

COMMITTEE ON FINANCE

July 7, 1998

Upon Recess of BMA

Mayor Wieczorek called the meeting to order.

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

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

Absent: Aldermen Wihby and Shea

Mayor Wieczorek addressed item 3 of the agenda:

1998 CIP Budget Authorizations:

2.10609 Children's Health Champion Community

4.10121 Operation Streetsweeper

5.30102 ADA Compliance (Loan) - Revision #1

830899 City Hall Security/Audio/Visual/Other - Revision #1

On motion of Alderman Pariseau, duly seconded by Alderman Girard, it was voted that the budget authorizations be approved, subject to final adoption of related Resolutions.

Mayor Wieczorek addressed item 4 of the agenda:

1999 CIP Budget Authorization:

640399 City Historic Preservation Fund

On motion of Alderman Reiniger, duly seconded by Alderman Sysyn, it was voted that the budget authorization be approved, subject to the final adoption of the related Resolution.

Mayor Wieczorek advised I will remove five items which will become 5(b) as follows: CIP numbers 730499, 730799, 730899, 731199, and 731299.

Mayor Wieczorek addressed item 5 of the agenda:

1999 CIP Budget Authorizations:

210199	Youth Community Outreach Worker
210299	Alcohol & Drug Abuse Prevention
210399	Youth Attendant Program
210499	6% Incentive Funds Alternative Education
210599	Cultural Diversity Task Force
210699	Court Appointed Special Advocates
210799	Youth Recreation Activities
210899	Youth Recreation Activities Program
210999	Youth Opportunities Unlimited
211099	Runaway and Homeless Youth
211199	Theater, Education, Employment, Now (TEEN)
220199	Public Health Improvement Program
220299	Tobacco Prevention
220399	STD Clinic
220499	Immunization Program Enhancements
220599	Tuberculosis Control
221299	Center City Disease Prevention
221399	Pharmaceutical Program
221499	Dental Alliance
221599	New Horizons Wall Repairs
221699	Teen Drop In Clinic Equipment
221799	Dental Van
250199	Emily's Place Operations
250299	Latin American Center
250399	Day Care
250499	Helping Hands Transitional Housing
250599	New Horizons Operational Asst./Property Insurance
25A699	MEH Essential Services
25B699	MEH Operational Expenses
25A799	The Way Home-Essential Services
25B799	The Way Home-Tenant Assistance
25C799	The Way Home-Homeless Prevention
250899	Transitional Housing Program
250999	Homemaker Services

251099	Child Care Coordinator
251199	Voluntary Action Center
270199	One to One Mentoring
410199	Grade School Programs
420199	Motor Vehicle Prosecutor
420299	Somerville Street Station Renovations
420399	Fire Station Generators
510399	Downtown Parks Rehabilitation Project
510499	Fun in the Sun
510599	Parks Improvement Program
510699	PAL Center/Skateboard Facility Design
510799	Implementation of Visitor's Signage Program
510899	Skating Rink Debt Reduction
510999	Fun in the Sun
511399	Livingston Athletic Facility
530199	Community Concerts at Veteran's Park
530299	Tent Set Up
610099	HOME Project
610199	Fair Housing Community Meetings
610299	Concentrated Code Enforcement
610399	Homeowner Program Operational Assistance
610499	Citywide Homeowner Rehab. Program
610599	Rebuild Initiative Operational Support
610699	Acquisition of Distressed Real Estate
640199	Project Greenstreets
640299	Graffiti Removal
65B199	Downtown Revitalization Bldg. Improvement Program
65C199	Downtown Revitalization-ROW and Other
650299	Revolving Loan Fund Reimbursement
650399	Business Incubator
650499	JAC PAC Expansion
650599	UNH Land Acquisition
710199	Bridge Rehabilitation Project
710299	TIP Improvement Project
710399	Annual Right of Way Maintenance
710499	Annual Bridge Maintenance
710599	LED Replacement Program
710699	Elm/Queen City Controller Replacement
710799	Traffic Signal Reconstruction-Valley/Jewett Sts.
710899	Annual Right Of Way Reconstruction

710999	Annual Parking Facilities Improvement Program
720199A	MTA Equipment Replacement-Fareboxes
720199B	MTA Equipment Replacement-Copy Machine
730299	Airport Transportation/CMAQ
730999	Overnight Aircraft Parking Aprons
740199	Amoskeag Lights
750299	Sidewalk Construction Program
750399	Amory St./Bartlett St. Stairs
760199	CSO Projects
760299	Design Crystal Lake/Mammoth Road Sewers
760399	Sewer Infrastructure Rehabilitation
820199	Community Development Initiatives
820299	Archive Record Retrieval
820399	Map Upgrade
820499	Vital Records Microfilm Conversion
820599	City Hall Equipment
820699	Adapt. Lower Stacks-GMILCS Personnel
820799	Computer Upgrade
820899	Land Management/Mapping/GIS System
820999	Motorized Equipment Replacement
830399	ADA Transition Plant
830699	School Capital Improvement Program
830799	Human Services Building Feasibility
831099	Police Building Expansion Design-Phase III
831199	Pine Grove Cemetery Improvements
831299	School Energy Efficiency & Other Improvements
831399	Parkside Middle School Improvements
840199	Informational & Referral

Alderman Pariseau moved to approve the 1999 CIP budget authorizations.
Alderman Girard duly seconded the motion.

Alderman O'Neil stated just looking on what was handed out tonight, there's not one project that's on target for price; that every one of them is more expensive than originally...

Mayor Wiezorek asked what are you talking about.

Alderman O'Neil replied what was handed out tonight.

Mayor Wieczorek stated you're premature, let me finish getting the vote on these items.

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

Alderman Pariseau stated I just had a question relative to 820999 Computer Upgrade, but Aggregation is involved with that somehow and I'd like to know how much of that \$150,000 is going to the Aggregation Program as I thought they had their own budget.

Mr. MacKenzie replied this is an upgrade and includes some other things as well. For example, providing a contingency to address the Year 2000 the City has been working on diligently. This system is not going to implement the Aggregation computer system, this will allow the City's computer system to be large enough to provide both the new assessment system that is going to be implemented with the Assessor's Office and to allow a capacity and a speed that the Aggregation Program would be able to run on.

Alderman Pariseau stated I thought the Aggregation Program was going to take care of itself, administrative functions, and I don't understand why it's coming under computer upgrade through Information Systems.

Mr. MacKenzie stated they will be and Kevin can answer that...they will be addressing all the direct costs. This was requested by Info Systems to have a computer large enough and fast enough to accommodate the provisions. Now, the specific software that would go into it would be paid through the Aggregation Program. Any specific direct costs for computers, their own computers within their office used for Aggregation, the software, the implementation would all be paid through Aggregation.

Alderman Pariseau stated I guess the question is, is the Aggregation Program going to reimburse the City for their expenditures for a computer to upgrade the Aggregation system.

Mr. MacKenzie stated I guess that is something we could ask them.

Alderman Pariseau stated they have their own budget, don't they.

Mr. Clougherty stated any costs associated with Aggregation will be borne by the Aggregation Program and I think what we have to do is put this on one project because it's not just Aggregation.

Alderman Pariseau asked how much of this \$150,000 is coming back to the City through the Aggregation Enterprise account.

Mr. Clougherty replied I think it's roughly ten percent (10%) if that. But, again, I don't have the exact number in front of me, Alderman, and I'd be happy to get you that number. It's not that I don't have it, I just don't have it in front of me right now.

Alderman Pariseau asked does anybody have an answer or do we have to wait.

Mr. Clougherty asked, Randy, do you know what it is.

Mr. Sherman replied I'll tell you what I believe it is. The AS400 is the main frame that Info Systems uses. On that main frame they have space to handle the CIS system, the Customer Information Systems which will handle the Water Department and EPD. We would be using that same software, we don't have to buy an extra piece of software to put on the system, but if we're going to add an additional 30,000 customers into the system, Info Systems then needs a system that is going to be large enough to accommodate that. I would imagine that what Diane would do is bill the Aggregation Program the same way she would bill the Water Department or EPD for their share of costs associated with the system. But, there's not an additional piece of software that actually needs to be bought. They're buying a large main frame to be able to accommodate not only that 30,000 or that CIS additional, but also for the assessment.

Alderman Cashin stated Aggregation is not to spend any money without the authority of this Board, is that right, isn't that the way we left it.

Mr. Sherman replied yes, obviously we still have staff, we had those two positions that are there and actually one of those is temporarily vacant, so there's one position right now.

Alderman Cashin stated so there's only one position in Aggregation and no money is to be spent without the express consent of this Board.

Mr. Sherman replied that's right.

Alderman O'Neil stated I have a question with regard to another project - 831399 Parkside Middle School Improvements. It's been brought to my attention that they may not be going forward with the direction of the Board with regard to...I think there was a motion made and a vote passed with regard to if they needed 18 classrooms they should be building 22 or 24, so that we don't get into the same predicament and it's my understanding they're heading in the direction of building exactly what they need today and that was not the direction of the Board when we passed that bond issue and I was going to bring it up under new business, but it's probably the most appropriate time to bring it up now. There was specific direction from this Board to build extra classrooms and my understanding is that is not happening.

Mr. MacKenzie stated I can respond to that. Right now, we have asked the architect on the job which is Frank Marinace who designed the new Middle School to evaluate how much we could actually have with the amount allocated; that amount was originally requested at \$1.9 million by the School Administration, we thought that was a little bit short so we did add a little bit more money in the final allocation. The question comes up as to what is an adequate number and we have to look at the school enrollment trends. Right now, if you look on the surface they only need directly four new classrooms, that's the amount of classrooms coming over from Parker Varney to Parkside, but there are issues on site that are already problematic...they are using rooms that are not suitable for classrooms, there's at least several rooms in that category. So, clearly there is a need for more than four classrooms whether 18 is the magic number we still haven't concluded that. I think 18 is the number that would bring them to the capacity of Hillside and Southside, it does become more problematic when you exceed that number because the core...the cafeteria, the library, all the other classrooms were designed for the same capacity as Hillside and Southside, so going beyond 18 would be problematic. We're not sure at this point though whether 18 is the magic number. Clearly, that will be more than necessary to meet our current needs and would certainly provide for capacity into the future.

Alderman O'Neil stated, Bob, there was specific direction from this Board that there is to be extra rooms built there and I remember the vote, so that we are not in this predicament, our future Board's aren't in this predicament as we are... Northwest was too small the day it opened...if the Middle School concept was implemented fully I'm told the new Middle School is at capacity. There was a specific vote taken by this Board and I hope it's followed. I'll be very disappointed if it's not.

Mr. MacKenzie stated I would like to say that we attempt to build...again, you shouldn't be building capacity for the peak of the bubble, the bubble is moving through and we now see declines in enrollment at the kindergarten/first grade level, but we will be building more than is necessary at the current point, but we are looking at the peak population that we expect on the west side. It is likely, it is certainly probable that we are going to need more than the four classrooms that are directly coming over from Parker Varney, it may be on the order of 12 to 16 to 18 classrooms. We have taken that directive and feel that's very important, we are going to be looking at that, but we still haven't had any numbers. We have given the directive to the architect to find out what we can get for the amount allocated and we will be comparing that against what is actually need from a programmatic and a future enrollment standpoint at Parkside.

Alderman O'Neil stated, Bob, this City has a history of guessing with these numbers and they always guess wrong. We build schools too small. Please make sure that the Special Building Committee follows the direction of this Board and builds whatever the number is, there is extra classrooms, that's what I voted for when I supported the bond, I did not vote for what's needed today. I voted for what's needed tomorrow. Thank you.

Alderman Girard stated to comment what Alderman O'Neil is saying and a question to Mr. MacKenzie. Certainly, Alderman, I agree with you that we shouldn't be building it too small, but by the same token we gave them a budget to work within and my question to Mr. MacKenzie is would it be fair to say that you are going to get as many classrooms added to that building as you can with the budget that you have been given.

Mr. MacKenzie replied yes. Again, we've directed the architect...given the money that we've allocated to the project we want to find out what square footage and classrooms we can get for that. If there is a problem at that point and we determine that there is not enough room for expansion, we will come back to the Board...allocating additional bond money during the middle of the year is difficult, but if you would like we would make the Board aware of problems if there's not enough money to do that project. Of course, we would first look for other sources of funding for the project, there is some additional small amount of impact fee money that might be made available, for example, but we would notify the Board if we feel that it's not going to be enough expansion room in the project, we will come back to you.

Alderman Thibault stated, your Honor, in line with what Alderman O'Neil is saying, I've been to that school several times and these kids are meeting in closets presently. There is certainly need for seven or eight rooms just to take care of the overcrowding that's already there and I have to go along with Alderman O'Neil. When I voted on this I wanted to make sure that we had enough classrooms for tomorrow's classes or next year's classes also. We've got some of these classes over there that have 45-50 kids and that's not right; that alone almost needs another classroom. So, I certainly want...and if it means that we have to go up that bond by another couple of hundred thousand dollars in order to do that, I think again I go along with Alderman O'Neil that we should do this presently. This school has been overcrowded to the point that it's just unbelievable, I think it was built for 550 and you have something like 800 kids in there now, it doesn't make sense.

Mr. MacKenzie stated if I could, your Honor, just a quick request of the Board. If we find that we do need more money, it's very important, we would probably be coming back in either the August meeting or the September meeting, it will be very important that if we are going to meet our time schedule of opening in the fall of 1999 that the Board do what it could to expedite any additional amount that we would be asking.

Alderman Thibault stated I would like to be kept informed exactly, Robert, on this personally. I don't know about the others, but I certainly want to be kept informed as to where it's at. Thank you.

Alderman Hirschmann asked why couldn't we fund the additional amount in the 2000 budget, we did that with the McLaughlin School, we split it into two years.

Mr. MacKenzie stated yes, that was done and that is a possibility, we would need some commitment. In that case, we would need the Board approval of the actual contract which then would bind the Board to the project.

Alderman O'Neil stated, Bob, we would support you if you came back and said we need additional money to meet the goals of the Board of Aldermen, but we need to know that and we don't need to be restricted if it's not enough money we need to know that. Please come back to us, thank you.

Alderman Cashin stated we keep referring to “we” and asked who’s “we”. Who’s going to tell this Board exactly what is needed. We’re talking 12 rooms or whatever it might be and you’re saying you’re not sure it might be that much, who decides that.

Mr. MacKenzie replied we actually have a team that’s working together, we’re working closely right now with the School Administration (Tom Brennan), Leon LaFreniere has been involved, myself, Dick Houle, and Kevin Clougherty is also on the School Capital Improvement team that’s working on the planning for this project, so both the School and other City officials are working together on this.

Alderman Cashin stated I would like to have Norm Tanguay involved in that too, okay.

Mr. MacKenzie stated we submit all of the meeting programs to Norm...he either comes himself or he designates Tom Brennan or Richard O’Shea to come to these meetings.

Alderman Cashin asked how long is it going to take you to come back to this Board and tell us exactly what this group feels we need.

Mr. MacKenzie replied I’m hoping that can certainly be done within the next six weeks. I think because now the architect is looking at the issue of how much we can actually buy for two million dollars and we should know that in the next six weeks.

Alderman Cashin stated I don’t want to hold the project up that’s my problem.

Mr. MacKenzie stated we have moved ahead quickly with the test borings because of the soil conditions in that area are a little unique, we’ve already moved ahead with those to make sure that the addition can go there and what configuration.

Alderman Cashin stated the School Board came before the Board of Aldermen not too long ago during the budget process saying how the west side had been shortchanged. I didn’t like that when I heard it and it’s not going to happen in the school right now and I can’t make it any plainer than that. Whatever they need I want them to get and I think this Board is saying the same thing. So, the sooner you get back to us the sooner we can react to whatever the needs are.

Clerk Johnson stated before they take up the five items that were removed there was the Resolution that was referred into the Committee, it was for the Airport

projects noting the Resolution should be considered but before it be placed on reading by title only the Board may want Mr. Clougherty to address the handout which was distributed previously.

Resolution:

“Amending the 1998 and 1999 Community Improvement Programs, authorizing and appropriating funds in the amount of Thirty Seven Million Six Hundred Sixty Two Thousand Two Hundred and Fifty Dollars (\$37,662,250.00) for certain Airport Projects.”

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

Mr. Clougherty stated as the Board know there is an attempt to do a major project at the Airport at this time and in order to get this accomplished there's been pieces provided to the Board in the form of different Bond Resolutions and different projects and I thought before we proceeded it was important for the Board to look on one sheet and know what all of these meant rather than trying to go through a number of different resolutions where these projects are included in along with a laundry list of all the other CIP projects. So, what you have in front of you is our attempt to try and summarize for you what's going on at the Airport in terms of these projects and give you an explanation of the status of the different Bond Resolutions and bringing you up-to-date on that. In the first column you see date approved and what we've got there are a number of Bond Resolutions that were submitted and approved already with respect to the Airport projects. You see where it has "life" that is the life of the project, what we expect, it's a capital project, it's going to exist for 20 years. The title is again we tried to itemize for you all of the different projects involved in this phase of the Airport improvements whether they have already been approved by the Board or whether they are currently pending approval and in terms of pending if the grey shaded area are those bonds that are on the agenda for tonight's consideration.

Alderman Rivard stated those are the only ones on the agenda for consideration. When I got this thing at home this afternoon there's many more than those five on for consideration this evening, is that correct.

Mr. Clougherty stated the resolution we are talking about is the one that amends the CIP and provides for statutory changes but doesn't change the numbers necessarily and I'll let the Clerk address that.

Deputy Clerk Johnson stated the resolution that was distributed does outline all of the projects that will ultimately need to be increased, both the ones that are on the Board's agenda tonight and the others that are also outlined on the spreadsheet that Mr. Clougherty has been referring to. It allows that the CIP project to be expanded to include more Bond Resolutions to come in next month, you're going to address only five projects tonight and then you'll address a few more projects at the next meeting.

Mr. Clougherty stated if I can walk through the table, I think we can clarify that. What you have is a list of projects and you see some are white and some are shaded. The ones that are above you can see the date of approval and have already been approved in an amount equal to what's in the original resolution. So, for example, you've got the Terminal Expansion project for \$12.5 million was approved on 7/4/98. We have, since that resolution was adopted, in working with consultants and the financing team decided that the number realistically should be amended to an amount to include \$4.8 million, so that the grand total for that project would be \$17.3. You've already approved of that \$17.3 on 12/5. So, what this resolution that you have before you is an amendment to the CIP that allows for the total columns understanding that each one of these that is not in the shaded area has to come back to you in a resolution format like any other bond in subsequent meetings. What you have in the shaded area is a number of projects that were introduced at the previous meeting for an amount of money. So, for example, you have the Airport Parking Garage is on the table tonight for approval at \$35 million. What that number should be is an increase of \$12.8 million and it should be approved at \$4.7 million. The difference is really three things and it's increases in the costs of the projects, but it's also increases as a result of financing. One of the things that we do when we want to finance these bonds, we want to make sure that the City's credit rating isn't put behind these and that these should all be based on the revenues of the Airport. If you're going to do a revenue bond and you may recall from the last time we did this and when we talked about revenue bonds for the Civic Center and other things you have to set up reserve funds. So, a lot of what you have in these increases are not that the project costs have gone up, but if you want to finance them as revenue bonds you'll have to set up a reserve and there's going to have to be capitalized interest costs too because when you borrow that money you'll be building for a couple of years and you may have to make an interest payment before you're actually getting revenue in, so those types of financing costs are included. We wanted to make sure in the Finance Department and Bond Counsel that when these resolutions came before the Aldermen you knew what the total picture was and that all of those costs were included, so that you didn't go out and adopt a resolution for a project, but not have all those other costs involved that may come back. So to a certain extent the amounts that are revised are the results of after the CIP process you have these

projects...Fred has asked us to get involved and take a look at the financing aspects, but we get the Underwriters in and Bond Counsel and we start to look at this and say well, did you include these in the resolutions...we went back and made sure that they weren't and now we're saying if you want to do those, those should be a part of the costs covered by the Airport and not by the taxpayers of the General Fund and consequently that has an effect on what the size of this project will be.

Mr. Testa stated as a way of explanation the last bond issue that the Airport floated actually provided \$32 or \$33 million in actual costs, however, the bond issue was for \$43.7 million, that extra ten, eleven million dollars was capitalized interest and all of our reserve accounts. We have about nine million dollars in the bank in reserve accounts. What we do is that is actually the last year's payment. If we're paying for 20 years that's the 20th year payment on those bonds, all those reserve accounts and that's the same thing here we've added all the...we didn't know what the financing costs would be when we came to you first, these are all the financing costs and I think four of them are actual increased costs of some of the projects so that we've done this before. In addition, there's some insurance costs in here because these bonds will be insured through an insurer that if there is ever any default the City is not responsible for paying any of these bonds. The Airport revenues will buy the insurance, the insurer becomes responsible after the airlines.

Alderman Cashin stated, Kevin, we do that all the time, we insure the bonds that's not something new.

Mr. Clougherty stated no we really don't, Alderman. Our credit rating is so good that we don't have to get bond insurance. A lot of municipalities as just the normal course of borrowing because their credit ratings aren't that good go out and do float insurance and that's way why the cost of their projects are higher. In this case, I think it warrants having the insurance to provide the protection to the taxpayer. But, if you want to do that...and again, in fairness to Fred and the Airport engineers that are looking at project it's not until you bring in the underwriters and bond counsel that they're going to say that this is what the requirement of the reserve fund is going to be and the reserve fund traditionally is equal to the highest year of debt service that you are going to pay on the bonds and again you want to make sure that the underwriters are at the table when you develop these costs and you want to make sure that they're telling you what they projected that service would be, so it's not something that's being calculated by the Finance Department or the Airport staff because remember whatever number is in here in terms of an authorization from the Board, we have to go down to the market and the credit market's are going to say listen the financial feasibility study that's being done by Lee Fisher which used to be Peat Marwick and is probably

one of the most prestigious feasibility accounting firms in the nation and does these projects all the time is looking at these from an objective standpoint to see is there sufficient revenue at the Airport from all these different sources to justify not only what the project cost is but the financing costs as well and if that isn't there then again you've got auditors involved and other people looking at these, these things just "plain and simple" are not going to sell. We have, in preliminary meetings with bond counsel and Lee Fisher and the other financial advisory experts tested these numbers and always taking a conservative position on revenues to be generated and it is the consensus, I believe, at this point of the group that there will be sufficient revenues to set these off. One of the main things that we're finding is the...and Fred, you may want to speak to this is the effect of the airlines that we've been able to attract here. When airlines like Southwest have come in they have had a tremendous impact on the bottom line of the operations of the Airport. Whether that's in Providence or El Paso or some of these other places, but those are the things that are going to have to be justified and if they're not there we're not going to be able to sell these bonds even if the Board has authorized them. So, that's another check that's there, the market is going to check to make sure that these are, in fact, feasible and purchasable and that's what the underwriter's doing. The point of this chart again is to give you an idea of the total project and what's going on here. We didn't want it to be at a point where you're passing a resolution here, you're looking at something there, and none of it fits together. We hope that this chart brings together for you what actions you've already taken and what actions are on the table tonight and what actions will be requested in subsequent meetings.

Mr. Testa stated a couple of the things that Kevin has asked me is number one, of course, you all know that the operating agreements with the airlines provide an absolute iron clad guarantee that any shortfalls by the Airport are made up by the airlines, they have to come in at the end of the year when the auditor's come in and find out whether we've made a profit or made a loss, they have to make up any loss, number one. Number two, they also have to cover any shortfall by an airline. Let's say an airline goes bankrupt, they have to cover any shortfall...we've already done that twice when Business Express claimed bankruptcy with the State and left the State \$10 million in the lurch they also left us about \$100,000 in the lurch and the other airlines came in and made that up and when Precision when bankrupt, I think the cost was \$38,000 that was owed to us and the other airlines in a series of three assessments made up that money. So, we have the protection of the operating and lease agreement that makes them come in and make us whole. Number two, the insurance goes in on top of that in case there's some sort of default by the airlines and the insurance then comes in and makes us whole. I just want to give you some numbers because we've just concluded our first month.

Alderman Thibault stated so then there is no way that the taxpayers can get to the point that they would have to pick up this shortfall or whatever happens.

Mr. Testa stated we built-in as many guarantees as we possibly can. Now, I want to just go over a couple of numbers because we just finished the month of June which is the first month of the increased service at the Airport and of the projects like the Airport Terminal project, all of the spaces are already leased, all the new spaces are already leased to the airlines, so that's a self-supporting entity. The parking garage and interim parking lots, right now, as you know we used to have about \$3.2 to \$3.6 million in income a year from the parking lots. Right now, we're collecting money in June of \$530,000 which should go up to about \$600,000 to \$800,000 which means we will collect between \$7.2 and \$8 million a year in parking fees and gives us an increase of some \$4 million dollars in revenues which will pay for the difference in the parking facilities. The PFC's, the rest of the airfield projects here are paid for by passenger facility charges. Our current collection of PFC's that's the \$3.00 charge you see at the bottom of your ticket expires September 30th to allow the project's that are already done at the airport on a pay-as-you-go process. The authority to charge for all of these projects is already into the FAA, the application and it will commence on October 1st and we've already got the preliminary indications, in fact, all of the airlines have already written letters, they're in full support of the projects, so that will commence October 1st at \$3.00 an enplaned passenger...as of today, the last day in June you all know what we've been doing as far as passengers...between 80,000 and 100,000 a month...in June we did 175,000 passengers passed through that airport which is an 80-85 percent increase and we expect that number to be at 200,000 next month; that will give us a three to four dollar charge some \$3.6 to \$4.8 million in collections a year which added to the other four gives us \$9 million more in revenues and that is just those two sources. In addition, the rental cars today when we're talking to rental car companies have increased their fleets three and four fold because in the month of June have tripled their sales which means it was sales of about \$10 million a year we had counted on for the year, ten percent to us give us a million dollars in revenue means that revenue will now jump to three million dollars in the coming year, so we've got about \$11 million in new revenue here which the feasibility study...and that's not all of it, I can go on and on, the preliminary indications are that all of the restaurants have quadrupled in sales.

Alderman Thibault asked have any of those rental cars registered in Manchester.

Mr. Testa replied yes. Of the original fleets our contract with the rental car companies call for 50% to be registered in Manchester, 50% to be registered in Londonderry. Those original fleets had about 600-700 cars totaled; that fleet

today may be as many as 2,500 cars, but those cars have been pulled from other places and we already had this meeting with them. When they refleet they will be refleeted with registrations in New Hampshire, those cars are turned over every six months.

Alderman Cashin stated so 1,300 cars are going to be registered in Manchester, is that what you're saying.

Mr. Testa replied we think probably between 1,000 and 1,300, yes.

Alderman Clancy stated, Fred, those numbers are fine. How much of those monies come back to Manchester, you're talking about all these monies for different things like the airlines...\$3.00 a ticket and stuff like that...how much money does the City actually get back.

Mr. Testa replied that's hard because there's no direct payments to the City except for the services to the City. All the time that Kevin's spending, Tom is spending, Mark is spending we pay directly for that to the City plus an overhead expense of 10% on top of that as an administrative overhead; that we are allowed to by federal law. By federal law no money can come out of the purse except back to the Airport for the support of the Airport. So, any monies I'm talking about have to stay at the Airport anyway by federal law. The big benefit is the indirect benefit. You're seeing three new hotels built and that's because more and more people are coming into Manchester and I will tell you that more and more people are coming from out-of-state spending nights in Manchester and taking flights the next day, we know that as a fact. Now, on top of that the new Wiggins Airways...one of the reasons he's building a \$6.5 million facility at the Airport in Manchester which will produce taxes or whatever tax rate is there is because he's the fuel for all the airlines and there's been a lot more calls for those services, so he bought Stead Aviation, is bringing Wiggins up here, they have 180 employees, and that money will go directly. There have been three new hangar developments on the Manchester side which now currently pay taxes to the City of Manchester. Some of the development is in Londonderry and they pay taxes to Londonderry. So, of the 2,200 employees now at the Airport 40% of them live in Manchester. So, they live in Manchester and work at the Airport. So, those are indirect kinds of fees. Now, the Rooms & Meals Tax is a direct payment that comes to the City and we would expect that many of these people who stay here will be paying that Rooms & Meals Tax which will come to the City.

Alderman Clancy stated you're going to be asking for \$37,662,250 tonight.

Mr. Testa stated of that \$37 million about \$17-20 million is in finance and reserve funds that have to be kept in reserve and finance charges and insurance costs.

Alderman Cashin asked why weren't we told this before, why all of a sudden is it coming up tonight. It's gone from \$143 million up to \$180 million.

Mr. Testa stated that's not quite right because \$15 million of that is refinancing the old bonds, we want to refinance the old bonds to save about...actually, if you subtract \$50 million from those numbers at the bottom, that's the number of new authorizations. The original that you had before you was \$93 million and we're asking for about that much more, you've got to subtract \$50 million because that will save us \$3-5 million over the life of the bonds and will cost us about \$300,000 less a year in interest and bond payments.

Alderman Cashin stated, your Honor, I have in front of me a piece of paper that was given to me by the Finance Department or somebody tonight, okay. It's says "the original resolution was \$143,137,750" and now it says the revised grand total is \$180,800,000. Now, that's a \$37,000,000 difference. I don't know where this refinancing comes in and all this stuff. Fred, my question to you is how come when you first submitted this we weren't aware of all of these additional costs.

Mr. Testa replied when we first submitted the resolutions as is usual, we gave the hard costs which is the hard costs for the project and those hard costs were what we had engineering estimates for during the Master Plan process which those numbers are a gross estimate by the engineers for brick and mortar. I can't give you a projected finance cost at that time because no one knows how much it's going to cost to finance until you get the finance team on board...

Alderman Cashin asked you mean there's a \$37 million swing.

Mr. Testa replied no. It's not only finance costs, it's all of the reserve funds that we have to have in place.

Alderman Cashin stated, Fred, in 30 years I have never been handed a piece of paper like this at any meeting where there has been discrepancies of \$37 million.

Mr. Testa stated those are not discrepancies.

Mayor Wieczorek interjected you've never had a project this big either.

Alderman Cashin stated there's something wrong here.

Mr. Testa stated there's not discrepancies, Sir. What we're trying to do...actually of the 13 projects that are listed, five of them actually had an increase in hard costs. The rest is all costs of issuance and the reserve funds that have to be there.

Alderman Cashin stated the parking garage, you came in at \$35 million, now it's coming in at \$47 million.

Mr. Testa stated it's \$40 million.

Alderman Cashin stated it says \$47 million here.

Mr. Testa stated \$7 million of that is issuance costs and reserve funds.

Alderman Cashin stated that's part of the project, that's a cost.

Mr. Testa stated we don't know that's going to cost us \$7 million until we get the finance team in place.

Mayor Wieczorek asked, Kevin, is there anything else you want to add to that because I don't want to have too much confusion here.

Mr. Clougherty stated it's one of those where you're both right. The Alderman's looking at the bottom line numbers and they have increased and they're increasing because of...in part, because of financing costs which is of the \$37 million, \$17 million and increases in five projects of about \$20 million for capital purposes. And, again, the projections that we're getting in terms of usage of the Airport and that the consultant is looking at is again a result of having a couple of month's experience with the new airlines has got to be taken into consideration and they've made those adjustments and that's what's reflected in these numbers and we feel that they are not going to go beyond this, but we...as a Finance Officer I really felt that I had to come to the Board tonight and give you the whole picture and that's why I'm trying to do on this sheet.

Alderman Cashin stated, Kevin, I don't agree with you too often, but tonight I agree with you.

Alderman Girard stated I think what's getting lost in this discussion over the numbers are two salient facts. First, there are no property tax dollars at risk here and the property taxpayer is not liable for any of these costs and second, these bonds and these costs will be paid for entirely by Airport revenues and the Airport has taken extraordinary precautions with its arrangements through the airlines and with the insurance proposals that they're making to hold the taxpayer harmless

and there was a comment made over here suggesting that because none of the property taxpayers are going to be held liable for this we can just let them do what they want; that's not in fact the case but I think we have to recognize that this airport is growing a lot faster than anybody in their wildest predictions could have made. I think the Finance Officer and the Airport Director are to be commended for bringing this information to the Board and frankly everyone associated with the Airport has done an outstanding job. As a matter of fact, I got an E-mail today from a couple that lives out-of-town that were so impressed by the Airport that they're going to come back to Manchester on their next vacation to check out the City and I'd be happy to provide copies of that to members of the Board. But, I guess I don't understand a lot of the outrage and uproar here. I think that the fact that they're bringing the numbers to our attention, letting us know what the financing costs of these projects are so we have an entire picture is no reason for them to be derided, attacked or otherwise maligned and this is a great thing for the City, it's bringing in a lot of people, it's bringing in a lot of development, and the best part of it is the Airport already has in place the type of guarantees that we are looking for as a Board on a proposed civic center. So, I really don't understand why everyone's getting all bent out of shape here. Thank you, your Honor.

Alderman O'Neil stated I may not be the smartest guy in the world, but for the life of me I can't figure out to get \$15 million worth of property we've got to spend \$22 million. There's \$7 million in financing reserve funds and insurance, I don't buy that. To build a \$35 million garage, we've got to pay \$47 million, I don't buy that. I think this is a load of "bull".

Mr. Testa stated as I said there were five projects that have an actual hard cost increase. The garage goes from \$35 to \$40 million and the interest costs of \$7 million. On the property valuation, the property purchased...it was originally \$15 million, is now \$20 million...the finance and reserve costs are \$2.1 million. So, what you're seeing is total revision costs on these projects which include five of the projects having actual hard cost increased.

Alderman O'Neil interjected, Fred, you paid people (consultants) to come up with these figures, they all should be fired and never be used again. If they were working for me and they told me there's \$15 million property and now it's worth \$22 million, Fred, they all should be fired.

Mr. Testa stated the garage went bigger because one of the things about the garage it went \$35 to \$40 million because the rental cars now want to use the first floor. We had to add another floor, they're going to pay between \$1,000-\$1,500 per space which is about 30% of the costs of the garage. We had to add another floor, that other floor came to \$5 million because it has to be higher in order to put vans

in, but it's the rental car reserve space. But, that's what add the \$5 million, the actual interest and reserve costs went up \$7 million and we have to put that much in reserve. Now, as far as the property, the property that was originally scheduled to be purchased was about \$15 million when we were using round numbers. Since that time, we purchased some of the property down there and when giving relocation expenses and the moving costs and cost-of-living differences we've had to come up with some extra money, so we revised those figures to show the difference.

Alderman O'Neil stated I'm glad we didn't use this procedure for the UNH deal.

Mayor Wieczorek stated just 15 minutes ago you were saying that the City never really builds for the extra like the schools, now you're trying to put somebody in a slot here saying geez, the fact that you need another floor costs money and that's a substantial increase. This is something that is growing very rapidly and it isn't something you can say, well, it's cast in concrete and we'll build a garage that is going to be too small. You're on both sides of this thing.

Alderman O'Neil stated, your Honor, I'm not on both sides but when people tell me it's going to cost \$35 million to build a parking garage, I believe that they've taken a look at everything. They come back and say...if Frank Thomas came back and said I need another \$12 million on a project we wouldn't be all over him.

Mayor Wieczorek stated no, he's come back and said to you he has to have another floor on the garage. Now, if he's David Copperfield then I guess he can get an extra floor without any extra money. But, you can't do that.

Alderman Rivard stated I've got so many things to say, I don't know where to start. I remember very clearly that Mr. Testa told us the reason why the garage was going to be built to the standards it was, was because they were going to take the first floor for the rentals and I'm sure that shows in the records. So, that's not a good reason to put another floor on because he said this to us at the last meeting and check the minutes of the meeting, am I right.

Mr. Testa stated we added another floor, but that necessitated another floor on top.

Alderman Rivard stated let me try to figure this out. We voted on this CIP a couple of weeks ago, isn't that correct. Are you telling me that we only voted on the seven projects and we didn't vote on the bottom part, is that what you're telling me. We approved the top, but we didn't approve the bottom, is that what we did. Let me ask you this. If we weren't here for all these revisions in these columns here, would everything be status quo, what would you be asking us to do tonight.

Mr. Clougherty replied what's happening, Alderman, is you have been receiving this project in pieces and that's been disturbing to me...

Alderman Rivard interjected, Mayor, may I ask a question...do it simply because he has a great skill to keep me confused, okay. I'm asking you did we vote on all these projects that are here in the CIP budget, did we vote on all of them.

Mr. Clougherty replied yes.

Alderman Rivard asked what does pending mean versus approved since we voted on all of them.

Mr. Clougherty replied in order to do these projects it's a two-part process. When you approve something in the CIP you approve the project and the concept and the price as you know it at that time, but then going forward you have to approve for each one of these the financing and the bond resolution so, for example, when you approve a Highway project for \$5 million in the CIP you still have to have the bond resolution approved and when you're talking about approval dates in this outside column we're talking about the bond resolutions. So, you've approved the CIP, you've approved pieces of this as part of bond resolutions. There are additional bond resolutions on the table tonight which are the shaded ones and there are additional amounts which are that Project Cost Revision column that are not shaded the \$4.805 million down to and including the \$5.451 million that will be coming to you in a subsequent resolution. What I don't want to do is come in

and amend resolutions, I want to take them with new resolutions so there's public hearings because these are big expansions on what's been presented and the Board should have the opportunity to talk about those items and that's what we're proposing tonight. So, what you have are the shaded areas and a request of the project revisions to come with the new total.

Alderman Rivard stated let me try to rephrase the question. When we voted on the CIP project was the amount voted on \$143 million.

Mr. Clougherty replied originally, yes.

Alderman Rivard stated we voted on \$143 million, we approved spending/authorizing \$143 million, is that correct.

Mr. Clougherty replied that's right.

Alderman Rivard stated so now I look at it and it looks like we only approved half of it and that's what's confusing.

Mr. Clougherty stated you approved the whole \$143 million as part of the CIP, you approved half of the bond resolutions of that \$143 and now the other bond resolutions are coming in.

Mayor Wieczorek stated let's see if the Clerk can clear this up for him.

Deputy Clerk Johnson noted that all of the...the full amount of \$143 million was approved in two separate CIP programs...one, was the '98 Program and one was the '99 Program that you just voted on. It requires two approvals of the Board for bond projects, as you know. The 1998 projects were brought forward in bond resolutions prior to the end of the 1998 fiscal year. The 1999 bond projects were brought in and introduced when the 1999 budget was brought in...you're still in the process of finishing those and that's why they're saying their pending because your second approval is still pending.

Alderman Cashin stated it's still \$143 million.

Deputy Clerk Johnson stated what is pending at this moment is the \$143 million, the five last projects listed actually which are part of the \$143. What they're asking for is to add to those amounts of \$37.662 million in total over a two project year, yes.

Alderman Rivard stated I just wanted to make sure that we all understood it, it's very confusing to try to figure out.

Mayor Wieczorek asked are you all set with it.

Alderman Rivard replied no, I'm not happy with it, absolutely not. I understood it before until he tried to answer a question for me, I was more confused as he tried to explain it, but nevertheless I do have a question about the \$7 million for land acquisition if Mr. Testa could address that. Does that mean that part of that money is going to be used for purchasing property, I know there's some expenses and insurance and all the other things in there, but how much of that...

Mr. Testa replied the original amount was \$15 million, we added \$5 million to property acquisition and then there's \$2.1 million of that is finance costs and bond reserve funds.

Alderman Rivard stated the reason why we needed that \$5 million is because we identified some more property that needs to be purchased, is that correct.

Mr. Testa replied we have identified several more pieces where people wanted to be bought out in that area and we also...when we figured the original \$150 million we figured certain amounts for certain properties that we needed up near Harvey Road number one and other properties that we wanted to buy and one of those things we did we averaged what we thought was the average value of the home included with moving expenses. What's happened is in order to get...as the real estate market gets better we have to pay not only the appraised value of the home as it stands, if they find a replacement home that say \$90,000 and their replacement home is \$102,000, I also owe them \$12,000 difference. Add to that the moving expenses of a couple of thousand and other special considerations. There are other special considerations we have to pay. Number one, we are making the difference up in a mortgage. Someone had a low-cost Veteran's mortgage which we are making up the difference in their new mortgage and it's costing us several thousand dollars. On top of that there are some special considerations...one person moved and had to have a handicapped ramp built on the home and needed some other special medical considerations which added another \$7,000. So, what I'm saying to you is that the average cost of the homes and all of the purchase items went from what we figured at \$100,000 to about \$125,000-130,000 which added to total cost.

Alderman Cashin interjected that doesn't quite come to \$5 million, your Honor.

Alderman Rivard stated we are individuals at the Airport who decide what properties are going to be purchased. What role does the City play as an Alderman or as a Traffic Department or as the Highway Department in identifying critical areas near the Airport that needs to be purchased and we're talking about the entrance on Brown Avenue. I am absolutely opposed to funding \$7 million for land acquisition unless you can guarantee me we're going to address the traffic problem on Brown Avenue, immediately. I know how successful the Airport is because I answer the phone every. I want to know if the 7 million dollars is going to address the traffic problem at the present entrance at the airport today so that people.

Mr. Testa stated he did not know if it would be today.

Alderman Rivard stated today's airport, exit, entrance, where it is.

Mr. Testa responded no.

Alderman Rivard stated people can't drive south on that road.

Mr. Testa stated it was a combination of the homes in that area, the homes south of that area, and the widening of Brown Avenue to provide slip lanes to get by.

Alderman Clancy asked Mr. Testa how do we derive with all these figures here, who gave you these figures.

Mr. Testa stated the original resolution figures were part of the master plan process figured by engineers from 1995 through 1997 trying to figure out what the cost of the project would be, because in the Master Plan at the airport with the FAA approving it and the FAA approving the PFC collection to pay it off you have to have some numbers so what we did was some gross estimations of those costs. The gross estimations came from several sources ... they came from real estate experts who looked at the number of homes that were in the Master Plan to buy, looked at the possible size of the terminal expansion and added the dollar per square foot costs on that without any particular actual bidding process. A couple of the things that have happened and some of the increased costs are because in today's market one of the ones that went out came in at \$1 million more than we had planned because we only got one bidder. The problem is that in today's economy many of the contractors who we got the last time are all working and are bidding very high.

Alderman Clancy stated what I find hard to believe, Fred, is construction of bridge for Taxi E goes from \$2,264,000 to \$7,715,000.

Mr. Testa stated the construction of the Taxiway Bridge, the actual bridge itself was \$2.264 million, we added to that cost because the original project didn't have in all of the elements of that bridge and some of the other bridges because we had to move the bridge aside, we had to design it for heavier aircraft that were not contemplated in the beginning, that actually increased by \$4.6 million, the actual issuance in costs and reserves \$815,000 to come to a total of \$7 million. That's one of the two projects which has a big increase in it, because things have changed since the Master Plan was done, and we started that thing in 1994-95, it was done in 1997, finished in the Spring in 1997, we tried to pick those numbers and that's what we went to CIP with. And those CIP are just the hard costs, we are trying to add all the rest of the costs now and some of those projects have changed.

Alderman Clancy asked how many bids did you actually had for the runways, to reconstruct the runways.

Mr. Testa replied we haven't gone out to bid yet.

Alderman Clancy asked how did you get those figures.

Mr. Testa replied that is an estimated cost by engineers, much like Frank Thomas comes in to you and says that I need to post a bond for a \$7 million project and that is based upon engineering estimates. Sometimes you don't spend that money. The last time we did the terminal project we came in to the exact same process, the exact same process was used. All engineer's estimates, nothing was out to bid, we came up with about a hard cost of \$34 million approximately and then we came before the Board to go from \$34 million in CIP to \$43.7 million which included all the extra financing and bond reserve costs. At that time when we went out we had a \$63.5 million project, of that \$43.7 million was bond costs, but we came in under budget by about 12 percent on that, so the bids came in really well on that project. Right now the first couple of projects that we are funding with FAA grants as part of this whole thing are coming in a little higher.

Alderman Clancy stated that's hard to believe, Fred, really. It sounds like I'm in a Monte Carlo game, I've lost so much I might as well lose it all.

Alderman Cashin stated, Fred, you said you saved 12 percent on the bond, where is the 12 percent now.

Mr. Testa responded that the 12 percent went back to either paying bonds or we added some projects at the end that we had cut from the project in the beginning. We had a baggage carousel that we added in the middle, we added 90 feet to the

canopy on either side to make up for the next extensions, we added some lighting that wasn't part of it and I think we added a ramp that wasn't part of it with the extra money because the bond resolutions call for all of the terminal building.

Alderman Reiniger moved that the Resolution ought to pass and be Enrolled. Alderman Pinard duly seconded the motion. A roll call vote was taken. Aldermen Cashin, Thibault, Clancy, O'Neil, and Rivard voted nay. Aldermen Hirschmann, Klock, Reiniger, Sysyn, Pinard, Girard and Pariseau voted yea. Aldermen Wihby and Shea were absent. The motion carried.

Alderman Pariseau noted that Mr. Testa assured him this would bring in quieter airplanes. Mr. Testa responded yes.

Mayor Wieczorek requested the Clerk present the balance of the budget authorizations.

Clerk Johnson noted that substitute budget authorizations were distributed to the members reflecting new amounts as follows:

1999 CIP Budget Authorizations

730499	Airport Parking Garage -- \$47,805,000
730799	Site Acquisition & Stead Aviation Relocation -- \$2,240,000
730899	Relocate Kelley Ave -- \$1,680,000
731199	Program/Construction Management -- \$11,945,000
731299	Property Acquisitions -- \$22,100,000

Clerk Johnson advised that a motion would be in order that the budget authorizations be approved subject to final adoption of related resolutions.

Alderman Klock so moved to approve the budget authorizations subject to adoption of the related resolutions. Alderman Pinard seconded the motion. A roll call vote was taken. Aldermen Klock, Reiniger, Sysyn, Pinard, Girard, Pariseau, and Hirschmann voted yea. Aldermen Clancy, O'Neil, Rivard, Cashin, and Thibault voted nay. Aldermen Shea and Wihby were absent. The motion carried.

Alderman Cashin stated nobody has been more supportive of the Airport than I have over the last 30 years but I have never in the 30 years I have been on this Board ever been presented anything like this that I have been this evening. This Board has increased the Airport by \$37 million and when the School Department came to us they were given, they asked for an extra \$600,000 and this Board said no, I can't understand where the priorities are here.

Mayor Wieczorek stated one comes from the taxpayer and one comes from revenues at the Airport.

Alderman Cashin stated that the taxpayers funded a great deal of this Airport too long before a lot of you people came on board.

Mayor Wieczorek stated there was no question about it, Alderman, but we're not dealing with history but where we are today.

Alderman Cashin stated that when airplanes come before education I think we've got a problem.

Mayor Wieczorek noted that it's being funded from two different ways. You're talking about money coming out of the taxpayer's pockets to fund education, you're talking about Airport revenues.

Alderman Cashin noted that some of the airport revenues could be diverted back into the tax rate too if you really wanted to, it could be done.

Mayor Wieczorek asked Alderman Cashin to speak with him about it.

Mayor Wieczorek addressed item 6 of the agenda:

Resolutions:

“Amending the 1998 Community Improvement Program, authorizing and appropriating funds for various School Department Projects.”

“Amending the 1998 Community Improvement Program, authorizing and appropriating funds for the 1998 CIP 2.10609 Children's Health Champion Community.”

“Amending the 1998 Community Improvement Program, authorizing and appropriating funds in the amount of \$111,390.62 for the 1998 CIP 410121 Operation Streetsweeper.”

“Amending the 1998 Community Improvement Program, authorizing and appropriating funds in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00) for the 1998 Community Improvement Program 830899 City Hall Security/Audio Visual/Other.”

“Amending the 1999 Community Improvement Program, authorizing and appropriating funds in the amount of Five Thousand Dollars (\$5,000.00) for the 1999 Community Improvement Program 640399 City Historic Preservation Fund.”

On motion of Alderman Reiniger, duly seconded by Alderman Klock it was voted that the Resolutions be read by titles only, and it was so done.

Alderman Sysyn moved that the Resolutions ought to pass and be Enrolled. Alderman Reiniger duly seconded the motion. There being none opposed, the motion carried.

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

A True Record. Attest.

Clerk of Committee