

COMMITTEE ON FINANCE

May 20, 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 Pariseau.

A moment of silent prayer was observed.

The Clerk called the roll. There were 12 Aldermen present.

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

Messrs: J. Gardner, R. Roy, T. Lolicata, S. Tellier, T. Nichols, F. Thomas, K. Sheppard

Mayor Wieczorek recessed the meeting.

Mayor Wieczorek called the meeting back to order.

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

Tax Collector

Ms. Gardner stated I welcome the opportunity to come tonight. For the Tax Office, we are rather pleased with the budget that we have. We don't have any major complaints. We know that one of the complaints that has been prevalent this year has been a problem with reaching our office by phone and I believe that in the Mayor's budget that will be corrected. We have a permanent phone position allocated and as soon as the budget is approved we will add a second line. We will then have two lines to the public and a person who is strictly dedicated to

answering that phone so we expect that problem to be alleviated immediately. The only other concern we anticipate this year is a problem with State Motor Vehicles which hasn't been ironed out yet. We may end up losing half of our municipal agency fee depending upon what they do with the issuing of new plates and that hasn't been resolved yet so we are not sure where that is headed. Other than that, I don't anticipate any major problems.

Alderman O'Neil asked could you give us a little more detail of what the State situation or what financial impact that might have on us.

Ms. Gardner answered yes what is going to happen is that as of January 1 the State is going to be issuing new license plates to everyone and currently we do renewals by mail which means that we mail the decals out to an individual and that is just a 32 cent postage situation. If we have to mail the plates out to an individual, it will cost us \$2.16 a set and we are only getting \$2.50 for agency so there is not a sufficient amount of profit for the City to make it worthwhile to do it. However, it means if we are not going to issue the new plate we are also not going to be doing renewals at the City level which means that all of the vehicles we are doing right now and getting an extra \$2.50, those people will have to go to Canal Street and get their plates.

Alderman O'Neil stated let me make sure I understand this. You presently get \$2.50 from the State and the cost would be \$2.16 or \$2.60?

Ms. Gardner replied \$2.16 to mail the plates.

Alderman O'Neil asked so there is still sufficient funding, correct.

Ms. Gardner answered there is sufficient funding to cover that aspect, but the \$2.50 that we get and we actually don't get that from the State, we get it from the customer. They pay an extra \$2.50 for the convenience of us mailing them the decals and they don't have to go to Motor Vehicles, but that \$2.50 is to cover the City employees who are doing the State work already. So if you are figuring that it is going to cost us \$2.16 to send the plates out, we are only getting the difference between \$2.50 and \$2.16 for the employees to do all the work.

Alderman O'Neil asked so this is the \$175,000. Am I in the right line item?

Ms. Gardner answered yes.

Alderman O'Neil asked what do you figure the new mailing cost will be.

Ms. Gardner answered \$2.16 per registration because we would have to mail them a set of plates and that is about 60,000 plates. 60,000 customers. It is a substantial amount of money.

Alderman Wihby stated I can't hear her. What was the answer? Are they short money or not?

Ms. Gardner replied, no well...

Alderman Wihby asked can I interject something first. Did he ever have a meeting with you? Safety Flynn? Did he ever get all of you guys together and meet with you?

Ms. Gardner answered he did meet with us regarding the computer issue which was a separate issue.

Alderman Wihby stated because he told me that we weren't going to be affected in Manchester and that we could do whatever we wanted to do and he would go along with it.

Ms. Gardner replied one of the things when they did meet in Concord was they were going to try and get something passed in the Legislature where the extra \$2.16 mailing fee would be added to the registration and they haven't done that yet and I am not even sure that it is being proposed. It does have to be an RSA. It has to be passed by the State in order to charge it so if we can get the extra fee to cover the postage of the plates, they we can continue to do agency. Then it makes sense.

Alderman Wihby asked and if we don't, what are you saying the difference is.

Ms. Gardner answered I would say that we are probably going to lose about half of this because from July until December half of the \$175,000 for municipal agency revenue because every renewal has to get new plates.

Alderman Wihby asked is the last page, is that revenue.

Ms. Gardner answered 4480, the revenue is \$175,000 projected.

Alderman Wihby asked so the only difference is half of that you would be losing if you didn't get...

Ms. Gardner answered I think it would be approximately half because we are talking six months. We are talking January through June so on average it is about six months.

Alderman O'Neil stated I did some quick math here and it is about \$130,000 to do the mailing, correct, if we have to mail to everyone.

Ms. Gardner replied if we have to mail to all, well actually we probably will not be mailing as many because some of them will probably choose to come in and change their plate and get a different number.

Alderman Wihby asked so expense wise you are all set.

Ms. Gardner answered expense wise we are all set.

Alderman Wihby asked did you agree with that number that Personnel gave you, whatever that is.

Ms. Gardner answered with the revision that we had received there was an adjustment of about \$1,100 on Tax and that is done and we are set.

Alderman Hirschmann asked could a 32 cent notice be sent to come and pick up your plate at City Hall instead of the \$2.16 mailing. Couldn't we send a notice for 32 cents saying your new, in January or whenever it is, instead of the big mailing have them pick it up.

Ms. Gardner answered then you lose the reason for charging them the \$2.50 because they are paying us \$2.50 because they want to do it through the mail, although customers do come in the office and pay us the \$2.50 so that they don't have to go to Canal Street but I think in a lot of situations what they will say is if I am here and I am downtown I will go to Canal Street and get my plates. I can't say that for sure. We are going to be sending a notice out anyway because we will send a notice that says this is what it is for the City. The first year that we did auto registration by mail, we were not municipal agents and we didn't issue decals but what we did was send a notice out and we told them make one check out to the City and one to the State. We did all of the City work. We did not charge the \$2.50 because we weren't issuing decals and we had a courier from the State come down and pick these up and bring them to Motor Vehicles. There was no process for the City, we weren't getting \$2.50 per registration that year. It was just to get us into mailing and it was a convenience to the customer. We could, if we had to, from January through June, we could continue to send a notice to a customer and tell them it will cost you this much for the City and this much for the State and

possibly the State will send a courier down again to pick these up and mail the plates out and absorb the expense of mailing the plates which is \$2.16, but we won't get the \$2.50 agency fee for not issuing the plates.

Alderman Hirschmann stated it sounds like you are in trouble on that number, your Honor.

Ms. Gardner replied it is something that is still being discussed. It hasn't been decided yet.

Alderman Clancy stated a lot of people have been telling me that they like the idea of going to the Plaza to pick up their plates mainly because of inside, the weather and stuff like that and the garage being handy next door and stuff like that. How long do we have a lease on where we are downstairs on the first floor?

Ms. Gardner replied I don't have any of the lease information. I assume that the lease was set-up so that when we are ready to go back to the Annex that...

Alderman Clancy stated but a lot of people have been telling me that they really like the idea that they can go in the garage and walk through due to the weather it is really convenient.

Mayor Wieczorek stated you are absolutely right. As a matter of fact, that is one of the things that I commented on. I said well you know I think it would be worthwhile taking a look to see if they can stay there because people are inside. It is not cold, it is not raining, it is not snowing and they have the garage and then they went to take a look because that was one of the main concerns because I said every time I was coming to City Hall I see the line outside and no matter what the weather was, there was a line out there. I said with the new facilities you are going to have, my understanding is that these people would not be outside. That they would be inside so that takes care of that problem but I still think the parking situation is still there. I think it is something we will still take a look at.

Alderman Girard stated I was taking a look at the quarterly revenue report that ended with the third quarter and it showed that your department and I am not sure if you did the projection or Finance but the projection for auto registration fees was going to be between \$9.8 and \$9.9 million which is a good \$800,000 or \$900,000 higher than what is budgeted this year and if I take a look at the Mayor's recommended number, you have a \$300,000 or \$350,000 increase in projected revenues for FY99 over what is expected to be collected in FY98. I am wondering, given the growth of the economy and the fact that the Airport is going

to be bringing a bunch of new cars on line and whatnot whether or not this projected revenue of \$10,156,000 is modest.

Ms. Gardner asked you are concerned that it is not enough.

Alderman Girard answered I am questioning whether or not it is conservative.

Ms. Gardner stated I am concerned that we are not going to make it and my reasoning is every year auto registration has gone up drastically and as I had said when I did the presentation to the Mayor, it has to stop at some point with these astronomical increases. We went up almost \$800,000 over the projected for this year and then after our presentation to the Mayor I tracked how we were doing as far as new registrations, total numbers, dollar numbers and it does seem to be and I don't want to say declining because it is not really going down drastically enough to say it is a decline, but it is not skyrocketing either and I just feel...what happened I think was in the early 90's people had been still keeping old cars because they were still having hard times. We have seen a lot of people replacing a car that was 8, 9 or 10 years old and now that they have got that car, we anticipate that they are going to keep those cars for three or four years and at some point we are not going to see the drastic increases. That is why I am afraid to go to the \$10 million mark because I am afraid we won't make it and maybe we will, maybe we will go over that but I am concerned.

Alderman Girard stated April is when leased cars and fleets get registered. Is that correct?

Ms. Gardner replied not anymore. It is used to be, once upon a time, that April was a very, very big month for businesses. There are two fleets that are big for April and that is Ford Motor and General Motors, but there are a lot of other fleet companies and leasing companies that have become almost as large. Ryder Truck is big for October, so each month seems to have its own fleet or group that brings in quite a bit of money. I don't think April can be singled out anymore.

Alderman Shea asked do we get much revenue from the Airport as far as leasing of cars are concerned.

Ms. Gardner answered the Airport itself, being a City entity, doesn't register vehicles. They register with the City Clerk as permanent vehicles.

Alderman Shea stated no, I mean Hertz like...

Ms. Gardner replied leasing companies. For some reason we had Hertz for awhile in the beginning or I think it was Hertz and most of those are Londonderry now. We lost a lot of the ones that we had so I don't think there are all that many out at the Airport yet.

Alderman Shea stated well I know when we visited the Airport Fred Testa told us and I don't know if the others were with us, that there is quite a bit of leasing done. I think he said half the vehicles are leased in Manchester.

Ms. Gardner replied I know that we lost a lot with one of the leasing companies. I can't remember for sure if it was Hertz, but they were doing a lot with us and then for some reason they shifted to Londonderry and I assume they can do either if they have an operation in either territory.

Alderman O'Neil stated the new proposed plate fee, the \$5 plate fee, is that going to require anymore staff or will any more work be responsible on your end if that is implemented.

Ms. Gardner replied the only thing I anticipate on the \$5 fee is that when it starts, when each renewal notice goes out, we will get some phone calls questioning it.

Alderman O'Neil asked but you don't have to do anything to a computer system or...

Ms. Gardner answered Information Systems will be putting the \$5 in and programming it. They are going to put it in the same spot where the parking fee was so they have a spot already set up.

Mayor Wieczorek stated I think that we should also include an explanation of what it is so that people can make their own computations. You know they can compute whatever they pay on their property tax as opposed to what the fee would be on the automobiles and let them draw their own conclusions. If it costs less, I don't imagine you will be getting any calls. If it is going to cost more, I would imagine you will.

Alderman O'Neil asked is it possible for you to talk to your colleague in Londonderry to find out exactly where the status is with this auto registration. We were led to believe that the City is getting about half of it, but I am not sure.

Ms. Gardner answered definitely. I will definitely and I can speak to the line supervisor in our office and find out from her but my understanding was that we lost some to Londonderry.

Alderman O'Neil asked find out which community is getting which amount. That would be good for us to know.

Alderman Hirschmann stated currently in your existing budget you have an account 4681, Auto Registration Parking and that is currently approved for \$417,000. Is that going to be lumped in with 4680 which is Auto Registration?

Ms. Gardner replied if it says Auto Registration Parking what I am thinking is that in this budget year, from July through September, we were still collecting that parking fee until October 1.

MTA

Mayor Wieczorek asked the Clerk how much money they want.

Deputy Clerk Kang answered he wants \$900,000.

Alderman Cashin stated that is his regular subsidy. I think we have discussed it.

Mayor Wieczorek stated well originally they were requesting \$975,000 but Ron said \$900,000.

Alderman Pariseau stated but that additional was to cover health insurance and he thinks he got an in with the FTA or TIP. What is the TIP?

Mr. Roy replied the TIP is the Transportation Improvement Program that is administered by Mony Sharma of Southern NH Planning and basically back in February or so, the FTA had come through to authorize the use of capital monies for operating and now we are in the process of identifying what is preventative maintenance and once we define that then we can apply for pretty much for the whole amount.

Alderman Pariseau asked so that amount would preempt that additional amount you need for health insurance.

Mr. Roy answered yes it will. We estimate to get at least \$50,000 to \$75,000.

Mayor Wieczorek asked if Mr. Roy wanted to introduce the people he brought.

Mr. Roy answered yes. To my right I have Bill Cantwell, our CPA who is in charge of our finances and to his left is John Webster, Superintendent of Transportation.

Alderman O'Neil stated the budget summary we have is just for the public transit system. It does not include your contract with the School District, correct?

Mr. Roy replied not it does not.

Alderman Clancy asked how many routes do you have.

Mr. Roy answered 13 routes.

Alderman Clancy asked how many did you have in 1995.

Mr. Roy answered in 1995, I believe we had 19. Well basically in 1994, we had the service cut in October of 1994.

Alderman Clancy asked you consolidated some routes right.

Mr. Roy answered yes.

Mayor Wiczorek stated ridership is on the way up though.

Mr. Roy replied according to our transportation expert here, Mr. Webster, he says that there is an increase by virtue of the marketing efforts that we have put in.

Alderman Cashin stated Ron is retiring in the middle of June and I would like to congratulate you and thank you for doing a helluva job for the City of Manchester.

Mayor Wiczorek stated he certainly did. He filled right in there where he had to.

Alderman Girard asked did you say that ridership was on its way up.

Mayor Wiczorek stated yes I did say that.

Alderman Girard stated I have been taking a look at the revenues and the ridership reports that come with the minutes and I was under the impression that they were headed in the other direction.

Mr. Roy replied we have made serious adjustments to our system and in the process of doing so...at the present time we have Southern NH planning have hired

a forum to oversee or to basically restructure our system. Meanwhile, we have diverted different routes to accommodate the general public and in doing so we have increased our ridership. It has not been thousands at a time, but you know 50, 90, 100 people.

Alderman Girard asked then how come your revenues, your fare box revenues, continue to decline.

Mr. Roy answered as most of our ridership is, it was 64% of Seniors, that has increased to about 70% or 75%. As you know, they ride for half fare.

Alderman Girard stated but your revenues overall are down, not just at the fare box. Your revenues on ticket sales and everything else are also down.

Mr. Roy replied yes that is all included.

Alderman Girard asked so are the elderly 75% of the population now because the other ridership has fallen off or because their numbers have grown.

Mr. Roy answered basically the general public is per se other than...I don't know how to say it but other than the people who live downtown don't use the bus. Most of the people who live on the outskirts of Manchester have one or two cars and they elect to take their cars rather than the bus.

Traffic Department

Mr. Lolicata stated this is my third appearance, two before the budget committee and now before the full Board. I would just like you people to realize that I have been hit once and I am only 2.2% over last year's budget including salaries. The difference being right now with the Mayor's Budget, a \$58,000 difference. I think it is a tight budget. I think the committee, in the last two meetings I had with them are satisfied. I am satisfied and I don't want to go any deeper into my pockets. If there are any questions, I will take them.

Alderman Wihby stated \$9,615.94 is going to be subtracted from your total salary. Do you agree to that number?

Mr. Lolicata replied I am going to give you some handouts. I think that is going to be easier. I have it all broken down.

Alderman Pariseau stated I would just like to acknowledge the Traffic Department for their response to, at least my requests from constituents. They do an excellent job putting up with my crap as well as the people that I have them call and I just want to commend Tom, Jim and Denise for the work that they are doing over there.

Alderman Shea stated there is no one that works, during the day, with Tom more. I mean I am calling him all the time because of problems with Ward 7 and so forth and I cannot tell you how cooperative that department is without any question in my mind, that department is there when you call and when you need them and to suggest, your Honor, and I know you have it before you, to suggest that that department be incorporated into another in my opinion is ludicrous because they have done more good work in my ward than I can tell you about and, therefore, your Honor and I reiterate what Alderman Pariseau said. They are there and they work very hard.

Alderman Girard stated I am sure if the department were consolidated they would still answer the phones and give the service that needed to be given.

Alderman Hirschmann asked about the \$3,000 for travel next year. Do you have plans to send anyone anywhere?

Mr. Lolicata answered yes that and every year following with us is certification for signals and for signage and in different locations. I like to try and send two people. In the certification you have three levels and we try to keep up. We are probably one of the best around actually and I am going to have the deputy this year go down and the signal man and we try to do that every year if possible. At least one. I am trying to get two done this year.

Alderman Clancy asked how many signal men do you really have. You know guys that can go out and fix the lights?

Mr. Lolicata answered I just received my third one. I am back to normal since four or five years ago. The new one right now is going to take close to a year to train. He is very good and we can probably have him certified in another year. I have three men covering the whole City and as you know about seven years ago we had more lights than the State and there is 24 hour on call. I must say right now we are up to par.

Alderman Clancy asked so those guys are on call every third weekend then.

Mr. Lolicata answered correct. They are on almost every other week. They were taking two weeks short for about three years.

Alderman Shea stated I notice that your projected revenues are about \$261,984 more than what they project. Am I correct?

Mayor Wieczorek replied yes.

Mr. Lolicata stated I was going to say, we have done everything and I think right now the \$2.6 million is going to be close to what we figure. I see the increase of \$258,000 there and even with the allowance if UNH or anybody else comes in I can't conceive more than \$80,000 or \$60,000 above what I have got. I think, your Honor, that \$2.9 million is kind of high. It is going to be kind of hard to get to that. I think possibly we can get maybe \$50,000, \$60,000 or \$70,000 more than what I projected hopefully. Maybe as high as \$100,000, but \$200,000 is I think a little bit high.

Alderman O'Neil stated we received a non-property tax revenue statement back awhile ago and one of the concerns was there was going to be a shortfall of \$458,000 in traffic and I believe it was attributed to parking heads not being installed on time and secondly the fire at Canal Street.

Mr. Lolicata replied it is mostly the meter revenues. It was projected and at that time the projections were very high based upon 100% occupancy at a four hour minimum of 50 cents. You people corrected that due to all the concerns of the citizens down to two hours and that cut it down and we lost some meters, quite a few over on Bridge Street and St. Joe's so you are talking \$300,000 or \$400,000 that is the projection plus the meters not being on time. The fire itself is a setback of close to \$30,000.

Alderman O'Neil asked but we should not be in that same ballpark next year.

Mr. Lolicata answered no. The projects are more of a reality.

Highway Department

Mr. Thomas stated I would like to start off by saying that I am satisfied with the Mayor's Budget that was prepared with the assistance of the budget committee. The Highway Department did conform to the zero base budget guidelines. Our complement remained the same this year as last year with adjustments in the salary line items due to contract settlements. Our operating expenses actually went down

this year from last year and it is the result of Waste Management's transfer facility that is anticipated to be on-line by September. With the Auburn Transfer Facility, our cost for transferring and hauling solid waste goes down \$7.43 a ton.

Ultimately, that will result in a savings of close to \$300,000 but this year because we are starting later in the budget year it is around \$200,000. We are also pleased that our recommendation to this budget committee to start shifting \$700,000 of our salary monies from the capital side of the City budget back into our operating budget was accepted. This is going to be done as a phased approach over a two year period so a little bit more than half of that \$700,000 is now in our budget. What that move means is that we don't have as much dependence now on needing to do street reconstruction work out of the CIP to earn those salaries and it has given us more flexibility so that we can divert more attention into needed street resurfacing so I commend the budget team on accepting our recommendation there. Between our operating budget and the CIP, we are going to have \$650,000 available for resurfacing next year. This is in addition to \$1 million worth of street reconstruction we will be doing. While this level of funding for street resurfacing is excellent, \$650,000, it still will take the Highway Department 20-25 years to resurface all the streets at that level of funding so even though we have made a tremendous stride improving the amount allocated for resurfacing, hopefully in the future we will get more. As you know, the City has gone through a difficult time as a result of the shrink in tax base. During this period, the level of funding for the resurfacing was also severely reduced which has resulted in the streets deteriorating. For this reason, I support the proposed \$5 auto registration fee which would be earmarked for resurfacing. I am not a strong supporter of fees, however, this fee will guarantee that the Highway Department always has a minimum of \$500,000 to spend on resurfacing even when the times are tough. I would like to see the Board of Mayor and Aldermen use this \$500,000 that we are going to be receiving with Auto Registration as a base to build on during good times so that we can up that level from \$500,000 or \$600,000 to maybe \$800,000 or \$1 million for resurfacing once we get weaned off of street reconstruction. Then I think we can really start making some progress in improving the condition of the City streets. The last area I want to touch on before I get into answering any questions is as you know we requested to take \$250,000 out of this year's budget in surpluses because of the mild winter to put towards equipment replacement. In addition, the Mayor's budget proposes another \$364,000 to be allocated to the Highway Department. We certainly appreciate these allocations, however, much more has to be made available in the future in order for us to maintain efficient operations. Just to give you an idea of what I am talking about, the Highway Department this year should be replacing 70 pieces of equipment that have been identified on the MER list for replacement. That 70 pieces of equipment relates to \$5.2 million. The monies that I just mentioned that are being allocated to us knocks that 70 pieces of equipment down by 9. I think the point that I am trying

to make here is that, and I am not looking for additional money this year, I think that this is an issue that really has to have close scrutiny in the following years. I am not sure how the other departments are doing but if the other departments are in the same situation as us, I think Manchester is going to wake up with a really serious situation dealing with the need to replace its fleet. I am not going to say any more other than to just kind of note the handout that I gave you for your use. The organization chart and the little pie chart that shows what goes into making up our operating budget, and another printout of our budget in a different format. Also included in here, in case you didn't get a copy of it, is our response to the 1%, 2% or 3% budget cuts and the last page in this handout note what I mentioned regarding the 70 pieces of equipment that have been identified for funding either in previous years or up to this year and in the dark bold the equipment that we are proposing to replace. On that note, I would like to open it up to questions and try to answer some of them for you.

Mayor Wieczorek stated for the benefit of the Aldermen who weren't here, I know Aldermen Cashin, Wihby and I think Dan you were here in 1990 when we had the difficulty and we were going this way with the economy that the only way we were able to keep the Highway Department together was to do something with the CIP budget so that we could have them earn some money and keep the ball of wax together. So what we are doing now is really starting to wean them off that so that we can get them back off the dole here. This was the first step we have taken this year in order to try to accomplish that so it is a step in the right direction.

Alderman O'Neil stated we still need to do some street reconstruction, correct. I mean resurfacing doesn't solve all the problems of the City streets.

Mr. Thomas replied that is correct, but the Highway Department was established as a maintenance department and in the past our focus was on doing street resurfacing, constructing sidewalks under the 50/50 sidewalk program, building sewers for chronic sewer and drain. We have had to get away from those areas and put all of our efforts into street reconstruction. I agree with you that street reconstruction is always going to be needed, but it would be my opinion to fund street reconstruction out of the CIP as a bond appropriation and put out a construction contract so that we are not tying up or not reducing all of our flexibility. Right now, we don't have the flexibility to go out to eliminate a puddling problem because our sewer crews are tied up with a street reconstruction or we can't get involved with sidewalk work. In addition, the City is looking at ADA requirements. Quite frankly, there is a requirement that every time you resurface a street, if there is sidewalks in that area that you are resurfacing, you are supposed to be putting wheelchair ramps in. We don't do that because we don't have that capability. So my recommendations would be to continue with street

reconstruction because that is needed but do that through the CIP bond and contract and get us back into the resurfacing area.

Alderman O'Neil asked can you physically do \$650,000 worth of resurfacing or would you sub some of that out.

Mr. Thomas answered we are going to do everything in our power to do it. It seems like if we kick a little bit harder, we get a little bit more accomplished so we have knocked down, last year we were up to about \$1.6 million in street reconstruction and this year between what was allocated and what we added out of our budget, we are going to be accomplishing about \$500,000 in resurfacing so yes, I feel confident but that is pretty much at the limit right now and still be able to do \$1 million worth of reconstruction work.

Alderman O'Neil stated you and I have talked several times about the fact that maybe with one additional staff person your engineering division could possibly help out with some of the small scale building construction projects. Is that, and I was going to push it but with trying to work out this year's budget I don't think it is going to happen, but is that a correct statement?

Mr. Thomas replied yes, I think we could be of benefit. I mean we would not be able to solve all of your building issues, but you have got to keep in mind that we do have a technical background. We have an engineering division which can be related to a small consulting firm. Right now, these engineers have expertise in highways, bridges and those areas because that was our main focus. A consulting firm has other disciplines, structural engineers, electrical engineers, mechanical engineers. If we had another discipline such as a structural engineer, they could assist with identifying problems if you are evaluating a building or looking at putting out a contract. We would have a little bit more in-house capabilities. In addition, we have the technicians, we have the CAD operators already, we have the survey people already so those would all tie together.

Alderman Shea stated the Combined Sewer Overflow is a mandate. Could you give us a little bit of background concerning that?

Mr. Thomas replied I would be delighted to. As a matter of fact, we will be coming to the Board of Mayor and Aldermen at a special meeting sometime in June to give the Board a detailed presentation on where we stand with CSO and try to get a consensus that we are heading in the right direction. The CSO issue is a spin-off of the Clean Water Act. The interceptors were built to carry over twice the combined flow of both sanitary surge and storm drainage. As you know, the City of Manchester has a combined system. We have one pipe in the street, for all

intents and purposes, to carry both sewage and drainage. When it rains heavily, the pipes fill up and we can't take that type of capacity at the treatment plant and it spills over into the river. It is very diluted at that time and that was what was approved by EPA back during the water pollution days when we built the interceptors to the treatment plant. However, now we have to address what is getting into the river. During the water pollution heydays, we removed 98% of all the sewage out of the Merrimack River. That is why it is as clean as it is right now. What EPA is mandating, well it is a mandate but they get around the law so you can't get any funding out of it, but what they are requiring now is for us to address that 2% and we have been negotiating with them for quite some time now. They would like us to reduce 100% of that 2% to \$200 million. Our proposal, which we will be coming into the Board at will be in two phases. The first phase is \$57 million with a second phase to be negotiated after 10 or 12 years. Our proposal ultimately will reduce that 2% by over 98%. So what will be remaining in the river will be 2% of 2%, but we will be coming in in mid-June sometime to give you a detailed presentations.

Alderman Shea asked and you will give us some kind of a background as far as what streets you are proposing to resurface and so forth.

Mr. Thomas answered correct. We will be working with the Board and getting your input, etc.

Alderman Hirschmann stated in reference to next year's budget and the year after, when asked about a 1% or a 2% budget cut I noticed that all of that money would come out of resurfacing if we were to cut your budget but in the year 2000 wouldn't that be out of the auto fee so we couldn't take it out in 2000, but this year you could reduce that if you were asked to.

Mayor Wieczorek stated that is the place where it has always been cut. That is where it was cut in 1990, in 1991...

Alderman Hirschmann stated I really don't want to see resurfacing cut and when asked if there was a cut, it would come out of resurfacing.

Mr. Thomas replied our operating budget has \$150,000 allocated, identified in it for resurfacing. Also, there is \$400,000 in the CIP or \$500,000 in the CIP and that is how we come up with the \$650,000. Over the last 8-10 years, we have been whittled away in our operating budget. I, quite frankly, don't have any other areas I can cut. I can't cut one scavenger truck off the road and still pick up all the trash. I can't knock two guys off the sewer crews and still build sewers. So I have no areas to cut. I have this line item. I have \$150,000 and if I am asked to make a

cut I am going to have to cut in that area and quite frankly I wouldn't be proposing anything different than what the Board of Mayor and Aldermen have done in the past during tough times.

Alderman Hirschmann stated I appreciate that, but my question is in the future, in the Year 2000, a cut couldn't happen because that is going to be a special account, correct.

Mayor Wieczorek replied it would be a designated account. That is exactly right that no matter what is happening with the economy, they would be doing half a million a year in resurfacing. That is the reason why I want it. That is more important than where we are raising it from is that it is going to be a designated fund and it is cheaper anyway.

Mr. Thomas stated this particular year there is that \$500,000 in the CIP and I can't touch it, however, I still have a line item in my operating budget that was placed there last year for \$150,000 in resurfacing and instead of trying to reallocate it to other line items, I left it in my budget because I believe that we need to do as much resurfacing as possible.

Alderman Thibault stated you mentioned something about reconstruction and it should go to CIP and be possibly bonded. Is there already something in CIP for that at present?

Mr. Thomas replied there is \$1 million in the CIP but it goes to us and we act as the contractor. We build the roads, we charge salary to that and material costs to that.

Alderman Thibault asked it is already into the CIP then.

Mr. Thomas answered that is correct.

Alderman Thibault stated because I have a couple of streets that are pretty bad and we would have to look at something.

Mr. Thomas replied next year's street reconstruction program has already been identified. We are always a year ahead.

Alderman Girard stated not counting yard waste, what percent of the waste stream is being recycled.

Mr. Thomas replied the recyclables alone were about 12.5% to 13%.

Alderman Girard asked so that has been holding fairly constant then.

Mr. Thomas answered that is correct.

Alderman Girard stated and if I understand the material that you have here, we are spending just over \$4.4 million or 36% of your budget to throw trash away.

Mr. Thomas replied yes.

Alderman Girard asked on the scavenger trucks, when they go to Londonderry and soon when they go to Auburn to dump their loads do all three people on the truck go to Londonderry or are they put back into the field and used again.

Mr. Thomas answered they all go to Londonderry. We have looked at that and it is not efficient. Right now, if they are working on the west side, they jump on the Everett Turnpike and they take the turnpike down to the Londonderry transfer. In order to drop them off, you would either have to come back into the yard and in order to utilize them you would have to have extra pieces of equipment. You would have to physically have extra trucks.

Alderman Girard asked so you don't have the ability then to really rotate the crews so they are not spending an hour or two a day going to Londonderry.

Mr. Thomas answered what we have with the scavenger division is pack up and go home and that was instituted when we submitted the bid for those solid waste services. If you remember correctly, we had at one time a lot of scavenger trucks driving aimlessly through the City when they finished their routes just so they would be out looking busy until it was time to punch out. Now with the pack up and go home, they actually go out and in some cases run to pick up the barrels. We have had problems with them standing up the barrels afterwards on occasion, but they are very efficient and because of that quite frankly they bust their hump to load up their truck and they need the break in driving down to Londonderry and their day is finished up early sometimes and not one truck goes, everybody has to finish all their routes before they go home so that has worked out very good. They work hard and that gives them time to catch their breath going down there.

Alderman Girard asked on average how early do they go home. I don't know what time they are supposed to punch out, but do they have an hour left at the end of the day? Do they have two?

Mr. Thomas answered the average is close to less than a half hour. We have some days when they are right out there until their normal quitting time and then you figure every time that there is a holiday they are always behind anyway playing catching up. Solid waste loads fluctuate tremendously during the winter months when we are dealing with snow they are not getting out early so some days yes you might see them going home early but the average is probably less than a half hour.

Alderman Wihby stated on your revenues, Hackett Hill, Youngsville, Wellington Sewer Recovery, you don't have anything down for next year. Is that just a one time thing?

Mr. Thomas replied those fees are a pass through to EPD and that is why I think they are showing as zeros now because if you remember correctly those off-site sewer fees were set-up to fund the bond payments and making improvements in those areas, however, that debt was transferred to EPD and the sewer fees and so now any fees that we get collected in those areas go to...

Alderman Wihby asked when was it changed, last year.

Mr. Thomas answered no it goes back a couple of years now I think.

Alderman Wihby stated so the money that is collected from there goes to the EPD and they pay off the bond but the bond isn't in the City side.

Mr. Thomas replied it is on EPD side. Now it was on the City side, that bond, and we shifted it to the EPD side.

Alderman Wihby asked so when we make bond payments in the general fund, it doesn't include the bond payment for the EPD. I think it does. All bond payments must be under the Finance...

Mr. Thomas answered the City pays the EPD's bond but the EPD pays the City. Half of EPD's budget is...

Alderman Wihby stated right so where are we picking up that money from what EPD is paying the City to pay the bond. Where else are we going to show that?

Mr. Thomas replied on EPD's revenue.

Alderman Wihby asked EPD's revenue to the City.

Mr. Thomas answered to EPD. It is like the sewer user fees.

Alderman Wihby stated but if the bond is on our side because the total debt is the City and EPD is part of it, then the money is coming into the City through EPD to pay for that it has to be recorded somewhere on the City side because it is coming in and then being paid out by EPD. If the bond was separate and it was in EPD and didn't affect the City side at all which I don't think that is the case because I think Airport and all of those bonds are reflected in our debt.

Mr. Thomas replied right but we pay through sewer user fees and other revenues that we collect a payment to the City to pay off that bond of indebtedness.

Alderman Wihby stated right but I don't know where it would show up as a revenue. It should show up as a revenue to pay off the expense of the debt.

Mr. Thomas replied I will have to get back to the Board on that, Alderman.

Alderman Wihby stated just to make sure that they are counting that. Either they don't count the debt expense or they have to count the revenue coming in to pay the debt expense.

Mr. Thomas replied lets put it this way, the Finance Department, Kevin Clougherty and Randy Sherman did this move when this indebtedness was transferred over to EPD and in that year the revenues that were being identified for those off-site sewer areas also went over.

Alderman Wihby asked did you tell me that it had just changed.

Mr. Thomas answered two years ago I believe.

Alderman Wihby stated but if you are looking at this year's budget and their forecast that they are doing for you on the revenue side, they are throwing the number back in saying you are going to collect it. They threw in \$102,000.

Mr. Thomas asked are we looking at EPD's budget or Highway's.

Alderman Wihby answered Highways. It says Wellington Sewer Recover, \$102,000 estimated.

Mr. Thomas replied what I have out of the budget book shows zero for the Highway Department.

Alderman Wihby responded I am talking about this year's budget. This year's revenue calculations of what you are going to do that Finance gave us. I don't think you have a copy of this but they told us that the departments agreed with their numbers when they gave it to us about a month ago. It says here that they are anticipating you collecting \$102,000 in Wellington Sewer Recovery Revenues so if they knew that they shouldn't count it then they shouldn't have counted it themselves for this year. I am just wondering if somewhere it should be counted.

Alderman O'Neil asked are you saying they are counting on the general fund.

Alderman Wihby answered they are counting it on the general fund revenues for this year. What I am saying is they are counting it this year as an anticipated revenue and if they are counting it this year as anticipated revenue then I don't know why it wouldn't be there. Just make sure that somewhere it is counted.

Alderman O'Neil asked which one are you talking specifically about.

Alderman Wihby answered Wellington, \$102,000.

Mr. Thomas replied I don't know what to tell you, Alderman. Again, what was in the budget book for both Highway and EPD, I was just checking the EPD budget now and there is no revenues identified for those areas so maybe something has been done.

Mayor Wieczorek asked that it be checked with the Finance Department.

Alderman Wihby asked that Mr. Thomas give him a phone call when he finds out.

Alderman O'Neil stated I know you have taken a look at the possibility of you folks taking over the patching. We have had a number of problems over the years with that. I know that you have tightened up and not allowed excavation permits until problems are corrected and I have already seen somewhat of an improvement. Do we need to look further at whether or not it makes sense for Highway to take that over?

Mayor Wieczorek asked take what over.

Alderman O'Neil answered street patching, utility patching.

Mr. Thomas stated we have looked at that and we keep revisiting that issue and quite frankly we are not recommending it and the reason being that there is a lot of peaks and valleys with utility restorations. In order for us to handle it in the

proper manner, we would have to expand our staff and equipment quite sizably and it would be difficult to utilize them during the slow period. Obviously I could say that we would, but doing street patching no. In addition, quite frankly, we would be letting the utilities off the hook. I mean if they are going to dig in the street they have a responsibility to restore the street in a reasonably quick fashion. This year what we have done is we have held back on allowing the utilities to start digging up the street in the spring time because they had a lot of backlogged work over the winter months. In addition, we have established some moratoriums with the utilities. We are working into it, but for resurfacing projects if we give a utility 60 days notice so that they can go out and canvas the street prior to us going in to sell services or do upgrades they have agreed that they will not dig up the street for a year. A little bit of a benefit. Street reconstruction projects where we would go in and actually reconstruct the streets, we have got the utilities to agree that, again with advance notice, that they will stay away from selling services or doing work for a five year period and I think that is what we have to continue to do, continue to be hard with the utilities, including the Water Works, and try to expand these moratoriums on resurfacing and reconstruction projects.

Alderman O'Neil stated it is important that the Board supports them on this because I know they shook up the gas company and the gas company made RH White get three crews in here because as all of us are aware, sometime some of those patches sit for months and they are not supposed to.

Alderman Wihby asked what about the cable on Elm Street. I mean that is a disaster. In front of the old Sears building and stuff.

Mr. Thomas answered what the contractor has done they have brought that up to grade with new pavement and now they are going to be coming in and actually grinding down a strip 10' or 12' wide and actually going in and putting in a full width pavement patch with a paver. It has taken a little bit longer but ultimately it is going to be a far better patch than a normal restoration so if you can bear with us for a little bit longer, it is going to be addressed.

Alderman Wihby asked well is that something they messed up and you had to get on top of them to or was that the plan from the beginning and it has just taken awhile.

Mr. Thomas answered they proposed it that way. Unfortunately what happened is they did most of that work in the late fall when it was too late to do a permanent restoration. Their temporary restoration, quite frankly, was lousy and we have been after them and through negotiations we got them to do this little bit better deal for us.

Alderman Reiniger stated I think the City of Concord is in the process of trying to adopt an ordinance and this came up in discussions as a problem and I don't know where it stands but I would be happy to look into it and get a copy of that ordinance. I think they have had the same problem and want to toughen up in dealing with these utilities who go in and chop up the roads and leave them in a state that is not as good as they found it.

Mr. Thomas replied that sounds fine. I figured that I could institute some of these moratoriums without coming to the Board, but I think if they develop something I would be glad to look at it and glad to jump on it.

Alderman Reiniger asked do you know what the status is in Concord of that effort.

Mr. Thomas answered I don't know offhand other than if you hear what the gas company says, Manchester is still by far the strictest municipality they are doing business in and we are proud of that.

Alderman Clancy stated I don't want to micromanage, but I would say between Auburn and Lake Avenue from Chestnut to Maple needs to be swept maybe once a month with the City broom.

Mr. Thomas replied we are conforming to the bid that was placed out for resurfacing. We are required to sweep the City completely by July 1. We are now working in Ward 8 down by Brown Avenue. That is the last area we are hitting. In addition, we still have a few more schools that we need to get into, but the first sweeping will be done by July. Elm Street has a different level where we have to do that at least once a week and then we have some of the more built up areas. We will try, but I can't guarantee anything.

Alderman Shea stated I am not sure if you addressed this, but we did get a salary budget projection and there is a difference of about \$13,000 between your particular budget and what the Human Resource Department has.

Mr. Thomas replied quite frankly, \$13,000 won't make too much of a difference but no I was not aware of it. I assume that they are just massaging some of the numbers. Maybe somebody has left and we got some new people but when we are looking at \$5 million or whatever \$13,000 won't make or break us but thank you for raising the issue.

Alderman O'Neil stated I think we would be remiss...this department probably provides the most services to the citizens of the City and I think they deserve a statement of well done.

Board of Assessors

Mr. Tellier stated as you know, we are a seven person department. 90% of our budget is salaries. 6% of our budget is the incidental account which as you all know is laid aside for what is, in effect, an insurance policy if you will for tax appeals. That is not always used. Whatever isn't used goes back into the general fund. Actually it is 89% for salaries. The remaining 5% is our expenses. Now I just wanted to make an observation that should be lose 1% of our budget, it would effect us substantially. A 2% or 3% cut would, in effect, probably mandate a lay-off of personnel. We have worked very hard, this Board and our staff, to gain great strides in reporting and giving services to the Mayor, Board of Aldermen and to our constituents in the City. With that being said, I would certainly offer to answer any questions that any of you may have.

Alderman Wihby stated we have a couple of notices that are in front of us. We are expected to have some sort of a number for next Thursday's meeting but to lay it over until the June 3 meeting. On top of that, you have a letter from Kevin Clougherty that when you read it, it doesn't sound too good because what he is saying is that the \$1.3 million fund balance, if we don't do something about it we are not going to be able to count it and it is going to bring the tax rate from, your number was 4.7% but with the added tax base it is 4.1%. It will bring it from 4.1% to 5.2% if we don't do something right now with the school deficit and the last page of that he tells us what the different scenarios are. With a \$2.4 million cut, if we tell department heads to do that the rest of this year, we would be okay for next year's budget and be at that 4.1% number again and we would be funding the fund balance at \$1.3 million and have taken care of the deficit. The next number, the \$1.9 million which is saying that we are going to pay \$600,000 towards the \$1.1 million deficit and make them pay the rest, the School Department. The last number says if we just want to pay \$600,000 and use the fund balance then we are going to end up with a 5.2% rate already which is almost 1.5% higher than yours. When do we expect to do something about this. If we don't do something soon we are going to end up with no fund balance and a tax rate up another 1.5%.

Mayor Wieczorek stated that is why I think we are going to have to get the budget group that I had together to meet with School again because as you know the night that I presented my budget to the Aldermanic Board, they were in working on their

budget in the conference room. So there is a \$5 million difference between what I presented to you and what they are requesting and I think that the team we put together is going to have to get together with the Administration one more time and then we will have to get together with this Board because that is the largest single item we have in the budget and we don't have a lot of time. So we are going to have to do this next week.

Alderman Wihby stated that takes care of the \$5 million if we want to fund it or not but it doesn't take care of this shortfall of \$1.1 million.

Mayor Wieczorek replied, no you are absolutely right about that.

Alderman Wihby stated we should be sending the School Department a directive that says we want you to find it all. Do what you have to do the rest of this year to find the \$1.1 million.

Alderman Hirschmann asked weren't they included in that freeze last night, your Honor.

Mayor Wieczorek answered they, actually at a School Board meeting and I don't remember if it was the April meeting where the Superintendent sent a notice out that they were to hold the line on non-essential spending. Now I don't know what the definition is of non-essential and I asked him today because I talked to him today and I said I met with the department heads yesterday and we have asked them to restrain their spending for a couple of weeks until we can really see where we are and I said I expect the same thing from the School Department too. I don't know where we are going to go with this really.

Alderman Cashin stated we are working now to try to solve these problems. The last meeting we had my impression was that everybody is working together to try to work this out.

Alderman Wihby replied no one is working on this issue. We don't even know what number they are saying they are short. We don't know what they are saying. We don't know what...we are not going to spend all of our money. We don't know what we are going to do. We don't know what we have. That is not working on the issue. They are going to come back to us and say fine it wasn't \$1.1 million. You know how the games are played, your Honor. The tax rate is 6% today and next week it is 5.4% because everyone wants to look good. That is what they are doing. \$1.1 million is out there and eventually they are going to come and say okay we did you a great service and it is \$800,000. Where are we going to get the \$800,000 from? It is going to come from the fund balance which

automatically is going to raise us 1% next year and unless we do something and I don't know if it is right to start making cuts for departments. I mean the departments aren't, like Alderman Pariseau said yesterday, it is not really right to take from the departments who manage their departments but we have to do something to get the tax rate under control.

Alderman Rivard asked what are you recommending.

Alderman Wihby answered I don't know. I am recommending that we take some action. Whatever it is.

Alderman Thibault stated I believe that the Mayor has hit it right on the head. We should have the Finance Department, as well as Mark Hobson and the School Department get together and work it out.

Alderman Cashin stated I thought they were doing that.

Mayor Wieczorek replied they are. They met today.

Alderman Pariseau stated but not at the expense of other departments.

Alderman Wihby stated working it out is to say that we can use fund balance. That is working it out.

Mayor Wieczorek stated those members that were on the Board before when Dr. Ross was the Superintendent when we sent a directive to the Board and we actually asked all departments across the Board to cut and School said no, remember and they the City Solicitor said yes they have to be responsive to the directive too just like every other department.

Alderman Wihby stated, your Honor, that is what I think we should be doing right now.

Mayor Wieczorek replied I think probably it is a good idea to do something official. You know make something known from this Board to the School Administration to let them know that we are serious about this.

Alderman Wihby stated if we don't do something they are going to use our fund balance and we are going to automatically increase the tax rate by 1% next year.

Alderman Pariseau stated if they overspend their budget, they ought to be sent to jail.

Alderman Wihby stated I agree with you. We should be taking a stand right now and say we are not going to fund any money or we are going to say that some of that is our fault. I will agree to \$300,000 because of the difference of the salary so we will fund \$300,000. Let them come up with the rest.

Alderman Clancy stated this is not the first year they were short money.

Alderman Wihby replied yes it is the first year they were short money.

Alderman Clancy stated they were short \$770,000 last year.

Alderman Wihby replied they were never short money. They had Medicaid money. You are playing games here. They were never short before. No department in this City was short money before. They were short because they knew they had Medicaid money sitting over here and when they did the budget they had the budget and they had Medicaid money. They knew what they had. This year they knew they only had the budget. They knew they didn't have the Medicaid money. They are trying to talk circles around it. They didn't have Medicaid money this year. In past years, they did and they spent it but they knew they had it and we knew they had it.

Alderman O'Neil stated my concern is we are talking about cuts with six weeks to go in the fiscal year. I mean we are never going to make this up.

Alderman Wihby replied we are not going to make it if we wait three weeks and then decide something is wrong.

Alderman O'Neil responded I don't know what the answer is but the problem is we shouldn't be addressing this in May. That is the problem. We should have been addressing this, maybe even the previous Board.

Alderman Wihby stated we still don't know the number from them. They still can't tell us what they are going to cut out of the \$1.1 million. They said we are going to try to do our best. Well lets tell them what we expect them to do. Your Honor, the frustration is and I am not taking it out on Alderman O'Neil or anything, I am just frustrated over this process because they have been using excuses so far for HTE and all that other stuff. They came to us. They tell us they are short but nobody wants to agree on what number it is. Now we have six weeks left. Some of the responsibility, I will take \$300,000 responsibility but after that I am not taking any responsibility. They should have spent within their budget.

Alderman Pariseau asked what do you want to do other than that. Send them a directive?

Alderman Wihby moved to send them a directive that this Board is only going to allow them to be \$300,000 short which is the difference in the salary adjustment account. Alderman Pariseau duly seconded the motion.

Alderman O'Neil asked how does this \$500,000 shortfall in the Litchfield revenues affect this whole thing.

Alderman Wihby answered revenue does not affect the expense side. That doesn't make any difference. Revenue is revenue and if revenue is short we have a rainy day fund that makes it up so there is no problem with that but it is not like they had this revenue and it goes to their budget. It is separate. They are two different stories altogether. They can be short \$5 million. I don't even care if they are short \$5 million. The rainy day fund is there to take care of the revenue. The expense side we care. We gave them a number.

Alderman O'Neil asked but they are going to be short \$500,000. Don't we get rainy day fund to make that up?

Alderman Wihby answered no because the other departments have made up the \$500,000. If you look at Kevin's letter, he is saying that the revenues will be find. We are not going to be short and the rainy day fund won't have to kick in but that has nothing to do with the School's expense side. On the School expense side, they knew, it is very clear. The two years before that they had a number, say it was \$50 million. They knew they were going to get \$1 million in revenue and they knew they had \$51 million to spend. So they got it and they spent the \$50 million. The other million was in a revenue account that they could spend. They count that overspending but they knew they were going to spend it. Last year the question was, as you said you are covering all of your expenses with your additional revenue, yes. Okay then you don't need the revenue for the Medicaid. No, my total amount is \$57.2 million. I said you don't need the Medicaid money. No. Are you sure you don't need the Medicaid money? No, I don't need the Medicaid money. It is in the \$57.2 million. We could have given them \$56.2 million and said okay you can have the Medicaid money. That would have been doing the same thing. Instead we gave them the Medicaid money up front and said okay here we are going to take the Medicaid. So this is technically the first year that they have overspent because in the past years we knew they had the money from Medicaid that they could use. We switched that this year. We took the Medicaid money and put it in their budget to spend and they knew it at the time. Now \$300,000 for the severance and salary adjustment account is a mistake

that we made. It was an interpretation of the benefits but either we are going to send a directive to every department in the City that we are going to make them cut and we want them to cut these percentages that are on this sheet.

Alderman O'Neil asked but how do we make up \$1 million. I don't know how we do it in six weeks.

Alderman Rivard answered it is up to them. That is their job.

Alderman O'Neil stated in six weeks make up \$1 million.

Alderman Clancy asked how do you make up \$1 million in six weeks.

Alderman Wihby answered we don't know if it is \$1 million.

Mayor Wieczorek stated we don't know the numbers and they really have to start managing that budget.

Alderman Hirschmann asked how about if they give us back that 53rd week paycheck. That is \$1.2 million.

Alderman Klock stated it is called accountability. It is their budget. They are responsible for it. \$300,000 is something we have to deal with but other than that it is their budget. It is like a checking account. They know their numbers. They can look at their numbers throughout the whole entire year. They know where they stand if they want to get a glimpse of where they are at they can. They overspent. I mean why should we have to bail them out. It is almost like they are assuming that they are going to come to us and it doesn't seem like they are very concerned about it because they never really give us any answers. Why should we have to bail them out? I just don't understand and I think it is time and I totally agree with Alderman Wihby. I think we need to send them a message and we need to send a clear, strong signal that we are not going to stand for this kind of crap.

Alderman Shea stated let me just shift now. Next year they want \$65 million. You are offering them \$60 million or whatever. Lets assume that they cannot physically run the department with what you are giving them. What should they do? Should they decide to lay-off people. In other words, if for instance a budget comes from the budget department and they tell you we cannot run the School Department with the amount of money you have given us. What I am trying to do is avoid a problem next year. What happens in that case? If I were the Superintendent of Schools, you know what I would do. I would close school

tomorrow and you know what would happen? There would be a human outcry and we would get the blame for closing the schools but that is what I would do if I was Superintendent and I were \$1.1 million short. I would close the schools tomorrow. I would say we will make it up.

Alderman Cashin asked how come every year they use the Medicaid money and this year it wasn't available to them.

Alderman Wihby answered that was the question that I had asked at the meeting.

Alderman Cashin asked who did you ask.

Alderman Wihby answered I asked Mark Hobson because what was happening was is normally we don't count the revenue from the Medicaid money because it went to school. This year he says he had a projection and he said I want you to know that we are very proud of this. The extra revenue covers the extra expense so it is not costing you a penny. I looked at everything and there is nothing on Medicaid money. So I said to him where is the Medicaid money. He said I didn't count the Medicaid money. I asked what do you mean you didn't count the Medicaid money. I asked you need that \$57.2 million plus the Medicaid money. He said no I only need the \$57.2 million. I said well where is the Medicaid money. He said that is yours. I said what do you mean it is ours. We didn't count it in the general fund. He said well I don't need it. All we need is \$57.2 million. I said are you sure you don't need \$57.2 million and Medicaid. He said no I just need \$57.2 million. I said well then we have to count the million in revenue and all of the sudden we had an extra million and the tax rate went down from what we settled for but it is very clear in the minutes that he says he only needs \$57.2 million and he did not need the Medicaid money because he had thrown that in the total. When I asked Norm the question last week, what is your total. \$65 million or whatever number he said. I asked him is that plus the Medicaid money. No the Medicaid money, you can have that all I need is a maximum of \$65 million. He is doing the same thing this year with it. He doesn't need the Medicaid money again next year. He is asking for \$65 million.

Alderman Cashin asked when did Norm Tanguay come on board.

Alderman Wihby answered I am not blaming this on Norm. I think it was the end of March.

Alderman Cashin stated so this was all pretty much done.

Alderman Wihby stated I asked Mark Hobson about it. He was involved with the numbers but I don't know if he was even here. It was probably done over the phone.

Alderman Cashin stated exactly so I think it is pretty unfair to be blaming him. I don't even think he was part of the process at the time.

Alderman Wihby stated I am not blaming anybody. I am just saying that I am blaming the School Department, School Administration, School Board, everybody that is dealing with that part of the budget. They had a number...

Alderman Cashin asked I would like to know how Mark Hobson came up with the idea that he didn't need the Medicare money. Every year that I have been on this Board they have used Medicare money and that year they didn't need it.

Alderman Wihby answered that is not true. They only did it for two years.

Alderman Girard stated I think Mr. Hobson probably came up with the idea that he didn't need the Medicaid money because he proposed a reorganization of the special services department that was designed to cut and contain costs but was not implemented. So if you take a look at the cost overruns and you take a look at the blame on special education and all of the extra teachers and all of the extra aides and everything else, you can point directly to the failure of the School Department to implement that reorganization and it was a reorganization that Mr. Tanguay was well aware of because I know I had several discussions with him regarding that and I think part of the problem here is their failure to do that and I would concur that I think the City's liability here maybe and I am not even sure about that, maybe that \$300,000 difference between the \$1.1 million and \$1.4 million in the salary adjustment. Beyond that, I don't see where the City or the other departments should be held liable. Alderman Wihby, at a prior meeting I asked about using the rainy day fund to try to offset some of that shortfall and this Board was told that that was only something you want to tap if you go into bad economic times in your revenues because of a bad economy. Now I am hearing that we can use the rainy day fund to try to offset some of the revenue shortfalls in the School Department. Can we or can't we?

Alderman Wihby stated no, you go total. If there is a total revenue shortfall, you can use the rainy day fund, but there is no total revenue shortfall.

Alderman Girard stated but I thought the way rainy day was structured was only if the economy went sour on us and the projections weren't made.

Alderman Wihby replied no, you can use rainy day for a shortfall in revenues. He was wrong when he told you that. I know that because I questioned him afterwards and I told him he was crazy and he agreed with me. It is shortfall in revenues but there is not shortfall in total revenues because in his letter he says he expects it to be okay. As long as total bottom line revenues will be on-line, so you don't have to use that. That would only affect HTE tax rate a little. It is not going to affect the expense side.

Alderman Girard asked so even if we were to spend the fund balance to bail out the department we couldn't use that rainy day. Not that I would support that, but I wanted clarification.

Alderman Wihby answered no you can't use it for fund balance.

Alderman Hirschmann stated I do have a really good memory of last year and what I remember is the Chairman of the School Board Finance Committee coming right before us representing the new Administrator and that was Mr. Healy standing in front of us telling us that the \$57.2 million was wonderful and he was standing in for Mr. Tanguay who was not here he was in California or wherever at the time and he tried to give us this little impassioned speech.

Mayor Wieczorek replied he was not the Chair of the Finance Committee. He was the Vice Chair of the School Board.

Alderman Hirschmann stated well if you want to throw grenades, he was the one that was up there.

Alderman Clancy asked how much money do we get from the State for Medicaid. I know it varies each year.

Alderman Wihby answered about \$1 million.

Alderman Shea stated Mr. Girard keeps talking about some kind of reorganization. Would you send me that plan so I can look it over please? I don't know what you mean by reorganization.

Alderman Girard replied if you look in your budget materials from last year, Alderman Shea I am sure you would find it, but I would be happy to try to dredge it up for you.

Alderman Shea stated I don't understand what you are talking about. Reorganization of the special needs program or reorganization of how you select the Medicare.

Alderman Girard replied well Alderman Shea I went to great lengths to explain that reorganization when the School Department was here so that you don't understand is beyond me.

Alderman Shea stated when I met with Mr. Tanguay he didn't indicate that that was probable at all.

Alderman Girard replied I wouldn't expect him to, he didn't implement it.

Alderman O'Neil stated there has been a lot of things kicked around. We still haven't come up with how we are going to solve the problem.

Mayor Wieczorek replied the first solution is there is a motion on the floor here to send a directive to the School Department. Would the Clerk please read the motion so that we can refresh our memories.

Deputy Clerk Kang stated the Board will direct the Board of School Committee that they are allowed to be only \$300,000 over their FY98 appropriation.

Mayor Wieczorek stated you wanted to add in their that we expect them to make up the shortfall.

Alderman Wihby stated it is a big number but I guess it comes back to, I mean we sent a hiring freeze yesterday on personnel and the first thing someone said to me is are you crazy. I said what do you mean. They said why is everybody suffering for the School Department. Why do the department heads who have done a good job having to have a freeze when the School Department doesn't even have to do this and I said well I hope the School Department does it. Hopefully they will get the hint. So that was the first thing. Now if we send the department head another thing saying we don't want you to use some of your balances, we are taking it out on departments. If this Board wants to do that we can split that number or we can just go ahead and say it is not right to affect other departments and take it out of school. If you look at the last page, the numbers are on there. There is still \$13 million of unexpended money from departments. From now or whenever this was done until July 1 there is \$13 million that was not spent.

Alderman O'Neil asked but that includes salaries, correct.

Alderman Wihby answered that includes everything.

Alderman O'Neil asked what is the reality of them making up \$1 million. Where are they going to make up \$1 million other than as Alderman Shea closing school.

Alderman Wihby answered my concern is that they sat here and we couldn't get a number from them. They say they are going to try their best. They wouldn't say well we are going to cut...they don't have a plan. We are not going to cut, we think we can do this and we think we can do that. Didn't tell us what and didn't tell us any numbers. My concern is that if I am looking at next year's budget and I am saying if I am going to have to add another 1.5% already to the Mayor's number and \$5 million more for what they want, I mean we are talking a 15% increase. That is not going to happen. They are probably not going to get the \$5 million next year and we still want to get it to a reasonable tax rate so all we are doing is compounding the problem from this year and adding it on to next year's budget.

Alderman Shea stated one of the problems, your Honor, is opening up that new school because that is going to be a tremendous cost.

Mayor Wieczorek replied no it isn't. \$900,000. It was supposed to be \$750,000 but it turns out to be \$900,000.

Alderman Shea asked well how much is that on the tax rate.

Mayor Wieczorek answered 13 cents.

Alderman Reiniger stated I want to agree with Alderman Wihby and also say we are the Board of Directors. We are not the managers. It is not our job to manage the School Department and how they are going to figure out how to make up this deficit. It is their problem. At least five people over there are paid over \$60,000 to figure this out so they should figure it out. Secondly, to follow up to Alderman Wihby again, we are put in the position of making an ethical decision as to how we are going to bail out mismanagement and if we don't do what Aldermen Wihby is suggesting, the people who are going to be suffering are those in public safety, library services, and the elderly. It is an ethical problem for us and I think we should support Alderman Wihby's motion.

Alderman Thibault asked that \$57.2 million last year that you gave them. Is that what they requested? Is that what they wanted?

Alderman Wihby answered they asked for \$57.2 million and on top of that we added salary adjustment and severance. So they got more than \$57.2 million but when they came to us at that time, besides raises and severance they wanted \$57.2 million. They were happy with that number but what was happening is at that meeting the revenue wasn't equaling out so that is why I asked the question so you are spending \$57.2 million plus the Medicaid. No. What do you mean no? You have the revenue. Well we don't need the revenue. I said well wait a minute you got the revenue, we don't have it you got it. Well we don't need it. So you only need \$57.2 million. Yes we only need \$57.2 million. I said fine then I am taking the revenue. They said fine as long as you give us \$57.2 million, we are happy.

Alderman Thibault stated if you gave them what they asked for then I think we should take out the \$300,000 and let them fly.

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

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

A True Record. Attest.

Clerk of the Committee