

COMMITTEE ON FINANCE

May 17, 2000

7:00 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Levasseur (late), Sysyn, Clancy, Pinard, O'Neil, Lopez, Shea, Vaillancourt, Pariseau, Cashin, Thibault, Hirschmann (late)

Messrs: F. Thomas, T. Parsons, J. Shaffer, T. Lolicata, L. Bernier, R. MacKenzie, M. Hobson, H. Tawney

Appropriating Resolution:

“A Resolution appropriating the sum of \$10,900,822 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2001.”

On motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted to read by title only.

On motion of Alderman O'Neil, duly seconded by Alderman Shea, it was voted that the appropriating resolution ought to pass and lay over.

Appropriating Resolution:

“A Resolution Appropriating to the Manchester Aggregation Program the sum of \$652,609 from Aggregation Fees for the Fiscal Year 2001.”

On motion of Alderman Wihby, duly seconded by Alderman Thibault, it was voted to read by title only.

Alderman O'Neil asked we have about two million dollars invested in Aggregation is that correct.

Mayor Baines replied 2.1 million dollars total.

Alderman O'Neil asked do we not know if we can still recover those stranded costs.

Mayor Baines replied the amount of money that we are looking at recovering is around 1.3 million dollars.

Mr. Thomas stated that is the deregulation portion of the total expenses. The other portion of the expenses was attributed to things like the pilot program, the sale of gas, and energy efficiency measures that are going on in the building.

Alderman O'Neil asked that is over and above the 1.3 million dollars.

Mr. Thomas replied in the affirmative.

Alderman O'Neil asked the 1.3 million dollars is the cost we spent for consultants. Those are the costs we are trying to recover.

Mr. Thomas replied 1.35 million dollars is the cost directly related to being an intervener for the deregulation of electricity.

Mayor Baines stated that is the money that we have the best hope of recovering and that will be introduced in the Committee of a Conference. That was the issue that Alderman Gatsas was getting at last night and is a primary concern to us.

Alderman O'Neil asked is that one issue going to be our primary focus or are there other major issues.

Mayor Baines replied that is our major issue. Obviously we have weighed-in in terms of the settlement but the key feature for us is that when that Committee of Conference comes out there is a provision in there to allow Manchester to recover that 1.35 million dollars. We are going to have to work our legislative delegations and to make sure we have support.

Alderman Vaillancourt stated the Bill did pass today by almost a 2 to 1 margin but the House does have a rule that nothing can come in the Committee of Conference

that was not in either the House or the Senate version. I frankly see no way it could go in a Committee of Conference. There is a House rule that you cannot add anything new in a Committee of Conference.

Mayor Baines stated it was in the Senate version the last time I saw it and then it got taken out of the Bill that went into the House. I have seen so many phases of it.

Alderman Gatsas stated we were not in the Senate Bill that passed.

Mayor Baines asked was he saying if it was in either version.

Alderman Vaillancourt replied if it was in the Senate version it could come up at a Committee of Conference. If it was not in a Senate version it cannot come up.

Mayor Baines stated I am not 100% sure of that.

Alderman Vaillancourt stated if it was in the version we passed today then it could come up in a Committee of Conference. If not, there is no way it could come up.

Alderman Pariseau asked was an amendment to the House version brought up today.

Alderman Vaillancourt replied the House passed an amended version of the Senate Bill.

Alderman Pariseau asked did anyone bring in the amendment to...

Alderman Vaillancourt replied the last thing that the House of Representatives is going to do, after they had a three-hour debate on this, was take into account the City of Manchester's position. Especially since this Board's position was contrary to the position that the agreement was originally reached with Public Service. That proposal you sent up about six weeks ago was actually the opposite of what was agreed upon.

Mayor Baines asked Tina, in the Senate version of the Bill was the language in there for Manchester to be able to recuperate its 1.3 million dollars for the Aggregation.

Alderman Cashin asked Your Honor, are we saying that we are not going to be able to recuperate that money.

Mayor Baines replied in the negative and stated there are several ways to go about it. Senator D'Allesandro alluded to the fact last night that this is a topic that would be dealt with in the Committee of Conference.

Ms. Parsons replied in the affirmative and stated it is my understanding that it will be dealt with in the Committee of Conference.

Mr. Thomas stated in this Committee, modifications could be made to this settlement agreement.

Ms. Parsons replied not to the settlement agreement, Frank, but to the Senate Bill.

Alderman Vaillancourt stated the only alterations that could be made is if it was in the House or the Senate Bill. You cannot add new provisions in a Committee of Conference.

Alderman Gatsas asked was it in Senate Bill 472.

Ms. Parsons replied in the negative.

Alderman Gatsas stated then I was correct last night.

Alderman Vaillancourt stated the Senate does have different rules than the House but it is quite clear that the reason the Gambling Bill was killed last year was because the House wanted something else and they decided that was not proper to go through those channels. I was on the House floor speaking at the time that the Speaker ruled that if you pass this you couldn't put anything else in it.

Mayor Baines asked are you saying it may not be the same on the Senate side.

Alderman Vaillancourt replied the Senate has their own rules but the House will not allow anything to come up in the Committee of Conference that was not in one version.

Mayor Baines stated it was said last night that there would be a topic in the Committee of Conference. It is a very politically volatile issue allowing Manchester to recuperate. It is not going to be an easy thing.

Ms. Parsons stated it is not just the City of Manchester who is looking for recovery of those monies. It is the serious interveners who sponsored witnesses back in 1996. There are some people who have been involved in this process for four years and would like to see a recovery of those monies.

Alderman Gatsas asked is there anybody in that Bill mentioned on the Senate side or the House side as an intervener.

Ms. Parsons replied in the negative.

Alderman Gatsas asked Cabletron is not in there.

Ms. Parsons replied in the negative.

Mr. Thomas stated we could get clarification from Senator D'Allesandro tomorrow because it has been made clear to us through communications with him that this is a realistic possibility. Even today, I talked with the Senator on the telephone and he asked me for the exact numbers because they had gone up a little bit. I am puzzled as to why he would be asking for that kind of clarification if he did not feel there was some kind of mechanism to recover these funds. However, that is only one avenue that we have available to us. As it was stated last night, it appears that deregulation is going to be a reality potentially around October 1st. With some of the modifications that have been made to the PUC order from us being an intervener, competition now on the rates that Public Service is going to be able to sell power will be more easily to obtain. Manchester's Aggregation Program can be a viable competitor to the sale of power. Once we move forward with that and selling power, we could recover our cost for being an intervener by adding that on as a service charge or a user charge.

Alderman Thibault asked that is where I have a problem. It seems to me that from the beginning with this MAAP Program, that we were told if we stuck by this all through this time that we would eventually get our money back.

Mayor Baines replied in the affirmative.

Alderman Thibault stated we are talking about 1.2 million dollars and we have 2.1 million dollars in it.

Alderman Clancy stated we would be about \$750,000 short.

Mayor Baines stated there is a difference in terms of what that money was spent for.

Mr. Thomas stated that is correct there are numerous categories. We furnished to you, a breakdown and I would be glad to make copies of this again. There are salary costs that were not directly related to being an intervener. There was the pilot program that is not part of being an intervener that is not recoverable. Basically, out of all the costs to date, there is only three areas of expenses that are

recoverable; restructuring costs, consultants, attorneys, Tina's time, the rate case issues and the Federal Court issues, gas procurement, facility improvements (those are the energy audits), some of the aggregating program itself were not included in that. The program is carrying some costs related to Amoskeag Hydro in the MAAP budget. Those are not directly related to the restructuring issues and that is the reason for the difference. All the costs that were spent on electric deregulation will be eligible to be recovered either through this Senate Bill amendment or by selling power.

Alderman Thibault asked we are still losing close to one million dollars. I am not talking about the reasons.

Mr. Thomas replied there have been expenses to-date going back to 1996 and just like any department in the City that was not funded 100% through...

Alderman Thibault asked does Keene and Nashua also share in not getting all of their money back.

Mr. Thomas replied first of all, we hope to recover Nashua's investment when we sell power. Part of what we will be tacking on is this charge will go to pay us back and will also go to pay Nashua back.

Alderman Thibault asked are we talking about the things that were not included like you were just saying.

Mr. Thomas replied in the negative and stated those were over and above the strictly enterprise funds.

Mayor Baines stated just the costs that were related to our intervention.

Ms. Parsons stated but I would add to that of the \$700,000 that was spent in 1996 and 1997, the lion share of that the \$250,000 that we got from Nashua most of that was spent in 1997 because that was when the original hearings were held. That \$700,000 is offset by most of the \$250,000 from Nashua and another half of it \$8,000 from Keene and then the balance of that was actually recovered through our enterprise funds. If there were a recovery, either through the MAAP Program since 1998 or through the reimbursement at the State level, those monies would go back to the General Fund, the MAAP Program, Nashua, Keene and the Enterprise Funds in an allocable share.

Alderman Lopez asked if we do not get the money back do we have to make that up in revenue or how do we balance our books if we do not have any revenue.

Mayor Baines replied if we do not get the 1.3 million dollars back we are out that amount. Am I correct on that.

Ms. Parsons replied in the negative and stated the portion of that...

Ms. Shaffer replied you would have to make provisions for that basically out of the General Fund.

Ms. Parsons stated I disagree with that only in so far as the MAAP Program has existed since Fiscal Year 1998 so all of those monies that have accrued on this issue since FY 98 are recoverable through the Aggregation Program. Although our involvement at the State level amounts of 1.3 million dollars of the 2.1 million dollars, the majority of that is going to be recoverable. It will just take longer if in fact you do not get a recovery from the State; the balance of my liability to the General Fund will not go down until we collect that through revenues. It will take longer but we will recover it.

Alderman Shea asked would you elaborate a bit on the Aggregate Recovery fees that we are supposed to receive. What do you mean by selling power in terms of recovering monies.

Mr. Thomas replied when we go to sell power, we aggregate our power base pull the power demand, we purchase the power and we sell it. In addition to the right that we are paying for the power we add on a service charge.

Alderman Shea asked we buy the power with what kind of money; borrow, bond...

Ms. Parsons replied in the negative and stated the participants of the program are billed just as they are through Public Service today.

Alderman Shea asked residential and commercial.

Ms. Parsons replied in the affirmative.

Alderman Shea asked we are billed and it is done through your particular program.

Ms. Parsons replied I hope not. The idea probably will be to have PSNH through a contract with the supplier do the billing for both components. Most people only want to receive one bill they do not want to receive two. In essence, all that changes to someone who is either in the MAAP Program or part of some other element of deregulation is that supplied piece that you do not see in your bill right now. A PSNH bill has a customer service charge and then these rate tiers will be

broken up into individual pieces and show you the piece you actually paid for the electrons. You do that now; it is just in a different format. In deregulation, everybody's bill will look like that. You will see the piece that you paid for the supply and you will see the piece that you paid to have it delivered to your home plus a customer service charge that you have always paid.

Alderman Shea asked three hundred or five hundred people or one thousand people or ten-thousand people will decide to take power from Public Service and they are charging 4.5 cents per kilowatt hour and that is one or two cents that will be returned to the Aggregate Program.

Ms. Parsons replied we would set that fee based on the expenses of the program and the people that are involved in it and a total kilowatt-hour base. It is obviously advantageous to everyone who is a member of the MAAP Program when we get it going that the larger that program is the more beneficial to every member who is in that program.

Mr. Thomas stated but the concept that you outlined is correct. That would be the way we would be recovering the funds.

Alderman Shea asked would you estimate how long it would take to recover the money.

Ms. Parsons replied it was always our intention that the fees from the program and we are late getting started because we started this for July 1st, 1998 competition date that did not happen. The idea was that the supply contract would probably be a two-year contract and so that the expenses of the program would be amortized over that two-year period so that you would not end up with a fee that was incredibly prohibitive or very expensive to start with and then as new members came in that price will be adjusted but on an annual basis. It would not be high in the first year and then almost nothing in the second year. We would break that up into pieces so that it would be fair for everyone who joined.

Alderman Shea asked do all States have that type of situation.

Ms. Parsons replied some States do have Aggregation but the rules are different.

Alderman Shea stated up in Maine, Central Maine Power was sold. My bill for not using any electricity was about \$12.00 or \$14.00 a month.

Ms. Parsons stated that is your customer service charge.

Alderman Shea stated when this new situation came about I got a bill for \$7.50. They dropped it almost in half. Could you explain to me why an Aggregate Program would be beneficial. I do not belong to any Aggregate Program up in Maine. Is it just that somebody bought the power plant.

Ms. Parsons replied I would have to see your bill to see what those pieces are for a comparison. It may be that you are only paying for the distribution and because you were not receiving any electricity during that period you are not paying for the commodity piece which was a piece of your original \$12.82.

Alderman O'Neil asked about making up the salaries.

Mr. Thomas replied looking at the budget the salaries that have been budgeted presently we have two employees in Aggregation, Tina and Bill Prive who is the financial person. This budget has been put together on the premise that there will be a full-blown aggregation program and the City is going to be selling power sometime during the course of the year. Once that happens, there is going to have to be customer service representatives and I will let Tina define the additional staffing.

Ms. Parsons stated currently, the \$207,000 is a six-person complement; a financial analyst a secretary, three customer service people, and myself. That was established when the MAAP Program was established in 1998. I could not tell this Board if that is an accurate count of what this program will need or not. I have tried to get some numbers from the State as to what they anticipate in terms of the number of questions they are going to have to handle, the number of calls, forms, that kind of thing. What I do know from sitting on the NH Public Utilities Public Education Committee is that as people's awareness and their education increases on this issue, the length of the phone calls actually gets longer. Perhaps some of the numbers of the calls go down but the actual length of the calls gets extended.

Alderman O'Neil asked before any of those new positions will be hired do you have to come back before the Board.

Ms. Parsons replied in the affirmative and stated we could hire a secretary, that authority was given to Frank based on as we see need. But the three positions the customer service folks we would have to come back to the Human Resources Committee and get permission which leads into some of the concerns I have with the competition date being set for October 1st. We will deal with those on another evening.

Alderman O'Neil asked where is the program going to be physically housed.

Ms. Parsons replied that is a very good question.

Mr. Thomas stated once it gets to that level ideally you would want a storefront somewhere convenient in the downtown area. Location has not been located yet. The Plaza has been talked about. Tina has contacted Jay Taylor. We are just trying to line-up the program. We are not jumping into it yet. Our main concern, at this stage, is making sure we will be able to contract for the furnishing of this power. As things develop, locate office space; locate the correct staffing etc.

Alderman Shea asked is this coming from the CIP Budget or the General Fund.

Ms. Parsons replied in the negative and stated this comes out of this budget.

Alderman Shea asked where is the funding coming from.

Ms. Parsons replied the cash outlay is a due to. I am borrowing that money from the General Fund and on a monthly basis Joanne charges me interest. So the longer it takes this program to go the more it costs.

On motion of Alderman Wihby, duly seconded by Alderman Sysyn, it was voted that the appropriating resolution ought to pass and lay over.

Alderman Vaillancourt stated I have never been part of the previous votes on aggregation but I certainly will never vote to spend one penny for this. If it requires a no that would be my vote whenever this comes up. It is not something government at the City level should be doing.

It should also be noted that Alderman Hirschmann was absent at the time the vote was taken.

Mayor Baines stated another issue that the Board needs to get on the radar screen is the issue in this whole process is the purchase of the dam. In preparation towards moving it because right now we are looking at a possible October 1st date.

Ms. Parsons replied the Senate Bill as amended by the House requires October 1st action by any community looking to acquire their hydro-facility.

Mayor Baines stated that is going to be a major decision that we are going to have to make within a very short period of time. We will be back to you on that.

Ms. Parsons stated it does not require the Board to decide the price. The price will be determined later. Then the Board would vote as to whether or not they wanted to procure it.

Alderman Lopez asked do you think you could maybe give us something on dams or numbers as to other States and how they recuperate money. How much money they put into it to buy it and what the City got out of it. Is there some statistics out there that we could have privilege to that kind of information.

Mr. Thomas replied there has been cost studies done on it. The Finance Department has that information. All of that has been looked at and the payback period has been established.

Mayor Baines stated I have a copy of that.

Alderman Lopez asked could you put it in simple terms of one or two pages instead of a thick book.

Mr. Thomas replied we would ask Finance to do that for you prior to that.

Alderman Shea asked in consideration for members of the Board we can offer Public Service a particular price because we have that first option but they have the right to refuse that and they can sell it at whatever price they want. That was brought out at a different meeting.

Mayor Baines stated I do not think it is as simple as that though. It is a much more complex issue in that we have been involved in discussions about that.

Ms. Parsons stated the process is established by RSA 38 as the Statute was written and has been in effect for one hundred years or fifty years. It used to require that a Board or a public vote be taken to determine that they in fact wanted to purchase any generation facility or even a transmission and distribution. We could buy the poles and wires if we wanted to. Under a condemnation proceeding that public vote would then force the company into having to sell it to you and then the price would be determined at a hearing at the Public Utilities Commission. Because PSNH is being told that they have to divest of their assets with deregulation, they have changed that a bit. They made it part of the settlement agreement that they would in fact entertain an offer by a community for hydro and fossil which is Bow's coal plant. The issue became, for the City, we made an offer they did not like the price so then the controversy was over how do you get to that price in time for the public interest of a community that may want to purchase their asset, be weighed against the settlement agreement which says the company has to sell these as quickly as they can at the best price that they can get. We made the

argument before the Commission that we felt that we wanted their assistance in bringing the company and the communities together to determine that price. So in the Senate Bill that went through the House today, there is a provision there that we can have the PUC hire somebody that would be an asset evaluator specialist in that field that would address Alderman Lopez's concern about what is a good price for a facility like that. They would hire the expert and then the City and the company would work with that expert to come up with a price. It has been tweaked a little bit to give a community an honest and fair chance to acquire a facility if they want it. The caveat that is in that Senate Bill amendment from the House is that they want communities to determine if they are serious about it or not by October 1st. You will not have the price, but you have to decide that it really is a serious consideration.

Mayor Baines stated establish a special energy committee then it would go through the Human Resources process after that.

Alderman Thibault asked Tina is there also a competition out there. Is there a Florida company that is looking to buy this facility also.

Ms. Parsons asked if you are asking me if I am aware of whom PSNH perhaps is showing their information to I could not tell you.

Alderman Thibault asked but there very well could be competitors bidding on this facility also.

Ms. Parsons replied when it gets to the auction point, yes that is true.

Mayor Baines addressed item 6 of the agenda:

On motion of Alderman Sysyn, duly by Alderman Pinard, it was voted to read by title only.

Resolution:

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

Deputy Clerk Johnson stated the Committee on Finance actually changed the schedule somewhat in that they have taken out items one through four that follow and they wanted to discuss revenues with the City Clerk, the Traffic Director and the Finance Department and Human Resources.

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

- 1) Manchester Economic Development Office
- 2) Office of Youth Services
- 3) Information Systems
- 4) City Solicitor
- 5) City Clerk

Alderman Gatsas stated before we start this Board asked at the Joint Schools for a list of all employees, their start date, and their wage information. Today from Superintendent Tanguay he sent us start dates for all new employees of 1999. I was pretty clear for what I was looking for and everybody on this Board was pretty clear for what I was looking for. It really disturbs me that we are here putting in an effort to save the taxpayers money to fund schools and we do not get information back that we ask for. It is unreasonable and unfair. If that department had worked for somebody in private life he would be fired. It is unreasonable for anybody to do to fifteen people and everybody else that comes in here. We have been here until 11:00 and 12:00 at night working on this budget. It is unfair. If I had the ability, I would ask for his resignation today. If the School Board does not then they are not looking for the same things that we are. That is unreasonable. We sat and met with them and I thought it was a good faith effort that both Boards were working together. It is unreasonable for anybody to do this. If he wants to come back in here in front of the Board, I would be more than glad to challenge him because I just looked at the numbers he provided for us. He told us that he had one hundred fifty eight new hires for tutors. In his proposal, he only has one hundred fifty eight total. He is saying that he hired one hundred fifty eight in 1999. That is unreasonable, Your Honor. It is not fair to this Board. I do not know what message we could send him but we better send him a strong one. I do not know if we have the ability to do it. I do not know what is wage is but I have a feeling we should cut that out of the budget. This operation was supposed to be completed by last Friday. It is now Thursday and it just appears. It is seven pages. I do not think that is too difficult to produce. If it took him six days to produce this how can we possibly entrust him in \$112,000,000 budget. How can that be done.

Mayor Baines stated first thing tomorrow morning we would certainly get in touch with the Superintendent's office and express the concern and make another attempt to get the information that you have requested.

Alderman Gatsas stated we have made four attempts, Your Honor. You made one. What do we need to get the information. Do we need to tell him that the best we are going to do is give them \$100,000,000 in their budget.

Mayor Baines stated tomorrow we would convey the concerns and make another request for that information.

Alderman Wihby stated I would second a motion to have him send a letter of resignation to us but last time we did that they gave him an extension to his contract. This is not something new that this Board has put up with for a long time. In the last years, we have asked for numbers that we could believe that were true to try to justify what they gain and asked for and we could never get them. We asked for a simple thing. We asked at the beginning of this budget process for what Alderman Gatsas is asking for. We have not got it since. They expect us to give them \$112,000,000 and they cannot justify what the number is. That is the problem is eventually you just pick a number and hope that it works because you can never get an answer from them.

Mayor Baines stated Alderman Wihby, as you know, I have expressed my concerns on many different occasions about that issue.

Alderman Wihby asked did anything happen when you asked for numbers on your budget. We look like the bad guys, Your Honor, because we want to give them what we think is right but when we do not have the information to go by. Then all of a sudden they say that means we are going to cut athletics but we cannot get the information nor could you in the beginning. I do not know how we proceed. That is half of the budget.

Mayor Baines stated and it is half the battle. In fact, it is all of the battle at this point in time because as I have said repeatedly and I do not want to get into the rhetoric of this I would like to try and handle it as professionally as I possibly can but that has been an issue. The credibility, the numbers, the back-up information. We went through that during our budget process. I have explained it. I tried to explain it the other night at the Joint School Board and Aldermanic meeting. There are people on the other side on the Board that do not believe it or do not have credibility with the statements or do not believe what we are saying but it has been a very frustrating process. We did make some progress this year. When we request information, we should have it and I agree with that. I would express it in a little bit different way. I will attempt to get the information tomorrow because it is absolutely essential that we have the information to make a responsible decision. I will stand by that.

Alderman O'Neil asked I certainly, in the past, have been a big supporter of the Superintendent and I continue to be but when members of this Board ask for information, the School Board has to realize that we are on the same side. All we are trying to do is develop and approve a budget that is fair to all those involved.

Nobody is out to “bash” the School District. We have to get as much information from him as we can. As Alderman Wihby stated, they are half the City budget.

Mayor Baines stated if you remember, in my budget message I said their number would either go up or go down based upon the information and the validity of the information that they presented. I have been very clear on that. My frustration is well known on the other side. They are frustrated with me over there because I keep saying it but what I am saying is the truth. It is very difficult to get accurate information that we need.

Alderman O’Neil stated I am coming from the other side. I have been a supporter of the Superintendent and continue to be today but you need to convey to him that we need the information so we can make a reasonable decision.

Mayor Baines stated and I will certainly convey that tomorrow.

Alderman Gatsas stated I certainly am an advocate for children. I am a great believer in children. But I do not think that the children should be put in the middle of a situation when it is administration. When somebody says to me in the budget they prepared they told us and continue to tell us that they hired one hundred fifty eight tutors on-hand. That is what they had in FY 2000 and that is what they had for this year. We then get a report right here that said they hired an additional one hundred fifty eight tutors. I would think that somebody in this process in the last three weeks, four weeks, two months would have said, “Gentlemen, this number is not right. I made a mistake and I am sorry. It is not one hundred fifty eight it is three hundred sixteen”. Because that is what this is telling me. An additional 1.5 million dollars. When somebody says, “Give me the list of all employees” and you get this something says there is something wrong. Do not come back and say to me we have to cut books and student athletics. Maybe we need to cut administration because it is not right. It is not fair to put this Board at challenge with people that are saying you do not want the betterment of the kids because you are cutting school athletics. They came back to us and said these are the cuts that the Mayor looking at \$108,000,000 and we are looking at books and athletics for \$300,000. They could have found \$300,000 somewhere else to take the two gasoline issues out. But no they did not. They brought them to us and said here they are again. That is not fair. I only look at things as being fair. If it is fair to give the kids \$150,000,000 and we have the ability to do it I do not think anybody on this Board is going to say no. But when we do not have it and you ask for information and you do not get it that is very upsetting. I know you do not like it and I do not think anybody else here likes it.

Mayor Baines stated there is unanimity on your last thoughts.

Alderman Shea asked Ted, do you have a list of the new tutors.

Alderman Gatsas replied this is what they are saying, "new hires".

Alderman Shea asked are those one hundred fifty eight names in this book right here the same.

Alderman Gatsas replied I cannot tell you Alderman, if they are. It says one hundred fifty eight here and they said they hired new one hundred fifty eight. Take a look at the 1999 report that you see here is one hundred thirty employees in 1999.

Mayor Baines stated we have made our point now and we will definitely deal with this first thing tomorrow morning. All I could say to you is that I will convey it directly to Mr. Tanguay. Wayne will talk to his Administrator, Kevin Mahoney who has been more than forthcoming with information. I am sure we will get it for you.

Mr. Lolicata stated I was asked here yesterday to come in here regarding revenues. Basically, I guess I am wondering what I am supposed to bring in for next year. You know, May 23rd I am coming in with a proposal. I do not have a crystal ball and I do not know how you think. Based upon that premise, I came up with a couple of scenarios. I have about three of them for the 23rd to bring in an increase. You people are going to be deciding that. Right now, I have down \$2,800,000 for next year's money to bring in. I am going to fall short this year maybe by \$200,000. If this thing goes through with you people on the 23rd I think you will see an increase of a minimum of possible \$350,000 to \$400,000 to a maximum of \$600,000 plus. Add it onto my \$2,800,000. That could either go in between or could go higher depending upon what you choose for the rates we bring in. This is just leases. Right now I do not know how it is going come out. We do know that something will probably happen. It is based upon what you people are going to decide. First the Traffic Committee and then it will be brought to you. Basically, right now I am working with \$2,800,000 for next year to bring in, which is doable. The past couple of years we have had troubles because waiting for UNH. I have different reasons here why the amount is off by \$200,000 before the year is over. Stark Street, we lost that all year you know that. That is on going. Destruction, I lost a lot of meters. Meter heads are being covered. There are about five or six reasons but needless to say I will be close enough. Every year it is a bouncing ball with meters in this kind of revenue.

Alderman O'Neil asked you made a point about the construction bags. What do we get for those.

Mr. Lolicata replied violation charges might be \$3.00 or \$4.00 or \$2.50 per day. I am being hit also with a lot of our bags. Like the telephone company needed extra bags. Today a funeral fifteen bags fifteen meters for all day.

Alderman O'Neil asked when you say your bags you are talking no parking at that spot for that day.

Mr. Lolicata replied in the affirmative.

Alderman O'Neil asked what about the construction.

Mr. Lolicata replied the loss of revenue they may gain something down at Violations but I loose out on the meters.

Alderman O'Neil replied should we be taking a look at raising the fee for the construction bags.

Mr. Lolicata replied possibly but that is Parking Violations that will have to look into that. Once those bags go on it is a loss of revenue for me.

Alderman O'Neil asked you are talking no parking at that spot for a period of time.

Mr. Lolicata replied that is minute this year.

Alderman Clancy asked where were those fifteen spots taken today all day for a funeral.

Mr. Lolicata replied the police requested that and it was for St. Joe's.

Alderman Clancy asked all day.

Mr. Lolicata replied I do not know. They put the bags out but the Police picked them up. It had to be well after noontime or maybe they left them on for all I know. I have not gotten them back yet. Things like that happen three, four, five times a year. That is a loss.

Alderman Clancy stated those are prime meters up there.

Mr. Lolicata replied it is minute but they do add up. You have the Chase Building this year we lost about half a block on and off. They fixed that over. They may have gained a couple of dollars in Violations but I am loosing the revenue on the meters.

Alderman O'Neil asked whose budget does the gain in the construction bags show.

Mr. Lolicata replied most of those bags are Parking Violations. We have our Bedford Lot that is going to be filled in July this year. UNH is coming in. I have been taking a loss along...this will be staff. But in the meantime, we try to get as many as possible by having to fill it up. Myrna Shoe I have forty them for the last year. July I can fill those up. All of these add up to a few thousand dollars a year that is the reason for fluctuation.

Alderman Thibault asked the Pearl Street parking lot you are doing something with Brady/Sullivan.

Mr. Lolicata replied that is correct. I have to bring that in, Alderman, as part of the plan that we have going on the 23rd. On the leasing program these gentlemen are asking for ninety more spots. I have maybe three-quarters or eighty percent already leased. But we are noticing surveying seventy; eighty, ninety spots a day are not used. I am going to come to this Board asking to come in for overage. We have also done a survey north of Bridge Street whereby those two-hour meters on the side street can be utilized for all day parking instead of two hours as well as with permission from the Board in that section only a possibility of permits. That building down there is getting a lot of people. The northern section has taken off. These are some of the plans I am going to come in with on the 23rd. As far as accuracy, I cannot come up with anything but I am predicting besides 2.8 million dollars for 2001 that I can come in with at least \$350,000 more up to \$600,000 plus depending on the programs you help with me.

Alderman Levasseur asked is Parking Violations and Traffic two separate departments.

Mr. Lolicata replied in the affirmative.

Alderman Levasseur asked so we have two department heads for something that should be just taken care of by one.

Mr. Lolicata replied it is based upon the actions of the Police Department also have the people giving out the tickets.

Alderman Levasseur asked are you having a hard time collecting money to get a lousy ten meters the other night and in the meantime these guys are collecting money on parking bags and you cannot get the money out of them for a couple

more meters. We need another three hundred meters. Is that what is going on here.

Mr. Lolicata replied right now because of downtown projects going on they have even run short and bought my bags and charged. That happens all of the time. Sometimes with progress there comes a recession of money.

Mr. Hobson stated for organizational purposes Parking Violations and Parking Control Officers the enforcers and the collectors they are part of the Police Department.

Alderman Levasseur stated I agree with Alderman-At-Large O'Neil because I know that those bags are not very expensive for the amount of time and space they take up for a day. I have rented them myself and it is a bargain. I would like to rent one of those meters all day long and have that meter for myself for the price that you get. It is like \$2.00 per day compared to \$8.00 that you would be getting on those meters. We really need to take a look at that also. As a downtown guy, I hate to say it but construction is down there and that is great. I like to see the buildings all fixed up but at the same time that is a reasonable rate to be able to get for them to have a place right in front of the building and take up three or four parking meters. They could be paying a little bit more money.

Mr. Lolicata stated they might have \$4.00 or \$5.00 per day.

Alderman Levasseur stated it should be more.

Alderman Clancy asked the lot at Bridge and Elm Streets who is giving Brady and Sullivan permission to use that lot do you know.

Mr. Lolicata replied MDC probably.

Alderman Clancy asked Alderman Thibault are they getting any monies from that.

Alderman Thibault replied in the affirmative and stated we are but I cannot tell you exactly what it is yet because it is not a set fee yet. We are looking into that right now to set a nominal fee for the whole area.

Alderman Clancy stated the other night at Traffic Committee meeting I proposed that we have not gotten any monies from that for eight to ten years. If we resurface it and probably put some cars in there.

Mayor Baines stated I have a meeting with them later on this week but there may be something coming down the road. There is some interest being generated.

There are some things that may be coming forward and at this point in time we need to be a little more patient.

Alderman Thibault stated I was not at the last meeting because I had to go to Pittsburgh last week.

Alderman Sysyn stated they did not bring up anything on that.

Mayor Baines stated there is some interest being generated as you can see with downtown especially with the Margaritas. We met with the owners yesterday and a very impressive gentleman. This is their fifteenth restaurant so you will start to see some things happening.

Alderman Gatsas asked we appropriated a lot of money for additions to parking in the millyard. Is there a possibility that by next Wednesday that you could come in with an idea that said if we took the funds that we are looking at and combined them into one package and built one garage that would house seven or eight hundred cars to accommodate the problems that we have there now. Maybe we would accommodate enough money in one spot. We are doing this in a piece-meal manner. We are spending one or two million dollars for sixty spots at one end. I believe we are spending some money in another one. Can't we sit down and say I think we have five million dollars that we can do this with and five million dollars will appropriate at ten thousand dollars per space five hundred spaces that we can build instead of looking and saying five million dollars now is only going to build us one hundred fifty or two hundred or two hundred fifty. I do not know what that magic number is. You are in the business and you do it everyday. I know that we look at problems and try to get them resolved to help people but you may come in and say we are putting in sixty spaces here and we are putting in seventy spaces there and we are putting another eighty spaces if we combine this we could build one garage with five hundred spaces to accommodate a lot more people. The number that they built out at the airport was somewhere in the vicinity of eight to nine thousand dollars per space. If they could build it at that large realm maybe we cannot get it on five hundred spaces but maybe we could get it on ten and for five million dollars we have the ability to do this because obviously there is a need for spaces.

Mr. Lolicata stated years ago when they first started we had a proposal which goes way back to Mr. Hoben, Mr. Snow, myself and a few other people and came up with three long-range deals with them in the millyard. There was nothing then. Short range, middle range and right now you are into what I call a long range and that is close to a garage. I would suggest to you what I have seen in the last five years. Going down and meeting with one of these companies that the proposal of all the millyard revenues alone possibly being dedicated toward the building of a

garage or looking into that aspect. The other thing is with the growth in the millyard there has to be a saturation point where they cannot grow any more. Every millyard is going to be filled sooner or later. Every floor will be taken. One company has the fifth floor of Waumbec we saw that. Soon there is going to be a standstill where you just cannot be anymore unless you start building more mills. What that number is I do not know. What I do know from that company that you and I were privileged to watch, if there is four to five hundred more people that could fit into that millyard that would be something to look into for maybe a one thousand car garage, five hundred car garage something along those lines and possibly this Board could look into the millyard area revenues. That means some on-street permits towards building that garage. That would take away from the General Fund outside of what we talked about before.

Alderman Gatsas stated I hear what you are saying, Tom, but what I am saying is that the funds that we have already in motion for building two parking level garages or additions to spaces that we have to accommodate some of these people. Maybe somebody here could help me. It is in the CIP Budget that we have approved. I do not think there is any other money around. I am sure by the time we are done there is probably two or three million dollars that we have in these parking situations that if we went out and bonded another two million dollars we could put up a five hundred car garage and be done with this situation.

Alderman O'Neil stated if I recall, Alderman, in the LDR study they recommended three garages; one at the south end which we believe the State of New Hampshire is going to fund south of Granite Street, they recommended a significant garage of eight hundred to one thousand cars at the Arms lot. Their design had it somewhat tucked under the bridge and then something up in the north end and they felt three major garages would address instead of all these little decks here and there. The problem is nobody has laid out a plan for us to say this is the way to go and the only approach we are able to with now is addressing these decks at the lots. I am all ears if it makes financial sense to build the garages.

Mayor Baines stated we have done enough studies on it and most of you got a letter recently from Amoskeag Industries following this debate about that. They did a study and then we followed it up with the Desmond study. At this point in time, Alderman Gatsas is absolutely correct on this that we need to chart out a course to deal with that issue down. There is no question about it.

Alderman O'Neil asked maybe it is appropriate that we direct staff to come back in a very short time with some kind of recommendation on that.

Alderman Gatsas stated I agree with Alderman O'Neil because right now I am sure that they are out there starting plans for the one that we just appropriated for 1.2 million dollars.

Mayor Baines stated there is immediate need right there, as you know, because of what is happening down in that area.

Alderman Shea asked Tom, when we are talking about parking garages we have not mentioned space. Is there space available. When we say we are going to build a 1.2 million-dollar garage for sixty cars is there space available for a five hundred-car garage. Is that another problem.

Mr. Lolicata replied there are two or three locations that could be looked into. We need a study done. One a long time ago we were thinking about and still feasible is the Bedford lot itself. That is centralized and pretty decent. We are also looking at the south end. The northern end I think Public Service has a lot of land up there that they are not willing to sell right now.

Mayor Baines stated we are here to discuss Tom's budget and we have been talking about parking garages and we need to take that back and do that as a separate activity. I would like Tom to get through his budget presentation so we could go on to the others and we could get home at a reasonable hour this evening.

Mr. Lolicata stated basically outside of what I just told you as a minimum and a maximum are the increase in revenues. I will have an exact number once you people decide. Especially the Traffic Committee on May 23rd. You are going to have three scenarios and I will come up with three answers for you.

Alderman Vaillancourt asked just assuming we decide on your maximum scenario you are saying \$600,000 is the amount.

Mr. Lolicata replied that is correct. It could possibly go higher.

Mayor Baines stated Tom is giving you a very pragmatic response here tonight. You are going to come back with some more information and I appreciate that.

Alderman Hirschmann asked your contract manpower item is up a half-million dollars and your salaries are down. Are we privatizing something.

Mr. Lolicata replied in the negative and stated most of that contracting is in the garages. Most of the money is the garages. They have a lot of contracts for the elevators.

Alderman Hirschmann asked in the contract manpower column there is a zero. In the Mayor's Budget it is \$519,000. I just want to know what that is.

Mr. Hobson replied we recommended moving, in the past, the contracted services salaries for the parking garage people were in the regular salaries account. We recommended in the Mayor's Budget to move it out into professional services.

Alderman Hirschmann asked they already were private right.

Mr. Hobson replied in the affirmative and stated into 591 professional services.

Alderman Levasseur stated Your Honor, before we go to the next person I want to ask a question. Because the clock is ticking and the days are getting shorter, before we get to this June 6th date, what Alderman Gatsas is saying right now is not something that can wait another three weeks or two days or whatever. We need to discuss as a Board right now. Are we going to spend the 1.2 million dollars for seventy parking spaces or do we want to go with his proposal to build five hundred fifty spaces and that means opening up the CIP Budget.

Alderman O'Neil stated I do not agree with Alderman Gatsas' philosophy on maybe it makes sense to build the bigger facilities. The problem is we are never going to resolve that in two weeks. With regard to specifically the Gateway project, they have tenants moving in July and August. We would never get garages built in that timeframe. That is the problem. This should have been discussed a year ago or two years ago.

Mayor Baines stated we can discuss that but I would not personally be in favor of doing that in terms of this project. That project from my perspective, we need to let that go and we need to go ahead with that but I also concur that we need to have a staff start working on the viable proposals to come to the Board with parking.

Alderman Shea stated that is what I was getting to about space before. That is exactly why I was bringing that up about space.

Alderman Levasseur stated to make a point here, Your Honor, this should have discussed a year or two ago that is great but it was not discussed but in the meantime we could build a four hundred fifty five parking spot right down the road in a couple of weeks with this plan for \$150,000 you could have that done before July at Rubenstein Park. He said he could do that and be done in no time. So they would have plenty of spaces there and take the 1.2 million dollars and use that for a bigger garage. Do not say there is not going to be enough spots by July 1st, Your Honor, when we could get a four hundred fifty four up in a quicker time

than we could do this other one. I am only saying this because as a Board, we always do this stuff. We never plan enough for the future and now we are given an opportunity to maybe just take the breaks for one second and do something smarter which is what we are here to do.

Alderman O'Neil stated it is not apples to apples it is apples to oranges. The Rubenstein property is relatively flat now. They are going to have a company come in and just clear the land a little bit. They are going to grade it, put some gravel in and some base pavement. That is not the same thing as what is happening with that deck. That is a completely different issue.

Mayor Baines stated this is not going to be solved tonight. This is a Finance Committee meeting to deal with the budgets and I need to move these departments along here.

Alderman Gatsas stated I certainly agree with Alderman O'Neil but if this were private business and I think as many times as I have now heard this CEO's and Board of Directors and in four months we are going down the path that we are thinking that we are a business. If this were a business, and we would not tomorrow appropriate 1.2 million dollars to build sixty spaces when we have the ability down the street. If we went to those tenants and said to them gentlemen, we have a plan and the plan that we have in the future is to build a five hundred-car garage. We have the ability, instead of building sixty to build one hundred twenty with 1.2 million dollars. I do not think that any business person if you laid the plan out for them would be opposed to something when the Rubenstein property is available for them to park on whether it is a year, six months, I do not think there is that much of a difference. I do not think that business people if presented to them correctly are going to be opposed to something like that I really do not.

Mayor Baines stated the City Clerk would be next to present their budget.

City Clerk Bernier stated the second page on the handout in regards to revenue if you look at the first column; we gave you the actual revenues that were received in 1999. If you look at the third column to your right that is the money we received as of May 15, 2000. The fourth column is what I gave to the Mayor. The fifth column is what I revised and it is a downward. The reason for that is that if you read the second or third paragraph, we have lost from the Poker Machines of a number of 383 down to 107. If you look at your third column again, the 5/15/00 the City Clerk's Office has done well in receiving revenues. Basically, we are going to be on target except for the loss of revenues in the Mechanical Devices.

Alderman Vaillancourt asked what is a mechanical device.

City Clerk Bernier replied it is a poker machine.

Alderman Shea asked are we still charging the same for the \$180,000 as we charge for the \$544,000 or can we increase the cost. How much are they now.

City Clerk Bernier replied we charge for each mechanical device (poker machine) \$1,500.

Alderman Shea asked we couldn't charge anymore because of the extra amount of police.

City Clerk Bernier replied that would be a policy of this full Board as well as the Committee of Administration.

Mayor Baines asked so the Board could raise it to whatever fee it wanted.

City Clerk Bernier replied it needs to be reasonable. What the cost is to administer.

Alderman Shea asked does it cost anymore because of the price of gasoline and oil.

City Clerk Bernier replied if we could include the investigation from the Police Department then we could probably up the fee.

Alderman Shea asked what would you suggest.

City Clerk Bernier replied I would have to find out what the cost is from the Police Department to do an investigation then we could appropriate accordingly.

Alderman Shea asked could you do that, Leo, and have a little bit more information.

City Clerk Bernier replied in the affirmative.

Alderman Thibault asked in these mechanical devices, do you include your jukeboxes and some of the other machines that they may have.

City Clerk Bernier replied in the affirmative. It is a small portion from that number about \$25,000.

Alderman Thibault asked but there are others besides poker machines. There are many mechanical machines in some of these social clubs like pinball machines. Those are all mechanical devices.

City Clerk Bernier replied that could be looked at also.

Alderman Shea stated but we are not saying that the Police have to get involved with that.

Alderman Thibault stated I am just saying there are mechanical devices and I do not want it to be misrepresented as only poker machines. There are all kinds of mechanical devices.

Alderman Shea stated what I am suggesting is because of the additional cost in terms of supervising...the Police conduct raids and so forth. That is what I am suggesting. They do not raid jukeboxes.

Alderman Pariseau asked Leo, line item number 7697 Animal Population Fee \$2.00 what is that.

City Clerk Bernier replied that is returned to the State of New Hampshire. It is used for programs to neuter or spade stray animals.

Deputy Clerk Johnson stated the \$2.00 fee is required as a return back to the State of New Hampshire on every single dog license that we collect on and those State fees are tied into actually the Department of Agriculture and some other things. It does not pay for rabies or those kinds of things. There is a provision in State Law which we were going to bring in and introduce this year to increase the fee by \$1.00 for each license but the Police Department went out and beat us to the gun and advertised what the price of the dog licenses were ahead of time. If you were to increase the fee by \$1.00 you could donate that actually to your shelter to cover some of those expenditures that the shelter has in your locality. Nashua does that and some of the other communities do that and perhaps it is something we will bring to the Board for consideration over the next year. You could raise another \$6,000 or so for the shelter that way.

Alderman Pariseau asked Leo, I noticed that we have generated \$79,309 for our dogs in the City of Manchester. Could we start charging for cats.

Deputy Clerk Johnson replied in the affirmative.

City Clerk Bernier replied there is some flexibility in the State Law and yes you could.

Alderman Pariseau stated I do not know if it would be the wish of this Board to start charging for cat licenses. I will move to make that motion, Your Honor.

Mayor Baines asked do I see a second. There being no second, the motion fails.

Alderman Vaillancourt asked if I could go back to the mechanical devices, you talked about the Police raids and you noticed that I have tried to get a figure from the Police Chief on two separate occasions but it has not been provided so I hope you have more success in getting that than I did. But I wanted to tell you all that in wandering the halls of the State House today I ran into one of Manchester's finest Mr. John Stephen who has promised to get me information on how much that raid costs the State Police. We will be getting that information whether or not we get it from the City side. He is in the process of procuring that information now even as we speak.

City Clerk Bernier stated again we would have to address with the Committee on Administration.

Alderman Gatsas asked Leo, where did you get your number for Cable TV fees.

City Clerk Bernier replied our current is \$402,000 we expect a \$140,000 check. I would assume it would go from 3% to 4% and that is how I projected the \$640,000. The contract needs to be signed by July 2000.

Alderman Gatsas asked according to the budget that we saw from Grace Sullivan it showed her revenue with 2 ½% that she was assuming was \$409,000 so if I use her number who is the expert in the field and use \$409,000 and double that because we are looking at \$818,000 for a revenue. That number we could probably revise by somewhere in the vicinity of \$180,000 upwards. Looking at the rest of the numbers that you have in your budget is there anything that you would suggest for a change to increase your revenues.

City Clerk Bernier replied Sunday License 4723. As you noticed in 1999, we had \$83,000 currently we are at \$71,000 we still have a couple more weeks that second notices have gone out. It would be fair to say you could move that to \$80,000 so it would be \$5,000 upward.

Alderman Gatsas asked you do not see any other increases anywhere else. You would not change fees for the mechanical devices.

City Clerk Bernier replied that would have to be decided by the Committee on Administration but the number could be \$3,000 or \$5,000 I am not really sure.

Alderman Gatsas asked what would you use as a number.

City Clerk Bernier replied you could probably double it on mechanical devices. Instead of charging \$1,500 probably \$3,000.

Alderman Lopez asked when you went through and got the \$1,500 charge fee that there was a State Law in reference that you could not overcharge. That came out in the newspaper back when you gained the \$1,500. Is there anything like that or do you recall any conversation.

Mr. Clark replied there was considerable discussion about what the fee should be back when it was raised to \$1,500. Under State Law, Manchester cannot tax. We cannot initiate local taxes and we cannot consider this a tax. This has to be a fee that relates to the administration and regulation of the mechanical amusement devices. The fee has to have a reasonable basis to the cost of administering the program in the City Clerk's Office and the cost of enforcing it with the Police Department. The \$1,500 that came about through work in the Committee between the City Clerk's Office and the Police Department justifying that number. In my own mind, I would think you would have an awful hard time doubling that fee. You could not justify that as a reasonable relationship between administering the ordinance. It would be looked at more as a tax.

Mayor Baines asked so it cannot be arbitrated.

Mr. Clark replied in the affirmative.

Alderman Wihby asked Leo, even though you say you could pick up \$5,000 it is still a negative from the Mayor's revenue.

City Clerk Bernier replied in the affirmative.

Alderman Wihby asked the \$17,000 for Animal Population fees why is that a negative.

City Clerk Bernier replied the fee goes to the State of New Hampshire.

Alderman Wihby asked are you collecting the money.

City Clerk Bernier replied in the affirmative and stated and then we in turn have to send a portion of it back to the State of New Hampshire.

Alderman Wihby asked so why is it a negative. We are sending them more money than we collect.

City Clerk Bernier replied in the negative and stated we collected \$59,000 currently under 4700 Dog Licenses.

Alderman Wihby asked then we send them \$17,000.

City Clerk Bernier replied in the affirmative.

Alderman Wihby asked in the Mechanical Devices, it is \$187,000 year-to-date why happened there. We should say that is going to be \$200,000. If it is \$187,000 you still have two months. If you assume just the same amount of machines.

City Clerk Bernier replied the license period is almost completed and we would also be projecting for next year 2001. We only had 107 licensed poker machines dropping from 383. In the Mayor's Budget I anticipated 175 and I was way off so that is the reason for the revised numbers.

Alderman Wihby asked so you are expecting fewer machines next year.

City Clerk Bernier replied in the affirmative.

Alderman Wihby asked is that the same thing per State for Marriage Licenses that we bring in \$40,000 but then we pay \$34,000.

City Clerk Bernier replied in the affirmative.

Alderman Wihby stated so basically other than the Cable Fee...I asked you once at one of the meetings what the Mayor had put in for Cable Fees and you had told me \$500,000. Are you now telling us it is \$620,000 that he used. Are those your numbers on the requested budget.

City Clerk Bernier replied in the affirmative and stated \$620,000.

Alderman Wihby asked did the Mayor use \$620,000 in his revenue number.

City Clerk Bernier replied that is the number I placed.

Alderman Wihby stated the Mayor's number is the exact number as yours but I had asked what the Mayor had used and you had said \$500,000. Is it that he used \$620,000 because he used your revenues.

City Clerk Bernier replied in the affirmative.

Alderman Wihby asked even though you are saying we could add here or there because of the Mechanical Devices you are saying we should count on less revenue than the projection.

City Clerk Bernier replied in the affirmative.

Alderman Thibault asked going back to the Mechanical Devices specifically the poker machines if by chance you could raise them to \$3,000 instead of 107 that you are at now you would probably end up losing revenue not gain revenue. That is not a good idea.

City Clerk Bernier stated that is something that the Committee has to think about and decide.

Alderman Thibault stated it is not a way to increase revenues. It will decrease revenues.

Alderman Vaillancourt stated it is called a point of diminishing returns. The Cable TV Fee have we got that audit completed yet. Are they actually paying us as much as they should. If somebody does one of those Wrestlemania things it is like \$35.00 or something. I would think the Cable Fee is supposed to include everything. We might not be getting as much as we should be.

City Clerk Bernier replied I understand that the Finance Department is looking at that right now.

Alderman Gatsas stated that is the City Solicitor and we are Dean Smith Four Corners.

Alderman Pariseau stated that audit has been ongoing for at least a year now.

Alderman Vaillancourt stated I hope we can collect back payments if they have not paid us enough for the last couple of years.

Alderman Pariseau stated one year is all you can go back. Leo, could we get an idea of what these fees are like a Sunday License. How much do we charge for a Sunday License.

City Clerk Bernier replied it is \$50.00 for the first 1,500 square feet. It is \$2.00 for every 100 square feet. The maximum is \$1,000. The last time we reviewed the fees was in 1995. It is time for them to be looked at.

Alderman Pariseau asked does this include the malls.

City Clerk Bernier replied in the affirmative. Each store pays their own Sunday License.

Alderman Pariseau asked how about the Peddlers License.

City Clerk Bernier replied that is \$150.00.

Alderman Pariseau asked the State of New Hampshire controls Marriage Licenses.

City Clerk Bernier replied in the affirmative.

Alderman Pariseau asked Building Rent.

City Clerk Bernier replied that is the Pearl Street apartment and the rent is sent to the City Clerk's Office.

Alderman Pariseau asked does the City owns this apartment building.

City Clerk Bernier replied they rent or lease Pearl Street Apartments was owned by the City and the rent comes to the City Clerk's Office. It is where it was established.

Alderman Pariseau asked what is that building.

City Clerk Bernier replied it is an apartment for elderly housing.

Alderman Pariseau asked subsidized housing.

City Clerk Bernier replied in the affirmative.

Alderman Pariseau asked how did you get one of these away from the MHRA.

City Clerk Bernier replied I am not sure. This was done five or six years ago that it was placed in the City Clerk's Office.

Alderman Levasseur asked who handles outside vending licenses is that the City Clerk's Office.

City Clerk Bernier replied in the affirmative.

Alderman Levasseur asked what are we getting for hot dog vendor machines outside.

City Clerk Bernier replied \$150.00.

Alderman Levasseur asked is that straight across no matter what size they use.

City Clerk Bernier replied in the affirmative.

Alderman Levasseur asked are you aware that some of these guys have six foot grills that can pump out \$800 or \$900 worth of food per day where a hot dog guy would probably make \$200. It should be either straight across the same or they should be various for the size of the grill that they are going to put out especially now that the Civic Center is going to be coming downtown you will probably see twenty-five of those places popping up downtown which they are going to hurt some of the businesses that have down here but whatever free competition and I do not want to get into that debate tonight but \$150.00 is very cheap because that is for a whole season which would go probably from March until November \$150.00 is very cheap money for that license. I would say we might want to bring that one up.

City Clerk Bernier stated the Committee on Administration would be working on that for the Civic Center.

Alderman Sysyn stated that is more than what some restaurants pay. They go by the square footage and I was paying about \$85.00 or \$90.00.

Alderman Levasseur asked they do not pay anything else just that vendor's fee. They do not pay any electric or heat or employees wages.

Alderman Thibault stated that is a good point and hopefully the Committee on Administration will be looking at that very seriously because I envision with the Civic Center that you could end up with 25 or 30 of these little carts throughout the City and it is time at that point for us to look at that and make sure we set an appropriate fee.

Alderman Levasseur stated I can tell you that a sausage for \$4.00 probably costs those guys \$.50 to \$.60 to completely make and they make some big money. They will not fight you on raising their Vendor License especially when you start bringing these big events downtown.

Alderman Thibault stated they are not paying taxes either that is the biggest thing.

Mayor Baines stated the Finance Department is next to present their budget.

Ms. Shaffer stated we have handed out various reports to you to facilitate your perusal of the revenues that come in to the City. The biggest packet is the revenue to date for all of the departments by Revenue Source. On the right side there is a column that is an addition to the Mayor's Proposed. The Mayor's Proposed is in the fourth column over. After you spoke with the Assessor's Office the other evening they asked us to put a couple more revenues in for a couple more of those sources. That amounts to a \$12,001 increase. Traffic Department also has increased some revenues slightly. This is some of the monthly leases that they have increased through the discovery of some of those reticent revenues. This is on page 30.

Alderman Levasseur stated on the first page you have \$12,001 at the bottom is that what you are talking about is an increase in revenue. That is your change.

Ms. Shaffer replied in the affirmative.

Alderman Levasseur stated it would be better if we went right through page by page.

Ms. Shaffer stated there are only three departments that that showed changes at this point and that is the reason I was trying to skip through those before I got to Finance Department. Those are increases in the Traffic Department revenues that had been discussed previously for monthly lease payments. Then the third one that there are changes to is the Finance Department. That is on page 9. If you will note, right at the bottom of the page I am showing a \$352,000 increase and I would like to go over those changes briefly with you.

Alderman O'Neil asked Traffic Department does not reflect their proposed increase.

Ms. Shaffer replied in the affirmative. Any of the proposals are over and above the numbers that are showing here. If you will notice, on page 8 as you go down the first item that we are showing an increase is under the Meals and Rooms Tax revenue. That is Revenue Source 4083 and that is for \$227,458. This is formerly revenue that was split between School and City. What we did in order to clarify whether or not it should be classified as a City or a School Revenue we called

DRA and they advised us that it should be on the City side of the books. So we added that \$227,000 here.

Alderman Clancy asked what is the percentage between the Rooms and Meals Tax that goes to the City and for the Civic Center.

Ms. Shaffer replied this amount here that is going to add up to the \$454,000 this is the amount that the General Fund has gotten for years since the 1970's. The General Fund is still realizing that same amount of money. It is the increment that is over that amount that is going towards the Civic Center at this point for the debt service. Then as we go further down to 4770 Income from Invested Funds. In light of the fact that the Fed. has raised the rates and that we are performing quite well this year, I have pumped that up by \$250,000. This was done earlier this year when we were not sure that we were going to realize higher rates later in the season. As we look forward to next year and as the Fed. has just raised recently between now and the time the budget is approved there is a possibility that we might even recommend another one or two hundred thousand dollars there.

Alderman Shea asked is that from the CD's that you invested in.

Ms. Shaffer replied in the affirmative. This is the excess cash flow of the City

Alderman Vaillancourt asked you did not raise that since yesterday.

Ms. Shaffer replied in the negative.

Alderman Vaillancourt asked but you have another fifty-basis point and probably another fifty to come in the next two months.

Ms. Shaffer replied in the affirmative.

Alderman Vaillancourt asked how much more do you think there.

Ms. Shaffer replied a possible two hundred thousand dollars.

Alderman Vaillancourt asked plus what you already have.

Ms. Shaffer replied in the affirmative. Then if you turn to the next page the Revenue Source 4819 this is the debt recovery for Livingston Park for the donation that the Gatsas family has made. This is on page 9. Then we are going to go down to 4827 it says Debt Recovery Impact Fee. Over here I have factored out \$150,000 and this is per many discussions that we have had. The fact that the Impact Fee that we are recovering here is really attributable to Schools. This is

part of the School Impact Fee that the City has been collecting. So if the School is basically going to be responsible for the Debt Service they should get credit for any of the Debt Recovery Revenue that has come about due to the Impact Fee that the City receives. I have reduced this \$150,000 on this side but that should be added to the School side of the revenue package so that would give you an extra \$150,000 there.

Alderman Cashin asked so that is a “wash” is that what we are saying.

Ms. Shaffer replied in the affirmative and stated it is going to be School Revenue as opposed to City. That brings us down to the bottom for \$352,000 additional that Finance has put forth here at this point. I know there have been numerous questions about Impact Fees over the course of the last few days when you have had some budget meetings regarding revenues. I did want to let you know that there is 1.3 million dollars sitting in an Impact Fee Account for Schools presently. I know there were various inquiries about what exactly the amount was that we had on record. In addition to this \$150,000 that we realized this year, which I will also, turn over to the School Department there is still 1.3 million dollars sitting there.

Alderman O’Neil asked what are the criteria for drawing on the 1.3 million dollars.

Ms. Shaffer replied essentially the way that was structured I believe that is at the discretion of the Planning Director and the Finance Director to determine exactly how they want to allocate that money out. Bob MacKenzie is here and he can correct me if I am wrong but it is my understanding that it can be used for construction or for Debt Service Recovery as it is in this instance.

Alderman O’Neil stated Your Honor; it might be appropriate for Mr. MacKenzie to speak. My question, Bob, is that the fact that we are looking at an addition to McLaughlin School I would have to guess that the majority of that 1.3 million dollars has come out of new home construction in Southeast Manchester. Would that be an appropriate project to utilize some of that funding.

Mr. MacKenzie stated in the affirmative.

Alderman O’Neil asked as opposed to an addition in another section of the City that maybe those Impact Fees were not drawn from.

Mr. MacKenzie replied although there has been a lot of construction in the Southeast part of the City, we have seen actually the fees come in throughout the City. The way that the past improvements have been made, basically anybody

contributing in the City has seen improvements. Someone in the Northwest part of the City, Impact Fees were used to help Parkside School addition.

Alderman O'Neil asked how much of the Impact Fee fund did we use towards Parkside.

Mr. MacKenzie replied there was \$250,000 earmarked of the Impact Fees towards the addition.

Alderman O'Neil asked how do we determine that number. Is there a formula.

Mr. MacKenzie replied there is no formula per say. I know at the time when the Board wanted to do the Parkside addition the fund was just relatively new. We tried to strike a balance between how much was bonded and how much came out of the fund.

Alderman O'Neil asked roughly in the case of Parkside it was approximately ten or eleven thousand dollars per classroom.

Mr. MacKenzie replied in the affirmative.

Alderman Shea asked if we were to put an addition onto McLaughlin School does the State of New Hampshire contribute any money towards that addition.

Mr. MacKenzie replied the City would have to upfront the entire amount. But over time, the City would get back 30% of the principal but that is each year. So if we bonded for twenty years, we would get back 30% of the principal each year that we would be paying into.

Alderman Shea asked but the State of New Hampshire would contribute so much towards it.

Mr. MacKenzie replied in the affirmative.

Alderman Shea asked according to my figures they have 1.45 million dollars in Impact Fees when Joanne Shaffer added \$150,000.

Mr. MacKenzie replied I would want to check with Joanne to see if the amount for Parkside and McLaughlin has already come out of that total amount collected or not.

Ms. Shaffer stated it has not been segregated in that particular matter. We have just done an overall Impact Fee Recovery of \$150,000 that encompasses all of those projects.

Alderman Vaillancourt asked line 4929 I am sure our airport would like to contribute a little more. I noticed that your actuals already are \$15,000 ahead of what you are projecting for next year. With Yarger Decker are we not spending more money out there at the airport.

Ms. Shaffer replied basically for the Airport Reimbursement this is actual time spent by our staff on airport related items. Because we did a bond sale this year, we contributed a considerable amount of time and charged back the airport for it. That is the reason this number is up this year.

Alderman Thibault asked if I look at everything you have just said here we have increased revenues by \$1,562,000 is that right.

Ms. Shaffer replied in the negative and stated I am looking at the Mayor's Recommended when we are talking about increases in Revenue for the next budget year.

Mayor Baines asked what is the total increase from what we had when we put our budget together.

Alderman Shea replied \$532,000.

Mayor Baines stated \$532,000 difference between the revenue projections now then they were in March.

Ms. Shaffer replied in the affirmative.

Mayor Baines stated Joanne, explain each change the specific item from what we estimated in March to where we are right now.

Ms. Shaffer stated if you take the second column, which is the revised budget minus the year-to-date...

Mayor Baines asked so is the total from all departments that you mentioned tonight approximately \$532,000.

Ms. Shaffer replied in the affirmative.

Alderman Lopez asked those were the only three departments that reported any changes to their figures.

Ms. Shaffer replied in the affirmative and stated thus far.

Alderman Vaillancourt asked we had kind of zeroed in on the Tax Collector the other night for perhaps more on the auto registrations and more from the Building Department. You are still waiting or have they come back and said no.

Ms. Shaffer replied right now I think that they are steadfast in what they said the previous night. They have not come up with any additional numbers at this point. Because you were talking about those particular topics the other night.

Alderman Wihby asked I heard a minimum of 200 and maximum of 500 that day from her saying it could be either one of those two.

Ms. Shaffer stated this is the revenue forecast that I have also handed out to you. This is a report that traditionally goes to the Committee on Accounts. In this report, this tells you what the budget, what has been collected citywide under these particular Revenue Source designations. Then what we do based on consumer confidence, historical data, etc. raises in fees and so forth, we project what we think we will see by year-end. If you note, at this point in time this is a helpful tool for us as we look at the numbers and how we are going to approach the end of the year in regard to fund balance. As you see here, at the end of April based on the numbers received then and what I project, I am saying that we are going to be about one million dollars in excess of the revenues that we had anticipated. I thought it was kind of ironic because I was checking some of the numbers when Mr. Gatsas was doing some of his calculations last night and a lot of his numbers and my numbers were quite similar in that regard for projecting toward the end of the year. The other handout that you got the other day that we gave you, that was just to show you the comparisons and the revenue numbers of the actual collected versus the budgets for the a five-year period so that you could get an historical prospective on how some of these things have been performing. The last handout that we gave out was numbers received from the School Department. There was a request for the School Department to give us some numbers to give us an idea of where they were at this year and what they were projecting for next year. The page with the big numbers on it comes straight from Kevin Mahoney. That is what he put together for your perusal. The five-year history that is attached to that is something that the Finance Department put together so that you could get a perspective on how the School Department revenues have performed over the years.

Alderman Levasseur asked your Meals and Rooms Tax number is that already given to you.

Ms. Shaffer replied in the affirmative.

Alderman Levasseur asked when do they make that determination of what your number will be.

Ms. Shaffer replied this is basically the number that has been collected in the last two accounting periods for which we have received Meals and Rooms Tax number.

Alderman Levasseur asked you do not think that because the economy has boomed this last year that number should go up a lot more.

Ms. Shaffer replied that is one of those numbers that stays steadfast every year. That is one of those held harmless similar to Rooms and Meals Tax.

Mayor Baines stated I just want to remind the Board that we have about twelve more minutes this evening because we established a 9:00 curfew the other night.

Alderman Shea asked the School Department projects that they are going to raise in revenues this year more than seventy-nine million dollars. That is a pretty good figure. Is that a conservative figure do you think.

Ms. Shaffer replied that I couldn't comment on because they are in charge of their own revenues and their budgets at this point. They provided this as a mechanism so that you would have numbers to look at.

Alderman Shea asked but that is not including any interest that they might get or any investments either is it, Joanne.

Ms. Shaffer replied I do not believe so.

Alderman Shea asked so their revenue could increase maybe one million dollars or so depending upon how they invest their money.

Ms. Shaffer replied it could.

Alderman Gatsas asked is there medical runs on this or not.

Ms. Shaffer replied in the negative.

Alderman Levasseur asked may I propose to this Board we have discussed and I know Alderman Pariseau has this question also that the Health Department came in here and they said that they are not charging the parochial schools and he said there was a \$60,000 number which we got the next day. We got a letter saying that the \$60,000 is not being charged to the parochial schools and this Board has the authority to say we can go out and charge that number. I do not want to wait until June 6th for this if we can do it now.

Mayor Baines asked what was that specific discussion about.

Alderman Levasseur replied when the Health Department charges the schools for the nurses that go into the schools but we are not charging the parochial schools and we asked the Health Department to come back and give us a number and that number is \$60,000 which is revenue that we could be getting.

Mayor Baines stated that motion would have to get on the floor and we would have to deal with that as a motion and then people could weigh-in.

Alderman Shea stated I am not in favor of that motion. The parochial schools give a lot of money and if they turn their doors open to the City we would be in big trouble. It would be penny-wise and pound-foolish.

Mayor Baines stated I agree in terms of your assessment of what they represent to our schools and the cost that they bear that would be bourn by the taxpayers. If people want to make motions like that then we can dispense with it one way or another. If you do not want it to linger I will accept the motion right now.

Alderman Levasseur stated I just wanted it for discussion it does not even need to come to the floor, Your Honor. I will not make the motion. I just thought maybe we would want to discuss it because it is a number and the Health Department as part of their revenues gave it back to us.

Mayor Baines stated but I do not want it lingering out there if people want to act on it one way or another let's do it and get it over with so we do not have it lingering at the last minute.

Chairman Shea stated I make a motion that we not charge the parochial schools any money.

Mayor Baines stated that is a negative motion it has to be a positive motion.

Alderman Vaillancourt stated Leo Bernier and I have been dealing with an issue today that is going to come before the legislature tomorrow. Right now, the City Clerk can charge \$25.00 per ward for a checklist for politicians running for office. The Election Law Committee of the New Hampshire House has somehow in their infinite lack of wisdom decided that the City should only be allowed to charge \$25.00 for all twelve wards. We are trying desperately to get that so it does not pass on the House floor tomorrow. If so, it would be a loss of revenue for the City Clerk's Office.

Alderman Gatsas stated I believe the other evening we were talking about Manchester Housing Authority and an agreement that was drawn up in 1952 with the percentage that they would agree to pay. I believe that is a negotiable item. I do not know if it is an opportunity that we can bring Manchester Housing Authority in here to have a conversation and dialogue that possibly we could open that up and increase it.

Mayor Baines asked Tom, do you know anything about that. I know that is out there. If the Board would like to have MHA in that would probably be something we could do obviously.

Mr. Clark stated that process is governed by Statute. The Statute on Charitable Non-Profits states 10%. The Statute on the Housing Authority does not state 10% but it does give them basically a veto power to have to agree to any payment. But you could bring them in and ask them. The Statute does leave the decision up to them.

Mayor Baines stated if that is the will of the Board to try to get them in at a subsequent meeting.

Alderman Thibault stated we could have Tom Clark check with MHA and then come back with some kind of a recommendation rather than just bring them in without knowing if we could do anything. We should find out if there is a process that we could follow.

Mayor Baines stated we could get together and talk about this then we could advise the Board.

Mr. Clark stated I would be happy to talk to the Mayor about it.

Mayor Baines stated Human Resources is next to present their budget.

Mr. Hobson stated we are looking at our revenue sheet that is on page 13 of the report that Ms. Shaffer passed out. One of the questions posed to us is that we are running at a year-to-date revenue of around \$35,000 over our projected of \$10,000. We budgeted in the Mayor's Budget at the time for \$25,000. The question is can you hit \$35,000 next year it is \$10,000 and the answer is yes the reason why we are seeing the pace pick up is the amount of open positions that we have and the amount of examination fees that we have been doing with Police and Fire and other positions. If that is part of the question for tonight, I believe we can hit that \$35,000 for next year.

Alderman Gatsas asked the Health Insurance obviously is of great interest to this Board and maybe you could shed some light on where we are and where we are going and what you have as an expert answer.

Mr. Hobson replied we do have updated information on expense issues tonight if you would like to deal with those.

Alderman Gatsas asked do you have papers to give us on vacancy rates.

Mr. Hobson stated the first report I would like to give you. When we can we do attempt to use both sides of the paper. Often we have problems with some of the equipment doing double-sided. I have been asked that question before. You will see that sometimes we will do double-sided and sometimes we cannot. We have some more good news on the Health Insurance expense. What you have here right at this moment this first report and we have others to handout to you, is a new version of the page 71. The last proposed changes FY01 are approximately \$127,000 less of cost in Health Insurance. The last number we gave you for City Health Insurance was approximately \$5,703,000. We are at about \$127,000 less than that. That is reflected in the proposed changes in that last line item. Also in that column we made the corrections that were brought up at the last meeting. For example, we had a data entry error of \$3,500 in the City Solicitor's Office. That is appearing in that column. That is an add-to. That is the first report. This is the new 71-pager.

Alderman Lopez asked on the last page \$2,572,000 is the change. I just want to make sure I am reading it right.

Mr. Hobson replied this report is very fresh. We printed it pretty late this afternoon. On that last page of the total what I would like to do if I could is make sure that I have all the proposed changes. The proposed changes overall from the last report that we gave you the entries that we have made are decreases to the expenses. We will have to take a look at how that last page is totaling. In the line items for the departments we have made decreases.

Alderman Clancy asked it says up top "Mayor's Recommended Budget Fiscal Year 2001 Budget by Department by Class".

Mr. Hobson replied one of the things that has happened with some of the proposed changes from some of the earlier sheets is that we also have some of the retirement money and the other issues that were appearing on other sheets are now appearing in the H T E budget module so that is what is happening with some of this. We will take a hard look at but we have overall decreases in the departments.

Alderman Wihby asked if I look at Parks and Recreation and I kept a running total from where we were with the Mayor's numbers to where we were with the first time that we tried to put the Health Benefit restricted items back in from there to the 71 page report to somewhere of \$127,000 total negative and that is what the sheet is trying to do. But when I look at Parks and Recreation for instance, it has gone up by \$20,000. I guess I was looking to say okay every department is going to go down and all the total department would be \$127,000 but I do not know why Parks and Recreation would go up \$27,000. I am talking about keeping the running totals to this report. I had asked Finance to run us the numbers. They kept on updating "Bud. Wihby". This is the third time we have gotten this report.

Mr. Hobson stated for example one of the things that would have happened in the Parks Department and you are right the overall numbers will still be coming down. If you recall, we did move the position that previously was in the Enterprise Account and got moved over to the General Fund. It was called Planner I. That is approximately \$36,000.

Alderman Wihby stated the numbers are not right. Your new number for the Health Department would be \$2,928,737 minus \$407,752 on page 50.

Mr. Hobson stated the new total Health Insurance number should be approximately \$5,703,015.

Alderman Wihby stated no the Health Department. I would take the Mayor's Recommended minus \$407,752 and then I would anticipate that from there it would be 2.2 lower because of Blue Cross less than my number and my number was \$2,000,531 and this is \$2,000,520 so it is \$11.00 which that number makes sense to me. It should be less. The Parks and Recreation number does not make sense to me because it is \$30,000 more and I do not know where that adjustment came from and I included that extra person in it. My only concern is that I have been running numbers, Your Honor, and do I now use up until this report I was anticipating a minus \$127,000 so now do I start punching this number in.

Mr. Hobson replied I would not do anything yet. This is an issue that was raised during the Mayor's Advisory Committee when we were going through the budget process. It was taking a look at what we were doing with employee turnover throughout the year. At last Wednesday night's meeting the issue came up again and because of the hiring freeze that the Mayor's Office implemented this year, our vacancy rate has changed freeing up more money in salary and benefits. So if you take a look at this top sheet I will just bring you through quickly a couple of these paragraphs. First of all, we average over the last two to three years about 8% per year on our turnover rate. That is people coming and going. A lot of our turnover rate is people who leave less than five years and people who retire. We are trending down a little lower in the turnover because of the economy. The turnover rate always changes during the summer because of seasonal positions. If you take a quarter of the year and this is what we talked about at the Mayor's Advisory Committee of the turnover rate, which is about 2%, that is a conservative estimate, you come up with approximately \$902,000 in your salary account. Then you add the benefits (bottom of paragraph 2) you get 1.124. One of the things we proposed to the Mayor and I will tell you the history of where that came out and the Advisory Committee is that we proposed taking that vacancy rate savings and cut it in half. You take half the savings. You put half of it in the salary adjustment account and then you take the other half and you can take it off the tax. You can take it as an expense out of the City's budget to reduce taxes. During the Mayor's Budget, we discussed using the vacancy rate approach. The departments instead discussed that what they would rather do is take a cut in their operating expenses versus a cut in their salary expenses because they were concerned about for example the large departments like Highway said we use our vacancy rate to fund some of our operations in tough times and tough weather. I completely understand that and appreciate it. Two Aldermen, Alderman Wihby and Alderman Gatsas had talked to me and talked to Howard Tawney and I off and on over the past few weeks about the vacancy rate so we wanted to just show you what we have done with this and how it would work. So if you will just take one more second and you will see the first attachment one is the turnover and it shows you the history of what has happened. Page 1 of attachment 2 shows all of the current unfilled full-time positions. That is a two-page report annualized total of \$1,027,000. Attachment 3 talks about the General Fund position and shows the payroll savings and the benefit savings and then it brings you down finally to Attachment 5 which shows you, by department, we can look at the 2% vacancy reduction, the percentage change to the salary and what that would mean to the bottom line. The second page of Attachment 5 shows the restricted items. The only restricted item that does not appear on this report is Worker's Compensation. We spoke with Harry Ntapalis about it before the meeting tonight and he said that due to the way that he calculates Worker's Compensation there is no significant savings by decreasing salaries of \$562,000 or so. So if you look at Attachment 5 page 2 the very bottom row says your total for your budgeted amount, your

vacancy rate, the salary adjustment amount that you would put away for a rainy day in case smaller departments and larger departments needed it. Then the savings amount that you would have to the tax rate. Some companies use vacancy rates when they do payroll forecasting. I do not think a whole lot of municipalities do it but they do hiring freezes things we are doing now. This is a proposal.

Alderman O'Neil asked the number you are talking about is \$562,000 that is not reflected in any number we have had presented to us.

Mr. Hobson replied in the negative.

Alderman Shea asked since this hiring freeze has worked very well, Your Honor, are you considering extending it a little bit beyond the date.

Mayor Baines replied we are looking at projecting \$860,000 that we have saved since May 1st and it could be higher. I am keeping my options open in terms of how this budget comes out.

Alderman Shea stated might I suggest that we did add the Yarger Decker compensation. But the point is that we did add extra hours to certain individuals workload and therefore a hiring freeze really does not in a sense seem like a hiring freeze in a sense that if you were to calculate that.

Mayor Baines stated it is a case by case basis. There are certain situations for example in Fire if I kept the freeze in effect it would cost us more. What I have been trying to do when things are brought to my attention I will talk to the department head and often times I involve Mark in the discussion and we try to make it on a case by case basis. We have been saying no to most of them.

Alderman Shea stated but there are creative ways for the Fire Department to also reduce their overtime by utilizing a little bit of promotional skills in terms of maybe extending...I do not want to be specific but I think that is a situation where...

Mayor Baines stated my intention is to keep my options open as I said and I may continue it.

Alderman Gatsas asked the other evening you were not present, and Chief Kane was in. He said that you gave him approval to hire eight new employees.

Mayor Baines replied in the affirmative.

Alderman Gatsas stated I wanted to make sure because Wayne only understood three.

Mayor Baines stated I would have to go back on it. I know there were some situations in Fire where I became concerned with the cost of overtime.

Alderman Gatsas stated we went over that, Your Honor, and it was pretty clear when I asked the questions. The question that I asked in using the eight additional Firemen that obviously that number was 42 times 8 times 52 which was 17,472 hours. The answer that I asked was if we took the half rate that obviously we have to eliminate because that is all overtime the 17,000 hours is being paid at time and a half if we are putting eight new employees in that are only getting paid straight time then we should be getting back in the overtime account and the number they gave me was roughly \$9.00. In other words, the average fireman is earning \$18.00 per hour and at time and a half it would be \$27.00 so if we multiplied that 17,000 times the \$9.00 there was roughly \$157,000 available in that overtime account. I was having a tough time getting the Chief to agree to that because I know Alderman O'Neil had concerns with funding \$170,000 for jackets and medical gloves. I was trying to get the Chief to say if you hired eight new people then I am willing to give you the \$157,000 in overtime that those people should be saving to fund the things that Alderman O'Neil had concern with. Is that synopsis in here as savings off the \$572,000 or not.

Mr. Hobson replied I am siding with your analysis. Right now, we have a firefighter's examination process going on. It is going to take weeks to even fill those three positions. They had some promotional positions going on. The Mayor talked about filling some of those promotional positions. The Chief had held up filling up a couple of those because of testing issues and such like that. There were a total of eight positions that Chief Kane was talking about. However, to my knowledge there are only going to be three new firefighters that will probably be brought on in this fiscal year. Obviously, the logic you are talking about carries into next fiscal year by the time we finish the recruiting process and the testing process.

Mayor Baines stated we would have to go back and verify that.

Alderman Hirschmann asked does this have to do with the different dates on the vacancies. On April 10th you are showing a Planner for Parks and Recreation not filled. But then on May 17th it is not shown so did someone fill that position.

Mr. Hobson replied in the affirmative.

Alderman Hirschmann asked when was that filled because that was never filled before.

Mayor Baines replied we filled it after talking to Parks and Recreation about all the projects that we added that had to be accomplished. They presented a compelling argument that it was a necessary position.

Alderman Hirschmann asked we took projects away from Parks and Recreation like the locker room at Gill Stadium and gave it to Highway so why did we fill that Planner position.

Alderman O'Neil replied we only took two projects away from Parks and Recreation and gave it to Highway. The Webster School entire project both inside and out and the Gill Stadium locker room. It was a recommendation the CIP Committee with a concern for the amount of projects that Parks and Recreation had going throughout the City that they needed to get this Planner. We authorized the Planner position a year ago. Then when they decided to start doing something about it was when the Mayor instituted the freeze. We still have committed a considerable amount of money to Parks and Recreation and in order to get the projects done in the wards it was a recommendation of the CIP Committee. I made a recommendation to the full Board to ask the Mayor to consider allowing that position to be filled and that is what he did.

Mayor Baines stated and I had extensive conversations with Mr. Ludwig and staff.

Alderman Hirschmann asked but a firefighter is more important than a Planner is.

Mayor Baines replied we have added those things. You cannot do it department versus department. It was about to be filled when I put the freeze in. They were getting into the spring season where a lot of this work was coming forward. They presented it and we had long discussions about it. They also had discussions at CIP not simultaneously and I thought the argument was strong enough to make the exception to add it. We have been saying no to almost all of the requests. The result is a saving, which is approaching one million dollars.

Alderman Hirschmann stated that is a position I would have cut out completely.

Mayor Baines stated that is a decision that you might have made and somebody makes a different decision based upon the evidence that is before you at the time. These are tough decisions but I think we have done a pretty good job with them.

Alderman Wihby asked I want to commend the Human Resources Office for putting this together. It is a chance for us to save \$562,000 in the budget without

really affecting the departments because the savings are there anyway. I would recommend that we go ahead and do this or at least get a consensus on this that we want to do this. I do not know how if maybe the Mayor continues to freeze knowing that he has to save \$500,000 and leave it up to the Mayor to do this so he knows that he can keep a running total of what he approves, what he does not approve knowing that he has to save some money probably is the way that it should go. Knowing that we are going to save \$562,000 and we deduct it off the departments and it is not really affecting departments.

Mayor Baines stated when we discussed this, Mark, with the Mayor's Advisory Council could you go over some of the things from your recollection in being the Personnel person that they expressed as concerns. Because I would like the opportunity to bring it back to the Council and have them talk about it again as well because these are people that have made a concerted effort to help us make some cuts.

Mr. Hobson stated some very basic things that I reiterated earlier. Frank Thomas talked about just specifically how he counts on a certain amount of turnover to assist him in a particular year and to help him fund either retirees or a bad winter. Fire and Police talked about that as well. They said they count on a certain amount of turnover to help them fund their severance packages or severance programs that they have to pay. They have no choice. The smaller departments were also very concerned that what happens to me...let's say Tom Clark and Leo Bernier have two retirements in their department.

Mayor Baines stated Wayne just reminded me about retirements because some of these people have been there a long time.

Mr. Hobson stated the big guys come in like Highway and Parks and Recreation and Fire and chew up all of the money of the \$562,000 that is lying in the packet. Then it is what happens to me. I know that those are real legitimate issues. You have to put something in place where the administrator is really keeping a day to day hands on issue on this and I certainly think the Mayor and his office have been doing that based on what has been taking place. One of the things we also talked about in doing this is that if the approach went in place that again the Board needed to adopt a procedure. This is done as a matter of course so whether it is done quarterly or monthly so again the small departments are not standing there with their hat in their hands looking for a dime to get them out of a situation. A process would have to be developed.

Alderman Wihby stated what I am saying is on top of this to assure that we get to that number is that we keep the hiring freeze on and the Mayor knows that he has \$562,000 to make up for the year. If we made up one million in a year with a

hiring freeze we could make this up easily by watching our pennies. By having the Mayor watch this and cutting \$562,000 when we know we could save one million from what we did already this is a very logical approach to take. The money is going to be there in their budget and he is going to have to watch the retirements and all the other things. But again it is only half of what we saved.

Alderman Shea asked could we put something creative into an ordinance that says that department heads have to be notified at a certain time regarding retirements because they do that in the School Department they are notified in March that they are going to retire in June. They have a little bit of an idea.

Mr. Clark stated we would be happy to look at that. I am not sure if you could tell a person when he can retire and when he cannot retire but we will take a look at it.

Mr. Hobson stated Alderman Shea knows from his experience of course those people generally retired in that cycle of the June to September world whereas a lot of our folks frankly like to retire in December and get out at the end of that calendar year.

Mayor Baines stated before you take any action would the Board allow me the opportunity to bring this concept back to the Advisory Council just for some input that we could come back and share with the Board before we took final action on that.

Alderman Wihby stated my only concern with that is you are going back to department heads that this is going to effect.

Mayor Baines stated I know but I think as a matter of respect through the process because they have been absolutely terrific throughout this whole process and working with us looking at various options. This is just to get their input. That is a fair thing when you have your managers that is all I am asking.

Alderman Wihby stated we ought to let them know that this Board could be looking at if you continue with the hiring freeze for the full year and saving one million dollars. This is an approach to freeze up the departments.

Mayor Baines stated I agree with you and it is certainly the approach I want to look at as a matter of courtesy I think they would respect that from the Board.

Alderman O'Neil asked Mark, are budgets put together with full complements.

Mr. Hobson replied in the affirmative.

Alderman O'Neil asked Frank has laid right out that the way he would manage the Mayor's Recommended Budget would be that he would keep six positions vacant. Are we talking the same thing here or how does this proposal effect how Frank is recommending he manage his budget.

Mr. Hobson replied we took Frank's recommendation and did it for him. It is in this package.

Alderman O'Neil asked so what we are doing is taking Frank's recommendation and spreading it citywide.

Mr. Hobson replied in the affirmative and stated Frank is part of the Mayor's Advisory Council. He went back after looking at his operational cuts and that is what he decided to do with his staff. We talked about it and we thought it made good sense.

Alderman Wihby asked what is the timeframe, Your Honor, to get back to us.

Mayor Baines replied we have a department head meeting tomorrow and what I could do is have them stay after the meeting and we could get some input from them and bring it back on Monday.

Alderman Gatsas asked Mark, I just want to commend you that obviously for three weeks I was trying to find the nut that had the little peanut. You did it quite well. You answered by questions that I had been sitting here and asking the question can you help me through this. This information is important to the taxpayers of the City. The disadvantage that I see on your part is coming into office in January and trying to put a budget together with numbers that you do not see well and having to cram it in by March and not knowing where those numbers fall. Obviously this Board has then put the task of saying we can work with those numbers but maybe we are looking at 120 days difference from what you saw and I think that the information that everybody was delivered today you will find as entertaining reading. You will find the overtime wages that are paid in some departments to some individuals will be quite astonishing. Maybe we should be looking at how overtime is paid because you will be very disheartened with what you see.

Mayor Baines stated having the opportunity to sign those after the fact after we have talked about that has raised some concerns. I have had many conversations with Human Resources. Especially when I first came into office and I was signing these overtime requests and questioning them and it certainly is an area of concern.

Alderman Gatsas stated certainly in the private life there is no way being a CEO of a company that you would see overtime after it has happened. You are going down the right path that those opportunities could change.

Mayor Baines stated absolutely and we are looking for changes and the process is very interesting.

Mr. Hobson stated Wayne, I believe that the number we were looking at during the Mayor's Advisory Council was almost \$200,000 less it was like \$824,000. So just in whatever amount of days we are looking at \$224,000 more.

Alderman Clancy stated this hiring freeze is all well and good but like Alderman Gatsas just said some of these overtimes in these departments is out of sight. Everybody knows that but as far as I am concerned if we are not going to hire people like in the Police or Fire Departments with overtime maybe we should hire somebody.

Mayor Baines stated there are certain departments for example Information Systems has had a horrible time hiring people simply because of the competitive market place and therefore it necessitates you paying overtime because we cannot hire people. There are some circumstances like that. They are staggering but their jobs have to be done and we cannot hire people.

Mr. Hobson stated there have been two positions open for a year.

Alderman Clancy asked Your Honor, this \$562, 000 actually represents about fourteen cents.

Mayor Baines replied in the affirmative.

Alderman Wihby stated I just want to go back to the first sheet to show an example. If you go to the Police budget on page 44 the new sheet somewhere in there you added 1.84 million dollars. That is a big number when I take that out I get...if you look at what you did to their budget you add a million dollars.

Mr. Tawney replied I look at that number and I see that the 1.84 million dollars is also their overtime budget so I am not sure if there is a transposition.

Alderman Wihby stated the bottom line this should only be adding up to \$127,000 different from the last report we got.

Mr. Tawney stated one of the things we did that was not done before was we split out the overtime.

Alderman Wihby stated it would be easier for us if we keep the last sheet and you just tell us what departments we have to take out the \$127,000 so in other words if you look at Aldermen you would be taking out...I am lost on this sheet because I had already taken that out.

Mr. Hobson stated Your Honor, while I was doing this part Howard was going through the sheet. This is a standard H T E report that we enhanced and we ran it four times over the last two days with different concepts. We do not know what happened and I apologize to the Board. Something went wrong with the report.

Alderman Gatsas stated I certainly hope when H T E comes in that Alderman O'Neil is at his best performance. I would like to commend the departments that were in here that obviously we are looking at somewhere in the vicinity of almost two million dollars that they have brought to this Board tonight and I commend them for the work they have done.

Alderman Levasseur stated Your Honor, it is kind of interesting that the unemployment rate in the country is 3.9% and the City of Manchester is at 2.1% and we always have to wait for a crisis before government starts to cut. If it was 1991 and everybody was going nuts and people were losing their homes we would be cutting these departments left and right and getting rid of people. The economy is very good right and I think you should keep the hiring freeze going on because the economy can absorb whatever we do not take in. Government is not doing an unfair thing by not absorbing more people. Government should be helping people when things are bad and should not be taking everybody in during good times. It is good times right now. By not hiring people in government there are jobs out there and everybody needs them. I am asking you to continue the hiring freeze.

Alderman Lopez asked I just want to know if it would be appropriate if I discuss an item in reference to the merit pay system for the departments and deputies. The Decker report and the department heads and the deputies' pay are in line and the Decker report has stabilized that. Six years ago all of the department heads got pay raises too. With the merit increase and the cost of living I am talking about taking anything away for cost of living because I believe people deserve that but how far are we going to go on the department heads over the period of time paying \$100,000 or \$81,000 to people and they get the cost of living plus almost 3% so I was wondering if in my calculation and I have left that to Human Resources there is another \$100,000 to \$125,000 there if we do not get the merit increase because the bonuses are already there for the CEO to give bonuses to department heads that produce.

Mayor Baines stated this has to get into the specific budget process. Once we get this behind us we need to talk about things like that.

Alderman Lopez stated I think it ought to be before we go forward effective July 1st so we do not have it there next year.

Mayor Baines stated we could only accomplish so much in terms of crunching numbers. We need to have that discussion but not tonight, Alderman.

Alderman Shea asked what was your rate per 1,000 was it \$32.00.

Alderman Wihby replied \$32.54.

Mayor Baines asked we need to set up some meetings Alderman Wihby.

Alderman Wihby asked what is this last sheet.

Mr. Hobson replied this sheet was requested by Alderman Pariseau at last Thursday night's meeting and the question was what does one save by moving the affiliated or non-affiliated non-exempt employees from the forty to thirty-five hour workweek. What is the General Fund Change. You can see that most of the changes are non-affiliated.

Mayor Baines stated Mr. Bernier would you go through the meeting schedule.

City Clerk Bernier stated next Monday we have the Civic Center Committee we also have Committee on Accounts. The only thing we have for the Finance Committee is the Central Business District. On Tuesday, we have the Special Traffic Committee that is when Tom is going to talk about the revenues. We also have a Finance Committee set but there is nothing on the schedule.

Mayor Baines asked do we need to meet Monday night. We will schedule those on Tuesday night.

Alderman Gatsas asked Your Honor, we met with Schools there is two numbers on the table. What is the next process.

Mayor Baines replied I talked with Mr. Clark about this because the Charter is very specific about that. Tom would you just go through the process that we have to follow.

Mr. Clark stated under the Charter the School Board presents their budget number to you. You could either accept or reject it. If you are not going to accept their

number you have to tell them that you are rejecting it and you could present them with a bottom line number.

Mayor Baines asked when we substitute another line that is the same action.

Mr. Clark replied when you take a vote authorizing any number other than theirs that is an implicate rejection of their number.

Mayor Baines stated historically it has been done up to the last day.

Alderman Gatsas asked the portable situation let's use a round number and say there is \$250,000 of savings on the table. Let's say we take your budget 1.8 million dollars and say we are deducting another \$250,000 from that.

Mayor Baines replied that is what you would do if you were starting to do that with the numbers you would look at what money has been saved out of their budget through things if you still wanted to target that number that would be the process to use.

Alderman Gatsas asked if you could ask them, Your Honor, if the Superintendent has come up with a discovery of the 6.2 million dollars in wages that I have been looking for and that is probably where Mr. Hobson found this \$562,000 but the difference in wages is my big concern.

There being no further business, on motion of Alderman Pariseau, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Copy. Attest.

Clerk of Committee