

## COMMITTEE ON FINANCE

**May 17, 1999**

**Immediately Upon Conclusion of Special BMA**

Mayor Wieczorek called the meeting to order.

The Clerk called the roll.

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

**Absent:** Alderman Reiniger

**Messrs:** S. Thomas, M. Hobson, T. Clark, K. Clougherty, R. Sherman, H. Tawney, R. Ludwig, Chief Kane, Chief Driscoll, J. Taylor, L. Lafreniere, D. Prew, F. Thomas

Mayor Wieczorek advised that the purpose of the meeting is to review proposed changes to the FY2000 budget to be submitted pursuant to discussions held at the May 11, 1999 meeting of the Committee. I know that we have all of the department heads here and we will let you know what the changes are that are going to be brought forth and if there are any questions, we wanted to have the department heads here so that they could be answered and we could continue to move the process along. Mayor Wieczorek asked Mr. Thomas to address the changes that have been made.

Mr. Thomas stated after Tuesday's meeting, we revamped the budget summary sheet to really reflect the changes and make it easier for you to follow. You should have received it by courier on Saturday. What we did in this is we created a new section, Aldermen's Recommended Budget – Expenditures and Revenues, and what we did with the Mayor's Recommended Expenditures is we brought it back to those numbers that he proposed on March 31 when he submitted his budget. So we brought that back, as you will see in either the second or third column. This brings us back down to the original tax rate of 1.35%. Then the Aldermen's number is where we made any changes that have been put forward by the Board so far this year and also some miscellaneous changes that the Human Resources Department had recommended due to Yarger Decker and some positions that may not have been picked up or may have been duplicated. Also, I passed out to you tonight at Alderman Wihby's request a copy of the Mayor's

original budget. It was on your seats and is a one-page sheet. That ties into the sheet that was distributed to you on Saturday. It is the Mayor's original number and you will notice on the very bottom a note regarding the Claremont money. Just to review what was in the Mayor's budget originally, we had \$25 million allocated in State aid. We, of course, since then have heard the number \$36.8 million so that has been reflected in the Mayor's bottom line as we are not projecting it being a 7.62% tax decrease.

Alderman Wihby asked what number is that up to, Sean, on the one that says -7.62%.

Mr. Thomas asked what numbers.

Alderman Wihby stated \$25 million minus \$4 million for schools because they got that anyway. Is that right?

Mr. Thomas replied in the \$25 million under School Revenue, there is \$11 million in there for foundation aid. Then underneath School Revenue there is School State Revenue, which is down at \$8.5 million. Then on the second page on the bottom under State Revenue there is \$15,730,000. Now one thing I want to stress is that we are working with Finance right now to make sure that those numbers are the best numbers for the revenue. There have been some questions about what revenue numbers are in the State Foundation Aid and what numbers aren't. We have only just gotten a handle on it now and I will have a better number to the Board probably in the next day or so.

Alderman Wihby stated that still doesn't add up to \$36 million though. \$11 million, \$8.5 million and \$15,730,000 comes out to \$35,230,000. Is there an additional \$770,000 that we can use? Actually it was \$38.8 million wasn't it?

Mr. Sherman responded there is \$1 million under the CIP Cash as well.

Alderman Wihby asked we used an extra \$1 million in CIP Cash.

Alderman Pariseau asked what sheet are you reading from.

Alderman Wihby answered the handout we got on Saturday. It has the Mayor's Recommended and it is -7.62%.

Mr. Thomas stated all of these changes, your Honor, that have been made that have been reflected in the Aldermen's Recommended Budget we had sent out payroll reports to all departments last week and asked them to reconcile their numbers and to get back to us. It is my opinion that everyone is now 100% on board with us on where the payroll numbers are at this point.

Mayor Wieczorek asked is there any department head out there who does not feel that those numbers are correct. There was no reply.

Mr. Thomas stated attached to the sheet dated 5/17/99 is just an explanation of any and all changes that we made broken out by line item to match your budget books. I guess there was a concern on Tuesday night that the information in these books was incorrect. Actually, with the exception of these changes that are outlined in these sheets here, everything should be correct.

Mayor Wieczorek stated I think it would be very helpful, whenever you prepare any kind of a sheet, to put a date on it so it is a lot easier to refer to it. I know this says Budget Fiscal Year 2000 but it doesn't have a date. It could be a week old.

Mr. Thomas replied it is on the bottom right hand corner in small print. I am pretty much done unless the Aldermen have any questions.

Alderman O'Neil stated I am on the explanation of revisions and maybe I should address these to the appropriate departments. The first one would be Tom Clark. There is an additional \$35,000 for the cable franchise renewal consultant. Does that include...we had talked about having the consultant on board to help us address some of these monthly letters that we get from MediaOne? Do you know if that is in there or is the \$35,000 specifically the cable franchise?

Solicitor Clark replied this \$35,000 is specifically the renewal process. His contract would allow him to do additional work and I believe that we could absorb that within our department.

Alderman O'Neil stated the second question is for Mark Hobson I guess because it is showing up under his department and that is the first three items, the Security Manager, the MCTV Technician, and the Contracted Security for City Hall. Those three are all just there temporarily or...for instance MCTV, wouldn't that go to School at some point?

Mr. Hobson replied to address the MCTV position, you probably recall, Alderman that we were asked in the last meeting to at least assume that position in our line item so that it can be presented in the Aldermen's budget. From what I understand, the class specification for the position specifically outlines that this position will work with the public access side of the Manchester Cable Television station. Personally, it can be in any line item that makes sense. I am in favor...I endorse the position. I feel that we have a need. I think we have grown to that point. I did have a discussion with the Director of MCTV a few weeks ago and it was hoped that revenue would help to offset the expense for that position.

Alderman O'Neil stated there are full-time positions at MCTV now so why wouldn't that position just be included with those.

Mr. Hobson replied I am at a loss. I was asked to assume it in our budget and it is fine with me where it ends up.

Alderman O'Neil asked about the contract for security at City Hall. Again, that is temporarily in your department. I know that traditionally the City Clerk has been the one that handled the building itself.

Mr. Hobson answered a few weeks back the Mayor had a meeting with my office and some other department heads and I can't quite remember who was there but we discussed the need for overall security management throughout the City and the unfortunate events of the last few weeks have shown that we definitely do need enhanced security for all of our functions, i.e. School, City and City Hall Complex. The City Clerk did request that we place additional monies for security personnel, FTE, whether they be City employees or contracted services for this facility and the Mayor requested that we hire a manager to coordinate citywide security, including at the Enterprise accounts for the Airport and also the School facilities. Again, my office from my perspective we endorsed the hiring of this position and the additional contracted dollars for the complex. Finally, to answer your question, I don't care where it ends up. Personally, it can end up in the City Clerk's Office as long as we do it.

Alderman O'Neil asked, your Honor, can those changes be made at a later date or do they need to be made before we send it to public hearing.

Mayor Wieczorek answered we can do it later.

Alderman Girard stated there are several changes to the salary line items, some go up and some go down, and in comparing the restricted items, the benefit numbers, I have noticed that there are no adjustments made in any of the benefit numbers up or down to correspond with the salary numbers. Were any of those benefits numbers changed?

Mr. Hobson replied yes, we did adjust FICA in the Aldermanic budget and we also adjusted the Salary Adjustment Account for the affiliated groups. I have raised a concern at several meetings with several different groups that we have not finalized our insurance benefit contracts for next year, either with the vendors or with all of our unionized groups. There is no question in my mind that those restricted items for health and dental insurance will change. They will be in flux for a short time. We also changed the City retirement amount.

Alderman Girard stated but that wouldn't necessarily be a function of positions added or deleted to the budget.

Mr. Hobson replied no.

Alderman Girard stated for example, the Assessor's Office, you are recommending that we back out \$24,863 because something was double counted. Now that, I assume, is just the salary amount that comes out of their Operations budget. Is that correct?

Mr. Hobson answered well actually it was benefits items there were appearing in the salary report and it was counted twice. It was counted once under Restricted Item and once in the department budget so we removed it from the department budget and left it in Restricted.

Alderman Girard asked if I might try another example then to try and clarify what I am asking here, the Tax Collector came before us on Tuesday night and said that we could take \$34,000 out of her budget. \$10,000 for overtime and \$24,000 for a position she didn't ask for. The numbers we have here show a reduction of \$34,000. Does that include...that doesn't seem to include any of the numbers that would have been added to the Restricted side of the budget for the benefits? Typically there is a calculation of what, 35% to assess benefits?

Mr. Hobson replied yes, we are using 35%.

Alderman Girard asked so if we were to take that \$34,000 and multiply it by 35% could we then back another \$8,000 or so out of the budget.

Mr. Hobson answered of that 35% you have a rather large percentage that is tied up in health and dental and as I stated we have chosen not to change those numbers at this time. To be blunt, I think your line of questioning is good. We did decrease the FICA amount and that was the amount we focused on. We left health and dental alone at this time because we don't think it is appropriate to begin to change those numbers drastically at this point.

Alderman Girard asked is that because you haven't finished your negotiations.

Mr. Hobson answered primarily, yes.

Alderman Hirschmann asked with the Aldermen's Budget, the CGL insurance number, can you tell us what that is all about. It says \$271,230. Why is that there? I am in the book under the Aldermen's budget in Section 1.

Mr. Hobson answered the number in the large budget book for CGL was actually computed by the Risk Manager who I don't see here at this moment. What I can promise you that we will do is that we will take note of the fact that you have a concern about it and I will try to get back to you perhaps for tomorrow night's meeting.

Alderman Hirschmann asked what is CGL insurance. What is that comprised of?

Mr. Hobson answered it is basically an umbrella coverage for liability issues. Is that correct, Mr. Clark?

Solicitor Clark replied that \$271,000 number you are looking at is not a CGL number. That is the total for the Aldermanic budget.

Alderman Hirschmann asked but it is on that line, is it not.

Solicitor Clark answered the way it is printed out it looks that way but it is not. It has nothing to do with CGL. That is the total budget for the Aldermen.

Mr. Sherman stated of all the benefits.

Alderman Shea asked, Solicitor Clark, are you saying that the Aldermen's health insurance is \$245,000.

Solicitor Clark answered no. What I am saying is that the \$271,000 is a total of all the benefits for all of the Aldermen.

Alderman Shea asked whether they take it or not.

Solicitor Clark answered it is a total for expenses and everything.

Alderman Shea stated but not all of the Aldermen take the insurance. Is this calculated as if all were taking the insurance?

Mr. Clark replied no. It is not relating directly to insurance. It is relating to all of the expenses of the Aldermen. It includes your salary and everything else.

Alderman Shea asked the \$245,000 which is health insurance under 211, that you are saying is...

Solicitor Clark interjected what sheet are you on, Alderman.

Alderman Shea replied in the black book.

Mr. Hobson stated if an Alderman is not taking the health insurance, then it is not being counted, if you will, against the Aldermen's' line item. Is that the question?

Alderman Wihby stated I think that is just a prorated number that is there. That number doesn't really mean anything. It is a mistake. That goes into the bottom line and it gets totaled into the \$10 million or whatever.

Mr. Hobson stated the dental insurance and the portion of the health insurance that is premium based, that is Matthew Thornton, that is one-to-one so if a person signs up for Matthew Thornton health insurance or Delta Dental health insurance, than it is billed premium paid. If an employee or an elected official who is eligible for health insurance chooses the Blue Choice Plan, that is an administrative run program so there is a cost to the City and then there is an administrative overhead that is basically prorated across all departments, all cost centers.

Alderman Shea stated I don't know if we could get a show of hands, but I don't think that all of the Aldermen take health insurance here. So for those that are taking the health insurance, it is costing the City...

Mr. Clougherty interjected there is an amount of money that the Board appropriates every year for health insurance and it is an actuarial situation where you are trying to set-up or forecast how much you are going to need to meet all of the claims that are going to come against us for those benefits because we are self-insured. The number that is in the budget for the bottom line unrestricted is the right number and that is what Harry works with. Then he takes it and tries to prorate it amongst the different departments solely so he can get a basis to measure claims against because if you had zero in the different departments, you wouldn't be able to collect the information that you need to collect to process the claims.

He puts together a proration of that number. Now how he does that is based on his prior year's experience and some other things and you can call him and talk to him about that. The fact of the matter is that it is not an appropriation to spend. Obviously, the different departments aren't spending those restricted lines. It is just taking the line that is the restricted amount and showing how that goes to the various departments.

Alderman Shea stated what I am trying to figure out is do we ever get a figure as Aldermen as to how much medical expense the Aldermen do have. Is that possible to get that number?

Mr. Clougherty replied sure.

Alderman Shea stated in other words this number here, from my understanding, we appropriate this number but we don't actually in fact spend all of this because it is a figure that is included in the budget in order to get a better rate because the more money you put into the budget in terms of everyone being insured, the better the policy we will get from either Blue Cross or Matthew Thornton or whatever. Is that correct?

Mr. Hobson replied no.

Mr. Clougherty stated what you appropriate is under your restricted lines here. If you look at the health insurance number, that is what you are appropriating. Harry is just, and I think it is Mark who goes back and prorates that amongst the departments for the various uses. Now if you want something that tells you exactly what the benefits are for the perspective Aldermen, I am sure Mark could make that available for you. However, when you appropriate that number you don't appropriate X dollars to the Health Department or X dollars to the Highway Department because we don't know where the claims are going to come from. You appropriate based on the number that you need for the actuarial and then you try to do some type of proration so that the individual departments can collect the information on the claims.

Alderman Cashin stated I think he answered it, but I am not sure. Kevin, what are you saying, that the health insurance is put into a pool and then it is prorated to each department. Is that what you are saying?

Mr. Clougherty replied yes.

Mr. Hobson stated I just want to make one more point to clarify what Kevin said. That is that at the request of the Committee that met on the school deficit, we hired the William Mercer Company this year to do an actuarial study of what each department did spend for claims and we do receive monthly reports from our vendors that show what was paid into the system, what was used by each cost center and we can differ out between School and City accounts and I can make that information available to any Aldermen that wants it. That kind of detail. Not in terms of showing individuals and what they used for health insurance, but showing totals.

Alderman Rivard asked when you are talking about self-insuring, you are saying that the City self-insures all of their employees are you. We don't have Blue Cross/Blue Shield? We don't have Healthsource? We don't have an HMO? We don't participate with those types of insurance carriers? Is that what you are telling me?

Mayor Wieczorek responded they manage the program for us. In other words, they settle the claims. If we didn't have them doing it, then we would have to be doing it in-house so you would either have to hire some people to do that or you would contract it out to somebody else to do it.

Alderman Rivard asked so it is not like the State. At the State I have Healthsource and they pay a premium to Healthsource every month and they take care of my health needs so when I go to the doctors, they send a bill to Healthsource and there is a \$10 co-pay for whatever. The City doesn't operate like that?

Alderman Wihby answered it is the same as the State.

Alderman Rivard asked so we have the co-pay and everything like that. This isn't an actual number then because if you have 14 Aldermen and the City is paying their premium, you are talking about \$84,000. How does \$84,000 and \$245,000 balance here? I am missing something.

Mr. Hobson answered the actual amount for FY99 is probably going to come in at around \$20,000 for Aldermen and for next year it is probably going to come in around \$25,000. I am not exactly sure how that \$245,000 got in that report. To answer Alderman Cashin's point, yes it is prorated and then we do have monthly reports and yearly audits that tell us exactly where the money is expended.

Alderman Hirschmann stated this is the first year that they are reporting it like this. They gave us a chart and 1998 and 1999 doesn't show \$245,000 anywhere. In 1998 it was \$24,000.

Mayor Wieczorek asked, Kevin, the change that was made this year in the figures, the \$245,000 as opposed to \$24,000, why are those numbers different. I realize and I think everybody understands that this is done on a consolidated basis so it doesn't make any difference really what numbers you apply to what because it is going to be done citywide, but to answer his question, why are those numbers that far apart?

Mr. Sherman answered my best guess at it would be that the Aldermen get paid quarterly and those salary and benefit numbers are calculated off the payroll systems. If the salary and benefit calculations were being paid weekly, it probably would have come up with a different number. Initially, Mayor, if you recall I think the salaries for the Aldermen were much higher because there was a glitch in the calculation and maybe Howard can fill in a little on this. My thought is that maybe it is calculating those health benefits based on as if their contributions were weekly and monthly and it is throwing those calculations out of whack. I think overall that it does tie into the Mercer numbers where the City should be.

Mr. Tawney stated we could take a look at that, Mayor, and get back to you tomorrow.

Alderman Wihby stated the main thing is that the number, the \$10,813,000 is the right number. That is the main thing.

Mayor Wieczorek stated that is the right number.

Alderman Girard asked, Mr. Hobson, when do you expect to have the negotiations completed to know whether or not that \$10.8 million is solid or it is going to have to go up or down.

Mr. Hobson answered tomorrow morning we are meeting with the teachers. Tomorrow afternoon the Negotiator is preparing a report to bring in to you folks tomorrow night and then next week I believe we have another series of marathon sessions with all of the different labor unions so I would imagine that if we are going to try to get all of these contracts solved by July 1, we have to bring you a number pretty firmly in early June. If we miss that date, then we will have to go for the next date to the process of having the contracts approved and ratified.

Alderman Girard asked as far as negotiating with Blue Cross/Blue Shield and Matthew Thornton and those folks, you are settled with those numbers so it is just the City's labor contracts that are raising questions here.

Mr. Hobson answered we have an Insurance Committee meeting tomorrow afternoon at 3 PM that if you remember about a month ago the Aldermen had some issues with health insurance and asked for a special committee to take a look at where we would be this year, where we are going next year and for the future. We prepared a report that includes some information from William Mercer Company and Yarger Decker and we have some projections. Unfortunately, I didn't bring a copy of that report with me tonight, but we will be making that available on Wednesday afternoon. I can bring copies of that report for tomorrow night's meeting as well if you would like to see where we are heading.

Alderman Girard asked do you expect that the labor negotiations, Mr. Hobson, are going to affect the health and dental numbers.

Mr. Hobson answered yes.

Alderman Wihby stated what we are trying to do is send a number forward and it seems like with all of these...first of all Sean did a great job of putting this together. We can understand it. A couple of things though that he forgot to do and that we have talked about or at least I read about in the newspaper was with the Police Department. I would like to have Chief Driscoll come up and talk about a couple of the grants that he was hoping to get in his budget. What I would like to do, your Honor, is talk about it and see if we can include it in the budget and send that number forward, discuss that number at the public hearing and then from there on everything would be on the table and we could just cut from there because all of the additions would already be in it.

Chief Driscoll stated there are two things that I regret to say are last minute things, but one is on the agenda for tomorrow night and I hope that the Aldermen will consider it. It is a Universal Hiring Grant that we had the opportunity to bring forward to the Aldermen. It is a three-year commitment on the part of the Aldermen. It would mean \$500,000 and would allow us to put four officers, one in each of the middle schools. There is a match required. It would be \$20,000 a year for the next three years. It is on the agenda tomorrow night. I just didn't want to let this whole process go forward without bringing that to the attention of the Aldermen so you could consider it. The second issue is that, as we have in the past, the last three years there has been an opportunity for the Police Department to apply for something called the Law Enforcement Block Grant that provides money for capital for the Police Department. This year it was \$247,000. There is a 10% new money match and you may remember from last year that the money was set aside in contingency and I wonder if the Board of Mayor and Aldermen would consider doing that again this year. We are anticipating that the block grant will be available. It would require \$25,000 be set aside. I guess what I am asking

is that you consider looking ahead over the next few months and adding \$20,000 for one reason and \$25,000 for the second reason.

Alderman Wihby stated I would just like to have that included. Even though we can cut it later, I would like to have it included and send it to the public hearing.

Alderman Wihby moved to add \$45,000 for two Police Department grants matches - \$20,000 for a Universal Hiring Grant and \$25,000 for the Law Enforcement Block Grant. Alderman O'Neil duly seconded the motion.

Alderman Girard asked, Alderman Wihby, is it your intent to add it to the department's budget or to put it aside in the contingency budget.

Alderman Wihby answered it doesn't really matter. It is just to get the \$45,000 up there.

Deputy Clerk Johnson stated the Clerk had placed on the Finance Committee meeting tomorrow evening the Resolution so that it could be amended at that point in time. Based on discussions from this evening, we will bring in a report to you with appropriation motions. This could be included if you want to concur to add it and I am presuming all to contingency at this point, the \$45,000. If you want to make a motion to concur on that, we will bring it in tomorrow evening as part of the regular package that you are going to be looking at.

Alderman Wihby replied I thought that is what we just did.

Alderman Clancy asked how much money is left in the contingency fund for this year.

Mr. Sherman answered you have a Resolution on tomorrow night for \$65,000 which leaves less than \$10,000 in contingency for this year. It is about \$9,400.

Alderman Clancy stated the reason I asked is that I was told there was no money left in the PBS account and there was no money to repair the packers at the Highway Department. They are going back to open trucks, which was back in the 1950's. We should appropriate some money to fix these packers at the Highway Department so we can be up-to-date.

Mr. Sherman replied \$65,000 is going to PBS.

Mr. Clougherty stated that will take care of that problem.

Mayor Wieczorek called for a vote on the motion to add \$45,000 to the contingency budget for the two Police Department grants matches. There being none opposed, the motion carried.

Alderman Wihby stated I have a question for Mr. MacKenzie and Mr. Ludwig. We had a discussion last week, Mr. MacKenzie, that you wanted some additional monies for something. I don't think you have it in this number and then we had a discussion about trying to come up with one position between you and Mr. Ludwig or give it to one of you to help with economic development. Did you guys have a chance to talk it over.

Mr. MacKenzie replied I was not available the rest of last week so I have not spoken with Mr. Ludwig about that issue. In summary there was a position that was eliminated that was not appropriately put into the computer. It was there. We did have a discussion regarding could that position actually be used to address some of the issues that the Board had concerns with. I think one of those was there were a lot of parks projects going and could some additional help in my office help out Parks & Recreation to get those projects on track. That is what I did not have a chance to talk to Mr. Ludwig about. I am not sure if he wants to comment right now.

Alderman Wihby asked where does the position fit better. In Parks or in Planning?

Mr. Ludwig answered I am at a bit of a disadvantage, but I know that there has been some concern as it relates to the number of projects that we are being asked to administer. I don't think it goes to the \$9 or \$10 million middle school project or whatever that number was but it does go to the fact that there is a lot of them. The more contracts that there are to develop, the more contracts there are to oversee and I know that each and ever one of the Aldermen here have their own special projects and their own special territory but I don't think that a lot of them realize the number of projects that are going on from the small ones like Pine Island Park to the skateboard park to the large projects like Livingston and West Memorial as well as our Enterprise projects at McIntyre Ski Area and JFK Coliseum and all those kinds of issues. I am leaving out probably eight or ten additional projects that we oversee. It would probably make some sense if we had some assistance with some of that administration and the paperwork is enormous as it relates to developing all of these contracts and trying to oversee them. Ron Johnson and I try to get out and see what is going on. It is a lot of work. Whether that person was located in Mr. MacKenzie's office or in ours, we would try to work and use that person to the best of our ability.

Alderman Wihby asked do you have a problem with having that person work out of Mr. MacKenzie's office or do you think you can support a full-time position yourself.

Mr. Ludwig answered I think it goes along with the construction climate. Several years back we had a person on board as a Project Manager and there wasn't a lot of money to be spent in the area. Right now, we seem to be on a bit of an upswing and the projects are large. Again, we use a phased in approach and I think it is a nice thing that we are able to do these projects but because you are continuing to phase projects in and it is a \$500,000 amount going forward or whatever the number is, it is more work in developing each contract going forward. It is an enormous amount of work right now. In three or four or five years, where are we going? It may drop off again so I think that we should play it a little close as it relates to whether we want to develop a full-time position at this point. I am not sure.

Mr. MacKenzie stated I would just add that I believe there is need for additional management capacity in the City to manage construction projects. Be that in Parks & Recreation or our office. I know there was a proposal by Alderman O'Neil to add some capacity for School projects. I think there is a need for that additional capacity because for every project that we have, compared to 10 years ago, there are perhaps twice as many issues that we have to deal with. They run the gamut of federal and state regulations and everything else involved.

Alderman Wihby stated what I am trying to do is get the position added, send it to the public hearing and it doesn't say you are going to have it again. It could be cut. I guess I am trying to figure out where it belongs.

Mr. Hobson stated one of the things we have been talking about is trying to save some of our dollars that we spend on projects and contracted services and I think that Alderman O'Neil proposed a civil engineer position I think in Public Works to look at project management. We have an engineering team in the Highway Department, in Public Works and then we have some decentralized engineering that happens in some other departments and then we have a lot of contracted services money for engineering. It would seem like, and I agree with what Alderman Wihby is saying but I am more or less just talking off the top of my head here as I am hearing this, it would seem like we would want to consolidate engineering functions rather than spread them out again over other departments.

Mr. MacKenzie replied to somewhat disagree with Mr. Hobson unfortunately, there is a tremendous amount of variety and consulting assistance that is needed. For example, on a project like this, you look at this particular facility and say this was done by architects but it wasn't. There were probably 12 different type of consultant disciplines that were necessary to get the project right. From audio consultants to video consultants to structural engineers to electrical engineers. I think there were a dozen different consultants to get it properly done. Each one insured in their own field. When you go out to different types of construction projects, you could never assemble the right team to do all of the City projects so you have to strike that balance between an adequate in-house staff that can handle a great variety of projects, but then you have to recognize that many times you do have to go out and get that specialized assistance. Sometimes that is spread out through different departments. Parks & Recreation, for example, rely heavily on Ron Johnson who is a landscape architect. You can't really, or you shouldn't be duplicating that type of expertise in other departments so there is a necessity for expertise within the departments and several of the different departments. There are times when those people could get together and work on smaller projects, but all of the larger projects will need specialized help.

Alderman Wihby asked so what position would need to be put into the Planning Department to help the problem. What kind of position?

Mr. MacKenzie answered I think it would be possible to have a Planner with some design expertise to help out, particularly in land planning and maybe assist the Parks & Recreation Department and perhaps the Highway Department in certain areas. It would not be the same person though that has been proposed by Alderman O'Neil, which would be a pure engineer.

Alderman Wihby stated Alderman O'Neil's is in the budget.

Alderman O'Neil stated the position that Frank Thomas and I have tried to develop, although called a Civil Engineer III probably will not be doing engineering work directly. Correct, Frank? They are going to be more of a construction or program manager to make sure that the construction projects are carried out. In defense of Parks & Recreation, Ron & I have had some sometimes heated discussions and in his defense, they need some help. If the intent here is to give Parks & Recreation some help with a Construction Manager or Program Manager, then that is what we need to do to make sure that his load gets lightened a little bit and that Ron Johnson's load gets lightened a little bit and that these projects are carried out as quickly as possible. I don't think we need more Planners. I think we need more people to carry out...the design is there and we have contracted with landscape architects and I don't know what the other proper word is put professional planners on these Parks projects. I think we need

somebody to get these projects moving and I think that is where they need the help. If we are going to create a position, I think it belongs in the Parks & Recreation Department itself.

Alderman Girard stated, Mr. Ludwig, I agree with my colleague at-large but are you saying to this Board that given your caseload or your project load now that you could keep a project manager for lack of a better term very busy on a year round basis.

Mr. Ludwig replied right now we could, yes.

Alderman Girard asked, Mr. MacKenzie, we entered into this discussion a little bit the other night, but are you saying that independent of the help that Parks & Recreation needs, are you saying to this Board that the Planner position we discussed is a position that your department could also keep very busy.

Mr. MacKenzie answered it is likely that this year we could keep that position very busy. I have not requested it because I have been hoping that the transformation to a 40-hour workweek will gain us almost an extra person. We have already started doing that and we have seen some additional help. I guess I will have to wait and see if that actually happens.

Alderman Girard asked so at this time then you are not asking for the Planner position.

Mr. MacKenzie answered that is correct.

Alderman Girard asked, Mr. Ludwig, although you haven't asked for it would it be safe to say that you are in need of a Project Manager position.

Mr. Ludwig answered right now with the number of projects we have, we need the help.

Alderman Girard stated I agree with my colleague at large. It seems that the need is at Parks & Recreation and the Planning Director isn't asking for a position and the Parks Director believes he needs one. I think that what the Chairman is trying to accomplish has just defined itself.

Mayor Wieczorek stated the only problem I see with some of this is knowing that the operating budget is the most difficult one to pin down, if you get somebody who says now they need one, two years from now maybe they don't need one and then what do you do. I want to make sure that wherever something like this is going to go that we are going to be able to use that person in different areas and

not have him feed to one particular area. You are right. You are going to be very busy right now but things could slack off in a year or two.

Alderman Wihby asked could we have a temporary position. Would that work or would you not be able to hire somebody?

Mr. Ludwig answered I don't know. That is a difficult question.

Alderman Wihby stated I was just wondering if we could have a temporary position set-up where it is a one-year thing that has to be renewed every year by the Board or something.

Mr. Hobson stated a contracted services position might fit for a quarterly basis or a six-month basis and then review it and put money under 390, Contracted Services instead of in salaries. That way you will avoid the benefits costs.

Mr. Ludwig replied the difficulty with that is once you get into some of our projects you have to be able to follow them along to some extent.

Mayor Wieczorek asked are you going to finish them.

Mr. Ludwig answered it depends. As we move forward with the phases and the money, yes, we would like to finish Livingston in the next two years if this Board decided that it can fund the swimming pool and whatever else is in the master plan but we can't always count on that so every time we do a project we try to bring it to some kind of closure in the event that it might not get funded or that it might not be adequately funded in the next year. We understand those difficulties; however, there are difficult decisions to make when you are doing a project on a phased in basis. That is where our problem lies. Basically, our problem lies in the magnitude and the overall scope of the work that we have as it relates to jumping from Skateboard Parks to school sites to all of those issues and with that I would like to add on Mark's behalf that...not that Frank needs more credit but we access his department as it relates to using civil engineers whenever we can on projects and he is very willing to allow us that use in the seasons he can do that. As it relates to going to the well too many times, the difficult season for him is our difficult season as well. We do try to go to him as much as we can and if you maybe add two more that were dedicated to Parks projects in his department we would use those. I don't know. Ron does what he can and then we contract out beyond that. Like Mr. MacKenzie says, landscape architects, but we do get into some civil engineering where Frank can't help us all the time. We do get into some structural work as well as it relates to looking at swimming pools and things of that nature. Some of the administrative work that could be done and the development of the contract and putting together the contract and those kinds of

things could greatly expedite what Alderman O'Neil is talking about and allow Ron free time to move around on different projects.

Alderman Cashin stated it sounds to me like we are talking about a Clerk of the Works here. When we contract a project, we contract a Clerk of the Works and when the project is over that is the end of that job. I don't want to put words in Frank's mouth, but I think a lot of the projects he does he hires consultants and they stay on until the project is finished. Isn't that right? Why couldn't we do the same thing with Parks & Recreation?

Mayor Wieczorek replied right, like I said once the job is done, what do you do.

Alderman Cashin responded right this way once the project is done, the Clerk is done.

Alderman Thibault stated with all of the projects that we have going on with Parks & Recreation right now, as long as when we hire him we tell him that he may eventually work for Planning or he may eventually go to Highway, we can get all the projects done.

Alderman Cashin replied it won't work.

Alderman Hirschmann stated I think the greater need is for Parks to have a Project Manager and I think that the thought was that because a lot of the projects come through CIP, they could be in Mr. MacKenzie's department. It doesn't matter where it is funded or where it comes from, but a Project Manager is definitely needed and I thought it was more needed for that department than it was for the Civil Engineer. Alderman O'Neil, the Civil Engineer position, is that to help Parks out?

Alderman O'Neil replied no, the position in the letter has to do specifically with City buildings. It did not include Parks.

Alderman Hirschmann responded I think the City building program has been doing quite nicely. I think the Parks Department needs a person more than anyone else.

Alderman Clancy stated I am sure there is some retired engineer out there who would maybe take this in the interim for eight or ten or twelve months out of the year if we advertise for that.

Alderman O'Neil stated in all honest and I think that Mr. Ludwig, Mr. MacKenzie, Mr. Clougherty and Mr. Thomas will back me up on this, construction seasons can be eight or nine months long. We are only talking from the first of the year until the end of February when we can't do any site construction work. I would think they could be, in that time period, getting bids ready or going out to bid. I think we can justify a year round position.

Alderman O'Neil moved to add a full-time Project Manager position for the Parks & Recreation Department to the budget. Alderman Girard duly seconded the motion.

Alderman Pariseau asked could I hear from Mr. Lafreniere. I think he already has a person in his department who can take care of that.

Mr. Lafreniere stated we are not currently equipped to take on a construction management role with the existing staffing. We have some fairly pressing needs to respond to just the administration of the permitting process and regulatory process that we administer in the department and while certainly there have been general discussions about where a person with these type of capabilities might hang his hat if you will in terms of the various departments that would utilize his services, we would not rule out the potential of either providing a base of operation or working with the individual if they were based in another department to provide those types of services but we don't really have anybody on staff currently who has the capacity either time-wise or background wise to take on that role.

Alderman Cashin asked can we table this until you (Alderman O'Neil) have had a chance to sit down with the Human Resource Department and work out a job description so we know exactly what this guy is going to do and who he is going to report to. To just vote on it tonight, I don't think that is going to solve your problem.

Alderman O'Neil answered all I am trying to do is get it in there so we can send it to a public hearing. If it is cut later, that is fine. I think if you look at the second page of the letter I sent, this is the position that I submitted with regards to the building construction. The duties of this position would be to provide general construction administration, design review, general construction oversight and coordination between the project engineer and architect, the Clerk of the Works, the contractor and the funding authority. That is exactly what we need in Parks & Recreation is this type of position.

Alderman Cashin asked so is he going to report to Parks & Recreation or Highway. Who is he going to report to?

Alderman O'Neil answered I think he would report to the Director of Parks & Recreation.

Alderman Cashin asked are we talking two positions now instead of one. Do you still want one in Highway?

Alderman O'Neil answered yes.

Alderman Cashin asked so you are asking for two positions.

Alderman O'Neil answered I believe that this will not cost the tax rate one penny. This can be part...well you know you shake your head but it is included in sewer and road projects now correct, Frank, construction administration. It is part of the bond issue. Is that a correct statement that I just made, Frank? We are already doing it in some of our projects. We do it on our sewer projects. We do it on our bridge projects.

Alderman Cashin replied you hire people for the projects. I agree with that. Clerk of the Works that is fine. Is that what you are asking for now?

Alderman O'Neil responded we are not just talking Clerk of the Works. We are talking construction administration here.

Alderman Cashin asked so you want to hire two more people to put on the payroll right.

Alderman O'Neil answered correct.

Alderman Cashin stated well I am not prepared tonight to vote on that.

Alderman O'Neil stated I believe that Alderman Wihby's intent was to get this stuff to public hearing and then cut at a later point.

Alderman Cashin replied you are making a commitment here tonight, Alderman, and if you make the commitment you are going to have a hard time backing off later. I am telling you.

Alderman O'Neil responded all I am trying to do is help Parks & Recreation in getting these projects carried out and I am sure...unfortunately I talk to the Parks & Recreation Director probably weekly and sometimes come down pretty hard on him. I am here tonight to try to support him and get him the help he needs to carry out these projects.

Alderman Cashin stated I also want to support him as best I can, but I am not prepared tonight to vote for two positions. I don't know if that is the answer.

Alderman O'Neil stated my personal opinion is I think in the bigger picture the need for the building construction is the more important issue because of the amount of money we spend on building construction, but I do believe that Parks & Recreation needs help.

Mayor Wieczorek stated I don't think that anybody disagrees with that. They are very busy right now and they have a lot of projects but things always go up and down. The most difficult thing that I have certainly found in my 10<sup>th</sup> year here is that it is very difficult to cut the operating budget. When you cut the capital budget, meanwhile you are stuck with the operating budget. I think it is something that you really need to take a look at.

Alderman Shea asked for a roll call.

Alderman Wihby stated the whole intent of this is just to send both positions there. We might discover in the budget process in the next month after the public hearing that we only want one position and we define what it is and discuss what it is going to be and how it is going to be funded and everything else. It is just to get it on the table so we don't forget it. It is the revenue...from Alderman O'Neil's position I understand was  $\frac{3}{4}$  of that is going to be paid for by itself. We are all sitting here saying that we agree that Parks needs a position. Let's just send them both there and then we will discuss them. We have a month to discuss them. We are not okaying this or saying we are going to do this. We are putting it on the table and we can discuss it and maybe make one position out of two.

Alderman Cashin replied you are committing yourself to this.

Alderman Wihby responded I am not committing myself by putting it on the table.

Alderman Cashin replied you are.

Alderman Girard asked what is the motion on the floor. I realize that I seconded it but I am a little confused as to what is on the floor. I thought the motion I seconded was for the Parks Project Manager. That is the motion on the floor? I do agree that the most difficult thing to cut is the operating budget. I think the Parks Director told us once upon a time that he had a Project Manager and when the construction money for Parks projects went away so did that position. I think one of the things that we do when we look at positions to cut is that we hurt our ability to efficiently provide the service and to execute the projects. We have appropriated an awful lot of money in recent years and are planning to appropriate

a lot more in this budget and if I believe the CIP projects, for the next five or six years an awful lot more money. These are big projects, as well as small, but there are a lot of big projects that are designed to have impact. It seems to me inherently wasteful to appropriate the money and to approve the project and then have a department that does not have the administrative capability to properly develop the project. While I am loathe to add things to the budget, I would agree with Alderman O'Neil that we are not doing the taxpayers of this City a service by making the money in the projects available, but not having the ability to implement them. I think this proposal, as the proposal that he has for the Highway Department, makes a whole lot of sense because in the end it is more efficient.

Mayor Wieczorek stated Alderman, you were in my office and you know what we were going through when you don't have the capital and you have the position now what do you do.

Alderman Girard replied you have to eliminate the position, your Honor.

Mayor Wieczorek stated we have eliminated how many since the years when you were around.

Alderman Girard replied I think the Parks Department was the one that through the budget cuts that have been gone through in this City took some pretty heavy hits and I don't think even now that they have the staff they had 10 or 12 years ago. I am not saying that is necessarily a problem but it doesn't seem to me to make any sense to have the projects, to have the dollars appropriated and then not be able to do the projects because you can't administer them.

Mayor Wieczorek responded I think what is happening is we are getting a lot of things mixed together here. You are talking about a lot of different projects. Some done by Highway. Some done by Parks.

Alderman Girard stated I am talking about the ones done by Parks, your Honor.

Mayor Wieczorek replied I don't think there is an all-purpose guy that is going to be here to be able to address all of the problems that we have.

Alderman Girard responded I am not trying to do that. I am speaking to the motion on the floor, which has to do with the Parks Project Manager. That is all I am speaking about at the moment.

Mayor Wieczorek asked so you are not talking about the second guy.

Alderman Girard answered no because that is not the motion on the floor.

Mayor Wieczorek stated the motion on the floor by Alderman O'Neil is that you want one person, right.

Alderman O'Neil replied that is all we are talking about at this time.

Deputy Clerk Johnson stated we have recorded a motion made by Alderman O'Neil and seconded by Alderman Girard to suggest that a Parks Project Manager be added to the budget. This would again come before the Finance Committee for amendment to the Resolution tomorrow evening because the Resolution is not on the floor.

Alderman O'Neil stated my intent on that position as well as the position at Highway that would oversee the building construction is that that the monies could be charged to the project. In the case of the building position, Mr. Thomas believes that in the first year we could charge, at a minimum, 75% to the projects and as we work out the bugs, probably up to 100%. I also spoke to the Finance Officer and asked him if that could be possibly done with this Parks project and he said he would take a look at it. I believe the Public Works Director would like to say something.

Mr. Thomas stated in listening to this discussion, I think we are mixing up the two positions. We have a need defined for a Clerk of the Works or Construction Administrator for the Parks project, but what Alderman O'Neil has proposed is a professional level position to administer all of our public building projects that are going on in the City. The School projects, again there is \$3.5 million worth of construction improvements and another \$1 million on the side. We are looking at a new Police Station coming down the road. The position that Alderman O'Neil is proposing is a professional level position that can review the plans, provide oversight and potentially pick up some errors that we have experienced in the past with some of the construction projects. The projects that this building facility professional would be involved in would basically be CIP projects. As a result, time could be charged directly to those CIP accounts, similar to hiring an outside consultant.

Alderman Klock asked is this position going to be a salaried position or a contracted position.

Mayor Wieczorek answered the way it is being proposed, it is salaried.

Alderman Wihby stated it is being proposed to be put it in the budget. It will be looked at in the next month and we can decide if we want it, how we want it, and if we want to incorporate a couple of positions. All we are doing is bringing it in today, putting the money there and sending that to the taxpayers so they see what

the number is and from there we can delete it if we want or make it contract or whatever.

Mayor Wiczorek replied that is correct. I have some questions on it too so I don't mind having a discussion on it but I am not sure I am sold on it either.

Alderman O'Neil stated if for some reason things change down the road and we are not funding either the building projects or the parks projects, the position is going to have to go away if we are going to charge the salaries to them. It is not like we are going to have two positions hanging around if there aren't projects to do.

Alderman Clancy asked, Alderman Wihby, you said monies. Define monies for these two positions.

Alderman Wihby answered it is just the one position that is on the table right now and whatever the construction manager would be. What are we looking for for a title, Project Manager?

Mr. Ludwig stated it doesn't have to be a professional level position in my opinion like Mr. Thomas is talking about in Building. I think that position in Mr. Thomas' department would be a nice place to go if we needed...for instance we are not particularly experts in and we will be putting up a fairly large building for us by our standards over at Livingston hopefully in the near future. That would be a nice resource for us to be able to double-check with Frank even though we do have a building architect assigned to the project, it would be nice to be able to check with our own in-house person to say is this a good deal as a double-check and I think that is what is missing here on occasion. If this position, and I was only approached about this position not too long ago regarding would it be a help and my answer was yes it would be a help for us. If that was a shared position with the Planning Department and back and forth, we could try to make that work. I have all the confidence in the world that Mr. MacKenzie, overseeing all of the projects in the City, could look at the Parks Department and say given the fact that you have about \$3 million worth of projects going on, they need this person's assistance right now more than anyone else. If our projects backed off in the next two or three years then he could possibly use that person in another area. I think that is the way we have to dual use the person. If it comes to the point where there is not enough money left because the economy is bad and he has to go, you have to let the person know up front I guess when you bring him on board.

Alderman Clancy asked what are you talking for monies.

Mr. Ludwig answered I am at a bit of a loss for that. I would say probably \$35,000.

Mayor Wieczorek called for a vote on the motion to add a full-time Parks Project Manager position to the budget. Mayor Wieczorek requested a roll call. Aldermen Wihby, Sysyn, Pinard, O'Neil, Girard, Rivard, and Hirschmann voted yea. Aldermen Klock, Clancy, Shea, Pariseau, Thibault voted nay. Aldermen Reiniger was absent. The motion carried.

Mayor Wieczorek asked if any department head would like to speak on any issue. There were no responses.

Alderman Girard stated I just have one question for the Police Chief. Were you consulted at all during the discussion for the Security Manager to coordinate citywide security.

Chief Driscoll replied yes.

Alderman Girard asked do you agree that there is a need for this position. I just wondered whether or not this was something the department could handle itself.

Chief Driscoll answered I am absolutely convinced that with the capital the City has throughout their buildings and the structures themselves that somebody has to be taking a real close look at all of those issues. The Police Department doesn't have the capacity to. We have a Crime Prevention Unit that does the best we can, but we have suffered such loses over the last couple of years that it is entirely necessary, I believe, to have that position. I have spoken with both the Mayor and the Human Resources Director about it.

Alderman Girard asked if you have been part of the discussion, why, and maybe Mr. Hobson can answer this, why is it being located in the Human Resources Department. Is that just a place to put it for now?

Chief Driscoll answered I think it has just landed there temporarily. We have discussed where it is going to be and I don't think there has been a conclusion reached.

Mayor Wieczorek replied no there hasn't and we also talked about the Airport security and the fact that the FAA is tightening up considerably on security. It is another dimension for us to address with somebody who has some expertise.

Alderman Girard asked, your Honor, how is the process of the Finance Committee meetings going to take place from here on out. Are there going to be more meetings?

Alderman Wihby answered I envision this as...we have the new change column from the Aldermen's numbers and all of the different changes in the salary accounts and all that stuff that we got. I would envision that number, along with the School officers and the federal grant and the Planning money or the Park money, all of those items be sent to the public hearing and those are the numbers that will be discussed up there and after that we have more Finance meetings where we all get together and decide what we are going to cut. Obviously there are going to be cuts. We can tell everybody that. It might be some of the items we added here, but at least everything is on the table now, we know what is there and there is not anybody asking for anything additional. All of the salary account numbers are right. The only numbers we are waiting for are benefit numbers.

Alderman Girard asked so if the Aldermen have any items that they would like investigated, should they send it to the Clerk for inclusion on the Finance Committee agenda following the public hearing.

Alderman Wihby asked are you going to want a department head because they are here now.

Alderman Girard replied no, I am just talking about particular areas. If we wanted to talk about implementation for the Yarger Decker study or something like that. Is that something that should be sent to a Finance Committee agenda for discussion at the Board.

Alderman Wihby responded it doesn't matter, but send it to Finance to take up.

Alderman Hirschmann asked, Alderman Wihby, with Planning he had extra money that was put in.

Alderman Wihby answered no, it was taken out.

Alderman Hirschmann stated he said it was extra and that is why he was asking for the position.

Alderman Wihby replied if you look at the adjusted Aldermen's numbers that is the number that will be going to public hearing along with the three or four changes that we did today. Included in that number that Sean gave us, he took out Planning's numbers. We have two pages of changes on here.

Mayor Wieczorek asked does anybody else have any questions.

Alderman O'Neil asked is it my understanding that we still need to hear, based on the new numbers, from quite a few departments on the 1% or 2%.

Alderman Wihby answered no. My understanding is the ones that haven't responded the second time around were okay with the numbers. Finance, Fire, Health, Highway, and Human Resources. They are all set with those 1% cuts or the cuts sent to us in April. In the packet that we have is the new numbers and it is also the 1% and 2% cuts from all departments.

Alderman Girard stated I do have a question for the Fire Chief and the last question I have would be for you, your Honor. Chief, in reading over the original 1% and 2% cut items that your department submitted, I noticed that if 1% or 2% was cut you were taking money out of your special projects for a thing called a Wellness Program for the firefighters. I did speak with Mr. Lemire and Mr. Martel regarding the program so my question isn't about that. The question is whether or not that program, instead of being implemented all at once, could be implemented over a period of time.

Chief Kane replied yes it could. We are implementing it over a period of time and actually we are probably into our fourth or fifth year of that. We are phasing that in. Can it be stretched out is the question? Yes.

Alderman Girard responded as I understand the proposal, the \$110,000 that is in the budget for that now, give or take, is to put equipment and things like that in all of the fire houses.

Chief Kane stated part of it is equipment and part of it is programming. The majority of it is equipment.

Alderman Girard asked and if we wanted to phase in the equipment over a two or three year period of time, we could do that.

Chief Kane answered yes.

Alderman Girard asked, your Honor, when I was reading through the departmental submissions of the 1% and 2% cuts, I found an awful lot of information about what was in the departments' budgets that I wasn't able to get out of the budget books such as photo copier purchases, Wellness programs and things like that. This was brought up at the meeting on Thursday and I don't know if we can do this but the line items that are in our budget book, we have the FY98 actual the FY99 budget and then the departments' requests and those numbers don't exactly

match with anything else we have gotten but your recommendations, by line item, are not there. The back up is not there for photocopiers and personnel and things of the like. Is there anyway we can get that information?

Mr. Sean Thomas answered actually where it does say requested, that actually is the Mayor's recommended. That was just inputted with the wrong title.

Alderman Girard asked where, Mr. Thomas, in the budget books would we find those types of expenditures because there is not a whole lot of material in there that delineates what the departments have asked for.

Mr. Sean Thomas answered I am at a loss for what you are asking.

Alderman Thibault asked in Information Systems, salaries for MicroComputer Specialist and Decker adjustments, could somebody explain that.

Ms. Prew answered the salary adjustments for my department; there is a new position that the Mayor is recommending and that is the Micro Support Specialist. The other items are associated with the Yarger Decker study. The reason that that number is out there the way it is, I believe, there was an error when the original budget was put together. The numbers did not get in the way they should have.

Alderman Thibault asked so is this number right.

Ms. Prew answered yes. All of the numbers on that sheet are correct.

Alderman Hirschmann stated in going over the revenue lines, 14 departments are requesting less revenue this year than last year.

Mayor Wieczorek replied they are not requesting it.

Alderman Hirschmann responded you are recommending it. Can someone explain why so much on the revenue side? What is going on?

Mayor Wieczorek asked on the revenue side. As you know for the years that you have been here and I have been here many times we have to meet with the department heads to find out what direction their revenue is going in. From what they said this year, revenues are starting to turn down.

Alderman Hirschmann asked every department.

Mayor Wieczorek answered they are not all down.

Alderman Hirschmann stated 14 of them are. Some big ones are Finance revenues. What is going on with that?

Mayor Wiczorek replied there is an explanation for Finance.

Mr. Clougherty stated if you recall, Alderman, when I made my presentation to you I explained that one of the things we were looking at were the trends in the interest rate and the availability of capital to invest. What we have been looking at and working with the Mayor's Office and school on is the cash flow and how money is going to flow from the State under this new situation. In the first half of the year, we are only going to get ¼ of the money for those grants. We are in the process now of taking a look at that and assessing what the cash flows are. Once we are done with that and we just got the numbers on the latter part of Friday, we may make an adjustment but right now until we have had a chance to look at that we came in with a conservative number and we wanted to stay with that.

Alderman Hirschmann asked so it is interest revenue less interest.

Mr. Clougherty answered right. You don't have as much money coming in up front to invest and if the rates are down you are not going to make as much.

Mr. Taylor stated I think the question has to do with the projected revenue. Back when the Economic Development Office was organized, the original proposal as I understand it was to apply the income from the Manchester Development Corporation assets against the operating budget of the Manchester Economic Development Office. Over the first three or four years of the Manchester Economic Development's Office existence, that revenue number has been projected but my understanding is it has never been applied against the budget and there has always been a short fall and I guess the decision was made this year not to make the projection because it hasn't been done anyway.

Alderman Wihby asked how come it hasn't been done.

Mr. Sherman answered that would require a request from this Board to the Board of the MDC and a vote from MDC to authorize to send it back this way and neither one of those votes has ever taken place.

Alderman Wihby asked do you see a problem with that, Jay, if we do that.

Mr. Taylor answered I guess what I would first want to see is what the actual revenue from the MDC assets is. I am not sure it is \$120,000. That was a number picked based on what the assets were back in 1994 when this proposal came forward. I am not sure what the actual numbers have been. If you exceeded the

revenues, you would start to deplete the assets of the organization so I wouldn't recommend doing that, no.

Mr. Sherman stated for FY98 they had \$149,000 of interest income. Some of that, though, is probably coming from the loans that you have.

Mr. Taylor replied the loan with the University Center has been paid off so that has to be liquidated. That partnership will be liquidated. The only other loan, the 540 North loan was paid off this year so there will be no more revenue from that. The only other loan outstanding is Wall Street Tower and we are not getting any payment on that at the moment. The chances of that revenue increasing are pretty slim.

Mr. Sherman stated I would like to add that the actual net income was only \$93,000. MDC does have expenses off-setting some of that income.

Alderman Wihby asked are you saying we shouldn't do it.

Mr. Sherman answered I would tend to agree with Jay to leave it in for economic development and mushroom.

Alderman Hirschmann asked couldn't we make a policy where we split the net revenue. Not the gross, the net profit of the interest so they give something back to the City. That is the whole idea of having a revenue projection so the taxpayer isn't taking it on the chin.

Alderman Girard asked, Mr. Taylor, what are those interest funds used for other than being applied to some of the department's expenses.

Mr. Taylor answered the MDC money is available for whatever economic initiative the Board of Mayor and Aldermen designate.

Alderman Girard asked so any money we would take, as revenue out of MDC would then not be available for economic development purposes.

Mr. Taylor answered that is right.

Alderman Girard asked, Mr. Taylor, do we have any idea what the actual cash assets of the MDC are at the moment.

Mr. Taylor answered we are around \$1.1 or \$1.2 million. I am not sure. I haven't got the figures.

Mr. Sherman stated it is closer to \$1.5 million plus \$500,000 in land. The cash is about \$1.5 million.

Alderman Girard asked the \$1.5 million is that with the interest he is accruing on. That revenue figure, what is that?

Mr. Sherman answered that and the loans.

Alderman Thibault asked, Mr. Taylor, did I understand you right when you said that Wall Street Towers no longer sends any money.

Mr. Taylor answered Wall Street Tower is making a payment which represents a partial payment of the actual note and it is based on a refinancing agreement that was done in 1990. They are, in effect, paying an amount equal to 9.27% of the loan. It is basically a non-performing loan at the moment and until the project reaches a positive cash flow which it has not done yet, they are not required to make the full payment, they are only required to make the City's share of the payment which is about 10% of the note.

Alderman Thibault asked isn't that place basically all rented.

Mr. Taylor answered yes it is.

Alderman Thibault asked and that is privately owned, right.

Mr. Taylor answered yes. The debt service and the operating expenses, I haven't seen this years audit yet but up until this point it has been in a negative cash position right from the beginning. The owners have to write a check every year just to keep the thing afloat.

Alderman Hirschmann moved to have the Finance Department report back to the Committee on this revenue issue and provide a policy so that MDC isn't depleted. Alderman Klock duly seconded the motion. Mayor Wieczorek called for a vote. The motion carried with Aldermen Cashin and Girard in opposition.

Alderman Shea asked where do we stand on the civic center funding now. A lot of people are wondering where we stand on that particular situation. Have we insured the bonds that we are supposed to? Is there progress? What is going on as far as that is concerned?

Mr. Clougherty answered you authorized the \$50 million but only \$2.5 million to be spent. That is being used for the architects who are doing due diligence and design work and the proformers and business deal documents are being formulated. Once those are done, they will come before the Board for approval.

Alderman Shea asked is there an insurance company that is going to guarantee that the amount of money that we get from the Rooms & Meals tax, if it doesn't cover the amount, they will pay for it even though there is a problem possibly at the State level and I am not saying there is but we did receive a letter concerning the fact that the incremental amount may be spent to offset the Claremont settlement.

Mr. Clougherty answered the financial advisor and underwriter have said today that they feel that is an insurable situation and what they will do is watch through the session certainly and see if anything happens to Rooms & Meals. Obviously, if there is an action by the State...

Alderman Shea interjected what if there is an action by the State, what happens.

Mr. Clougherty replied if there is an action by the State prior to the end of the year, which would be about the time you, will be getting the documents, there wouldn't be a deal. The civic center would not go forward because you would not have the Rooms & Meals money necessary to go forward.

Alderman Shea asked so there is a possibility, if the State does rule on the incremental amounts, that the civic center might not go through because the bonding company would not insure that they would cover the amount that has to be paid.

Mr. Clougherty answered right. They would be crazy to. Who would go out and knowingly insure something where the cash flow is not going to be there? They expect that the Legislature will continue the program and then you have the whole package and you can go forward.

Mayor Wieczorek stated every Representative, Alderman, would have to vote to take the money away from their community.

Alderman Shea replied well it is still a proposal.

Mayor Wieczorek responded there are lots of proposals up there.

Alderman Girard stated there have been rumors, but I am not aware that there is an actual proposal to do that. I don't think we should overstate this case.

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

A True Record. Attest.

Clerk of Committee