

COMMITTEE ON FINANCE

May 13, 1998

6:30 PM

Mayor Wieczorek called the meeting to order.

Mayor Wieczorek called for the Pledge of Allegiance, this function being led by Alderman Thibault.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Klock, Reiniger, Sysyn, Clancy, Pinard, Shea, O'Neil, Girard, Rivard, Pariseau, Cashin, Thibault, and Hirschmann

Messrs.: T. Clark, R. Houle, B. Collins, M. Hobson, K. Clougherty, R. Sherman, N. Tanguay, C. Hamblett, T. Brennan, D. O'Shea, Dr. K. Angello, J. Palmer, M. Burkush, J. Sullivan, L. Stewart, and B. Cook

Mayor Wieczorek advised that the purpose of the meeting is continuing discussions with various departments relative to the 1999 proposed budget as follows:

Public Buildings Services

Mr. Houle stated with me this evening is Barbara Connor with the Business Service Office of the department. The mission of the department is to provide for the maintenance which includes custodial, corrective and preventative maintenance, environmental compliance, and capital improvements to the City schools and municipal buildings. The municipal buildings are City Hall and the Annex, Public Building Services and the Library. Varying facility services are provided to five other departments. This department is also developing and providing limited central purchasing, fuels, custodial services, office supplies and vehicles and fleet management functions. The schools include 30 buildings which have approximately 1.9 million gross square feet of space. Municipal buildings include five buildings of approximately 113,000 gross square feet. Five other

departments of Fire, Highway, Parks, Recreation & Cemetery, Police and Traffic we do provide limited services to. We provide no services to the Airport, EPD, MHA, MTA or Water Works. The fleet services include fuel and maintenance which includes scheduling, preventative maintenance, inspection and record maintenance for 72 vehicles in 7 departments. We also budget and do database maintenance and staff services for the Fleet Maintenance Advisory Committee and we handle vehicle procurement. Highlighting some of our service indicators for calendar 1997, basically the Department of PBS has a staff of 13 people. The department is organized in four divisions: custodial, structural, mechanical and administrative. In the custodial division, managing the approximately \$2 million custodial contract are three people, one includes the project manager. The second person is the inspector on the second shift and the third person is an inspector on the third shift. In structural maintenance there are two full-time employees and we utilize outside contractors and during calendar year 1997 they completed 3,328 work orders. In the mechanical division there are three full-time employees plus contract labor and they completed 3,639 work orders. In the administrative division, there are five people. One person is largely environmental concerns including asbestos, asbestos abatement, inspection and managing some of the small contracts including the underground storage tank. We received 18,000 phone calls during 1997 and processed 4,490 purchase orders for payment. In the MER or the fleet inspection we processed 357 service and purchase orders. Service of the vehicles at this time is maintained by the MTA. In the past year, we have also managed 18 construction and consultant contracts amounting to over \$16 million. Part of our FY99 goal includes providing limited corrective maintenance for Parks, Recreation & Cemetery buildings. We have agreed to assist in that area on the cemetery buildings. We anticipate implementing a preventative maintenance program for the school mechanical systems to the extent that funding is available or provided. We are planning on initiating a school ground maintenance contract. Our first demonstration hopefully will be at the new middle school. The ground maintenance will be done by contract. We also would like to implement a small sidewalk and pavement program and complete the development of the school capital improvement program. The school capital improvement program that we are talking about here are those items that we, PBS staff, and individual principals feel is required to maintain their facilities. We plan this year to replace eight underground storage tanks. Funding is currently available in a separate fund for that. We plan on implementing Year 3 of the Heating and Ventilation Improvements at West and Central High School. We plan to implement a Science Lab and other improvements at Memorial High School this year. It is probably a two year project as well. Complete the renovations of City Hall and the Annex and relocate offices back into the renovated space. Implement the implementation of an elevator at Highland Goffs Falls School this summer. Implement repairs to roof gutters and downspouts at Hallsville, Wilson

and Classical buildings. Complete the construction of the H. J. McLaughlin Jr. Middle School for September. Complete the tech ed improvements at the three junior high schools which includes tech ed facilities that will mirror those in the new middle schools which includes program facilities that hopefully by the time we finish you will not be able to tell whether you are in the new middle school or one of the existing junior high schools. We hope to have those underway this summer and completed in September. Implement other ADA projects as funded. We are talking about there are five more schools that we should be looking at for installation of elevators and handicapped toilet rooms and we will move on that as funding becomes available. Hopefully this year we implement the Noresco program which has a \$3 million budget. The purpose is to retrofit the lighting which is where most of the savings come from. With the savings, it will pay for itself in about 12 years. We will utilize savings during this period for a security system in each of the schools. Basically it will be the same standard system from school to school and a facility maintenance system which we can monitor and control. We will also be able to monitor intrusion alarms and fire alarms from one or more central locations. The improvements we will do will come from the savings of the lighting so there will be no additional cost for this additional work. We will assist in implementing fleet audit recommendations to improve the efficiency, effectiveness and economy of the City fleet. A fleet audit has been completed or is in the process of being completed. We anticipate the report to arrive in the City in early June. Assist in the implementation of the procurement management audit which was completed some months ago. We approved the implementation of a contract for office supplies, standardized stationery and revisions to the current procurement code. These revisions will also be available to the City for consideration during the month of June. Hopefully, I would like to have a legal substantive review of all commodity, construction and service contract documents. This is something that the City Solicitor's Office has offered to assist us in doing. Finally, we would like to present somewhere during the course of this coming year, a reorganized plan for the Department of Public Building Services as a general services department to reflect increased responsibility for fleet service contract administration. That is our budget. I am not sure what documents the Aldermen have in front of them, but the Mayor's recommended budget of \$3,552,702 does not include the \$40,000 for overtime which I am assured is in another location hopefully. The budget approved above the base as you all know the Mayor requested that we maintain a baseline budget equal to last year and to submit a separate list of additions that we believe are needed to carry on our mandate. This includes \$80,933 for an addition to the custodial contract which provides for a 4% CPI increase. The contract will require an additional \$107,160 for contract manpower for additional staffing services for the schools. We are also proposing contract manpower for grounds maintenance at the sum of \$5,000 and we are also proposing a small project of \$2,500 for

contract manpower for school neatness program, particularly around the sidewalks. This may sound like a small item, but you need to have a licensed person to do it so that would be done by outside contract.

Alderman Girard asked the items that you just spoke to us about, the money for the new middle school or the ground maintenance and the weed control is that in the budget.

Mr. Houle answered yes it is.

Alderman Pariseau asked Mr. Hobson for a clarification on the sheet that he provided. The salary account, your recommendation of \$549,452 and the latest payroll calculation for PBS is \$576,850.98. Does that mean that you have to put in another \$27,398.98?

Mr. Hobson answered there would be an adjustment from the overall salary budget from all departments that would include an adjustment for PBS of \$27,398.98 and in that total amount would include the overtime salary that Mr. Houle was referring to. So Objects 110 and 130 from the budget, the general fund budget, would be included.

Alderman Pariseau stated so that is going to be close to...you would have \$34,000 for overtime.

Mr. Houle replied we are currently running \$42,000 and are looking for a total of \$40,000.

Mr. Hobson stated we have \$40,000 in the budget for overtime.

Alderman Thibault stated being new to some of this maybe I don't understand some of it, but you have 0445 Contracts, what does that entail.

Mr. Houle replied outside contracts, particularly for the structural division and mechanical division. We utilize outside mechanical contractors, plumbers, people who do carpentry repairs and sheetrock repairs.

Alderman Thibault stated on Contract Manpower, as you know several times I have called you on my displeasure with the way that some of these people are conducting their work in some of our schools. I just have to bring up again that I went down to Parkside several weeks ago and I have to say that I was ashamed to say that I am an Alderman in this City and we have schools that are that filthy. Mr. Wade was there with me and so was his assistant, I believe, and I was really

disappointed to see something like that. It was just unbelievable. I know that I spoke to you about it and I am just wondering if there is any kind of mechanism that could be brought in here that could make sure that these people, in fact, do their work. I notice that you do fine them if they don't do certain things, but maybe those fines are not enough. Maybe they don't get the message or maybe there is something wrong with the system the way it is. It is just unbelievable to see some of these schools and I would like to see some of the other Aldermen take the time someday and walk into some of these schools. I don't think you would have some of your dogs go into those schools. Thank you.

Alderman Hirschmann stated, Mr. Houle, I was just looking at special projects and your recommendation for your budget was \$50,300 and the Mayor is giving you \$35,000. I am just questioning which projects may not get done, if any? Does that number represent anything or was it just a number?

Mr. Houle replied I think basically we had a higher estimate than we think is necessary to implement the ground maintenance program and during budget discussions we advised the Mayor that this was a guess. Now two years ago, the Mayor authorized \$40,000 to determine what the ground maintenance program should be, particularly for the mechanical functions.

Alderman Hirschmann asked is the school landscaping project that was discussed part of the special projects.

Mr. Houle answered no, there is some money in contract manpower for that.

Alderman Clancy stated I know that we have various different people cleaning the schools. I am having problems with children telling me there is not enough toilet paper, paper towels and soap so in other words if WFF comes in are they supposed to supply the paper towels, the toilet paper and the soap for the children in the schools or are we supposed to do that.

Mr. Houle replied they are supposed to do that. They are having some problems from time to time. I don't believe they have been extensive. There was a period a few months back were I would consider the service as a problem, but I think that has been overcome.

Alderman Clancy stated I have a serious problem down at Beech Street School. They tell me sometimes children go in the bathroom and they can't even wash their hands because there is no soap.

Mr. Houle replied generally when that is reported to us, we correct it right away. I don't know about this problem.

Alderman Clancy stated you know what I would like to have you do, these guys are supposed to be supervising the WFF. When they go around to the schools I wish they would hit the bathrooms sometimes and check them out.

Mr. Houle replied we would hope that they do that.

Mayor Wieczorek stated when the inspector goes around with WFF don't they inspect everything, including the bathrooms.

Mr. Houle replied yes they do, but they are not involved with schools everyday. We focus on what we believe are problems and then it is random beyond that as far as different areas that are looked at.

Alderman Wihby stated I mentioned this to Bob MacKenzie the other day and he was going to get back to me but he hasn't yet. On the air conditioning for Central and West, I was told that we had a bid for third year that we decided we didn't want so we went back out to bid and the bid came back from the same contractor and he bid higher and we were stuck with a higher price. Is that true?

Mr. Houle replied no.

Alderman Wihby asked did we save money by going out to bid.

Mr. Houle replied no.

Alderman Wihby asked did we lose money by going out to bid.

Mr. Houle replied no. If I may, it is not air conditioning. It is heating and ventilation. We originally went out to bid three years ago and there were a number of alternates that were associated with the bid. It was competitively bid and all of them were consistently low. The first year's contract went for \$1.1 million in 1996 and we picked up in the second year about another \$1 million of the alternates that were provided in the base contract through change orders. The work for Year 3 changed the scope. We no longer had apples for apples. That is the primary reason for rebidding. The work at West High School changed and it changed because Bedford had asked the school department to help out with the special ed room which was originally planned to service, in terms of heating and ventilation, to the auditorium. We moved a year ahead on that. We didn't anticipate really doing the special ed room but we did. So that changed the

reconfiguration of the work for West High School. Therefore, it changed the scope of services. Therefore, we had to go out to bid.

Alderman Wihby stated so we went back out to bid and the same bidder got it.

Mr. Houle replied we have not yet awarded the contract.

Alderman Wihby stated it hasn't been made yet. Was there only one bid?

Mr. Houle replied yes there was.

Alderman Wihby asked so is it the same one that won it have it now. Was he the only bidder?

Mr. Houle replied he was the only bidder.

Alderman Wihby asked how much did this change order cost us from if we hadn't made a change and we had accepted his first offer to now. What is the difference in price?

Mr. Houle replied there is no comparison. The scope of service changed.

Alderman Wihby asked can you put something together and show me how much the scope changed and let me know what the pricing is on that scope.

Mr. Houle replied yes.

Alderman Shea stated I have before me a letter from the Hooksett School Department indicating that they are quite concerned about sanitary conditions at the Central High School and I think if you recall, your Honor, in November I asked that a committee be formed to look into the difficulties involved with the cleaning going on and you explained at the time that you were going to consult with Mr. Houle, I believe. I again brought it up, your Honor, and again you mentioned that you had discussed it with him. This is a serious problem because it is a \$3 million contract that we have with the Hooksett School Department and they are indicating that unless something is done they are going to, in essence, submit a complaint as provided by RSA 200:11. I believe, your Honor, that we have been faced with a problem of cleaning for the last three or four years because of a turnover of personnel, lack of supervision, the bid goes...each year, Mr. Houle, how much does it increase each year to the WFF?

Mr. Houle replied up to 4%.

Alderman Shea stated up to 4% and if you recall, you and I were talking and you said it was only going to be 3%. Now it is 4%.

Mr. Houle replied the 3% was CPI. We provide for CPI or up to 4%. Last year the CPI was not increased by 4%, it was only increased by 3%.

Alderman Shea asked so over the course of the last four years that we have had this cleaning company or whatever it is called, the WFF, it has increased 3%, 3%, 3% and 4%.

Mr. Houle replied no. It has increased 3% once.

Alderman Shea stated it has only increased 3% once over the last three years. Well, how come it keeps going up in your Payroll and so forth?

Mr. Houle replied first of all, Alderman, the contract is approximately \$2 million, not \$3 million.

Alderman Shea asked for cleaning services.

Mr. Houle answered yes.

Alderman Shea asked are you sure, you are requesting for Contract Manpower, \$2,259,000.

Mr. Houle replied \$2.1 million is current. The 4% increase would bring it to \$2,259,000. I am sorry, I was looking at the total. If the total increase is 4%, it will be \$2,104,00.00

Alderman Shea asked do you have, like Fred Testa spoke before us and he has an RFP. Do you do that or do you just have the same company every year and they renew the contract or do you solicit any other contracts with any other companies?

Mr. Houle answered a little over two years ago, we issued a request for proposal.

Alderman Shea asked has there been any comparative studies done between what it would cost the City if we had retained the previous custodial services with pay increments and retirement and contract that to what we are paying now.

Mr. Houle replied not that I am aware of, but I did do a breakout of what I thought the savings were for the taxpayers.

Alderman Shea stated I asked for that information about a month ago from Human Resources and I still haven't received it. I was told today that the Finance Office has that and I was hoping that I would have that tonight to do a comparative study. So I wonder if I am being stonewalled here for whatever reason.

Mr. Houle replied I think I was brought into the loop somewhere. One of the problems with Finance is that all of their documents is on 200 disks that are kept in boxes. The last time the study was done, the comparison of actuals in 1994 to our actual contract for 1995, we did a running total on both of them based on expenditures. I don't remember the number, but it indicated at least three quarter of a million dollar savings. Most of the savings were a result of the fringe package and workman's compensation costs.

Alderman Shea stated now some people indicate that when we hire a private company, initially they come in with a low bid but as time goes on the increase is negligible. In other words, as this private company has franchised over the course of two or three years, the expenditures would exceed what we would pay normal employees. Do you find that to be true?

Mr. Houle replied I can't give really answer that because I haven't looked into it.

Alderman Shea asked have you had to hire additional personnel to cope with the cleaning processes in the different schools.

Mr. Houle answered no, Sir.

Alderman Shea asked in other words your complement of workers, WFF, is the same now as it was when you first had the contract with them.

Mr. Houle answered I believe so.

Alderman Shea asked you don't know.

Mr. Houle answered I am thinking of the first year which was a different story. The first year was very difficult. Right now, WFF is staffed pretty much the way they were.

Alderman Shea stated I don't know what that means. Could you explain it?

Mayor Wieczorek asked Randy Sherman if he had something that would shed some light on this.

Mr. Sherman stated I took the 1994 budget, which was I believe the last year that we had the janitors and I compared that to the 1998 budget. The 1998 budget is still a half a million less than what we spent in 1994. Now I haven't taken the 1994 and projected any salary increases or health insurance increases. I just took the actual. The 1998 budget was still half a million less. I remember when we first were doing this and when we did 1995, it was about \$750,000. Mark and I worked on getting this information for you today and I apologize for not getting it to you before the meeting. Again, I just listed the 1994 actuals, the 1998 budget and just compared the two. There is no escalation in those 1994 numbers.

Alderman Shea stated the 1994 budget is the budget for whom.

Mr. Sherman replied PBS. That was their actual expenses for 1994.

Alderman Shea stated the 1998 budget you have here is what.

Mr. Sherman replied it is the budget that they are currently working under.

Alderman Shea asked are the WFF people getting pensions.

Mr. Sherman answered no. Those are still the old employees that were eligible for pension under the old system. I believe there is still a payment there for contributory retirement to pay for any employees either current or past that were under the new system.

Alderman Shea asked is the middle column for people who would be presently City employees. Is that what you are projecting?

Mr. Sherman asked for which number.

Alderman Shea answered the approved 1998 budget.

Mr. Sherman answered the salary number would be Dick and his current staff that he has. The benefits there, the pension payroll would be for any old pensions that he has that are current retired that were on that pay as we go system. All of the benefits that are listed there would be for his current employees. The only exception to that would be, he may still be paying some ongoing worker's compensation payments maybe for a prior employee and then the contributory retirement would be for both current and some potentially former employees and then all of his line items after that. The actual maintenance contract is reflected

down in the contracted manpower line, the \$2 million which is about halfway down.

Alderman Shea stated the contracted manpower is listed here at \$2.259 million and you have \$2.069 million.

Mr. Sherman asked is the \$2.259 million next year's request is that what that is.

Alderman Shea answered yes.

Mr. Sherman stated I don't have that schedule in front of me.

Alderman Shea asked so the budget for last year was \$3,319,048 and what you are saying is that if this budget here would include City workers it would be \$3,597,452. Is that what you are saying?

Mr. Sherman stated I am not sure what the \$3 million number is you are talking about.

Alderman Pariseau stated we have two figures for the 1998 budget.

Mr. Sherman stated the difference between the 1998 budget that you are seeing on your sheets and the one that I provided is this one includes benefits. The one that you have in your book the benefits aren't listed on each individual department. That is why you have \$3,319,048 here and this shows \$3,597,452.

Alderman Shea asked so the one that has benefits would be if you had regular workers. Is that what you are saying?

Mr. Sherman answered it includes the current employees that he has.

Alderman Shea stated this isn't what I am looking for really. What I was looking for is a comparison of how much, if they had 80 custodians today and they paid them benefits and they paid them longevity and they paid dental and so forth and we compared that with what they are now paying WFF contracted services and so forth and so on I would want to know what the difference would be, if any. Is it profitable? Is it non-profitable?

Mayor Wieczorek stated what you have to do is really add in all the increases that we have had, the increases in the health insurance...

Mr. Sherman stated what I would have to do, and what I did not do at this point, is I would have to pretty much take the first seven lines and I would have to take that 1994 column and I would have to project that forward to 1998 values, whatever the raises were and whatever health insurance is and then I would have to go back with Dick and Barbara and figure out what line items would then need to be adjusted. For example, obviously the \$2 million would come out and do that. If that is what you would like, we certainly could provide that.

Alderman Shea stated yes, thank you.

Mayor Wieczorek asked how many more workers do they have working at WFF cleaning the schools then before when you had your regular old custodial staff.

Mr. Houle answered I believe for the most part the same number.

Mayor Wieczorek stated let me know if I misstate anything, but when we had our old custodial staff I don't think you ever had a full complement on any day. Usually, about 10% were gone for either worker's compensation, vacation, sick or something. Is that an accurate statement or not?

Mr. Houle replied yes. I think it was somewhat more than that but on any given day there were 10% off. That was primarily sick and worker's compensation.

Mayor Wieczorek stated so now we don't have those things to worry about but at some point we are going to have to get off this stuff. It gets ridiculous, all of the time that is spent here and all of the time that is spent with the School Board and I think that what we have to do is get a program together where we are going to have the kids take a little better care of the schools and become more involved in keeping their schools clean. I think that anybody that went to school, at least when I did, we all did some of that stuff and here all of the sudden if you walk through the school at any time when they are in school people are dropping papers all over the place. They have to be more conscious of that and there is nothing wrong with having them participate in keeping their own schools clean without having somebody follow them every minute. We have almost 17,000 kids in the school system and they are going to have to get a little bit involved.

Alderman Girard asked Mr. Sherman, just to make sure I am clear about what you put in front of us tonight, you took the actual amount spent by the Public Building Services Department in 1994, the last year that the City had its own custodians and you compared it to the current fiscal year's budget for the same department for the same services and the City is still, four years later, spending over half a million dollars less for the same service.

Mr. Sherman answered I will let somebody else decide if it is the same service, but it is half a million less.

Alderman Girard stated so if you were to take the 1994 numbers and project them forward to current levels that disparity is only going to increase unless there were any pay cuts that were given over the past four years that I am not aware of.

Mr. Sherman replied yes, the only thing that I can think of would be maybe the retirement rate would have gone down the slightly and health insurance because of the switch over to Blue Choice maybe there is something there as well, but my guess is you are right it probably went up.

Alderman Girard stated this custodial issue has been lagging or nagging on for some time now. The truth of the matter is, I read the reports like I hope all of the Aldermen and School Board members do, the deficiency reports that PBS puts out every month. I routinely see that the department is responsible for three times as many citations against WFF as the teachers in the actual buildings are. There seems to be a desire to make the system before privatization into utopia and I think we all know that the buildings were in rough shape then and to be candid all of the buildings I have seen, and Alderman Thibault, I have been in several of them over the years continuously, I think most of them are in better shape now than they were when we had our own custodians and at some point if any other Alderman at this board would like to bring a motion forward to undo privatization and bring our own custodians back I think we should debate the merits of that issue and make a decision then, but this decision has been made and five years later we are still fighting this battle and I don't see it getting anybody anywhere and unless we want to change the decision, someone wants to put it on the agenda and we can debate the merits of it, lets get on with it and try to make the system work as best it can. The other thing I would like to point out is we have a far greater level of scrutiny now in these buildings by virtue of the checklist and the systems and the contracts and the enforcement, we have a far greater level of scrutiny on the cleanliness of the buildings now and a far greater level of attention to them then we ever had before and as you know we researched all of the prior complaints. We could pull out newspaper articles from the high schools about how the principals were unhappy and everything else. So it is no worse now than it ever was but it is a lot less expensive and frankly I think that the buildings, by and large are in better shape.

Alderman Thibault stated I am sorry, Sir, but let me tell you this. I was here before for 10 years and I have never seen our schools in such bad condition. Your Honor, you just said something about the kids picking up and I realize that I

believe that you are right in that respect that the kids should, in fact, be taught a little bit more responsibility. Let me tell you that what I saw in that school was not things that the kids should have done. It was things that janitors or custodians should have done. It was tables that had dust a quarter of an inch thick. Now that is because somebody hadn't been there in a while. I think we are missing the point here. Big deal we are saving \$400,000 or \$500,000 but our kids are in filth and I think that is bad.

Alderman O'Neil stated I just want to double-check the numbers. The present contract was \$2,069,575 for FY98?

Mr. Houle answered yes.

Alderman O'Neil stated add the \$107,000 for the middle school plus the \$80,000 or \$81,000 for the 4% that gives us \$2,257,668 which you rounded off to the \$2,259,000. Is that correct?

Mr. Houle replied there is \$40,000 for snow for custodial contract which we can hold onto and the money is authorized and the expenditures are authorized by PBS.

Alderman O'Neil stated lets go through this again. The current contract with WFF is \$2,069,575 correct?

Alderman Wihby replied no, \$2,023,000 he said. Is it \$2,023,000 or \$2,069,575?

Alderman O'Neil stated I am taking it right off their numbers here that they provided in the budget additions.

Alderman Wihby asked but isn't there any snow in that budget, in the \$2,069,575. Isn't there \$40,000 for snow in there?

Mr. Houle answered the contract amount is \$2,023,000 and the \$2,069,575 includes the \$40,000 which we do not actually put in their contract. There is also some overtime which is not included in their contract.

Alderman O'Neil stated but over and above that there will be an additional \$107,160 for the middle school and their 4% increase is approximately \$81,000, correct.

Mr. Houle replied yes.

Alderman O'Neil stated my math is \$2,257,668. That is pretty close, correct?

Mr. Houle replied correct.

Alderman O'Neil stated just to make sure that I understand this, the 591 Contract Manpower is exclusively WFF, correct.

Mr. Houle replied correct.

Alderman Wihby stated no, \$40,000 for snow.

Alderman O'Neil stated but that is part of that he is saying.

Mr. Houle stated it is not in the contract. We authorize it as needed.

Alderman O'Neil stated but that gives a pretty good picture of what that contract costs us, correct.

Mr. Houle replied yes.

Alderman O'Neil stated just to follow-up with Alderman Clancy's comments about custodial supplies and that, who is responsible for that. Is that part of their budget or is that a separate line item for the City?

Mr. Houle replied no it is not, it is part of this contract.

Alderman Shea stated I saw in the paper, Mr. Houle, that the School Department was charged something like Food & Nutrition \$90,000 for some kind of services or something. Could you explain that? I mean how does the School Department get charged \$90,000? I don't know if they even budgeted for that.

Mr. Houle replied I am not sure what you are talking about.

Alderman Shea stated I thought that there was something charged to the Food & Nutrition services for custodial services at one time.

Mayor Wieczorek asked if Mark Burkush was here and asked if he knew what Aldermen Shea was talking about.

Mr. Burkush answered no, not really.

Superintendent Tanguay stated it was a chargeback. In researching we found that this classification was in the supplies budget.

Alderman Shea asked, your Honor, how long have you been Mayor.

Mayor Wieczorek answered I am in my ninth year.

Alderman Shea asked how many letters have you received from the Hooksett School Department concerning the cleanliness of the schools.

Mayor Wieczorek answered one.

Alderman Shea asked when did you receive that, your Honor.

Mayor Wieczorek answered about 10 days ago.

Alderman Shea stated so prior to the WFF taking over, the custodians were managing the schools and we did not receive a complaint from the Hooksett School Department, your Honor, did we.

Mayor Wieczorek stated wait, I said one letter. This is my ninth year.

Alderman Shea asked and how many years were you here when the custodians were here, your Honor.

Mayor Wieczorek answered probably three or four.

Alderman Shea asked no complaints though concerning their services, your Honor.

Mayor Wieczorek answered no.

Alderman Shea stated so in reference to Alderman Girard, when he maintains that the schools are very well kept and we are getting the services we need, your Honor, we refer back to the letter from Hooksett which indicates that things are not as they are purported to be.

Mayor Wieczorek replied well, Alderman, I think that probably since most of the kids from Hooksett go to Central High School, I saw a letter that went out on the Central Parent's Organization thing where Principal Schiavone had the solution to it, have twice as many people. That was his solution, and maybe people pick up some of these things when they get inference from that. I don't think that is too

good. I have responded to the Superintendent over there and I said I was going to go in there with Dick Houle and his supervisors and the Health Department and we will find out, really, what the condition of that school is. You know I can tell you that prior to even having WFF here, when Mr. Blanchard was the Principal at Central High School the day that school was open when we had the meeting over at Central High School for the teacher's coming to work, he took me around the school to show me how bad things were. These were the old custodians.

Alderman Shea stated, your Honor, I have a little bit more of an advantage. I was a school principal for 32 years at Hallsville. The last 18 months of which WFF came in, I went through 19 people from WFF. So I think there is a rapid turnover and I think that any principal here will attest to the fact that there has been a lot of inconsistency as far as the custodial services are concerned. If we think we are getting a bargain, your Honor, I think we should examine the facts very carefully. Penny wise, pound foolish.

High School Athletics

School Committee Member Cook stated since we have three school related budgets, we thought it would be easier to get the school budget team up here at the same time, but if you are going to do athletics first, we will hold our general comments until we get to the general school budget and proceed with the athletic budget.

Superintendent Tanguay asked John Palmer to do the presentation. Before he begins, I would like to thank you on behalf of the students in Manchester for the opportunity to present our school budgets - athletic, food service and general fund.

Mr. Palmer stated the athletic budget has stayed on a pretty even keel throughout the years, the last three or four years, because of the uniform and equipment replacement plan that we have been on. The increases you see in the salary account are basically for two items. One item is for the McLaughlin School to add the teams at that school that are currently offered at the other three junior high schools. The second item in the salary account would be the addition of two sports at the middle school level. Currently the middle schools in Manchester have some of the fewest offerings of any of the Class L middle schools and I feel and the School Department feels that this is a critical time for the young people to be involved in an after school activity under the supervision of an adult, so the increase in the salaries are for those two items. The addition of the McLaughlin Middle School teams and the addition of two additional teams, one boy and one girl at each one of the middle schools.

Alderman O'Neil asked what is the sport.

Mr. Palmer answered the sports that would be added at the middle schools would be girls volleyball and boys volleyball. The increase in the transportation budget, again reflects the additional teams at the middle schools and public transportation for those teams. The equipment increase is to purchase uniforms for those additional 14 teams. With 14 additional teams, the basketball team at the new McLaughlin Middle School will need home and away uniforms, the Cross Country teams and the volleyball teams will all need new uniforms. Once the McLaughlin Middle School is fully funded with the teams and the uniforms then they will go on the rotation of the other teams as it is presented in the budget. I am not sure how much information you have in front of you, but the budget is broken down sport by sport. Any questions?

Alderman O'Neil stated the big discrepancy between department request and the Mayor's recommendation is under 890 Miscellaneous.

Mr. Palmer replied that is under payment to Parks & Recreation, I believe it is \$650,000.

Alderman O'Neil responded correct. Can you give me a little explanation of how you reached the \$650,000 and maybe, your Honor, you can let us know how you reached \$200,000.

Mr. Palmer replied the \$650,000 is what the payment to Parks & Recreation has been over the past few years. There was some discussion as to whether the \$650,000 should remain at that level or that there was some pool money in there and from what I understand the thought was to decrease by \$200,000 that payment for the pools and I think it should have been \$450,000 remaining rather than \$200,000.

Mayor Wieczorek stated that is exactly right. We still have to work that out with Parks & Recreation.

Alderman O'Neil asked so you agree that the figure should be \$450,000.

Mayor Wieczorek answered yes.

Mr. Thomas stated during the budget process with the Mayor's Budget Task Force, we didn't actually have anyone from the School Department available at the last minute when we were working on that number and our recollections we

couldn't remember what the number was that the School Department was objecting to so we used the wrong number obviously.

Alderman Shea stated Item 0591 Contract Manpower is quite an extensive expense. Could you explain what that is for?

Mr. Palmer replied Contract Manpower takes care of all the officials, timers, scorers, Police and anyone we need to run a game. With the addition of basketball teams at McLaughlin Middle School and additional teams of boys and girls volleyball, this is reflected in that account. If you look at the two basketball teams and volleyball teams, that is actually 10 additional teams that the officials, timers and scorers will be needed for.

Alderman Shea stated the gate receipts revenue amounts to about \$95,000.

Mr. Palmer replied that is what we are projecting for next year.

Alderman Shea asked does that offset the other in terms of...does that go back to the general fund, that \$95,000 or does that go to the athletic fund.

Mr. Palmer answered it used to be that the gate receipt offset what was not funded in the budget. That was 10 or 15 years ago. Now the budget is funded and the gate receipts go back to the general fund.

Alderman Girard asked do you charge admission at all to any of the middle school sports.

Mr. Palmer answered yes, we charge admission for basketball games at half the price for what we charge for the high school games. It is 50 cents for a student and one dollar for an adult. We started doing that a few years ago when we wanted to have Police at the games for supervision of the basketball games so we started the charge to help offset the cost of having a policeman for the basketball games.

Alderman Girard stated your revenue budget for the current fiscal year was projected at \$100,000 and on the expense side of your budget we have seen increases because of the new middle school but we haven't seen any revenue added to the revenue side of the budget. Is there a reason for that? As a matter of fact, your FY99 request is \$5,000 lower than your actual FY98 approved.

Mr. Palmer replied the FY98 approved, I believe, the figure I had was \$90,000. It was not \$100,000.

Alderman Girard stated the numbers I have here say your FY98 approved budget was \$100,000. Now that may not have been what you requested from the City, but that is what was budgeted. So, you only expect a \$5,000 increase in revenues as a result of the opening of the middle school?

Mr. Palmer replied yes.

Alderman Rivard stated if I read this correctly, if they give you the \$250,000 back that they took away, you are going to be \$200,000 short and that is okay, you can live with that. You asked for \$650,000 on the bottom line here for department requests. Is that correct?

Mr. Palmer replied it was a figure of \$650,000 that was going to be reduced by \$200,000 to \$450,000. That \$200,000 was going to go to Parks & Recreation in another manner, I believe.

Alderman Rivard stated but if they give you the \$450,000 as Sean stated, then you are going to get everything you asked for in this budget. It appears to me that everything the department requested you are going to get. Is that correct?

Mr. Palmer replied yes.

Mayor Wieczorek stated by the way, we will be meeting with Parks & Recreation so that before they come in and make their presentation to this Board we will have that straightened out.

Alderman Hirschmann stated I was going to ask if a motion would be in order to amend the \$250,000 knowing that it is a mistake tonight while we are all here.

Mayor Wieczorek stated why don't you wait until we go to Parks & Recreation and get it all squared away so we have it all correct. You are not going to be voting on this budget anyway tonight.

Alderman Hirschmann asked but you do recognize that it was a mistake.

Mayor Wieczorek answered yes, but we want to make sure that we get everything understood with Parks & Recreation so that we are all on the same page.

Alderman Wihby stated I don't know if we should recognize it was a mistake. There was a School Board member who kept throwing out the number of \$200,000 as what the number should be. That is why we threw in \$200,000.

Alderman Hirschmann stated you were out of the room when it was discussed.

Alderman Wihby asked who discussed it.

Alderman Hirschmann answered it was the pools.

Alderman Wihby stated well all I am saying that is the number of \$200,000 came up because a School Board member kept on saying that \$200,000 was a closer number, not \$650,000 so we threw in the \$200,000 to compensate for that but it wasn't a decrease in the School Athletic Budget at all, it is only a paper transaction change because the other money was coming from Parks & Recreation. They are not short any money.

Alderman O'Neil asked, your Honor, so you agree that the new bottom line should be \$1,160,594.

Mayor Wieczorek answered yes. I agree that we are going to talk to Parks & Recreation and get the number squared away so that you will have the right numbers on this budget and right on Parks & Recreation also.

School Committee Member Stewart stated I just wanted to say that I was the person that met with the Parks & Recreation Department as the Athletic Committee Chair and there was question in the School Athletic Committee about whether the \$650,000 reflected an accurate number for the maintenance and upkeep of the fields for our athletic venues. When we met with Parks & Recreation, and you can confirm this with Mr. Ludwig, he suggested that when the enterprise fund was set-up that \$200,000 of that \$650,000 really was for the operation of the City's pools in the summer. I then called Mr. Clougherty and someone in your office, Sean, I believe and suggested that we look into adjusting that in some way so that the \$450,000 number that we are talking about tonight would accurately reflect what the School Department's budget would be for the upkeep of our fields and maintenance of our facilities. That is how that all came about.

School Food & Nutrition

Mr. O'Shea stated I am the Business Administrator for the school district and the largest changes that we have had in the budget as being proposed is that what we are trying to do now is make it a self-sustaining program. You will notice on your budget that we did have a price increase this year and it was a modest price increase that the Board of School Committee voted on after much consideration

and Mr. Burkush our Food Service Director is here and I think he would agree that we had very few, if any, questions or complaints about the increase in the cost of the meals. That will mean that this year we should finish in the black and what we are proposing for next year will also put us in the black. At the same time, as a little bit of a compliment to Mr. Burkush I would like to show you how the participation has increased over the years under his management. Basically, last year we served 1,298,340 meals and Mr. Burkush has projected that for this year we will be serving 1,389,650 meals. So that we are actually experiencing a growth factor in the number of meals served that far exceeds the number of students that we have increased in our student body. If there is anything else that Mr. Burkush can add, he is available for questions.

Alderman Hirschmann stated what I would like to see happen with this account is that it become an enterprise, self-sustaining enterprise in the future and that possibly this can be looked at in the Accounts & Revenue Committee or the Administration Committee to set this up as an enterprise fund rather than a general fund account. It is going in the black. Mr. O'Shea has got growth in meals and growth in revenues with a small increase and I think that if it stays in the black that it should be a self-sustaining fund.

Mayor Wieczorek asked the City Solicitor if there would be any problems with the federal funds they receive in setting up an enterprise.

Solicitor Clark answered we would have to go back and take a look at the conditions set in the funds.

Superintendent Tanguay stated we concur with the Alderman. That should be an enterprise fund. It should be self-supporting and it has not been up until now. This past year we had a deficit as you know of about \$124,000 net and that impacted our general fund as well so we would like to have it self-supporting.

School Department

School Committee Member Cook stated I have had the opportunity since January to serve on the School Board and because of your kindness, your Honor, I have had the opportunity to sit as Chair of the Fiscal Committee during that period of time. I want to thank the Aldermen, you do get and this is just a personal note, you do get a different perspective on being an officer in the City of Manchester. As all of you know, I had other roles to play in life and I have come and watched you folks work for better or for worse and we have had our good times together, but you don't get an appreciation for how hard that work is until you get to do it yourself and it is a new appreciation. Now I am not sure who came up with these

at-large positions, but I want to talk to them. The School Board has worked long and hard on this budget as you were working hard and long on it also and we appreciate your time and efforts on this especially taking the time, many of you, to come and discuss this matter with us over the last few days. I wish you would have distributed yourselves a little differently, but it was great to have you come and we appreciate your time. There are several points before we get into the budget that I think I have learned and that I think is true. One is that everybody on both of these boards wants to maintain and improve education. I was struck, last Fall when on then Channel 40, all of us had the opportunity to talk about what we wanted for Manchester as we ran for office and I don't think, with any exceptions, everyone wanted better education in Manchester and stronger so we all want that. We all want to be responsible to the voters and be stewards of the money. We hope that the communication between our two groups and this is something we strive for all the time, is such that when you get a constituent call about something in the schools, you will understand that this is probably something we have spent a good deal of time on whether it be Chandler School or special education or cleanliness or whatever. We hope that you will take the opportunity to ask us what we have been doing about it and how we have been addressing it because probably something is going on and we can try to answer those questions. I hope we are going to, as we discuss problems that we have and we certainly have situations that we have to talk about in terms of budgets and in terms of these things, that we look for solutions to them together. I have been gratified that the Mayor has added to his strenuous schedule by taking on the Chairmanship of the School Board. The Finance Department and everybody involved, especially in this present fiscal year situation, has been working for a solution and that we try to find solutions in good faith and that we not look for victims, we look for answers and that we find the fact to do it. As I say, I have found everybody involved, both in the formulation of last year's budgets and in the implementation of the budgets and in the attempt to solve this year's problems to be working in good faith and I want to thank you for that. We are here to talk about next year's budget and we want to do that. To understand next year's budget, however, and one of the reasons we invited folks in to talk about this year's is so tonight we could talk about next year's budget but to understand the request for next year we have to understand what we are spending this year because if we don't understand what we are spending this year and why, we won't be able to see what the ramifications of our requests for next year are and the ramifications of the proposals in the Mayor's budget. We have things to do. We have run into a couple of situations and John Sullivan, the gentleman to my right is from Melanson, Heath and Company, the auditors for the City, both the school and City side, who has been working and to whom we owe a great deal of gratitude in helping us to find out what our situation is and where we are. We have found two primary situations which he will describe to you and which I would hope in next year's budget we

might be able to change structurally so that we don't run into some of the issues we have run into this year. They are, of course, the salary and step increment budget and the special education, Medicaid reimbursement account. If those were in the school budget and they were under the responsibility of the school department in its budget and administration, much of the discussion of the responsibility for and accountability of the school department would be different. Many of us have discussed that issue and we would hope that in formulating next year's budget we would be given the chance to administer those. I think we have all discovered, and one of the things we have all had the advantage of during the last time since December 17 when the Claremont Lawsuit was decided by NH Supreme Court for better or for worse, that education varies in NH and we in Manchester are stuck or blessed with all of the big City American current problems. We have as many English as a second language new students as some school districts have students. We have many, many new students coming into this district, the regular old student students, not special anything students, because they are coming with their parents who are coming here because of a good economy. When we are blessed with a good economy and we are required to educate the students. We have many, many problems to deal with that they don't have to deal with in some of the country towns from which legislators go to Concord and we have the requirement to deal with them. NH is a rural state, people are told. Manchester is not a rural school district. We have, and I know you are aware of this in your various wards, we have all the problems that anybody has got in the country and we have to deal with them. That is not helpful. You will see in the information that you are going to get that our per pupil spending in Manchester has decreased on an absolute basis for the last several years while the per pupil spending in NH has increased on an absolute basis making the gap increase. This is not good news because we are not spending as much to educate our students and that also affects our tuition income which is based on our per student spending. We have a lot of goals this year that we have to accomplish. We want to open the McLaughlin School that you have funded and built. We want to implement the middle school concept city-wide. We want to buy new books and implement a new language curriculum and we have many more students to educate. We have built a budget by going from the school level and asking them what it is going to cost to educate students in their schools next year, principal by principal, building by building, then the Administration has taken that budget and as always happens in the administrative process, taken a lot of wants and turned them into needs and we have built a budget which has been submitted to you that does the job but does not do it to excess. We appreciate your help. Mr. Sullivan, as I said, will go first and explain very briefly how we got to where we are because we are focusing tonight on what we need next year, but you need to know what we are spending now to do it and then the Superintendent and the staff will talk, but again we appreciate your help and we

hope that together we can make education better in Manchester as we all pledged to do. With that, I give you John Sullivan.

Mr. Sullivan stated I am with the firm of Melanson, Heath & Company. We are the City's auditors and have been for a few years now. Although I personally haven't been very involved in the City audit, this last year the school requested a separate audit of the school district of which I supervised. That audit report was released about six months ago now with substantial findings and I think they have been well publicized. Subsequent to that audit report, the Superintendent and Board of School Committee asked if we would assist them in calculating and coming up with a budget status report, as well as doing a projection of where the school would end their FY98. We made the first version of that back in February. We then were asked to come back and do an updated version of the budget status and in addition to presenting the budget status to also go into the various categories where there looked like there were budget problems and try to analyze what was causing the budget problems. We have done that and I think that basically the results of that have been somewhat presented to various boards. Our most recent projection indicated a potential deficit of \$1.1 million and it is important to understand that that particular projection, we included in that projection a potential transfer of \$1.1 million related to negotiated salary increases which had been in an account set separately as a salary adjustment account and I think it has been well covered that the estimated cost of that actual salary increase back then and as we have calculated it now, is in the neighborhood of \$1.7 million. There was an agreement of \$1.4 million to fund that particular contract, however, the budget in the City for salary adjustment contained \$1.4 million but there were payroll costs related to the salary adjustments also so that in fact what was available left in the City's budget to fund this contract was \$1.1 million and that is what we have included in our projection. Notwithstanding that issue, and it certainly would be wonderful for the school to be able to get more money related to that salary increase, the budget problems in the school are not driven by the salary adjustment. The budget problems are driven by special education costs. That has been true for several years now and it is true in FY98 as well. The two budget categories in the salary accounts which are overexpended, are for tutors and educational assistants. Just to give you some background, the school district uses tutors for a few different areas. One is for homebound students and students with medical needs. That represents about 11% of the tutors. They also have tutors related to the English as a second language program (ESL). That is a particularly significant area in that in this past year there was a Civil Rights complaint and a related action that resulted in the hiring of 19 tutors, specifically to fulfill the role as ESL tutors. That particular category represents about another 9% so between those two categories, 20% of the tutors. The remaining 80% of the tutors relate to special education, individualized education. Now I have identified

specific accounts related to special education and just want to briefly go through some historical information on that. In 1997, the budget for tutors was \$695,000. The actual cost in FY97 was a little over a million. The 1998 budget for tutors was \$903,000 and we are projecting in FY98 an expenditure of \$1.6 million. No it is \$650,000 of the projected budget deficit relates to this tutor category. Although I am sure that everyone knows about special education costs and what the problems are related to those, it is certainly a national problem and as a firm we audit almost 100 cities and towns in Massachusetts and NH and some of them are cities like Springfield and Holyoke, MA and as difficult as special education problems are here, they are enormous in other places, but they also are enormous here because what it comes down to is that the school district is required by federal law to provide special education services and so what happens is a special education team gets together with a parent and reviews their educational plan and from that a specific service delivery plan is set in action. Once that is done, the school is required to provide those services. What happens if they don't is that the cost of that is very high because there is legal costs and eventually a court settlement that will settle that for you. Also, within the special education category, 70% of the tuition payments that you make to send students to other schools are either court mandated or are for other children that are foster children of which you have no control over, so only about 30% of the tuition budget are actual Manchester placements for special education services. So basically what we have in FY96 the school district had a deficit in their accounts of about half a million that was covered by Medicaid monies and we will talk a little bit about Medicaid monies. In FY97, the deficit caused by the four accounts that I have analyzed which are tutors, educational assistants, professional services which are specific services that you have to provide to students that are in an area such as a hearing impaired student that has a specific need, as well as out of state and in state tuition. In FY97, those four accounts alone accounted for over \$1 million in overexpenditures. That million dollars in overexpenditures was funded by about \$770,000 of Medicaid in the special revenue fund and the remaining amount of that money was funded by other school budget accounts that had not been overexpended so that in FY97 the deficit was covered through Medicaid and through other surpluses. In FY98, the school budget increased for those four accounts from \$5,300,000 to \$5,096,000. So if you look at 1997 actual costs, the budget in 1998 was less than what is cost in 1997 by about \$300,000 and that would have assumed a level funding of special education costs and what we know is that never happens. So, where we are standing in FY98 now, again if you take those four accounts, tutors, educational assistants, professional services and tuition, the projected overexpenditure in those four accounts is \$1.1 million. What that means is that there are other accounts that are overexpended. There are other accounts that are underexpended and like in previous years they pretty much net out so the deficit that the school district is facing this year is primarily driven by

those costs. Now unlike in 1996 and 1997, the budget for FY97 and FY98 was put together including Medicaid as a revenue to the folks down at Medicaid and in past years \$200,000 was budgeted within the City's general fund and the remaining amount of Medicaid went into a special revenue fund and was then available to transfer. In FY98, the whole budget for Medicaid which I think was \$1,175,000 was budgeted in the general fund as revenue so that this year, unlike in previous years, the unanticipated deficit is there but the Medicaid resource that had been there in the past is not there this year. That is basically where we see the budget. The Board of School Committee has asked us to continue to work with them throughout the remainder of the year. We have been meeting on a regular basis with Finance and others in the City, as well as working here at the school district to find ways to cut and to get better projections and see how things are going. We plan to continue throughout the remainder of this year fine-tuning these numbers.

Alderman Wihby asked what is the shortage that we are facing. What is the number?

Mr. Sullivan answered \$1.1 million.

Alderman Wihby asked so right now we are projected \$1.1 million deficit.

Mr. Sullivan answered it is \$1.1 million if you assume the \$1.1 salary account is transferred. There is another \$1.1 million to go.

Alderman Wihby stated \$1.1 is yours. That is not a problem so if you have that...

Mr. Sullivan replied there is \$1.1 million left.

Alderman Wihby stated in the paper somebody said something about you instituting cuts that would equal \$400,000. Is that \$1.1 now that \$400,000 helps that or was it \$1.5 million and the \$400,000 brings it to \$1.1 million or is there no such thing as a \$400,000 savings?

Mr. Sullivan replied I will have to let someone else address that because the \$400,000 savings was not a number I put together, but we are working right now with the Administration over at the school district in order to identify and make any cuts that are available. I think it is important to understand, though, that at this point in the year where 80%+ of the school district budget is in salary accounts and that other types of expenditures the district makes are pretty much front loaded at the beginning of the year, there is not a lot of opportunity for major

budget cuts but we are working on that and will continue throughout the rest of the year.

Alderman Wihby asked so the \$1.1 million is before you made up anything.

Mr. Sullivan answered \$1.1 million is my best estimate as of right now. That is where the school district will finish the year.

Alderman Wihby stated so where I read that there was going to be some cuts and they were going to lay off some people or something, that is not true. That has not happened yet?

Superintendent Tanguay replied we did implement some cuts. For example, in fuel oil we cut back on expenditures so that at the end of June the tanks would have a minimal amount of fuel oil rather than top the tanks. That is one area we looked at. Also in the area of supplies, we cut back on some of that as well. We did go out to bid and award some minimal amount that we could use through the end of June. We have made some changes in some of our accounts and that is reflected in the \$1.1 million that Mr. Sullivan is speaking about.

Alderman Wihby asked so by already doing these changes, you are down to a \$1.1 million. So from here we have to start with new ideas to try and get it down further? Implement other things?

Superintendent Tanguay answered we will keep working through the end of June to make whatever adjustments we can to reduce it further.

Alderman Shea stated the salary adjustment account, if I understand you correctly, the Aldermen voted a \$1.7 million salary account amount. Is that correct?

Mr. Sullivan replied the salary adjustment account, the budget for the salary adjustment account was \$2.6 million. Of that, \$1.2 million was anticipated for a 27th pay period which is a one time adjustment. That left a remaining \$1.4 million in the salary adjustment account. The Mayor and Board of Aldermen specifically approved contracts for salaries at estimated costs but that is not the same thing as having the money in a salary adjustment account.

Alderman Shea asked so the Board of Mayor and Aldermen approved a \$1.7 million salary increase. The salary adjustment account gave you back \$1.4 million, including benefits which left a difference of \$300,000?

Alderman Wihby answered what this Board did was we funded \$1.7 million in raises knowing that, well we okayed \$1.7 million in raises knowing that we were only funding \$1.4 million of it and the School Board was going to make up the other \$300,000. So I don't think that \$300,000 is in question. What happened though is they were expecting \$1.4 million when they only received \$1.1 million because the other \$300,000 went to benefits. So they were technically, in the translation of the numbers going back and forth even though everybody thought they had \$1.4 million, \$1.1 million went to them and \$300,000 went to the general fund for the benefits.

Alderman Shea asked so \$1.7 million was the amount that it cost, but the School Department agreed...at what time was this done. Was it done in May of last year or...?

Alderman Wihby answered this was done just before we okayed the contract. The day before the contract they were negotiating at midnight and in order to get to where they wanted to be it was more than what was in the account and they absorbed the \$300,000 in order to do that figuring they could do that within their budget. But they were anticipating \$1.4 million and only received \$1.1 million.

Mayor Wieczorek asked the Finance Director to speak to this.

Mr. Clougherty answered as John and the Superintendent said, we are working with the School Department trying to manage our way through a difficult budget year for them. I think what they are saying is accurate. Every year we go through a problem with special education and I mean that in a fiscal sense simply because it is so difficult to get a handle on the number of kids coming into the district and what is happening. So to see a \$500,000 or \$600,000 problem as a result of what is happening there is not unusual. How you solve it and how you resolve it each year has varied. We have some numbers that we looked at back in April and the projected deficit at that time was \$2 million and then when you factored in the salary adjustment, School was going to do about \$440,000 worth of adjustments and that brought us down to a deficit projection of about \$600,000. I would say to the Board as I said to you the other night, a \$600,000 deficit for the City of Manchester is not an insurmountable problem. What we have to do is try and resolve the problem, not necessarily on the backs of the School Department, but by trying to get some of the other departments involved and trying to look at how that comes down to balance. That is something we do on a regular basis and it is a fluid management exercise that changes over time and we have to keep abreast of that and provide you with the information. If you were to take a look at how this would be resolved and you are going to ask School to try and resolve this problem whether it is \$500,000 or \$600,000 or \$700,000 on their own, then they are going

to try and do it with the resources that are within their domain, like Medicaid, like high school athletic transfers, like trying to do stuff with all the other different accounts that they have. If the City, on the other hand, is going to acknowledge that there is a justification for the additional expenditures, then there are other resources available as we have said that could be brought to the table here to help resolve this. For example, if as we go forward and we take a look at the salary accounts for the benefits, you find that each year there are changes there. If the number of people signing up for single family types of benefits as opposed to multi-family is working in our favor this year, there will be a balance in that account. You have some balances in contingency currently. You have some balances in some of these other areas and if we work with the other City departments they will turn back balances in their departments as they do every year. It should be sufficient, with a cooperative effort, to cover that type of overage. How the Board wants to appropriate its money, whether you want to use a special revenue fund or whether you want to use an all in general fund approach is really the discretion of the Aldermen. From an accounting and financial standpoint, we can do it either way. What you have to start to focus on is the potential solutions on the expense side and whether you are going to limit them solely to the resources of the School Department or perhaps take a broader look and see if you want to somehow incorporate some of these other issues. The bottom line that we should all be focusing on is how we are going to accomplish this and arrive at a positive fund balance for the City so that for credit rating prospective and every other approach we are favorable. I think that while we are just talking about the expense side, there are certainly some things there and some avenues that are available. We have been working with the auditors, as well as the School Department to take a look at what types of alternatives those might consist of and I know we have talked to you a little bit about them, Mayor. Whether that number is going to be absorbed by some corrective action taken by the School Department or is going to be solely through some of these other vehicles is, again, the subject matter that needs to be discussed in a dispassionate and objective matter. There are options and the situation we find ourselves in is not particular to the City of Manchester. It is something that we have been wrestling with for a long period of time and it is resolvable.

Alderman Wihby asked you haven't got the \$1.1 million yet. Did you get the \$450,000 from school severance yet?

Mr. Sullivan answered the School has not received the transfer yet, however, we factored that in our projections.

Alderman Shea asked the Ogenblick Formula, will that be included in this budget or what impact would that have if it were to come and I don't know the timing of that.

School Committee Member Cook answered the Ogenblick Formula as presently partially funded in the State, pre-Claremont, pre-ABC, pre-the compromise of the day, is received by us. We do get some state aid under various funds. All of the proposals you read about every day in the paper are not talking about this fiscal year. They are all talking about fiscal year 2000 to begin with so none of these things, and everyone has an opinion on all of them, my general feeling is if you are drowning you don't debate the color of the life raft for a particular length of time. We are hopeful that there will be some money coming to us for the fiscal year after the one we are talking about tonight. That will not have any effect on the next fiscal year.

Alderman Girard asked Mr. Clougherty the School Administration has said that the auditor will be working with them for the balance of the year to try to keep track of their numbers and bring this up because we have heard an awful lot about the computer system and how it is that no one knows what the numbers are, but it is my understanding that the numbers that Mr. Sullivan has developed for the School Department are not terribly different, if at all, from the numbers that the Finance Department has been reporting all along. I just wanted to get confirmation of that fact.

Mr. Clougherty answered two things. One, the numbers that are coming off the system are what I believe John is using. What we haven't done is a projection of a deficit which is a different exercise that they have asked John to go through. So he is using the same base numbers and carrying them forward. We have, I think there is agreement on the base that he is using. If you looked at the financials that we gave you last week, we showed that there is 20% of their appropriation left and I think that those things are tracking. There have been projections, I think, by Human Resources for referral over the many months and those track well too. I mean this is a problem that I think is...hopefully when we get some solution to the Claremont Lawsuit and we start to see that cash in there will be some relief for this special education dilemma that is hitting all of the cities and towns, but until you get to that point it is a consistent number and it has been tracked.

Alderman Girard stated I am not sure that this is the appropriate time to bring this up but I am going to since we are talking about the current fiscal year's problems, but it is of interest to me to know that the \$1.1 million that we are projecting we are going to be short is in special education and for the new members on the Board and refresh the memories of the returned members, I would like to remind or

would like to speak a little bit about just once piece of the FY98 School Budget which included a special services reorganization within the School Department. It was a proposal that was developed by Foad Afghar and worked on with Mark Hobson. It was a proposal that you and your office worked on, your Honor, which basically would have reorganized the entire special services department of the School Board. The premise of the reorganization was that the time that the teachers and tutors and educational assistants spent on doing paperwork for Medicaid and other reasons was taking up an awful lot of time and if a system could be put into place to take that paperwork burden away or reduce it significantly we would be able to reduce the number of tutors, of special education teachers, so on and so forth. The estimates at the time were based, if memory serves me correctly, on saving each teacher involved in this activity, the special education teachers and the guidance counselors, 10 hours per person per week and the total number of people budgeted for at that time between guidance counselors and special education teachers was 160. That adds up to 16,000 hours per week of time that could have been saved had this reorganization gone through. In the past few weeks, and I have spoken with Superintendent Tanguay on an off for literally a period of months regarding this reorganization, in the past few weeks I have tried to develop some numbers to see where some of these cost overruns were coming from and it is interested to note that not having implemented the reorganization, that the department has hired 11 more special ed teachers than were budgeted, if you do some full-time equivalency studies on the tutors, they have hired 48 more full-time equivalent tutors than budgeted, they overran their educational assistant line item by 7 unbudgeted positions and interestingly enough the line item which was supposed to have hired the people to do this reorganization was not touched for that reorganization except for a couple of people and that line, if you were to spend the money that was budgeted, would also have overrun its line item. So while people are interested, as am I, in working through the problem to find the solution to this, it is kind of hard for me as an Aldermen to sit here knowing that the Administration, for whatever reason, and to be honest with you now in speaking with various people, I have heard four different reasons, it is sort of hard for me to say or to listen to people say give us what we need or what we tell you we need to run the schools when there is a reorganization here that could have significantly impacted their budget and we may not be looking at a \$1.1 million deficit at this point in time. So I mean that is 16,000 per week, your Honor, is an awful lot of time not to mention the fact that these folks were supposed to handle the Medicaid paperwork and boost the Medicaid revenue that the City received. Now I don't know how that is going impact, if I look at the budget sheets now it shows that we have collected no Medicaid revenue to date. I don't know if that is a quirk and we get that at year end, I don't know if that is because the work hasn't been processed or not, but you know it is a lot to swallow and with special education being the concern that it is,

this would be the third year in a row that the City has been called on to bail out the School Board. The premise of that has been special education. Well it seems to be that whatever the excuse, whether they didn't feel the information they were getting from the system was right, they weren't sure it was going to work, it seems to me that if you are worried about your budget you try to do the things that were put in place to save money or to restrict the rate of growth. It wasn't done and that is a problem and I have a real problem being able to say well okay we will give you everything you asked for and we will trust you to do...I don't trust you to do the job because the job wasn't done in this fiscal year.

Superintendent Tanguay replied that is one theory. The reality is that adding more staff would have deficiated us even more and I realize that in theory maybe we would have realized more savings, but we talked to the consultant service that provides Medicaid reimbursement and they informed us that adding the staff would have not increased the Medicaid reimbursement at all. I would also like to speak to the issue of the covering the deficit for this year which the Finance Director brought up. I think it is great that the City can co-mingle funds between the City departments and School District to balance the budget and I think it should happen and thereby preserve the economic reserve account of \$4.5 million. My concern is that the School District has, in the past, deficit spent half a million in FY96 and \$770,000 in FY97. School districts and City departments should be able to manage their budgets so that they end up in the black. I don't know what happened in the past in terms of the deficit we created, but I have to tell you that one reason could be underfunding. It could also be the fact that the funds were not wisely managed. I have been doing school budgets for 20 years and I have never deficit spent. It is not difficult to do. I think our goal is to not deficit spend. Also, this year's budget, the \$1.1 million that we are speaking about, the perception is that it is a School District budget deficit. Well lets talk about that for a moment. We had a \$1.7 million salary increase approved by the Board of Mayor and Aldermen and we thank you for that and it was well deserved for the teachers. That was reduced to \$1.4 million by agreement. When we discovered that we had a projected deficit, and we won't have one until year end, and by the way that projection was done using HTE data and then manually manipulated to produce the information we have today. So in looking at the difference of \$1.1 million which is the actual amount of money that we received, and the \$1.4 million at least that we should have been receiving, as approved by the Board of Mayor and Aldermen, there is \$300,000 that we did not receive that probably is an accounts receivable at year end that would reduce the deficit to \$800,000. The accounts receivable that should be paid by the City and I think legally is owed the School district. Otherwise it would be a bad debt and I don't think anybody wants that. The Medicaid monies that we speak about and I remember Alderman Girard asking a question at the last Aldermanic meeting is that money not for special

education. It certainly is. The revenue generated through Medicaid comes from special education costs, expenditures. That money should, in good and kind practice, and legally, I believe, go back to offset those costs so you have \$600,000 to \$800,000 of Medicaid money which again belongs rightfully to the School District. So adding the \$800,000 or so and the \$300,000 and some more adjustments I do not believe that the School Department has a deficit or if they do it is very small. That is all I have to say.

Alderman Wihby stated you keep saying that, and I didn't want to get into this, I agree 100% with the salary adjustment account. That \$300,000 was a mistake and it is not really the school's fault. The Medicaid money was very clear. In the past years, we knew that you had a budget amount and we knew that you were going to overspend that amount by the amount of money that you had in for Medicaid. We knew that that was going to happen and that is what happened. You had a number, you overspent by that amount. The last budget that we did and I have the minutes of the 5/5/97 Finance Meeting where there was no money put in for Medicaid and we were told that the increase this year, meaning last year, the increase in the expenses is taken up with the increase in the revenues. There is no increase, no tax difference to the citizens of Manchester. That number didn't make any sense and upon questioning, I said well where is the \$1 million in Medicaid and no one knew where the \$1 million in Medicaid was and I said well what is your budget and they said \$57,200,000. I said well is it \$57,200,000 plus the Medicaid money. They said no, it is \$57,200,000. I said well what about the Medicaid money. That is included in the \$57,200,000. I said well then no one counted on the revenue in the City side. If you are going to give it to us and you are saying your budget is \$57,200,000, then we have to count the \$1 million on revenue. Well I guess that is right because our budget is \$57,200,000 and we are not going to go any higher. It is very clear. There are 20 pages here of the minutes of meeting that the Medicaid money was included in the \$57,200,000 figure and that that was what your total budget was going to be including the Medicaid money. You weren't going to go over that number other than the salary adjustment account which was the \$1.2 million or \$1.1 million for the extra week and then you had the severance account of \$450,000, but it is very clear in the minutes that we knew that you weren't going to go over the \$57,200,000 and it was going to be handled different than in previous years where you had that Medicaid money and you spent it. So every time you say that that money, if you give it to us, I am not arguing the fact that if we have it we can give it to you and it takes care of the problem, I am just arguing that it was very clear that the School Administration was not going to go over that number and that it included Medicaid money in that number. I will have the Clerk pull these minutes and give them to you.

Superintendent Tanguay replied the interesting thing, and I don't know what happened but when the tax rate was set and I can show you that in a moment, they used \$200,000 as a Medicaid reimbursement so somewhere along the line the additional monies was put into some fund or account and I don't know what happened to it.

Alderman Wihby stated and maybe it is there and it is easy enough to give you, but it still does not hide the fact that you have overspent \$800,000 if that is the number you are working to bring done. That money was overspent and I am not saying it wasn't overspent for a good reason for special students and additional teachers and all that stuff might have been necessary, I am not saying that it shouldn't have been overspent but bottom line it was overspent and it wasn't because you didn't get the Medicaid money. I want to make that very clear. It is not because we are hiding the Medicaid money somewhere and you are not getting it and that is why you are short. That had nothing to do with the Medicaid money.

Superintendent Tanguay stated in the past that Medicaid covered deficits so the books always showed that we were, in fact, in the black and that I think is what we are asking for again this year.

Alderman Wihby replied but in the past we would have given you \$1 million less. We would have given you \$56,200,000 and let you spend the Medicaid money. What we did was give you \$57,200,000 and took the Medicaid money. It was the same bottom line number.

Alderman Girard stated I will agree with the Superintendent that I thought that the \$1.4 million in salary adjustment was all to go over to school so that is a problem that needs to be dealt with. I didn't realize that \$300,000 of that was coming out of that number for benefits on the pay raise, but just to go back to a point I was trying to make, the Medicaid revenue aside and by the way the \$1.175 million that we budgeted for Medicaid revenue was a number that, what is the name of the company that does that work for us, Granite State. That was a number that Granite State gave the City based on the reorganization and told us was realistic, but that aside, the problem that I have with the overruns for special education this year are based on the fact that a program designed to contain costs because of the growth of special education was not implemented so I can look at this, whether it is somebody's theory or not, the fact of the matter is that the theory wasn't tried so I see cost overruns in an area where a cost containment program was designed but not implemented and that is where I have a great deal of difficulty. I have a question for Mr. Clougherty because I admit to being a little bit confused here. In years past, the City and the School Department had a deal. The City would take the first \$200,000 worth of Medicaid revenue and everything above that went into

a special revenue account. I thought that deal held last year, but I was told at a prior meeting that that deal was dissolved and all of the Medicaid revenue came into the general fund. I was wondering if Mr. Clougherty could confirm that and if that is true, there is no "Medicaid money" per se that can be applied to this problem. It is all part of the City's general fund so if we wanted to bail the department out, we would in fact be using fund balance funds regardless of where they came from to do it. Is this correct?

Mr. Clougherty answered right and that is what Alderman Wihby just said and that is what we explained last week if that is the alternative that you want to use. There may be other alternatives that are less onerous that we are trying to explore with the school department and that is the point we are trying to make.

Alderman Girard stated the bottom line of my question is there is no longer a special revenue account where those Medicaid reimbursements are deposited.

Mr. Clougherty replied there is a special revenue account that was established and that exists, but it hasn't been activated and we haven't used it to deposit funds at this time.

Alderman Girard asked so there is no money in it.

Mr. Clougherty answered no.

Alderman Wihby read from the 5/97 minutes "Alderman Wihby stated I can see that if he told me that he was going to go over \$57.2 million then I would say okay you are going over \$57.2 million you can go up to \$950,000 over" and that was the number at the time for Medicaid "because that is what you have in Medicaid set aside somewhere, but he is telling me he is not" and I was addressing this to the Mayor "but he is telling me he is not going over \$57,200,000. Mr. Hobson replied right, we will not go over \$57.2 million."

Mr. Sullivan stated I have a response to Alderman Girard's comment that I hear you. What he said is exactly right. There is no special revenue account and as Alderman Wihby said that money is in the general fund.

School Committee Member Cook stated listening to this discussion is helpful because it points out a lot of the things that went on. I never aspired to be an expert on school finance and I don't think I am, but in the last week having spoken with all of the people who were speaking here, I think this is one of those circumstances regrettably where everybody is right. What Alderman Wihby says happened at that meeting apparently is true. It was a change from prior practice.

It was presented as the estimate of the School Department on what the needs were going to be on special education in good faith and it departed from prior practice. There was a proposal for a change in special education administration which, when it was examined with the experts in the process, they discovered a lot reasons which I think in good faith led to it not being implemented because it did not appear to produce the savings it had to be. At the same time, there were several settlements coming down the pike legally with the Justice Department and various other individual education plans that required certain tutors to be put in place. Everybody is right. The problem here is it resulted in more money. I think that at twenty minutes of nine and I promised the Mayor at the outset that we wouldn't spend much time on this year's budget because we had to get onto next years. We have been trying to explain this one. I think it is helpful to understand...I would love to be able to find the bad guy. We are all looking and I am in the law business and we always look for the bad guy, but there is no bad guy. None of this money has been thrown away. Nobody stole any. It is not a question like that. It is a circumstance where a lot of things happened, a lot of people were doing the best they could under trying circumstances, a new administration was coming in. Now the job is what the Mayor said before and what we have undertaken, both the Administration and the Finance Committee and I know you and that is we are going to work from now until the end of the year in terms of FY98 to solve this problem. If the Superintendent and the Business Administrator have to take their 20 hour days and make them 22 hour days, that is just the way it is going to have to be and Mr. Clougherty is going to have to stay up all night all the time, van trip or no van trip, but we are going to get it solved and we are going to work together and do it. Almost every comment that I have heard here tracks exactly what I have heard this week talking to people about what is going on. It behooves us, however, when we design next year's process to do it in such a way that we are not having this conversation next year and I think that is what we are trying to do and that is what we have to do and we have to figure out the best way to do that. If it is the way we want to do it, that is fine. If we have to talk it through and come up with another system, that is fine. But a year from now when we are sitting here, I think the Superintendent has said clearly, he doesn't want to be in this situation. I want to say very bluntly that I came in here very neutral having run for office on the Administration of the School Department. I can tell you that I have not in my life met people who work harder and try harder to do what is right. They don't always do it. None of us does, but I think you should know that as an at least educated skeptic I have become a skeptical believer and that is what we are pledging to do as to this year's budget and that is what we are going try to do and we will work together. Any of you who has a question at any time about how it is going or what is going on, feel free to call the Superintendent or me, but I prefer you call the Superintendent because he knows more about it than I do and that is the way I think it is supposed

to work. We will get it done, but I think if we could go on to next year's budget the purpose that I introduced Mr. Sullivan for was to give you some idea of what we were spending this year. My understanding is that when all is in, it will be in the neighborhood of \$60,600,000 and I think that is a number that you should understand because that is a number that I don't think is indicative of all kinds of waste, but I think is indicative of what we are doing now and if we are going to try to accomplish some new things next year, it is a floor from which we are speaking. Now correct me, anybody, if they think I am wrong on that but if there are no questions, your Honor, we would like to move on to next year's budget.

Alderman O'Neil stated I have a number of questions that I would like to ask and I haven't had the opportunity to with regards to this year. I want to make sure that I understand this right. For the salary adjustment, you actually needed \$1.7 million. The Board of Aldermen only funded you \$1.4 million and they, over and above that, had to take out \$300,000 so you actually only got \$1.1 million. So you were \$600,000 behind the ball to begin with. Secondly, there is a shortfall in revenues from tuition, correct, to the tune of at least \$500,000? How does that affect this whole picture?

Superintendent Tanguay replied well that is the other side of the equation. The revenue portion is overstated in terms of the expected revenues, as the expenditure portion is understated or the other way around, overstated expenses and understated revenues. The half a million is basically the Litchfield students. Somehow they thought they were going to receive another 100 students from Litchfield and the actual amount in talking to the Superintendent from Hudson/Litchfield is that they expected maybe five or six students that would be coming to Manchester next year. We signed a five year contract which said that they could bring in up to 125 students in that five year period of time. The expectation is that they would probably start building that number up from five or six to a higher number in a couple of years. As you know, they have also requested since that time to send all of the students from Litchfield to Manchester and we have a committee that is still studying that issue. You are absolutely right. That was a half a million that again reduced the...

Alderman O'Neil stated I am not an accountant, but if there is a deficit of \$600,000 and we have a shortfall of at least \$500,000 in revenues, that means that if everything would have been budgeted properly we would only have \$100,000 deficit at this time.

Mr. Sullivan replied revenue deficit that we projected in the most recent version I think is very close to the same figure that the Finance Department has. It is \$1.1 million. That is primarily in the tuition area. Most of it in the high school tuition

area that is above and separate from the \$1.1 million appropriations deficit that we have been talking about.

Alderman O'Neil asked so how does that shortfall in high school tuition affect this whole picture. That is what I am trying to figure out here.

Mr. Sullivan answered what it affects is the City's general fund for the fiscal year ending June 30, 1998.

Alderman O'Neil asked do you agree with Mr. Cook's statement that the salary adjustment and the special ed Medicaid need to be in the School Department budget and not in the general City budget. I believe that is what Mr. Cook said.

Mr. Sullivan answered there were a couple of areas where I think there were some problems caused because the salary adjustment hadn't been done. One is in the area of tuition and what we found is that when tuition was estimated and bills were sent out for FY98, the estimates did not include those salary adjustments and so that I think at this point the City can rebuild that and still has an opportunity to collect some of that, however, many of the districts already have the amounts in their budget and how much of that can be recaptured this year I don't know, but I think it would be more useful in those cases for the salary adjustments to be made when the contracts are signed at the beginning of the year.

Alderman Wihby stated the salary adjustment account, those are items that we put in there in anticipation of contracts. They are not contracts out there yet so the Board hasn't voted on that yet. To give them that money in their budget before we voted on anything, they could turn around and spend it for one thing where at least if it is in the salary adjustment account, we control it and we decide if it is 1% or 2%, that is why it is always stuck in salary adjustment.

Alderman O'Neil asked do you agree that they were \$600,000 behind coming out of the gate.

Alderman Wihby answered I agree that they knew they were going to be \$300,000. They accepted our proposal. They could have said no, we are not going to fund that \$300,000 and then they would have negotiated the salary increase, but they accepted that and they knew they were going to have to come up with \$300,000 in their budget. I do agree that they are \$300,000 short.

Alderman O'Neil asked in your management letter, I am not sure everybody has it, the item that kind of struck me was "avoid overexpenditure in general fund budget" and you have discussed that \$500,000 in 1996 and \$776,000 in 1997, but

one paragraph struck me in “the overexpenditure in the general operating accounts was covered by a transfer from the Medicaid fund. Although this transfer was proper use of these funds, the transfer was not voted by the Board of Mayor and Aldermen as required by Ordinance or by the Board of School Committee.” Do you stand by that?

Mr. Sullivan answered yes. There is an Ordinance that we found that specifically set aside, that was the Ordinance setting up the provision to set aside that Medicaid money and it specifically did contain language requiring a Mayor and Board of Aldermen vote to use that money.

Alderman O’Neil asked and that didn’t happen in 1997. To your knowledge has that happened yet for this year?

Mr. Sullivan answered it doesn’t apply to this year because that Medicaid money is not in the special revenue.

Alderman O’Neil asked are we using the proper, and I don’t know how to word this, proper year’s Medicaid money to balance proper year’s operating budget.

Mr. Sullivan answered the Medicaid program is a reimbursement program so the timing of when you get paid for services delivered, there is a lag in time from when services are delivered to when they are billed to when the amounts are approved and so there can be as much as a six to nine month lag between the time that you delivered the service and you get the reimbursement. For that reason and for accounting purposes, those have been accrued at the end of the year because some of what is received in FY98 is for services provided in FY97. From an accounting standpoint, it is okay to accrue that.

Alderman O’Neil asked it is something that we don’t have any control over.

Mr. Sullivan answered no, absolutely not.

Alderman O’Neil asked and it is a proper accounting practice.

Mr. Sullivan answered yes.

Alderman Thibault asked how come the State’s price per pupil has gone down and then I would like someone to explain to me how much it costs us to put a child through school and is the State paying us a lot less than what it is costing us or more. I would like to know that. Can anybody answer that?

Superintendent Tanguay replied the estimates that I use to bill school districts, I just have estimates for high school. At the end of the year when we close our books and we have the actual cost, that is what they are billed. Now it is an adjustment made up or down from that point. For the estimates used last year, I think we are about \$5,300 and the actual cost came in at about \$4,900 so there was a \$400 differential per student. Again, that was reflecting the actual expenditures at about \$4,900. As you have heard Mr. Sullivan say, in this year's estimate we will be adjusting it because now we have, for example, the salary adjustment account which is going to raise our cost of expenditures so that is going to up that tuition and I think that pretty much what happened last year was that based on the estimates we were a little high and we talked about the 100 students from Litchfield which was not really the issue but it is going to impact the revenues and it will be down somewhat.

Alderman Thibault asked but are you saying that it costs the City of Manchester \$5,300 or is it the State that figures that.

Superintendent Tanguay answered no. We actually do the MS-24 which is the year end expenses and they look at it and they can adjust it one way or another. As a matter of fact, there may be an adjustment coming through for this past year on that of maybe \$100 or \$150 so the revenue portion that we looked at before as being understated or overstated will now move up a little bit so that variance of \$400 will be somewhat collapsed a little bit. In terms of the true cost of education, one indicator is...

Alderman Thibault interjected that is what I am looking at. I want to know the true cost of what it is costing us to educate some of these kids.

Superintendent Tanguay replied we talk about per pupil cost which is what the State uses and that excludes such things as transportation and food service and debt service. Three big items. I guess the easiest way to calculate it would be to take the \$84 million which is the size of our budget, and not the assessment that the City gives us necessarily. The assessment only reflects the net between expenditures and the revenue. So the true cost of education in Manchester last year was about \$84 million so that divided by about 17,000 students it was close to \$5,000 K-12 across the board. I have some numbers on a per pupil cost, for example elementary in Manchester was \$4,202. In middle school it was \$4,989. In high school it was \$5,194. The State average for elementary was \$5,255; for middle school was \$5,348; and for high school was \$6,308. I guess another number you might want and be interested in knowing I am sure would be what the ABC Plan would calculate that to be. ABC says elementary costs should be about \$4,629. Remember our cost is \$4,202 right now. The middle school would be

about \$5,206 and our middle school is now \$4,989 and the high school would be at \$5,767 and our cost is \$5,194. Those are the numbers that are used and I know there has been some formula changes, but basically that with some modification would yield about \$11.1 million to Manchester net. Also, you might be interested in knowing that since we are talking about per pupil cost, the per pupil cost in Manchester for 1994/1995 as compared to the State average was down, was below by about \$450; in 1995/1996 was \$622 below the State average; in 1996/1997 was \$910, almost \$1,000 below the State average. That is significant because I think we are all trying to understand deficits and what contributes to deficits. A lot of factors go into it, but one indicator is that if you are funded below the State average, way below which we are in this case close to \$1,000 in 1996/1997, you are basically underfunded education. I think it really sets up a recipe for disaster if you will because you are then understating your expenditures and overstating your revenues which is what we have this year and also in prior years. That is something we need to address as we go into the future. We are committed to having an adequate budget that we can manage and meet all the bases. There is no doubt that there are ways of saving money. Special education is one that we have looked at. We have brought in tutors rather than hire more teachers. Also tutors helped us to keep the out-of-district placements down which would have increased the deficit in the tuition account. A lot of things we work on continually to manage and try to save money but I think key to that would be an adequate funding level that would help us provide a reasonable education to the students.

Alderman Thibault asked in view of the fact that the State gave you less than what you had calculated for the children, how much has that impacted your budget. \$500,000 or \$400,000, whatever?

Superintendent Tanguay answered I don't have that number, but I guess the real problem is not what the State gave us, the State doesn't give us much I think between State and Federal revenues it is probably 10%.

Alderman Thibault stated maybe I worded that wrong. I mean what they told you to charge per pupil as compared to what you had anticipated to charge.

Superintendent Tanguay replied that was below and again the number we had was about \$400 less but now we are finding out that that number can be adjusted so that is going to go up maybe \$100. The difference might be \$300 but that is going to help us going into next year as well and I think the Finance Director would probably allow us to carry an accounts receivable that will help the proposed projected deficit in the revenue portion.

Alderman Hirschmann stated the Superintendent did kind of answer my question to a degree. My question was on the revenue shortfall I understand that 125 students approximately from Litchfield didn't show up so that is over half a million and for the complement to teach them, that had to be reduced because they didn't show up. So are you saying you switched to tutors instead of hiring teachers? Is that what you are saying?

Superintendent Tanguay replied there are two answers to that question. First of all, we did not anticipate 125 students. What I said was that the contract signed, which is a five year contract said in effect that they would like to be able to bring up to 125 students over that period of time, but they are looking, in talking with the Superintendent, for maybe two or three years hence, not this year so that was never a consideration for the Hudson/Litchfield school district. They said five, six or seven students. We have five now. We had seven last year.

Alderman Hirschmann asked didn't Mr. Sullivan say that the revenue miss was tuition based.

Mr. Sullivan answered the reduction in the projected revenue deficit is primarily tuition shortfalls.

Alderman Hirschmann asked so it is out of district kids that didn't come here, right.

Mr. Sullivan answered it is a combination. It also includes the fact that the contracts that you have with a number of districts that send children here state that you will estimate the per pupil costs and bill on an estimated basis and in the subsequent year based on the State's calculated per pupil cost there will be an adjustment. In FY98, there was a \$450,000 adjustment related to the lower per pupil cost number from FY97. That is a major part and the other part is the estimate that was put forth for this year didn't include things like the salary adjustment account so when the calculated estimate for the per pupil cost was made this year, it was made lower than in fact the actual costs are going to be. As I say, I think some of that can be made up by year end. How much of it, we don't know.

Mr. O'Shea stated to understand tuition revenues you really have to step back and put yourself in the other person's position. The other person's position would be the sending district. The sending districts, whether it be Litchfield, Candia, Hooksett or Bedford. When we give them a figure, we have to give them a figure two years out so that when they are preparing their budget, they will appropriate sufficient funds to cover tuition payments to the City of Manchester. As Mr. Cook

has said and Mr. Sullivan has said or alluded to, there are certain changes that need to be made in your structure. Your accounting structure. When you say you have a salary adjustment account and you are not going to pay that money over until the year has closed, that means that you're underestimating the figures that you are sending out to the surrounding sending district towns. If, and this is an if, you chose to adopt a different system of funding such as if you pass a salary agreement in June you immediately adjust the budget number. That would raise the number which in turn when we sent the estimates out to the sending towns that would raise the amount of money that they would be appropriating two years hence. That means that you are not going to be short in your revenue. It also means that the figures you are giving them are much more accurate. By delaying it a year to catch up with those accounts, you are basically shooting yourself in the foot.

Superintendent Tanguay stated regarding Alderman Hirschmann's question on the tutors, I want to make sure that he was clear on that. Basically by hiring tutors it helps us to limit the amount of students we place outside in institutions and that cost is excessive. The point being that we save money on the tuition side, even though we overexpend at some point, we still save money. So the tutor expense, I think, is well worth it and that is a philosophy that we have adopted in trying to save some money.

Alderman Girard stated to just add one missing point on this whole salary adjustment debate. One of the ways, and Alderman Wihby might remember this and if I misspeak please correct me, one of the ways that the difference between the \$1.7 million and the \$1.4 million was hoped to be made up was if you recall back in 1997 the School Department had 42 or so retirements or dismissals and most of those were out at top step. When we budgeted FY98, we did not bring those dismissals or those retirements down to a \$28,000 or \$30,000 mid-range level. If I am not mistaken, we left those salaries at where they were or close to where they were anyway so that the School Department would be able to do one of two things, well both of two things. One was making up the difference between the \$1.4 million and the \$1.7 million for the pay raises, but the other was to try to build a fund to fund the early retirement program that we have had some difficulty discussing lately. So that measure was taken to assist the School Department in those things and of course the savings would only materialize if the Department hired teachers at a level lower than what was funded. I was reviewing a report recently and on that report there was something like 81 new hires, certified teachers in the school district this past year and excluding the administration officials that had been hired, I believe there were three, of the 78 teachers that were hired, 22 of them were hired at a rate of \$35,000 or higher and several of them at top step. So a lot of those savings that would have been applied to that

\$300,000 gap between the \$1.7 million and \$1.4 million in the pay raises or could have gone to fund the early retirement, were eaten by the cost of the teachers that were hired, never mind the numbers in addition to what was budgeted. The Board did make an attempt to try to handle some of those as you did, your Honor. They basically followed your recommendation there, but practice and theory didn't quite meet and that, I think, is part of the problem here.

Superintendent Tanguay stated I agree with Alderman Girard. I am not sure of the number \$35,000, but let's assume that. We did hire at a high level because most of the hires were special ed and special ed teachers are hired at high levels because they have a Master's Degree for example. I don't have the exact number. The retirees that he speaks about, the 42, we were interested in that number and the number was really 24 not 42 retirees. The real question is are we a bottom line budget approved by the Board of Aldermen or are we line item. If we are the bottom line budget that the Charter says we are, then the line item for salary adjustment automatically would come into our budget. That is really, I think, the question that we need to answer tonight and if that is the case that we are bottom line then it should be an automatic process.

Alderman Girard stated just to follow-up on what the Superintendent is saying, I as an Aldermen would have no problem taking things like salary adjustment and putting them into the School Department's budget so long as in the process of managing the budget if they decide to give pay raises it is within that budget and they don't come back to the Board of Aldermen looking for money or they don't overexpend their line item. I think that part of the problem with the salary adjustment account and part of the problem with the severance accounts, one of the reasons why they were separated out is because in years past and I don't say this to Mr. Tanguay, but in years past as you know, your Honor, there were always a lot of games played with giving pay raises and spending the money on something other than pay raises and spending money that was supposed to be sent for other purposes on salaries and we all know what a hot bean the severance account always was. I would be willing to support that request going forward if, when the School Department takes a look at awarding a contract or something along that line, they don't come back to the Board for more money. If it is in their budget and they want to manage it and they think they can give a pay raise, great, but don't do it and then come back to the Board of Mayor and Aldermen and say well you didn't give us enough money.

Superintendent Tanguay stated I think Alderman Girard is correct. If we have an adequate level of funding and I don't mean a wish list, I think a practical, workable budget, which is what we are asking for this evening, and the tools to manage, I can with reasonable certainty tell you that we will not deficit spend. My

experience has taught me that. Mr. O'Shea's experience has done the same thing. We don't deficit spend budgets but again with adequate level of funding and that means that we are not forced to deficit spend.

Alderman Girard stated that \$469,565 does not count the \$1.2 or \$1.3 million that is in salary adjustment for a potential teacher pay raise, correct.

Mayor Wieczorek states what it includes is the \$1.2 million that was in there for the 27th week.

Alderman Girard stated I am talking for FY99, your Honor.

Mr. Thomas stated that is correct, it does not include that.

Alderman Girard stated so what you have budgeted for schools is really the \$59,465,000 plus that \$1.2 million.

Alderman Cashin stated to say that the School Department was underfunded and that revenues didn't come in as we expected may all well be and it may have happened but the point here is that we have a problem. We collectively. The School Board and the Board of Aldermen. Now lets use that as a learning experience. Lets try to see that it doesn't happen again and lets go on from here and lets close this thing. Lets rectify it. Let the Finance Department work with the School Department. Lets find the money. I am sure it is available if we want to work together so lets do it.

Alderman O'Neil stated it is clear to me and hopefully clear to my colleagues here that there has been absolutely no mismanagement by the School Administration and I think that is very important. I think they have worked with the cards that were dealt them and they have done a very good job and hopefully working with Finance they will be able to get out of it this year so well done.

Alderman Shea asked, your Honor, what is your proposed budget for the School Department.

Mayor Wieczorek answered \$59,465,000.

Alderman Shea asked what is the School Department asking for.

Superintendent Tanguay stated we will pass out the information and I will give you a description of what these things are. The special projects includes, again, portables at Beech and Highland and as you know we had a portable at Beech this

past year because of the growth. We had 33 students in one so that will help to alleviate the capacity problem at Beech Street School. We also put in 11 new portables. That number will go down now because the Parkside students this year will remain at Parker-Varney. That is our plan right now while the addition is going on Parkside. The \$43,700 that is our best guess. That is the set-up cost and the leasing cost. The video production is an upgrade on the video system. We have Bakersville carpeting and Smyth Road floor tiles. Those two items probably, and we had some question as to what can be proposed on the PBS budget, those could probably come out. You can talk to Mr. Houle about that. Then there is the Parkside Natural Gas Conversion. Then we have the Foster Grandparents Program, YMCA STAY Program and Flame Proofing Stage Curtains.

Alderman Girard asked how many portables are at Beech and Highland.

Superintendent Tanguay answered we have two.

Alderman Girard stated the reason I ask is that the cost for the middle school portables per unit seems to be much higher at Beech and Highland and I am wondering why that is.

Superintendent Tanguay replied again, those are set-up so the initial cost of \$43,700 includes the set-up cost and some of the furniture and fixtures that would go into that. Again, it is a loose number right now. We haven't gone out to bid.

Mr. O'Shea stated I can explain a little bit more on the difference in cost. The portables that are at Beech Street, where we were up against a crunch at that time, those are rehabilitated, older portables. That is why they came in at a lower cost. The other ones are brand new.

Asst. Superintendent stated what we are trying to do is begin to return to a textbook rotation cycle so that subject areas at different levels are on a cycle of five to seven years renewal so that we don't end up in the situation that we have currently where for the reading language arts instruction kindergarten through sixth grade we are using textbooks that are 12 and 14 years old. So this year we finished a two year articulation of the language arts curriculum, what the written curriculum is and spent a year and a half piloting different textbooks to help us implement that curriculum. This is a budgeted figure for the new textbook purchase that we are committed to staying within. This would purchase student textbooks, teacher's guides, practice reading books and two workbooks for children in kindergarten through grade six and the original first year figure is \$652,803. The second year you are only buying the consumables and replacement books so we are estimating that it will drop in the second year to about \$130,000.

Our highest priority, these are prioritized, so we wish to make a great impact on reading instruction for students. This is a sorely neglected area in the City of Manchester and we really need to share with teachers new methodology in teaching reading and make sure that they have the materials to do it.

Alderman Shea asked you have K-6. Is it really K-5 because you have the middle school.

Asst. Superintendent Hamblett answered no. That is a good question that has been asked frequently. I am meeting with the fourth, fifth and sixth grade teachers on Monday to discuss this in more detail with them before we actually place the order but as you know there is a lot of anxiety among staff, sixth grade staff, in moving to the middle schools. They have been in an elementary self-contained situation for a number of years. They moved into teaming this year where they have subject area specialties and they are looking forward to moving to the middle school but they still have some anxiety about it and wish to be included in the language arts new curriculum because they know that they will get the support for that. They have been working for the past two years on the selection and the curriculum, so they feel some security in that. Also, we feel that the textbooks that will be purchased fits nicely in with the current seventh and eighth grade program. The reason that we are not looking at a 6-8 is that we will prioritize next year a new math curriculum to be worked on next year with the textbook purchase the year after. Because of that, language arts will not come up again at the middle school for four or five more years so we really need to make sure that the sixth grade has the curriculum until that language arts for the middle school comes around again.

Alderman Shea asked does that mean that the kindergarten curriculum is going to be upgraded.

Asst. Superintendent Hamblett answered that has been on our To Do List and I have met once with the kindergarten teachers and I am meeting again with them on Tuesday of next week to start on curriculum work for next year planning for next year. It is sorely needed. The second priority in textbooks is to finish our modern language textbooks that began several years ago. Two of the high schools purchased new textbooks in their language areas, German, Spanish, French and Latin, but one high school didn't get any new textbooks so we need to bring that last high school in line. We have budgeted \$30,000 in new textbook costs for new students that we are anticipating. Special education textbooks are extremely important. This is an area of neglect over the last few years. Special education teachers need to have teacher manuals that are similar to what is being used in the regular education classrooms so that they can better prepare the students and work

on the skills that the students need in their regular education classroom. They also need supplementary materials that they would use only in the special ed rooms. The middle school curriculum, we have budgeted for the increase in students at the middle school \$43,200 and also for setting up the library at McLaughlin some initial costs for set-up and purchasing books of \$40,000.

Superintendent Tanguay stated I would like to move on if everyone could turn to the tuition account, Object Code 561 and 562. That has about a half a million increase and I have asked Dr. Angello to review that with you.

Dr. Angello stated first of all, if you look at the prices in both columns, what actually we have done is gone through the students that were presently placed either in or out of the state. We have many less students in the in-state placements. There are approximately 31 students but those placements can average out to around \$30,000 to \$35,000 per student. That means there will be some less and there will be some that are much higher. So we have placed the students in the proper category so that is first of all why you see a marked increase because what actually has had to occur this year is that some of the out-of-state placements have had to be costed against the 561 Account. It also includes any other increases that we would anticipate for next year and again I want to reiterate that when we had 153 placements on the second of April there were 153 students in placements. There are students that are being placed in addition to that but just looking at that account, out of 153 students, 59 were court ordered placement. I might state to you that of those, when we have those children in residential settings, the district incurs a cost of \$16,986. Above that cost we are able to bill that to the Department of Education so there is some reimbursement there. There are Manchester students that are in foster homes in other districts. They are Manchester students but they are placed in foster homes outside of the City of Manchester. There were 48 of those students and then there were 46 that were placed by the building level teams so we saw 46 out of the 153 were actually placed from building teams. I might state that one of the most major reasons why students are placed outside of district is the area of behavioral disorders. That is one of the reasons, too, that they have related problems that lead to court ordered placements. Truancies, attendance, issues, and those become home related issues. There are continued efforts to try and contain, and I think that is certainly reflected by the low number that is placed at the building levels, but we still do not have total control over the court orders or the foster home placements. Finally, I would like to say that when we have any type of placement that is three times the district average of the cost, we actually and tomorrow I will be working with one of our staff members to start looking at the aid that we need to apply for in which you can get some compensation from the State next year and that is the catastrophic aid. So we will look at those figures and be submitting that count. Again, you do

get some reimbursement. That is the other reason why Medicaid is important because Medicaid is a reimbursement for cost that is incurred for a variety of services that have to be provided for these youngsters. Again, I think it is always important to look at the ones where we don't have control, but the thing that we do want to look for is accountability on the part of the residential setting.

Superintendent Tanguay stated the next sheet shows how these enrollments are calculated. The way that it is done and you need to know this is because the standard benchmark is you take the for October mid-year, October 1, 1996 and October 1, 1997. In this case it shows them both at about 302. That is one number. Now we can do the same thing any month of the year comparing month to month and year to year and that number can change. What the State does and what most states do is they figure an average membership (ADM) that is the basis on which all state reimbursements are formulated. It is based upon the annual aggregate half day's membership of the District, divided by the number of half days that the school was actually in session. ADM's are always much lower than actual enrollments for any given period or point in time. The lower numbers associated with ADMs have the effect of raising the per pupil cost as calculated by the State.

Alderman Girard asked why is it that you use enrollments as of October 1. I understand that you are telling us here that it is a benchmark, but why is that. I mean those numbers are inevitably higher than they are after January 1.

Superintendent Tanguay answered it changes. That is a standard that is used, October to October. The enrollment number, for example when we open school in September the first day of school is going to be a lot higher so we normally wait until the end of September when the enrollments are stabilized then we hire teachers based on that number.

Alderman Girard stated they may stabilize at that point, but as the year goes on, they do decline, particularly in high school.

Superintendent Tanguay replied we have some proof that we also have the staff hired. You can't just eliminate staff at that point. The staff will stay on. Normally what happens is once that September number comes about on September 30, it doesn't change that much so that is why we wait for the entire month. The number also goes into the calculations the State uses. As you can see here, average daily membership showed in 1992, 14,108 and that has been our number until 1996-97 which was last year.

Alderman Girard asked what is the average difference between your opening enrollment, take your October 1 enrollment, and your June enrollments. The reason why I asked that question is I realize that you are telling us that by the beginning of October things have stabilized, but we all know that you don't have as many kids in school come June as you do in September or October. I guess what I am driving at is there is an old saying you don't build a church to accommodate the Easter crowd. It seems that we base our numbers for hiring on the highest possible number of people and as it tapers off during the year, we are stuck with all that staff.

Superintendent Tanguay answered not necessarily. I don't have the numbers tonight, but I will be glad to get them to you to show how it changes from the end of September through June. For example, we have Beech Street School at 31, 32, and 33 students in grade 1 and I have to accommodate that. We have a lot of classes that are much too large now and if and when we have a surplus of teachers we can use them to lower the class sizes.

Mr. O'Shea stated I have had the experience of working, because of my advanced age, in several different districts. You can't just say that as the year goes on towards the spring and the advance of summer that you student population declines because if you said that, in every district where do the kids go to school. It is a market trend, the same as anything else because there are certain school districts that will continue to grow as the year goes on. I can cite one right now in Massachusetts, Hopkinton, where they are growing by an average of a classroom per week as the school year progresses. What I really wanted to point out, we had the question between October and June and using the ADM. If you look at those two sheets that you were given, the change from October 1 to October 1 was 310. If you do the ADM on a five year average, you have 314.96. That is not much of a difference.

Mayor Wiczorek asked on the class size, the average class sizes, are you working in this budget to try and get those class sizes down.

Superintendent Tanguay answered no we are not because we don't have the capacity. We would like to very much, but we will have to wait. I know the ABC Plan also addresses class size. It think it is 24 and 20 in the lower grades, but we have not factored that into this budget this evening.

Asst. Superintendent Brennan stated I have one additional comment. Obviously when we say the capacity for...class size is a function of how many kids do you have, how many classrooms do you have and put them in and how many teachers do you have and that is the capacity that we don't have is traditional classrooms,

but when we talk about students going out of the system between September and June in the high school level, it is kids over 16 years old who drop out of school. One of our goals and we haven't been real good at that in Manchester, but one of our goals is to lower that and keep them in school, therefore, needing the teachers. It is also true and I think logically when you think about it and this is a point that has been needed to be made all night on this and I think you all know it, but a kid is not a kid. Because if a kid is a special education child that is one set of circumstances. If a child is an English as a second language child, that child will undoubtedly end up in a classroom with five to eight students in it and be much more, frankly, expensive to educate than just a kid who moves into the neighborhood and gets added to the high school. It is also true that when they drop out of school or when they leave, 30 of them don't leave Mrs. Jones' class. One leaves here and one leaves here and one leaves here and you just can't say well we got rid of 30 kids we can get rid of some staff. It doesn't work that way. It would be nice to say that we have to staff up for something, the fact of the matter is that we have to staff up to do the job, but the drop out rate thing is very important.

Superintendent Tanguay stated you have had a lot of information to this point and I think you probably need some time to digest this. I would be willing to say as long as you want, but there is an awful lot of information and I would like very much to come back and answer some more questions and do some more work on it. Our position here in the Administration is to have you as knowledgeable as possible on the budget. We want you to understand the budget and we welcome questions that are asked because it helps us also in terms of sharpening our own skills in the projection, so we appreciate the questions. Again, we don't always have the answers but we will do our best to give you an answer at a later date.

Alderman Reiniger asked is there a complete breakdown of all the special education costs.

Superintendent Tanguay answered we can provide that to you.

Alderman Reiniger asked do you know off hand what the percentage of the total expenses is attributed to special needs/special education.

Superintendent Tanguay answered I think Dr. Angello may have some information on it, but I don't think we have it broken down by category. We can get that for you.

Alderman Reiniger stated it would be great to have a handout just detailing all of those things.

Asst. Superintendent Brennan stated we can give you the line items that are largely attributable to special education and you can compare that to the total reasonably easily. Another point on special education and we are all tired and I appreciate your patience more than I can tell you but when we talk about special education and I want to make this plea because it is something I am reminded of every time we talk about it, I think we all know that we aren't talking about the individual kids we are talking about the cost because we sometime make the mistake of saying if we only didn't have those people we wouldn't have those costs and those people are entitled to what they get. It is a problem that we all have to deal with and we really wish that the federal government would fund it to the extent required, but I hope we are not going to ever equate that to the kids and I know you haven't and nobody has suggested that but it is something that I remind myself of all the time.

Superintendent Tanguay stated one of the things we have on these special ed costs is we have billed for out of district. These are some of the costs for emotionally handicapped, special needs within the high school and those are variable depending on where they are placed. One of the things we talked about earlier was the offset accounting format that we have now and it is really difficult for us to take this year's budget and we are working at it. What we want to do for next year is to have it all broken out by program by function code.

Alderman Clancy stated I am quite concerned about the class size at Beech Street School mainly because of the different nationalities going to that school.

Superintendent Tanguay replied one of the things that the federal law says is that we must have these students, I believe, in neighborhood schools. In other words we can't have them all at one location but I think with some of the redistricting that we will be doing that will help that situation. I appreciate what you are saying.

Alderman Clancy stated I have been down there and I have seen the poor children down there in some of the classes. You know all the different nationalities down there it is quite hard for them to learn anything.

Alderman Pariseau asked would it be appropriate to recess this meeting until an evening next week.

Mayor Wieczorek answered no. Let me just get a couple of more things in and then we will because we are going to wrap this up.

Alderman Sysyn stated Norm, I don't want to end on a bad note, but I am very displeased and upset at the way in which the meeting last night was scheduled. I was under the impression that the meeting was basically a one-on-one or a small group session and did not realize that it was a quorum. I think that as you have stated to us many times, you have been doing this type of stuff for 26 years and I feel that you should have known a little bit better in terms of scheduling such a meeting and I believe that an apology is in order to me and to all of the other Aldermen that were at that meeting for putting us in such a bad predicament last night.

Superintendent Tanguay replied obviously that was not intentional. I had instructed my staff to notify the Aldermen. I don't know how she conveyed it to you people. It was not meant...my instructions were to invite the Aldermen. I didn't know who was coming or how many were coming. There was not, on a one-to-one, and if that was communicated that way I apologize for that. Obviously, I cannot call an Aldermanic meeting. I don't have that authority. It was an information meeting and I was trying to share information with the Board so that tonight we could focus on the FY99 budget instead of the FY98 so if I did something, if I committed a faux pas I apologize for that but that was how it came down. My experience, other than Manchester before has always been with school districts and working with School Boards and not Selectmen or Aldermen.

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

A True Record. Attest.

City Clerk