

COMMITTEE ON FINANCE

May 26, 1998

**Immediately Upon Conclusion of
Public Hearing**

Alderman Wihby called the meeting to order.

The Clerk called the roll.

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

Messrs: T. Clark, L. Bernier, J. Taylor, K. Clougherty, T. Piecuch, R. Ludwig, D. O'Shea, R. Sherman, M. Hobson

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

CITY SOLICITOR

Solicitor Clark stated as you know we met with the Mayor's budget team. They asked us to come in with certain parameters. Our budget is basically the same budget we had for the fiscal year we are operating in now. The major changes being the proposed salary increases and the addition of a new Clerk Typist III position which the Mayor and the budget team approved. Other than that, it is basically a flat budget. If you have any questions, I would be happy to answer them.

Alderman Wihby asked do you agree with the \$11,107 is extra for salary. You don't need it?

Solicitor Clark answered we do.

Alderman Wihby asked you do need it.

Solicitor Clark answered no, we agree with that. It is extra.

Alderman O'Neil asked so what is the correct number on the budget.

Alderman Wihby answered \$585,635 minus \$11,107. Is that right, Tom?

Solicitor Clark answered that is correct.

Alderman Shea asked about incidentals.

Solicitor Clark answered the incidentals fund is basically a legal expense fund. It covers if we have to hire a specialized attorney, hire experts for cases, witness testimony, hiring of appraisers in real estate cases. It is basically the number that we use to go out and defend the City.

Alderman Shea asked do you usually use that amount or do you turn some of it back.

Solicitor Clark answered it varies over the years. Some years we have used up to \$35,000 and some years less. This year I think we have spent close to \$14,000 or \$15,000.

Alderman Shea stated I noticed you asked for \$20,000.

Solicitor Clark replied it is just in case we need it.

CITY CLERK

Clerk Bernier stated first I would like to introduce Tricia. For those of you who don't know her, she works in the City Clerk's Office is a very key person in our office who makes sure that we balance out at the end of the year fiscally. I want to thank you very much for giving me an opportunity to speak to you on the budget. Our budget is within the Mayor's request. It is at the 1997 level with zero increase except I asked for an additional \$4,000 for the ceremonies that will be happening in October with the new City Hall complex. Some of the ideas that have been tossed around are that we will have different cultural groups do somewhat of a presentation with music, dress in the era of the late 1800's as well as food that they had during that time period. There are three sections of the budget that I would like to address this evening. One of them is the line item Manpower. You will notice that there is 100% increase. We went from \$12,000 to \$25,000. We have implemented a program that is a 50/50 program with the student loans, I shouldn't say student loans but with the Federal program in regards to students and you have probably seen two or three college students in our office last summer as well as one this fall or this year I should say. They have helped us in

areas like dog licenses where we have increased our revenue to \$20,000. They have also purged the checklist and done a lot of data entry. These people have done a great job. The Federal government picks up 50% of their wages and the City picks up the other 50%. We would like to continue that and that is why you saw an increase from \$12,000 to \$25,000. Another section that I would like to talk about is a memo that you received on 5/11 from Mark Hobson in regards to some salary adjustments. If you notice, there is \$36,000 in his memo. That will bring us to \$481,000. That is exactly what we need in regards to keeping the staff at the current level. Incidentals. You will notice that it goes from \$7,000 to \$22,000. That increase, again, is that we are absorbing some of the ceremonies during the opening of City Hall plus additional costs in regards to nameplates to dress up the Aldermanic Chambers and make them very presentable to the public. The other good news is as of May 21 our revenues are about \$964,000. We are \$94,000 to meet our goals and we think we are going to exceed the appropriation by \$30,000+. If you look at equipment, you will notice there is \$19,000. If you look at last year's budget, we were planning to put a postage machine in our office. We are asking for the same machine. We didn't purchase it this year because we only had \$7,000 but we believe that we are going to return about \$10,000 in expenditures so there will be a total of about \$40,000 that we will have at the end of the year that we did not spend.

Alderman Clancy asked what is that on again, equipment. You have down here \$22,000.

Clerk Bernier answered that is right. We want to purchase the postage machine this year. We asked for it last year and it was appropriated for \$7,000. We found out that if we go out it costs \$19,000 for the postage machine so I am turning the money back in.

Alderman Shea asked you have three college students.

Clerk Bernier answered yes, well throughout the year we had approximately three students. Last summer we had three and then we went down to one. We have two right now.

Alderman Shea asked where do you get these students from.

Clerk Bernier answered from the University of New Hampshire. We are working a program with Hesser College right now where these students are studying Executive Secretary and that is what we are going to hopefully do this fall. These students are from the university.

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Alderman Shea asked do they get compensated.

Clerk Bernier answered yes.

Alderman Shea asked do they get credit from the college.

Clerk Bernier answered no, they get compensated.

Alderman Shea asked they don't get any credit.

Clerk Bernier answered it is work study money.

Alderman Shea replied oh, it is work study.

Clerk Bernier responded yes and it is a great program because they pay 50% of their salaries while they work for the City and they do some very creative projects for us like dog licenses.

Alderman Clancy asked are they local.

Clerk Bernier answered yes.

Alderman Clancy asked if there is a vacancy in your department do they get priority for consideration. I mean you see the work they are doing.

Clerk Bernier answered no, they are all going to be leaving. One of them is studying to be an engineer and another is studying marketing. They just move on. We just have them one or two years.

Alderman Clancy stated I thought it would be specialized in being a secretary or something.

Clerk Bernier replied that will be a new program. You are correct. We are going to be working with Hesser College and that is our goal to basically train them and if an opportunity comes up we would hire them if they fit or even share with the Human Resources Director and funnel them right into City employment.

Alderman O'Neil asked with regard on both of these are going to be on the revenue side. The mechanical devices. Those are already paid for. Is it a fiscal year? Is it a calendar year?

Clerk Bernier answered fiscal year.

Alderman O'Neil asked and that was as of what date.

Clerk Bernier answered our licenses all need to be renewed by May 1. They have renewed at that number which is 335 which really from last year...the number of machines we put in is really for next year and we have no indication that they will be banned.

Alderman O'Neil asked so under line item 4709, \$382,000, that.

Clerk Bernier answered right. We project, not knowing what the future is in these video machines, mechanical devices, that there will be \$382,000.

Alderman O'Neil asked if the Legislation bans them.

Clerk Bernier answered that number will drop in half and the reason for that is the way I understand the law is that it is six months before they are terminated so if they pass the law and it goes into effect and both the House and Governor sign it for July 1 they would have six months so we prorated it.

Alderman O'Neil stated but some people have already paid for the year, correct.

Clerk Bernier replied no. Our year begins...our fiscal year our revenues don't begin until May 1, the 11th month of the year.

Alderman O'Neil asked with regards to the cable TV fee, you requested \$380,000 and the Mayor is recommending \$460,000. Do you know what his...

Clerk Bernier answered that would be an increase. Right now currently we get 4% and it would jump up to 5%.

Alderman O'Neil asked and that is with the contract that presently hasn't even really started to be negotiated yet.

Clerk Bernier answered that is correct. The Federal law gives the communities the ability to collect upwards of 5%.

Alderman O'Neil stated so that means Alderman Pariseau will have to guarantee that he gets 5%.

Clerk Bernier replied that is correct.

Alderman Pariseau stated if we do that then you can expect a rate increase for cable television. They are not going to give us another percentage and leave the cable rates the same. I don't know why you put that in the revenue side.

Alderman O'Neil asked your number is based on the current contract of 4%.

Clerk Bernier answered yes.

Alderman O'Neil stated the Mayor is recommending 5%.

Clerk Bernier replied that is correct. All other communities max out at 5% but it will be entirely up to this Board if they wish to do that.

Alderman Thibault asked 4723 I noticed there is nothing in 1998, but you got \$75,000 for 1999. Where is that coming from? Sunday license.

Ms. Piecuch answered what we did with that was we had to restructure our accounts with the HTE system and everything and the first year that it went in, the monies came into certain accounts and what we are doing is redefining those accounts.

Alderman Girard stated a few years ago, the City Clerk's Office proposed the creation of a business license fee and I don't support creating a license fee and requiring businesses to license but have you or has anyone in your office given any consideration to setting up a voluntary business directory that businesses in the City could pay a fee to advertise in similar to say the Yellow Pages. I understand that your office gets a lot of phone calls from people outside of the City looking for some kind of business directory.

Clerk Bernier replied some Aldermen probably remember that the City Clerk's Office wanted to implement a business license fee. That means all businesses that would do business in the City of Manchester would have to register in the City of Manchester. Currently we have a Sunday license which I guess somewhat discriminates but I think a business license would be in order. The reason for that is we get an average of three calls a week wanting to know where do we register our business. They are coming in from out west and all of the communities out west need to register wherever they do business. I think your idea of putting a list together is an excellent idea because then we could sell that. That is something we really need to explore.

Alderman Girard asked so currently, the City Clerk's Office has no resource to offer any business inquiring about the different types of establishments in the City.

Clerk Bernier answered that is correct and we do get about three calls a week.

Alderman Girard asked would you have the ability to develop or to take a look at some sort of voluntary proposal that business could buy into if it wanted to for its own advertising purposes to see what kind of strain that would put on your office or what kind of revenue it could generate.

Clerk Bernier answered what I would like to do is get back to the Board or the Committee on Administration to review that in the fall.

MEDO

Mr. Taylor stated there are really only two issues that I want to bring up with respect to this budget request. As you will note, our original request was roughly the same as we were approved for in FY98. During the discussion with the budget team, it was brought up that there is no money in the budget elsewhere for some of the miscellaneous expenses that are anticipated to be required for the acquisition of the UNH property such as title search activities, boundary surveys and that sort of thing. So the budget team recommended that an additional \$10,000 be added to the MEDO budget to deal with some of those items. In addition to that, they cut out \$2,000 in our salary line item because we had a vacancy in our secretarial position at the time and rightfully so I think they have rejected that the new incumbent in that position would come in at the base salary. However, in interviewing current City employees which is the City's policy, we did hire someone who was a current City employee and did come in at the B-4 level in opposition to the B-1 level so according to the Human Resources projection, we are about \$2,646 light, short in the salary line item. I just wanted to point out those items.

Alderman Wihby stated we have a new number. I guess Mark agrees with you and we are going to throw that number in.

Mr. Hobson stated the new number is \$2,592.97.

Alderman Wihby asked what is your bottom line number then. Is it the \$209,107 plus \$2,592.97.

Mr. Taylor answered yes.

Alderman Clancy asked aren't you moving into the Annex.

Mr. Taylor answered yes.

Alderman Clancy asked aren't you going to be saving on electricity.

Mr. Taylor answered I budgeted for five months for rent and electricity where we are now because we aren't moving in until October or November and I need to continue to pay rent where we are unless I want to move a couple of times and I don't think I really want to do that.

Alderman Girard asked the City Coordinator used to work out of your office. Has the absence of the City Coordinator made your job considerably more difficult or made your activity considerably less efficient? What kind of burden has the absence of a City Coordinator placed on you?

Mr. Taylor stated I think I have answered this question innumerable times and I will answer it hopefully the same way as I have answered it in the past and that is to say that in my view the City Coordinator is a position that we could really use given all of the activity that is going on at the present time. I think the jury is out, at least in my own opinion, the jury is out on whether or not the City Coordinator ought to be the head of the Economic Development Department but I won't get into that discussion. I think your question was is it a job that is necessary and my answer is yes. There are a number of issues that the City Coordinator could be working on such as the parking issue that we are facing in the Millyard. I guess you could argue that the Riverwalk proposal could be the City Coordinator's purview. The Hydro Project at Amoskeag Falls could be a City Coordinator project and Finance is doing it only because they are the only ones that are available. To some extent I would say that the current duties that would be filled by the City Coordinator position are being split up as best we can on an informal basis by the Finance Director, Planning Director and myself and with the current level of activity that is going on in the City, I guess the concern would be that although we haven't as far as I know, dropped the ball on anything yet the concern is that we might or maybe we are not looking into some alternatives or initiatives that we could be as a result of not having the position.

Alderman Wihby stated \$211,652 is the number because you agreed to the \$5,200 shortage but you have an account there that is \$10,000 and if you had to take a couple of \$1,000 out of that to make up for the money that is not a problem is there as long as the Payroll number is right.

Mr. Taylor asked are you talking about the marketing account.

Alderman Wihby answered yes.

Mr. Taylor stated if we have to swallow some of the deficit that is where it is going to have to come from because we don't have very much latitude in the other line items.

FINANCE

Mr. Clougherty stated the Finance budget that is before you is pretty much the same line items that we have had for the last three years. If you look at them they are the same numbers going across. In 1997, we had some of the Human Resource responsibilities and that is why there is a difference there but basically the same line items that have been carried forward for the last couple of years. The only difference in what is being proposed is in the regular salary line and that is what has been calculated by the Human Resources Department based on our current complement and the contractual obligations for step increases and things of that nature. There are no new positions or anything. It is just a maintenance budget and I would be happy to answer any questions.

Alderman Wihby asked, Mark, does Finance have a new number on that new sheet.

Mr. Hobson answered no.

Alderman Wihby asked and that is the same number that was on the old sheet, right. Remember we had a sheet like this that said \$79,000 on it. Now it is \$103,000 but there are only three departments that are actually changed on here. There is MEDO, Human Resources and the Mayor's Office. Those are the only three changes on this. Other than that, the \$79,000 is right.

Alderman O'Neil asked on your revenue side, there is about a \$400,000 or \$450,000 difference between you and the Mayor. Can you just comment on that end?

Mr. Clougherty answered when we made our projection it is a factor...what you earn on the income from invested funds is how much money you have, how long you have it and what is happening with the rates. We are of the opinion that...if you look at 1997 we had a good year but it is a matter of when you issue bonds, how long you have those proceeds for and then you figure cash flow draw downs. Going into the next year and coming out of this year, we have a lot of capital projects going on and we will be drawing against the cash. Tax bills will be

coming in in June. We are looking at, we think some action by the Federal Reserve, that is going to not be keeping the rates the way they have been and we think that a more conservative number would be the \$1.5. If you take a look at what we budgeted in FY99, we are going to come in better than that. We are going to be very well this year again simply because we expedited our bond issue and the market was tremendous. We went in sooner than we thought we would to take advantage of the good borrowing rates.

Alderman Pariseau stated Joanne Shaffer did very well, not the Finance Office.

Mr. Clougherty replied that is right. That is Joanne's area and she did a very good job but going out and getting that money in faster allowed us to invest at a higher rate. We think that there is going to be a change. As we have said before, the direction will be coming and we think that is going to be preceded by some rate adjustments and we probably won't be able to make as much as we have next year.

Alderman O'Neil asked are you saying that you are uncomfortable with the \$1.8 million.

Mr. Clougherty answered no, we looked at. We went back as a process and agreed that the \$1.8 million is feasible.

Alderman Hirschmann asked on your expense side does any of this money get spent towards the Enterprises. The Electrical Enterprise...

Mr. Clougherty answered no that is separate. This is strictly the City operations.

Alderman Hirschmann asked so none of these incidentals go to the Enterprises.

Mr. Clougherty answered no, the incidentals get spent primarily for a couple of things. For Bond Counsel and Tax Opinion. For example, the transaction we are dealing with now we are going to try to do that without issuing bonds to cut down in that area but in order to do it properly you have to get some good tax advice and make sure that those things are accomplished so that Bond Counsel payments gets paid out of there. We also pay out of there any cost for financial advisory services in terms of reviewing legislation and things like that. We have also got in there some security costs. There is a lot of money being collected at different sites around the City for the City so to have a security system that transcends all of the departments some of the costs for that system comes out of there too. So incidentals is primarily for City general fund activities and it has nothing to do with any of the Enterprises.

Alderman Hirschmann asked during 1997, you transferred Account Clerks to Human Resources and what I noticed on the agenda is that the Human Resources Department came to the Board because you didn't have enough money to those Account Clerks and dipped into our incidental account. How come that didn't come from your department? How come you didn't transfer money to help them?

Mr. Clougherty answered because we budgeted ours based on the lower complement. We didn't include raises for those people and my understanding and maybe Mark can address that, is the bulk of that was because in Personnel they weren't budgeted for either. We wouldn't have budgeted because they weren't going to be with us.

Alderman Hirschmann asked so this was a budgetary mistake that was made.

Mr. Clougherty answered I think that over the years the Board has heard me say that trying to do reorganizations as part of the budget process things get mixed up and it is not a tidy process and I think that is a further illustration of how that works.

Alderman Shea stated I notice that you have here 0907, Auditing. That is strictly for external audits, correct.

Mr. Clougherty replied that is right, Alderman.

Alderman Shea asked have you ever had in your department an internal audit.

Mr. Clougherty answered we have and we are building in the department and as part of the current year's budget you gave us the Senior Auditor positions and we are building that internal audit function. As far as an internal audit of the Finance Department, yea, we go through that regularly. Of all the City departments, probably the department that is most heavily audited is mine because we have Federal people coming in looking at the Federal dollars and we have the IRS in taking a look at tax issues and we have the external auditors coming in concentrating primarily on controls in our office. We would like, at some point, to expand that role and that is why we have the internal audit function.

Alderman Shea asked could you define the difference between an external audit and an internal audit, just briefly.

Mr. Clougherty answered an external audit is under contract with a CPA firm that is qualified to examine municipal accounts and they are independent. They are

not City employees. They usually are a company that does audits of municipalities and private sector operations. An internal audit is something where you have your own staff that are City employees reviewing internal controls and taking a look along procedural lines as to what is happening.

Alderman Shea stated an external audit actually is done...the information received is that information provided by a particular department, like the Finance Department, the CPA would examine material that is presented to him by your department.

Mr. Clougherty replied there are three types of audits. There are financial audits, they are performance audits and there are tax audits. The standards for how those are done for governments, whether it is a town in NH or a town in California, a city in NH or a town in Utah, a state or any other municipal entity are laid out by the Comptroller General of the United States who is the head of the general accounting office. He lays out all of those standards in terms of how those different audits, whether they be done internally or externally, should be conducted in order to comply with generally accepted accounting principles. Those standards are contained in what is known as the Yellow Book and it is called the Yellow Book because there is a yellow cover on it. That lays out the standards that you should be applying if you are doing internal audits or external audits. There are also standards that have been adopted by the AICPA which apply to your external auditors to make sure that they are complying with the Comptroller General's requirements so it is a very, very standard process in terms of what you have to follow and what types of independents you have to have and maintain in order to have a recognized audit. Those types of things are reviewed by the internal auditors on a regular basis and external auditors in order to make sure that when we go out and release an audit to the investors of municipal bonds, to the credit rating agencies, when we include it in our official statement, we have to make sure that all of those things have been followed. The responsibility for the general purpose financial statements for the City rests with me and the Finance Department and what we do is we prepare a financial statement. What you don't want and what happens in other cities and towns, is the auditor will actually come in and help to build the financial statements and then turn around and disclose them. That is not what happens in the City of Manchester. In the City of Manchester, we build the financial statements, we prepare that cap. Once all of those numbers and columns are completed, we turn it over to the auditors and say this is what we feel the financial condition of the City of Manchester is. Then they, once they have that, come in and check all of those numbers and come in and pull selected vouchers and verify every one of those dollars to make sure that, in fact, the right numbers have been included and that we followed the proper standards and procedures in developing that report and that we are in compliance

with generally accepted accounting principles. The most important thing you want in an audit is that first page you have to read what the auditor is saying and if you read the report of the auditor in the City of Manchester he will tell you that he is looking at the City's financial statements and he is finding that we are in compliance with generally accepted accounting principles. He is not doing a compilation as they do in some other cities and towns. He is not doing an audit of a lower standard. We have a higher standard that there is. It is done totally independently and we have been successful with that. So the numbers do come from us, do come from the system and they should come from us and come from the system and then they are externally, independently examined. The auditors are selected through a bidding process so that we make sure those people are independent. We have turned them over three times since I have been here. We had Arthur Anderson and then we went to Ernst and now we are with Melanson. We think that is healthy and there are standards even in that regard in terms of how they should be selected and what the types of things that you are looking for with an RFP. So we produce numbers but they are not something we can have much latitude on because you have to produce them in accordance with these generally accepted accounting standards. The Yellow Book, the guidelines is yea thick and the generally accepted accounting principles are about this thick.

Alderman Shea stated just to summarize, the external audit is an audit by a CPA that checks the figures provided to him by your department to make sure that they follow accounting procedures, etc. and that they are accurate.

Mr. Clougherty replied that is right.

Alderman Shea asked so...well I don't want to prolong the discussion but why is there such a thing as an internal audit then.

Mr. Clougherty answered because what we try to do and what a lot of cities and towns, particularly towns do is they wait until the end of the year and then they have the external auditor who comes in and starts to build this financial statement and they find out they have a problem. That is why we are trying to get into this regular flow of quarterly information and pick things up in between and that is what your internal auditors are doing. They are constantly reviewing the input by the different departments and making sure that the data that is getting into the system is refined and accurate so that when we get out at the end of the year and we have to pull together the financial statements, we can do them faster and cheaper because we don't have to have the auditors in as long because they are not building these things and that has been more efficient for the City of Manchester and that is why our rates are, I think for a City this size, pretty darn competitive.

Alderman Shea asked so there is really no need of an internal audit, is that correct.

Mr. Clougherty answered no I think there is a very strong need for an internal audit. That is why you have, for example, the Comptroller General doing the financial statements for the federal government but then you also have internal auditors performing this free review on an ongoing basis from Day 1 to make sure that you are picking up things earlier and sooner and you are bringing them to the attention of the departments and they can work with them and get them corrected earlier and it doesn't fester and develop into something that is a big problem at the end of the year. So if you have a good internal audit program, it makes your whole financial system efficient and less costly. It also makes it more reliable so that when you are giving unaudited financial statements in the interim to people who are interested in investing in your bonds or things of that nature, it builds confidence in them and that is what has happened with Manchester. I should provide the Board with a report that was done of selective cities and towns bond issues over a four month period and it so happened that they selected at the time that Manchester was in the market and what they did was they compared Manchester and its rates to all these other cities and towns and what they got so even though Manchester went out with our new AA rating, we got a 4.6% bond rate. Other cities and towns that went out with higher rates, AAA or AA insured, didn't match what we got for an actual rate and that is in part because the people that are buying the bonds are going beyond just looking at the credit ratings. They are looking at the reports that we generate and give them on an interim basis. So it does translate to dollars.

Alderman Clancy asked how many people in your department are bonded.

Mr. Clougherty answered yes, I think pretty much all of them. It is a hairy question, but I know I am and Randy and Joanne are. There are about five of us anyway.

Alderman Reiniger asked were you part of the budget committee that has been working with all of the departments.

Mr. Clougherty answered right. The Mayor asked us to sit on it.

Alderman Reiniger stated some of the department heads have referred to doing a zero based budget. Did, in fact, all of the departments operate under a zero based budget program or theory?

Mr. Clougherty replied zero based budgeting in my opinion is a term that gets thrown all over the place and it means all kinds of different things to different

people. There is really, you know the pure theory is you go down to dollar one and you start building, but I think the reality is that zero based is if you are doing a good job budgeting is really trying to maintain a level going forward so that you are only looking at increases in things rather than the normal, like in our case, it is the same line items that we have had right along. I think a zero based budget has its place, but if you talk to the credit rating agencies and you talk to investors, going to a zero based budget every year is not always a good thing. If you are a city or town that has just gone through a natural disaster and you have got a tremendous building program in front of you and you go to a zero based budget you are going to get downgraded because you are not going back and doing the things you should be doing so it doesn't always apply. What you have to take a look at is are you in an economic climate to do a zero based that is at maintenance level or aren't you. I think this year we probably are and I think that is what the Mayor was trying to get done and that is certainly what we have tried to hold to.

Alderman Reiniger asked so this climate is a good climate for a zero based budget.

Mr. Clougherty answered I think generally any time you see your valuations going up and things of that nature is a time when you should be taking a look at your reserves and other things and trying to keep your expenditures in check because as you are riding up the scale and we are way up the scale if you follow that theory that every 10 years is an adjustment, we are like here and that adjustment is going to come so if you are building more on you are going to fall farther so you want to try and keep that level and invest your dollars into things other than operating expenses so you can get...that is why resurfacing and things like that as part of the budget is a good thing in anticipation of a downfall.

Alderman Reiniger asked just so I am clear, are you saying that a form of zero based budgeting was used by the departments but not the pure or theoretical form.

Mr. Clougherty answered right. I think the approach was right and I think that is accurate because again not only can you not apply it across the board, you have to try and keep it within different departments have different cyclical needs. For example, Leo. Leo has a Presidential election. You can't keep him at a zero based budget during a Presidential election or we are going to have problems unless you start to trade off some other things and that is, I guess, what we tried to take a look at is each department take a look at your base and make sure it is as close to zero as you can but if you have something that is necessary and you can make the argument for that then that should be considered. You shouldn't be so restricted to a zero base that you can't respond to the needs of the community.

Alderman Wihby asked weren't the departments told to use the same numbers as last year but the extra added was basically the salary line item from raising that were passed throughout the year.

Mr. Clougherty answered that is right, but also I think that there was the option for people to put in budget additions. If somebody had something that really needed to be considered, that was the avenue for them to take a look at that and I think that is appropriate. You should never exclude that opportunity for them.

Alderman Wihby stated so I think when we are hearing from department heads saying it is zero based budgeting, they are just looking at it as the increase, basically there is no increase from last year other than additional things, for instance salary negotiations, and then they have an opportunity to give some additional items that they thought they wanted. I think some of them were okay and some of them weren't.

Mr. Clougherty replied that is right.

Alderman Wihby asked while you are here, can you take up the non-departmental too. Does anybody have any questions on that?

Alderman Hirschmann stated I thought that Alderman Reiniger's question was excellent because I was questioning myself the question that he asked you because last year you were approved for \$787,000 and your request was for \$880,000 and that is about 10%. So, they didn't give us the percentages on our book this year so we have to do our own math but in my mind that is 10% and the Mayor cut it down to \$854,000 which is about a \$65,000 increase in your budget. I was surprised myself, due to the fact that you did transfer positions out of your department to the Human Resources Department, I was hoping to see level funding or less. I mean the City Clerk is coming in and getting just \$3,000 more than he got last year. If this is going to happen every year, I am not akin to this. I am not happy. I don't know what is going on in your department. If it is the Aggregation thing or what is going on over there but...

Mr. Clougherty replied no, the Aggregation has nothing to do with it. As part of this year's budget, what we gave up, the people to go to the Human Resources Department, we had a vacancy in our position last year. You have to take a look at what our complement was versus how many bodies we actually had. What we said was if we are going to go forward we need to have the internal audit function, you know the treasury function needs to be strengthened and these are the types of things we have to build in. Those were approved as part of the budget. The number that you see for regular salaries and wages is calculated by the Human

Resources Department based on the existing complement and yes, as of this year that adjustment does seek that level but in years going forward we should be in the same position as everybody else. I would argue to go back and take a look at our bottom line over the last eight years we have been going along. This is probably the first year where you have an increase as a result of those changes as part of last year's...

Alderman Hirschmann asked what is your actual increase percentage wise. About 7%? I wish every department would come in with last year's number and this year's number and tell us what the percentage increase is. What is reality. I mean some guys get taken care of, I mean this guy, his department is taking care of and he is growing for the future where other guys come in level funding and the City Clerk comes in and they are getting \$3,000 and they can do in a conservative fashion the way the should and I think everybody should be held to that and everybody should be doing that. Then when we have asked someone to cut a percentage, everyone is being cut the same percentage.

Alderman Wihby stated I have the City Clerk going up about \$31,000 so I don't know where you are getting your number from and Finance, well you might be looking at salary which might be \$3,000.

Alderman Hirschmann stated I was just trying to make a point though that not every department is growing at the same rate. So when you try to be fair, Dave, at the end of the budget session when you say everyone is going to take a 1% cut well Finance is going to get a 6% increase and the next guy is going to get level funding. That is a fact of life. It is a reality. You know that that is what is in your mind every year when you cut in the budget and you say well everyone will take 1% but if one guy is getting 7% more and one guy is getting 1% more then we are not playing on fair terms. I am just making a point.

Alderman Wihby stated the City Clerk went from \$609,000 to \$643,000. So that is a \$35,000 increase. Finance went from \$787,000 to \$843,000 so that is a \$60,000 increase. If you look at the two numbers they are not that far off. If you take another one for instance that is close to Finance's, like Building, they went up about \$32,000.

Alderman Hirschmann stated last year you gave us the percentages, though.

Alderman Wihby replied the Mayor gave you percentages, I didn't give you any.

Alderman Pariseau stated Finance received \$1 million something for the Aggregation Program, \$1.5 million. What is your actual expense for 1998?

Mr. Clougherty replied I didn't bring the Aggregation information because we talked about it the other day. I didn't know it was on the agenda.

Alderman Pariseau asked well isn't it part of Finance.

Mr. Sherman answered well what we received last year was \$1.058 million.

Alderman Pariseau replied well \$1,005,885.

Mr. Sherman responded I think the last time we reported we were at \$381,000. I am sure it is probably closer to \$400,000+ at this point but I don't have an updated number on that.

Alderman Pariseau asked so that balance would go back to the general fund or are you going to stockpile it over to Aggregation.

Mr. Sherman answered it stays in Aggregation until that fee is collected.

Alderman Pariseau asked so would the request of \$695,000, you are going to take another \$400,000 and apply it to Finance for the Aggregation Program.

Mr. Sherman answered what we had said is we had gotten the \$1.058 the first year. Because of the time-line and how some of the things have fallen into place, we weren't going to spend anywhere near that \$1 million this year so the budget for FY99 has some dollars in it that we really budgeted in 1998 but weren't going to use but when we are in the process of...

Alderman Pariseau asked how can you do that. How can you take 1998 funds and pass them on to FY99.

Mr. Sherman answered we came back to get your to reappropriate. That \$1 million is going to go away and the balance of that \$1 million is going to lapse.

Mr. Clougherty stated that was my point, Alderman, is we had \$1.058 million and we are not going to spend near that. The balance lapses then you reappropriate for the next year an amount of money and that is what we are talking about.

Alderman Pariseau asked so the request for the Aggregation for that \$695,000 or \$645,000 already includes the leftover balance from 1998.

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Mr. Clougherty answered there is no leftover balance that somehow stays there to get used. \$695,000 is all we have to move forward.

Alderman Pariseau asked so the proposed revenues for Aggregation is \$748,000.

Mr. Clougherty answered it would match the expenses.

Alderman Pariseau stated so Aggregation should come out in the black for FY99.

Mr. Clougherty replied right.

Alderman Cashin asked so going back to the FY98 budget, the \$1.058 million, you didn't spend it all. Where does that surplus go? Back to the general fund?

Mr. Clougherty answered no, Alderman. What that is, is there is not cash that was collected. We didn't collect \$1 million. We are only going to be reimbursed for what we spent so there is not a pool of excess dollars there. You could only spend up to that amount and we are not going to spend that. There is no balance there. It is closed. Then next year you appropriate the amount of money that is necessary going forward.

Alderman Cashin asked so next year we are appropriating \$695,000 for Aggregation.

Mr. Clougherty stated this doesn't include the benefit number.

Alderman Cashin stated okay \$695,000 plus benefits, but that is an appropriation. That is money, but you are saying the \$1.058 million before wasn't money.

Mr. Clougherty replied no I am not saying that. I am saying you gave us an appropriation of \$1.058 million. We are not going to spend that whole appropriation.

Alderman Cashin asked so how much are you going to spend.

Mr. Clougherty answered \$400,000 or \$500,000. The difference is we are not raising and we are not spending.

Alderman Cashin asked so is there \$500,000 someplace.

Mr. Clougherty answered I wish, but there isn't. You can only be reimbursed for your actual expenditures. If the only expense is \$400,000 then that is all you can be reimbursed for.

Alderman Pariseau asked from what. Aggregation fees?

Mr. Clougherty answered right.

Alderman Pariseau asked but this was paid out of tax dollar money, right.

Mr. Clougherty answered well when you get reimbursed, you get reimbursed with the costs associated with that and interest and everything else. That was the arrangement.

Alderman O'Neil stated I kind of see where they are going with this. We are talking about Aggregation being a wash in the future but yet we have to recover that \$500,000. Where does that show up in next year's budget? We have to recover that money somehow. That means on the revenue side we should be \$500,000, it shouldn't be a wash, we should have almost for lack of a better term a profit of \$500,000 to pay back past years of Aggregation but the budget that is proposed is a wash almost. Unless I am missing something. Somewhere we have to come up with \$500,000 and I know you have said in the past that it is going to be recovered in the future but where does that show up in the budget.

Mr. Sherman replied if you look at the FY99 request for the revenue, it was \$1.2 million. The Mayor has recommended \$748,000.

Alderman O'Neil asked well where are we going to come up with this \$500,000 to pay back FY98. That is my question to you.

Mr. Sherman answered I think the Mayor's recommended revenue needs to be that \$1.2 million which is what the request was.

Alderman O'Neil asked the \$1.2 million included the \$500,000 for FY98.

Alderman Wihby asked where is the \$748,445 now. What account? Where is it, under Finance revenue?

Mr. Sherman answered it is an Enterprise revenue. Right now what you have got is an expense recommended at \$748,000.

Alderman Wihby replied right but where would you put the additional \$500,000. Would you stick it under Finance revenue?

Mr. Sherman responded no. We would put it under the Enterprise revenue where it was requested.

Alderman Wihby asked well how are you going to pay back the City.

Alderman Hirschmann stated it should be a transfer back to the general fund shouldn't it to pay the resolution.

Alderman Wihby asked how are you going to pay back the \$500,000.

Mr. Sherman answered we have in the budget in FY99, \$750,000. Say we spend \$450,000 this year but haven't collected anything. Next year, once you collect it, you are going to collect, assuming you spend the whole \$750,000, you will collect the \$750,000 plus the \$450,000 from the prior year. That is why the recommended revenues was \$1.2 million. We added those two together.

Alderman Wihby stated okay but if, in fact, the general fund has paid for this year's when are you going to transfer that money into the general fund revenue.

Mr. Sherman replied it doesn't go into the general revenue. It never came out of the general fund as an expense. It is a cash. It is a cash transaction.

Alderman Wihby stated so you just took it out. The cash portion of it you took out. Okay. I get you.

Mr. Sherman replied it is a due to, due from receivable payable type thing.

Mr. Clougherty stated cash versus book.

Alderman Girard stated just to make sure I am clear, this is an Enterprise fund so the money that has been expended from this fund is not a general fund liability and it will not become a general fund liability unless the Board decides to dissolve the Enterprise and count those payments, those liabilities, against its balance sheet. So the revenue that you collect from Aggregation fees will, in fact, take care of all the expenditures that have been made with no impact to the general fund. So there is no taxpayer liability here.

Mr. Clougherty replied right.

Alderman Wihby stated basically you needed the cash to pay the bills so you borrowed the cash and you didn't incur it as an expense on the general fund side.

Alderman O'Neil stated the under Aggregation revenues, that number should be \$1.2 million.

Mr. Clougherty replied yes and that is what we recommended.

Alderman O'Neil stated I don't understand why it isn't.

Alderman Wihby stated it doesn't affect the general fund.

Alderman O'Neil stated but still it has got to be right.

Mr. Clougherty stated I will remind the Board that you don't appropriate revenues. You consider revenues and they are certainly integral to the decisions you make on your appropriations, but you don't appropriate them so what will happen is, from a practical standpoint is those dollars, regardless of what you budget are going to match up with the expenses and that is what will come in.

Alderman O'Neil stated but unfortunately if we don't consider that \$500,000 we are not really painting a true picture of Aggregation then.

Mr. Clougherty replied no and I agree. It should be changed to what we requested.

Alderman Girard asked are we doing anything any different with this Enterprise account then we do with any other Enterprise in the City.

Mr. Clougherty answered no.

Alderman Pariseau asked where is the \$53,000 in Aggregation.

Mr. Sherman answered benefits. We don't who benefits on this first sheet.

Alderman Pariseau asked so \$53,000 for three people and they are not even hired.

Mr. Sherman answered we expected it to be 6.

Alderman Pariseau asked how many people did you have hired.

Mr. Sherman answered 2.

Alderman Pariseau stated \$53,000 in benefits for two people.

Mr. Clougherty replied that is the budget, Alderman, versus the actual. We budgeted so that if the program took off and we needed to bring on the full complement to do the job, we had it. Given the past legislation, which we had said last year may or may not accelerate and it didn't, we kept it prudent and kept it at two people and again you are looking at the budget versus the actual. When we had our meeting several weeks ago and we handed out the information on, and I apologize for not bringing that, I thought because we had that meeting on Aggregation that we weren't going to get into this tonight but those numbers if

you go back and reflect on those that will show you budget versus actual and you will see what we are talking about.

Alderman Wihby stated so lets get down to brass tacks and get to the real questions. Are you hiring any more additional people this year for Aggregation then you did in the year that you are in now?

Mr. Clougherty replied only if the program gets the approval from the State and moves forward and we are ready to go forward with Nashua.

Alderman Wihby asked is there another vote necessary from the Aldermen to do that or is it already set for you to do that because we adopted this budget, the money is there for you to hire the other people.

Mr. Clougherty answered through the normal process. We would have to go through Personnel and everything else.

Alderman Thibault stated if I understand this right, the \$53,000 you have only hired two people, the remainder will go back into the general fund if you don't hire anybody else. Is that right?

Mr. Clougherty replied it won't go back into the general fund it is just, there is nothing there. It will stay in the Enterprise.

Alderman Wihby asked so where is the expense that was used. It is not here for the benefits. Where are the benefits if they are not here? Are they in the general fund portion? Are they still in the Enterprise?

Mr. Clougherty answered they are in the Enterprise.

Alderman O'Neil asked, Mayor, do you agree with them that really that number should be \$1.2 million.

Mayor Wieczorek answered well if that is the number that works out to be the right number for what we have to get paid back for last year and what we expect to have this year, the answer is yes.

NON-DEPARTMENTAL

Alderman O'Neil stated the Municipal Association, we pay \$25,000. Do we get \$25,000 worth of services?

Alderman Wihby replied we ask that question every year and the Mayor tells us we do but he is here. We try to cut him back every year and it seems like they do a decent job for us I guess.

Alderman O'Neil asked \$25,000 for the mailings or are they doing other things that I am not certainly aware of.

Mayor Wieczorek answered they do. They actually do a very good job of representing us and providing us with the cover and information we need on the legislation that is being passed. For us to be sitting there and trying to do it all ourselves would be a very difficult and cumbersome task. In addition to that, there are many times that we have something that is in the legislature and when the Municipal Association is supporting it, they do a very good job with the Legislature and the Senate to put forth the best effort that they can.

Alderman O'Neil asked but we still send people up there on it, so I don't understand what we are paying the \$25,000 for.

Mayor Wieczorek answered well you have to understand when you have some projects that are up there, it isn't going to be just the one organization that is going to be there. Many times you have many people that might be interested in something that will all have a representative there. That is not unusual.

Alderman Wihby stated maybe if we had a Senator on the Aldermanic Board we wouldn't have to pay the \$25,000 we could have him do our lobbying up in Concord.

Alderman O'Neil replied that could be. I just know the few times I have been up there we have had quite a few City representatives up there. I don't know what we are paying the \$25,000 for.

Mayor Wieczorek stated because there are times that you really have to express your point on a particular issue, whatever that issue might be. As you know, there are many, many issues that we have to deal with. The department heads are involved in it and if it has anything to do with Finance then the Finance people are involved with it and if it has anything to do with the Police, the Police Department is involved or the Fire Department or whoever it is. They also go there and if they are not there they do send a letter and I am up there many times testifying on various bills.

Alderman O'Neil stated I am not disagreeing with that end of it, your Honor, I am just saying what are we getting for the \$25,000 if we are sending our own people up there anyway.

Mayor Wieczorek replied well you are not going to get a program where you are not going to send anybody up there and just say well they are going to do all the work we don't have to do anything. That isn't going to work at all.

Alderman Wihby stated a lot of times they actually give us the bills and stuff that we get and wouldn't know if they were up there if we didn't get the communication.

Alderman O'Neil stated I am just asking if it is worth \$25,000.

Alderman Shea asked do we get any kind of read back or printout concerning what kind of contributions they do make.

Alderman Wihby answered we get the bulletin sent to our house.

Alderman Shea replied we do but I am just saying the bulletin is one thing but actually involving, in other words, the services would be another. Possibly if there was more accountability on their part, maybe there would be more justification for us paying \$25,000.

Alderman Hirschmann stated I got \$25,000 in mail to my house alone from them. They kept me pretty informed on Claremont. I think it is worth it.

Alderman Girard stated I am curious to know what the \$12,500 for civic contributions includes.

Alderman Wihby replied we will get that but probably not today. We will have to get the breakdown. Sean will get it to us tomorrow.

Alderman Wihby recessed the meeting.

Mayor Wieczorek called the meeting back to order.

There were 14 Aldermen present.

PARKS, RECREATION & CEMETERY

Mr. Ludwig stated I would like to introduce a small group of people that I brought with me trying to outnumber the Board but I didn't do it. Elaine Emermiak, my accountant; Commissioner Keegan here in support; Carol Jaworski, Business Officer; and Ron Johnson. If anyone has a specific question at the end of my brief talk, feel free to direct it to them. Just a little bit about the Parks, Recreation and Cemetery Department. Over the past few years or since approximately 1993, our department is comprised of two organizations. An Enterprise division and a general fund division. For the members that may be somewhat unfamiliar with that process, I will just give you a little bit of background. In 1993, the department was divided budgetarily between Enterprise and general fund. In the Enterprise exists some areas that have the ability to be self-sufficient and produce revenue and others that may be a little suspect in that regard. However, the golf course, our two ice arenas, McIntyre ski area and our swimming facilities basically make up the Enterprise division. We are asked to be self-supporting, but we do receive some revenue in the form of a subsidy I guess it would be from the School Department to supplement the income or the revenue that we can generate in the Enterprise. Our tax funded division is the Parks division which basically maintains 11,000 acres of park land throughout the City, athletic fields, passive parks, and our Cemetery division which maintains nine cemeteries throughout the City, the largest being an active cemetery, Pine Grove Cemetery which is about 275 acres of which about 175 acres are active. Our Enterprise system is a little bit different as it may be in some other communities that may just have a single golf course as a part of an Enterprise or maybe an ice arena as part of an Enterprise. Ours is kind of a combination or a blend between the organizations that I named that exist in it and the support that is provided by the Parks division. By that I mean that while the Enterprise does receive money for work that it does on behalf of the School Department, that work is accomplished through the tax funded Parks division people. The Enterprise division, the 13 full-time employees who work in the Enterprise division basically work on the golf course, the two ice arenas and Gill Stadium so they are not the people who are going out and doing the day-to-day work on Memorial's field or Livingston Park field. That is done by the Parks people so there may be some confusion or there may be some unclearness in some people's mind as to how that works. It is important for us to track how much work is being done by the Parks people and the Parks division for athletic related facilities. How is the Enterprise doing? Well I have been sitting here in the audience and listening to a lot of whether we should have more taxes or more fees and I guess that is something that we will probably debate for quite some time. In our case I can tell you that in 1982, when I took over as the Recreation Supervision at that time, we would receive approximately, for all of the organizations that I just named, about \$15,000 per year for capital expenditures at the golf course, at the two ice arenas, at Gill Stadium and for the swimming pools. That really wasn't a lot of money but we hung on and unfortunately some of our

facilities and buildings ended up in not so good condition. The reason I am saying this is not because previous Boards haven't treated the Parks & Recreation Department like it should have been. They did the best they could given the times. We are seeing nationwide a turn towards using Parks & Recreation as a marketing tool within the City just like a civic center may be a marketing tool or the redevelopment of downtown and the river would be a marketing tool. We are seeing real estate people and others who have finally come to realize that Parks & Recreation means a lot to people who are coming to our community and it is important to us. It is a marketing tool. It really is. I am not here to just sell the department. I am happy to say that the Enterprise, as we know it now as it exists, if it is not altered to any great extent, is moving forward. What I need to also relate to you is that when we became an Enterprise, we became an Enterprise with a lot of facilities that weren't in very good condition. We are putting considerable dollars on a capital basis and in some cases for marketing or master plans in certain areas where we feel we need a more decent plan to move forward before we can just invest money which may not be the best way and those priorities and those investments change continuously. I am here to tell you that we are in a business where fees make a huge difference. We are not a utility. We are in competition with all the other little people who run ski areas or who operate ice arenas. We have a new ice arena just north of us here in Hooksett now which is going to provide some competition. So when we talk about trying to project revenues against expenses, we are really in a small margin area as it relates to what we can do. We have been attempting to increase fees to the extent that the general public can still afford to participate in recreation in Manchester and believe me we walk a very fine line as it relates to trying to make both of those groups happy. But what we are finding is as we put money back into our ice arenas or back into our ski area or back into our golf course, we find that in general the users of these facilities are far more receptive to the way they see us moving forward. That is all I can tell you. Hopefully you are not hearing out there that we are overcharging for golf or we are overcharging for skiing or we are overcharging for ice skating or we are overcharging for those items. We are not trying to but we are trying to send a signal out there that says if we invest back in our facilities as we should, we can make them better and we can keep pace with some of the groups that are building around us that are our competition out there. It is going to take us some time to get there and that is the reason I am here to say that our budget needs to be funded as it has in the last year or even a little bit more. If you see in our Enterprise section, above budget, you may see some numbers that indicate a larger appropriation than what we really spend. The reason for that being is that we build contingency and some other items in there in the event that we can get creative and come up with ways to earn additional revenue we can go out and actually spend that money in the right ways. For instance, at McIntyre we have a master plan that has been developed by a

reputable company from up north, Snow Engineering. Yes, it cost us a few dollars but it mapped out and gave us a method or an approach to follow that makes sense for us at McIntyre. For instance, we know that snow tubing is huge. It would bring in a good return on our investment, but we also know that if we don't increase our parking and make that better and signage to get people to our area, they aren't coming. So we are constantly faced with making those decisions in an effort to move forward. Soon an individual from Maine will be coming for the entire golf season, off and on, with a team of consultants who will give us what we think is a good plan to move our golf course forward with. We also have a similar situation going on for JFK and our ice arenas. So we are trying to take a look at everything. Three years sometimes seems to me like is that all you have done. But on the other hand, I know that we have done an awful lot over that three year period. Could we be faster? Maybe but sometimes RFP's and that process takes a little longer than even I care to discuss. So basically I am here to tell you that we are a group that is faced with the unnamable job of saying lets fix our facilities and trying to keep everything in balance and that includes the fee that will allow the people who live in Manchester to afford to use McIntyre and to be able to afford to use the other facilities that we have. Again, on the general fund side, the Mayor...just prior to the budget process starting, I had written a memo to the Mayor asking him to please take a look at allocating a few dollars in CIP to the Cemetery division and he was kind enough to do that for us. This will allow us to move the Cemetery in creating some new niches in our mausoleum as I explained to him in maybe not the best terms but our mausoleum is like running a clothing store with one shirt. We had one place left so sales couldn't be, aren't really that good. We will be able to develop more niches for sale, but tied in with that we need to do some marketing there. Some people just attended an event recently over at Mount Calvery and came back to me and said how beautiful their facility was. Unfortunately, they can do a few things that we can't as a public cemetery, however, we can be better. We can get our mausoleum open in the future on a more regular basis so that it will allow people who purchase vaults and niches for cremations the ability to come in and whether or not I have to pay a few dollars out of my budget to do that, I intend to do it. We had some money appropriated to build, which is a new thing now, called outdoor cremation stations which are very low maintenance where you can purchase a section to put remains in outside. They are very low maintenance and they make a lot of sense. They are going to return some revenue in the Cemetery division. So we also will be taking a look at the Cemetery office building which is pretty close to being, I think if it is not on the historical register it certainly should be. It is a beautiful little building with a roof that leaks and it is in tough shape, but we will be able to get some engineering work done to come in and properly address it. It has a slate roof which is good for 100 years and I happen to be the one that is sitting here 100 years later and telling you that it is leaking. So if we fix it that way again, maybe in another 100 years I

don't know who will be sitting here but it won't be me. To that end, I am going to open it up to questions. We basically have met with the Mayor and his budget team. There were a few minor glitches in the budget process, but I think that we have hammered through most of them and I am certainly willing to answer any questions.

Mayor Wieczorek stated I have heard a lot of people that use the golf course now really talking about the golf course and how it is really coming along. I can remember back I guess about three years ago when we tried to raise the rates over there and there was a hue and cry not to raise the rates and I understand that because if you give people the same thing and just want to raise the rates, I can understand their consternation but if you are going to give them more, they don't mind paying more and that is the reason why I know you raised your rates this year I believe and nobody has complained about it because they see that they have a better product. I think that is important.

Alderman Wihby stated \$2,122,631 minus the \$220,596 because of the Personnel number, is that right so you can live with the \$1,902,035. In that number is \$200,000 that you have to reimburse the Enterprise fund, right and the other \$450,000 will come from the School Department?

Mr. Ludwig replied yes.

Alderman Wihby stated now that is going to change a little. I understand the number is going to be \$300,000 and \$350,000. Is that a problem?

Mr. Ludwig replied that is the way I tried to calculate it.

Alderman Wihby asked basically \$200,000 plus \$450,000 from schools.

Mr. Ludwig answered right.

Alderman Girard stated you characterized the \$650,000 that the City historically has given the schools as a pass through, you characterized it as a subsidy but isn't it, in fact, money that the City gives the school athletic budget to reimburse you for the maintenance on the facilities that the schools use. I understand that it is money the City is giving, but it is in fact paying you for services rendered.

Mr. Ludwig replied that is correct.

Alderman Girard stated there have been numbers bantered about according to Mr. Thomas of...the number that was put in the school athletics budget was in error. It

should have been \$450,000 instead of \$200,000. Does the department still need to have all \$650,000 in order to keep the Enterprise moving in the direction that it is moving.

Mr. Ludwig replied the simple answer to that is yes.

Alderman O'Neil stated I just want to review the Enterprise and you and I have talked about this probably half a dozen times. The golf course does not lose money, correct? I don't want to say it is profitable, but it does not lose money.

Mr. Ludwig replied it does not lose money.

Alderman O'Neil asked the ski area does not lose money.

Mr. Ludwig answered it depends on the weather, but no.

Alderman O'Neil asked and the ice arenas about break even.

Mr. Ludwig answered to answer that fairly, you must keep in mind that the City has been very kind to some of the larger ice uses over the year. Junior Hockey has 1,500 children in the program. 750 in Manchester and about 750 from surrounding areas and the prices have been very low for their hourly rate price. Do I mind that? No, but they are on a sliding five year scale now that I approached them with last year and it starts to bring them in line where I think they should be so we are not maximizing what we could make per hour on groups like the Southern NH Skating Club or hockey given the fact that they are large users, involve kids and those kinds of things.

Alderman O'Neil asked Gill Stadium loses money, as well as the pools.

Mr. Ludwig answered correct.

Alderman O'Neil stated in the overall picture of the five enterprise groups and you may break it down even more than that, everything balances out. The golf course and the ski area are really helping to offset Gill Stadium and the pools in the overall picture?

Mr. Ludwig replied we can continue to carry swimming pools operationally. We wouldn't undertake a huge maintenance renovation of the swimming pool such as Raco Theodore where aesthetically when there is water in it, it looks nice and blue and pretty nice and if you walk around underneath some of the filtration areas you would find that down the road we are going to be facing some significant dollars

for that and I have been identifying that going forward in the CIP budget but we haven't been lucky enough to hit yet. Should we have to undertake a project of that magnitude, as well as carry the swimming pools operationally, Alderman, it would hurt.

Alderman O'Neil asked and are we able to do the capital improvements at Gill Stadium that need to be done annually.

Mr. Ludwig answered the answer to any money that we identify for any area for that matter is based on can we afford to do it on what we earn. We are currently and have been I am sorry to say for a year working back and forth with Finance trying to determine what our own bonding capacity would be given projected revenues against projected expenses.

Alderman O'Neil asked within the Enterprise picture.

Mr. Ludwig answered yes and I think very soon we are going to be able to come up with some of those nice looking graphs that I see Finance come in with once in awhile and say you can do that. Now if you start fooling around with the appropriation then that obviously throws off our revenue and to come back to us and say can you get \$50,000 more out of golf or could you get \$50,000 more out of any other area the answer to that would be well we will try but this Board needs to make some philosophical decisions as to how some of those places would be run and what we would charge. What I am saying is that we are trying to do the best we can to hold the line but still give us enough revenue to put back into some of these facilities. To answer your question about fixing Gill, yes.

Alderman O'Neil asked increases at the golf course or at ski area, in fact, not only paying for improvements there but are paying for improvements in other places.

Mr. Ludwig answered you have to keep in mind that in my opinion, a facility like Gill is pretty much used for high school athletics. If you are a School Board member you may point a finger at me and say we are not there in July and August and I think that I have a pretty good comeback for them in that regard and that is the significant amount of Legion ball that is played there basically is our own high school kids that play there or they may be Hooksett or Bedford but they are going to West or Central anyway and the fact of the matter is that you can't return a facility with a key off and on and say well we don't cut the grass after June 18 when they graduate and we are going to start cutting it again on August 1 when they decide to come back and start playing football and get the field ready. In my opinion, Gill Stadium basically exists for high school sports. Now if the School Department has another idea and they would like to go somewhere else, then

maybe that is the time that we open up Gill to other venues that may be minor ball or something like that, but right now in my opinion it is a high school athletic facility.

Alderman O'Neil stated I guess my concern and you and I have talked about this a number of times, the golf course and ski area and probably the hockey rinks are appropriate as Enterprise funds but I personally don't believe that Gill Stadium belongs as an Enterprise fund and we are actually balancing Gill Stadium because of success at the golf course and ski area. True statement?

Mr. Ludwig replied it is a true statement but you have to look at it from my perspective and for years and years and years and years the golf course generated revenue to the extent of \$300,000, \$400,000, \$500,000 and \$600,000 last year raised at several of these other facilities and we would come to a Board, not this one, others or whatever and ask to purchase a \$15,000 cushion so the guy wouldn't have to walk out to the 16th hole to change the cup and we couldn't get it but we would walk across the street and there goes another \$600,000 fire engine down the road. To make the matter simple, we bought it. We earned \$600,000 and got nothing back so your statement is right, Alderman. You are correct but it is one heck of a lot better than what we had.

Alderman O'Neil stated I just want to make it clear that I am not criticizing you. I know those are the cards you have been dealt and where you have to live, but the reality of it is Gill Stadium does not pay for itself nor do the pools and that is all I have.

Alderman Hirschmann asked this is the third year going in that we are going to have an Enterprise in your department.

Mr. Ludwig answered we could be going into the fourth.

Alderman Hirschmann stated third or fourth year and it is starting to work and we babied the program and we are growing toward something and it is working. My question is, in your administrative division, all that staff of like five accountants and clerks, those people listed under administrative, there is an Accountant I, Principal Accounting Clerk, Senior Account Clerk, Clerk Typist III, Clerk Typist II. How much of those people's salaries is charged off to the Enterprise?

Mr. Ludwig replied you have to understand that two of those people exist in the cemetery first of all.

Alderman Hirschmann responded I understand how it is drawn but what I am asking you as a question is out of those people who keep track of books and records, how much of them is charged off to the Enterprise. Their salaries and benefits? Are the taxpayers of Manchester paying to account for the Enterprise? It is a question.

Mr. Ludwig replied it is a good question. Last year administrative costs we divided out because we really had no real, from going to previous records, we came up with like a 70% payable by the Enterprise and 30% payable by the

general fund. This year we moved to 60%/40% because we felt that that more accurately reflected those numbers.

Alderman Hirschmann asked so you shifted some back to the tax side.

Mr. Ludwig answered we shifted some back to the general fund which equated to about \$30,000 there or whatever. The one thing that I don't ever want to do is to say sure the Enterprise is moving forward but I don't think that the Enterprise should be used as a portion to necessarily fund general fund items. That shouldn't be paid from Enterprise either.

Alderman Hirschmann stated what I think and this is an opinion that I want to put out is that I think it should be more defined and cut and dry as to who is charged off where. I would think that an auditor would even say that. You know is this person's salary and benefits out of the general fund or out of the Enterprise and the way that your Enterprise is performing, I would think that those people...I would think it would be 60%/40% the other way but that is what you are telling me.

Mr. Ludwig asked I should put 60% back into the general fund.

Alderman Hirschmann answered the other way. The other thing I want to ask is there are two people on your chart a tree climber and a forestry technician. Now these two people have a daily schedule. Where are they daily? Are they out in parks, where are these people? Are they ever in Ward 12 cutting trees down or climbing trees? I want to know how to use these people. I want to make sure that they are not at the golf course per se because if they are I want them charged to the golf course and taken off the tax side.

Mr. Ludwig replied believe me it is to my benefit when we use people out of the general fund in the Enterprise to charge them in the appropriate place. We have one person who is currently listed as a tree climber and one individual who travels with him on a daily basis. The old position, formerly forestry technician has now been changed at the same grade level to an Urban Forester. The days of the market, the way it works, is with the Urban Forester now oversees the Green Streets program and the planting program as well as all the tree cutting and trimming and develops all that. He goes out and he is the liaison between the unhappy taxpayer that hasn't been served. He explains to them what kind of bugs they have and explains to them when somebody will get out to cut their trees so he is running out in front of, not only trying to sell the Green Streets program to put street trees back in but he is also out there on the other side saying we will get to your tree on such and such a day which is one thing we really weren't too good at. Hopefully he follows up on whether the service was okay and did they rake it and

clean it before I have to get the complaint in my office. The idea of the Urban Forester or the forestry technician person is to oversee Green Streets, oversee the cutting operation and he is out in front of the entire...what we feel makes more sense.

Alderman Hirschmann asked so he is out in the City, he is not on the golf course right.

Mr. Ludwig answered sometimes if I need him but if I brought the golf course superintendent from his house right here he would be happy to tell you how infrequently he is really on the golf course but yes if I need him that is an individual in the bucket that is the individual that would cut. If it is on the ground because it fell down, the golf course person would take care of it.

Alderman Hirschmann asked so can the golf course afford to pay that salary and take that out of the general fund.

Mr. Ludwig asked you want the golf course to pay the...

Alderman Hirschmann answered sure, take it away from the taxpayers.

Mr. Ludwig asked so then you don't want to use him to cut street trees. That is okay with me?

Alderman Hirschmann stated I just want to know what we are paying for. I mean it is an Enterprise and they are shifting bodies around with no lines, your Honor.

Alderman Girard asked when one of your employees works on an Enterprise project you charge the Enterprise and when they work for the general fund you charge the general fund so you keep an accounting of their time and you charge each account accordingly so you don't just have random assessments of charges to the departments.

Alderman Hirschmann stated that was my question.

Mr. Ludwig replied then I misunderstood you, Alderman and I am sorry. No right now we track that through the system and soon, I don't want to tell you how soon because it seems like it has been a few months that we have trying, we will be using a new time keeping system similar to what the Highway Department has had for some years which is hopefully tied to work orders.

Alderman Girard stated back to the issue of Gill Stadium. Because that is a high school sports venue, are we able to assume that that is one of the chargebacks that goes to high school athletics, one of the reasons why we give that pass through subsidy to them so that facilities like Gill that cater to high school athletics, they may not make money at the gate but the City has provided that it doesn't lose money through that subsidy.

Mr. Ludwig replied that is correct.

Alderman Clancy stated I think we are going to have the American Legion Regionals here this year, is that right.

Alderman O'Neil replied next year.

Alderman Shea asked will the hockey rink up in Hooksett and the one down in Exeter affect the ice time in Manchester and give the kids more ice time in Manchester and so forth.

Mr. Ludwig answered right now the Junior Hockey Program operates at about 2,100 hours of ice at both arenas and that is a significant amount of ice time. If you remember, I was in front of this Board or almost in front of this Board when we took some ice from the Junior Hockey Program and made a decision to give some more ice to the Southern NH Skating Club and there was a war going on. Since that time, the Southern NH Skating Club, as I thought might happen but you never know, has turned most of the time back and the time that they have turned back we have filtered back to the Junior Hockey Program. That doesn't, in all cases, get me the most bang for my buck but that is where it came from originally and that is where it went back to. The Southern NH Skating Club has contracted about 1/3 of the time that they did with us last year up in Hooksett. I have heard various things about their arrangements as to they are tied to some principles and whatever. I don't know much about that but I am fairly confident that any of the ice that we rented to them and they paid premium most of the time, but any of the discounted ice that we rented to them at what we considered prime time, I will have no problem renting.

Alderman Shea asked so the Junior Hockey League or the House League...

Mr. Ludwig answered they can only stand to benefit to the extent that I want those hours to increase at that lower rate. If I feel that there are times that are going to exceed their 2,100 hours that I can rent at a higher rate then I may do that too. Remember the shortage in ice that everyone complains about in all the areas is not always a shortage of ice in itself, it is a shortage of prime time ice. If you are a

young kid you can't skate at 11 p.m. and when you are an old bugger you can't skate at 11 p.m. either.

Alderman O'Neil stated I just want to follow-up on your response to Alderman Girard. It was my understanding, even with the high school chargebacks, that Gill Stadium still does not pay for itself as an Enterprise fund. Is that correct?

Mr. Ludwig replied we receive money through the School Department which in my opinion, if you were to say to me what pays for Gill it is a portion of that money that flows through the School Department.

Alderman O'Neil stated that is fine but it still does not pay the total cost to operate Gill Stadium.

Mr. Ludwig replied the money that we receive from the School Department, that more than pays for Gill.

Alderman O'Neil asked but it is not specifically just for Gill Stadium, correct.

Mr. Ludwig answered it is for Gill Stadium in my opinion, Alderman, 95% and I only leave 5% out because I really don't want to argue with the School Board as it relates to why isn't it 100% or why shouldn't it be 60%/40%. I say it is 95% because it is for high school athletics and let them argue about what that other 5% is really out there. If you want to be truthful, it could be 100%. The fact of the matter is that what it costs to operate Gill Stadium is lets say \$100,000. It covers that and it is also allowing me the ability to put some capital dollars back into improvements to the grandstand and as you see earmarked \$125,000 for some field renovations next year based on the fact that that flow of cash isn't reduced and I don't lose play or ice time at my golf course or if McIntyre has just a horrible year or something like that. What I am saying is our revenue and our projections are made on 1) is it going to keep coming from the School Department or wherever to help our revenue and 2) what more can we get out of golf, what more can we get out of skiing, what more can we get out of this, it all adds together. I know Alderman Girard doesn't feel that I should use the word subsidy but it is sort of a subsidy that does pay for Gill Stadium.

Alderman O'Neil asked so Gill Stadium does not operate at a loss.

Mr. Ludwig answered not by virtue of the money that flows through the School Department, no.

Alderman O'Neil asked but do I get the impression that you don't totally agree with that then.

Mr. Ludwig answered no, I totally agree with that.

Alderman O'Neil stated I asked the question earlier did it operate at a loss and the answer should have been no, it didn't.

Mr. Ludwig replied well to the extent that the revenue it generates has been put in place by this Board to flow through the School Department back to us.

Alderman O'Neil asked so then none of the Enterprises operate at a loss then.

Mr. Ludwig answered yes, pools operate at a loss and I am sure we have places like JFK by virtue of the fact that it is only open six months, Alderman, that may operate at a loss. I would say JFK is probably 70%/30% or something like that.

Alderman Cashin stated I don't know who your employees are working with, for or anything else and I don't know how you are funding any of this all I know is I see the results in town and I want to congratulate you. I think you have done a great job. The parks look good. The golf course looks good and personally thanks, I appreciate it.

Mayor Wieczorek stated if I could just have the attention of the Board here for a minute. There is a project that is being undertaken right now and it has to do with the refunding of some bonds for the Airport. As you know, when the bonds were first passed, the State had to guarantee the bonds and the bonds were not callable, but there is another method of getting that done and they call that a synthetic refunding and it could save somewhere between \$3 and \$5 million for the Airport. I have spoken to the Governor today and the Governor is supportive of the idea. I have a meeting tomorrow with the Speaker of the House and also the President of the Senate to discuss this issue and the Treasurer of the State of NH is also in favor of it. I just wanted to inform the Board that this is currently underway.

Alderman Pariseau asked can we take that money and put it into soundproofing in Ward 9.

Mayor Wieczorek answered I don't think so. I don't know.

Mr. Clougherty stated we, the City, don't have the authority under State law to do a synthetic refinancing so that is the reason we have to talk to the legislative leadership to see if they will let us get the necessary legislation to do this. They

seem to be generally supportive and if we can get it done this year, we will. If we get the Legislation to do it and if the market stays the same and we can get in and get the savings, we would have to come back to the Board to get the authorization to actually do the refinancing so you would see a bond resolution and at that time that would be a question for the Airport Director and he would have to tell you how he is going to spend the savings.

Alderman Pariseau asked how did we or what would be the process to get more revenues out of the Airport for City use and I refer back to 1984 when we got the \$384,000 and this year in 1998 it is projected that it will be only \$38,000 and the 1999 projection is \$60,000. You know for all the aggravation they cause everybody in the City, there ought to be some way we can charge them accordingly. A noise charge fee or whatever because they use our airways. We are charging \$5/car, why don't we charge \$20/airplane to use our air space.

Mr. Clougherty answered I don't disagree with you, Alderman, but since 1994, the federal laws have changed dramatically and you can't just derive from the Airport profit or you will be in the same problems...

Alderman Pariseau asked is there a system in place where we could request the State Legislature to impose a whatever.

Mr. Clougherty answered the State Legislature wouldn't override federal law which is set for the airports by the FAA. What we can do, though, is make sure that every dime of my time, your time, of Leo's time, of the Police Department's time, is actually accounted for and charged to them and that is what the new system will do.

Alderman Pariseau stated that is exactly my point. For all the time that you and other City departments put into airport problems, we are only getting \$38,000 back. That doesn't even include my time never mind all the other 13 Aldermen who are sitting here.

Mr. Clougherty replied in my department alone, Alderman, we will be charging close to \$60,000 and that is just my time and everybody else's time and that again is our billing of that department and that is how we reflect it as a revenue for the City. With the new system, we should be recapturing much more than that. I agree with you. That should, in the next year as we get more accurate with our numbers, go up.

Alderman Pariseau stated there has got to be something that the Airport using our air space and I know when people signed up for soundproofing that they have to

sign a release allowing the airplane to go over their house. I am not in the soundproofing curve, I was but they took it off. What is the mechanism where I don't want them flying over my house? There has got to be something. It is really disturbing.

Mr. Clougherty replied it is more of a legal question then a finance question. I will talk to the Solicitor and see what options there are and report back to the Board.

Alderman Thibault stated when we talk about flying over our houses, I mean every plane that comes in at 6:30 a.m. comes right over my house and I am sure Alderman Cashin's house and a 9:30 p.m., 10:30 p.m. and 11:30 p.m. at night, the same thing and I am not part of that. If we are going to have an airport and we agree that we need an airport, we are going to have to put up with some of these things or...actually they fly all over the country so the air time everybody should be charged in my opinion.

HUMAN RESOURCES

Mr. Hobson stated I would like to acknowledge that Janell Larocque, Compensation & Benefits Manager is with me tonight and also David Hodgen, Chief Negotiator, who is also part of our department is here. I thought what I would like to do, if that is all right, is walk you through the handouts that were delivered today, this evening. These handouts were prepared and adjusted today based upon information we received from Yarger Decker & Associates, the consultants who are working with the City on the compensation and classification plan. There are four points that Yarger Decker is assigned to in Manchester. The first is the comp and class plan. The second is to work with a Human Resources reorganization. The third is to develop an employee handbook and the fourth is to deal with all of the ordinance issues that are related to comp & class and Human Resources. The first handout that I gave you is a proposed new position in the Mayor's budget and it is a single sheet of paper and up in the upper right hand side it says it is revised as of 5/26/98. We found out late last week and confirmed that today that one of the positions that Mr. Decker is proposing can be paid out of federal funds and at the bottom we have stated that the ADA Training Coordinator is a 40 week position paid from CDBG funds through CIP and the benefits for the position, however, will be paid from the general fund. That changes the Enterprise Federal Account Expense, the FTE, and the general fund expense. It drops the general fund expense for new positions for the year proposed to \$103,785 so that position is one of those changed positions.

Alderman Pariseau stated the CDBG fund is if we say it is to happen.

Mr. Hobson replied proposed, yes Sir.

Alderman Pariseau stated it is like an automatic thing you are saying. You are going to take it out of CDBG funds. If the Board says no, you look somewhere else for that money.

Mr. Hobson replied yes, Sir. It is proposed. The first page of the budget proposal is the revised 1999 fiscal year budget. This budget, again these numbers were changed today. On the far right hand column we see the Mayor's FY99 proposal. To the immediate left is a revised column from today and one more column over is our original requested budget. Our revised budget from the Mayor's proposal is now at \$514,628 pending approval through CIP. We also, the bolded item next is professional services. We decreased the amount of professional services to be used for Human Resources next year. 95% of that money is for Mr. Decker to continue the negotiations phase with the different CBA's that are in place for next year to work with Mr. Hodgen in our department. The next bolded item is that we have decreased Item 610, Supplies. We have decreased that requested amount to \$8,000. Approximately \$2,000 can also be funded from CDBG related to the Americans With Disabilities Act. Videos and films we also decreased that amount slightly after reviewing some of the information that we would use for training of staff related to the Americans With Disabilities Act. We have a new total, therefore, of \$597,979. That is an increase over last year of \$109,000. \$67,000 of that is tied up in salaries and the remaining approximately \$39,000 are in the other line items that I just highlighted. If you will turn the page, I have some complement information for our department and then I will stop and answer questions. In this complement which was revised today, I want to point out that FY99 first of all includes 53 salary weeks and 12.25 months for benefits. So it is a longer fiscal year in the salary and related benefits accounts. As we look through each one of our positions, I would like you to look in the far left hand corner where I have some footnotes. For example, number one related to the Employee Relations Manager and Chief Negotiator, I would like to elaborate on that a little bit later, however, Mr. Decker proposed that the Employee Relations position and the Chief Negotiator position be combined where the Negotiator still reports to both Boards, the Board of Mayor and Aldermen and the Board of School Committee on collective bargaining agreement issues, however, the remainder of Mr. Hodgen's time would be spent in the Human Resources Department. Mr. Hodgen and I and Mr. Decker met at length. Mr. Hodgen has agreed to the proposed changes by Mr. Decker which is why, and so do I, which is why I am now presenting that to you. Underneath the gray bar going across where we see Human Resources Organization Recommended of Yarger Decker Associates,

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beneath that, number two, the former employee relations manager his retirement date will be effective by 6/30/99. He may retire before that date. The letter of retirement that I have for the budget process only states that he will retire by that date.

Alderman Clancy asked who is that, Hugh.

Mr. Hobson answered that is Mr. Moran, yes. When he retires, that position will be deleted. Number three is the Human Resources Analyst position. That position was formerly titled the Human Resources Assistant position. That is being combined with some of the duties that Mr. Decker has proposed under the new reorganization. Number four is a brand new position. New to the general fund which will primarily support the compensation and classification program and payroll and benefits. Number five is a small amount of money to help us in a temporary position. Most likely I would say a very basic office assistant/receptionist type position to help during the retirement transition period. Number six is the ADA Training Coordinator. The salary would be paid with CDBG federal funds. The benefits would be covered by the general fund under this proposal. The total FTE count from the general fund is 12. This is 1 FTE increase over FY99. This budget also assumes that all costs associated with the Chief Negotiator will be assumed by this department and the salary totals do not include anything that Mr. Decker may come up with for the entire City for changes to the compensation classification plan.

Alderman Wihby asked if you take the total of \$514,628 which is for all these positions and you go back to the first page and that is number you are using in your total budget that you say you need for salaries, if that is so then why do you need the \$29,720 if that is being paid by CIP funds. That shouldn't be in there.

Mr. Hobson answered Item 6, \$29,720, that I took away from the general fund. That is not listed in the \$514,628 total. It is just shown there as a salary amount as part of our complement. It is not included.

Alderman Wihby asked so if I add up all those lines and the \$29,720 is not...that would be higher than the \$514,628.

Mr. Hobson answered right. You would add up from the Director position down to the temporary help and that would add up to \$514,628. The other reason why I included it is because the benefits will be picked up by the general fund. I just wanted to show the full complement.

Alderman Wihby asked they won't pick up benefits.

Mr. Hobson answered not under the way that it has been proposed by Mr. Decker.

Alderman Pariseau asked what is the total amount that you want to slip over to the CDBG fund.

Mr. Hobson answered there is a total that will go into, well they don't go into Human Resources funds, but used specifically by Human Resources would be \$32,000. There is an additional \$10,000 that would be used by the current consultants to bring their contract through September 1 so I believe that the amount of money that Mr. Moranto and Mr. MacKenzie put into the CIP revised budget was \$42,000 for this project for FY99.

Alderman Pariseau asked so the total expense for your department is \$639,000.

Mr. Hobson asked are you including the \$29,000 or the \$32,000.

Alderman Pariseau answered looking at the \$597,979 plus \$42,000.

Mr. Hobson replied well \$10,000 would be used by the current consultants that are working now for the City and are being paid through the CDBG. Their contract would be extended through September 1 and then their contract would go away. So \$10,000 of that money, Sir, would be more or less used City wide.

Alderman Reiniger stated there was a presentation the other night put on by the Access Manchester Board with the consultants and it was very well attended and I think that there have been great strides made in that area. The City is many years out of compliance with the ADA issues so I congratulate Mark for excellent work on that.

Mr. Hobson stated I want to leave you with the fact that Mr. Decker, there are five pages worth of additional information that Mr. Decker just faxed to us this afternoon, including a proposed reorganization chart. The dollars don't change at all but there is a framework around those dollars that I think you might find interesting. I appreciate your time.

Alderman Wihby asked do we know what the Decker study is going to cost us yet over the course of two or three years.

Mr. Hobson answered no we don't have a definitive number. The secondary answer is that Mr. Decker has told us that he is projecting and still staying on target with an approximate 3% City wide increase that he would recommend we expend over a two year period in order to bring all of the positions up to snuff. That would include approximately 200+- FTE within the School Department that are considered classified staff.

MAYOR'S OFFICE

Mayor Wieczorek stated as you know, most of the budget is in salaries. Now in the 110 Salary line where it says the Mayor's Recommended \$162,000 you have the Mayor's increase of \$28,000 in there now for the entire year. So that includes the Mayor's salary now for an entire year of \$68,000 and now included in the budget that we have here is the Yarger Decker recommendation. The Mayor's Office has got the same thing that the other departments have and that is that raises and steps are included in the budget and then the Decker increase provided that the Board votes on that. My secretary's salary has increased in here. She is the lowest paid secretary that we have in the City according to the study that was made by Yarger Decker. Both Craig and Cappy have theirs increased, including their steps and the 2.5%. Sean's would only increase by half of it to get to the proper low part of the range. Then on the special salary, line item 140, that is \$4,078 because that includes the 53rd week so they had to add that portion of it in. Maintenance and repairs we have increased that from \$400, well I requested \$500 and we got \$500. We increased it from the previous year though because we have got the copy machine service charge that we have to pay. Our telephone bill we are increasing that by \$200 because we are going to add caller i.d. and there is an increase in the service charge per line for us. Printing and publishing, we are decreasing that from \$1,000 to \$600 because the City Clerk's Office is picking up more of that expense. General supplies increasing by \$100 to pay for items that should have been charged to that line item that we take out of miscellaneous and the Miscellaneous we are eliminating that line item from \$200 to \$0. That is basically it.

Alderman Wihby asked \$176,086 minus the \$28,025 on that sheet from today is that what you need.

Mayor Wieczorek answered correct.

Alderman Girard asked how much of your salary budget is attributable to the Yarger Decker increase.

Mayor Wieczorek answered I don't have the sheet.

Mr. Hobson replied what the Decker study proposes is a raise from, I know them by individual, I don't have the total off the top of my head but the first thing I want to say is that your department does not receive steps. Whenever we say steps and salary increase I think we just do that together but your positions are not part of the City's classified system so they do not receive steps for longevity or merit

increases at the current time so that is not factored into Mr. Decker's plan. So the Secretary position is raised to \$24,400. Mr. Annis' position is raised to \$31,000.

Alderman Girard stated I don't mean to interrupt Mr. Hobson here but really all I am interested in is what is the difference in the rate for the Yarger Decker and what is currently there now.

Mr. Hobson replied it would take me a few minutes to figure that out.

Alderman Girard stated I guess we don't need it a the moment, but if you could provide that.

Mr. Hobson replied you can have it tomorrow morning for whoever wants it.

Alderman Cashin stated we haven't approved the Yarger Decker study yet but still you are recommending that...

Mayor Wieczorek replied that is assuming that it goes through and that the Board approves it.

Alderman Cashin stated but it is in your budget and if we pass your budget, we pass those increases.

Mr. Hobson stated we should have the Yarger Decker study by approximately June 1.

Alderman Cashin asked you are also making recommendations in your budget based on the Yarger Decker study right.

Mr. Hobson answered only in one position.

Alderman Cashin asked it doesn't matter if it is one or five, you are making recommendations right.

Mr. Hobson answered that is because Mr. Decker was paid to do a Human Resources reorganization.

Alderman Cashin stated but this Board has not passed the Yarger Decker study.

Mr. Hobson replied that is correct. I said that.

Alderman Cashin stated but if we pass your budget, in essence we are passing that recommendation, right.

Mr. Hobson asked for the one.

Alderman Cashin answered it doesn't make any difference whether it is one or five.

Mr. Hobson replied actually no. We did not include, I stand corrected, we did not include any of the Yarger Decker study monies in the HR proposed budget.

Alderman Cashin stated but that is not what you just said.

Mr. Hobson replied right and I just said I stand corrected.

Alderman O'Neil asked have all departments included what they believe Yarger Decker is going to be in their budget.

Mr. Hobson answered no.

Alderman O'Neil stated I thought that we had a separate account.

Mr. Hobson replied we do. The confusion, Alderman, is that Mr. Decker was hired, one of the things that Mr. Decker was supposed to do is come into Human Resources and make very specific proposals and changes. We did not include any of those increases in the Human Resources proposal, but we did include position changes and duties and class specifications. So the positions have changed, but the salaries have not.

Alderman O'Neil asked so no department has figured Yarger Decker except the Mayor's.

Alderman Wihby answered he (Mayor) wasn't part of the study. His people weren't part of the study.

Alderman O'Neil asked but no other department has included the Yarger Decker.

Mr. Hobson answered right.

Alderman Cashin stated I am not taking on anyone here. All I am saying is that if we approve anything in the Yarger Decker study before we approve the whole study or whatever we do with it, any other department is going to come back in

and say well wait a minute you already approved this part of it and this is what you have to be careful of or you are going to get yourself in a box. I am not picking on anyone.

Alderman Wihby stated when we funded this, Alderman Cashin, and you were very vocal on it also, we said that if we are going to fund it we are going to do something about it so I would hope that this Board is going to fund in this budget process, and there is money set aside to do the Decker study, that we do accept it.

Alderman Cashin replied you are right but we haven't done it yet. That is all I am saying and I think you are on pretty shaky ground if you start piece mealing this thing.

Alderman Wihby responded my understanding though is there is no increases for anybody in the budget other than the Mayor's Office and that is because the personnel is different than the regular classified system.

Alderman Cashin replied if it is one or one hundred it doesn't make a difference. I am not picking on your office, believe me I am not. I think they are entitled to it.

Alderman Wihby stated there are some numbers that weren't available today and that is why I am not coming forward with a budget today because we are still waiting on hearing some departments. Tomorrow I expect to have those numbers coming in and I will bring something to the Board tomorrow.

Alderman Girard stated I do have some budget proposals to hand out to the Board tonight and I would ask the Clerk to hand them out. Obviously some of the information that was presented tonight by the Human Resources Director is going to alter a couple of numbers in the proposal that I made. Attached to the proposal is a summary sheet showing the line item changes that I did make as compared to your budget proposal, your Honor, but just to hit a couple of highlights real quick as far as personnel in the new budget goes, with the exception of the new school nurse for the new middle school, I eliminated all new positions that were requested or recommended in your budget and I realize that departments that made the requests were justified, but trying to get the tax rate down at a minimum and trying to target cuts rather than just come across the board with 1% or 2% or 3% my goal was to try to keep departments where they were and not necessarily take them below that point. On the economic development front, I did not propose any cuts to the Buildings, Planning or Economic Development Offices because of their function in economic development. In fact, I proposed funding the City Coordinator's position because I believe that that is a position that is vital if the City is to step up its economic development efforts. School, I did propose taking

the money that was in the salary adjustment account for proposed teacher raises and moving it into the School Department and I listed two different scenarios there. The scenario that you will see in the summary is Option I which would take approximately \$1.2 million and move it into the School budget and take about \$120,000 and move it over to benefits. If the School Department decides to give raises, then they will have to do it within that appropriation of \$60.6 or \$60.7 million. If they decide not to give raises with that money, then they can spend it however they wish and that is something for the Board to consider. On the tax base, I used a figure of \$3.72 billion which I realize is about \$5 million higher than what the Assessor's latest recommendation is but I did that because the last report that the Assessor's released in April on the status of the tax base had the tax base at \$3.29 billion so I thought that I was being somewhat conservative in that. All of the revenues, and there were several that I adjusted in the budget, all of the revenues that I proposed increasing I did so because they had a two or three year history of exceeding targets and in fact some of the revenues that the departments proposed were below 1997 actuals so wherever possible, I raised those. In the salary adjustment account, there is a typo in my letter. In the salary adjustment account as I have portioned it, on the last page I say that there is \$100,000 in for Police and Fire severance. That should be \$150,000. The balance of the salary adjustment account and incidentally the raises for the Police Department and the Health Department have been moved into their operating budgets. The salary adjustment then contains about \$400,000 for Yarger Decker. I moved \$28,000 because that is the number I figured it to be, your Honor, from your office for the Yarger Decker raises into the salary adjustment. Again, I am not sure if that number is correct and it will need to be adjusted if it is not and that \$150,000. Otherwise all of the other monies will be taken out of Yarger Decker. There are various other adjustments which I am sure that members of the Board will read and I would be happy to answer any questions. What I will do is make some adjustments based on the presentations that were made tonight and come back with a revision of those numbers tomorrow.

Alderman Wihby asked the revenue numbers, were they verified from all the departments.

Alderman Girard answered I checked some of them but candidly I did not have time to check all of them. What I did was I took an average. I used the 98 budget, the 97 budget and in some cases the 96 to justify the projection for 99.

Alderman Wihby stated I agree with you. I think they are low but can you tell me which ones were okayed by them.

Alderman Girard replied I would have to go back and take a look. I talked to most of the departments about most of them and typical of a lot of them they were conservative about the estimates.

Alderman Wihby stated Building for instance. When I talked to him, he gave me \$20,000.

Alderman Girard stated Leon and I discussed it but as per what he said here when he came to testify and based on the past performance of his department and the current growth in the economy and his building permits I thought we could be a little more optimistic than that.

Alderman Wihby asked but he didn't say that.

Alderman Girard answered no and I am not going to represent here that every department signed off on every change.

Alderman Wihby stated I am just wondering because those are additional revenues that I didn't use because he had said \$20,000 and we can use them tomorrow. The other thing on the registration, I believe that is low too but she won't budge. Did you get anything?

Alderman Girard replied it is funny. Having worked on several budgets, I was interested to hear the Tax Collector's response to the question about whether or not it was conservative because honestly it is the same response she has given about three years in row so I just did some basic projections. Even adding a quarter of a million I think that is conservative, but in reviewing some of her other revenue estimates, particularly relating to interest and fees on taxes owed, I think some of those numbers are bordering on the high side so I did not want to push the auto registration up too high because I think there is going to be some lag in some of her other revenues.

Alderman Wihby stated the property valuation. Are you just assuming that they are going low again?

Alderman Girard replied based on the information that the Committee on Accounts and the Board received back in April with a tax base of \$3.29 billion, I thought there was some room there.

Alderman Wihby asked did they say that. Everybody we talked to goes well that is being conservative and you feel like telling them well just give me the number, don't be conservative just tell me what the number is. They are all afraid they are

going to get yelled at at the end of the year because something goes wrong and so everybody is coming under. So that again is just anticipating higher than what he said?

Alderman Girard answered yes. I did not specifically ask Assessor Tellier about the \$3.72 number. I know the number he gave was \$3.715 but in past conversations he said that it was his belief that the original number that the Mayor proposed, the \$3.695 would "be easily" surpassed. So again given the uptake in the economy, I am being a little more liberal there.

Alderman Wihby asked basically on Schools you have taken the money that we were going to give towards putting aside towards negotiations and salary and saying that the School system should decide whether or not they want to give raises or whether or not they want to continue funding other things.

Alderman Girard answered that is right.

Alderman Wihby stated now I guess I thought of that in the number that I am going to come in with tomorrow. I guess I would like to hear from the rest of the Board on that issue. Technically, they are going to be making a budget up next year that they are going to be short \$5 million by whatever number you want to go, \$2 million or \$5.5 million and we are going to be funding raises to the tune of \$1.3 or \$1.4 million. One thing that could be done is what Alderman Girard did and that is give them their money and when they start sitting down with negotiations they are going to have to decide whether or not they want to spend the \$1.4 million on their total budget or if they want to go ahead and okay raises. Now if they go ahead and okay raises and spend the money and then it comes to this Board, we don't have any money to give them raises. So it is something that if this Board felt like they wanted to take care of raises it probably should stay in our budget. If we felt that they should be able to have the control over that and decide their future and whether or not they want to give raises, then we should stick it in their budget. I know Mr. O'Shea is here. Do you have an opinion on that one way or another?

Mr. O'Shea replied none at all.

Alderman Girard stated even if the Board of School Committee does decide, assuming that we were to move that \$1.2 million give or take into the School Department's budget and keep about \$120,000 on the City side for benefits, if the School Board were to decide okay we can give raises of X amount within that \$1.2 million appropriation, it would still have to come to this Board and if this Board was not comfortable that that number could be handled within the current

operating budget as I have it proposed here, then the Board of Aldermen could say no to the contract. When the Superintendent was here talking to us, that proposal was broached to him and he said he would like to have the ability to have that discretion. I really think that given some of the problems we have had with the salary adjustment account and the School Department in the past, and given the gap that we have currently between what has been proposed and what they are asking for, I would just as soon give them the money and say if you need it for operations or you need it for special ed, whatever it is you need it for, fine take it and use it but if you give raises as I think was said by myself and a couple of others when the School Administration was here, then you better have it within what is budgeted for your FY99 otherwise don't come back with a contract that includes that.

Alderman Wihby stated this isn't an argument because I don't know which way they are going. The only problem is that if we give them it in their budget and then they spend the money and then they negotiate and come back looking for a 3% raise, this Board is going to be faced to tell them no we don't have any money. That is the only negative. I don't know if the School Board would do that but based on what has happened in the past with the School Board, I mean when we pass the budget we could say your number includes, this is your money and it includes any raises you want to do you have to live within your budget. We can do it that way for them as long as they know it is within their budget or we can leave it separate and then this Board can decide if we want to give raises or not. But it almost makes more sense to throw it in their budget and let them decide if they want to give raises within their total appropriation of \$60 million.

Alderman Girard stated and incidentally if I could add to that, I did speak with and I don't want to put him on the spot but I did speak to Brad Cook who is the Finance Chairman of the School Board. I talked to him about this approach and he did not have a problem with the approach. As a matter of fact, he seems to think there is some concern among himself and other members of the School Board regarding the feasibility of giving additional pay raises given the situation that the school budget is in and the situation that the Aldermen are facing with the City. Again, I guess I agree with Alderman Wihby. I don't have a problem giving them responsibility so long as it is telegraphed loud and clear that if you come back with a contract that includes pay raises and you don't have it in your budget, I know I as an Aldermen won't support it.

Alderman Thibault stated what I am looking at is this is what you did last year and you even gave them that money and where is it today. We are faced with \$1.1 million that we had to refuse last week right. I don't think they can be trusted to handle that. I think they are just going to come back here and again we are going

to have to refuse it. We are the ones that look like the dupes here. I don't go for it.

Alderman Wihby asked so you think it should stay separate.

Alderman Thibault answered I think we should have it the way we had it before in your budget, in our budget.

Alderman Shea asked if we really want to save money, why don't we cut out the Aldermen salary which is \$70,000 and restore the medical benefits which are \$56,000. We would save \$14,000.

Alderman Girard answered the reason why I proposed that, Alderman Shea, is because the \$56,000 represents the amount of money that is currently spent. The outstanding liability to the City if all of the members of both Boards were to take advantage of the benefits, I believe, and I would have to take a look at the numbers somewhere in the vicinity of \$250,000. So there is a greater liability to the taxpayer by keeping the benefits available to the Aldermen and the School Committee members as opposed to just eliminating the stipends. That is why that proposal was made.

Alderman Shea stated I think maybe some people too have spouses that have insurance that covers them so that is an interesting way of getting around that issue, but anyway.

Alderman Girard replied with all due respect, I think that given the tough situation that this Board is facing and all of the sacrifices and cuts that we are asking departments to make, never mind the taxpayer, that this Board ought to be willing to make the same, to place the same demands on it as it is placing on its departments.

Alderman Shea stated I think that \$70,000 is more than \$56,000 but another point is the Board has already funded \$500,000 for resurfacing in the CIP cash. Is that correct?

Alderman Girard replied yes it is.

Alderman Shea stated we have been discussing the fact that we appropriated \$150,000.

Mayor Wieczorek replied there is \$650,000 in this, that we are going to put in this budget. The other, we won't raise the money for a whole year.

Alderman Shea stated so in other words the CIP has put in \$500,000. Okay.

Alderman Hirschmann stated this is just an opinion of the Alderman At-Large of a different budget format. Basically he is cutting the firefighter's salary \$25,000 so he is cutting public safety. He is cutting the Highway \$150,000 from road resurfacing. We spent two nights arguing about road resurfacing. I mean I want to give services to the people of Manchester. I don't want to cut road resurfacing. The other thing is he is putting in, which we have staved off for years, is the Coordinator's position and this is basically putting in another Administrative person in City government. Another department head, another person in the mix. So you are cutting blue collar people and you are putting in white collars. That is what you are doing. I don't know if that includes his benefits or not.

Alderman Girard replied yes I included benefits for all positions that were added or eliminated, Alderman.

Alderman Hirschmann responded as far as the revenues go, I think that Alderman Wihby tomorrow night was prepared to come in with revised revenue figures anyway that were verified and I think that our revenues will be higher. This is just another direction.

Alderman Wihby stated the additional revenues is like \$340,000 or something like that compared to \$831,000 so it is a difference of half a million in revenues between my number and Alderman Girard's. I still think my numbers...I am still getting everybody saying they are conservative so I agree that there is still extra money there but I don't know how you fight the issue.

Alderman Hirschmann stated but you are not putting any positions in like City Coordinator or things like that.

Alderman Wihby replied no but I did talk to Police today about a \$25,000 cut and he did say that it would be the dispatcher but if it had to be it had to be. I talked to Fire about a \$50,000 cut and he seemed to think that that would delay the station a little but that it still would be able to come in and Alderman O'Neil is going to work on that to see if they can take other stuff out.

Alderman Hirschmann stated I don't mind people absorbing cuts but I don't want to see white collars coming in when you are asking other people to cut. That is my point.

Alderman Girard stated first of all, as it pertains to the City Coordinator, both the Planning Director, Industrial Agent and the City Finance Officer I believe have all said that they have had to shoulder a greater burden when it comes to economic development and they may not be doing the job as well as it can be done. The primary function of the City Coordinator and we can point very significantly to the accomplishments of the past coordinator, Mr. Snow, and some very significant projects in the City not least of which was something like the Enterprise Committee, to show that we really do need to have one person who is responsible for trying to coordinate these efforts with the community and with the City departments. It is very effective. The other thing that I wanted to say pertains to public safety. The money I took out from the Police Department was their dispatcher. They weren't terribly happy about it but they understood where I was coming from and as far as additional monies, I actually added \$50,000 to what was in your budget, your Honor, to help them handle their severance and worker's compensation issues which is that \$150,000 in salary adjustment that I added on. I worked with both departments and the Finance Department to help them understand how they can use the City's worker's compensation line to alleviate the problem they have with retired worker's compensation recipients which amounts to almost \$100,000 they did not know that they had access to so there are no appreciable cuts or impacts on public safety as a result of this budget and that is why I brought it forward tonight so that people could take a look at it and ask questions rather than trying to have deal with this and anything else tomorrow night. As we all know, the agendas are scheduled to try to lay something over tomorrow night and I brought this forward for consideration ahead of time so that all of the questions could be asked and answered and as I said, with some of the changes tonight there will be some marginal impact on what I proposed and I will try to update those numbers and bring them back for the Board's consideration.

Alderman Wihby stated I would still like to hear from the Board though regarding the idea about the salary. Alderman Thibault so far is the only one who has talked about leaving it the way it was.

Alderman Thibault stated I am saying it should stay where it is because I can't trust School to do the job. We have already seen that this year.

Alderman O'Neil stated first of all is tomorrow night going to be the session where we are going to try to put together a budget to lay it over. Is that my understanding? Everybody is going to kind of lay everything they have on the table. I know that I have talked to Alderman Wihby and Alderman Cashin with some different things. Just with regards to the School issue, I go back and I know we don't want to beat the School issue because we have talked about it enough but it is my personal opinion that I don't think there was mismanagement. I don't

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think there was a responsible budget. I think they were dealt bad cards and that is how I feel. I don't think they mishandled anything. I don't think they were given a good budget so we can't say they mismanaged it and mishandled it.

Alderman Thibault replied I didn't mean to insinuate that if that is the way it was taken. I just meant that it should stay in our budget.

Alderman Wihby asked so do you agree it should stay or not.

Alderman O'Neil answered I don't have an opinion tonight and I know that you are working on some other numbers with the Aldermanic budget.

Alderman Cashin stated I agree with Alderman O'Neil. Number one we don't know what the deficit is with the School Department and everybody is taking out numbers and everybody is chastising everybody. Why don't we wait to see what the numbers are and if we are going to make any changes or any recommendations in the School Department budget, lets talk to them before we do anything. At least lets communicate. That is what causes half the problems here.

Alderman O'Neil asked, your Honor, should they especially be here tomorrow night if we are going to be working on a budget.

Alderman Wihby answered the number that I am bringing forward is the same number that they know. There is no additional revenues that they reported and the expenses are the same as the Mayor's number.

Alderman Cashin stated but if you are going to make a change in how they are distributed, you should tell them.

Alderman Wihby replied the way it is know is the way we have been handling it in the past. We have the number in the salary adjustment account to fund a raise to school teachers but it does give them I think a little more leeway to give them that number. For instance, if they are going to vote that they don't want to give raises, we are still going to sit there with the money in the salary adjustment account. Now we can transfer that to them halfway through the year I guess.

Alderman O'Neil asked what is that figure.

Alderman Wihby answered \$1,327,970. That takes care of steps plus increases. Even that is a 2% increase starting October 15 and benefits.

Alderman Girard stated the other reason why I proposed moving the money from salary adjustment to School is because having gone through these numbers again and again and again I just couldn't figure out anyway, short of raising the tax rate, that we could get some additional money to school to help them with the difference between what you have proposed and what they have asked for and in discussing this with various members of the School Board they indicated that at a bare minimum above your number what they would need is about \$1.5 million so they could get the new school open and take care of some of their added expense lines. It wouldn't go anywhere near where they want to do with some of their curricular changes but it would get them through the year. I thought the \$1.3 million from salary adjustment would be a good step toward getting them where they, at a bare minimum, say they need to be.

Alderman Shea stated if we are giving them a budget, the Aldermen, and they are saying in essence that they need more and we are telling them that they can handle it the way they want but they have to take it out of salaries, do we do the same thing with other departments. In other words, do we say to the Police Department we are going to give you so much and they said well we need \$11 million and we say well we are only going to give you \$10 million, take it out of salary. How realistic is that? I mean in other words are we really being realistic in saying to the School Department we are going to give you \$60 million when they are asking for \$65 million. I don't know the figures. You may have them but I am just saying are we really starting at the same starting gate here or what. I don't know. I know the cost of education is so high and it is so prohibitive. You know what I am saying.

Alderman Wihby stated I think what we are saying is that things can't go on as usual. It can't be business as usual. We are going to have to come up with some innovative ways to start funding education. I mean we are looking at \$5 million which is an extra 5% on top of the 3%. Are you going to support an 8% increase? I don't think anybody on this Board would support an 8% increase so yes you can talk about giving them \$1.2 million to help them out a little but that still is not a 5% increase. That is what you are getting. We had a discussion on taking \$80,000 or \$50,000 out for streets but we only have so much money to pass around so do you take it out of streets and give it to them.

Alderman Shea stated this is what I am saying. Education is becoming so expensive and the difference between what the Mayor in all good conscious is giving them and what they say they need to operate the department is up here. I don't understand how you reconcile these two differences. It becomes, really, if most of their money is spent for salaries in a sense. For instance, the number of employees and so forth, the only...

Alderman Wihby interjected but it goes back to the original question that Alderman Girard put in his budget. Do we want to saddle them with an extra additional increase, say we are going to give raises out, seeing that they have a \$5 million problem? It almost makes more sense to give them the money. At the same time, if they go ahead and pass raises and spent the money and then come to us, we are going to have to say no because we are not going to have the money.

Alderman O'Neil asked whether we put that in their budget or keep it at salary adjustment, it is really not changing the funding of the School Department, correct.

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Alderman Wihby answered it would increase their funding. They could use it instead of giving raises they could use it to fund \$1.3 million towards their problem.

Alderman Girard stated as I have proposed it, Alderman O'Neil, it really is changing their funding because they are not obligated to use it for raises. They could throw it into operations or anything they want and, in fact, if they say they are going to put it into operations, they actually get \$1.33 million instead of \$1.2 million.

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

A True Record. Attest.

Clerk of Committee