, probably. And there's probably more. We need to identify what projects they are.

Chairman Garrity stated I had a recommendation on my cover letter that we have the...I've already talked to Mr. Buckley this morning, looking at possibly doing an audit on bonded projects and when we have things that are bunched in, bundled up into one big CIP number.

Alderman Gatsas asked have the checks been cut?

Mr. Deprima responded not to Weston Observatory. We're still holding money on that contract.

Alderman Gatsas asked well you only need \$12,000 for that, right?

Mr. Deprima responded no, that's Valley. That project is closed.

Alderman Gatsas asked so why do I see that there is a \$40,000 disbursement to Valley Street?

Mr. Deprima responded that was incorrect. That was deleted information that I accidentally gave out this morning.

Alderman Gatsas asked okay, how much money was sent to Valley Street? Twelve thousand? So what this account should read is a balance of somewhere around \$75,000, Mr. MacKenzie?

Mr. MacKenzie responded, again, the sheet that you're looking at, we do not see those sheets. Those are internal accounting by the department. So we don't really get to see those sheets.

Alderman Gatsas asked what was his answer? Is there \$75,000 in that account?

Mr. Deprima asked in which account?

Alderman Gatsas stated well, I'm looking at a balance. The balance on this sheet shows me \$37,000 at the bottom. If \$37,000 is the right number, and you only disbursed \$12,000 instead of \$50,000, then there should be an additional \$38,000 and that number is \$75,000.

Mr. Deprima stated \$27,000 roughly was actually not...out of the \$40,000, I believe it was \$27,000.

Alderman Gatsas stated let's try again. Valley Street, you told us was \$12,000. Correct?

Mr. Deprima responded \$12,700.

Alderman Gatsas stated okay, let's say \$13,000. This sheet shows encumbrance of \$40,000 transferred from the Sullivan Park fund.

Chairman Garrity stated I think we should come up with a very strict policy.

Alderman Gatsas stated I'd like to make a motion, at least so that we're on the record that we're either voting for these or not voting for them, so that there is some sort of consistency with what we do in this Committee. I know that the funds have already been disbursed but we should certainly either vote it up or down.

Chairman Garrity asked you mean the actual transfers?

Alderman Gatsas responded yes, the actual transfers, so that the transfers happen under our supervision and we know that they've happened and we either vote them up or down.

Alderman Gatsas moved to approve the transfer of \$12,000 to the Valley Street Cemetery project and \$50,000 to the Weston Observatory project. The motion was duly seconded by Alderman O'Neil.

Chairman Garrity asked did you say that the checks haven't been cut for Weston Observatory yet?

Mr. Deprima responded the final one has not.

Chairman Garrity asked what happens if this wasn't approved?

Mr. Deprima responded the project would have stopped.

Chairman Garrity asked if the transfer isn't authorized tonight, what happens? You'd have to come to the Board for an additional \$50,000, right?

Mr. Deprima responded correct.

Chairman Garrity called for a vote on the motion to approve these two transfers. There being no opposed, the motion carried.

Chairman Garrity asked do we want to come up with some wording for a policy?

Alderman Gatsas stated I think, Mr. Chairman, you've made it very clear to everybody on the other side of the room what that policy should be, and anybody that's out there in TV land or in front of us what the policy should be.

Chairman Garrity stated I will request the Clerk, along with CIP staff...each department should be getting a memo from CIP staff saying, 'anybody who handles CIP funds, if there's a transfer to take place, it has got to come in front of this Committee.'

Alderman Gatsas added over and above what we voted for, I agree.

Alderman O'Neil stated wait, Mr. Chairman, just to make sure I'm clear. We're not talking about a transfer...and I need to be careful about my wording here...If we're renovating a fire station and we approve a million dollars, they can move money within that project for the fire station.

Chairman Garrity stated for the specific project.

Alderman O'Neil stated if it was \$100,000 for electrical and they got it at \$75,000, then they can do \$25,000 more for something within that particular project.

Alderman Gatsas stated but if it was \$1.1 million they'd have to come back here for the extra \$100,000.

Alderman O'Neil stated right, and not take it out of another project. Can this only happen in bonded projects or are there cash projects out there that this could happen to as well?

Mr. MacKenzie stated if I could jump in on that, the situations where there's a dollar amount identified for the sub-components is fairly rare. You will, for example, approve \$75,000 for a park improvement program and there's no specific ones listed. In that case, Parks and Recreation goes out and fixes all of the playground fences, fixes the furniture, etc. on a regular basis. I guess the impression I'm getting is we identify when the Board has concerns about specific dollar amounts for subcategories. When you go out and do a roof repair for all the roofs in the City, under Facility Maintenance, you don't specify all the roofs and exact amounts for each of those. You get one dollar amount for all of them. So can I conclude that only where the Board wants specific amounts identified in the project description, those would be the ones that have to stick without Committee action.

Alderman Gatsas stated I think where Alderman O'Neil is going is when the authorization that you sent us was pretty specific with the amount that each project was going to contain, and if you're having an excess of funding in the Sullivan Park fund, and you have a shortfall at the Weston Observatory, then I think you'd come back to this Committee to tell us. I think that's where he's going. If you just say fifteen roofs, with no identification of any building, then I'd say you're probably free to move.

Alderman O'Neil added and Bob, if you use roof as an example...I think I'm correct on this...when we did a number because it became the account for a little while, the Harvey Road roof, I think that when that program was laid out, even though it was one project, I think it did identify what roofs were intended to get done and what amount, because I think we asked that during the budget process.

Mr. MacKenzie stated it did identify which roofs were to be done but not the dollar amounts for each. So you gave the Facilities Division the flexibility to handle those.

Chairman Garrity stated this is my final comment, and then I'm going to call Mr. Buckley up. This Committee needs to know when a project is 25% over budget, including the contingency fund. That project was 25% over budget and we didn't know anything about it.

Mr. MacKenzie stated historically the staff has not closely monitored these internal changes by each department, our staff. We do that for anybody outside the City because we have contracts with NeighborWorks, we have contracts with the Boys & Girls Club; we specifically monitor those. But we do not monitor bond projects internally, and you will have to decide whether you want our staff to get more involved in that or not.

Chairman Garrity stated that will be part of the memo going to every department head in the City if it deals with CIP funds.

Alderman Osborne stated what you're trying to say is any amount that's overextended or transferred should come back to this Committee.

Chairman Garrity stated I think it's only fair.

Alderman Osborne stated fine. So that's it.

Chairman Garrity asked Mr. Buckley, do you have some comments?

Mr. Kevin Buckley, City Internal Auditor, stated I would just like to point out that from an audit perspective, if I were doing an audit on this particular CIP project, the way things stood before tonight, I would look at the bottom line, the \$2.6 million. I would look at that first and see that it was not overspent. And then the other part that I would look at is to see that any project not listed in here...none of this money was given toward...as long as the project was listed at the top, in that top part, and the \$2.6 million was not overspent from an audit perspective, in the absence of a written policy from the Board saying that they couldn't transfer money within this project...because what you voted on was the \$2.6 million as one project...then I would not have a problem with it. So if you're coming up with a written project from the Board that says you can't transfer stuff around like this, then I would be able to do something with it.

Chairman Garrity stated okay, so that would be against accounting practices?

Mr. Buckley responded if you had the policy, I would write a report and put that as a finding in the report, that they transferred it around. But in absence of a written policy, that wouldn't even be a finding in my report. Which isn't to say it's not right, and I agree with you, there should be a policy. You really should...some of these things, especially the controversial ones like the Valley Street, should have been a separate project because the control in the Finance Department, to stop transfers from happening, is that the woman who puts stuff in that allows you to spend has to get this sheet here, and if she doesn't get a sheet like this, she won't

allow the spending to happen. And that's the only control in the Finance Department to stop that from happening. And so if it was a separate project, there wouldn't have been a problem. When you lump them together like this... This is the first one I've seen where they've been lumped together like this. Do you still want me to do something?

Chairman Garrity responded we're going to come up with a strict written policy.

Alderman O'Neil stated I just want to go back to something that Bob said. When you mentioned... correct me if I'm wrong in the number... We put \$35,000 into a miscellaneous parks project for playground equipment, repairs, and updates. I look at... and generally speaking you're correct that we've got to find the place to draw the line. This was in excess of \$2.5 million, this project. So it's not... point being, maybe we're okay on the \$35,000 miscellaneous projects, whether it's paint lines or fix garage doors or something, but when we're talking \$2.5 million, I think there's got to be a little better control mechanism in place than there is currently. And communication would have simply solved that. And unfortunately, and if I read the memo from the architect regarding Weston Tower, they didn't find some of these things until they took the roof off. That happens in a construction project, but there should have been some notification to the Board or the Committee of it.

Alderman Osborne stated you know the total project here of \$2,662,840 as a total project of the City parks, isn't there some way that one of these projects individually, like the Weston Tower or something, starts to go over, is there some sort of red flag on that particular project within the whole project?

Mr. Buckley responded not in the subprojects. In the main project, it would be red flagged if it started to go over.

Alderman Osborne asked so you have to wait until this whole \$2,662,000 is spent before there is a red flag? Why can't there be something else, a little mechanism to know what's going on before it happens?

Mr. Buckley explained you would have to put the subprojects in their own project code in order for that to happen.

Alderman Osborne stated instead of clumping them all together, you're going to put them in there separately.

Mr. Buckley stated right. That's what you'd have to do. The HTE system doesn't track it by subprojects.

12/11/2007 CIP
29

Alderman Osborne stated I know if it was my money I'd sure want to know them individually, that's for sure.

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