

COMMITTEE ON FINANCE

May 19, 1997

**Immediately Upon Conclusion
of Public Hearing**

Mayor Wieczorek called the meeting to order.

The Clerk called the roll. There were eleven Aldermen present.

Present: Aldermen Elise, Reiniger, Sysyn, Clancy, Soucy, Shea, Domaingue, Pariseau, Cashin, Robert and Hirschmann

Absent: Alderman Wihby

Messrs.: Regis Lemaire, Kevin Clougherty, Frank Thomas, Fred Rusczek, Richard Girard

Mayor Wieczorek addressed item 3 of the agenda:

Discussion with representatives of the Quality Management Committee relative to the status and need of a Classification and Compensation Study.

Mr. Lemaire stated as the rotating Chair, we'd like to mention that the Quality Management Team is composed of eight department heads, two Aldermen, and a representative from the Mayor's Office and we wish to point out to you the importance and need of a Classification and Compensation Study for the City of Manchester. The Quality Management Team shortly after being established did a survey of department heads in the City identifying the need that the personnel system in Manchester requires an overhaul. In studying the current system we became even more aware than before of the need for a good classification system and the restructuring of human services. We formed a sub-committee asking the Finance Director for assistance on that sub-committee to look at the employee classification and compensation and merit evaluation system. We want it known from the outset that the finished product has to fit within the financial resources and budgetary restraints of the City. Fred Rusczek of the Quality Management Sub-Committee is here to give you a summary of some of our concerns and what we have found, Fred.

Mr. Rusczek stated as Regis pointed out when we started the process as a Quality Management Team, one of our first tasks was to poll department heads and

management staff to see what they felt burning issues were in the City and out of that they identified a number of issues that they believe need to be straightened out in our personnel system and items that impact many of our activities. It was pointed out to us that there could be some degree of City liability from non-compliance with Fair Labor Standards Acts and other Labor laws, there could also be some degree of liability from comparable worth issues and some of which were identified in the Arthur Young Report of 1988. There were issues relating to system parity and equity that department heads felt need to be addressed and there will be continued difficulty in administering the wage and benefit system with over a different dozen bargaining units, wage scales and benefits. In fact, in trying to implement the new data system for the payroll the many inequities of this personnel system were highlighted and the HTE staff that are doing the work said they have never encountered a personnel system and all the different wage structures as they have in Manchester. The current system was designed three decades ago and many of the existing job descriptions were prepared in the 1960's. The bulk of the job descriptions are out-of-date and this system, what we are hoping to do if this gets funded is to move Manchester into the next millennium create a base from which a personnel system can grow from. On that point, one thing that struck out to me when we went out for a request for information from consultants is Manchester is not unique, we are not alone in the need to have someone come in from the outside. Just one of the consultants submitted a proposal that has three pages of prior city and state and county, four pages... programs that they have worked with. So, that kind of validated for me that the proper approach for the City is to go out and get the expertise. Many of these communities, by the way, are in New Hampshire. There are some issues such as the inadequate system could jeopardize Federal funding and bond rating, at some point and there are many, many little smaller issues that really identify that this is a job that the City has to tackle and that is the reason the department head and the Quality Management Team has been working to put together this proposal that we have and I think we're here to answer any questions that you might have in regards to specifics or where we are in the process.

Mayor Wieczorek asked is anybody else on your team going to speak or are you just here for questions.

Mr. Lemaire stated, I'd like Kevin, maybe you might say something because we did ask the Finance Director to sit in with us.

Mr. Clougherty stated as you know the Finance Officer is not part of the Quality Management Team because of the audit role that we play, but we have worked with the Management group, we fully endorse everything that they are saying. Many of you know that for the last number of years, I've been coming before you

in response to audit reports with concerns about these long running issues that need to be addressed and I think we have to understand that the whole environment in which government works is changing and the regulatory climate that we're being put in or financial reporting and disclosure and for personnel management is particularly getting more complicated, more sophisticated every year and the City has to take the steps in order to be able to compete and to remain in compliance in those areas. It's not, as Fred said, something that is unique to Manchester, it is this whole movement across the country and as a result of Federal legislation in these areas that we really need to keep abreast of and as I spoke to you on a couple of occasions really in my mind three things that we need to do to address those. One, is to make sure that our financial information and our ability to disclose information on these issues is one part of it and I think the fact that we've got the bond issue and putting in place the new computer system is a big step towards getting into compliance with some of those disclosure issues. The second piece, I think, is to do this reclassification examination and the third piece is to put in place an active human resources structure to deal with it. We're very fragmented in the way we've been trying to manage over the number of years and we're going to have to take some steps to be more progressive in that area and that isn't news, that's something that's happening all around the country and something that we have been talking about trying to get accomplished here in the City. I would lend support to what Regis has said with respect to our ability to carry out a debt program. If we are not able to show compliance or if we do have findings as a result of audits, those are things that get the attention of people on Wall Street and it's going to be costly. So, it's a proposition where one way or the other we're going to have to invest and we'd rather invest in solution and parity and fairness than trying to be responding to issues. So, I'll close on that note and I'll be happy to answer any questions.

Mr. Thomas stated what I'd like to do is just pick it up...I know that there is a lot of concern floating around regarding the potential financial impact to implement the study once it's completed. The fact of the matter is that nobody knows that the financial impact is going to be, if there is any at all. This concern has been raised pretty much based on the previous study that was conducted that I think everybody will admit was flawed. One of the major flaws in it was that there wasn't a decision on the part of the City as to what kind of employer the City wants to be considering both wages and fringe benefits, does the City want to be competitive with the marketplace, does it want to be a little bit below, maybe a little bit high, that is a decision that has to be made early on into this process and obviously, it's going to have an impact on the cost to implement. In addition, one of the tasks of the consultant, whoever that may be that we bring aboard will be to recommend an implementation plan for the City; that implementation plan as Regis mentioned has to be based on how the City can do it without placing undue

burdens on the City. Any plan that is going to be implemented, it's not going to be implemented overnight. If there is a financial impact that financial impact can be spread out over a period of years. However, you have a goal that you are shooting for. Any changes in job classifications, specifications, any changes in salary schedules they have to be negotiated with the bargaining units. Again, taking time. However, at least the Board, your Chief Negotiator now has a goal that you ultimately want to arrive at and I think ultimately it's going to be a tremendous benefit to the City by addressing all of the points that was in Fred's correspondence. I think you have to look at what is the potential financial impact if you don't go ahead with the plan. I think that that is very important because there is a potential impact and as Fred mentioned the City is not unique. Many other municipalities have gone through it, they've survived the implementation of the plan and they're a lot better off for it. So, I urge your consideration and we will try to answer any questions that you may have.

Mayor Wieczorek stated I think if I remember correctly there are 196 different wage schedules in the City, is that right.

Mr. Clougherty stated I think it's 206 and the difference between...less than a half percent between a lot of them.

Mayor Wieczorek stated that is good when you are employing manual labor, but I guess a lot of this has been pointed out as a result of what is happening with HTE and getting the new financial system in.

Alderman Pariseau stated reference was made to the Arthur Young Report, how obsolete is that. What is the real reason why the City didn't implement it back in 1988.

Mr. Clougherty replied, I think the issue was a financial one and I think that there was some concern that if they implemented it, it would have a tremendous budget impact. But, getting back to the point that Frank made. The City never made the basic underlying determination as to what it wanted to be. Did it want to be an above-market employer, a market-level employer, or below-market and it's okay to be a below-market employer in government service if you're going to offer some tenure or some longevity, if you're going to offer step increases and things like that or if you're going to offer some benefits, that is what makes government attractive for some people as opposed to the market. So, in some circumstances you can be below, but it's our understanding that that determination was not made clearcut, so it's very hard to assign dollars and you got into this discussion of ranges and I think that eventually led to the demise of the project because it was just unclear. We would want to see that clarified very early on, upfront and that

would be one of the driving policy issues that has to be made very early and adhered to throughout.

Mr. Thomas stated plus I think that there was somewhat a lack of a consensus on the study as it took place. I think there were certain factions that felt that maybe they were getting their toes stepped on a little bit and what not. I think the benefit of this next study having the Quality Management Committee with representatives of the Board on it, representatives of the Mayor's Office on it and various department heads; hopefully, we'll overcome that particular issue so that there's not going to be a little snipping, back stabbing on the sidelines. So, I think again, knowing up front what you're going in for and trying to keep a uniform body as it moves ahead will make a difference.

Mr. Clougherty stated that is not to say, Alderman, that if you do this study, I don't want to convey to you that everything is going to be great; that every department and every individual that gets a report is going to be delighted with it. There are going to be those issues, but taking a look at the need for this, for the good of the City overall is what has to be balanced and I don't think that at that point in time we could get beyond the one point of the individuals versus the good of the City.

Alderman Pariseau asked is the Arthur Young Report so obsolete that we can't use it and we have to go out and spend additional money for a study, why don't we use it, if we can and implement what we can because we won't have a guarantee that the new study will be put into effect either and how would we do that. How would we guarantee everyone that this new study will be implemented regardless of the cost.

Mr. Lemaire stated one of the things that concerns me is what happens if we don't do this and what are the hidden costs that we have now that could really lead us to problems with bond ratings, problems with work force and so forth.

Alderman Pariseau asked, Regis, can't we use the Young Report.

Mr. Lemaire stated I think there are portions, I think we could build on it, there's no question. Personally, when I was reviewed by Arthur Young, I thought what they came up with in my department was fair and equitable. Could they have implemented in mine, my feeling was yes and I conveyed that to some of the department heads as to why it was fair, how it would work and basically at some point, if we're taking a look at salary scales some of them automatically will be red lined, there's no question in my mind. If people understand what red lining means, it's doesn't mean that you don't make any more money in the City, it really comes down to if you're asking more than the market will bear in the State of New Hampshire, maybe you need to go elsewhere to take a look if that's what you want to make. It is true that I could make a lot more money doing my job in New York City, but this is Manchester, New Hampshire, and it has to fit that pay scale and I think that is really important. To me, that is what we need to do is to come up with a formula that is going to be fair and equitable to everybody and that Aldermen and the Mayor and whoever in the City doesn't have to look at every single 296 and come up with all kinds of classifications, we'd have something to say this is where it fits in. Now, in that area and a big concern of mine has been if personnel says this is what it is, that is what it should be and we need to get back to that.

Mr. Rusczek stated if I could just add to that, Alderman, but it's hard to believe that the Arthur Young Report is just about 10 years old and if we go back through what's happened in the workplace in 10 years, we've gone from almost no reliance on computers to a tremendous reliance and restructuring of jobs and everything else. So, I think there might be some concepts in there that probably can be looked at and the other piece the Arthur Young Report didn't look at, at all was the merit evaluation piece and what sort of personnel evaluation is done, so we went through it and, in fact, Kevin and Connie Roy-Czyzowski went through all the documentation leading up to it before we came up with the idea that we really need to go out and get the objectivity and experience of firms that do this all the time.

Alderman Pariseau stated I don't have any problem with that, but I was just concerned about this Arthur Young because we're going to hear all kinds of things about it.

Mr. Thomas stated I think everybody has got to buy into the need and the concept of the study. I think everybody has to realize that it is badly needed and what are the consequences if a plan isn't developed. It's going to be difficult, it's going to take time to implement, but I think people have to buy in on it and can't look at it as trying to implement it overnight, it's not going to happen.

Mayor Wieczorek stated Alderman Cashin you were here when the Arthur Young Study was conducted, what are your recollections.

Alderman Cashin replied I think Frank hit it on the head. If you don't buy into it and everybody is in agreement, it's not going to go anywhere and this Board is going to have to make a commitment, they never did in the past, and I don't know whether it will or not now, but we'll see. You're just going to have to make a financial commitment ultimately to the study, but to implement it and it's not going to be cheap. Now, it's true that there are going to be some salaries going down, but you're going to be seeing a lot going up.

Alderman Clancy interjected we can red line those. Let's say a person is making more money, just red line it.

Alderman Cashin stated okay, Jim, why don't you just let me finish. You're right, you can red line, but in order to do it, it's a learning process and the last time we tried to do it and the Arthur Young Study was not wrong, there's a lot of good things in it and I would expect that if you're going to go out and hire another somebody to look at it, the first thing he is going to do is take the Arthur Young Study and look at it and take the best parts of the Arthur Young Study and implement them somehow into the new study. To say that that is laying on the shelf up there and no going to do is...it's a valuable document and there are still lots of parts that can be used in it.

Mr. Clougherty stated people have already done that, Alderman. Some of the ones that have actually responded, those companies have done that.

Alderman Cashin stated it's this Board that has to make the commitment, it's not the department heads, it's not the study, it's this Board. If you honestly want to make the commitment, I made a motion back, I'm going to say 7 or 8 years ago that the department heads be taken out of the study and that they be given a merit situation, a committee be set up and it never went anywhere because we were afraid it was going to cost money and it died. We've got to make the commitment and if you're not going to make the commitment, don't spend the money because it's foolish and it's not right.

Alderman Pariseau stated I agree with you and that was my point with that Arthur Young Study. If it's going to sit on the shelf, why go ahead and do it.

Mayor Wieczorek stated I think what we are looking at though is that we have so many problems with our personnel system. We've got tremendous difficulties there. As a matter of fact, I think we have such problems that I'm really concerned that at some point, somebody is going to come down on us and say hey, what are you folks doing.

Alderman Clancy stated say we do get this new report, how long would it take before we implement it. One year, two years, three years or do it right away.

Mayor Wieczorek replied I think it depends on what it says. I don't know what it's going to say.

Alderman Clancy stated it all depends on the cost, I would assume, right.

Mayor Wieczorek replied, I don't know. It's such a mess right now and you're right it is 296 pay schedules that we have.

Alderman Clancy stated let's just take a truck driver here in the City of Manchester. Now, one department is a 16, one's a 12, one's a 10, one's an 18. What's the difference between a guy driving a truck for the Highway or the Parks & Recreation or the Cemetery.

Alderman Sysyn interjected that it what he is trying to tell you, it's got to change.

Mayor Wieczorek stated it's the same with some clerical positions or secretaries or Info Systems...people that work in different departments as opposed to working at Info Systems, we have the same problems.

Alderman Soucy stated probably one of the best illustrations of that problem is the problem with dispatch. Whether you're in Fire or Police. Police is constantly spending the money to train people who reach a certain level and then can do the exact same work for two to three paygrades more just by going over to Fire when there's a vacancy, it just doesn't make sense and it's costing us money as a result because we're losing more experienced people in one department shifting over to another that then involves some retraining, so there is cost for doing that, but I think one of the biggest differences about the study this time around, at least what I hope will be the greatest difference is that we are sitting down now and talking about what we hope to get from it, what our goals are and also making a commitment toward financing it and realizing that financing it doesn't mean it's a year, doesn't mean it's two years, it doesn't mean it's four or five, it means it's as many years as we think it will take, but we need to know that and we need to

discuss that going into the process. I think part of the problem the last time around wasn't as much with the study, but that once it was there, I think people were afraid that you had to swallow the whole thing at once and I don't think that is the case with this type of a study. I think it's even more important that we do the study and take time to work through the recommendations and also continue to update it, to create a system that can be updated and it doesn't grow into this monster of 296 pay schedules. It's costing us money to maintain, it's costing us more from year-to-year to keep this thing going than it would be to just do the study and start to move forward.

Mayor Wiczorek stated that is why periodically you really have to review where you are. We've run into the same thing with the revaluation when we didn't do it for 21 years, look at the enormous problems that we had with it and to have a personnel system that hasn't been looked at, well the last time it was looked at was in 1985 and prior to that I don't know when it was looked at. So, you're looking at these things and it creates enormous problems, look at the number of requests we get for reclassifications that we have and for several reasons. One, is there is an inequity in paygrades. Secondly, you're not able to attract anybody from the outside at the paygrade that you have because it's not competitive and so we go in and say we have to go up three steps, four steps to get somebody because we have to be competitive with the market and this is really a lot of the problems here that periodically government has to review itself and if it doesn't, then you wind up with what we have, which is a mess.

Mr. Thomas stated just to follow-up on Alderman Clancy's question. Once you have the study completed, there is going to be areas that you can start to implement immediately. There is going to be some recommendations on how possibly to properly staff a Human Resources Department which can give you some guidance to move ahead in that area. So, the document will allow for some movement immediately, but other areas are going to take time to get into place.

Mayor Wiczorek stated I am working on that right now as a matter of fact to try and come up with a system for a personnel so that we can bring in the duties that belong in the department, take a look at the personnel that we have in the department to see how the heck we can do it and I'm going to be presenting it. It will be coming to the Board as soon as we get that thing ready.

Alderman Soucy asked can I ask you a question along the line of that then, Mayor. It is my understanding that the City conducts exit interviews when people leave the City, I've heard that people go through this process, is that data compiled anywhere and used in any way like "why are you leaving the City." I'm leaving

the City because X, Y & Z and it turns out that everybody leaves because of X, Y & Z. Is there any way of compiling that data and using it.

Mayor Wieczorek stated I would think there is. As a matter of fact, Kevin, as part of the new system and part of the personnel package that will be there, would they be able to add that, could that be a part of it.

Mr. Clougherty replied I'm not sure you want that on a financial system, that is more of a different application, but virtually...

Mayor Wieczorek interjected I'm talking about their own, what you'd have for human resources.

Mr. Clougherty stated virtually every company that we've talked to says that is exactly the step that you should be recording and building on and collecting and it should be coming from the exit interviews to the Aldermen, you people are the policy-makers, but yet you're not getting the information you need to make the policies and we come back and tell you...and it's no wonder that a circle here that's fractured and we need to get that back in place, that's all part of it, but we need some outside expertise. The hardest thing here is for the City to say "we have a problem and we're going to fix it" and we've done that on a couple of other issues and we've been successful, but you first have to say "we're going to fix this" and make the effort and the commitment. You have to first of all realize that you are not happy with what you have, that it is not working and it needs to be fixed and I think your auditors have said that to you, your department heads and the Quality Management group is saying that to you tonight and has been and I think this is the time where we've got some money in the CIP and we're asking you to please preserve that, so that we can move forward during this coming fiscal year, get the study done, get the information we need so that probably in the next following fiscal year we can phase in some of these solutions and we think that's a reasonable approach, we've tried to be prudent in the way in which we have gone out costing this with the dollars that are in the CIP are reasonable, we've gone out and talked to professionals in this area, we think the budget that we've got is reasonable and we're asking that that be continued so that we can move forward.

Mayor Wieczorek stated as it is now, I think we have one pay schedule for every eight employees.

Mr. Clougherty interjected, I think it's less than that.

Alderman Shea stated I guess some of us see this as kind of a double-edged sword. On the one hand right now salaries are set by somewhat the Aldermanic Board and

then of course there is the concern that the reclassification study may set the salaries which again may present a problem, may not, when it comes time to fund these particular salaries which may add or what have you to the tax rate which is one thought that is coming through my mind and the other is, one of the major problems that, at least I grapple with is negotiations. How do you handle all of the different types of unions that come in the unions and non-unions, the non-affiliates, how do you handle them in a fair and equitable manner and you wonder will this study somehow make that particular role as an Alderperson or Alderman less difficult and I'm not sure whether that would be addressed or not, Kevin or someone else.

Mr. Clougherty stated the way we go about the current process is very painful and very awkward and it's not a good management process and I think it needs...that is part of that fractured circle that needs to be amended. In order for you to make good decisions you have to have good information, so the first step is to get in place the computer system so that we are getting some of the financial information, the second step is the classification system, and the third piece is getting some restructuring to the human resources staff, so that you are getting dispassionate information that you need. Right now, during the negotiation process we try to resolve everything (i.e., the COLA's, the salaries) there hasn't been a proposal to the Board in some time that didn't include some type of restructuring, that's a message. What it should be is strictly COLA'S and the other piece taken care of through a process of constant and vigilant and we haven't got that piece and we desperately need that. It will make, I think, the negotiations process much better if you get all three of those pieces in place.

Alderman Shea stated as a follow-up, right now there is reference to the current inadequate system may jeopardize funding or bonding rating and so forth and certain individuals may or may not have a claim to legal matters, will the study guarantee that that doesn't work against that process by way of reclassifying an employee who then decides that they want to come forward and sue for whatever reason the study may involve them.

Mr. Rusczyk stated a lot of the issues that Alderman Shea is bringing up is some of the issues that we struggled with and we really believed after discussing them that that's exactly why you need to go to the outside and get the objectivity and the experience of firms to help create the plan for the City to get things to fit within the financial resources and union contracts and also to establish a system that will withstand the legal challenges that might happen either afterwards or ten years down the road.

Alderman Domaingue stated every point that each of you have made tonight are very valid, rings true, makes sense. I guess the problem that I am having with it is the timing and the reason for that has to do with literally the fact that the economic outlook for the City of Manchester is just now slowly beginning to turn around and some of the projections that have been put before this Board in terms of what the tax rate may be a year or two down the road are far more positive than they are possibly in this budget cycle, at least that's the sense I get and you're asking the Board to appropriate the \$200,000 to make this decision now, this year recognizing and acknowledging that 10 years ago this Board had a study, didn't implement it, nothing's changed, legal problems have arisen and have been dealt with...I guess my point is we don't, I don't know as an Alderman whether I can afford this investment in the 1998 budget cycle. I would feel more comfortable having a level where I knew I could afford it in the following budget cycle. I am not disagreeing with the arguments that you've made tonight, I'm simply saying timing on the cost of this particular proposal, to me, is not good. Can you respond to that.

Mr. Lemaire replied, I don't think the timing will really ever be good and one of the concerns I have most of all is what happens if we can continue on this basis because of all of the changes that have occurred, we really have a time when we now have a Quality Management Team where we are sitting down looking at some of the issues from the department head level, from the Aldermanic level, from the Mayor's level and my feeling is if we don't do things...I personally feel this is probably the most important thing we're going to be doing in the next few years or we're going to have some serious problems. Given my years, there's a number of years more for me to serve, but I'm concerned about Manchester and where we are going to be in five or ten years and I think it is going to be very important for us to do this, I really do.

Mr. Clougherty stated, I think that in the last at least six or seven years we have been in this very collapsed market where everything has been very, very tight and nobody has gotten raises - public, private and the margins have been like that. I think we are entering an area, as you point out, where that is going to change and those differences are going to be exacerbated and that's why you need to do this study now because if you don't address the problems that you've had that we have been able to get along with in this restricted environment, they are going to be magnified as the economy changes and that's a problem.

Alderman Domaingue stated there was a comment made about the restriction on the implementation or the actual implementation of whether or not we could implement it all at once or in phases, given the phases that we have just finished negotiations with several unions, what kind of restrictions in reference to what Alderman Shea has said, is this Board going to be under because of those contracts and being able to implement this kind of a study.

Mr. Thomas replied any changes to job specifications, pay schedules, etc. has to be something that is negotiated with the bargaining units, so there is going to be a period of time that it's going to take to do that, if that answers your question.

Alderman Domaingue replied yes and I guess it furthers the question for me to come back at you and say well then why do I have to do this this year when I'm looking at a tax rate that can and should come down further than it is and you're asking us to spend \$200,000 right now for an element that is not even going to be able to be implemented even if we were to all agree in the next 12 to 18 months, we're not going to be able to see it happen. You're talking it has to go through the negotiation process, some of those contracts go out to the year 2000.

Mr. Thomas stated that is true, however, there are things that you are going to be able to implement. There is a potential right now that because the City doesn't have a plan in this area and that this has been identified by bond counsel, etc. there is a potential that could impact our bond rating. If we have a plan, at least the people that are looking at the bond ratings will say, hey, you've got a plan, you're at least going in the right direction. In addition, there are going to be areas that you're going to be able to implement on day number one when the study is completed and then you do have something to give to Dave Hodgen when he goes out to these bargaining units to give him some direction to achieve the final goal. So, there are things that can be done immediately, there are potential impacts that could be avoided on the liability side and on the City financing side.

Alderman Domaingue asked when you did this study did this Committee do a synopsis of the Young Report itself. Did you come to any specific conclusions about what could have been implemented from the Young Report and still can be and did you submit that to this Board.

Mr. Clougherty asked to this Board or the TQM.

Mr. Lemaire replied did we look at it ourselves, the answer is yes. Did we submit it to the Board, I would have to say no.

Alderman Domaingue asked do you have a list of recommendations coming out of the Arthur Young Report that would give us an idea of what direction the City would need to take things that could be implemented now with very little funding.

Mr. Clougherty replied, I think the hypothetical question you're asking is could it have...what do we think could have been implemented from the Arthur Young Report...the whole thing. Clearly, they are a professional firm, they did a reasonable study...the thing is that the City never made the decision about what range it wanted. So, the whole thing could have been implemented. In terms of is there any methodology or approaches or things that are easily applicable now. We looked at that and as Fred said it's ten years old. The whole area of human resources management has changed dramatically in ten years with new computer systems, new Federal laws, new State laws, it's much different than the environment was back then, so it is not easily transferable, but yet did we look at it, can we come to you and say we did the Arthur Young Study so we can knock off a hundred thousand dollars off the cost of this study, no, that would not be our recommendation. I think we have been very prudent in taking a look at the approach, we've gone out and looked at what the cost of a comprehensive study is in the market today and I think the number that is in the CIP is an investment in the City's future and that's the way we look at it.

Alderman Domaingue stated I guess I'm looking at the department heads that are also an investment in the City's future and I'm seeing that since the Arthur Young Report has been documentation for the City of Manchester, this Committee only recently began to look at this issue, come together, do a formal report, present it to the Board. Now, what I am saying to you is the Arthur Young Report has been in existence, the opportunity has been there for department heads to come together, bring the information forward to the Board. Whether the Board had money to implement the whole thing or not is not the issue, it's the direction that the department's could have brought the Board to, so that we could have implemented some of that over ten years and not ten years later. I don't argue with the necessity for revisiting the issue of employee classification and compensation. All I'm saying is suddenly and I'm hearing an awful lot of generalities tonight including from the Mayor who says well, it depends on what is says whether or not we are going to implement it. Well, we're either going to implement it or not that's a \$200,000 investment, not including the time of the salaries of the people that we pay to oversee each one of those departments.

Mayor Wieczorek stated let me clarify the cost. The cost is \$155,000...\$45,000 is coming from the Enterprises, so that is \$155,000 City side, \$45,000 from the Enterprises.

Alderman Domaingue stated but we are still talking \$200,000 in the cost, so I wasn't wrong in the total cost.

Mayor Wieczorek replied you are not wrong in the total cost, that is correct. But, in looking at this it would be like saying well, why should we do another revaluation, we just did one ten years ago. Can't we use the old stuff and upgrade it, the answer is no you can't and what he's saying is that a lot of this stuff is outdated. If it's ten years old, a lot of things have changed, it's just outdated. It's not going to work.

Alderman Domaingue stated thank you, your Honor. I got that part. The part that I didn't get is where have we been for the ten years in every single department with the leadership and the management of every single department that we could not have implemented something to improve the situation, that's where I am.

Mayor Wieczorek stated the department heads don't implement anything that is not directed by the Board and this Board when they go the Arthur Young Study did not direct the department heads to implement anything and therein lies the problem and that's why I think Alderman Cashin said if you're going to do this, get on board and you're going to have to make a commitment to it and get it done and then stand behind the report.

Mr. Clougherty stated I don't think it's a situation where we just stop doing things with Arthur Young. As Alderman Domaingue said there have been other chances to try and resurrect studies, requests for studies going forward because there has been an understanding that we need to do things. I read to the Board the other night and I'll read it again. This is a copy of a management letter response that I wrote to the Board in 1993. Mr. Clougherty read as follows:

The balance of observations in the management letter under the heading of 'Financial Management' involved the City's payroll processing system. These problems are symptomatic of an archaic management system and approach to human resources management. The absence of sound procedures seemingly contradicting ordinances and inadequate staff raise serious questions about the internal controls, compliance with Federal laws and fairness. The City desperately needs to revamp its entire contract negotiation/human resource management structure.

The Board of Mayor and Aldermen needs to redirect the financial resources necessary to this area of operations as soon as possible.

Mr. Clougherty stated so, we have been talking. I think with pulling together the TQM structure and what Frank has said getting some Aldermanic representation we are finally in a process to move forward. We came before the Personnel Committee sometime ago to ask for the authorization to go out and look at this. So, this has been a festering concern of the departments. There has been no more serious topic amongst the department heads at their meetings that I'm aware of over this over the last five years. It has been a constant item of conversation in meetings with the Mayor and the department heads when you were sponsoring those. So, to us it's been a constant spinning of the wheels. We have put in recommendations, but we are coming to the Board again this year and saying we need to do something, the time has come to do something.

Mr. Thomas stated the department heads have over the years periodically met without a heck of a lot of focus. Within the last two years, the department heads have come together, they've put together a request for a Quality Management Committee to address problems that we've seen hanging out there that didn't seem to be having any resolution to them and I think that's why we are here tonight. We're finally, I'd like to think getting our act together as department heads sitting down on a regular basis, once-a-month and once-a-month the Quality Management Committee meets to discuss these areas and we're trying to focus in on what we feel are the major problems with the City and out of this focus has come the fact that this whole human resource area has to be addressed, has to be approved, the benefits are many not to mention the burden that it's going to play...take off the Board here with these reclassifications that are coming in and the constant bickering with the negotiations for wage packages. So, I think we're making an effort to try and address the issues that are out there.

Alderman Domaingue asked I just want to know if they're suggesting that we won't have any more wage issues if we resolve this with an employee/personnel classification study.

Mr. Thomas replied, not at all.

Alderman Robert stated just a point. We spend a lot of money, we're going to spend a lot of money on pay raises probably tomorrow night. Just for the idea that we want to be fair, we want to set things right, we always seem to be with one contract, trying to set the record straight and I think that's the system that has led us to really where we are right now. Every time we sign another contract somebody is not satisfied, somebody sets goals and they shoot to get their piece of the pie the next time around. It's not right. The employees don't think it's a good system, they don't think it's a fair system and quite frankly, the public doesn't think it's a good system. There is cynicism about it, they don't feel comfortable

with it. Quite frankly, I think this is a small amount of money to spend to get things right. I would think that more people would feel comfortable about the whole concept of what we do down here and who gets the money and who doesn't if it was something that was logically done and done in the light of day. Right now, it's a system driven by political might as opposed to whatever is actually right or wrong. I'm going to support this, it might cost me a lot of money, it may cut against the grain but I think this is the direction we've got to go in.

Mayor Wieczorek stated I think it's essential too.

Alderman Hirschmann stated I just want to get something straight, your Honor, a question in my mind. There is always going to be Teamster units, different bargaining units. So, you have 15 different bargaining units and they're all asking for different things. If we set this thing straight and spend \$200,000 and then another couple of hundred thousand dollars to make everything right and these bargaining units still exist in the future, it's eventually going to come out of kilter again, it's not going to...you're going to have a bargaining unit that is teamster for...explain it to me if I'm wrong.

Mayor Wieczorek stated first what happens is you have to get the basic problems straightened out. In other words, what is the proper classification, what is the proper rate of pay for each classification. What you're talking about with the bargaining units are what you do with a general pay increase for the different bargaining units.

Alderman Hirschmann stated I was parlaying off of Frank's comments. The way Frank said it is that problem wasn't going to exist. You're talking about parity with everybody. If you're going to go and correct job descriptions that is one thing, but no one is ever going to have parity and someone is always going to be upset, I don't care how much money you spend.

Mayor Wieczorek stated when you have twenty-five, twenty-six hundred people there is always going to be somebody who is upset, you're absolutely right. I can't please 12 people out here and you're going to have the very same thing when you're looking at twenty-six hundred.

Mr. Thomas stated I think the Mayor hit it right on the head. Once you get the class, the base set that is correct that a truck driver is making the right pay scale that can be justified to the bargaining unit and what not. Now, you're just focusing in when you go to negotiate on...well, what is the property cost-of-living, there should be nothing in there that says steelworker's should be getting paid more for whatever or sanitation's should be making more, etc.; that has been

established and that would be periodically reviewed by the Human Resource Department and adjusted, if necessary, based on recommendations to the Board, but when you're negotiating you are now negotiating for the other, the COLA's, wording in the contract, Blue Cross plans and this and that, but that would all come back down into a narrow area instead of looking at the whole spectrum.

Mr. Clougherty stated it's not just a once-in-a-lifetime event where you set these things. You've got the computer system, you've got the classification system and then part three is a real human resources system that is going out on a routine basis, doing market surveys to make sure that all the truck drivers are at parity with the market; that all of the nurses are and dispatchers are equal across departments and within the decision you make whether you're going to be above grade, at grade, or below grade, so that is the third piece and when you've got them that works.

Alderman Hirschmann stated you had a comment earlier about sub-market, market, and above-market. I noticed different department heads coming in asking for market conditions or does your team have a recommendation as to what we're going to do.

Mr. Clougherty replied, I think that is really something that needs to be discussed at this level. I think we can make recommendations and we can give you some pros and cons and that's a discussion when we have a consultant that we can come in and talk to that, but that is something again where this Board is going to have to be involved in making those decisions because you're the policy-making body, you may that decision, and then we'll implement it, but we will give you some input as to how that is done in other cities and how you might want to structure this going forward.

Alderman Cashin stated I just want to say this. Alderman Hirschmann got me a little concerned about this is in no way union-busting or does it have any affect on organized labor. In fact, it is a tool that will be beneficial not only to organized labor, but to non-affiliated and the department heads and that is all it is.

Mayor Wieczorek addressed item 4 of the agenda:

Resolution:

“A Resolution appropriating to the Manchester Airport Authority the sum of \$12,975,285 from Special Airport Revenue Funds for Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Pariseau, it was voted that the resolution be read by title only, and it was so done.

Alderman Robert moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Pariseau duly seconded the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 5 of the agenda:

Resolution:

“Appropriating to the Central Business Service District the sum of \$175,000 from Central Business Service District Funds for Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Pariseau, it was voted that the resolution be read by title only, and it was so done.

Alderman Shea asked what is the money used for.

Mayor Wieczorek replied that is for their Downtown programs such as the trash receptacles you have out there, the people that are out there sweeping the sidewalks, that all comes from the Central Business Service District. This is the District taxing themselves. We are only the collectors for them.

Alderman Soucy moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Clancy duly seconded the motion.

Alderman Domaingue asked down the City of Nashua and the City of Concord also utilize a Central Business Service District tax.

Mayor Wieczorek replied do they, I don't know if they do.

Alderman Elise stated throughout the country there are other communities that use a central business core district.

Mayor Wiecezrek stated this was enabling legislation that was passed in Concord and any district that wanted to could utilize it.

Alderman Domaingue stated that the revenue that is represented here is from the tax that is on the Central Business Service Distract.

Mayor Wieczorek replied that is correct.

Mayor Wieczorek called for a vote on the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 6 of the agenda:

Resolution:

“A Resolution appropriating the sum of \$2,637,542 from Recreation User Charges to the Recreation Division for Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Pariseau, it was voted that the resolution be read by title only, and it was so done.

Alderman Reiniger moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Clancy seconded the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 7 of the agenda:

Resolution:

“A Resolution appropriating the sum of \$9,259,964 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Sysyn, it was voted that the resolution be read by title only, and it was so done.

Alderman Soucy moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 8 of the agenda:

Resolution:

“A Resolution appropriating to the Manchester Transit Authority the sum of \$900,000 for the Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Reiniger, it was voted that the resolution be read by title only, and it was so done.

Alderman Clancy moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Soucy duly seconded the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 9 of the agenda:

Resolution:

“Appropriating to the Manchester Aggregation Program the sum of \$1,058,685 from Aggregation Fees for the Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Pariseau, it was voted that the resolution be read by title only, and it was so done.

Alderman Robert moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Soucy duly seconded the motion. There being none opposed, the motion carried.

Alderman Pariseau stated it's getting scary. You're appropriating \$1,058,685 for what, I guess I lost the purpose of this.

Mayor Wieczorek stated let me have the Finance Officer raise your comfort level here.

Alderman Pariseau stated it was all to start it off to save the City money as far as electricity goes, but we're spending millions of dollars to save a million, is it worth it.

Mayor Wieczorek stated let him explain it.

Mr. Clougherty stated as I said before the number that we have here we put in simply to hold some space until we've got some better input from what's happening at the State House with respect to aggregation and whether it's just going to be for electricity or other things as well. We expect that that number will come down. As you know there is a meeting on Thursday with respect to getting some public input in addition to the public hearing on the 10th. We also will expect that the Governor's efforts will be completed in the next week or two and we'll have a better feel as to how this mechanism might work. What may happen is that the City would aggregate and take in other cities and towns and what's happening there is the money would come in, so we would have to appropriate, but that doesn't mean a tax impact. What we are talking about here is setting up an enterprise so that it would be covered through fees paid by the people through their electric bills. But, I think you'll see a smaller number there, we just don't know quite what it is yet, Alderman, so we are trying to figure that out and we've had several meetings with the City of Nashua and Merrimack and Bedford and all of the surrounding towns and we will be in a better position in a week or two to be able to bring that down. Hopefully, at the hearing we will be able to come in with a recommendation on what that number should be.

Alderman Pariseau stated I guess I missed the whole thing relative to this Aggregation Program. Is this in anticipation of deregulation of the utility.

Mr. Clougherty replied yes. The more buying power you have, the more strength you have to reduce rates. So, what we are talking about here is and what we are seeing is an interest by other cities and towns to aggregate with Manchester. So, you may get a bigger group, but again, if it's going to be administered out of the City, at least initially, then for appropriation purposes we have to cover all of that even though it may be paid for by fees coming in from other places.

Alderman Pariseau asked so what is the purpose of the \$1.058 million.

Mr. Clougherty replied to cover that potential cost of the operations for that big aggregation effort to get savings; that won't reflect the savings for the City, but for the bigger universe. Not unlike how we deal with the Water Department and EPD, it's not just the City, it's the whole area and that's offset by input from other districts and that's what we are wrestling with, Alderman. Once we've got that number, we'll be able to bring it down for you.

Mayor Wieczorek addressed item 10 of the agenda:

Resolution:

“Raising Monies and Making Appropriations for the Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Reiniger, it was voted that the resolution be read by title only, and it was so done.

Alderman Domaingue asked do I understand that if we pass item 10 that all of the numbers that currently exist for the budget, fiscal year 1998 will then go to public hearing without benefit of any further reductions by this Board, is that correct.

Mayor Wieczorek replied actually there have been a lot of changes already. This is the budget we submitted.

Alderman Domaingue stated I'm fully aware of that.

Mayor Wieczorek stated there are a lot of numbers that have already changed, most of them down, some up, so it's been up and down and those numbers aren't here.

Alderman Domaingue stated that, your Honor, is why I am asking the question. The process that we used last year was we went through each and every budget and we reduced some line items and we reduced some departments and did different things with others and we did it long before it got to the public hearing and what I'm looking at in this resolution is that the Board is being asked to go ahead and pass whatever numbers are out there right now without benefit of knowing what's in front of us to the public hearing, is that the correct understanding.

Mayor Wieczorek replied I didn't hear.

Alderman Domaingue stated because I don't want to do that, I don't know what the rest of the Board wants to do, but I thought we were going to go through a process of being able to...we had handouts from the departments as to what one, two, and three percent reductions would do. We haven't had one session yet with the Finance Director as to where we are right now in the process with numbers from revenues. We have basic estimates quarterly, but this Board hasn't received any specific numbers to date and I'm wondering why we would be asked to send this to public hearing when we don't have that.

Alderman Cashin stated number one, we're not approving anything here this evening. All we're doing is we're sending this to a public hearing for public participation. I can assure you that some of these numbers are going to change after the public hearing because I'm aware that there is work being done and there will be changes and they're going to change after the public hearing.

Mayor Wieczorek stated one year we sent the department head's requests to public hearing.

Alderman Robert asked are you comfortable sending these numbers to public hearing, your Honor.

Mayor Wieczorek replied usually what you want to send to a public hearing is something that is going to be reasonably close to what you expect that it is going to be and I haven't heard from the Chairman as to where he's at.

Alderman Robert asked but you're comfortable sending this number.

Mayor Wieczorek stated because I have no other number.

Alderman Cashin stated Chairman Wihby had an operation on his foot and he couldn't be here this evening and he may not be here tomorrow night either.

Alderman Sysyn stated you've got to send a figure and you can still work with it.

Mayor Wieczorek asked is tonight the deadline to meet the 10th.

Clerk Bernier replied you need seven full days and we plan on publicizing the notice on two days and there's also Memorial Day, etc.

Alderman Domaingue stated if no one shows up, we have no further business to try and cut it.

Alderman Cashin stated of course you do.

Alderman Domaingue stated I'd like to believe we will. Your Honor, can the Finance Director give us a report on where this tax rate is right now.

Mayor Wieczorek replied, I don't think so...

Alderman Domaingue stated you don't think so. You want us to send something forward without a specific tax rate to the public...we're publicly going to say that

we don't know what it is, but we are sending it to you for your opinion, is that what we're doing.

Mayor Wieczorek stated this one was 3.3% if I remember correctly.

Alderman Domaingue asked what are you referring to, your budget or where we are right now with this budget that we are being asked to forward to the public. Is he here, does he have an answer.

Mr. Clougherty stated the Board had done it different ways, different years. There have been years where you have referred the Mayor's budget to public hearing and waited for comment. There have been years where you have made corrections as a Board and sent it. There is no hard and fast rule that says it happens the same way every year. My understanding is that you are recommending to go to public hearing, the Mayor's figures and that tax rate and I forget exactly what it was and that's what would be going before the Board, going to public hearing. Now, if you want to make some changes and you want to come in with something different than that, tell us what that is and we'll be happy to make those changes and tell you what the revised number is. I know that the Board has had a lot of discussions, but until the Board takes an action as a group there is no official action and we have nothing to calculate.

Alderman Domaingue stated, Mr. Clougherty, the Board has not had any discussions on anything other than the CIP. We have had input from all of the departments. We have not had discussions. I don't have a sheet from you that tells me what the one, two, and three percent reductions would mean on the tax rate. Most of that information has been provided to this Board before in the past. I know it was provided last year. As an Alderman, I can't in good conscience send something to the public that I don't understand in terms of financially what I am going to impact them with. Do you understand that.

Mr. Clougherty replied, I understand that Alderman, and if you want me to do a calculation and you ask the Board to make that request then I'll make that calculation.

Alderman Domaingue stated I am glad to hear that, Mr. Clougherty, and I'll be happy to do that. I would have like to have done that a couple of times before now, but you weren't here.

Mr. Clougherty stated I'm usually here, Alderman, and certainly if the Board takes a direction, I respond to it. If you want to...the recommendation as I understand it and the Clerk can correct me if I am wrong is that you wanted the departments to

submit to you what the impact of a one, two or three percent cuts would be from a service area. They did that, they told you what services would be cut. Now, if you want to know what the implications of a one, two, and three percent would be to the Mayor's budget then I'll do that. If you want to know what it would be to the department heads requests, I will do that. If you want something else, then tell me that and I'll do those calculations for the Board.

Alderman Domaingue stated would n't it be fair to the public to let them know what those differences might be so that they can comment objectively on those differences rather than submitting one number to them.

Mayor Wieczorek stated I wish we had the budget set today that we would present to them and say this is our best effort, but we're not there yet. There are a lot of numbers that have changed there, I know that - some up, some down.

Alderman Cashin stated they will continue to change.

Mayor Wieczorek stated they will continue to change until the last day.

Alderman Shea I would like that if Kevin wants to provide that. I'm still kind of floating around in outer space here as far as the budget and how much of an impact it will be. I know that individually I looked through each department at what one, two or three percent would mean, but overall I tried to calculate it, but it's kind of hard.

Mayor Wieczorek stated you can't take one, two or three percent of the total budget because we have a lot of restricted items that you can't do that with.

Mr. Clougherty stated the time that it takes us to calculate is because you can go in and take one percent, two percent, and three percent and just take a bottom line, but the problem is that each department has given you recommendations. Now, take the Building Department, you may take a two percent cut of expenses but that is going to affect the revenues because the people who are going to be cut are the people who will be collecting the money. So, you have to go back through each one of those and make those collections and that's going to take us a little time to do that, but we'll do that and I'd need from Leo a complete set.

Alderman Pariseau moved to refer the resolution to public hearing on Tuesday, June 10, 1977 at 7:00 PM at Manchester High School West Auditorium, 9 Notre Dame Avenue. Alderman Sysyn duly seconded the motion.

Alderman Domaingue asked what's the figure.

Mayor Wieczorek replied \$153,706,936.

Alderman Domaingue asked and what is the tax rate impact.

Mayor Wieczorek replied 3.3%, but this was April 1st.

Alderman Domaingue stated you're asking us to send it to the public, we ought to know what it is we're sending.

Mayor Wieczorek stated each point is about a million, so you're looking at 28 cents.

Mr. Girard stated if you recall after the Mayor submitted his original budget the reconciliation process that he went through with the departments actually brought the number down to 3.3%.

Alderman Shea asked what did you say that would be.

Mayor Wieczorek replied about 28 cents per every million dollars, so you would have 81 cents and three-tenths and 30% of 28.

Alderman Shea stated you had projected about \$1.04 per thousand.

Mayor Wieczorek replied no, it never was that high. Don't forget the Mayor's budget is always the first step in the process, it's not the last one, the first step. A budget is a working document.

Alderman Elise stated I think we should just clarify in terms of sending this budget to public hearing is that this is the original budget and the Board of Aldermen are not finished working on it.

Mayor Wieczorek reiterated this is just a start.

Alderman Reiniger stated as I have been gone for the last two weeks, but in the past Alderman Wihby or someone would keep a running tally and I don't know if he's the only one who has a nice computer or Finance or another department.

Alderman Sysyn stated David is the only one working on it and he's not going to be here tomorrow because he had an operation. So, out of deference to Chairman Wihby we should just move this along and then we can still work on it.

Alderman Reiniger asked is this the last night to come up with a figure or what.

Mayor Wieczorek replied we have very little more time.

Alderman Cashin stated yes, there is a running total, there are numbers available, I don't have them here tonight, but I can assure you there are numbers that are going to make a difference. You've got to remember. Part of this...the thing that bothers me in this budget and I don't mean to throw stones at anybody is that there are labor negotiations that are not funded in this budget and that is going to be a prime concern and that's why if you start throwing out 81 cents or whatever it might be, that's a bogus number because we don't know yet.

Mayor Wieczorek stated the only numbers I had in here were those contracts that were settled. If they weren't settled they are not in here. She asked me what that represented and that is what it was at that time with what was in place.

Alderman Cashin stated every year we go to the public hearing with a number that is still being worked on and it will be worked on probably until midnight before we finalize it, it's not going to change.

Mayor Wieczorek called for a vote on the motion to refer the resolution to public hearing. The motion carried with Aldermen Shea, Domaingue and Hirschmann duly recorded in opposition.

There being no further business to come before the Committee, on motion of Alderman Sysyn, duly seconded by Alderman Soucy, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee