

COMMITTEE ON FINANCE

May 10, 2000

6:30 PM

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Gatsas, Levasseur, Sysyn, Clancy, Pinard, Lopez, Shea, Vaillancourt, Pariseau, Cashin, Thibault, and Hirschmann

Absent: Aldermen Wihby, O'Neil

Messrs: Chief Driscoll, P. Beaudoin, K. Clougherty, M. Hobson, R. Sherman, H. Tawney

3. Resolution:

“Raising Monies and Making Appropriations for the Fiscal Year 2001”

Mayor Baines advised that the proposed budgets for departments as listed shall be discussed. Motions to amend the resolution may be considered.

1) Police

Chief Driscoll stated good evening Mr. Mayor and members of the Aldermanic Board. I think there are two new sets of documents that we have given you since the last time we were here. The first is a letter addressed yesterday to Alderman O'Neil. At his request, he asked for some clarification relative to some grant positions that we have. There are two attached documents with that. There is also a document that was just passed out by Deputy Chief Robinson with a graph on it, as well as a copy of our complement. There was some discussion the last time we were here relative to our actual complement. This is what we believe our actual complement is. Paul Beaudoin has worked on it since the last time we were here and now I am quite sure that it is very accurate. We would be happy to answer any questions. I would also tell you that the Human Resources Department agrees with these numbers so we are all on the same page when it comes to our complement. We do have copies of our presentation that we made the last time we

were here if anybody needs that to refer to. We would be pleased to provide you with another copy of that also. The graph, which is the new information, starts out with the FY2001 zero-base. Now that \$13,070,197 is the number, but it does not have the 2.5% reduced from it. The 2.5% number is \$13,056,446 but I have used the \$1,370,197 number hoping that I can explain to you folks exactly what our budget is, how it is broken down on one single sheet of paper, and perhaps make you understand where the cuts will come from. If you look at the blue portion, which is entitled salaries and wages, you will see that that is 85% of our budget. That is the contractual stuff. It is all of our employees, both civilian and sworn, that we pay a salary to every week. That is the \$11,534,000 number. Beyond that it gets broken down to the court overtime, which we have broken out, which is 3% of our budget which is about \$400,000. The expenses, which are \$907,384 or 7% of our budget. That is a number that I am sure you will remember from the last time we were here. The severance, which is \$175,000, that number is something new to our budget. As you remember we didn't have severance before so that is a new number. The other overtime at \$684,500, that is broken down on the side as you see. Once again, I have taken some figures out of that since we were here last time, but I explained what that \$684,500 is. As you remember, we showed you how we broke down our emergency overtime, our callback, our training, our planned overtime and our special events. The only thing that is missing at this time from that number is the court. We showed that separately. For us to make-up the \$344,000, which was what the 2.5% equaled, you will recall that we took \$30,000 from the line items and told you how we would do that and then we were going to take \$314,000 out of the overtime account. In order to get the \$314,000 out of the overtime account, I have to go to that bar graph and take money from each one of those accounts – the 255, the 300, the 65, the 35 and 29. I will tell you if I am required to do that it will not...I won't take money out of any one of those accounts. The whole amount obviously because that certainly wouldn't work, but we would work until the end of the year taking money out of each of those accounts and do the very best we can. The only other alternative is that we take and hold some positions open and as I tried to explain in the letter to Alderman O'Neil, that is very difficult to do in that we have contracts with the Federal government.

Alderman Lopez stated I would like to add a little bit more of an explanation on the \$314,000 in reference to what you must cut here. From what I understand, this was done and these programs will be in there. Is that correct or am I wrong?

Chief Driscoll stated I am sorry, I didn't hear you.

Alderman Lopez replied that \$314,000 that you took out of overtime, does that mean that programs you indicated must be cut will now have money.

Chief Driscoll responded certainly not.

Alderman Lopez asked you are not going to take \$314,000 out of overtime to do those programs.

Chief Driscoll answered yes I am. I guess I didn't understand your question. I understand at the meeting that I was not at there was considerable discussion about the \$314,000. I can give you some history of that. We initially took all of the money out of our line items - the whole \$344,000 and that was as a result of an THE problem that wouldn't let us take it out of the salary line item. After a meeting with Wayne Robinson, it was suggested that we move the appropriate amount of money over to the salary overtime account. That is where that money had to come from. When I made the initial presentation that is where I told you the money would come from and that those programs would be impacted. They will still be impacted. There was another sheet that came out at a meeting that I wasn't at and I guess there was some confusion as to they have taken the money out of the overtime account to fund these programs. That is absolutely not true. If you and I don't know if you have your presentation that we made last time but if you look at the page stating "What Must Be Cut", that \$314,000 was out of the overtime account and those are the things that would be impacted. If you look on the page previous to that or a couple of pages previous to that, it will talk about each one of those categories and how we intended to make up that \$314,000.

Alderman Lopez stated I just want it clear in my own mind. At the last meeting you indicated that you were going to take the \$314,000 for these programs. At the previous meetings we had you mentioned the programs in the Schools and I don't want to cut anything from the School programs. So, when at the Finance meeting this was mentioned and maybe Mark or somebody else can help here because it was indicated that you were moving \$314,000 from the overtime account for these programs. Now am I wrong or can somebody clarify that so I can understand it?

Chief Driscoll replied I guess our intention has always been the same. We believe that we only have one place to go to get that money and we tried to demonstrate that on the graph and that is to the other overtime account. That money in this presentation and that presentation is the same. I guess what confused people is that when we asked Human Resources to move that money from the line items to show on the financial statement that you had over to the salary account, the overtime salary account, I guess there was some confusion as to they are now taking it out of overtime and funding those programs so they had that extra money anyway. That is absolutely not the case and I hope people understand that.

Alderman Lopez asked, Mr. Hobson, do you concur with that.

Mr. Hobson answered that is what we were asked to do and we did that. I agree with what he is saying.

Alderman Pariseau stated I would like to get back to that \$314,000 and the way it was presented in this "What Must Be Cut" book, you designated \$314,000 cut from School programs.

Chief Driscoll replied not exactly, Sir. What we tried to say is that we have to reduce non-essential services. I have to put a police officer out in a car, although we don't have minimum staffing, I have to put X number of police officers to fill every shift and fill communications and fill detectives and so forth. There are certain things that require overtime. In order for me to meet that \$314,000, I have to go to the overtime account and I have to find amongst these, below the heavy line, I have to find \$314,000 in those areas. Now I was here on a Saturday the last time and I read in the paper the following day that I was going to cut the D.A.R.E. Program. That got taken way out of whack.

Alderman Pariseau responded I am sure that was the understanding that we had. That you would have to cut the Cops in Schools Program and the D.A.R.E. Program and then we come in and get this on May 1 that says you are going to switch that \$314,000 over to the operating budget.

Chief Driscoll replied I can tell you that the Mayor's Office, Human Resources and the Police Department are all in agreement that the reason that was made was simply to make it clearer for your folks. There is the same amount of money...

Alderman Pariseau interjected this is the same \$314,000 that we are talking about.

Chief Driscoll responded absolutely and I think everybody agrees. Absolutely.

Alderman Pinard asked on overtime you say that you require overtime.

Chief Driscoll replied I am not sure I understand your question.

Alderman Pinard asked do you require overtime and how do you schedule your overtime. If you were in a private industry, overtime is the thing that is checked the most.

Chief Driscoll responded I am still not sure I understand your question. We have responsibilities if, in fact, there were a serious crime after midnight tonight, Deputy Stewart would be notified and I would be notified and he would tell me the resources that were needed and we would call out those resources that weren't

working at that present time. Do we require overtime? Yes. We have people that are on call and when we call them the City is obligated to pay them. We have shift shortages during the summer when people are on vacation. We have people call in sick. There are a variety of ways...I think that although our overtime account is a healthy account, it is certainly reasonable...I am told and I don't have any expertise in this matter but I am told that an organization that has overtime at under 10% is doing very well and we certainly do that excluding our court. Our court is a big number - \$400,000 and we would certainly like to work on that.

Alderman Clancy stated I just added up these three figures and it comes out to \$620,000. Is that where you are going to get the \$314,000?

Chief Driscoll replied yes. There are also some numbers below. It is \$684,000 and that is where we would have to go. The only other alternative is to look in the blue for salaries and wages and try to identify any positions that were open that are civilian positions.

Alderman Clancy asked in other words that is where the \$314,000 is going to come from.

Chief Driscoll answered yes, Sir.

Alderman Clancy stated and if anything is left over you will use it as you need it.

Chief Driscoll replied yes.

Alderman Clancy asked if you have a manpower shortage on a shift and you call a guy in, say it is a Captain, how do you pay him.

Chief Driscoll answered we pay him at his rate, Sir.

Alderman Clancy asked a day's pay.

Chief Driscoll answered if we call someone in overtime, if they are on their day off then we call them in at their rate at time and a half. I think that is universal.

Alderman Gatsas stated maybe you can help me or maybe not. I am looking at a document here and I don't know if you have it, but I have a document here that came from Wayne that says that what your proposed original budget was, the number you were asking for, pie in the sky.

Chief Driscoll replied well it was \$260,000 more...

Alderman Gatsas interjected the document I am looking at says \$13.149 million. Now maybe that does not include...well let me look first. That \$13.149 million does not include benefits.

Chief Driscoll responded I don't know what number you are looking at, Sir.

Alderman Gatsas replied you are going to have to bear with me.

Mr. Robinson stated to answer your question, it does not. In the instructions to the department heads at that time...

Alderman Gatsas interjected the number I am looking at on your requested budget for overtime was \$1.138 million. Do you agree with that?

Chief Driscoll replied yes probably. I haven't got that number in front of me but Paul is saying yes.

Alderman Gatsas stated maybe I should direct the questions to the bean counter.

Chief Driscoll replied that is fine.

Alderman Gatsas asked do you agree with that, Paul. Let me just do a little quick math here so I can pull out your numbers. So basically you are looking for somewhere around \$16.5 million? Let me clear that up because you are not going to be able to follow me and we will all be in some muck here. I was hoping this wasn't going to happen but it did. I took in the sheet that was provided to us here, which shows us all of the departments and expenditures, the 71-page report. I am on Page 45.

Chief Driscoll answered we think we are with you.

Alderman Gatsas stated if you go to the line that says Mayor's Recommended, the total there is \$16,748,616. That is the Mayor's Recommended Budget. If I extract the restricted items. – FICA, Worker's Compensation, general liability, health insurance, that total comes out to \$3,392,174. If I subtract that number from the Mayor's number of \$16,748,616 I come out to a number of \$13,356,442.

Chief Driscoll replied that is correct.

Alderman Gatsas stated back to this sheet that was your optimum budget that you were asking for that you submitted or that we have that you submitted...is that correct, Wayne.

Mr. Robinson replied that is correct except for the salary lines.

Alderman Gatsas stated the salary lines are on this one.

Mr. Robinson replied right but what we did...in the instructions to the department head we said that the HR Department would be responsible for submitting any salaried line items. If they gave me a salary line item, I didn't include it. All of the salary figures for all of the departments came from the HR Department.

Alderman Gatsas asked so the total number that I am looking at here of \$13 million, is that...

Mr. Robinson interjected they chose to put it on that form. I did not take it off the form. I gave you what they gave me. In the instructions to the department heads, once again, they were instructed that the Human Resource Department would be responsible for all salaried line items.

Alderman Gatsas asked so this isn't the budget that was submitted. He doesn't know what this number is. Does he know what this number is?

Mr. Robinson answered excluding salary.

Alderman Gatsas stated I can't keep excluding things because it doesn't work.

Mr. Robinson replied they gave me a salary number and I went with the Human Resources salary number so if those two numbers did not agree, I went with the Human Resource salary number. Human Resources was responsible for all department's salaried expense.

Mayor Baines asked, Mark, do you want to comment on this.

Alderman Gatsas asked what do you have for a number that you submitted or you thought you had for a salary number that you were using. Not the Mayor's. This is something that you would have submitted or that you would have come in and looked for.

Mayor Baines stated, Alderman, I don't know where you are going with this but understand that we got the numbers, they got them back and had an opportunity to discuss any discrepancies or things of that nature. That was the number from Human Resources.

Alderman Gatsas replied the discrepancy that I am seeing is that if I subtract out the restricted line from your proposed or recommended budget and I look at what they came to us for or I assume they came to us for, there is about a \$200,000 difference from their request to what you have given them.

Mr. Hobson asked which way.

Alderman Gatsas answered he is asking for \$200,000 less than what the Mayor is giving him.

Chief Driscoll stated this is real hard for us to...is that our request that you are talking about.

Alderman Gatsas replied I can only look at what this says.

Mr. Beaudoin stated the original request without overtime, backing out the \$1.138 million for overtime was \$11,655,749 in salaries.

Alderman Gatsas asked so the Human Resource number was \$238,000 less so we used the number that was less than what they requested and that is why there is a discrepancy.

Mr. Beaudoin stated no I take that back. Originally, we had the budget additions in our request. So, there was another \$383,000 on top of that in budget additions. That was all salaries. If you go to our original request that we had that we passed out to everybody, if you go to the fourth page under Summary of FY01 request you would see what our FY01 zero base was and at that time that was what our original request was from Day 1. There was an additional \$260,000 and if you flip over one more page, it says Request FY01 Budget Additions and then we listed what our additions were. That was, I guess the "pie in the sky" we were looking for. That was prior to the Mayor coming out with his budget and then the 2.5% cut. As you can see from the personnel, we were looking at four more police officers. A police lieutenant for the SIU unit, a police sergeant for court liaison, and an accounting technician that accounted for \$183,000 and then some additions to our line items, which was another \$76,000 which came up to \$260,000. I think that is what you are talking about when you look at the original request right up front.

Mayor Baines stated the numbers we did were no increases, present complement with no additions.

Mr. Beaudoin replied that is correct. That is probably the discrepancy. Also, our original budget request did not include other items such as the severance pay, some of the off budget items such as A-STEPS and some longevity steps. Those were all taken care of by HR and that has since been changed and placed back into our budget.

Alderman Gatsas stated I couldn't follow. Where did you cut the overtime from?

Chief Driscoll replied if you look at that chart and the column to the right it will say total and then there are four line items. It shows actually five line items for a total of \$30,000 that we were going to get from the line items and then we were going to go down and try to find in these seven categories combined \$314,000.

Mr. Beaudoin stated one of the places that we have had confusion here is if you look down under reduction of essential services, if you look in the amount left column you see that \$314,000 under school programs and that is why everybody keeps referring to the school programs. It is not \$314,000 from school programs. That is one of several programs that we would need to look at for reductions.

Alderman Pariseau stated I think the Chief specifically related that \$314,000 to schools.

Chief Driscoll replied no, Sir, I did not and if that is the way you interpreted it...

Alderman Pariseau interjected can the Clerk get us a copy of the tape.

Chief Driscoll stated that certainly was not my intent. I didn't intend to lead anybody to believe that. I stayed away from schools and intentionally only responded to questions about that. Perhaps I wasn't clear.

Mayor Baines stated just for clarification I think what happened was when they were talking about programs you had some certain words that you used and went through some categories of programs. You used the D.A.R.E. Program as one that wasn't absolutely essential.

Chief Driscoll replied that is what we tried to do. It is absolutely essential that we put a police officer out in a car every day, but is it essential that...I don't know what a good example is but is it essential that we have somebody in the Wilson Street substation working community policing doing that route. Well I believe it is. I believe that reason that we have made such progress in the City is because we are doing that proactive stuff. If we start to cut back on the funding, specifically that overtime account, I am going to have to take that guy and bring him back in

and use him in other areas to do normal, everyday staffing. That is the message that we have been trying to get across to the Board and I apologize to Alderman Pariseau and everybody else if we haven't been clear, but we have tried to be.

Alderman Hirschmann stated I don't want to disagree with you, but I am the guy that was asking those questions. I have a memory like a hawk and I can pull out the minutes and tell you exactly what you said. The words gang intervention were used, the D.A.R.E. Program was used...all school programs. You named about three or four of them. I am not disagreeing with you, I am just telling you what was said. We can come back at any other day and say something else was said, but that is what was said and I specifically asked in this room and out in the hall what each of these programs cost if I wanted to pick one like a Chinese menu and put it back in and I never got an answer because like you said it is patrol coverage and programs, etc.

Chief Driscoll replied you are right. You did ask me that, but it is very difficult for me to go out and say I am going to eliminate SRT training and that is worth \$40,000 a year because I am not going to eliminate any one of these programs, I am going to work on trying to manage this whole thing so it works.

Alderman Hirschmann responded I understand that now, but when we are given something like this I am not saying it is rhetoric, but it says here Reduction of Essential Services. What must be cut in bold headlines so what does an Alderman do but say "Oh my God we are going to cut patrol coverage, we are going to cut investigations and training and neighborhood programs and school programs."

Chief Driscoll replied that is factual.

Alderman Hirschmann stated a few of us up here were upset and we went on our TV shows and called people and made a big deal out of it and all of the sudden you guys are back in front of us and maybe that is a good thing.

Chief Driscoll replied no place on here have we said that we are going to eliminate. What we said was we were going to have a reduction and that is as sincere as I can be.

Alderman Hirschmann stated I have one more thing to say. I am glad you are back here because I started looking at your line items and I am asking Paul if this was a tough year for the Police Department.

Mr. Beaudoin replied in certain areas, yes it was.

Alderman Hirschmann stated because I am looking at your year-to-date expenditures and there are 19 items that you overspent on. Some of them are drastically overspent and one of them is overtime. So far, year-to-date, you have spent \$823,000 and the FY00 revised budget only had \$388,000 allocated. I can go right down the line. Staff development is overspent. Special salaries is overspent. Uniforms are overspent. Other services are overspent. Staff certifications are overspent. Insurance is overspent by \$200,000. Telephone is overspent. Advertising is overspent. What is advertising? Do you guys put ads out somewhere?

Mr. Beaudoin replied yes for hiring people.

Chief Driscoll stated it relates to the work we do with Human Resources.

Alderman Hirschmann asked how much does the billboard on Elm Street cost.

Chief Driscoll answered actually we have two billboards.

Alderman Hirschmann asked how much do they cost.

Chief Driscoll answered they don't cost anything.

Alderman Hirschmann stated your advertising is overspent by \$3,000. Printing is overspent. Travel is overspent. You had \$5,000 for travel and you spent \$7,700. Films is overspent. Ammunition is overspent. Microfilm is overspent. Apparatus and tools is overspent. Fire extinguishers is overspent. Natural gas is overspent. Dues and fees are overspent. Provisions are overspent. This is the FY00. I can give you this if you don't have it. I don't know if you have what I have. It tells me what your FY00 budget is and what your expenditures are to date. What bothers me is you are moving money from overtime into these necessary programs and you overspent on your overtime big time.

Mr. Beaudoin replied first of all on the FY00 budget for overtime, it is actually \$998,114. There was a glitch somewhere in the THE system that took some money, \$600,000, out of overtime and put it into the regular salaries and wages.

Alderman Hirschmann asked how much was that number.

Mr. Beaudoin answered \$600,000. It should be \$998,114 for overtime.

Alderman Hirschmann asked so you want to move \$300,000. Won't that leave you short for FY01?

Mr. Beaudoin answered yes.

Alderman Hirschmann asked so why are you going to move it.

Mr. Beaudoin answered we have no other place to cut. That is what we have been trying to say here. If we have to cut 2.5%, we are bound by contract with the Federal government that we have to keep our staffing levels at a certain level otherwise it would be considered supplanting our funds with Federal funds and they would then seek...

Alderman Hirschmann interjected I understand that and I wasn't talking about reductions in staff. This is overtime that we are talking about.

Mr. Beaudoin stated the overtime account that we have...basically if we have shortages due to vacancies we end up spending more money than our regular overtime budget to fill those vacancies. The money we save from not having a staff we end up spending more to fill those vacant positions when we need them. What our plan was in trying to develop this budget with a 2.5% cut in our level funding for next year, we came up with the idea that the only way we could cut it would be to take certain essential services that we feel are essential in trying to be a proactive Police Department and as the Chief said instead of having two or three cruisers go unfilled at night or in the day time, what we would normally do is hire overtime and have officers fill those cruisers. That is where we use a lot of our overtime money. Without having that overtime money available, now we are going to have to take the guy off of the community policing route and we are going to have to take the guy out of maybe D.A.R.E. for a day and instead of going into the schools and teaching D.A.R.E. for a day if we are really short he will be in a route car. If we have to fill the route cars and we don't have overtime to fill those cars, we are going to have to pull people from other areas who are doing more proactive work and put them back to doing reactive law enforcement.

Mayor Baines stated just a point of clarification. I am confused on this granting. I have never seen Federal grants that once they expired require the community to continue to fund them. My understanding of supplanting is that the term refers to reductions that occur during the time of the grant. We are researching that to detect the validity of it. We have dealt with many grants on the school side and there is an understanding...they are called start-up or incentive grants that the Federal government gives to local communities and I have never heard of one and I am not saying I am totally correct on this, that requires a local municipality that can't adjust their level of staffing depending on the community needs at the time. They are an incentive. They say we are going to give you three years and fund at a certain level and sometime there are matches or whatever but they say to give

you the experience of how this is going to impact you but then you have to decide after the two or three years whether you want to continue that based upon your needs. My understanding of supplanting means during the time of the grant, not after the grant expires. What is your response to that?

Mr. Beaudoin answered it is very clear in the grant applications under the C.O.P.S. Program that accepting money for that program means that you fully intend to increase your complement of police officers...

Mayor Baines interjected forever.

Mr. Beaudoin answered forever. That was the whole concept of putting 100,000 more police officers on the street.

Mayor Baines stated so crime could be reduced 90% and they are going to tell you or the economy is booming and crime is down and the Federal government is going to tell you that forever you are going to have to increase your level of spending in that area absolutely forever.

Chief Driscoll replied I don't know whether forever is the right word or not. We did attach some additional information.

Mayor Baines responded I got it but that does not...maybe there is something in the grants. We will research that but this information does not give validity to your argument. I would like more information on it. Supplanting means during the time of the grant. Am I correct?

Mr. Beaudoin replied in this particular case it also means afterwards.

Mayor Baines asked in this case.

Mr. Beaudoin answered in these grants, yes.

Mayor Baines asked so if we hire, for example this grant that we are talking about for the schools, the same requirements.

Mr. Beaudoin answered no that one is different. As I explained on that one, it is a different match. It is only going to cost \$12,000 next fiscal year for four police officers. It is a three-year grant. They are going to give us \$500,000 for four police officers. The other grant used to give us \$300,000 for four police officers. This grant also requires that for one budget cycle after we have the officers for three years we have to keep them for one full budget cycle afterwards and then we are on our own. We can either keep them or cut them.

Mayor Baines stated when we hire these police liaison officers who work in the schools for about 180 days, that raises our complement during the rest of the time. Does that allow us any credits in terms of looking at the level of staffing? We raised the level of staffing at times when they are not used in the schools.

Mr. Beaudoin replied no. It just basically says that it increases our complement of law enforcement officers to be used in the schools. When they are not in the schools, they are available for other work.

Alderman Wihby stated, Chief, I am just trying to figure out where these numbers come from. I guess Mark is the one who passed out the overtime sheet with the pretty colors.

Mr. Hobson replied yes.

Alderman Wihby stated I guess what you are trying to tell me in that blue column that says FY00 estimated actuals with overtime is that that is what you feel they are going to spend this year, \$11.084 million. They are going to have extra in salaries \$519,000 this year? Is that what you are trying to say? If you take the \$11.084 million and multiply it by 1.6, which I guess their raise is then the actual number that they would need for salaries is \$11.750 million for FY01.

Mr. Hobson replied on the factor of 65.

Alderman Wihby responded right so you figure they are going to have \$519,000 too much in this year's salaries. Is that how you read this? The column F. F is what you are estimating they need this year.

Mr. Hobson stated if you take D and E...this basically is, this spreadsheet is our response primarily to Alderman Gatsas' request about two weeks ago in terms of looking at actual salaries without overtime as a base and then actual salaries with overtime in the FY99 and then taking a point in time, 42 weeks, then dividing that out and projecting what is left and multiplying it by the 52 weeks and then seeing where they are going to come out – either over or under budget.

Alderman Wihby stated which would be column G.

Mr. Hobson replied right.

Alderman Wihby asked so you are saying that they are going to have \$519,000 left over in this year's budget for salaries.

Mr. Hobson answered as of that date, yes.

Alderman Wihby replied no. If you go by column F, that is assuming the next 10 weeks are the same as the 42 weeks and that is the number that you are calculating they are going to be over.

Mr. Hobson responded as of 42 weeks into the year, yes.

Alderman Wihby stated as of 42 weeks into the year and then adding another 10 weeks to it.

Mr. Hobson replied on an average, that is right.

Alderman Wihby asked if we go by that number, they only need \$11.750 million for salaries, which is column H. That probably assumes that they had some openings that they didn't fill and this is true for every department.

Mr. Hobson answered yes. Column H is again and I know that you said this already but I want to repeat it for everybody, H is that multiplier factor that we talked about. Using a number such as 6% that is all. You could put any number in there that you wanted. You could put 5% or 10%, but we were going on an average of 6% to get to the FY01 number.

Alderman Wihby asked but your calculation on H is that they need \$11.750 million for payroll in order to survive with the same number of people with the same amount of vacancies for next year's budget. Is that what column H says? Who did this?

Mayor Baines asked Mr. Clougherty to explain the form.

Mr. Clougherty stated let me try and walk you through this. The first column is the actual for FY99. There are two sheets that you have in front of you. One is with overtime and one is with no overtime.

Alderman Wihby stated I am looking at with overtime.

Mr. Clougherty replied if you look at with overtime, column H is as I understand it a projection. What they have done is they have gone through FY00 and projected forward what they estimate would be the cost and then multiplied that by 6%.

Alderman Wihby asked so that is telling us if we go by the yellow column that the Police Department, based on the number of vacancies that they had this year that were not filled and based on the same number of police officers and based on everything happening the same as this year, they would only need \$11.750 million.

Mr. Clougherty answered right. Then, the next column is the Mayor's budget and column J says what is the difference between the Mayor's budget and this illustration. It is \$729,000 and then column U as I understand it explains what that difference is and what makes up that \$729,000. It is the collective bargaining agreements and the fact that they had five vacant positions, plus severance of \$175,000 and losing the \$229,000 in grants that has to be made up. That is the way I read it.

Alderman Wihby stated you say the Mayor gave \$12.479 million, but if I look at the number that says Mayor's Recommended, he gave \$12.793 million. What is that difference? If you take the 71-page report, on page 44, \$11.709 million and \$1.084 million, why is that different than this blue number?

Mr. Tawney stated that number...you have to also take out the recommended reduction of \$314,000 out of the overtime to get to the number.

Alderman Wihby asked so if you take out \$314,000 from the column 110 and 130 you are going to get to the \$12.479 million.

Mr. Tawney answered right.

Alderman Wihby stated when I look at something that says FY01 Mayor's Budget with Overtime, I guess I think that is the Mayor's Budget of overtime. That is what I mean. We get numbers and then the next day we get new numbers and they don't match. Why wouldn't that blue column, I, be the same as the 71-page report? It should be the same number.

Alderman Cashin asked, Paul, have you seen either one of these spreadsheets before you came in here tonight.

Mr. Beaudoin answered no.

Alderman Cashin stated I think it is very unfair to pop these on him tonight.

Mayor Baines stated the first time I saw them was tonight also. Kevin, could you explain?

Alderman Cashin stated the point I am trying to make is these people have worked on their budget and come in with some numbers and now tonight we had them these sheets and say here is what we think and they haven't had a chance to digest them or look at them or compare them to their own numbers and see what the differences are.

Alderman Wihby stated I haven't even talked to them yet. I am trying to figure out what these numbers say before I ask the Chief his point of view on this.

Alderman Cashin replied I am not criticizing you. Paul is over there trying to figure out what these numbers are and it is obvious that this is the first time he has seen them.

Alderman Wihby responded that is why I am asking what they are.

Alderman Cashin replied they are not his numbers.

Mayor Baines asked could we let the Finance Officer explain.

Mr. Clougherty stated the people at HR asked us to try and do a summary sheet to help explain some of these issues that had been coming up with different departments and we formatted that and provided the information and did some of the simple math. The explanations and the calculations you would really have to talk to HR about because those are the numbers they are based on.

Alderman Wihby stated well \$314,000 shouldn't have been taken out of there because the Mayor's budget includes the \$314,000.

Mr. Hobson stated I can't take and I am not trying to be technical, I am just trying to be exact based on other things that have happened to me in the past with questions and that is that I can't take money out of your budget. In other words, the Mayor's Recommended Budget is the Mayor's Recommended Budget. We have responded and said that we believe, based on their request and based on the conversation that took place, we were told to take the \$314,000 out and put it in that column under the proposed changes and that is what we did. I am not trying to dodge any responsibility, I am just saying that is what we did.

Alderman Wihby replied but when you call it I, Mayor's Budget, I would expect that to match the 71-page report then you could have a column for plusses or minuses after the Mayor's budget. Is that the only department that is different?

Mr. Hobson responded there are other...

Mr. Clougherty stated my understanding is that this does not include any of the changes that would have been in a proposed column compared to the Mayor's column. We could add another column if that is what the Board wants?

Alderman Wihby asked what happened to the \$314,000 then Kevin if it doesn't have any proposed changes to it. If you look at page 44 of the 71-page report, if you add the Mayor's Recommended number it comes out to \$12.893 million and if you look at I, they used \$12.479 million. Now I understand it is because someone decided...first of all it shouldn't be labeled Mayor's Budget because it is not the Mayor's number, but if it equals the \$314,000 difference then someone decided to take it out of there and there should be a column to show us what was added and subtracted, but if you are telling me there are no changes then how did that number get changed?

Mr. Hobson stated every evening that we have been at these hearings, we have been asked or we have been talking about the multiplier of how do you get from this week to that week, how do you get to actual based on the factual and we came up with a proposal. It says preliminary and tentative and draft for discussion only. If we don't want to use it, we can modify it or we can change it but in our defense we were attempting to try and bring more information to the table based on what has been talked about every single evening.

Alderman Wihby replied, Mark, I think this is a good sheet because I think we talked about this for every single department. I see where the yellow column is and that is what I want to talk about but before I can talk about the yellow column I want to know why the blue column that says Mayor's Budget has \$314,000 if that is the only department that numbers are missing from there.

Mr. Hobson responded I don't know why.

Mayor Baines stated it shouldn't happen, bottom line. The numbers should be the numbers.

Mr. Robinson stated this spreadsheet was created in the Finance Department.

Alderman Wihby asked is that the only mistake. Is that the only thing different on this blue sheet?

Alderman Gatsas stated I believe these sheets were a creation of this calculator working over here because if you take the numbers of what I normally do to a department head and I think this is so that the rest of the Board can follow along, when I take what their actuals are for let's say FY99 or if I take what they currently are in FY00 and use the calculator and divide that number by 52 and multiply it out, it gives you an annualized cost. If I take the number...it is just taking this 71-page report that I have been using and taking their numbers on expenditures year-to-date and if you take the \$8,070,197 and the overtime of \$858,882, it gives you \$8,929,079, which is the same column that they are using with overtime. All this is doing is helping the rest of this Board, while I am sitting here playing with the calculator so that they can follow where these numbers are coming from. What I have done is taken that number and what they are saying in this report which should be absolutely beneficial to everybody on this Board, what they are saying is they took their number of the FY00 budget, appropriated budget and they annualized the cost that they have spent so far for 42 weeks and annualized it for 52 weeks. Then they come up with an actual estimated without overtime of \$9.991 million. With the overtime number annualized, they are going to come up with a number of \$11,084,987, which if you look is going to be more than the budget that they revised for FY00. If you take that number and use the 6% number for what we have been using for Yarger Decker in the rest of the departments to look at where that number should fall for FY01 on an annualized number, if you take that number I believe it shouldn't say Mayor's Suggested Budget with Overtime. It probably should say nothing in that column other than the 6% that is there. You can compare it, but it should have the Mayor's number in there and if you look at the \$11 million, which is taking the \$11,084,987 and multiplying that times 6%, it looks like it should carry out to \$11,750,008.56 or a 6% increase for FY01. That is what they have done with this sheet. Now the next line should say, if it was going to be correct, the Mayor's number should be in there and I agree with Alderman Wihby that it should show \$12.793 million.

Alderman Wihby stated my question is is that the only mistake on this sheet.

Mayor Baines replied we don't know. We just have Police in front of us now. We will go back and verify those numbers.

Mr. Clougherty stated we are going through a list right now to make sure that is the only one.

Alderman Wihby asked so basically what you are saying, Chief, is that if they calculated everything going forward with the vacancy rate that you have and take the time to make the additional hires and everything else, you are going to have a credit this year of \$519,000 that you are not going to spend in salaries. Do you know if that is true?

Chief Driscoll answered that is absolutely untrue and I would ask Paul to explain that to you. We have met with the Mayor's Office...

Alderman Wihby interjected this is tracking year-to-date numbers. Is there something that is going to come in the next 10 weeks that wasn't included in the 42 weeks?

Chief Driscoll replied no.

Alderman Wihby stated the 42 weeks is an actual number. They are projecting that is going to happen for 10 more weeks. Unless you have a big payment that you will have at the end of the year that you didn't have in the first 42 weeks, that should be pretty close.

Mr. Beaudoin replied the only large payment we have in the last month is holiday pay for the Patrolmen's Union. That includes over five holidays.

Alderman Wihby asked how much.

Mr. Beaudoin answered a couple of hundred thousand dollars. From all of my projections that I have done throughout the year, we are going to be coming up short and looking to salary adjustment for funds to make us whole due to the contract settlements that we have had.

Chief Driscoll stated something in the area of \$410,000.

Alderman Wihby asked short.

Mr. Beaudoin answered about \$360,000 short overall. We are keeping things tight. We originally started off with over \$520,000 and it has gone down to about \$410,000 and now we think it will be about \$360,000.

Chief Driscoll stated we have met with Finance and Human Resources and the Mayor's Office to make them very aware of that. That is the Yarger Decker money.

Alderman Wihby asked, Mark, do you agree with what the Chief is saying. We are saying they are going to have \$300,000 over and now they are telling us they are going to be short.

Mr. Hobson answered both statements are right. They have...we have calculated this out based on THE as I have explained before we have two minds in THE. We have the payroll module and the finance module, which reflects things that happen in general ledger. These are the actuals off of our computer system taken out through the 42 weeks on their payroll account side only. Now if they have other things that will happen after those 42 weeks or that will be adjusted going forward for whatever reason, I don't know. What they are telling us though, Alderman Wihby, in their defense, is that they have sent smoke signals and phone calls and e-mails saying help, help, help we are going to need this money and that money from the Yarger Decker salary adjustment account.

Mayor Baines asked Mr. Beaudoin are you getting your information off of a different system than THE.

Mr. Beaudoin answered we start with the information from THE and then we put it into a spreadsheet because we have so many grants that are so complex we deal with grants that have allowable costs and not actual costs so we have to filter the information out of THE through the spreadsheet to give us what we are actually expending and what we can expect to receive back from the Federal government and chargeback to the project. We try to get everything to work and mesh in with THE.

Alderman Wihby stated well that is a \$600,000 swing so either we throw these sheets away because they are no good or something is wrong with the Police Department. If these sheets were good...we are spending a lot of time trying to calculate these sheets for different departments and I see what you did and it is great if the numbers all matched today and they said yes I agree with you but they are not saying that. What would the swing be? Doesn't anybody sit down anymore in Finance or Police and say yes you are right or you are wrong?

Mr. Tawney stated this is a straight line projection saying hey whatever happened in the 42 weeks is going to continue to happen evenly throughout the last 10. The first 42 were not evenly distributed all along. We had settled a contract in there in November or October or whenever it was and costs went up then. So, it is not this line like this. It has gone here and then up and like so. An Excel spreadsheet such as the way this one is designed will not accommodate that.

Alderman Wihby asked if you took the 42nd week and multiplied whatever that number was for a week times 10 and added that to the 42 that we know, would we be closer to a number than this.

Mr. Tawney answered in all probability you would probably be a lot closer than this one, yes.

Mr. Sherman stated this spreadsheet was created in the Finance Department at the request of HR to hopefully help the Aldermen do the same calculations that Alderman Gatsas is doing. It was being prepared by Todd Provencher. Todd had been working with the HR Department to come up with these numbers and the last time that I saw this sheet it had about 18 columns on it. If you notice across the top there are letters missing and columns have been hidden here. The last time I saw this was probably last Thursday or Friday, but I can explain Alderman Wihby's concern. If you look at the FY00 budget including overtime for Police it is wrong. If you recall what Paul just told you, that his overtime should be about \$900,000+, what is on your 71-page report is \$338,000. It appears that what happened to this sheet somewhere along the line is that extra \$600,000 got added into that budget column as well. If you take that \$600,000 out of that budget column and get the Police budget back down to the \$10.9 million or close to \$11 million that is on your budget report, they are not under budget, they are going over budget. We had the same calculation. The Chief is right. Again, Todd had met with the Police Department a couple of weeks ago and I think they were within \$12,000 of what the deficit was going to be. Now there are clearly some mistakes in this. I was asked the other night whether this should be handed out. I said it is not complete. As far as I know it is not right. I really wouldn't put a lot of credence to column G. I think column H is probably okay. Why column I has changed, again, I really don't have any idea but it appears that the only one that is wrong is that \$314,000 got taken out for Police.

Alderman Hirschmann asked over budget for this year, Randy.

Mr. Sherman answered yes and that is mainly due again to the Yarger Decker. Their contract had come in and they got all of the Yarger Decker increases and that is why you have the salary adjustment account. I think we had the problem here and I believe the other major one is with the Fire Department. Really what Todd was trying to do with this spreadsheet was really just do a reasonability test on the Mayor's numbers and say okay this is what has been spent. The spent numbers are okay. The actuals are okay then he really just took that 6% and moved it forward. Now you take somebody like Police and you take a 42 week average if Yarger Decker wasn't in most of those weeks that is really a low average. Even though you are taking 10 weeks and projecting forward, those 10

weeks are well under what every one of their actuals are. Again, it was just to try to test the reasonableness of the Mayor's numbers.

Alderman Wihby asked if we took the 42nd week and multiplied it by 10 and added it to the actual 42 wouldn't we be better off.

Mr. Sherman answered that was one of my suggestions to try and get it more accurate. You can keep tinkering with it. Even somebody like Finance...we had three vacancies at the beginning of the year and we are fully staffed now so again the weekly salaries are much different from what they were back in September but again that is what the explanation says next to Finance.

Alderman Wihby asked if you are fully funded now and you carry that forward for the next 10 weeks, you are going to be exactly where you want to be.

Mr. Sherman answered to me that would have been the better method to use. That is what they were trying to do. It appears in just looking at this that there are at least two mistakes on the Police line. Without going back through all the reports, which we will gladly do, I know that last week we were there but again there are columns that have been hidden and moved around and I am not sure...Todd was working with HR during the last couple of days to get this to this point.

Alderman Lopez stated this process has been really, really draining on everybody because Finance says that HR did this and HR says that Finance did this and, Randy, if you need these figures and I understand this and Alderman Gatsas is helping us through this and it is a great document, but if you had actual numbers and you were disagreeing with HR I think that you should have gone to the Mayor. Personally, I think that all finances ought to come out of one source so we get the numbers because every time something happens you blame each other.

Mr. Sherman replied, Alderman, I saw this particular spreadsheet tonight. I haven't seen this one before tonight either.

Mayor Baines stated, Alderman, just to reinforce what you are saying that is the way most City government's function around the country. There is only one voice on financial matters with the Chief Financial Officer speaking all numbers, projecting all numbers and doing all numbers. For some reason we have set it up this way in this City government and this is what you get. You get that, you get this, you get confusion, you get misinformation and that is where we are at. We are not centralized in terms of that function.

Alderman Vaillancourt stated I think these sheets with the nice colors are very, very useful. I do agree that the major problem seems to be in column B where the amount is \$11.6 million and if you go back and add the \$10.6 million and the \$388,000 you come closer to \$11 million there so that seems to be where the problem is but that is looking back. I think we would have more productivity if we would extrapolate into the future and I think Alderman Wihby was getting to the point. If I look at your amount that you budgeted in FY99 to FY00, your overall expenditures are up about 5%. Then if I look from FY00 to FY01, your budget is up about 14%. That is not totally Yarger Decker because then if you look at just salaries, your salaries have gone up almost that entire \$2 million, \$1.8 million of that is in salaries. If you look at from FY00 to FY01, your salary account is up 16.5%. That has to be something more than Yarger Decker. 16.5%. So now if you take out that \$300,000 that we seem to be looking at there, that brings it down from \$1.8 million to \$1.5 million and gets us somewhat in the realm of respectability. It gets us from about 16% down to 12%, which makes a little bit more sense. It brings me back to the thing that your entire increase is in the salary line and what I said on that Saturday afternoon is what I say again today. If we expect to pay all of these extra salaries, we have to decide that we can't do everything. I asked you a question then and I didn't get an answer yet as to how much you spent raiding Billy's Sports Bar. I don't ask that as a specific incident, but I ask it to extrapolate that and to get us into what we believe government should be doing. You talk about not being able to fill your police cars out there, but maybe you can give us an idea of how much you are spending on these extraneous efforts, especially now that we are not having as many people apparently using these video machines. Is that an area we can stop policemen from working in and cut back on the number of policemen and, therefore, cut the salary expense line? The only way to reign this budget in is to have less police officers. There is no way of getting around that. How much did you spend on that and where can we continue to fill the patrol unit, but still protect the people of Manchester?

Chief Driscoll stated I can't give you a specific number.

Alderman Vaillancourt replied you have had a month now.

Chief Driscoll stated I haven't got that number for you. We have ongoing investigations and I am reluctant to dig in too deep and provide too much information. I will tell you that I value those investigations. I think that they are both necessary and warranted. We could, I guess, debate all day long about which laws we should enforce and which laws we shouldn't.

Alderman Vaillancourt replied well we could do three times as much but we are going to have to spend three times more to do it.

Mayor Baines stated the Chief is trying to respond. Let him respond and then you can comment or ask another question.

Chief Driscoll stated if an issue comes to my attention and it is a concern, it is my responsibility to respond to that. I do whether it is gambling or motor vehicle enforcement or alcohol abuse or anything. We don't try to focus on any one area. We don't neglect any one area.

Alderman Vaillancourt stated and our responsibility is to decide...you are spending a lot of money and we have to decide if we want to continue to give you all kinds of money to do these things. If you are spending \$100,000 on this, we are not going to say it could be better used elsewhere but we can say that you should be filling those police units out there on the street first and maybe you don't need to spend 16.5% in increased salaries. It is your responsibility to decide what needs to be police but it is our responsibility to say we can only spend this amount and we hope you are doing a good job spending what we give you.

Chief Driscoll stated I fully agree with that and that is why we made the presentation that we did. We brought forward that sheet that said what must be cut and tried to identify those areas and if you look at the page before that, we tried to identify what those areas involved. I guess that is the best explanation I can give you, Sir.

Mayor Baines stated for the record, we have had some private talks with the Chief about this and for the people at home that aren't watching tonight but normally watch, I struggle with this concept of and I understand that we did the salary negotiations and we have been through this over and over again. We are looking at a variance in the Police Department of salary increases of 16.37%. 16.37%. We are talking about an overall department increase, under my recommendation, of 12.22%. We have a credibility issue with our constituency understanding why departments are talking about cutting services for those kind of percent increases. Boy it makes it difficult out on the street. That is why the D.A.R.E. thing and I agree with your interpretation of what happened that day but we are talking about tremendous increases department by department by department and yet we are having people come in and saying we are cutting services. That is a credibility problem with government and the people. I needed to say that. You do get to a point where you say to your managers hey I am giving you a 12% increase, go out and make it work, make the community safe. Yes, you are going to have to make priorities. I just came from a meeting with about 30 mayors and the question was

how do you make government work. They talked about governing police departments by statistics. I think Alderman Vaillancourt is making some sense there when you look at what you are doing in your community for protection and targeting it based on statistics precinct by precinct, neighborhood by neighborhood and those are the types of things that governments are doing and they do cost it out and some of those things I think we need to be prepared to respond to at some time. It is difficult and it is a challenge, but that is how we make government more efficient.

Chief Driscoll asked may I respond to that.

Mayor Baines answered absolutely.

Chief Driscoll stated I agree with what you said. The Police Department does have a significant increase. I have, once again, tried to explain how we got there. If you remember, there were not only wages but the severance was added and then the grants matured so I think that 16% that Alderman Vaillancourt is talking about is certainly included in that. Certainly the wages did go up, but we have very little control over the wages. We have that small amount, that small wedge of the pie in which to work with and that is once again where we have the flexibility.

Mayor Baines stated maybe we need to think about maybe doing things a little bit different in our approaches and that is the challenge when you get constrictions.

Alderman Gatsas stated let's take these for a second and certainly I can ask the Aldermen to follow along on these but let's take the 71-page report. Now I am on page 44. Paul, I assume that somewhere in the Police Station at some point you do a reconciliation of wages on a weekly basis?

Mr. Beaudoin asked reconciliation for...

Alderman Gatsas interjected wages so that you know what you are running forward on a budget. Obviously you must have a number that you set in place.

Mr. Beaudoin replied absolutely.

Alderman Gatsas asked do you have a number for year-to-date wages.

Mr. Beaudoin answered I don't have this weeks. I have one from March 25 that I brought with me.

Alderman Gatsas asked March 25, so that would eliminate two pay periods. Is it weekly or bi-weekly?

Chief Driscoll answered weekly.

Alderman Gatsas stated so four pay periods. What is the number that you have please and that includes overtime?

Mr. Beaudoin stated I have two numbers. Regular salaries and wages of \$7,165,787. Overtime is \$864,600.

Alderman Gatsas stated let me just tell you what is on this sheet so you can get an idea. The total number that you are giving me on a year-to-date figure is \$8,000,030 for a 38-week period. Do you agree with that?

Mr. Beaudoin replied I don't have a calculator but I trust your figures.

Alderman Gatsas asked if I take that number and annualize it over a 52 week period it comes out exactly to the penny of the revised budget of \$10.988 million on page 44 where it says FY00 revised budget. It comes out perfectly.

Mr. Beaudoin answered when you consider taking what we have spent so far, most of the year was at a much lower rate before Yarger Decker. We also had the holiday pay which is payable in June. All of those things are going to add to it.

Alderman Gatsas asked would you say that from Yarger Decker that period was out of the 38 weeks, 25 of them were paid with it and 13 without.

Mr. Beaudoin answered out of the 38 weeks, maybe about 23 or 24 weeks without and the rest with.

Alderman Gatsas asked so a weekly number that you have...what is a weekly payroll number for you. The last one if you can give it to me.

Mr. Beaudoin answered it would be \$196,551.

Alderman Gatsas asked that is with overtime.

Mr. Beaudoin answered no. Overtime runs about \$23,250.

Alderman Gatsas asked Yarger Decker was how much. 7% increase? What was the increase that evolved? 9%?

Mr. Beaudoin answered it was probably close to 9% or 10%.

Alderman Gatsas stated so the number is about \$2,500 difference on a weekly basis so if I took those 13 weeks that it didn't include we are talking about \$31,000.

Alderman Shea stated I think it was 15 weeks.

Alderman Gatsas replied okay, \$35,000 or \$40,000 plus the \$200,000 that you say is going to bump at the end of the year is \$250,000 so if I take your number of \$10,988,950 and I add the \$250,000 in there for wages, I am at \$11,238,950. If I come back with overtime for the number that they gave you it is about \$200,000 off for the actual budget. So the \$194,000 you are talking about being over, I agree with you. You are going to be over the wage budget by about \$194,000 according to this number. So, if we take that number. The \$11,238,950 that we have agreed if we annualize everything and brought it forward what do I need to use for a number for Yarger Decker on a percentage? What do I have to use for a Yarger Decker number that is coming this year to Police? 7%, 6%, 5%? Somebody used 6% here. Is that a right number? Obviously you must have talked to somebody.

Mr. Hobson stated the Yarger Decker increase for their department for FY01 is, well I know that Paul answered the fact that you had...let me back up a little bit. You want to just know...you want to know what is the average salary increase for their department based on the contracts.

Alderman Gatsas replied correct.

Mr. Hobson asked can I have one second please.

Alderman Gatsas answered let me just help you. This number that Todd worked with you on is a 6% number. I assume he must have gotten it from an average.

Mr. Tawney replied that was not an average. It was just a straw man to put out there.

Mayor Baines asked what does that mean.

Mr. Tawney answered he just selected a number so that you could see what that was. That is my understanding. You may ask Randy for further clarification.

Alderman Gatsas asked can you just give me that number that I am looking for first.

Mr. Sherman answered I can tell you where the 6% came from. What Todd did is he said the steps on the Yarger Decker scale are 3% and the cost of living that is built in there is 2.5% so we had 5.5% and he just rounded it up to the 6%. Now some departments may be less than that and some departments may be more than that but that is how he got 6% and he just used it across the board. The Police Department is actually more than that.

Alderman Gatsas asked do you have an idea of what you are looking at for an increase on average.

Mr. Beaudoin answered roughly about 13%.

Mr. Hobson stated I was going to say between 12 and 12.5%. A couple of other points. Just to reemphasize things that I know have been said. They had five positions open almost all year this year just so we understand that. Almost all year this year. They have also...mixed up in that regular salaries amount are all of the people that are coming off grants and are now being sucked up by the general fund and whatever those people are going to get for overtime, etc. All of that is included in that number.

Alderman Gatsas asked after the calculation that I have done, the Mayor's Recommended Budget for Wages is \$12.7 million so this sheet that we are using I think in defense to the Human Resources Department and to Finance I think they have just tried to reduce something to make it a little easier for Aldermen to follow along and I don't think they tried to create any confusion for department heads because I think they are just saying Alderman Gatsas is using a calculator and maybe that will help the rest of the Aldermen. Let's talk on a more effective approach of how we can get you some additional money and how we can get the taxpayers a reduction. The number of hours that we send people to construction sites, to whatever you want to call it, do you have an hourly number there. A number of hours that we spend in overtime, flat time, the extra jobs?

Chief Driscoll answered we could give you a rough number if you would let us use your calculator.

Alderman Gatsas stated rough is fine with me. Extra detail. Would you say it is 1,000 hours?

Mr. Beaudoin replied it is a little over \$1 million a year in extra details. The rate is \$28.63.

Alderman Gatsas stated that is about 35,000...

Chief Driscoll replied something less than 40,000.

Alderman Gatsas stated 35,000 additional hours.

Mr. Beaudoin replied correct.

Alderman Gatsas stated just so you know where I am coming from, I think that certainly those details are needed for the safety of the people in the City and I believe that the rate of \$28.63 is not sufficient to what this City is exposed for. Now, the charge that you give the officer is \$25, correct, and I think we went over this very quickly so I am not interested in what we are paying the officer and if we are making enough. That is for Human Resources to sit down and say it shouldn't be \$1.70 it should be \$2.48. Let's assume that just for calculation purposes, just for calculation purposes that we use a number of \$6.37, which would bring the \$28.63 detail to a number of \$35 per detail. I understand that this has to be dealt with with the union, but I think that the position the City is in, I think that should be a situation that everybody is going to look favorably to if we can get Police an additional sum of money to help you on your budget purposes and to get us some money to help us on our budget purposes. So, using that \$6.37 times 35,000 hours, that comes up to \$222,000 in additional funds. \$223,000 for a close number. I certainly won't speak for the rest of the Board, but if that is something that you think works and I don't think that in today's economy...that number hasn't been changed for how many years?

Chief Driscoll answered a few. It was changed a couple of years ago I believe. I think that is something worth exploring, but I can tell you there are some people that hire police officers who can certainly afford to pay that. On the other hand there are some people that hire police officers for functions that that would be a steep increase for.

Alderman Gatsas asked \$6.

Chief Driscoll answered yes.

Alderman Gatsas stated I am looking for revenue sources to try and abate some of the problems that we have here and if we have a revenue source of a possible \$223,000 if we said to you fine maybe we can split that with you and give you \$110,000 and we would keep \$110,000...

Mayor Baines stated in terms of that proposal, the negotiated...is that whole package negotiated with the Police. It is not just what they earn? It is what you charge for administrative costs? That is part of negotiations?

Chief Driscoll replied yes. We can open that and raise it, I think, a reasonable amount if we find out that the City expenses aren't being covered without the permission of the union or unions because two are involved, but basically we do talk to them and have historically talked to them about that whole set of figures to make sure that they supported it and agreed with it.

Mayor Baines asked why would the salary that they are going to get for the detail be part of the negotiations.

Chief Driscoll answered it just has been historically. I can tell you that many, many years ago there was this concept of setting up a revolving fee and an administrative fee in order to pay the salaries so the City would never be required to support that whole extra work process. Every two years or so they look at that \$1.70 and adjust it so it is a break even or makes a small amount of money.

Alderman Gatsas asked can you give me an idea...if that is something that we can work on if this Board decided that was an idea that could pass, how long do you think you could get some idea from your union because obviously we are under some time constraints here so if you said this can't happen until September then I am just playing with numbers for no reason.

Chief Driscoll answered I guess there are two things I would recommend. I would recommend that we survey the State of NH and see what the going rate is so we don't go way up above the going rate and then I guess we should approach the unions and see if they would be willing to talk to us about that.

Alderman Gatsas asked could you get us an answer by Friday.

Chief Driscoll answered I am not sure that I could. I could certainly reach out to those people.

Alderman Pariseau asked where are the expenses related to the horses.

Chief Driscoll replied Paul could probably answer that better than I. I can tell you that it is a grant.

Alderman Pariseau asked another grant that we are going to be stuck with later on.

Chief Driscoll answered no. I think it is something called a Law Enforcement Block Grant that goes to support community policing. It is an equipment grant. The City received \$274,000 last year.

Alderman Pariseau asked where is that expense associated with your budget.

Chief Driscoll answered I don't think it is.

Alderman Pariseau asked why do you have grants for police officers included in your budget and not the horses. Why do you keep that grant separate?

Mr. Beaudoin stated I don't have any grants for police officers in my general fund budget. Those are all out of budget. The only amounts you see in my budget are what has expired and what the City must take on.

Chief Driscoll stated if you look at that complement and this goes back to one of the Mayor's questions...

Alderman Pariseau asked how many more grants did you get. That \$274,000 will take care of the horses for one year? Is that for FY00?

Chief Driscoll answered no certainly not. We have used that...as you remember we came before the Board and asked to buy an SRT truck. Last year we bought additional cruisers.

Alderman Pariseau asked how much was the grant to take care of the horses.

Chief Driscoll answered it came out of a large grant. It is a small amount. What have the expenses been, Paul?

Mr. Beaudoin stated off hand...

Alderman Pariseau interjected that includes the trailer, the facility out on Dunbarton Road, transporting the horses to wherever, and feed.

Chief Driscoll stated it does include all of those expenses except for Dunbarton Road. That is simply the animal shelter. We board the horses on Head Street.

Alderman Pariseau asked how about the riders.

Chief Driscoll answered the riders are paid for with a community policing grant.

Alderman Clancy stated nobody wants to see a 12% raise or a 16% raise, but just think if we didn't have the police in the inner City area we would have been like Lawrence, MA and nobody knows that better than I do. I am telling you right now if we didn't have the police in the inner City area during the last couple of years, we would have been like Lawrence, MA. As far as I am concerned, the Police are

doing a hell of a job and people in the inner City really appreciate them. The bike patrol is doing a heck of a job. They are doing an excellent job.

Alderman Pariseau stated but they have to realize that there is more to Manchester than the Center City.

Alderman Clancy replied I live in the Center City so don't pick on the Center City.

Mayor Baines stated I don't think I have ever heard anyone talk negatively in terms of the job that the Police Department is doing in the City. I think there are some legitimate issues, but does that mean, Alderman, that we should give them whatever they ask for?

Alderman Clancy replied I am not saying that. I am telling you what kind of a job they have done. Nobody can disagree with me on that. I know that better than anybody else. Look at Auburn Street and Spruce Street and Cedar Street. Those areas there were infested with druggies and prostitutes. We don't have them anymore.

Alderman Vaillancourt asked if they are doing such a hell of a job and they have had five vacancies for the past year, I suggest at the outset that we keep those five vacancies and I think we would save about \$300,000 there. With the \$200,000 from Alderman Gatsas, the \$300,000 there, the \$300,000 we have already gotten we are up to about \$1 million that we can cut off of this budget. I suggest that maybe you can get seven vacancies. That would save about \$400,000. If they are doing such a great job with five vacancies, let's keep them at five vacancies and that will save \$300,000 right off the bat.

Alderman Shea stated I would like to ask Paul about the THE system we adopted. You mentioned that it is slowly but surely coming into a workable type of situation. Have you found in your working with financial affairs that it has been a difficult process for your department and you personally or your staff?

Mr. Beaudoin replied it has been very difficult at times to try and take the information from THE and use it for our purposes. Primarily for our reasons is because of the grants that we have. They are very diverse grants. They are allowable costs and not actual costs so we can't just plug somebody into a project and say whatever is spent on that person is going to that project. We have to do it in a way that is basically done by tracking on spreadsheets and then charging back using journal entries to the system.

Alderman Shea asked have you been able to reconcile any of those difficulties or are you still sort of having difficulty with that particular situation.

Mr. Beaudoin answered it is still a manual system for us to do the adjustments. I don't know of any system really that could handle these types of grants automatically. It is just very complex.

Chief Driscoll stated it is much better than it was however. For the first year and a half we were totally in the dark. We know that we will be in the black this year.

Alderman Shea stated another question is we do have the salary adjustment account for this fiscal year and my question should maybe be addressed to Mark. Mark, will we have that same type of situation this coming year or is it just because of the adjustments in Yarger Decker that we have that salary adjustment?

Mr. Hobson replied we have the spike in FY01 for large departments like Police and Fire and AFSCME, but the salary adjustment for the next year, excuse me FY00. The salary adjustment for the next year, FY01 is in their budgets.

Alderman Shea stated I do concur with Alderman Clancy to the extent that I appreciate the work that the Police Department has done in Ward 7.

Mayor Baines replied we all appreciate that.

Alderman Shea stated I want them to know because I think that without their help...I have also run into serious problems and have been involved with them and I appreciate their help.

Alderman Gatsas stated maybe you can help me because God knows I write everything down and try and follow suit. I believe the last time you were here you told us that your full accompaniment would be about 275 and you are at 264. So the number that I am looking at here for vacancies is not 5 but should be 11.

Mr. Beaudoin replied some of these vacancies are grant positions, which we weren't counting. The ones on the sheet here. We have some grant positions on top. We just received the Cops in Schools Program Grant. That is four police officers.

Alderman Gatsas responded stop right there. Last year they funded you \$300,000 for four officers. This year they are funding you \$500,000 for four officers. We are not giving those four officers \$50,000 increases in wages are we?

Mr. Beaudoin replied it is for three years.

Alderman Gatsas stated you can cut it however you want to cut it. \$50,000 is about \$15,000 a year or \$4,000 per police officer.

Chief Driscoll stated it is \$125,000 per officer for a total of three years. \$500,000 for four years.

Alderman Gatsas stated the first grant you got was for \$300,000 for three years for four officers.

Mr. Beaudoin replied right.

Alderman Gatsas stated so let's do some simple math. We don't need to go on a yearly basis but if I take the \$300,000 and divide that by four officers that gives me a total of \$75,000 per officer. I don't care if you take them for one year or fifty because that is your grant option.

Mr. Beaudoin replied that is \$75,000 for three years.

Alderman Gatsas stated if I take the \$500,000 and divide that by the same four officers it comes out to \$125,000 and that is a \$50,000 per officer difference. How did you do it for three years at \$300,000 and now you have to do it at \$500,000 for three years.

Chief Driscoll replied different grants for different formulas for different lengths of time. They are all under the C.O.P.S. Program, but they are all different grants with different formulas.

Alderman Gatsas asked the formulas that you are deriving, does that mean that the amount of money that you put in for a grant must be used for wages and it can't be used for five officers, it must be used for four.

Mr. Beaudoin answered the local match for the earlier officers was a much higher match than for these new officers. It is designed specifically because the government wanted to get more police officers into the schools so they were offering a much better deal this time around to do that. Again, the situation this time is we don't have to keep them indefinitely. We just have to keep them for one full budget cycle after the grant expires.

Chief Driscoll stated to make sure that you understood what Paul said because I am not sure I did, the match now is much lower than it used to be.

Alderman Gatsas responded he did say that. When you threw the number out before I wrote it down and said wait a minute that is a \$200,000 difference. That is \$50,000 per officer and why couldn't we put another officer in there. So, there is no...it is like anything else, when you give a child a bicycle and he enjoys that bicycle it is very difficult to take it away from him so even those these are granted positions and there is nothing that says that we must keep them at the end of three years, I would find it difficult in my heart to put the kids in schools at risk to take them out.

Chief Driscoll replied as would we, Sir.

Alderman Gatsas stated I agree with you but the problem that I see is that in three years that is a \$500,000 nut that could have been \$300,000 if we had funded them this year. You are only spending \$300,000 now because you are only receiving \$300,000 or what is the match on it?

Chief Driscoll replied I would tell you that if you looked at our complement we presently have 16 officers under grants on all different programs and I wanted to make that point to the Mayor when he asked about the supplanting issue.

Alderman Gatsas stated what confuses me is the \$300,000 that you receive you said was less of a grant and more participation by us. What is that difference? What is the dollar amount? \$5,000? \$10,000? \$100,000? What is the percentage?

Chief Driscoll replied I am not sure that I can tell you. If they offered a whole menu of grants and let you select the best ones and you could select from anything on the menu...

Alderman Gatsas interjected what I am trying to get to Chief is let's assume that...I am looking for a number that says those officers cost...we received \$300,000 for a grant and it cost us an additional \$100,000 from your budget to get them to where we wanted and now it is not costing us four anymore or your \$100,000, we are getting five so we are taking them up another step so that we are living with them at a higher ratio if we decide to keep them. I am saying right now if that grant ended and you couldn't get that money, that \$500,000, you would be coming to this Board looking to say the grant for \$300,000 has expired, those people were costing us \$400,000, \$300,000 of which was a grant and \$100,000 which we were putting in from our wage side and we need \$400,000.

Chief Driscoll replied that is absolutely correct.

Alderman Gatsas stated so we have now gone from \$400,000 to \$500,000 when we have to live with those officers.

Mr. Beaudoin responded we will have four officers for three years it will run a total of \$572,000 over the course of the grant. \$500,000 the Feds will pick up and \$72,000 over those three years we will pick up.

Alderman Gatsas stated so that is four and that leaves seven more; the complement of employees. You were at 264. Were those four in that number of 264?

Mr. Beaudoin replied that is included in the total complement of 280 actually. The 264 doesn't show them because they are vacant. The total complement is 280 with those positions.

Chief Driscoll stated if you remember when we were here on that Saturday we talked about a complement of 275 or 276 and we said we would clarify that for you. It is 276.

Alderman Gatsas asked 276 is a full complement of what you have currently.

Chief Driscoll answered yes with those four positions in there.

Alderman Gatsas asked so you are still down 10. You are at 275, full complement is 285, those four are in there and we are not changing that it is apples to apples so there are still 10 positions open?

Chief Driscoll answered yes but those are also civilian positions, dispatchers, etc.

Alderman Gatsas replied I am just asking the question. You are still open 10 positions.

Mr. Beaudoin responded currently we have 16 positions open. Of those 16 positions, 11 of them are grant positions.

Alderman Gatsas stated so 11 are grants.

Mr. Beaudoin stated and the other 5 are general fund positions.

Chief Driscoll stated we draw no money on the grant positions if, in fact, the positions aren't filled and we have to fill our own positions before we can...

Alderman Gatsas interjected let me ask a question on the grant positions. Are those 100% grant funded or is there any contribution by the City side? Right now you told me we had five and it is costing us another \$72,000 for the five.

Mr. Beaudoin replied right. The other grant positions are not 100%.

Alderman Gatsas asked they are not.

Mr. Beaudoin answered no.

Alderman Gatsas stated well we better talk about those. What are the percentages?

Mr. Beaudoin replied 75% on the C.O.P.S. More.

Alderman Gatsas asked 75% to us.

Mr. Beaudoin answered 75% that the Feds paid for salary and benefits.

Alderman Gatsas asked what is the total number you are looking for.

Mr. Beaudoin answered six dispatchers.

Alderman Gatsas how much in dollars.

Mr. Beaudoin replied it includes salary and benefits. I don't have the information right in front of me.

Alderman Gatsas asked go ahead with the next one. I will take a wild stab and I might be close.

Mr. Beaudoin stated then there is one position for a police services specialist at 75%/25% split also.

Alderman Gatsas asked how many there.

Mr. Beaudoin answered one.

Alderman Gatsas stated I would say that those positions probably are going to average you somewhere around \$41,383 with benefits roughly so about \$290,000. It is going to cost us \$72,000 to fulfill those. The big question I have is you have...let's use the five vacancies. Right now in the budget that the Mayor has

given you of \$12 million whatever in his recommended budget, which is in overtime and wages, are those wages for those five employees included in that number?

Mr. Beaudoin replied yes. The local match is.

Alderman Gatsas responded you didn't hear what I said. Not the local match. Let's not go there with grants. The five positions that are ungranted.

Mr. Beaudoin replied yes.

Alderman Gatsas stated the portion of whatever is the portion that is granted that you have to owe or pay you are assuming is in there also.

Mr. Beaudoin asked for the grant position, yes.

Alderman Gatsas stated so if you never fill a position for those five officers in the course of the next year and how long have they been open.

Mr. Beaudoin replied we have three officer positions actually that are open.

Alderman Gatsas asked the five positions that you have open, how long have those positions been open.

Deputy Chief Robinson answered it varies. We have had officers come and go. We have had a couple of civilian positions...

Alderman Gatsas interjected would you say eight months, nine months, ten months, a year, two years.

Deputy Chief Robinson replied if you look at the bottom of the list that we gave you, on the very bottom you will see for example that Gerry Lavigne retired 10/19/99. What we tried to do is show you when the positions became open. We have people leaving all the time and people coming, but you can get the dates or how long it has been open by looking at that bottom left-hand column.

Alderman Gatsas asked so you have a ballpark. What is the oldest one?

Mr. Beaudoin answered probably 10/99.

Alderman Gatsas asked so you had nothing open in last year's budget.

Deputy Chief Robinson answered we have had openings, Alderman, for the last...I have been in this particular position for four or five years and we have had positions constantly open. We have been trying to fill dispatcher positions for two years now.

Alderman Gatsas asked how about officers.

Deputy Chief Robinson answered same thing. It is a constant change over.

Alderman Gatsas stated so basically what you are saying to me is that in the last four or five years you have probably had those five openings, never had them filled, had the wages in the salary account and never filled them.

Chief Driscoll replied our goal is to go into the summer vacation period with a full complement. We hire probably three or four times a year and hopefully when we start the summer vacation period we are as up to strength as we can be. That doesn't mean there are never any openings because occasionally there are but that is our goal.

Alderman Gatsas stated I think the \$300,000 that is mysteriously floating around is that number of the five open positions. The \$300,000 mystery number that is kind of illuminating in this room and nobody can put their finger on it whether it is overtime or wages because they don't...if you extend them out for a 52 week period that is the number that we are kind of missing.

Mr. Beaudoin replied I don't follow.

Alderman Gatsas responded I am saying if you take the year-to-date number that is here that we are looking at on Page 71 and you annualize that number, that number is about \$300,000 less than what you folks have in the proposed budget of FY00.

Mr. Beaudoin replied I don't think it is anywhere near that when you consider the...

Alderman Gatsas interjected well it has to be because if you haven't filled the positions at any point in the last four years there has to be a number floating around. You haven't been at a full complement, according to Deputy Robinson, for four or five years.

Deputy Chief Robinson replied it has been a couple of years, Alderman, but one of the things that happens there for example in Communications, that is a big drain on us on overtime. We have six positions in there. Two 911 operators for example. We are down six or seven people in there so we still have to fill those positions. We have just enough in our complement to run every shift three times a day so when we have the vacancies we are spending time and a half in there and, for example, in communications we are spending some very large amounts of money in overtime trying to keep our Communication division up to staff.

Alderman Gatsas asked but that is part of the 11 isn't it.

Mr. Beaudoin answered no. One of the things that we do when we develop our overtime budget we...

Alderman Gatsas interjected how much is the overtime for dispatchers. You are going down a road that you might not have wanted to go down.

Chief Driscoll asked what was the question.

Alderman Gatsas answered how much overtime is in that dispatch position that you are talking about.

Mr. Hobson stated I think what he is trying to say, Paul, is you have three shifts 24 hours a day. We have had, let's say anywhere...this year we had at one point in time 10 positions open in your Communications Room. We had 10 so those 10 positions had to be covered by shifts, therefore, you paid almost on every one of those cases you paid overtime to have those covered at time and a half.

Mr. Beaudoin replied as a result our overtime budget will be higher...we will spend more than our overtime budget.

Alderman Gatsas asked how much is it for those 10 positions.

Mr. Hobson answered I guess you would take an average on a shift and you would multiply that times the amount of hours.

Mr. Tawney stated on the actuals, you have an overtime expended for communications I believe, right.

Mr. Beaudoin replied correct.

Mr. Tawney stated you should be able to provide Alderman Gatsas with that information tomorrow on exactly what you have spent on Communications. That is what he is asking. The overtime to date? Is that correct, Alderman Gatsas?

Alderman Gatsas stated what I am trying to do is work a number that if for some reason your full complement is not filled and you have this delusionary idea that it might be but it hasn't been for the last five years and it is not based on anything other than actual then that number in wages should be reduced by that complement.

Chief Driscoll replied if, in fact, we didn't have to replace those people and pay them at an overtime rate that would be true but very often we find that...

Alderman Gatsas interjected I am talking about the five that are not your dispatchers. Obviously these five numbers must be policemen and some administration I would assume.

Chief Driscoll replied those five are three police officers, a custodian and a police services specialist.

Alderman Gatsas stated so if that is the case and those vacancies have been running, as Deputy Robinson said for the last four or five years, then this idea of filling them in this administration, the last administration, the administration before hasn't happened so there should be a number that we should be pulling out so that we can live within the budgeted number that we are talking about and not some number that we say I hope we can fill these five positions but they haven't been filled in five years but we are going to continue putting the money in a line item and never filling them.

Mr. Beaudoin stated we do it considering that we would have a full complement. When we don't have a full complement, when we are down five people, we do have to fill those vacancies on the street or as a janitor or at the front counter with somebody, with a body, so we hire somebody else at an overtime rate to replace them, therefore, our salary budget will be lower through the year but our overtime budget goes up beyond what we anticipated for the year so we are taking from salaries and placing it in overtime. We are trying to do it reasonably.

Alderman Gatsas stated I asked the question the last time you sat there if we gave you full complement what could we reduce overtime by and you sat there, Paul, and you said to me it can't be done. Now you are telling me that if we give you full complement that the overtime must come down. It has to be one way or the other. Didn't you just say that?

Mr. Beaudoin replied what you said was if you were to give us two or three or four additional police officers or whatever could we then reduce your overtime budget. I said no, that wasn't realistic. We work seven days a week, 24 hours a day. If we were to have three or four extra bodies...first of all if a dispatcher calls in sick or somebody at the front counter...

Alderman Gatsas interjected that was the first time we met. What did you just say to me just now?

Mr. Beaudoin responded our overtime budget of \$1.138 million, which we originally requested was based on what we would need if we had full complement through the year.

Alderman Gatsas stated that is not what you just said. What you just said was if you had full complement your overtime would go down.

Mr. Beaudoin replied I didn't mean to say that if it came out that way. What I said was that we develop the budget at a full complement and when we do have vacancies our salaries go down and our overtime goes up so we take from salaries and we give to overtime.

Alderman Thibault stated one thing we all have to remember is that the police can't be at every corner all the time. I have had my problems in my area too and I think they do respond quite well. I am sure we have problems occasionally, but like I said they can't be at every corner and when they are downtown in Alderman Clancy's area, they are not in mine. The point is this. With that Federal grant that come out a couple of years ago where they put in some money so you would end up with three or four new police officers, if your complement went to a point that is too low doesn't that affect that grant.

Chief Driscoll replied absolutely and that is the information that we passed out attached to this document.

Alderman Thibault stated I just wanted to be sure that I understood that.

Alderman Levasseur asked do you have any controls in effect that you can figure out diminishing returns. There is a point when hiring one more officer does not give you any more than you had when you reached that point of diminishing returns. Do you have any kind of statistical data? I have noticed over the last three years that your arrests have been pretty much the same and if you go back three years your arrests were the same at 173 men and now your arrests are...by just looking at your data isn't there a point where we can figure this out by just

statistical analysis alone where you can say okay we have to have this many officers to get this much done? Are there any controls in effect in any of your departments within the police station?

Chief Driscoll replied the way I would answer that is the FBI publishes a formula that says X amount of officers per thousand people. I would tell you that Manchester is very low but that is okay because I think all communities are individuals. I don't think you can use a nationwide formula.

Alderman Levasseur responded but even within your own department, what you guys do, isn't there a point...I know from my business that hiring one more person may get the food out faster by maybe a minute but taking that person away saves my restaurant so much more money that I can do other things with it. I know that you guys are a big organization. There are a lot of people coming in and you are open 24 hours a day, 7 days a week but it seems to me that noticing over the last five years your arrests have been pretty constant that you should be able to say well my arrests have been at 4,200 with 173 officers and now I am up to 215 officers and my arrests are still at 4,200, I mean doesn't it tell you that somewhere along the line you are getting to the point where now adding extra people and costing the City more money is not going to get you anymore and it is not going to give us anymore because of the cost effect benefit.

Chief Driscoll stated I certainly wouldn't measure it by arrests. We try not to arrest people. That shouldn't be used as the benchmark in how proactive the department is. I really believe that the officers go out there and do an excellent job. They respond proactively.

Alderman Levasseur replied I agree. You guys do a great job and there is no problem there, but you understand we are in a zero...we have talked about this. We are not getting more money in and we need to work together to get to that point where...every department has to not be a drain on the tax base anymore so you need to find that number and tell us exactly where that number is. I know the more officers you have the more things you can do, but there is a point.

Chief Driscoll stated I don't think we have reached that number. I think that we have worked toward making a safer community by putting officers in the schools. If you look at the community policing programs, perhaps before you came in I told the Mayor that we have 16 officers that are presently working under grants at this time. Those are the community policing officers and the community resource officers in the schools. I certainly don't think that...we would be looking to keep the arrest number down by prevention as opposed to having it go up as a sign that we are doing better work and more work if that answers your question.

Alderman Pariseau asked the chargebacks from the School Department to the Police Department of \$382,723, what does that represent.

Mr. Beaudoin answered that represents the school resource officers, the crossing guards, and the D.A.R.E. officers.

Alderman Pariseau asked don't you show the crossing guards in your salary line.

Mr. Beaudoin answered yes and then we charge the schools back for that as a revenue.

Alderman Wihby asked is it in the revenue line.

Mr. Beaudoin answered yes.

Alderman Pariseau asked so it is the crossing guards, the school resource officers and the D.A.R.E. officers. What is the idea of cutting the program if you get the money back from the School Department?

Mr. Beaudoin answered we don't get the money in our budget though. That goes into the general fund.

Chief Driscoll stated it comes back as a revenue. We scrutinized those revenues earlier this year at the request of the Mayor's Office and Human Resources to identify every cent that we could find that the City was entitled to from the School Department.

Mayor Baines stated as a reminder, we have two more departments that we scheduled tonight – Human Resources and Finance.

Alderman Wihby stated I don't have anything for Police. Just on these charts I think this was a good thing to have but I would like to see it revised so that it is the Mayor's number and that yellow column is the...not the yellow column but the F column if they took those 10 weeks so the 42nd week multiplied it by 10 and add it to the 42 to bring that number closer. I think what we are going to see is that the smaller that number is the more people are going to be confident that there is not a lot of money in the salary accounts for departments and that there is a leeway there. I think that is where we were going with all departments. If you look at this sheet for instance the Police were \$519,000 and they are not and that is half of the total that was there. I just want to...these were good to have and I want to thank Finance and Human Resources for putting this together. My comments earlier

weren't that it was wrong, it was just that if we had the right numbers it would have meant a lot more.

Mayor Baines stated we all agree that we would like the correct numbers.

Mr. Hobson stated we were replicating, in our defense, we were replicating what was being done. What we could do and what might make more sense is the 42nd week should be the point in our timeline where we gave you a timeline and we showed you when all the contracts are finished by so if we took the timeline where we knew all of the contracts were in and everybody was on the new Decker rate and then multiplied that and then multiplied that by the increase, it would probably be a truer number. In our humble defense, that is not what we were doing previous to tonight, but that is a good idea. I think that is something that we could certainly do.

Alderman Wihby asked, Mark, what happens to the negative numbers where they are actually going to spend more salary than they have. Where is that number going to come from? Can they just go to their expense side and take it out of there?

Mr. Hobson answered we would hope that their entire operating budget would balance out and we do have a salary adjustment account. We don't want to utilize that if we can possibly help it, but we have...remember you have in this year's budget \$1.55 million in salary adjustment that we have not touched.

Alderman Wihby asked you haven't touched it.

Mr. Hobson answered well we have used about \$25,000 or so.

Alderman Wihby asked can they transfer from...if they had to get money for salaries could they transfer out of expenses into salary.

Mayor Baines answered they would have to get permission.

Alderman Wihby asked from who, the Mayor or Aldermen.

Mr. Clougherty answered usually what happens is they don't need it until that last week. You pass a Resolution that allows us to do things in closing so we try to not use the salary adjustment and then we report back to the Board all of those transactions.

Mayor Baines stated under the Charter the Mayor has line item transfer authority and he is required to report it to the Board.

Chief Driscoll stated for the record we have had the opportunity to do that over the last four or five years. The balance, like Kevin said to adjust those accounts so we would come in in the black and that has always been...

Mayor Baines interjected I want to look at procedures to make sure...I am not saying that is not being done correctly but I want to make sure we are following the Charter.

Alderman Lopez stated I think that is a very good point that Alderman Wihby raised and I was going to ask the same thing. I understand that it has been a policy and correct me if I am wrong, that you cannot transfer salary into any line item. Is that correct?

Mr. Clougherty replied right. That is a policy that we have been following.

Alderman Lopez asked that is a policy. Now I understand that the Chief was saying and correct me if I am wrong, Chief, that you have done this over the past four or five years.

Chief Driscoll answered yes at the end of the year.

Alderman Lopez asked only at the end of the year.

Chief Driscoll answered yes.

Mayor Baines stated so as I understand this and this goes back to Alderman Hirschmann's statement, you over expend in certain accounts knowing at the end of the year that you are going to shuffle things around. Alderman Hirschmann went through about 17 accounts that as we speak are over expended. My assumption is, based upon this and correct me if I am wrong, you do that knowing that at the end of the year you are going to move money around and cover those over expenditures.

Chief Driscoll replied our understanding, Mayor, is that we have a responsibility to come in in the black and always do come in in the black.

Mayor Baines stated I am talking line items now.

Chief Driscoll replied yes. We try to stay within our line items but we know that if those line items aren't funded properly at the beginning of the year that at the end of the year they will balance that for us.

Alderman Wihby stated I need an explanation on that one. When we did the budget before we used to just say we will cut 1%, 2% or 3% and let them come up with that number. They are the ones that put those numbers in those accounts.

Mayor Baines stated we need to look at proper procedures and policies. I don't want to make any judgments.

Alderman Lopez stated I really, really feel that the Finance Officer, HR and Wayne and maybe a representative and I surely would ask Alderman Gatsas to sit down and come out with the salary numbers. One number that we could work with that everybody is comfortable with instead of blaming everybody back and forth. You already indicated that we have two more departments. We are going to be here until midnight tonight again. Anyway, there is something wrong. Mark indicated just a few minutes ago that he can do this and this, but if Finance doesn't agree with it, let them all come out of the room and say we agree with this number and this is what the salary account is.

Mayor Baines replied we will get the numbers on line.

Mr. Robinson stated just a policy question. Being the new kid on the block, at the end of the day all of the accounts are made whole? When I say end of the day I mean on June 30 during the closing process all of the individual line items are made whole, correct?

Chief Driscoll replied they are balanced but they are not made whole, Sir. There isn't money added to them.

Mr. Robinson responded I understand. You just do line item transfers to make everything whole.

Chief Driscoll replied yes.

Mr. Robinson asked if that is the case then why are we going through this process. Why aren't we just looking at the bottom line?

Mayor Baines stated I think and I don't want to speak and the City Solicitor...let me just finish. I requested that the City Solicitor go home because he is not feeling well. It is my understanding that there is a line item budget that is approved. The only person in City government that can approve a transfer from one line item to another is the Mayor and the Mayor has to report it to the Board. Now if we have been operating City government and you have been getting a line item budget and it is just on paper, this manager has a problem with that. My

feeling is you come up with a line item budget, that is your line item and that is what you spend. When you get to a point where you are maxed out on the line item, you come to the Mayor and say Mayor I need some more money in that line item and I am going to transfer it from here and we do that as we go along so we manage the accounts of City government. That is the way government is supposed to work and if it is not working that way it is going to start working that way and if that has been past practice, past practice is over after we review it with the City Solicitor because that is the way the Charter is written. No one can authorize a line item transfer. It has to go to the Mayor. Now as the Mayor I come to the Board and say I just approved a line item transfer in Parks & Recreation on something we had to do and you will get a report next Tuesday night informing you of the transfer but they didn't go out and say I am going to over expend in this area and then at the end of the year make my department whole. They came to me when they faced the problem. I had a choice. I could save some money and say no you can't transfer it or there is a need there and you can do it. If that is the way we are operating, a new day is dawning and we are going to manage money and we are going to save money when we can. I had no idea that we were allowing departments to make their budgets whole at the end of the year. We shouldn't over expend any account without the involvement of the Mayor.

Deputy Clerk Johnson stated, your Honor, I just want to try and bring some clarification to what the process has been. I understand, I think, where the Mayor wants to go. The City Charter requires, as the Mayor stated, that for operating expenses that line items can only be approved by the Mayor and the Mayor, if he approves them, has to bring that to the Board and inform the Board. The Board doesn't have to act on it, but the Board has to be informed of it. In terms of salary line item changes from salaries, the salaries affect the fringe benefits. There is another part of the Charter that says that that authority lies only with the Board of Mayor and Aldermen so the Mayor in that instance does not have the authority if Mark needed to move money out of salaries. That would have to come to the Board. The other piece of this, though, is when it nears the end of the year there is a Resolution prepared that comes to the Board that authorizes the Finance Officer to make certain budgetary closings for the fiscal year. Now the Finance Officer in the past...the practice has been that the Resolution has passed and the Finance Department has worked with the departments to do the close-outs and has also, as I understand it, informed the Mayor of those close-outs and the Board has always been provided a copy of those transfers after the fact. That has been the process in the past.

Mayor Baines stated I have no problem with that but as the budget moves along, no one can over expend a line item and think that they are going to transfer money at the end of the year. They don't have any authority to over expend a line item without coming to the Mayor of the City.

Deputy Clerk Johnson replied I am not arguing that at all.

Mayor Baines stated that is my point. I agree with everything else you said and we have to check with all of the departments to see what is going on in that regard. Obviously Parks & Recreation understood it.

Alderman Gatsas stated I think maybe you all shed some light just now on that crazy reason of why I asked for FY99 expenditures as actual. If you look at the actual number in FY99 that was spent that would tell you in any department that you look at where there number is and obviously it is changed on a budgeted basis instead of what the actuals are so I think that if a department came in and did an honest budget instead of just throwing numbers in a line and I am not directing this to you but to all 23 departments that walk around here, then we would have an honest budget; a budget that when you spend \$75,000 for a telephone you know that next year you are not going to budget \$62,000 because we are going to move numbers around. That is what should be done in the real world, in the business life that is what you do. You take a budget based on actuals and try to give them a life expectancy that you believe in. Now when I am looking at FY99 numbers and people are throwing around FY00 numbers I am saying there is a big glitch here. When you look at other services and budgeted was \$5,000 and I look at FY99 and you spent \$52,000 I am saying somebody obviously didn't do an honest budget and I didn't mean you but I am just saying that is the way the whole City any time you look at these 71 pages and you go through them and that is why I asked for FY99 and everybody kind of looked at me like what do you need FY99 for because those are the only ones that were etched in stone.

Mayor Baines stated if in fact, just to follow-up and reinforce what you are saying, you had that flexibility to do that why would the numbers have to be as accurate as they necessarily need to be line item by line item if you have the other money that you can move around at will. That is a problem in terms of management. That is what we have talked about internally. What we can do to rearrange Finance and have better accountability. We are going to have some proposals for you because if you are going to give the Mayor the authority to manage money, you have to give him the authority and the tools to do it. Certainly if somebody came to me in an equipment area, let's say they need a new copy machine which is the issue we talked about with Parks & Recreation. I had a choice there where I could say yes or no and can we get by a little longer but if the department feels that at the end of the year they can reconcile because they know they have extra money somewhere else, how can the manager manage the money and save money as appropriate? That is good, sound management. The Charter provides it and we need to follow it. This was an enlightening evening just in that regard and I appreciate Alderman

Hirschmann's comments and everybody else's. Are there any other questions for the Police Department?

Human Resources

Mr. Hobson stated we are going off of Page 31 and 32 on the big 79 page data and I attempted to match on the...if you would look at the two-page document that I just gave you I attempted to go through each one of those line items where there was a significant change to our bottom line as a department. In Item 110, Regular Salaries & Wages, there are 14 FTE's in our department. The increase in that line item on a rounded basis is approximately \$56,000. The difference from Year 1 to Year 2 is that we have scheduled raises, longevity pay and we were scheduled this year and we informed the Mayor of this, to shift our payments of our ADA & Training Coordinator and our Security Manager to do the following. Previously the ADA & Training Coordinator was paid 2/5 general fund and 3/5 CIP or this year and previously they were 25%/75% so they are now two days a week paid by the general fund or proposed in this budget for FY01 and three days a week out of CIP whereas this year it was 25%/75%. The Security Manager for next year or in this budget would be paid 4/5 general fund and 1/5 CIP wherein this Year, FY00 it was 3/5 general fund and 2/5 CIP but you have to realize that both positions receive chargebacks from the School and Enterprise accounts and the Security Manager, 2/5 of his salary comes from the Airport alone so there will be chargebacks and reconciliation on both of those positions. Are there any questions on 110?

Alderman Shea asked they were affected also by the Yarger Decker study in terms of their increase.

Mr. Hobson answered yes. All of the positions, both general fund and Federal fund.

Alderman Shea asked how much of an increase are they receiving under Yarger Decker. 10%? 8%? 11%?

Mr. Hobson answered the positions came in and were placed within the complement or the study. In this particular case I believe the Training Coordinator is a Grade 20 and the Security Manager is a Grade 22. They came in at those Decker salaries so their increase for next year would be the 3% merit if they qualified based on their date of position on the average.

Alderman Shea asked so they would get 3% just merit. They wouldn't get a Step increase as well?

Mr. Hobson answered no. There is no longevity. Under Item 390, Professional Services, we have decreased that amount by \$10,550 because we did not plan on any scheduled work for the class and compensation study for any appeals or anything coming up this year. We do have funds in 390 for labor and employee relation expenses. Many of those testing expenses are reimbursed through registration fees. They offset and they show up as revenue in Human Resources. I believe we are scheduled for revenue next year for \$25,000 to help offset.

Alderman Wihby stated actual year-to-date is \$35,000.

Mr. Hobson replied right we are running ahead of schedule this year mostly because of the economy where we are doing more testing for Police and Fire. It is the first time we have had to test for fire examinations in like five years.

Alderman Wihby asked you can't count on that next year.

Mr. Hobson answered I think our turnover rate is going to slow down a little bit but are you asking me if I am going to hit \$35,000 next year. I budgeted \$25,000 because I wasn't quite sure of the economy in terms of that nature. Also, we expect to have less turnover because our pay is higher in Police and Fire. Our telephone expenses are going up around \$65/month projected from the vendor increases and from the use of both the Security Manager and the ADA Training Coordinator. Both have cellular phones that also act as beepers. They are on seven days a week. The Security Manager and the Training Coordinator both have them.

Alderman Cashin asked how many cell phones do you have in your department.

Mr. Hobson answered three. I have one and those two people have one.

Alderman Clancy asked how many do we have in the City.

Mr. Robinson answered Diane Prew is in the process right now of reviewing all cell phone use within the City. I have had a couple of vendors contact me as far as a Citywide contract and I have referred them to Diane.

Mayor Baines stated a few months ago I ordered a review of all cell phone use.

Alderman Clancy stated the phone bill for the City is getting outrageous here.

Mayor Baines replied we now that. There are different vendors all over the place. Not only in this area but you get into areas like copy machines and there are all kinds of deals struck instead of looking at the whole unit of City government to reduce the costs significantly. Every department goes out and does their own thing. There is a copy machine in the Mayor's Office that somebody should shoot and put it out of its misery, but we have a five-year lease on the darn thing.

Mr. Hobson stated under Item 550, Printing, we expect an increase for employee newsletters and other communications but what I do want to point out is that we attempt to offset as much of our printing and copying costs as possible. We go through the ordinance system and we do try to accept donations from vendors who do business with us to help us offset these printing and copying costs. For example, when we did our combined employee retirement seminar, Sheehan, Phinney, Bass & Green donated the cost of some supplies for that day. We obviously try to accept that from those vendors. Under special projects we are decreasing special projects by \$7,921 and we have listed out what the special projects are and under the last bullet on special projects I have spoken to the Mayor's Assistant and to the Finance Officer and I believe that we can lose...

Alderman Gatsas interjected let me try and save you some time here. Obviously your budget is \$2 million. We could sit here and play with this number for three hours. You are the person that we need to talk to about sources of revenue. Let's talk about short-term disability, which is a revenue source to the City. Putting a program in place. Let's talk about cutting some of the numbers that you have as outside services for COBRA, which is \$40,000...

Mr. Hobson interjected \$10,750.

Alderman Gatsas stated the \$40,000 that you are paying for the insurance...Mr. Mercer.

Mr. Hobson replied we were about to tell you that we were going to recommend sacrificing that.

Alderman Gatsas stated let's talk about revenues because those are the important issues. A short-term disability plan on a self-insured as much as we expose ourselves on the health insurance side, to put in a short-term disability program, which is a revenue generating number and self-insured on a 26-week basis is a very big number that can be realized by the City.

Mr. Hobson asked are you referring to implementing an STD program or are you talking about the long-term disability program.

Alderman Gatsas answered I specifically said short-term disability.

Mr. Hobson replied I understand. I just wanted to be clear.

Alderman Gatsas stated short-term disability, which is a revenue stream to the City. It could be a very big revenue stream. That is something that we should be talking about and implementation of that is not six months from now, but it should be a number that we can put into place probably I would say in maybe 60 days.

Mr. Hobson replied I am not putting up a negative or a barrier, I just want to make everybody aware that in the place of short-term disability, the concept, the City has had the implementation of its sick leave bank and the non-affiliated employees and the affiliated employees this year are getting together to try and get the sick leave banks because each little group by contract has its own domain in terms of how they manage that sick leave bank. It is actually set-up in their collective bargaining agreement. From what I understand, the sick leave bank committees are very open to taking a look at how we could utilize the sick leave bank better or bridge it with long-term disability, which we currently don't have.

Alderman Gatsas responded let's not talk long-term.

Mr. Hobson replied I know, but the employees are interested in bridging those two. We don't have...LTD is in next year's budget by contract. It is not in FY00 right now. All we have right now is sick leave bank.

Alderman Gatsas asked the sick leave bank that you are talking about is for how many days or how many weeks.

Mr. Hobson answered it is now standard I believe for all unions for 60 days and can be extended beyond that by a vote of the bank committee.

Alderman Gatsas asked extended to what number.

Mr. Hobson answered probably not another 90 days, but it is up to the bank.

Alderman Gatsas asked how do those banks get funded.

Mr. Hobson answered employees give time from payroll.

Alderman Gatsas asked the process works the same for schools.

Mr. Hobson answered yes, I think teachers is a little more lucrative though and I think the principals is a little less lucrative.

Alderman Gatsas asked what do we insure our employees for.

Mr. Hobson answered we have a premium program up to \$50,000 or a one time annual salary.

Alderman Gatsas asked and we are paying, correct me if I am wrong, about \$90,000 a year for that.

Mr. Hobson answered yes.

Alderman Gatsas asked how many lives on an average do we lose a year.

Mr. Tawney answered in the last six years it has ranged from 0 to 5.

Mr. Hobson stated we had our worst year a couple of years ago.

Alderman Gatsas asked 0 to 5 in how many years.

Mr. Tawney answered six years.

Alderman Gatsas stated so the average is probably two.

Mr. Tawney replied yes.

Alderman Gatsas asked so we are paying \$90,000 in premium for a maximum or an average exposure of about \$50,000.

Mr. Hobson answered we have just implemented that for one half of this fiscal year so the \$90,000 for the full year will not be realized until next year. To answer your question, yes.

Alderman Gatsas asked so we are spending \$90,000 for \$50,000.

Mr. Hobson answered no. If your maximum exposure is \$50,000 per person and you have two per year it is \$100,000.

Alderman Gatsas asked if you are telling me that maximum is \$50,000, what is the average then. I don't think we have too many employees who are earning \$50,000 across the City.

Mr. Hobson stated just so you understand in the past it included teachers...everybody. The history is based on the City, not just the municipality.

Alderman Gatsas asked of the number of employees that we have, what is the average wage.

Mr. Hobson answered on the municipal side the average wage right now is approximately \$38,000.

Alderman Gatsas replied so if we are two we are at \$76,000 and we are spending \$90,000 to protect \$76,000.

Mr. Hobson stated you are correct. It is base wage and does not include overtime.

Alderman Gatsas asked why would we spend \$90,000 to protect \$76,000. Would you do that if it was your company?

Mr. Hobson answered we chose as a group to do a premium based program and not do a self-insured. Does it make sense to look at a self-insured? Perhaps.

Alderman Gatsas responded wait. If we are self-insuring \$6 million in health claims, please don't sit there and say to me we shouldn't self-insure \$76,000 of life premium.

Mr. Hobson stated I am not convinced that we should be self-insuring that \$6 million.

Alderman Gatsas replied I didn't ask you whether we should be.

Mr. Hobson responded well you are asking a philosophy question.

Alderman Gatsas replied I said we are. If we are self-insuring that, then we certainly should be self-insuring the other side.

Mr. Hobson responded just because we are doing something now doesn't mean that is the way we should be doing it in the future, Alderman, with all due respect.

Alderman Gatsas stated well we certainly should have looked at that long before the Year 2000. All I am saying is that we should be looking for things that we can reduce costs by and revenue stream.

Mr. Hobson replied I would wholeheartedly agree with you and think it is a great idea.

Alderman Gatsas asked when will you come forward to this Board with a proposal. Can you bring it to us in the next 30 days?

Mr. Hobson answered for what.

Alderman Gatsas replied for whatever you think is a good idea.

Mayor Baines asked could you look at some options and come back to the Board with some options.

Mr. Hobson asked options for what, Sir.

Mayor Baines answered for issues we were talking about relating to insurance.

Alderman Gatsas stated you made the statement that maybe we should not be self-insured. Are we looking at that now?

Mr. Hobson replied yes.

Mayor Baines stated we are talking about it and going out for RFP's and doing a lot of other things right now.

Alderman Gatsas asked maybe you can shed a little light on your meeting today so that we know what transpired there.

Mr. Hobson answered certainly.

Alderman Hirschmann stated I want to talk about this year because he has over expended on this year's budget. I want to talk about that before we get into next year really.

Mr. Hobson stated what we received today from Blue Cross was that the Cost Plus Program increases, that is the Blue Choice, for the combined City/School is 17.7%. The Mayor's budget was based for a combined City/School of 19.9%. So, it is a 2.2% decrease from the Mayor's proposal.

Alderman Gatsas asked what does that relate to in a number. On \$15 million, \$13 million?

Mr. Hobson asked our side only or combined.

Mayor Baines answered our side.

Alderman Gatsas stated let's do a combined. I would like to know a combined number because obviously the administration fees here that I am looking at are based on proposals that they gave you. Is it based on \$13,925,717?

Mr. Hobson replied no. They actually based it on a working rate of \$15,133,259.

Alderman Gatsas asked the reduction or the increase. What did they give you, a 2% reduction on that?

Mr. Hobson answered 2.2%. That includes changing the aggregate total in the specific stop loss and putting that on \$100,000.

Alderman Gatsas asked they only changed that by 2.2%.

Alderman Wihby asked how much savings was it. How much was our savings that we can deduct from the budget that we had calculated? Our side?

Alderman Gatsas answered our side is about \$127,000.

Mr. Hobson stated the City side was 16.6% and the School side was 18.6% in terms of the percentage increases. Of that total, they informed us that 90% of that amount was based on claims, claims trends, and 8.3% was administration. The rest I assume would be stop loss.

Mayor Baines stated the biggest percentage that we are facing for increase is in the prescription drug area. Do you want to explain that a little bit, Mark?

Mr. Hobson stated the current prescription program is a \$1/\$5/\$10 for everybody. It is \$1 or 90 days for a mail-in program, \$5 for generic and \$10 for a name brand on a monthly basis. What they are telling us is that our use, as you have heard, our use is 5% above the national average of prescription drugs for employees and if we made some modifications in that including dropping the mail-in program and increasing your co-payment, that we could reduce our costs by about 7%.

Mayor Baines stated it is a tremendous issue. The other avenue that we are looking into exploring is something that I talked briefly about last night, which was really the medical savings account. We are actually having them go in and they are going to track what is happening in other communities that have implemented that as another option and see how that translated into cost savings. We are exploring that and they are going to get back to us with some research in that arena to try and help us reign in the cost in that area as well. I did bring that

to their attention today and they have some Blue Cross/Blue Shield affiliates that are managing programs similar to ours and we will see where that leads us as well. Now we know why so many pharmacies are being built in Manchester.

Alderman Gatsas asked what is the prescription percentage of claims right now.

Mr. Hobson answered I believe the number they gave us today was 21%.

Alderman Gatsas asked give me a premium number of dollar amount that we spent on prescription drugs out of the \$15 million. Are you telling me 20% of that or \$3 million is prescription?

Mr. Hobson answered they are claiming that we are running basically 21% of claims in prescription drugs so if you take the annual total that is projected right now and that includes all of the retirees, Alderman, and you take \$13.194 million and you multiply that times 21% or so or take 21% of that I should say...

Alderman Gatsas interjected 21%.

Mr. Hobson replied that is what I believe they said.

Alderman Gatsas stated if that is the number, that is an extremely insane number. Insane.

Mayor Baines stated if the employee pays \$1 to get a 90-day supply from the mail-in program and we are getting billed for what he cost actually is, think about it. On a prescription like Claritin, and by the way I am so naïve I didn't know I had the 90-day mail-in option. That is a very expensive dedication. The other thing they talked about was advertising is driving it up because people are told that they need Claritin versus something else that might work and they think that is having a dramatic effect across the nation in driving up these costs.

Alderman Gatsas stated for them to tell you that because you send it in for \$1 that it is more expensive, that is not true. It is less expensive by sending it in through a mail-order process than it is to walk into a pharmacy and buy it that way. If you are sending it for a 90-day prescription, it is less expensive to us as the insurer.

Mayor Baines asked it is less expensive.

Alderman Gatsas answered less expensive to us as the insurer than it is for you to go into CVS every 30 days and pick it up there. It is costing you, instead of it costing you...let's say it is \$5 and \$10 and there is no generic so he is at a \$10 pop every time he walks in for Claritin so it is costing you \$30 if you were walking in versus the mail. You would be saving \$29, but I bet the savings to the City would be much greater.

Mayor Baines stated I would like to verify that.

Alderman Wihby stated if you mail it in, you are getting a 90-day supply for \$1 and if you are buying it here you are spending \$3. Every month you are going to go and spend \$1.

Mayor Baines replied \$10 because the mail-in gives you...on a drug that is a maintenance drug like Claritin for an allergy problem, what Alderman Gatsas is saying is you are sending \$1 check and you are getting 90 pills in the mail and if the Mayor is going to get it at a pharmacy then it is costing him \$30 for that same prescription.

Alderman Wihby responded costing him, but is it costing the City more.

Mr. Hobson replied they claimed today that in changing the mail order program or dropping it completely we would be saving the City money. That is what they said today.

Mayor Baines stated I want to verify that because that was a very important part of our discussion today and we have also charged them with coming back with some recommendations in terms of amending our approach to dealing with that and what the actual cost savings would be. We asked for that, I think, within the next few days or within a short period of time.

Mr. Hobson stated I believe they said we would have that next week.

Alderman Gatsas asked can you do that without union support.

Mayor Baines answered no. You would have to look at phasing it in and perhaps doing some things with people who aren't affected. That would be an option that would have to come to the Board if there were substantial cost savings to the City in that regard and that is why I have asked them for the options.

Alderman Gatsas asked what is the difference between the generic side on a call drug...in other words are our people using generic drugs or are they using, because of the \$5 difference are we forcing them to a generic side or do they have the option. Are they being penalized if they don't take the generic side?

Mr. Hobson answered just the \$5.

Alderman Gatsas stated let's assume that there is a Claritin generic at \$5 and Claritin is at \$50 and he goes to the Claritin side. It is only costing him \$5 and it is costing us \$45 without any penalty.

Mr. Hobson replied well the company, Maxor, who is the card carrier, if I bring a prescription in to the pharmacy right now under the current way that Maxor is working, they give me under the formulary that Maxor works with, that list of medicine they would give me the generic. Let's say there is no generic for Prozac or Claritin. If that is what the doctor said it was, the pharmacy wouldn't challenge the doctor or Maxor wouldn't in the system so they would give them what it was.

Alderman Gatsas asked so what you are saying is if there is a generic, the employee gets the generic and he doesn't have a choice.

Mr. Hobson answered yes.

Alderman Shea stated they can buy the other, but they pay the difference. They have to pay the difference if there is a generic.

Alderman Gatsas replied so they do have a penalty. From \$5 to \$10?

Alderman Shea stated it could be more depending on how much the prescription costs.

Mr. Hobson stated there is a formulary that Maxor sends to us and we sent it to all of the employees and the affiliated groups and we tell them...the last time we changed the formulary everybody went bonkers because they dropped some of the drugs of choice of many of our people.

Alderman Shea stated it is a problem in a sense that there are some drugs that are not generic and, therefore, people have to pay the amount that is charged by the pharmacy.

Alderman Gatsas stated there are three drugs out there that if you could get for this Board so they understand...I believe the three drugs you will find that are of high choice that are making up 40% to 50% of that charge are Ritalin, Prozac and Claritin.

Mr. Hobson replied I would say you are absolutely right on the first two. I am not sure on the last one.

Alderman Gatsas asked if you could just find out and find out what the usage is on a number basis, I think this Board would find it a very interesting number.

Alderman Lopez stated I think that is an avenue that we have to look at, but can we get back to the budget here. Mark, I have one question in reference to the budget that that is line 270, Tuition Reimbursement. Can you explain that and along with explaining it if individuals I presume go to these courses and don't pass, do they pay the tuition back to the City?

Mr. Hobson replied the tuition reimbursement is directly related to their contracts. The tuition reimbursement is, to the best of my knowledge and memory, it is not based on...in most of the contracts and for the non-affiliates it is based on 75%/25% co-payment. 75% for the City and 25% for the employee and it is based on a passing grade.

Mayor Baines stated it used to be a "C" or better.

Alderman Hirschmann stated for FY00 you overspent on health insurance by more than double. Your line item for health insurance is \$555,000 and to date you have spent \$1,321,000, which looks pretty severe. I don't know if that is right. Telephone expense is over. Printing is over. Incidentals are over and the department aggregate says \$2,016,000 so you are actually over budget for your entire department according to the sheet that I have.

Mr. Hobson asked are you looking at Page 31.

Alderman Hirschmann stated it has columns A, B and C. In the Committee on Accounts, the...

Alderman Wihby interjected what sheet are you looking at.

Alderman Vaillancourt asked is that the one dated May 5.

Mr. Hobson stated mine is May 4.

Alderman Wihby stated we should put a name to the 71-page report.

Alderman Hirschmann stated on the one you are asking me to look at you are in even worse shape. You spent \$2.6 million when you only had \$1.8 million.

Mr. Hobson stated most of that is due to the health insurance and we have approximately \$1.537 million coming back to the City from the School District as a claims paid.

Alderman Hirschmann asked so that is an end of the year adjustment type of thing.

Mr. Hobson answered we hope to have that happen, actually, this month. We had that meeting today and we showed the reports in terms of where we were balanced with them. Also, we have funds that are going to be reimbursed to us through chargebacks for the ADA & Training Coordinator and for the Security Manager that will be coming back to us. Printing costs, we are over so far this year by about \$250. That is directly related to some of the newsletters and the flyers and we have donations coming to us to offset the printing costs from some vendors. That will take care of that overrun.

Alderman Hirschmann stated I just want to say this and this isn't really for Mark per say, but this year when the Resolution comes from the Clerk and it says to do close-outs, it doesn't say anything about transfers so the Board is authorizing the Finance Department to do close-outs and I hope that we get actuals at the end of the year and we can pin them on a wall somewhere so that next year when we do this budget we have actual numbers of what it costs to run a company, to have phones and have postage and printing and employees and benefits and all of this bologna that seems to have been getting zeroed out. Wayne looked at every department's numbers within \$1 of...the numbers were all moved around and manipulated. I have been on this Board for five years and I never knew that we authorized anybody to by saying the word closeout to move dollars and move numbers.

Alderman Wihby stated my understanding is that if we look at the FY99 expenditure, if money was transferred in the course of the year then that is there under the FY99 expenditure. So, if you look at the FY99 expenditure column that we have on that 71-page report that is an actual expense and if there was any money transferred in or out of it, it shows.

Mayor Baines replied that is true, right Kevin. Let's say they over expended what they were allocated this year. If they transfer money from another line item it gets put into that and that becomes an actual in that line item, correct?

Mr. Clougherty answered yes.

Alderman Hirschmann stated we have to see that.

Alderman Wihby stated we are seeing it for FY99. FY00 is not done yet.

Mayor Baines stated you know what FY99 actuals were.

Mr. Hobson stated under...just to finish up under Special Projects we are recommending or we will be recommending to you and to this Board that we believe the \$40,000 we are talking about doing the audit differently...we are going to finish our actuarial this year under Special Projects so that \$40,000 I believe I want to think about that a little bit more or talk to the Board or whatever but I believe we can delete that \$40,000 from the budget for HR.

Alderman Clancy asked on printing can't we have the School of Technology do some of our printing.

Mayor Baines answered I can only talk from my own personal experience with that. Sometimes it is more expensive than going out to the private sector. The efficiency is the same. Leo, has that been your experience?

Clerk Bernier replied they are high.

Mayor Baines stated they run as an Enterprise.

Mr. Hobson stated just so you know, we have utilized them.

Alderman Vaillancourt stated we brought Mr. Decker back here a couple of months ago. Is that reflected some place in this budget?

Mr. Hobson asked in FY00.

Alderman Vaillancourt answered yes.

Mr. Hobson stated yes.

Alderman Vaillancourt asked where is that.

Mr. Hobson answered that would be from 390, Professional Services. Other Services, sorry.

Alderman Vaillancourt asked how much did we spend on that.

Mr. Hobson answered I believe it was \$5,000 and change.

Alderman Vaillancourt asked including his time and everything.

Mr. Hobson answered that is my best guess at this moment because one of the things...it might have because we were looking at how much money we had put into the budget for the appeals process for the year and it came out to be just around \$8,000 so we deleted that out of next year's.

Alderman Vaillancourt stated I ask that question because I understood that the Human Resources Committee had asked that he not be brought back here with City money.

Mr. Hobson asked for this year.

Alderman Vaillancourt stated that was certainly my vote. That we not bring him back here a couple of months ago.

Mayor Baines asked Alderman Lopez could you clarify that please.

Alderman Vaillancourt stated I will clarify that. He is exactly right as to what the Committee said but it is in his budget and the Committee said as long as you don't spend any new money. This is Professional Services. He coordinated the effort through me and I told him to check with the Mayor because he was the Chief Executive Officer. The Mayor authorized him to do that. The Committee had no right to stop him.

Alderman Clancy asked is that true, your Honor.

Mayor Baines answered that is true. We looked at the situation with the backlog and everything that was out there and all of the issues politically associated with it and the time factor and we felt that this was the most efficient process to resolve a very serious issue in City government.

Alderman Clancy asked was that the Assessor's one.

Mayor Baines answered it was the whole package of people.

Alderman Vaillancourt stated I just want to note that as far as I am concerned it was a waste of City money. The question about going toward the future, you said you had 14 full-time employees. Do you have any vacancies now?

Mr. Hobson replied no.

Alderman Vaillancourt stated I have asked everybody this but I notice that you said your average employee earned \$56,000.

Mr. Hobson replied no.

Alderman Vaillancourt asked didn't you say earlier that your average employee earned \$56,000.

Mr. Hobson answered no unless we are talking about including benefits or something. I said that the average City employee on the municipal side is at \$37,980 and on the School side it is something like \$43,000.

Alderman Vaillancourt stated well the question is you have 14 employees and I like the restaurant analogy. If I have two people working in a restaurant and I have to have one person there then it is going to be a real burden and if I have 250 there and I have to just lose one it is no burden at all. How much of a burden would it be for you to go from 14 down to 13?

Mr. Hobson replied after this week I may volunteer for my own position, but nevertheless the concept is whether or not we should take a look at and I want to answer this very seriously. If you look at industry averages and I am not saying that we need to be or should be at industry averages because some of you have asked what are we doing at this number, why are we at this personnel number for the amount of employees. It is 1-100 in the industry. So, if you look at how many FTE's you have in Human Resources to the rest of the world, it is 1-100. Without School, we are going to have to examine what the impact is on our department. However, we also still are responsible for payroll, which can be in a couple of places. Payroll can be in different places in an organization. Many organizations now have a Human Resources tied to benefits management so I don't have an answer for you at the moment, but it is certainly something that we are going to take a look at this year as the year goes by as we continue to separate out from school.

Mayor Baines asked as a follow-up to that, how many employees went from 35 to a 40-hour workweek.

Mr. Hobson asked in my department.

Mayor Baines answered right.

Mr. Hobson stated I believe there were four. Can I get back to you? I want to do a little bit more thinking. It might have been five.

Alderman Shea stated just by historical perspective here, at one time the Finance Office and maybe I will have to ask Kevin, had X number of employees. How many employees did you have before we added people to the Human Resource Department, Kevin?

Mr. Clougherty replied our complement over the last 10 years, Alderman, has been 15 and we usually have about 14 on a regular basis.

Alderman Shea asked how many do you have now.

Mr. Clougherty answered we have 14. We have a 15 complement, but we have 14 filled.

Alderman Shea asked before your department became larger, how many were in the Personnel Department.

Mr. Hobson answered the answer to that is seven. Can I leap to what I think you are getting at? What happened through the Yarger Decker study and the creation of a Human Resources Department is you actually added +1 FTE to the general fund and you added 2 more FTE's through those other resources that are now in a mix. The Security Manager was not part of Yarger Decker, but was created last year and the ADA & Training Coordinator was created by the Board actually three years ago and Decker recommended that you enhance the amount of work that happened with training so you could probably attribute maybe half of that FTE to Decker as well. The bottom line was when you created Human Resources and you took the bodies from different places and you put them in that department you added 1.5 people to the City's complement.

Alderman Shea asked when was the Human Resource Department expanded. What year?

Mr. Hobson answered November of 1997.

Alderman Shea asked in 1997 how many employees were in the Personnel Department.

Mr. Hobson answered 7.

Alderman Shea asked how many are in there now.

Mr. Hobson answered 14.

Alderman Shea stated so we have 14 in your department, 14 in Finance, we have extended the hours of four or five in your department and I am not sure how many we extended in your department.

Mr. Hobson replied let's follow the math. You had three people who were in the Finance Department doing payroll. They came to Human Resources. Seven plus three is ten. You had one and a half equivalents doing benefits management that came in. Now you are up to 11 ½. You added one and a half positions through Decker, so now you are at 13 and you added the Security Manager through the budget process so you are at 14.

Alderman Shea asked did the work increase that much that we need 28 people when formerly we had 21.

Mayor Baines asked how many people came out of Finance in your department.

Mr. Hobson answered three.

Mayor Baines asked did you replace those three with other bodies.

Mr. Clougherty answered we restructured.

Mayor Baines asked so you restructured and added the positions back.

Mr. Clougherty answered the internal auditor position was one. We still stayed within the 15.

Alderman Shea stated what I am trying to figure out is we have more people, we have more hours, do we have that much more work that is required. You are assuming a lot of work that Finance used to do. Somehow or other I can't follow why we are adding more people and more hours if the duties are being shifted from one department to another. I was never that...I was pretty good up until a certain point in math but I kind of lost that.

Mayor Baines stated just so you understand, any positions that are added come through the budget process and they are approved by the Board of Mayor and Aldermen.

Alderman Shea replied I realize that but we depend on the department heads to justify whatever the addition is and sometimes we weren't always, as a Board, in on that. I am probably as guilty as the next guy in terms of that because I must say that since we have other members of the Board, including Alderman Gatsas, we are scrutinizing things more carefully than we ever have and I am very appreciative of that and I am not saying that I am not without errors because I probably have been guilty as much as anyone else in terms of adding personnel when they shouldn't have been added. That is what I am saying.

Mayor Baines stated I just want to make sure that you know that they didn't do anything in the background. They came to the Aldermen.

Alderman Shea replied I am not blaming anyone. I am not saying that it is his fault or anyone else's.

Mayor Baines responded I just want to clarify how the process works. You have to get approval of the Board of Mayor and Aldermen.

Alderman Vaillancourt stated to take away from these positions you would have to do that here as well. The Saturday that we met here I mentioned that the advances in technology should be able to cut down on the need of human personnel and I would think that this area and Finance would be the areas where advances in technology should save your department 10% or 15% in efficiency.

Mayor Baines stated I heard the other day that when the hours were talked about and Yarger Decker was talked about there was some general discussion about maybe 40 or 50 positions in City government ultimately being eliminated or changed. Now I don't know that for a fact, but there was some discussion about that. That has not happened. I think there are some legitimate issues and that is why we put a freeze in right now. Somebody asked me today are you going to continue the freeze in July. Maybe and we will start scrutinizing from the Mayor's Office every position and have it justified every time it becomes vacant. That is the way we are going to reign this thing into control. We are going to try to anyway.

Mr. Hobson stated if I were a member of the Board of Mayor and Aldermen, I would look strongly at what is taking place over the next 12-15 months in terms of the separation of School because that is going to be very critical in how you operate. In putting my extreme objective hat on I would take a look and say how are you going to be negotiating contracts, what are you going to be doing with your health and benefits, how are you going to be managing that, what is going to happen now that you have two separate computer systems, what about risk

management, what about safety, what about labor relations and union negotiations. How are you going to do all of these things and what is the most cost-effective way to do it?

Alderman Wihby asked did I hear you say that we could take out \$40,000.

Mr. Hobson answered yes from our budget.

Alderman Wihby asked what is the total budget that you are looking at that we could take it out of.

Mr. Hobson answered when you net us out over last year's budget, we are asking for approximately 5% more, which is just about \$40,000.

Alderman Wihby stated I am looking on Page 40 of the 71-page report. The Mayor recommended \$2,111,615. We can take \$40,000 off of that number?

Mr. Hobson replied yes.

Alderman Wihby stated I understand that number is probably higher. Have you reviewed that number by \$91,000? Has Finance talked to you about some changes in the restricted items? Did you review that to make sure that all of those work?

Mr. Hobson replied yes. We have that column where we talked about the recommendations of changes and we also reported to the committee today that met at 4 PM.

Alderman Wihby stated where I am coming from is that sheet, \$2.202 million, have you seen that sheet. Have they talked to you about when they try to reconcile restricted items back into the departments there is \$91,000 that I guess was an error in your department.

Mr. Hobson replied I don't know about that one yet.

Alderman Wihby asked, Kevin, when we subtract the \$40,000 are we subtracting it off of the \$2.202 million or the \$2.111 million.

Mr. Hobson asked what number is the \$2.202 million.

Alderman Wihby answered that was to try and get everything back into the top items

Mr. Hobson stated one of the things we had talked about was putting the reserve for health benefits in HR as well. You have to put it somewhere if you have a reserve.

Alderman Wihby asked where is it now. I thought we already talked about that in the number.

Mr. Hobson answered yes, but it is in that last column on Page 31. It is a proposed change. Is that part of what we are talking about? No, that is not. I don't know what you are talking about.

Alderman Wihby asked where is it on Page 31.

Mr. Hobson answered I am looking at the May 4 sheet on Page 31. I don't know what he is talking about.

Alderman Gatsas stated I sat here and I want to ask some questions and I want to wait until Alderman Lopez comes back in. I am not here to...I think about two weeks ago Alderman Cashin made a statement that this Board lives by Committees and we shouldn't be questioning the actions that are happening in Committees. Correct me if I am wrong, Alderman. Decisions made in Committees are decisions that this whole Board should be looking at in a favorable light. Do you remember that conversation? If it is, then the situation when Alderman Vaillancourt asked the question about the \$5,000, I sat on that Committee and I sat here for the last 20 minutes biting my tongue about what happened. That Committee voted not to spend any money to bring Yarger Decker back. They brought that back to this Board and we voted in favor of what that Committee suggested. Now either it cuts one way or it doesn't cut and it has nothing to do with Human Resources but I sat here for 20 minutes biting my tongue because I think you lectured me about the Committee situation the last time you brought it up.

Alderman Cashin asked what is the point.

Alderman Gatsas answered the point is that the Human Resources Committee told him not to spend the money. The Committee voted not to spend the money and it came back to this Board and we all voted not to spend the money in support of that Committee and then it changed.

Alderman Cashin asked how did it change.

Alderman Gatsas stated all I know is what I heard and what I voted on.

Mayor Baines stated let's start with what actually happened.

Alderman Lopez stated the conversation went around as far as Mark wanted to bring Mr. Decker back and a thing went out from Ward 8 saying that we are not going to spend any more money.

Mayor Baines asked was there a vote.

Alderman Lopez answered I don't recall a vote. I will have to look at the minutes. I don't think there was a vote. There was conversation. The next day Mark called me and said I have it in my budget. I am not spending any new money. I said okay you better check with the Mayor. He came back and said the Mayor okayed me to spend what is in my budget and I said that is fine with me. If the Mayor gave you permission, it is not new money. Is that correct, Mark?

Mr. Hobson replied yes.

Alderman Lopez stated that is how the conversation went.

Mayor Baines stated I did not understand that there was any vote not to spend the money. If that had been the case, obviously I would have weighed that very seriously, but I do believe the administrative authority...

Alderman Gatsas interjected I could be wrong but I remember sitting here when that whole scenario happened.

Alderman Vaillancourt stated we made it quite clear that we didn't want any money spent. It seems to me it was like something was done in the dark with a wink and a nod and the Chairman of the Committee overruling the wishes of the Committee.

Alderman Lopez replied that is total garbage.

Alderman Vaillancourt responded it is not garbage. You just acknowledged that you went and did that after the Committee said not to.

Mayor Baines stated Alderman Vaillancourt, come on.

Alderman Vaillancourt stated I am not the one screaming. He is.

Mayor Baines stated I used to be a teacher and this is what I used to have to deal with in classrooms.

Alderman Vaillancourt replied he is the one who started screaming. I was perfectly calm.

Mayor Baines stated I have a deep respect for the Board and if that happened I would have weighed that very seriously. I do feel that it was an appropriate expense so I may have authorized it any way if I was authorized to do that. It was my understanding that it was my authority to do that.

Alderman Gatsas replied I don't question that I am just saying that the week before I was chastised for the Committee situation so now that I got that...because I sat here for awhile and it was moving on me. Mark, can you tell me, you were with Blue Cross/Blue Shield and we need to skin the bigger cats that are more important to this Board than worrying about your \$2 million budget because if we decided to cut you 5% that is \$100,000 and that is not going to do much for the whole situation. I am looking at a page right here of a quote that Blue Cross/Blue Shield gave you that shows a 19.8% increase. If I take their monthly working rate that they gave you for this year, which is \$12,661,237 and I use the 17% that you gave me or 17.7% that you gave me, I come up with a figure of \$14.902 million. You told us it was \$15.3 million. That is a \$400,000 difference. The monthly working rate based on your FY99 to FY00 budgeted amount or their quote to you was \$12,661,237.

Mr. Hobson stated I don't have that number but obviously if you are reading it, you have it.

Alderman Gatsas replied it is on this sheet right here. Do you have it? It is the quote sheet that they gave you for rates this year with monthly working rates. If I use the 17% and I assume when they sat there and gave you a quote somebody had a calculator and said where did you get that number from so that you had a number and an idea of where it came from. If it was my \$15 million, they would be telling me every penny of where it was coming from. Was Finance in this meeting with you?

Mr. Hobson answered yes.

Alderman Gatsas asked could you help me shed some light on this. Did you look at any numbers when they were quoting?

Mr. Clougherty answered I don't have them in front of me.

Alderman Gatsas stated well the numbers that they quoted you today and said it was a 17% increase instead of a 19.9% increase, what was that number based on.

Mr. Clougherty replied first of all, I got to the meeting late. I haven't had a chance to look at it. I don't know what that is and I haven't had a chance to go through that because I left that meeting and went to the Deficit Committee and haven't looked at it.

Mr. Hobson stated I found your quote.

Alderman Gatsas asked is it right or wrong.

Mr. Hobson asked you are looking at the monthly working rate with the aggregate of 115 and not adding the \$100,000 stop loss, right.

Alderman Gatsas asked what do you have for a number.

Mr. Hobson answered \$12,661,237.

Alderman Gatsas replied yes, I have that number now the stop loss you are giving me...so if I took that number and used 17.7%, I am coming up with \$14.902 million and you said it was \$15.3 million.

Mr. Hobson responded the new number from today that is identical to this page, this rate, same process is \$15,077,895 and you are at what, \$14 million.

Alderman Gatsas asked where does the increase come from. What number are they increasing? You obviously had a rate for last year. A working rate for last year.

Mr. Hobson answered right. The difference of adding the \$100,000 specific and keeping the 115% aggregate, the difference is 4/10 of a percent of the dollars or roughly \$100,000.

Alderman Gatsas asked, Kevin, do you know if they have a SAS70 audit.

Mr. Clougherty answered I believe they do but I don't have a copy of it. I would be happy to call them and see if we can get a copy of it.

Alderman Gatsas asked are you sure they do or you think they do.

Mr. Clougherty answered I think they are required to have it.

Alderman Gatsas stated not if they were a non-profit they don't.

Mr. Clougherty replied I can't tell you for sure. I will look into it and get you an answer tomorrow night.

Mr. Hobson stated they are mutual now so they may have to in the future, but they may not have as a non-profit right now.

Alderman Gatsas stated I would think that some of the things...one benefit that we should be having is control of the checkbook. Was that discussed?

Mr. Hobson replied yes.

Alderman Gatsas asked was it discussed that before losses are paid that a loss run should be sent to Finance to have them verify it.

Mr. Hobson answered yes.

Alderman Gatsas stated I would think that one of the benefits that probably is less than 4/10 of 1% to the advantage to the employee would be to change the maximum from \$1 million to \$2 million and that is probably pennies.

Mr. Hobson replied we didn't discuss that.

Alderman Gatsas stated that is something that we should look at because \$1 million limit is nothing today.

Mr. Hobson replied we didn't discuss that today. We have talked to them about that in the most recent past.

Alderman Gatsas stated and they don't think that \$1.155 million administration fee...how many claims were administered in the course of a year.

Mr. Hobson answered I don't know off the top of my head.

Alderman Gatsas asked can you get that number.

Mr. Hobson answered absolutely.

Alderman Gatsas stated because that number is...even if we did nothing to change rates that number of \$1.15 million you could find all day long for somebody to administer claims at a lesser cost. Probably half that cost. So they haven't done a thing in cutting a deal with the City.

Mr. Hobson asked you mean on a third party basis.

Alderman Gatsas answered correct.

Mr. Hobson stated I have not found on an industry average that you would find...are you saying that we could find a third party administrator to do the job for about 4%.

Alderman Gatsas replied I am telling you that you could find a third party administrator that would do it for \$550,000 like breaking sticks.

Mr. Hobson asked are you talking on a cash basis.

Mayor Baines asked aren't we in the process of seeing if that would come forward to us.

Mr. Hobson answered yes.

Mayor Baines stated let's find out. We are going to do the RFP. Let's see if they come in. Let's see if they can do it and we can look at the options.

Alderman Gatsas asked when are the RFP's going to be ready.

Mayor Baines asked what is reasonable to get this thing out because obviously we have to move expeditiously in this area.

Mr. Hobson answered we got permission to do the RFP last night and based on what happened today obviously we need to do it.

Mayor Baines asked what is reasonable to get the RFP out there.

Mr. Hobson answered I would think a reasonable amount of time would be perhaps 25 to 30 business days in terms of being able to follow...we still have to follow the ordinance language unless we are in an emergency situation. The Solicitor is not here so I will have to talk with him about that tomorrow, Sir. Is that acceptable?

Alderman Gatsas asked can you help me with one thing. Let's assume that for the course of discussion would it preclude you to call anybody and have them come in and have you ask them some questions of what they could do or is that part of procurement or not.

Mayor Baines answered it is a procurement issue. Let's talk to the City Solicitor first.

Alderman Gatsas asked why is it procurement if he is just asking questions.

Mr. Hobson answered if we don't have to go through...

Alderman Gatsas interjected I am not saying not go through the RFP process. I am saying call John Doe off the street.

Mr. Hobson replied I understand that. When I attempted to do that with the life insurance program, I got bonkered for not following the procurement code process.

Mayor Baines stated we will nail this down tomorrow morning first thing. We will get together and talk and figure out exactly what the time lines can be. Any further questions of Mr. Hobson?

Deputy Clerk Johnson stated the action that was taken last night my understanding was to direct them to do an RFP and report back. I think it was envisioned that the RFP would be done and then that would be brought to the Board for approval before it went out. I just want to clarify that that is still what is being talked about on the table.

Mayor Baines replied I don't remember the RFP coming back to the Board.

Mr. Hobson stated we are following the RFQ.

Deputy Clerk Johnson replied I am sorry. I thought you were talking about the RFP.

Mr. Hobson asked what are we talking about here.

Alderman Gatsas answered we are talking about the whole insurance plan. It is an RFP, not an RFQ.

Mayor Baines stated we will clarify this tomorrow morning and have information to you tomorrow evening. Any further questions of Mr. Hobson? I do want to respond to Alderman Vaillancourt and I resent these wink and a nod comments that you are making all the time. You know...

Alderman Vaillancourt interjected I haven't made them all the time.

Mayor Baines stated listen, I am going to speak on this issue.

Alderman Vaillancourt replied I will speak after you do.

Mayor Baines responded yes you will, but you are going to listen to me now. This Board of Aldermen, I haven't found any person that isn't honorable in terms of the way they conduct themselves. They have different opinions. I do not do winks and nods with anybody. There isn't a conspiracy to everything that goes on and some people have honor and they have integrity and for you to make accusations like that I think is not honorable, it is despicable in fact.

Alderman Vaillancourt stated I didn't make any accusations. I said that this was done with a wink and nod, which means that it was done without the approval of the Board, it was done after the Human Resources Committee specifically voted not for it to be done...

Mayor Baines interjected I find...

Alderman Vaillancourt interjected I have the floor, your Honor.

Mayor Baines stated I will take the floor away from you if I so desire.

Alderman Vaillancourt replied no you won't take the floor while I am speaking. I didn't interrupt you, so you are not going to interrupt me.

Mayor Baines stated I would suggest that you start to act honorably.

Alderman Vaillancourt replied I am acting honorably. You are the one that is not acting honorably. You can throw all the accusations you want around.

Mayor Baines stated well that is the way I feel.

Alderman Vaillancourt replied well that is the way I feel, too.

Mayor Baines stated we obviously know that Alderman Vaillancourt, but there is such a thing as honor.

Alderman Vaillancourt replied there is indeed.

Mayor Baines stated and there is such a thing as integrity.

Alderman Vaillancourt replied and the honorable thing to do is after a Committee votes not to have somebody come back here it is not honorable for the Chairman of that Committee to go behind that Committee and go to the Mayor without coming back to the Committee and saying we decided despite what you decided that we are going to spend the \$5,000. That is the honorable thing to do.

Mayor Baines responded thank you for sharing that with us.

Alderman Vaillancourt replied thank you for sharing your thing with us. He started it. The issue was over. He brought it up again, not I.

Mayor Baines stated thank you very much and I will continue to respond to you making accusations.

Alderman Vaillancourt responded and I will continue to respond to your scurrilous attacks.

Mayor Baines replied I am sure you will, Alderman.

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

A True Record. Attest.

Clerk of Committee