

## COMMITTEE ON FINANCE

**May 23, 2000**  
**Mayor and All Aldermen**

**7:30 PM**  
**Aldermanic Chambers**  
**City Hall (3rd Floor)**

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance; this function led by Alderman Wihby..

A moment of silent prayer was observed.

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

Present: Alderman Wihby, Gatsas, Levasseur, Sysyn, Clancy, Pinard, O'Neil, Shea, Vaillancourt, Pariseau, Cashin, Thibault

Absent: Aldermen Lopez and Hirschmann

Mayor Baines noted they distributed so people would know where they were on track with current budget estimates, still talking about the mayor's budget looking at revenues, the projections that are coming in as revised, there are some differences on the expense side. Please understand, these numbers will be working numbers right up until we finally adopt the budget. In our projections at this point the changes have lowered the projected tax increase to 139 from 205, and translates into an approximate 2.5% increase in the budget.

Alderman Wihby stated he thought the number would end up being a lot lower than this as there were more adjustments, but the decrease in the city clerk's 250,000 because of the video poker, my numbers show that we weren't that far off, even though that number was down there was some extra money there and he thought it was only 70,000 decrease or something like that.

Mayor Baines asked Mr. Robinson if he had the figures on that.

Mr. Robinson responded all I had was the 250 from the video poker.

Alderman Wihby noted that he was saying that video poker went down and asked if he looked at the increases that were on there.

Mr. Robinson stated he would go back and check and see.

Alderman Wihby stated he did not think it had decreased 250, he thought it was less.

Mr. Clougherty stated I think Wayne just made the adjustment based on the letter he had from Leo on the 250,000 and hadn't made other adjustments.

Mayor Baines stated people are asking about numbers, this is our first attempt to try to pull together the numbers as they are right now and they will change and we will be looking at it periodically over the next couple of weeks, it gives you a ballpark figure of where this is going and it goes back to how things do change over a three month period. We will continue to monitor that and make adjustments as we go along.

Alderman Vaillancourt stated he was glad to hear this was only a first step because I thought the tax collector increase of auto registrations was going to be in the range of twice that much. I thought we made a convincing case that there should be some increase in the amount from Mr. LaFrenniere's department, maybe in the range of \$100,000. I thought the Assessors were going to increase the total tax base of the City by not a great amount, but I believe they agreed to \$10 million, about an 8 cent differential on the tax rate. On the expense side the same night we had 37,507, the night we met across the walkway, there was another item I mentioned that night which we agreed to decrease, so I think that somehow got lost with the increases, so I'm glad to hear this is only a first step.

Mayor Baines stated it was, it was an attempt that we made today.

Mr. Clougherty stated reminded the aldermen that this was the mayor's budget. So they were not adjusting the expense side, he was really looking at the revenue and he was taking the actions that have been taken by the Board that he felt comfortable with, so it really just the mayor's trying to update his budget as opposed to a reflection of all of the things that you have considered alderman, those are in another document.

Mayor Baines requested Chief Kane and Mr. Thomas to address the Board as a follow up to our meeting of the other night. I'd asked the aldermen for some time to deliberate with the Mayor's advisory committee and we've done that, we had two different meetings and I would like Frank to update us regarding the situation with the vacancy rates.

Mr. Thomas addressed the Committee stating that they had been asked by the Mayor's advisory committee to voice our concerns over the proposal to reduce salaries by another 2% based on the projected personnel vacancies. I guess there was a vote almost taken at the last Finance Committee meeting and the Mayor asked that it be delayed so that he could consult with this advisory committee. Some departments like myself use the vacant salaries to offset cuts in services resulting from the mayor's proposed budget. I think we have stated that in the past. In my particular case this means allowing me to adequately fund overtime and street resurfacing. The proposed budget has shifted variable salary adjustment into our operating budget. The severance longevity, this is the first year that that's been done. In my opinion what was allocated to cover these costs were calculated on the low side not the average, not the high, but the low side. In addition like liabilities, worker's compensation, salary payments, have been shifted over the last few years into our operating budgets without the funds to go along with them so we do have a liability in our salary accounts that aren't funded, to pay worker's comp. An employee theoretically, can be terminated in my department, the position filled, but yet I'm still paying that worker's comp salary until there is a final settlement cutting that employee loose so there is a liability in our salary account that aren't funded. Our vacancies in my department typically as a result of filling positions or waiting for positions to be filled, run anywhere between three and eight employees or an average of 5 ½ employees. 5 ½ employees in my department represents 3% of my complement. If you utilize an average salary or average position such as a truck driver, say \$25,000 times that 5.5 vacancies, that comes out \$137,500. Which is less than the proposal that's in front of you right now that would cut my budget \$143,571. I guess the point I'm trying to make here is that my average vacancy rate is 3% and I've heard statements anywhere from 6 to 8 % is the average throughout the city. Those statistics, at least as far as past history in my department, just don't jive, so I hope that the decisions that you are going to be making regarding vacancies and cuts in these areas are based on good information.

Alderman Gatsas stated Frank, I believe you sat in front of this committee, three weeks ago. I believe you are the one that told us that I think for four weeks I was going down a road taking what wages were to date, dividing by a number, and trying to annualize them and I kept coming into this black hole, and I believe you were the only department that came forward and told us what the dark hole was all about and that you could live within that number.

Mr. Thomas responded correct.

Alderman Gatsas stated so you said you could live within that number. I believe you said you had 8.

Mr. Thomas responded, no, I said that I would maintain a six vacancy which would generate approximately \$140,000.

Alderman Gatsas stated and you could live with that.

Mr. Thomas responded well.

Alderman Gatsas stated and now you're telling me after some meeting you had yesterday or today that you've rethought your process.

Mr. Thomas stated no, I could live with that because I was going to shift that \$140,000 into overtime and into street resurfacing. The proposal that you have in front of you from HR department cuts my operating budget \$143,000 so I loose that.

Alderman Gatsas stated that's not true, why don't you show me what you have because I don't think I'm looking at the same thing you are looking at. We never touched your operating budget. Never went near it, never talked about it, HR never brought anything to us about your operating budget. Alderman Gatsas noted that he wanted to be sure he was looking at the same thing as Mr. Thomas because nowhere in here. They were looking at the last page of the HR breakdown. Alderman Gatsas noted that this was based only on wages the same wages you told us you were going to move from that side down. Alderman Gatsas stated so we didn't effectively do anything different than what you told us. That's what you told us you were going to do so we thought it was such a great idea that for three weeks you were the only department that told us where that hole was, so I appreciated that the date we were in the NYNEX building and said Frank, you don't even need to continue because you were the only honest department head to come forward.

Mr. Thomas stated I guess I'm confused. I stated that I was going to use those vacancies salaries to augment my budget in two different areas.

Alderman Gatsas responded that's correct.

Mr. Thomas stated but the proposal I just showed you reduces my salary account by \$143,000. So in fact my operating budget is being reduced so that I cannot augment those two areas that I had mentioned in my presentations.

Alderman Gatsas stated no, because in your budget you changed those numbers originally. The last column you gave us showed us those \$143,000 worth of

changes in them. You took them out of your salary account,. You had already done that.

Mr. Thomas stated the way this memo is presented, it does not add it to my operating expenses. I'm looking at this memo seeing a cut of \$143,000 off my bottom line.

Alderman Gatsas stated but that is the same number that you gave us, nobody touched your operating number.

Alderman O'Neil stated what I see happening here is we are hitting Frank twice. He was asked to take, based on your budget a 2 ½ cut on the operating side, he said to do that I'll leave six positions vacant. Then we got this play presented to us last week that's saying there is a million dollars in vacancies, in vacant salaries throughout the year. Now he is being asked if this plan is adopted to be his \$143,000 over and above the 2 ½ percent that you are already taking from the mayor's budget. Right Frank.

Mr. Thomas responded that is correct.

Alderman O'Neil stated so we are actually we are in fact hitting them twice and really he would have to have twelve positions vacant to meet that am I correct.

Mr. Thomas stated if I was trying to offset the budget cuts, yes I would have to double the amount of vacancies I have.

Alderman O'Neil stated so it's either we allow him to do exactly what he said with the mayor's budget, or fully fund him, don't cut the 2 ½ percent, give him an additional 2 ½ percent and then he can live with this plan.

Alderman Wihby stated first of all it's 2%, it amounts to \$143,000 and then 1% of that goes into an account so you could ask for that money back, so it's really \$71,000 that you would be cut, net result. But, my understanding was that when we came to the Highway Department we were told that because of the Highway Department's way that they had come and calculated and was honest with us, this did not effect the Highway Department because we had already taken into effect that he had used that money. That's what Mark said at the meeting.

Mr. Tawney stated I don't remember Mark's words specifically, but this does include the Highway Department. And in the last paragraph there it does talk about that, that some departments were counting on those funds to fund their operations.

Alderman Wihby stated I thought Highway was mentioned in there, noting it read we need to recognize that some departments, like Highway, are using their vacancy rate to fund their operation. Then he said that this took into account the Highway Department being honest with us up front, I'm almost positive Mark said that.

Alderman Vaillancourt stated I concur with Alderman Wihby's assessment, but I don't really think this is a problem, the Tawney document which you received last Wednesday, offered up \$1,124,000 and we only decided to take half of that, 562,000 so I think we are being very conservative in the amount we are trying to take here, we left half of the savings still on the table for departments necessary to go back and use. I would have preferred to go back and take 75% of it, but we are only taking half of it.

Mr. Thomas stated what I was alluding to, and I am not here for myself, and my department, but I'm glad you are focusing in on it, I'm basically here again representing the Mayor's Advisory Committee in saying that these budget cuts are impacting potentially all of the departments. The budgets are very tight. We have been given variable liabilities added to our budget with unknowns. To me, these monies acts as a little insurance policy to cover the unknown, if we need them the money is there, they are going to be in the salary accounts, the salary accounts we cant transfer that money out unless we get approval. If the money is there and we need it, it can be used. If it is not needed it winds up to be a surplus at the end of the year which will go into the fund balance. That fund balance is always a positive going into the following budget year.

Alderman Clancy stated as I recall when they asked Frank Thomas how many vacancies he had he said six. And the amount was \$140,000. Mr. Gatsas said to him thank you for being so truthful, you're the first company to come before us and be truthful, you can keep the \$140,000. So he was thinking he was going to use it either for resurfacing or salt next winter, so that is where I come from.

Alderman Gatsas referred to his notes from the finance meetings and asked who was on the advisory committee.

Mr. Thomas responded himself, Chief Kane, Mark Hobson, Fred Rusczek, Diane Prew, Leo Bernier, Kevin Clougherty, Bob MacKenzie.

Alderman Gatsas stated I don't have a problem if they all want to sit next to you in that hot seat, they should be right there and I would love to challenge every one of them, because I looked and the notes that I have here is that I believe you gave me a figure of \$6,925,764 of a number that you could live with for wages. Your requested figure that you went to the mayor with, I'm getting all of this

information off the information you gave me because you did such a good job. I've always found that people who do a good job have an easy process to follow when they repeat or regurgitate the same information. The requested budget that you came forward with was \$7,065,764. That's what you told the mayor that you needed in wages.

Mr. Thomas noted that was correct.

Alderman Gatsas continued stating the department adjustment that you came back with, was \$1,707,697. I asked you when you said to me that you could live with the contingency that you had you gave me the number of the \$6,925,764. And I said to you Frank that's a difference of \$253,000. And because you at a number of \$143,000 that you are willing to move than we can look at a \$100,000 reduction on your side.

Mr. Thomas stated unfortunately you have lost me.

Alderman Gatsas stated maybe we can go to the next issue, because obviously when I addressed your overtime it wasn't the same overtime that I addressed in some of the other departments, that are on your advisory council, because when I look at overtime and I see people getting paid \$2,000 a week in overtime that's Unconscienceable. \$2,000 a week in overtime. So if somebody is doing that, then they are moving numbers around that they shouldn't be moving. When overtime comes in, is it approved after it happens or before it happens.

Mr. Thomas advised that planned overtime is approved in advance, emergency overtime is submitted after the fact.

Alderman Gatsas asked Chief Kane if it was the same in his department.

Chief Kane responded yes.

Alderman Gatsas stated when I see that and I run random through reports and I see that overtime when I ask for two weeks running, and I look at overtime numbers in various departments, I have a problem with that. I have a problem that it's an abuse situation. So, maybe it's time, and I'm not directing this to you Frank, I would love to see the rest of that advisory council sit here, because every one did a very good job at doing this. I kept asking, can you help me with this problem, and it's like the standing joke with the aldermen of why am I getting a different number. And every department head sat there with this look on their face like well, I don't know what you're talking about. And I asked for it for four weeks. Then Mark Hobson obviously must of heard that cry, and put together something that says like any other business would do, there is no reason why a department

would have the luxury of having cash on hand and not spending it. That's not fair to the taxpayers. So instead of leaving you folks with \$1.2 million that was floating around up there that nobody wanted to identify he put together a proposal that in contingency would be \$562,000, so if you folks wanted to fill a position you could do it.

Mr. Thomas stated the point I was trying to make was that in my case I was going to reallocate those funds. Now, if you cut me than I can't reallocate those funds into the areas that I mentioned.

Alderman Gatsas stated it was not a cut. I'm looking at the number that you asked us for. Is that wage number a different number.

Mr. Thomas replied you have to look at the bottom line. That last column, my budget taking the mayor's allocation and allowing me to reallocate it the way I feel is needed.

Alderman Gatsas stated nobody's touched that number.

Mr. Thomas replied the bottom line.

Alderman Gatsas stated nobody's looked at bottom lines, we've only looked at the number that you were reflecting that Mr. Hobson has and you have in your hand is only on wages. Nobody touched bottom line.

Mayor Baines stated nobody's touched anything yet anyway, but asked Howard to reiterate all those figures make sense and from Frank's perspective why he has that feeling that that is what appears to be happening.

Mr. Tawney stated that treated everybody equally and took \$71,000 out of his budget and put it towards the, he wants to reallocate the \$71,000 for asphalt or what.

Mr. Thomas stated actually, according to the proposal, my salary line item is cut \$143,000. I understand that half of that is going to go into some kind of salary adjustment account and the other half is going to go to offset taxes. But the bottom line is my bottom line is being reduced by \$143,000. by that proposal.

Alderman Gatsas stated I can only tell you Frank, and I certainly don't want to put the City Clerk's office to it, but I will, the number, I didn't come up with this number, you told me the number that you could live with, in your line item of wages and overtime, was \$6,925,764. I didn't come up with that number. That's a number you requested, you came up with that number.

Mr. Thomas stated I don't see \$6,925,000.

Alderman Gatsas stated you came up with a requested number of \$7,065,764 in your requested budget. And that was before I started asking questions about full complement.

Mr. Thomas stated I don't know how that number was arrived at, again what I am seeing here is that in fact my salary line items and the rest of the departments are getting cut by 2% by this proposal.

Alderman Gatsas stated then I would make the motion that we put your \$143,000 in because you were honest, if that's where you are than that's fine, I don't have a problem with that, but the rest of the departments have a credibility problem with me.

Mayor Baines requested Chief Kane speak as well and recognized Alderman Cashin.

Alderman Cashin stated to Mr. Thomas, if I understand what you are saying, you can function with the six vacancies that you have but you need the \$140,000 in revenue in order to offset other line items, is that what you are telling us. It's an oversimplification.

Mr. Thomas replied what I basically stated right along was that I could live with the mayor's budget even though it severely impacted me. My overtime account was cut by \$69,000 based on usage to date. You cannot budget overtime in the Highway Department based on last year's usage, you have to put a calculation based on assumptions and numbers of snowstorms, etc. In addition, the way we had to put together the budget I had to reduce the resurfacing down to like \$100,000 or \$120,000 which I feel is an unreasonable amount. So, if I could take that extra money I have in my budget because of vacancies, and reallocate it into those two areas, I was saying that I can manage my operations, maintain a reasonable level of service and live within the mayor's budget. That was my proposal. What is in front of you in HR's recommendation, cuts my salaries that \$140,000 and it also cuts the other departments 2%.

Alderman Cashin stated so the answer to my question is yes, you intended to use that money.

Mr. Thomas stated yes.

Chief Kang stated my situation is a little bit different, and every department you'll see is a little bit different. The 2% cut in vacancy, cuts into my bottom line salary. When I have a vacant position, that money usually gets shifted to overtime. I got to, I can't really carry a vacant position. Once a position becomes vacant, a person comes off of a truck and I need to hire someone to fill into that position on the truck, or the truck just doesn't go. So every time we say okay we are going to reduce the staffing, or keep the vacant position open, the longer that vacant position stays open the more expensive it is in overtime for me. It's as I see it, it's a fairly simple situation. I think there are other departments like my department, but a vacant position in my department creates additional problems in other areas in the budget.

Alderman Gatsas stated Chief, I think I asked you when you said that the mayor fully funded eight positions, we did our little exercise of funding those and what it would reduce overtime by you told me it didn't, so now you are telling me something different. Remember we did an exercise. We took 42 hours times 8 people times 52 weeks and we came up with 17472 hours.

Chief Kane stated yea, I'm not sure, I don't have those numbers.

Alderman Gatsas continued stating and I said to you well tell me what the average fireman works.

Chief Kane stated that's correct, I remember that.

Alderman Gatsas stated it was like \$18 and we used \$9 an hour, and I said to you then it should reduce your overtime by funding those 8 people at straight time, it should reduce your budget by \$150,000 in overtime.

Chief Kane stated I remember going through that exercise yes.

Alderman Gatsas stated and then I said to you then well the \$177,000 that Aldermen O'Neil and Clancy were very concerned about fire equipment and gear and everything else.

Chief Kane responded yes.

Alderman Gatsas stated I said to you that that would take care of it.

Chief Kane stated he remembered Alderman Gatsas saying that.

Alderman Gatsas stated, so now what you are saying to me is that the 572 you're fully funded, or are you. I mean, have the eight positions been filled or haven't they been filled.

Chief Kane responded at this time they haven't been filled, but what we're planning on filling them. If we keep those eight positions open, I'm going to have to and I want to keep all the trucks rolling, then I'm going to have to hire overtime.

Alderman Gatsas asked if that meant that overtime could be paid to people in excess of \$2,000 a week.

Chief Kane stated he couldn't comment on that, but that seems very high to me.

Alderman Gatsas stated if I said to you that in the weeks of payroll that I looked at, I looked at a couple of weeks and I thought the first week, when I looked at 670 pages of payroll in this city that's a little extreme, but I did it, I found maybe two possibly three people that were in excess of \$2,000 just in overtime. And it wasn't one week, it was two.

Chief Kane responded that could be true.

Mayor Baines asked if he could explain how something like that could happen.

Chief Kane responded that overtime is allocated by station. They have a rotating shift in a station, and everyone gets put on a list and if one particular station for one reason or another has a high vacancy rate, they go to that list so everyone has an equal opportunity for that overtime. If people in that station don't want overtime, or no one wants that particular shift, one person may want a lot of overtime and keep coming up to the head of the list. And that's how that would occur.

Alderman Gatsas asked Chief Kane if he knew what the number they were talking about on his side.

Chief Kane responded around 230.

Alderman Gatsas asked if he understood the process that Mr. Hobson went through to get to the number we went to.

Chief Kane responded I believe he took 2% of the payroll and deducted that.

Alderman Gatsas stated so the 2%, but there is actually about 4% that's in play, about a 4% number that we can't find when we do year to dates, about \$1.2 million.

Chief Kane stated he couldn't comment on that.

Alderman Gatsas stated what we did was set up reserve account, or contingency, or what he is talking about of \$562,000, that would fund that. So the vacancies that everybody's concerned with would be funded with the money that is sitting there. We are saying that nobody at any time in this city is not going to be at 100 percent occupancy in employment, and if it's not there is no reason why the money should be floating around with department heads so that they can be paying \$2,000 to people for overtime. Trust me, you gentlemen shouldn't be sitting there alone. Whoever is on that advisory council should be sitting right next to you.

Mayor Baines stated these are good people trying to explain their concerns about a situation, and I think they have to feel comfortable coming here to have that kind of a dialogue.

Alderman Gatsas stated he was not here to shoot anybody, but I am sitting here as a business person that goes through this on a regular basis. Looking at these numbers are no different. So, I am not looking to do anything to you any differently than I would do in everyday business. And I don't think that if a department head comes to you with a number, as you would in business, you'd say what is it for, and once they tell you then if you say to them we can't fill it, or you are not going to fill it, we are going to hold a contingency here so it's sitting there then fine. I don't have problem with that.

Mr. Thomas stated the concern I have is if I were in private business running this operation, I would have some type of cash reserve account around, I would have some liquid assets whether they are in CD's or what not because as you know there are unexpecteds, and you have to be in position to take advantage of certain opportunities in private business. I think the concern that we are voicing is by taking the 2% out of our budget even though 1% is going into some kind of contingency account, we feel it may not be adequate enough.

Alderman Gatsas asked if Mr. Thomas thought that was his decision or the Board's.

Mr. Thomas stated definitely the Board's.

Mayor Baines stated everybody understands that but my way of thinking is if we are not going to at least allow the managers to have an opportunity to present their

concerns so that we make a judgement with all the information then we would not responsible from the management side of city government. We are just trying to have a dialogue with them, give them an opportunity to present their concerns.

Alderman Vaillancourt asked as some of you may have recognized by now, from the content of some of my questions months ago, my solution to preserve the steady tax rate that we have would be to eliminate people from the city payroll. It seems to me that this is a generous counter offer to that and that this is an ingenious proposal for avoiding doing that. Would you both prefer to have a certain percentage of your staff cut once and for all to this proposal, would that be preferable, or would this be perhaps a preferable solution to that rather draconian means.

Mayor Baines noted that this was not a new proposal that came out, we discussed that and we asked that to be put together way at the beginning of the budget process, this is not something new that we looked at for the first time. This has been part of our debate with the budget, how to approach the budget from day one. So people understand that, this is not a new proposal, we surfaced this way at the beginning of the budget process.

Alderman Vaillancourt asked if this was preferable to what my proposal, albeit not in writing, of cutting actual personnel from your staff, isn't this preferable to that proposal.

Mr. Thomas stated without a doubt alderman it is.

Alderman Wihby stated two other proposals, one is you get a cut of 1% and you make do with it but there is no hiring freeze or vacancy rate or anything else and you can manage, or a second proposal is we continue the hiring freeze until we make up the amount of money we would make on a vacancy rate. Which of the four proposal would you prefer if it had to be one.

Chief Kane stated if we start cutting people off of the payroll I think that's not something that we would really endorse. I think that when you talk about the different proposals, you are talking about 3% or 3 1/2 % off the bottom line that we are looking at. I think that those are what would be very tight cuts to the city departments. I know it would be tight to my department, certainly other departments that we have spoken to it would be, you would see some cuts in services and that type of thing.

Alderman Wihby commented hiring freeze noting they had \$900,000 in five months.

Mayor Baines noted it was not just from hiring it was also cost savings in other areas as well.

Chief Kane stated the hiring freeze, if I can speak for the Fire Department, we are involved in a hiring freeze and there is a position, a firefighter position, that doesn't get filled, then in order for me to keep that vehicle going then I have to put someone in that position at time and one-half. I don't want to speak for other departments, but I think there are other departments in the same situation. So the hiring freeze while it may be okay, but for me to keep all the trucks going it costs me money, it costs time and one half.

Mr. Thomas stated in my particular case hiring freeze is a pain in the butt. It's a necessity sometimes but I don't think it's really the best way to go. If I had my choice I'd rather have just an additional cut to my bottom line and let me manage how to do it. But I am here to work with the budget I'm given.

Chief Kane stated we've been in this situation before, where we've been facing cuts and so forth and I can recall that you've been so kind to say to the departments here is your budget, manage it. Chief Kane stated I think that's a good way for us to handle it because it is very difficult for you to manage my budget in a department, if we put a lot of stipulations on the budget, hiring freezes we are going to do this we are going to do that, then it becomes a little bit more difficult to manage. I think that I agree with Frank, the bottom line, here you are manage your budget.

Alderman Shea asked for definition. A hiring freeze in my opinion is something that comes about because of a certain amount of difficulty with the budget. I think the Mayor, my understanding is that any department that can justify hiring someone obviously they are hired. It's not as if there are necessary slots to fill and they are not filled. I think that should be the understanding of a department head.

Mr. Thomas stated that was correct, even with the hiring freeze I know my department we have been able to justify filling position, we are going into our main construction season, main engineering season, vacancies in those areas impact services and I don't think this is the intent of the freeze. The freeze is to try to maintain services at this level.

Alderman Shea stated I think department heads should know that, I'm assuming you do know that.

Chief Kane stated yes we do.

Mayor Baines noted that Mr. Rusczek was here and part of the advisory committee asking if he wanted to add comments.

Mr. Rusczek stated the only thing that I would like to add is that as part of the Mayor's advisory committee the issues that re before you in that proposal were discussed, and as already said by Chief Kane and Mr. Thomas it was felt that they would have a negative impact upon services, and that the other issue that we discussed that it would be a prudent business decision to work towards a fund balance at the end of the year. And then be able to in fact build a contingency for future years. I think the Mayor's advisory committee in some of the other discussions talked about benchmarks and other things that we need to do to make certain over the next year that city services are provided efficiently and provided at the best reasonable cost to the community.

Alderman O'Neil stated I think we are getting very close to crossing the line with regards to reduction in services. I think your budget is tight, I think it is very tight to be honest, and I'm not going to sit here and watch Chief Kane close fire station or an engine company that he had to do three years or four years ago, or get phone calls from people wondering why it's taking 24 hours to get their streets plowed, or the garbage truck is a day late picking up their garbage. The budget is about services and it's people that provide those services and we are getting very close to crossing the line in reducing services to the taxpayers in the City. I think that's what they expect, that's what they pay for is those services.

Alderman Vaillancourt stated I do have to respond, and I don't want to make any aspersions at anybody in particular but one of the calls that I've gotten, in fact three calls from somebody not in my ward, concerns how five employees in a city department are doing what this particular caller, again not in my ward, claims that one person could be doing. So I am wondering if in fact we are really cutting services or if we are trying to approach more competent management. And it seems to me from one episode we've heard tonight, it is not competent management when one employee can get \$2,000. of overtime in a week. I'm wondering if that is 40 hours of overtime at \$50 an hour, or 50 hours of overtime at \$40 an hour. I wonder how that could possibly happen with good competent management.

Mayor Baines stated I'd like to stick up for the management. I've been here a very short time but in that short time working with the management team that is in place I'm very impressed with the kind of management that I have seen and watched in government over a long period of time. Secondly, with regards to the overtime, I don't think it is fair to make certain accusations regarding it without knowing all the facts of the situation that demanded that situation. And I think it's a legitimate issue to raise but to make the accusation that it's mismanagement I

just don't think it's appropriate without getting more information. Secondly, I want to assert that I still stand by my budget. I think my budget is a sound budget, it's a prudent budget for the city. It looks at more than this year, it looks to next year. Which the question may be in the future is now we are allowed, we can look at two year budgets because what I see happening, if we make too drastic of changes we are not going to be in a good position next year. I think good planning has resulted in the budget that I presented, I stand behind it. I think the revenues are looking better that if in fact we can push forward with this budget looking forward at what we can do on the revenue side I think it's a sound budget that preserves vital services across the neighborhoods in the city. I support the comments made earlier about that, that is what government is all about, and I think we have made a lot of progress over the year with the management that's been put in place leading city services, I think we need to be very cautious not to make a step backwards in this regard.

Alderman Wihby stated with due respect the Mayor stated when he put the budget together, the department heads asked for who knows, \$20 million more, and that you said stop don't send me anything any more, I'm going to make a budget up and cut 2%. What happens if you had cut 2 ½ or 3.

Mayor Baines stated that was not actually the process.

Alderman Wihby stated you took their budgets and looked at them and said I'm going line item by line item and I think this one can cut 1, and this one can cut 2 and this one can cut 3. So basically, all you did was take a 2% cut from all the departments and said live with it. What we could be saying is take a 2 ½ or 3 % cut and live with it, we are doing the same thing you said, your Honor, at a different time.

Mayor Baines stated yes, and I am not objecting to that approach, I'm just saying we have different viewpoints about that but that's the process and I respect that.

Alderman Wihby stated but to say that you are backing your budget and nobody can change your budget and your budget is right, and when you just picked a number like we are doing.

Mayor Baines stated it wasn't quite that way. I did an analysis of the budgets, called the department heads in. We especially put together the Mayor's advisory committee with the sole purpose of looking at what we could do as a team to look at a prudent budget for the city. But I did present a budget that I felt the city and the aldermen could live with. I understand the process, and I respect the process, but that's the way I feel about the budget I presented.

Alderman Gatsas commented let me understand what you are saying please. Are you saying, now obviously I am saying that the payroll side has over an abundance of cash, are you saying that the budget that you proposed that you are allowing department heads to move numbers from wages to fill other line items. Is that what you are telling me.

Mayor Baines stated no. What I am saying that based upon the numbers that we have, and the projections that we made, we feel that these numbers are sound.

Alderman Gatsas stated yea, but I need some sort of answer here because I'm not looking at line items. I'm not looking to cut services. I'm looking at wages, that I haven't been able to tie to for about four weeks. And the number that I haven't been able to tie to collectively across the board except for one department, and that is Highway, because I pulled them out, was \$1.2 million. I haven't been able to tie to it. So if you are saying to me that you are not going to allow these people to move numbers from wages, to other department line items then there is no reason that they need that number in wages. Because they haven't been able to fill, they need the contingency on the side, and Mr. Thomas I appreciate where you are going, but all I'm saying is the number that I have here and I'm going to get the transcript because the number you read to me was 6.9 million was the number you could live with if we didn't touch anything else below it. Now, if that's what you did then that's fine, but other departments are not doing that. There is no other department that sat in front of us in the last four weeks and, your Honor, you would have to agree that I've been on this issue from the beginning to the end.

Mayor Baines stated no question.

Alderman Gatsas continued stating nobody, no department has come in and said I can change that accommodation of employees. I believe that Chief Driscoll sat there and said that he has been down five employees for five years.

Mayor Baines stated that's correct.

Alderman Gatsas said and that number has been in there and they have moved it around. If we haven't filled it, and I certainly have to believe that everybody understands what the unemployment rate is. That I think tomorrow chief if you wanted to fill all eight positions, or Frank if you wanted to fill five, I think you'd be hard pressed to fill them in the next probably six months.

Mayor Baines stated in some cases what we are doing is paying employees in the departments time and one-half to cover various shifts to take care of certain ...

Alderman Gatsas stated he understood that and was not looking to micromanage anybody, but when I look in there and when somebody says, and Chief it was in your department, when you say to this Board that you are going to have to pull off a truck I say that that \$2000 worth of overtime I have a problem with. Maybe there is a great explanation, but when it's two weeks running, I have a problem with and I am not looking to micro-manage your department. But that was only two weeks that I asked for. And I certainly am not going to sit down and go through, because it appears in that department, it appears in Police, so if they are just spending money in departments in overtime and that's not obviously going to the \$18 an hour employee.

Mayor Baines stated and those are areas of inquiry, but I have also made it very clear going into the next budget that I was keeping my options open in terms of hiring freezes, various other cost savings, consolidation of services/departments, other things that we need to look at and I don't want to make an assumption that either this budget going forward or another budget going forward, that government's going to look the same a year from now that it looks right now in terms of the contingencies within the individual departments. So in that case we will be scrutinizing the individual positions as we go forward on a case by case basis as we look to bring about greater efficiencies. So it's not going to be the status quo.

Alderman Gatsas moved that the Board implement Mr. Hobson's proposal in the budget. Alderman Wihby seconded the motion.

Alderman O'Neil stated I'm very concerned when I have three long time city employees sitting before me saying they have concerns with that proposal. Chief Kane made a point earlier that I think is very important. We can't just have a blanket policy with regards to this. Each department is different for different reasons. Alderman O'Neil requested Chief Kane to correct him if he was wrong, stating but for him to fill a Lieutenants position \$60 to \$70 per week roughly, somewhere in there, to cover a shift to cover that Lieutenant if you don't fill it to pay overtime is somewhere in the range \$375 to \$400 a shift. And there are 14 shifts a week correct.

Chief Kane responded correct.

Alderman O'Neil stated so it makes sense to fill the position. I've had several discussions with the police chief with regards to, and I don't have the paperwork in front of me, when we agreed to accept the 16 positions under federal money for police officers, there were conditions with that. And one of the conditions is that the city will make every effort to fill its normal complement. And the federal government has gone after cities like Lowell, and like Worcester, for not living

up to those obligations. So, we can't just have this blanket policy, we have to look at every department.

Alderman Wihby stated with reference to what Alderman O'Neil is saying, we are not saying that they can't fill those positions, we saying we are taking the money out, we are putting it aside and they are going to have to go to the Mayor or whatever committee we want to set it up to eventually, that they are going to have to go and ask for that money. So when Fire goes and explains I need my 2%, they are going to get that money. But if you look at the history of what we have left over in the salary account of \$1 million something, and we are only taking half of that, we are taking \$562,000 in this proposal, everybody should, if it's a normal year, be able to fill all of those positions that they normally do and have the normal vacancy rate, normal overtime and everything else, we are not saying they can't fill those positions. They are just going to have to go get the money from somewhere. Solicitor's office is full right now. We are taking 2% away from them. They are going to be there saying I had no openings this year I need my 2%, at the same time if you look at the vacancy rate that police has always had, five people, they aren't going to come in looking for those five right away because in the normal course of business if they never fill those five they are not going to come in. So we are taking the difference that is left over, splitting it in half, there still should be money in the accounts, but we are making them take the extra step.

Mayor Baines stated as a follow up to Alderman Wihby, one of the suggestions that you had at the last meeting was perhaps we look at not to quote you exactly, but using that as a goal and setting that money aside as a goal to achieve through various measures, might that be a viable alternative for the Board in looking at us managing that money and setting the entire \$500,000 aside with the caveat towards management because if we are successful, and we manage the budget properly, that will position us better going forward in year 2 of this budget going forward if we are talking about a two year budget. Which in retrospect I wish we were talking about.

Alderman Wihby stated my comment to that would be that Alderman Gatsas' reference to we shouldn't be holding onto this money right now, we should be giving it up if we know we are not going to use it.

Mayor Baines stated that this is looking at the context if we were talking two years.

Alderman Gatsas stated I certainly agree with that but I think that the first test should be half of it, the second test should be if we didn't use it next year then that would be the second test. But we need to put a test in place now because there is no reason to hold \$1.2 million and never spend it. And tell the taxpayers out there

that someday everybody is going to be at full complement, and when they do we've got to spend it. It hasn't happened in the last three budgets that I've had a chance to look at.

Alderman Cashin stated to Alderman Gatsas if I go along with your motion, if I read this correctly and I think I do, it's going to cost the Highway Department 12 full time employees, that he's planned on using.

Alderman Gatsas stated if he can hire 12 people with \$71,000, I would give it to him.

Alderman Cashin stated what I heard here tonight I figured the number was 12, if this was the case and we are going to do things to every department.

Alderman Gatsas stated this was not true.

Mr. Thomas stated no.

Alderman Cashin stated to Mr. Thomas, you have six vacancies now, right.

Mr. Thomas replied I have six vacancies which equals \$140,000. I was going to sue that to supplement other accounts.

Alderman Cashin stated we are taking that away from you, you don't have that anymore.

Mr. Thomas stated so now I can't build up my overtime account to where I think it should be and I can't touch resurfacing, and I would still have to maintain six vacancies.

Alderman Cashin stated exactly, so it's twelve people, isn't it.

Mayor Baines stated no, it was not 12 people.

Alderman Wihby stated it was \$71,000, is what it says.

Mr. Thomas stated if I was going to reallocate \$140,000 into other line items, I need six people. If I've got to give \$140,000 to Alderman Gatsas that's 6 people, 12 people, but I would not do that because I would not, I can't possibly have another 6 vacancies so I would have to reduce my overtime account and resurfacing account from where I would like to have it be at, which will effect services that I provide in those two areas.

Alderman Cashin stated the 140 equals 6 people correct.

Mr. Thomas responded that's right.

Alderman Cashin stated you're losing that, it's gone. Now, in order to compensate for that.

Mr. Thomas stated I need another six.

Alderman Cashin stated 6 and 6 is 12.

Mr. Thomas replied but what I'm saying is I wouldn't compensate.

Alderman Cashin stated I know, what you're saying is the way you are going to manage it you wouldn't do that, however, what you are going to do is you are going to take away items from the taxpayers, that they are paying for that they are not going to get in order to compensate for the \$140,000. Is that fair.

Mr. Thomas stated I guess that's what I am saying.

Alderman Cashin stated so either way the taxpayers are going to pay.

Alderman Clancy addressed Chief Kane stating you have 8 vacancies right now.

Chief Kane responded that's correct.

Alderman Clancy stated so missing those 8 spots, that's minimum staffing.

Chief Kane responded that's correct.

Alderman Clancy stated that's time and one half right.

Chief Kane responded right.

Alderman Clancy stated now if you hire 8 new guys, that would be less money, it would be fresh men. In other words these guys wouldn't be working time and one-half, or 24 hours around the clock.

Chief Kane responded correct.

Alderman Clancy stated my contention is, and I'm not trying to micromanage, you should hire those 8 men and you want be able to miss these guys that are making the

money that these people are complaining about. So maybe your overtime account would cut down.

Chief Kane stated that's exactly what the plan is.

Alderman Sysyn stated you are not taking all of the \$143,000 you are taking half of it.

Alderman Wihby stated we are taking half and putting it away.

Alderman Sysyn stated so \$71,000 you are going to keep.

Mr. Thomas stated the proposal as noted on the document that you have would take \$143,000 out of Highway budget, half of that would go to reduce the tax rate impact and the other half would go into a salary adjustment or some kind of contingency account.

Mayor Baines stated that was correct.

Alderman Thibault stated to Chief Kane, if I heard you right just now you said that you have 8 people that are out now. The reason that you don't have those 8 people is because you cannot find the recruits for those 8 people, is that what I'm hearing.

Chief Kane stated no that was not true. Those are fairly 8 new vacancies. We have some recent retirees. It just so happens that the springtime, a lot of people just retired this spring. The process of hiring a person onto the department is we have to do background checks, we have to do criminal checks, we have to do motor vehicle checks. We have to do interviews, so there is a long process to get them on board.

Alderman Thibault asked how long, six months.

Chief Kane responded no. We are at the end of the process in another couple of weeks.

Alderman Shea stated one thing that should be born I mind is that every new person hired, you have to add 33 % for benefits or thereabouts, is the correct.

Chief Kane stated that was correct. But usually the person that's leaving has the 20 years and the new person is coming in, but that correct. I think it's 33%.

Alderman Shea stated let's assume Frank that I have worse potholes on the streets in my wards than the communists in Cuba. So let's assume that you need \$100,000 for repaving streets that are services that should be rendered to all of the city streets, constituents in city streets. Can you go to the Mayor and say to him look I've got this need and I need this money. Can't you do that with the money that we are setting aside, or am I incorrect.

Mr. Thomas stated I believe the money that is going to be set aside would be set aside to address salary related issues, not operating expense issues, that would be an operating expense.

Alderman Wihby stated, Frank, we are taking \$140,000 away from you. We are putting half of that away in an account that at any time if you wanted to come and get we have that amount so you are only getting cut 1%. You might have to take an extra step to go and get it, but that money is there, half of that 2% is in an account waiting for you to come get.

Alderman Wihby noted that it was a 1% cut because anytime anybody wanted to come and get that money it was there. And the 1% cut is really not a cut. If you look at the vacancies that are in the departments totally, that 1% is more than the \$562,000 that we are putting away, it's double that. We are only taking half. First of all we are cutting you 1% off the salary account, and you can get that money any time you want, and the departments that have overtime like Fire and Police and all those people that can justify that they want some of that 1% that's there, because some departments are not going to ask for that 1% they are going to live within that number, and basically almost everybody should be able to live with that number because in the course of the years they've had a total negative.

Mr. Thomas stated so you are telling me that I could go to that account and ask for 2%.

Alderman Wihby stated you could go to that account and ask for 2% because there is going to be some people that are not going to ask for the 1%.

Mr. Thomas stated that was a possibility. My severance was funded at \$80,000 I had requested \$120,000, actual for this year was \$160,000 so severance I could be impacted next year. We could have an average winter next year. Instead of being short the \$69,000 that's been cut from what I had requested, maybe I'm going to need twice that.

Alderman Wihby asked if he was talking about salaries.

Mr. Thomas responded he was talking salary, yes.

Alderman Wihby stated if everybody took 2% and gave it to us right away everybody could come back and get 1 no problem the money is there. But some people are going to come back saying I need the 2 because they are already a full complement and they are going to be a full complement for the rest of the year. The other ones are going to come back and say I don't need any because I do have, I am like Fire, and I have vacancies, 5 every year, and I'm still going to have 5 this year, or Police, whoever was that number, I don't need that 2% I only need 1%. Bottom line is that number if you look at the history of what we had left over in that account is only half of what is usually left over in that account. So yes, you could go back and get 2% from that account.

Alderman Wihby stated everybody can't go back and get 2 but they are not going to need it. If you look at the history of the salary account.

Mr. Thomas stated I can ask for resurfacing money.

Alderman Wihby stated this is salary, we are taking it out of the salary account.

Mayor Baines stated you are clean on that, you can't come back and say I need extra money for resurfacing.

Alderman Wihby stated because we took it out of salary.

Alderman Shea stated personally, I want streets paved. Therefore, I'm not telling you how to micromanage, but get the streets paved and come back for salary adjustment, please. Because streets have to be paved the streets are terrible. So work it out, you are very intelligent and you can roll the dice and do what you have to do but get those streets paved.

Chief Kane stated one other thing for you to think about in regards to this, the severance pay, in past years sometimes it's in sometimes it's out, currently it's in our current budgets. And that portion has been reduced in most city departments' budgets. Also there is a workman's comp issue. Workman's comp usually was sitting out there in some sort of account. That workman's comp money has been put into our budgets.

Alderman Wihby stated it's always been there.

Mayor Baines stated it's been there for four years, we clarified that today.

Mr. Thomas stated but the point we have been trying to make on that is that that's an unfunded liability in our budgets. So, yes that has been passed on, and the way

that that was passed on quite frankly was that if you can pay for these workers comp charges out of your budget, that was fine. If you ran into a problem towards the end of the year you had the salary adjustment account or the insurance fund to fall back on. At least this year going forward there won't be.

Alderman Wihby stated we still have a workers comp reserve that we are building up. The mayor is recommending a half million dollars, 250 whatever it is, so it works the same way. If you needed money for workers comp and you didn't have it in your budget, and that's the first place we should look, in your budget, then you can go to that account. Before I don't think we had a reserve last year we used it all up.

Mr. Clougherty stated there is a workers comp reserve.

Alderman Shea stated I think too there is a proposal that we do hire a safety officer, I think we were talking in the other room. My understanding is if we hire a full time person that person can work with departments in order to keep workman's comp expenses down by providing safety type of sessions for employees and so forth. So that might be a helpful thing.

Alderman Gatsas asked if they had a better grasp with what they are talking about.

Mayor Baines noted that Mr. Hobson had explained it to the advisory committee.

Alderman Wihby noted it sounded like no one understood that they could get the 2%.

Mr. Thomas stated they had not heard that part.

Alderman Gatsas asked if there was now a clearer understanding.

Mr. Clougherty stated the approach that is being offered is the approach that has been used in the past to cut back on the vacancies rather than funding the vacancies and setting up a salary adjustment of a lesser amount. That approach has been used in the past. And that is what you are really talking about here is different approaches to the upcoming fiscal year. Do you want to have the approach that is being offered tonight, or do you want to go with what the mayor is talking about with a fully funded staffing position and you get into questions of services. I think that's what I've heard in the discussions with the different departments is they are concerned about the different service levels.

Mr. MacKenzie stated to give you an idea of what it is for a smaller department. Now, under the mayor's budget the way it would have worked out for our

department if we had lost our administrative services manager to retirement mid-year, and they would take roughly 25 weeks of severance pay, under the mayor's proposal we would not have been able to fill that position. In essence there was no salary adjustment in the budget. And given that we have no severance budget or line item within our department we could not have filled that position and I know there is talk about perhaps attrition and perhaps reducing work force, in this case that particular person handles all the payroll, all the budgeting, the CIP account information and handles roughly 120 public contacts a week. And those are people that walk in, attorneys looking for information or abutters frustrated with the development beside them, so I am not sure how we would replace that. Under the proposal here, perhaps we would get a shot to come in and go for a salary adjustment. However, if everybody came in I don't know if there would be enough money to fund all those positions, so it is possible that I would be in a position that that same person retiring mid-year I would have to come back to look for money.

Alderman Gatsas stated there is not enough there in the mayor's proposal if everybody came in, so let's not try and peel an apple when we are looking at an orange.

Mr. MacKenzie stated no, I am just saying with the mayor's proposal the existing staff is fully funded under the budget, there is no salary adjustment.

Alderman Gatsas stated so if you come in for severance what do we do.

Mr. MacKenzie replied I am agreeing that I would not be able to come in and look for any money and I would have a half position out for a year, and on our staffing position that would be difficult. Under the proposal we would still be in trouble. We would be down about \$15,000 and I'm not sure how I would do that unless there was adequate money in a salary adjustment account to fund those, and at this point it is hard to say if a half million dollars would be adequate. If vacancy rates turned out to be very low I'm not sure how you would react if all the departments came in, because every department that is fully complemented would have to come back to this Board to finish the year with their current complement, and I'm hoping that our complement keeps consistent because that is the only way we can keep up, but everybody would have to come back. And, if everybody did come back I'm concerned that if the money is not there we would have to have some forced layoffs.

Mayor Baines stated another concern and perhaps some aldermen can give us some insight, and asked Mr. Robinson address the Board.

Mr. Robinson stated Regis Lemaire of the Office of Youth Services is planning on retiring at the end of this year. Not knowing what Regis has for a severance, it is my feeling that the city could not fill his position based on the vacancy rate scenario. Therefore, that position and it may be the policy of this Board to leave it open, but based on the way it is now, that position may be open.

Alderman Wihby noted it was \$3,000, you may not be able to fill it under the mayor's proposal because you don't have the money but under this it's only \$3,000. If everybody came back we would have problems, but we have gone over the history of the account that we have over a million dollars in that at the end of the year and we are saying we are only going to use half of it, so we are assuming a lot of the people are going to come back for the 2%. It doesn't help Regis because it's only a \$3,000 cut, but people delaying, taking time to fill the jobs, time to post it, all that stuff adds up to a million dollars. We are saying let's take half of it, use that money up front so the taxpayer feels that up front, we know the departments that are fully filled are going to ask for 2% we know that, but we also know that some of the departments are going to ask for only 1 and some are going to ask for 0. And they are still going to have full complements and still have some money left over if something happens. We are saying that the history of that account is double what we want to use up front.

Alderman Gatsas asked Mr. Clougherty how long he had been the finance officer of the city.

Mr. Clougherty responded 11 years.

Alderman Gatsas asked how many budgets have you gone through.

Mr. Clougherty replied 11.

Alderman Gatsas stated what would you say in 11 years is the average, in that fund on a yearly basis.

Mr. Clougherty asked to start or left over.

Alderman Gatsas replied, left over.

Mr. Clougherty responded it depends on the size of it. It runs about half.

Alderman Gatsas stated what would you say is the average.

Mr. Clougherty responded the average balance at the end of the year would have to be around 500,000 to 600,000.

Alderman Gatsas stated what did you start with \$1 million, 1.5, 2 million.

Mr. Clougherty stated it had varied.

Alderman Gatsas asked if it had been over \$1.5 million.

Mr. Clougherty stated it had when the contracts were being negotiated, but on average there was about 500.

Alderman Gatsas stated so in the last three years it hasn't been in excess of \$1 million, was that correct.

Mr. Clougherty it's been a million and a half on occasion, I could go back and get you the history and look at it, but it has varied depending on the contracts.

Alderman Gatsas noted he was perhaps explaining it wrong, and asked if Alderman Wihby could assist in clarifying.

Alderman Wihby asked if he was talking about the fund balance left over.

Alderman Gatsas stated the fund balance being left over.

Mayor Baines stated the fund balance is in the vicinity of 500,000 to 600,000 we've done an analysis of that.

Alderman Gatsas stated okay, so if we are starting with \$500,000 or \$600,000 in that fund balance, the best we can start with is somewhere around a million, so we should end up with 0 as any good business would. I think that this is an excellent point. If we are going to end up like a business would, at 0, and that's where we should be, because I don't think we want the money just floating about anywhere, cause I don't think the taxpayers would rather see it in their pocket than in ours because we will spend it.

Mayor Baines stated except that if you have an opportunity in managing a department to bring about efficiencies as the year goes along as things change or conditions change, that may not be the case.

Alderman Gatsas stated but we have given them that opportunity. We are not talking about line items here. We are talking about that number that I couldn't find for four weeks.

Mayor Baines stated you are talking salaries, I understand that.

Alderman Gatsas stated if everybody came right now, that wanted severance, I think that we would probably have to reopen the budget and look to raise more taxes because we are not going to have the money.

Alderman Cashin asked if the advisory committee was more comfortable with this scenario now than when they walked in here, and if they are not I want to know about it.

Mr. MacKenzie stated I understand it a little better, although it's pretty much as I understood the original proposal. Generally, as a manager facing some tough choices, I would, even though I wouldn't like either one, I would prefer this simple cut in the department, I would prefer that as opposed to more stringent regulations that would make it more difficult to accomplish, because through the year I can try to find.

Alderman Cashin stated so Bob, you are not more comfortable now than before, is that what I'm hearing, it's a yes or no answer.

Mr. MacKenzie stated I understand what the proposal is, and it is going to have impacts on the departments. He was not any more comfortable, that's correct.

Chief Kane stated we went over this proposal as a group with the Mayor and the Mayor's Assistant right at the beginning, and we spent a few hours discussing this and as a group we came out against it, and myself I don't see how it's changed any actually. The first proposal took all of the money and put it in a salary adjustment. I guess I'm still sitting right where we were.

Alderman Cashin stated so your answer is no.

Mr. Rusczek stated in our case it would mean that with those cuts we are starting off the budget year with numbers that won't enable us to complete with full staff. From my personal preference I would rather see our budgets funded at the mayor's level and someone say to me Rusczek we have an expectation upon you that you will effectuate savings of 2% throughout the year and if you don't make we want to know why you can't make it, but to give the departments the ability to maneuver through the budget to do things by attrition, by moving things around and continuing to keep things fluid so they can match what our service needs are. In the Health Department our service indicators are continually going up. We receive between 400 and 500 phone calls a day and that is not including the school nurses. We are challenged every day and I'm okay with a challenge that says Rusczek we want you to manage so at the end of the year you'll end up with a 2% balance in your budget or a reason why you didn't make it. My answer is no.

Mr. Thomas stated my answer is no too. I don't have a problem trying what is being proposed but instead of only putting half into the same account, why not put the full amount and if it works then you can adjust it next year. I have a concern that there are so many variables, unknowns out there, I would like to see its being done.

Mr. Clougherty stated I've done it both ways aldermen, I've always been less than fully funded so if that's the wish of the Board to go that route then certainly all of the department heads will manage that way. But this is the first year that I have been fully funded by the Mayor and I appreciate that in a year that we have a lot of things coming up. We are facing some GAP issues that are coming forward and a full complement helps us to get the workload done.

Alderman Cashin asked if that was a yes or a no.

Mr. Clougherty responded the preference is to go with the mayor's budget, the full funding.

Alderman Cashin stated this Board now has an opportunity to work in conjunction with the department heads and give them an opportunity to prove to us that they can do their job as I know they can over the 30 years I've worked with most of them. And I would like to give them that opportunity. And not to try to mini-manage their departments, and I think that's what we would be doing with this recommendation.

Alderman Shea stated if we were to remove \$532,000 that would be how much on the tax rate, about 14 cents.

Mayor Baines stated the total would be.

Alderman Shea stated if we were to put it into a fund and draw interest on that money, then how much of a difference would it be on the rate.

Mr. Clougherty stated that wouldn't have an impact alderman, it's a cash versus appropriation and it's always invested all the time anyway.

Alderman Shea stated so if we were to put it all in one fund and get interest on the \$1.2 million, rather than half a million we would probably gain 2 or 3 or 4 percent more.

Mr. Clougherty stated not really because you are fully invested all the time, a half million versus whether you would apply it to the tax rate and gave it to people the

earnings on a half million dollars over the course of a year would be \$5,000 maybe, it's not going to make a difference in the calculation.

Alderman Vaillancourt stated I believe the scope of the comfort question somehow changed in the middle of going around. The original question was are you more comfortable then when this discussion began, and somehow by the end of the answers were on are you comfortable. So the question was originally as phrased are you more comfortable then you were 85 minutes ago.

Alderman Cashin stated I think everybody understands.

Alderman Gatsas stated he hoped the department heads realized that the 2 percent they were talking about were controlling or micromanaging their departments, that they are not going to be able to move money from wages to any other line item, do they understand that.

Mayor Baines stated well, without approval. There has been confusion about that over the last couple of weeks as you know.

Alderman Gatsas stated but in the past they have moved it from wages to other line items.

Mayor Baines stated no, they haven't moved salaries to other line items.

Mr. Clougherty explained that there were three programs. There is salaries. There is expenses. There is capital. They could move dollars within the expense lines but they could not move money into expenses into salaries or vice versa salaries into expenses without coming for an action by the Board.

Alderman Gatsas asked if that action had taken place by the Board in the past.

Mr. Clougherty stated yes.

Alderman Gatsas stated so understand, that this Board may not look with the same eyes that past boards did moving lines from wages to other items.

Mayor Baines stated we understand that.

Alderman Gatsas stated you understand it, I'm not sure if they do.

Mayor Baines stated I think they understand it. That's the process you either get it or you don't.

A roll call was requested on the motion.

Mayor Baines requested the Clerk clarify the motion.

Deputy Clerk Johnson stated she had a question with regards to the motion. It is my understanding that they are trying to implement what is reflected.

Alderman Gatsas withdrew his motion.

Alderman Wihby stated he would withdraw the second if they are going to discuss how they are coming up with some sort of cut either budget wise or vacancy rate, or keep it on the hiring freeze.

Mayor Baines stated we are more than willing to do that and we appreciate the opportunity as well.

#### 4. Appropriating Resolution

"Appropriating to the Central Business Service District the sum of Two Hundred and Thirty Thousand Dollars (\$230,000) from Central Business Service District Funds for Fiscal Year 2001."

- a) response from the Director of Planning to Alderman Levasseur's inquiries; and
- b) requested appearance of Intown Manchester.

On motion of Alderman Thibault, duly seconded by Alderman Clancy, it was voted to read the resolution by title only and it was so done.

Deputy Clerk Johnson noted that there were two items listed under the resolution.

Mr. MacKenzie addressed the Board stating he did not have a presentation. I did provide a historical perspective on how the CBSD started roughly 20 years ago and how it changed in the past five years based upon direction of this Board to a different course. I know that representatives of In-Town Manchester are here tonight, and I will be available to answer any specific questions related to how our office actually pays bills and administers the program to In Town Manchester.

Alderman Pariseau asked Mr. MacKenzie, the expansion of the downtown district. Was that at the request of the businesses or was it somebody's pipe dream. What's the majority of those that favor the extra assessment 79 cents a thousand.

Mr. MacKenzie stated as I understand it, it was the In-Town Manchester that internally had some questions. One they felt that the budget was not adequate a couple of years ago to accomplish the mission that they had been given. And after reviewing whether they wanted to increase to 79 cents per thousand, I think they ultimately decided not to increase that to 79 cents per thousand, so they kind of agreed internally at In Town Manchester, the Board, that perhaps expanding the district would be the appropriate route rather than increasing the amount.

Alderman Pariseau stated but those business within that expanded district, don't have a choice, or did they have a choice.

Mr. MacKenzie stated there was a public hearing, the Board of In-Town Manchester basically represents the property owners, but the property owners could not vote on it. The property owners within the expanded area did not have an opportunity to vote on it.

Alderman Pariseau stated so this was more or less shoved down their throats.

Mr. MacKenzie replied I'm not sure I would phrase it that way, there was a mail out to all of the owners.

Alderman Pariseau stated I'll bet you the word didn't get out, because I hear there is a lot of scuttlebutt that people within the expanded district really don't support it. I don't know how the process is done, but I think we've got a problem.

Mr. MacKenzie stated perhaps the representatives that will be coming up next can answer that a little bit more because they were deeply involved in the question of whether to raise rates or expand the district back a couple of years ago.

Mayor Baines asked Rich Davis and other representatives to come forward.

Mr. Davis introduced Paul Shea.

Mr. Shea addressed the Board stating he resided at 300 North River Road in Ward 3, and Chaired the Board of In-Town Manchester, and noted he was the Chairman of the Board of the Bank of New Hampshire. Mr. Shea stated you've received an overview of our organization before the meeting and I hope you've had a chance to peruse it. I will attempt very briefly to synopsise some of the salient points and then if you wish answer any questions. By way of background, as you may recall,

in the early 1990's because Manchester was the financial center of New Hampshire, it bore the brunt of the worst recession that our community has undergone since the closing of the mills, and/or the great depression. Most of our financial institutions had failed. The national accounting firms had closed their regional offices. The defense and high tech industries were contracting. And real estate values had literally collapsed. The largest property owner on Elm Street was the Federal Deposit Insurance Corporation (FDIC). The Mayor and Board of Aldermen had to maintain and provide the essential city services with revenues and tax base shrinking by millions of dollars. The then Mayor Wieczorek and Ward 3 Alderman Tim Reiniger, as well as local businessmen notably Paul Mansback, and Mark Taylor were instrumental in calling together for a series of meetings the major property owners and employers in the district to address these very serious issues. Many, many meetings were held and the message was delivered. Step up to the plate if we did not want the situation in the millyard and downtown to further deteriorate. Eventually nearly everyone agreed to help. But I would be less than candid if I did not suggest that no one wanted to get involved in the political process per se. We all had our reasons. It was a very stressful time. Our profits were depressed and no one knew what the future held. We had to be assured that our money and efforts would be dedicated to the goals enumerated in the plan. And also that those dollars and energies would be privately administered by the stakeholders. It had to be A-political in nature, and non-partisan in fact. As a result, we agreed to self tax ourselves an additional 67 cents per thousand. Subsequently we raised that further to 79 cents per thousand. A sunset provision was also insisted upon wherein every three years the In-Town Board and the downtown stakeholders would evaluate our performance to determine whether we should continue our efforts or dissolve. Before we ask to renew our contract this year, we polled our constituents, held public meetings, and personally visited with as many people as we possibly could to get their opinions. The results of that polling shows that over 80 percent of respondents approved of what we were doing. Some letters are in your packet from major contributors showing their continued support. No opposition appeared at the public hearings and our personal visits to the major supporters showed overwhelming approval. By the end of our present contract, over \$1,350,000 in self imposed taxes will have been raised for these purposes. Over \$1 million of those dollars will have come from the top 20% of the business property owners. The remaining 80 % contributed an average of \$128.00 per year. Some pay as little as \$103.00. Only commercial properties, and residential buildings with five or more units are assessed. Since January of 1997, 74 improvement projects have been completed. At least 200 full time jobs have been created, and at least the same number of part time jobs. That does not take into consideration jobs retained, nor additional jobs in the millyard. There are presently 12 applications for new projects being processed. A total in excess of \$5.4 million in investments and rehabilitation by the private sector has occurred as a result of these projects alone. Downtown buildings are filling up

with tenants. Two such examples would be McQuades, and the office tower at the Center of New Hampshire. The millyard and Elm Street certainly look and feel better. And with the number of proposed projects in the pipeline, we hope this should continue. In Town, to get to Mr. Pariseau's comments earlier, was frankly flattered when people bordering the original district solicited us to expand our boundaries, so that they too could participate in the programs and have a say in the planning process. We came before the preceding Board and asked to do so, which was granted. Since that time, and this directly relates to the alderman's question, eight new projects have been completed within the expanded district. And another two are presently being processed. In addition, many of these major employers and companies have contributed hundreds of thousands of additional dollars to support various civic programs. And literally hundreds of our employees have volunteered to help on various projects in the district. This has been a true public/private sector partnership and we believe a success. The Board of Mayor and Aldermen have been an intricate part of that success and for that we thank you. What once looked like an impossible undertaking is working. The job is hardly done, but I can tell you in all sincerity that the decision to move forward is one that we have never regretted.

Alderman Gatsas stated can you tell me what were the bounds when In Town Manchester first came to its being. Have you had two expansions, three expansions.

Mr. Shea responded one.

Mr. Davis advised that if they looked to tab 1 in the handout there is a map. The earlier boundaries of the district went from the river south to Lake and Granite Streets, went up Pine past the Library to Bridge, from Bridge it turned westward and went up the alley behind Elm Street (Church Street) to Orange and then it included both Brook and Pennacook. At Pennacook it went back to the river and that was the end of the district. The northern end of the district then would be Brook and Pennacook on the other side of Elm Street and going down through the millyard. Those were the earlier boundaries and they did include what the board of In Town believe was the true extent of downtown at that time.

Alderman Gatsas stated so you then expanded it to Chestnut Street.

Mr. Davis stated yes, as the Chairman said we had a number of requests during that first year we were trying to be responsive to. Actually the challenge was to try to accommodate people who were on the fringes of the district.

Alderman Gatsas stated you mean they wanted to pay more taxes.

Mr. Davis responded yes.

Mr. Shea stated no, they wanted to participate in the building program, and the monies that were being made available by the banks and the city using federal funds.

Alderman Gatsas asked who some of those people were that wanted that expansion, because I'm an owner on Chestnut Street and I certainly wasn't looking for an expansion.

Mr. Shea stated you would have received a letter.

Alderman Gatsas asked who was in favor of looking for expansion on Chestnut Street and beyond.

Mr. Shea responded probably the ten people who have taken advantage of the project thus far.

Mayor Baines asked what the process was for expanding the district.

Mr. Shea responded they had public hearings, they notified all the people in the district that it was our intention to go before the original advisory committee which reports to Bob MacKenzie for the Central Business District which originally 20 years ago was formed and it was a beautification and litter kind of thing, it used to raise \$40 odd thousand a year, but they still exist in a pro-forma sense and they report to Bob so we went through them and we also came to the Board of Aldermen. So we notified people in the district that we were going to do this, so we went through a whole four step process.

Mayor Baines stated and the Board of Mayor and Aldermen voted to expand it.

Mr. Shea responded correct.

Mayor Baines asked if he remembered the vote at the time.

Mr. Shea responded he was not there that evening.

Alderman Cashin stated he thought it was a unanimous vote, but was not sure.

Alderman Levasseur stated he had a copy of the minutes and there were three people who voted against that and one abstained.

Alderman Gatsas asked if he could explain why they included multi-families.

Mr. Shea responded because they are commercial properties, over five residences.

Alderman Gatsas stated over five residence is included in a tax purpose for a business district.

Mr. Shea stated that's our interpretation.

Mr. Davis stated the commercial properties, the larger ones, actually are contributors to some of the problems that we see in our district. They generate a high volume of trash therefore a high volume of litter, and some of the larger commercial properties have take advantage of the program, Felix Torres and his larger apartment block north there on Elm Street, north of Brook and Dow have taken advantage of the program and have joined downtown I think enthusiastically.

Alderman Gatsas asked if Mr. Davis could provide a list of the people on Chestnut Street that have participated in this process and what businesses they were and where they were located.

Mr. Davis stated that would be Chestnut, Bay and the area of South Commercial Street.

Alderman Gatsas stated he was only talking about Chestnut Street.

Alderman Levasseur stated that request was made by this alderman to the In Town Manchester for a specific description of those people that had actually used the façade program so I could break down to say which places had used it, where the peaks had been, and I think it has now tailed off and is coming to an end but that was never provided to me when I requested that and I did request it in a timely fashion.

Mr. Davis stated if I might correct that we received a request Friday afternoon from Bob MacKenzie, the Planning office, saying that they had received a request for all of the information regarding the Building Improvement Program, and that they wanted that information by 12:00 on Monday. This is the kind of request that would typically come to us, the Board of In Town Manchester, through this Board of Committee. I think that all of you know that we have been very responsive to each of you individually as much as possible but through committees and as committee of the whole. When we received that request we talked to Bob, of course realized that Mr. MacKenzie has a lot of this information in his files so this goes back some years. He felt that I had a more complete rendering of that, but before we started down the road of trying to provide information to individual

aldermen, we felt knowing that we were going to come before you this evening we would take the opportunity to explain ourselves, explain the program and then have an opportunity to hear from you what you would prefer to have.

Mayor Baines recognized Alderman Wihby.

Alderman Wihby noted he had always been a big supporter of In Town, I guess my concern is there is a petition and I don't know if you've seen it yet signed by close to 50 individuals saying that they are in favor of rescinding it. Alderman Wihby asked if Mr. Davis had seen it yet.

Mr. Davis responded no.

It was noted that the petition was in front of him.

Alderman Wihby stated that was my concern we just heard that nobody was against it, but we are sitting here with 50 names on this sheet.

Mr. Davis stated we would never say that there is 100 % approval of any program or any initiative in downtown. Certainly with one that is as new as this. I doubt if you will find 100 percent approval.

Alderman Wihby asked how many owners are there involved.

Mr. Davis responded there are 660 owners in this district and if you turn to.

Alderman Wihby stated if you look at the ones that gave you the good complements, they are the bigger companies they are the ones that gain the most out of this and this sheet looks like it's the little guy that is complaining.

Mr. Davis stated if I might comment on that, it is the larger property owners and the larger companies downtown who contribute the most who actually pay the most into this district. I think that you will find and our chairman stated that there are roughly 20% of the property owners, about 132 of the property owners who contribute 80% of the base to this assessment district. Keep in mind that the other 80% is the low 80% in terms of value of the properties, contribute 20% of the total, and those are the major beneficiaries of the programs in the district. It is really not the larger property owners they are the major contributors and sponsors.

Alderman Wihby stated so looking at the list is there like a segment, because we enlarged it, is that what this is, or is this a cross base of everybody.

Mr. Shea stated you have people on here that I know have taken advantage of the services, I know personally, and have never expressed that to me. I don't questioned that they signed this. Steve Schubert who is involved in the Chase Block, who is one of the biggest supporters we have In Town Manchester. I don't want to make other names here I think that's not an appropriate thing to do without consulting with these people and looking over and asking them what really.

Alderman Wihby asked if he could go back and talk to these people.

Mr. Shea stated of course. I want you to understand we are a volunteer organization. We put a lot of years and money into this thing, and if we aren't hearing from our constituents, but if we are hearing from the mayor and Board of Aldermen that you no longer need this, or you don't think this is an appropriate thing to do in Manchester, then we would have a cause to sit back and say maybe we should go out of business and abolish ourselves. Because I'm not sure that this reflects what people really think. I have no way of knowing because nobody told me, there is no heading on this other than a motion to rescind the Central Business Service District tax. Well I'd vote to eliminate the income tax too, but I really don't know what context this is all in.

Alderman Levasseur stated for the Board's information I didn't take this upon myself as just some sort of a thing to do, I have been receiving numerous phone calls since I've become an alderman from constituents in my ward that are very upset that they have to be paying this tax. A lot of them, especially on the outskirts on Chesnut Street, Salmon and north of Bridge Street, have been very upset and called me on many occasions to express their discontent with the fact that they are forced to take on this tax. Now, in order to come to the board and ask to receive this Central Business Service District tax, it would be rather lame on my part if I came here and asked you for that on my own personal representative as somebody who has a couple of buildings in downtown Manchester. Now as a person who has been downtown for 15 years, and was a big supporter of In Town in the first year, I wanted to go out and do a little bit of a survey to see exactly what the people who owned the buildings are thinking about. Because most of the people that you'll get the positive responses for are the people who are actually renting for the business, but the people who are paying for it, there is a totally different perception out there. I went out yesterday for about five or six hours and I went out again today for five or six hours and I went probably 55, 60 different places in the district. I started and I went through, the cross section on Hanover Street the names, nobody forced people to sign this thing it was a simple request of do you want to pay this tax anymore. The overwhelming response of all of the people who signed on this was no, I do not want to pay that anymore. They feel like they are not getting anything for their money and they don't want to pay it.

The names on this thing if I could read them into the record, there's quite a few people and a diverse group from the Red Arrow, Steve Schubert, Ted Herberts, Strange Brew, Red Arrow, Steve Schubert has six buildings that he is paying this tax on that he does not want to pay on any more he does not get any extra services, he does not feel he is getting anything for it. These are just people that I just went and was lucky to get these people, if I went through and did a phone poll of the 660 owners of this thing by statistical analysis of what I've been able to represent right here, one out of 25 didn't sign, and the one that didn't sign had an actual affiliation with Mr. Davis and said they like him personally and felt they would be offending him by signing this thing. Now, some of the other signatures are one here are small people. Yes they are. But they are all people that own businesses in this district and they were people that I was lucky enough to get while I went there. Everybody knows that Ron Pappas is one of the most philanthropistical in the city and he doesn't want to pay it anymore. These are people that you all know. Nick Vaillas over on Kosiosko Street doesn't want to pay this anymore, he's outraged by it. These aren't people that I went up and twisted their arm, they signed it willingly and did it on their own. Shane Brady, Arthur Sullivan and the Brady family who own the Waumbec Mills, they own 1128 Elm Street and 530 Chestnut, pay big money for this thing they are up in the \$4,000 range. They are not small people. They don't feel that they are getting any of the services that are being represented to them by this In Town District. These are people in my ward. These are people that we all represent. They don't want to pay this tax anymore. We all know, or a couple of people in this room know that today there was the committee passed a \$561,000 tax hike in meters, not meters but for Traffic. Now we are giving them a \$251,000 tax with this, this is a tax that they don't want to pay anymore. I'm a business owner. I thought it was a good idea in the beginning, but I think it has worn out its time. Now the façade program would not be hurt if we put it with economic development where I think it belongs in the first place. People can go to the economic development and get their loan just like anyone else. Now, I would like to tell you some of the comments that I heard, but I do not want to offend Mr. Davis, but Judge Cloutier on this has a really big building up on 1450 or 1460 Elm Street and he doesn't want to pay that anymore, he feels it's an absolute fraud. There are people on this thing that have said that they do not want to pay it, and this is just a list I put together in a matter of about 12 hours. If the Board wants me to I will entertain a motion, I will come back in three or four weeks and I bet you I can get 400 to 500 names of the people who own those buildings who don't want to pay. I have not found anybody who has rebuked me on these except for people who are actually on the Board or have a close affiliation with Mr. Davis himself. I have nothing personal against Mr. Davis, he has been a fine person to deal with, but at the same time this tax is just something that these people don't want to pay anymore. If you go to the 1998 minutes which you have all in your packet, June 17, 1998. On the day that they decided to increase this zone there were four members attending. John Madden,

Bill Norton, Fran Cirello and Mark Taylor. Now I'm not sure who Bill Norton is, but I know the other two do not own property in this downtown district. The advisory board said let's go out and expand, and then they brought it to this Board and said yea, yea, the advisory board said that we did all this stuff. Well I can tell you right now, you get this In-Town mail in the mail you look at it and say whatever and you throw it out. So as far as it being a public hearing and anybody coming to find out they could come in here and say no to this tax I don't think anybody showed up or maybe a couple did, but these 50 names or 45 names right here are perfect examples of what people think about this tax and that as me as a representative of people in this ward, they don't have time to come to these public hearings, that's my job to do that for them.

Alderman Vaillancourt stated it seems relatively simple to me in your lengthy and prepared statement that was read to us you alluded to the previous ward 3 alderman who came to this board and supported this project and I presume that is one of the reasons that it was pushed through. Tonight we have heard very eloquent and convincing testimony from the ward 3 alderman who said that is no longer desired. So I think the only thing is to defer to the ward 3 alderman as you did before. I do have a question though, having made that statement, at the risk of being impertinent, this is a question that the finance guru at the State, Neil Kirk, Chairman of the Finance Committee always like to ask when he is presented a document such as this, was this prepared specifically for the Board of Mayor and Aldermen, and how much did this document cost to prepare, I think that is a relevant question. I mean the color photos, the glossies.

Mr. Davis responded that we felt it was worth spending at least \$20 per book on each of you to make sure that you could understand the program from beginning to end.

Alderman Vaillancourt stated when you were testifying at Memorial High School couple months ago, you said something that struck me because it reminded me of a time when I was a rather high paid, for me at the time, newspaper executive, and I found my boss who was more highly paid than I was, doing some menial labor, colating newspapers that evening. And he turned to me and said you know this isn't very good management. You and I are two of the highest paid here and we're doing this. You said something at that meeting at memorial and how you were out cleaning garbage from an alley, do you think it is appropriate that somebody making as much as you would be doing that kind of thing.

Mr. Davis responded it was not I who made that statement it was one of the people who spoke, I think it was John Dunn who owns the Fitz's Deli Café. It's not a statement that I would have made but this was actually a Board work day where we got together with our Board and got out on that particular day to remove

graffiti. That's an effort that I've worked with Alderman Shea on and a number of people, and this was our annual work day, we are going to do it every fall. We are going to do it again and we will invite members of our Board as well as members of your Board if you wish to join us at that time.

Mayor Baines stated I'll go with you.

Alderman Cashin asked Mr. Davis what his total count, how many clients did he have in the organization.

Mr. Davis asked the Board members.

Alderman Cashin stated no, how many people did they have involved.

Mr. Davis responded 660 property owners.

Alderman Cashin noted and they had a petition there with 48.

Alderman Cashin commented that Alderman Levasseur had gone around with the petition.

Alderman Levasseur responded yes.

Alderman Cashin stated and you are opposed to it.

Alderman Levasseur stated yes I'm opposed to the tax, adding that he would have done the 660 names but probably 80 percent of the people on the 660 names do not actually work at the building they own. Secondly, most of them own their building but are located in other parts of the state and some of them are located in New York City and other places, so for me to go physically I went to probably 50 places and 45 signed, but what I will tell you that some of these people who owned these are in trust names also. To try to get all their telephone numbers and find out the actual owners is a whole nuther huge leap that would have to be taken. So the fact that I went to 50 and got 45 I think if I went to 600 done a mailing or did all the phone calls I could have done a permission poll and done the same thing. These are just people who are literally working in the downtown area.

Alderman Cashin stated but you got 48 right,

Alderman Levasseur responded yes.

Alderman Cashin stated you are certainly not an unbiased participant It's obvious that you want to get rid of downtown.

Alderman Levasseur question the downtown wording, but responded yes he didn't want to pay the tax any longer, that was correct.

Alderman Cashin stated so when you went and approached those people you were not an unbiased person you were pretty much made up your mind that you wanted to get rid of it

Alderman Levasseur responded he asked them if they wanted to sign the petition.

Alderman Cashin stated my question is you approached these people you want to see the downtown association dissolved, is that correct.

Alderman Levasseur responded that is correct.

Alderman Cashin stated so you weren't unbiased when you went with the petition that's fair right.

Alderman Levasseur stated that if there is a representative that can be more unbiased than I, I don't know if you could find him, I did not try to twist anybody's arms, if you look at some of the signatures, they are not people that you can.

Alderman Cashin interjected you cannot say it was unbiased, it is bias.

Alderman Levasseur responded that he did a poll, he represents his ward.

Mayor Baines stated we have covered that point.

Alderman Gatsas stated under curiosity I just happened to ask the Clerk's office when the district was started. Maybe I can take a second or two to read an unprepared statement of what I found. In 1984 a resolution passed and it stated that the Central Business Service District be established on Elm Street boundaries consisting of Elm Street east side, from Orange Street to Lake Ave, and Elm Street west side, Fir Street to Granite Street. That the frontage footage for purposes of assessments be established in accordance with the property tax and records as maintained by the Board of Assessors. That the new expanded services be provided within the district consists of daily cleaning, maintenance and inspections of the right of way in the district. That based upon the budget of \$13,500 be authorized and that a special assessment of \$2.00 per linear foot be levied against all taxable property abutting within the district.

Alderman Gatsas continued stating I kind of believe that in 1984 the reason that this was established was to bring some life to Elm Street, because that basically was when Pariseau's was leaving and many of the other stores had closed and the malls were opening. So with that resolution that this Board was looking at, I don't know if the parameters, even though the tax has been levied against 600 properties, that the parameters of growth and things that are being done have really affected all 600 people. They certainly have affected the people living on Elm Street, there is no question. Mr. Shea noted also in the millyard. Alderman Gatsas noted that it had perhaps changed on Chestnut Street. I don't think it's changed on Pennacook Street because somebody owns a five family there, so I think that maybe what Alderman Levasseur is talking about is the result and effect of what somebody is getting for what they are doing. I can tell you that again, and I'm not going to vote on this one way or the other because I do own property in this district, but having the property on the corner of Chestnut and Prospect has not changed anything on that corner since it has been expanded to that zone. In looking up and down Chestnut Street I don't think it's changed anything. I don't think it has changed anything on Pennacook Street. I don't think it has changed anything on West Brook Street. Those people are all affected. And I can tell you that again, being one of the larger property owners on Kidder Street, I would invite anybody from your Board to venture to walk Kidder Street on the south sidewalk. Because you are going to take your life into your own hands. So, I'm not far from Elm Street. And if you ask me tomorrow what I think, and I can tell you that before I became an alderman I sat and watched some of MCTV's comments on a skating rink that I can remember Mr. Davis you came and you begged, borrowed and sold your soul to this Board for \$150,000 because that was a great idea for Intown Manchester. And you then turned it over and I believe Mr. Cashin asking you a question what are we going to do with the rink and I think you said you didn't know because nobody wanted to run it. And I don't know where that rink is now, but I know it's \$150,000 that taxpayers within the entire City paid for. And I have a problem when things like that happen. So, I'm not here to talk about anything other than in 1984 what this district was built to do and that was create a better venue on Elm Street. I don't think it was created to tax somebody that owned the five family on Pennacook Street. So I think maybe your Board and you should go back to the drawing boards and say what are we doing here and why are we doing it.

Alderman Pariseau stated he thought the assessment was charged to businesses in that district.

Alderman Gatsas responded anybody that has five units or better, or commercial.

Mr. Shea stated John Madden is a property owner in the millyard, a major owner, you mentioned his name as not a property owner, he is a property owner.

Alderman Levasseur stated he said that he was; that Fran and Mr. Taylor were not.

Mr. Shea stated as a point of reference, the Red Arrow, Herberts, Ben Gamache, Sullivan and Brady, and Schubert have all recently in the last year or two have taken advantage of the program.

Alderman Levasseur responded that the \$100,000 that they get for the façade program does not come out of the money that they are taxed for on their buildings, that comes directly from this Board for CIP. A lot of the people I talked to asked, that was the biggest thing they were worried about was whether the façade program would be taken out, but the façade program could be put in the Economic Development's hands just as easily and no one would lose anything on that. So I talked to these people, I didn't twist these people's arms when I had them sign it, I asked them if they wanted to sign it. I don't have some sort of magical power to make Steve Schubert sign these things, or Nick Vaillas or any of these other people that have signed this.

Alderman Gatsas noted that with Steve Schubert the property that he is talking about is the multi-family he has on West Brook Street. I think he is also talking about one that's on North Elm Street up by New Hampshire Fire, so to use his name and I think that he was very good about putting the addresses of the properties that he is talking about, so let's not put his name in context without looking at the addresses and the addresses are West Brook, Pennacook Street, and north Elm Street. That's what I believe he is signing on there as a taxpayer.

Alderman Levasseur noted that he did not say anything or put anything for the Chase Block on the petition, this was important as it was a downtown area.

Mayor Baines thanked him for the clarification.

Mr. Shea stated a little history as well. I still am Chairman of the Board of the Bank of New Hampshire, and I'll tell you at the time that we put this program together, there wasn't a bank in this city that would invest in downtown. There was nothing to invest in, in the first place because the FDIC owned most of downtown. We had many, many sessions and discussions with the people who ran the banks to make monies available for these purposes. We were in the situation of disinvestment at that time. And, right now you've got a ten year cycle on your assessments. That's why you are not feeling the benefit of some of these 5 and one half million dollars worth of monies that are coming into downtown. The catalyst for that money originally was this program. Mr. Shea stated because I sat in those rooms.

Alderman Gatsas stated I certainly hear what you are saying, and I can appreciate what you are saying. I am certainly one that would advocate anything that we can do to help downtown. I think the problem is, is the scope of what we are talking about for downtown. When you start talking about Pennacook Street being downtown, or Orange Street being downtown, I think that scope is a little bit beyond what you or I thought would be that scope. All I'm saying is that maybe it needs to be revisited. We should not be for any reason, be looking at a five family or a multi-unit building as a source of this tax. I don't think it's right. I don't think that is what this whole scenario in 1984 was set out to do.

Mr. Shea commented that 1984 became mute. And those were the people, Mark Taylor and Paul Mansbank, were the chairman or presidents of that group. They're the ones with Mayor Wieczorek, and the Ward 3 Alderman, who came and visited my office on three occasions to get us to participate. Because, we didn't pay taxes either.

Alderman Gatsas stated it couldn't have been Mayor Wieczorek, because in 1984 I don't believe he was the mayor. I'm saying originally

Mr. Shea stated it became mute at the time of the crash. Because all that was, was a beautification program, and a litter program.

Mayor Baines noted he wanted to get some direction from the Board here.

Alderman Levasseur stated it's very disheartening when somebody calls into question your bias on something like this, because if anybody would know anything about me, I've been down here for 15 years, and the last thing I want to do is kill something that would be good for downtown, that's number one I would like to make that point clear. Number two, Mr. Davis has put into his packet that there are 9 empty store fronts in this downtown/Elm Street thing. If you look at this thing that I did, and this is an unbiased report, it's a survey of the commercial property located in the Central Business Service District. You can look for yourselves and see the addresses of all of these buildings that are completely empty. There are 42 first floor locations in the Central Business District that is completely empty. There are businesses that are still moving out. I've shown you guys the pictures of what these places are like. He only gives you 9 on Elm Street. There are 22 on Elm Street within the boundaries. There is 42 within all of the boundaries on the first floor. Now that I did not take into effect or account any of the second floors of any of these buildings. But I can tell you right now, if I went and found the 42 people that own these properties, I'm sure they are not going to be too excited about paying extra taxes on these properties that they own either. But there is 42 empty spots. Five years ago there was the same amount of empty spots. There were 22 empty spots only three years ago on Elm Street that are

completely gone, there is nobody in them. Now, if this is suppose to be the effect that we were suppose to get five years ago, honestly, do you think I am going to be sitting here and trying to kill something that is good for downtown it's ridiculous. But people don't want to pay for this tax anymore, they don't feel they are getting their bang for their buck. This is an unbiased report Mr. Cashin. This is all the empty spaces that are on the first floor. I really take umbrage with that.

Alderman Cashin responded that he was sorry if Alderman Levasseur took umbrage to anything, but once you sign a petition to rescind the Central Business Service District tax, you no longer can be unbiased.

Alderman Levasseur stated I represent the people in my ward, and that is what I was elected to do and that is what I've done. You can go with me tomorrow and we will go to all 45 people and they can sign it in front of you.

Alderman Cashin noted that Alderman Levasseur had made a motion to rescind the tax, that's what he did, and that made him biased.

Alderman O'Neil stated it's clear to me that there are some concerns, and I don't think anybody is recommending, although he did not want to speak for Alderman Levasseur, that we cease our relationship with Intown. But, I was one that voted against expanding the zone the last time it was brought before us. I agree with Alderman Gatsas, I think it needs to refocus on its original mission of Elm Street. The most common question I'm asked is what do I get for my money. That doesn't come from business south of Bridge Street, it comes from businesses north of Bridge Street and on some of these side streets. I think you need to go back certainly Paul Shea is one of the most respected business people in the city. I've known John Madden for an awful long time. And all I can ask you is to go back and take a look and see what we can do to improve the image of Intown because to the public it's not very good right not to be hones with you.

Mayor Baines asked when the next meeting is for the Intown Board.

Mr. Shea responded tomorrow afternoon. Mr. Davis advised it was at 4 PM on the second floor of the UNH building.

Mayor Baines advised if members wished they could join them and have further discussion about some of these issues, it would be beneficial.

Alderman Levasseur noted as another point, there are no planters on Commercial, Canal or Chestnut Streets they are all located on Elm Street. There are 40 garbage cans, probably 75 percent of them don't have covers and they are damaged and chipped. I have pictures of garbage in the alleys, there is garbage on the streets,

there is garbage in the trees. The planters don't have anything in them, they have cups and all sorts of things. The garbage is flowing all over the place, this is being mismanaged, it's not being operated correctly and it's not being operated with the intent this Board put into place five years ago. It is time for it to go. I will not make the motion now to dissolve Intown, I will give you guys a chance to go further on this, but I would like to at least make the motion that we put this back to it's original boundaries, and I would also like to drop the tax from 79 cents to 50 cents and then they should only concentrate on what the original job was, to remove graffiti, take care of the trash and clean the sidewalks, which is pretty much all we are getting for right now. If you go up Chestnut Street and all of these other boundaries, those people are not receiving anything or any benefit from this.

Mr. Shea stated you don't need me to take care of that. And I don't think you need the people who would put their time and energy into this. I think that if that's what you want to do, then you should go ahead and do it. Because it would make a lot more sense for the rest of us to go on with our lives and do other things. And also, dissolve the district so that the companies, the large companies, who are picking up 80 % of the cost of the thing, would be able to use that money in a different manner.

Alderman Levasseur stated it was unfair for Mr. Shea to say this was a volunteer organization. Mr. Davis gets paid a handsome salary and his staff does also. They are not volunteers, they get paid, out of \$216 to \$217,000 they collect \$140,000 goes to salary and that doesn't include the benefits also, so this is not a volunteer organization, we are paying this guy big money to manage downtown.

Mr. Shea stated my morning started in Manchester, I was in Portland, Maine for a meeting, I was in Burlington, VT, for a meeting and I'm here tonight for this meeting. I'm not getting an hourly rate for being here, nor are any of our Board members or the hundreds of people who have acted as volunteers cleaning up parks, and everything else in this city for years.

Alderman Levasseur noted he did not get paid much money to do this either.

Mr. Shea noted that Rich Davis is a paid person, but the rest of us are not.

Alderman Levasseur responded he never said anything about you sir, I said only about Intown Manchester, I have no problem with anybody in the other district. This is a question of calling into the management and to the person who is in charge of the management.

Alderman Cashin stated I've worked with John Madden, with Paul Shea, and with Rich I guess since 1984 they said we first started. I have a great respect for the three of them and the others that have been involved in this for a long time. I just want to ask the alderman from Ward 3 one question. Have you taken the time alderman to sit down and discuss your concerns with Rich Davis on a one to one basis.

Alderman Levasseur stated we've had discussions on many occasions over the last five years. Many times. I have written to him many times. I've talked to him on the phone, he's been to my restaurant. The last time when Mr. Reiniger was away for a time, we talked about things like that also.

Alderman Cashin asked if he had answered his questions.

Alderman Levasseur stated we had a meeting two weeks ago at the Bean and Bagel around the corner. Four of the people who own buildings down in this area called because they were having a big time problem with the trash in the back alleys. I attended that meeting with Mr. Davis. Mr. Davis did a lot of writing and he was going to hand out a memo to all of the people in the alleyway and ask them not to put their garbage out until after 9:00 in the afternoon. That has not been done in the last two weeks. I have been responsible for having to call Frank Thomas and ask them if they can pick up the garbage at a later time. I have worked with this person. I have nothing personal against him, I just don't think that the job is being done the way it is suppose to.

Mr. Davis stated he would like to respond to that simply because it's not true. Alderman Levasseur and I attended a meeting several weeks ago to deal with trash in Hampshire Lane and he was asking me to put together at that time a proposal and to get back to the YMCA which was absent from that meeting and also to talk to Frank Thomas. We have followed through on that the memo has gone out, and the YMCA has told us that they cannot come up with their solution, they have to store their trash outside the building, so they have asked us to get back together again, that meeting has already been requested and we have sent out a memo asking for that. Regarding trash, that has been one of our major concerns, and I think all of you who are here remember last year we came with Mr. Frank Thomas to this Board asking for a larger solution to the trash issue. That was not accepted at the time, there were some reasons for that. By the time we got back to it it was during the electoral period and our mayor asked us not to pursue it at that time. But nevertheless, we have worried about the trash issue and it is a lot of my responsibility to try to pick up the litter the trash generates so there is no one more interested, more involved in trying to clear up the trash issue than us.

Mayor Baines thanked Mr. Madden for being present and asked if he wished to address the Board.

John Madden addressed the Committee stating, just a couple of observations maybe. With all due respect to Alderman Levasseur and the twelve hours that he put into polling certain property owners in the district, I think that we all have to understand that if somebody comes up to you and says how would you like to pay less taxes and how would you not like to pay a certain tax the odds are very good that you are going to get an affirmative answer to that question. I think that if you went out to any taxpayer in the City of Manchester and said how would you like \$10.00 off your tax bill they would probably come back at a 99.99 percent favorable rating. But I don't think that is what we are talking about here, and I think that is a short sided approach to determining whether the City wants to continue with this initiative, of which I think and if you read the letters that have been submitted to you is an initiative that has clearly proven result and has some fairly substantial support from major institutions as well as other property owners in the city, and within the district. But Intown Manchester management is not about every property owner in the district being able to look out their front door and being able to point to somehow that particular piece of property has gotten better in the last five years. The efforts of this organization are much more big picture oriented than that. Yes we are responsible under contract with the City for things like graffiti control and some litter pick up and things like that and some flowers and helping to organize with concerts and things like that. The fundamental purpose of this organization is to be focused entirely on how in the short run, medium run, and long run, the downtown area be improved. And that's something that doesn't happen overnight. But that's Rich Davis' primary responsibility. What we've got here is a professional who gets out of bed in the morning and every waking hour is thinking about how to improve downtown Manchester. We've seen real benefits from this organization's existence and its presence in this city and I think it was supported initially for the right reasons and I think it should definitely continue to be supported. The district was expanded because it was our feeling, and it was supported by the Board, that the commercial property owners in that larger area in fact should be logical contributors to it. We did a survey of the members of the organization, Paul Shea talked about that. The results were very much in favor. And I think that is all very important when you make the decision that you've got to make about whether or not you are going to support this. Obviously the decision is up to this Board about whether this organization goes forward but I think it doesn't behoove any of us to be confused about the fact that there can be a long list of people who when asked the question will say yea I'd like to have that tax eliminated. I think maybe they don't understand what it is all about. If they think that because they haven't got flowers hanging in front of their property they are not getting anything for it they are missing the point. And again, it would be short sighted to do that. Another thing

that I think is a misconception is that Intown Manchester is all of sudden responsible for providing all the city services to each property owner in the district. That's just not true. Some services are provided by contract but it's the city's responsibility still to do things like pick up trash, provide police, fire and general litter control and Intown hasn't by definition become responsible for that, so if people are dissatisfied about the cleanliness of the street in front of their property that isn't necessarily an Intown problem, although we are working very hard to try to solve it because its an important problem that needs to be solved to better downtown Manchester. I would certainly encourage you to continue to support the downtown interest.

Alderman Thibault stated for the last fifteen years the downtown of Manchester has been dead. We all know that. We are just now starting to see some things happening, such as the civic center. If you walk down Elm Street today and you take the time to look at the storefront and the improvements that have happened there in the last five years anybody has to be blind not to see that there has been some major changes out there and to blame Rich Davis or anybody else of this organization for some of the misconceptions that may have arisen from this is wrong. Just today we got a letter and I'm sure you probably got it too but I'd like to read a little bit of it. Its to Rich Davis, Executive Director, Intown Manchester. Over the last two years Rich has worked with John Jackson introducing Margaritas to the City of Manchester and the Chase Block. Margaritas intends to utilize the building improvement program that is offered through Intown Manchester for leasable improvements and signage. Mayor Baines and the City of Manchester, Margaritas would also like to thank Mayor Baines and the people of Manchester. That includes everybody in Manchester for coming to the enhancement of the downtown area. This is evident to the citywide support for programs such as Intown Manchester and the civic center as well as the issues such as public safety and accessible parking. Margaritas is proud to become part of downtown Manchester." And I believe that is going to be a big draw to this city. And here we are now that we have been working for the last five or six years to try to improve this we are talking about stopping this. Why. Because somebody stepped on somebody's toes, I think it's wrong and I certainly will vote against it.

Alderman Vaillancourt stated I just heard that downtown was dying for fifteen years and this has been going on for fifteen years, so the logic somehow escapes me there, but I wanted to say something as perhaps the only alderman who went around instead paying the \$50 to be on the ballot, went out and got petitions. I want to say something about petitions. Some people have lessened or belittled Alderman Levasseur's efforts. It's not easy to go around getting petitions. This represents about nine percent of the people in this district. That would mean, in order for any of you or me to get on the ballot, you need about 600 petitions, and let me just tell you that to get over a hundred to get on the ballot took me about a

week going three or four hours a day, so to go around and talk with people and get petitions like this is a noble effort and not one that should be demeaned. A signature on this petition is probably worth about if not more than one of those letters from somebody that also has a bias point of view. So let's not bring bias or try to belittle somebody's efforts, I think this was a fine effort and I think it should be commended rather than in any way be spoken ill of.

Mayor Baines commented a lot of the people on that list are personal friends of mine, and I have not heard one of them talk to me about that so I am going to pursue that personally to see exactly where they are coming from. I have had conversations with a number of those people since I have been in office as well, I'm not saying anything positive or negative about the fact that their names are appearing, but I would be curious to have some conversations with them to find out exactly what their issues are with Intown. Because I have to tell you from the short time that I have been in office, I spend a lot of time out in the community and especially in the downtown area, I've heard many more comments on the positive side about Intown and very few negative about Intown, and I think we need to look at the issues but certainly the direction I am getting is very much on the positive side. So I would like an opportunity to explore that a little bit.

Alderman Wihby stated I don't think we are going to solve this tonight. I think maybe we could send it to Administration, Lands and Buildings, or have Chairman Cashin form a sub-committee to look at the possibility of reducing the rate, look at the possibility of reducing the area, and also making sure that we talk to a number of people and see which way they stand and bring it back to this Board.

Mayor Baines suggested Alderman Cashin could make up a special committee from that committee, but that is Alderman Cashin's choice.

Alderman O'Neil asked if this was not the responsibility of the CIP Committee.

Deputy Clerk Johnson advised that the responsibility actually does not lie completely in the Board's authority. The ordinance requires that the Advisory Board for the Central Business Service District review any change prior to the Board taking an action, and the Solicitor's office and I have been sitting here going over the ordinance that established the district during the conversations that have taken place tonight. There was a suggestion made by Alderman Gatsas I do believe to Mr. Shea that perhaps the advisory board should go back at the district. Actually, I think he was asking Intown and Intown is not the responsible party here it would be the Advisory Board. The Board needs to consult with that Advisory Board under the law, so you can't just make a motion to change the district this evening.

Mayor Baines noted that no motion was accepted this evening to change the district.

Alderman Wihby asked if they could have the CIP Committee work with the Advisory Board to come up with a solution. There is no sense of the advisory board going back and talking amongst themselves and coming back to us and having them vote it down.

Mayor Baines asked if there was jurisdiction for the CIP Committee.

Deputy Clerk Johnson advised that the CIP Committee does oversee most of those kinds of issues, but it doesn't necessarily mean that you can't form a special committee if the Board wished.

Alderman Cashin stated it was the pleasure of Alderman O'Neil, if he desired to have it under CIP that was fine.

Mayor Baines suggested that to deal with this appropriately a motion would have to be taken to table the resolution, if you choose to do this, and then we could accept a motion to refer it to the CIP Committee and the Advisory Board to come back to the Board at the next regular meeting.

Deputy Clerk Johnson noted that they may wish to table both items 4 and 5, and also noted that the services to be provided in the district are also suppose to be reviewed by the Advisory Board, and if she understood what was submitted by the Planning Director, that advisory board hasn't met since 1998.

Alderman Clancy noted they were having a meeting tomorrow and he thought they should look over the district boundaries again, but the few times that he had worked with Mr. Davis they were all positive, and let's give the guy a shot he's doing a good job, if anybody has problems with him talk it over with him, try to iron things out. Don't try to be little people and say they have all of these people coming in here with different names and stuff I think that is hogwash.

Mayor Baines requested the clerk read the resolution.

Deputy Clerk Johnson advised the current resolution under consideration was:

"Appropriating to the Central Business Service District the sum of Two Hundred and Thirty Thousand Dollars (\$230,000) from Central Business Service District Funds for Fiscal Year 2001."

Alderman Shea noted that people raise their hand and people who talk out get recognized.

Mayor Baines stated he would try to work harder at recognizing that.

Alderman Shea commented that when your budget was first drawn up was it 79 cents per thousand or was it less.

Mr. Shea stated it was 67 cents.

Alderman Shea stated it was 67 cents originally, and was raised to 79 cents. So this is another issue so not only the district but the amount of the tax, that's a big problem the people are faced with, and the third concern that they have of course is that they are not being rendered, in their judgement, services that maybe they should be or what have you. But when your advisory committee meets I think they are important considerations that should be considered.

Mayor Baines called for a motion regarding the resolution.

On motion of Alderman Wihby, duly seconded by Alderman Thibault, it was vote to table the resolution. Aldermen Gatsas and Levasseur were duly recorded as abstaining.

On motion of Alderman Pinard, duly seconded by Alderman Clancy, it was voted to refer the issues to the Committee on CIP and the Advisory Board of the Central Business Service District for report back to the Board of Mayor and Aldermen or Finance Committee at the next regular meeting.

**5. Resolution:**

"Continuation of the Central Business Service District."

On motion of Alderman Vaillancourt, duly seconded by Alderman Pariseau, it was voted to table this item.

**6. Any other business to be discussed regarding the FY2001 budget.**

General discussion followed relating to the budget process. Members concurred that they would meet regarding the operating budget, school district and any other

pending budget resolutions the next week. Tuesday was intended for operating budget and the school and finalization of other items for lay over was to be considered on Thursday. The Board requested all department heads attend these meetings.

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

A True Record. Attest.

Clerk of Committee