

**COMMITTEE ON FINANCE
(BUDGET DISCUSSIONS)**

April 19, 2005

5:30 PM

In the absence of the Mayor, Vice-Chairman O'Neil called the meeting to order.

Vice-Chairman O'Neil called for the Pledge of Allegiance, this function being led by Alderman Roy.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas (late), Guinta, Sysyn, Osborne, Porter (late), O'Neil, Lopez, Shea, DeVries (late), Garrity, Smith, Thibault, and Forest

Absent: Mayor Baines

Vice-Chairman O'Neil advised that the purpose of the meeting is to discuss the FY2006 Parks, Recreation & Cemeteries Department operating and enterprise budgets.

Ron Ludwig, Parks, Recreation & Cemeteries Director stated with me this evening I have Rick Riddle, our Business Administrator. We will try to keep this as brief as possible and to the point. Recently during the FY06 budget process we were asked to come and appear in front of the Mayor's budget team and take a look at both operating and enterprise budgets. While we agree that all departments are being cut and it is a very difficult budget year, we feel that in the Parks

Department given some of the relationships between the Enterprise and indirect relationships with the general operating budget we should come in and at least advise this Board of some concerns that we have relative to our budget. We would like to start with the Powerpoint presentation. Basically the budget increase we are requesting seems like a large amount. It is \$471,000. The explanation by line item is the second part of Section B of our presentation. Section C will take about the Enterprise a little bit. I will give you an overview because after 10 years, which is 1995 when the Enterprise started, I think that the Aldermen deserve a little bit of information quite frankly on what the Enterprise is, what we thought it was when it started in 1995, how we have been attempting to operate it over the last 10 years and so on. So we will do a little bit of that. Second, we will talk a little bit about community services provided. Third we will talk about some of the value that added partnerships and joint marketing have brought to the Enterprise and four we will talk about operating results and finally five revenue generating opportunities investigated. I will explain some of these a little bit more and then we will wrap it up with closing and hopefully we will generate comments from members of the Board. The top seven items are basically related to our general fund, which is Parks and Cemeteries lines items. They add up to about \$171,000 and you can see that they are in various categories. I won't take the time in the effort to move this presentation along but you will see the top seven items are basically related to our general fund budget. The last item, the subsidy, which is something that has been an item that has been placed in the general fund account over the years since the Enterprise was in existence to effectively transfer into the Enterprise as revenue each year which it has done until this year, is not recommended to be funded in the Enterprise, therefore, we will be showing a deficit in the Enterprise of about \$300,000 in revenue this year. It is simply a paper transfer where \$300,000 goes into the general fund and then quarterly comes back out and goes into our Enterprise account. The first item in the general fund salaries account is a deficit of \$48,000 and we believe that this amount of money

would allow us to replace the Parks & Cemetery Operations Manager, which has been vacant since approximately May 2003. We took one attempt of funding the position and the person didn't really work out. They weren't really a good fit. Important to this position as I look back over the last year I attempted to keep the position open in the effort to fund a couple of laborer positions at the bottom level, which I thought were really important to keep out in our parks in trying to maintain our overall system. As it turns out, the fact that I left the position open I think has put so much stress on upper level management in terms of trying to do all of the things that we do and the projects that we manage. It actually began to cause and I think you can see hurt in terms of the loss of the recent Deputy. I believe this is the sole source but I really believe looking back that this had a lot to do with it. The pressures we put on him through not funding this position and the pressures we put on the new person who has accepted the position will probably be detrimental to the department in the long run and while we need laborers desperately and I believe that they are what keep the department going, the fact of the matter is I think I hurt the department quite frankly by not funding this position. We still have additional vacancies by the way at the Cemetery Department – a Horticultural Assistant and a Cemetery Office Assistant, which means that when our Office Assistant at the cemetery takes a vacation or is away for an afternoon someone from our Parks office on Mammoth Road must travel down to the cemetery to cover that office. Just to hit a little bit on some of the restricted line items and I am getting a little bit more familiar with how these work but again as a department head we are always a little uncomfortable about what has been put into our line items for workman's compensation and some of our other insurances. Quite frankly I think it is prudent and it is a good way to manage in terms of kind of not funding these to the level makes you as a manager watch your workman's compensation line item and makes you as a manager watch your injuries and it makes you pay close attention. However, when they are funded at a level that doesn't even come close in terms of the labor intense work that we do in

the department – we are not a Planning Department or a City Solicitor’s Office that are unlikely to see workman’s compensation, you can see that we were already in here this evening as it relates to shortfalls. I won’t go through it but I think it is self-explanatory that we are requesting an additional \$21,000 roughly to get us to \$62,563. Our FY05 budget was \$41,048, which was short this year. We have already expended \$51,450 just for medical and not the indemnity portion of the insurance. Again, in the CGL, the comprehensive general liability, we have a request to add \$7,000 to bring the funding level up to \$41,000. We expended in FY04 \$31,538. In FY05 it was \$33,442 and we have already expended \$62,000 through the end of March. Some of that and I am not trying to be misleading here was an unfortunate accident that we ended up paying on but again it is just a matter of at least funding it at a level that we are going to be closer to in April than where we are at right now. Vehicle repairs. You can see this is one of our pick-ups. Our bondable items are in fairly good shape. The trucks and front-end loaders and things like that are in pretty good shape. Our average pick-up is about 13 years old. This one we took the box off to try to weld the frame. It has also been in the water about three times now at Dorrs Pond. It really is beyond repair. I applaud the Mayor in his effort to try to do something with these particularly difficult cash items, which is what these are. I think that the Highway Department has done an excellent job putting together a program on behalf of the Mayor and I think it will go a long way. I think that one thing we have to remember as we work through this process is these are the same vehicles that are asked to plow 23 School District facilities. I hear a lot about plowing on streets and that is certainly the most important thing – there is no doubt about it but I am on the phone constantly at 4 AM with the Superintendent of Schools talking about plowing school yards and this is one of the vehicles that we must absolutely use to be able to plow our school facilities. A lot of people want to know why it is not done by Highway. The reason for that is that our vehicles typically fit the school yard situation better than the large Highway pieces of equipment. The way we have

developed bus drop-offs at some of our schools now and the way we have developed appendages on to some of our schools that have created very difficult plowing situations, we have geared our fleet to be able to match the demands of plowing in the School District and I think we have satisfied their needs in regards to getting schools open on time. Again, we are requesting an additional \$5,000. Obviously if we changed out several vehicles this wouldn't really be an issue. Contractual services is something we picked up this year because of the new Livingston pool. The old Livingston pool we had little obligations other than to fill it with water and make sure that water kept coming into it. We must leave water in this pool given the finish on the pool, which means we must cover it so there is a lengthy process involved in opening and closing this pool. I am in belief that after a year my one-person full-time pool aquatics director will come to grips with this and this number could go away. Right now we are looking at a number for opening and closing and having the contractor open and close the pool at a cost of about \$8,000. Again, we will be working desperately to try and make that number go away in the future but this year it is a real number. Gill Stadium. It is a beautiful facility now and it is in fantastic shape. It is a pleasure to work there. Everyone has a smile on their face that uses the field. We played a lot of baseball there last spring. We have requested an additional \$5,000 and this is actually to offset what the Aldermen are presently funding at Gill. The reason being that what we found this year when we went to the School District and talked to the Athletic Director was that they don't anticipate using Gill Stadium as much as they did in the past. The reason being that now they want to play at West High School and at Memorial High School all of their home games. That is not to say that they might not exceed the 55 games that they projected for us but the difference in those games we have to make up someplace and that is basically on the side of the fund that the Aldermen have awarded to take on as their responsibility at Gill Stadium. Electricity. We never had an electricity bill other than maybe one lightbulb at the old Livingston Pool because there was no

filtration equipment to have electricity for. We have several pumps at this new pool. It is a beautiful pump and works some of the water features. It is not a water park by any stretch of the imagination but what we know about swimming pools today is there is really little for kids to do in pools. With the liability issues there is no jumping and no splashing and little that you can do in a pool so the kids really enjoy some of these small water features that we were able to put into the pool and I think as most of the Aldermen know this has been a huge attraction. I want to talk a little bit about the Friends of the Valley Cemetery. They have been a great group to work with. They had some lights donated for us to provide security at the Valley Street Cemetery. This came with a cost of electricity and increased our bill \$1,500 to \$2,000 a year. In special projects we had asked for \$22,000. It kind of speaks for itself. Repairs at our skateboard park, which are continuing and ongoing. It is a well used area but we do have some issues with concrete falling and flaking and it needs to be repaired in order to keep the park in decent shape. Also the small amount of money that we use to color coat some of our basketball courts and tennis courts out there. Basically this item was pretty much eliminated. I think that one of the things the Aldermen should know is cuts to our general fund budget actually cut into our Enterprise account. I don't know if everyone understands that concept necessarily but when you cut my general fund budget equipment account, it limits my ability to be able to provide the contractual services that I have indicated that I could to the School District. In order for me to maintain your athletic fields, which are a part of my Enterprise account, I need pieces of equipment to do that. I call your attention to the top left, the Core Airifier which is something that we never really did in the past, which is to go out and airify some of our overused fields in an effort to try and put some air and permeation through the surface. To the right you see and Overseeder. These two pieces happen to be in pretty good shape, which we use to top draft and overseed our fields. The bottom left is a Trap Rake typically used on a golf course to rake sand traps. The piece of equipment has become an extremely important

piece of equipment for us in that we use it to scarify all of our infields. We have basically taken six men that it would take to do eight or nine fields and reduced that to two men --one riding this machine and one man raking base pads to the mound and the plate. They can do about nine fields in one day. Unfortunately, they are small machines. They are oil back filters and they don't last forever in the dusty conditions that we use them in every day. It is about a \$15,000 item to replace and we are looking to replace one of them. The cemetery has three compressors. This obviously is not our newest. It is a 1973. It is rather old. Our newest is a 1980. We share compressors with Parks to blow out irrigation systems, about 80 in total. We use it to blow out little league buildings. We winterize all of the little league buildings over the years and these compressors are getting really tired, as well as jack hammering in the winter for graves. This portion of the presentation is more directly to I think the larger item, the \$300,000 that typically we have received over the years in the Enterprise. We are requesting that this \$300,000 be given consideration that we call a subsidy for the Enterprise. Just to talk a little bit about it there are six profit centers within the Enterprise at the current time -- JFK, West Side, McIntyre Ski Area, Gill Stadium, Derryfield Country Club as well as high school athletics. I think you know that in the past pools was also a portion of the Enterprise originally. We carried the pools, which the previous administration direct us not to charge the pools. This one could have a different opinion but at the time there wasn't going to be any fee for our swimming pools and the swimming pools were taken out of the Enterprise system I would say about five years ago. In that time it cost the Enterprise approximately \$1 million over that five-year period to carry the pools in the Enterprise, which means the skiers, skaters, golfers and everyone else paid for the kids to go to the swimming pools. Not the best system in the world but the fact of the matter is it did reduce our ability to provide some funding back to these facilities even though pools were, no pun intended, a real drain on the system. Three of these areas aren't able to cover cash payments at this point. McIntyre Ski Area is very

weather dependent. Even in years when we have plenty of snow and we do have good snowmaking we are talking about it being too cold or too windy and we just don't get the numbers of people that we would like to have. Tubing for instance is extremely susceptible to cold weather. When you are a skier or snow boarder you are generating body heat coming down the hill. When you are tubing you are either standing in line at the bottom or you are sitting on your rear end coming down and not generating much body heat, therefore, we find that tubing hasn't been extremely popular in real cold weather. This year we did much better. Ice arenas, for instance, are two areas that we have been very fortunate to have in Manchester. The JFK since 1963 and the West Side Arena since about 1971. These have been great facilities and I can't tell you how many kids have gone through these facilities over the years but it is literally thousands. The junior hockey program currently has 1,000 kids in its program that invokes a Board of Directors and 230 coaches per year in the MHYRA Junior Hockey Program. The one thing I want to bring to your attention about the arenas and some of our facilities when the Enterprise started was our facilities were old. As you can see 31 and 42 years old. Gill Stadium was probably about 90 years old. So we had stopped the facilities from hemorrhaging so to speak and put some tourniquets on these facilities just to be able to maintain and sustain the revenue stream before we could start thinking about generating additional revenue. We are going to get into that a little bit later. McIntyre Ski Area again I said is weather dependent. We recently put about \$1.3 million issued in debt and with the lodge that still needs work dating back to 1971. All facilities are dependent on part-time labor, which is all subject to Yarger Decker. We do pay a decent labor wage for part-time people – about \$10.64/hour and it is pretty decent. Also in the Enterprise something that is new to us is huge increases in retirement. Back in 2000 we had no retirement bill and this year we are up significantly and insurance has been a major hit on the Enterprise system as well. Here is the good old JFK. We are open basically from October until March. Off season rentals, which we have had in the past have been

limited over the years due to parking issues. We have many portable classrooms at the West End of the building now that encroach into our parking and hinders our ability to do things in terms of creative ideas, which would be carnivals and things of that nature. So we are somewhat restricted. In fact, I refused a carnival this year just because to bring it into the area between the Beech Street practice field and the JFK the traffic is just awful in there and we were basically in line to have a real accident occur out there with the bus drop off and such. We do get some requests for rentals for antique shows and the Shrine Circus. We do do some and in other cases the facility and the seating that is available in it at the present time is down to about 2,300. It is somewhat restrictive in terms of how we can use the facility. Fun In the Sun does use the facility all summer long from about the beginning of July until some point in August. Again, we have 232 hours of public skating and about 43 community service hours at the JFK. This is an interesting photo that shows...one of the first things we did when we became an Enterprise was we put significant dollars into the arches because we had structural engineers come in and these arches were delaminating over time and causing a real structural issue for the building. We addressed them. It was expensive. No one has come up to me and said what a nice job we have done replacing the arches because I don't think anyone really knows. However, we do have issues with the exterior walls. They are old Kalwall panels, the company over there on Valley Street, that need attention. We do have a plan mapped out. We put into our CIP budget this year \$750,000 to address the rink bed, which is really in failure and could go at any moment; the exterior walls and we are also looking at some additional space to add to locker rooms #2 and #3 that makes our facility a little bit more up-to-date in terms of accommodating four hockey teams in back-to-back games. There aren't sufficient facilities for the two teams that are coming in to play to change and the lockerrooms are rather small. I think that most people are aware of that. However, for whatever reason those three items were removed from the Enterprise CIP budget. It is a little bit difficult to understand only because we really

can't...in our opinion we wouldn't bond for these items if we couldn't afford to do it. If the floor became an issue, we would have to do it. We would have no alternative and that is something if we can get it through just this year next year at this time we should probably be ripping the floor up and replacing it. Again, the interior of the JFK and I am just listing a few improvements that we have made, we have attempted to spread out our improvements at the facilities. You can see that we have done lighting improvements, arch reconstruction and it reflects the numbers we have done there. We have been fortunate to make a few hits on ADA accessibility improvements, which are not a direct hit to the Enterprise but are federal dollars. New dashboards with glass, which is a long way from the fence that used to be around the perimeter that caused many injuries over the years at the JFK. We have made energy improvements to try to cut down on our energy costs through the MAAP program and they have worked out very well. Some of the other initiatives that we have taken on is long term arrangements with Coca-Cola. This year they purchased us a \$62,000 Zamboni and made significant improvements to...not improvements but actually bought us new scoreboards at the JFK. These improvements total about \$560,000. West Side Arena again was built in about 1973 I guess. I thought it was 1971 so I am off two years. It was a long time practice facility and also game facility for St. A's up until about four years ago. St. A's rented ice from us actually from 12-2 every afternoon during the week, which is pretty much dead time in the ice industry. The loss of St. A's as they moved forward to the Hooksett rink to do some entertaining and try to solicit donations for their new rink, which they now have actually cost us about \$77,000 when they left in practice ice time. We gave them a very reasonable rate because they skated at a time when the rink really isn't rentable but to lose \$77,000 in that fashion was devastating. We do rent it for about 2,240 hours. There are about 85 free hours dedicated to the Lemire Hockey Tournament that we run at the conclusion of the high school season. Again, this roof is the original roof and showing signs of eminent replacement at probably a cost going forward

of about \$200,000. The interior of the West Side we have made significant improvements to. While we didn't put a complete new dasher system in, we did completely dismantle the existing dasher system. We put ADA improvements into it, which again has saved us money and is not a direct hit on the Enterprise. We have made significant energy improvements through the MAAP program – lighting and low ceiling, which cuts down on energy and refrigeration costs, dehumidification, which no one really sees in a building but in a metal building when you are talking about condensation and temperatures 80 outside and 35 or 40 inside a great deal of condensation was taking place to the interior of this metal building and last year we got a Munter's system in here, which has been excellent. The building has finally dried out and we think we stopped the cancer that this building was going through. McIntyre Ski Area. The lodge is rather old but we keep it on life support. It is a short season for us. This year was unusual. We were open 83 days. We offer skiing, tubing, snowboarding and ski school. Again, as I just said the lodge is starting to show signs of age. The chairlifts are original chairlifts from Watertown, NY. They were put in about 1971. This year we were mandated by the state and our insurance company to change both bearings on the bottom bullwheel and top bullwheels, which cannot be done in house and will cost us about \$50,000 to replace bearings in those chairlifts. Again, I list some of the improvements that we have made at McIntyre and again just to get to improvements at the McIntyre facility there were steps that we had to take just to get us there. If we were going to bring more people to this area, we needed to increase parking before we could do that. You can see the cost of improving that parking to be able to bring more people to McIntyre we bonded about \$199,000. Along with that came other electrical improvements – lighting in the parking lot to make the parking lot safe throughout the winter months. Snow guns. We had to look at updating snow guns. We went to airless snow guns instead of an air/water system over the entire hill. Again, these are airless. They make a great deal more snow at higher temperatures, which is important for us because a lot of our

snowmaking at the beginning of the system can take place at temperatures as high as 28 or 29 degrees so there was a significant purchase there. A snow groomer to be able to groom the snow properly. You have probably heard over the years that the state made the best snow in the world but it never groomed it properly for the people to ski on so that was very important. We were able to pick a machine up at a reduced price – something that typically doesn't happen. A used machine is \$47,900 versus \$250,000 for a new one. In order to fit the new machine under cover we had to rebuild the pumphouse at a cost of \$63,000, replace lift cables at \$31,000 and the eventual construction of the tubing park, which includes some of the snowmaking and other amenities at a total of about \$1.2 million that we put into McIntyre Ski Area. At Gill Stadium it is difficult to say there is much wrong with Gill right now. It always has been a beautiful facility in my opinion, even when it was in its old condition but it is even more beautiful now and it is really a pleasure to go there. Some of the improvements that we were attempting to make as time moved on because we were an Enterprise and we were expected to spread some of the wealth that we had in the Enterprise, which is not a lot, we bonded \$234,000 for a lighting project. We put \$155,000 into the lower level of the grandstand, which is an ADA improvement again without any tag to us. We were fortunate to be able to get that. You people were nice enough to make improvements in Central's lockerroom to the tune of about \$120,000. We made other capital improvements in the Enterprise system – water heaters, roof replacement over dugouts, field equipment, PA system, etc. for about \$200,000 since we have been an Enterprise. Gill Stadium just to bring to your attention typically it is the home of Central High athletics, Babe Ruth and Legion baseball. There are about 275 athletic events per season at the facility. While it is new, the Carlisle rubber roof that is currently on the grandstand area was put in about 1985. I would say that we probably have a good three to five years left on it so we are still all right there but it is not something we can discount forever. A lot of people think that everything is forever at the facility. It is not. The ramps have some

cosmetic and maybe some minor structural issues and also the perimeter fence that goes from the decorative fence on each end of the ballpark will need some work over time. Derryfield Country Club. This is pretty much our only guaranteed revenue producing facility. It opens hopefully in April and closes sometime in December although we never really close as long as it is nice enough to play and we are not causing damage. It subsidizes pretty much all of the other Enterprise operations. There is ongoing construction of a new clubhouse. We use the facility for multiple community benefit tournaments – as many as we can have without impacting play for the general members who get up in arms if we have too many tournaments but we try to generate as many tournaments as we can to generate dollars that effectively keeps the price per permit down each year if we can generate money through some of these benefit tournaments and have them on slow days, which are typically Mondays. Again, our mission as we know it in the department has typically been to keep the golf course affordable for its seniors and children. It is a blue-collar worker golf course. I can tell you that. I see them coming from the Highway Department – different workers every day. It is very much a blue-collar facility and it is not what some people think, which is that golf is only for rich people. Derryfield is definitely not just for rich people. Some of the recent renovations and this kind of shows you how the new clubhouse is coming along. We made improvements to the irrigation and pump house. We have made improvements to the seventh green complex, which is up by Hilton Street, the end of Hilton Street if you have ever been up there to see it. The eighth and the twelfth holes are par 3's. We completely did those two holes over. We made improvements in-house basically with some assistance from outside contractors on the second, fifth and eighteenth tees. We put a significant amount of money into women's golf tees. We are attracting far more ladies than we ever have in the past, even with our hilly conditions and the women have really appreciated the improvements we have made to their golf tees. We are currently looking at putting in some senior golf tees because we are starting to see more

super seniors play our golf course than ever. In order to construct the new Derryfield Country Club we basically had to move our maintenance operation out of the basement of the old Derryfield Country Club, which was really in unsafe condition over the years and it looks like we are going to...hopefully if it holds true in the next two months we are going to escape any serious injuries by having the maintenance operation under this building where we stored the likes of some gas and equipment that really never belonged in the facility. In order to be able to make this facility work, we did construct a new maintenance facility across the street on Mammoth Road, which is in back of the existing fire station. It has been a welcome facility. We do service school athletics year round. We do provide some maintenance at these fields, although I don't have a staff that can effectively produce the kind of maintenance that is necessary at West and/or Memorial and I think the School District is looking at some help on their side to be able to put some people there but in the interim I have tried to find time to put people over there. We do cover them on weekends for clean up of the stands. We do their maintenance in terms of their flowerbeds, well not really flower beds but the mulched areas they have around the planting areas. I have recreation kids in the summer go over there and weed the planting beds, spread mulch, pick up litter, sweep the tennis courts and do whatever else they need to do. Renovations. The Gatsas Complex obviously out at Livingston is a beautiful facility. I think it shows that the efforts put in to assigning a person particularly to the Dorrs Pond/Gatsas building area, the track, the field all the way to the back of Dunkin Donuts has shown...because when I buy coffee there in the morning I don't see much litter at Livingston Park. I think it speaks holistically to the fact that this is the way to maintain these facilities. I do have an excellent person over there. I hope he is listening because he deserves all of the credit in the world. I think it is a proven fact. Some of the community service we provide I just want to bring to the Aldermen's attention. The Gill Stadium concession stand. Years ago you could probably remember it was run by an individual called the Flying Saucer and

Red Ullrich. That goes back quite a ways. Over the next couple of decades it has been run by the Babe Ruth teams until they finally got tired of doing it. We just felt it was an excellent way for Babe Ruth or other organizations of this type to be able to support themselves and I think it has over the years quite honestly. Given some of the restrictions of the concession stand at Gill Stadium when Babe Ruth decided to leave we decided to invite some of the high school teams to come in and operate the concession stand. West basically has their own facility over on Main Street and Memorial has its beautiful facility over there on Weston Road and they are reaping the benefits of running concession stands at both of those fields. We thought it would be well worth offering running the concession stand to the Central High Booster Club. There was a little enticing necessary in that it had to cover other events, not just Central events but I think they found out that it could be lucrative. It supports their program and allows them to buy all of the little incidentals for the Central teams that can't always be purchased by their athletic department. The Clem Lemire Hockey Tournament is something that we provide for youngsters grades 3-5 and 6-8. When the high school season ends and this ice couldn't be rented many, many years ago as a result of initiatives by former Director Clem Lemire and Hubie McDonough we were able to let kids come in and actually represent their schools in hockey, which is something they have never really been able to do. They play a lot of hockey but they have never been able to really represent their school. We provide Gill Stadium free of charge for things like the Freshman Football Jamboree who take 100% of the revenues of the gate. We provide the same services for high school soccer and football jamborees. The reason for that is there is no service agreement with the School District to provide this kind of initiative for these teams so there is no chargeback to the School District and the cost of field preparation, staffing, clean up is borne by the Parks Department I guess you can say so that the kids can earn money with the football jamborees typically done in late August. We provide about 500 ski passes at a \$10 discount during the February vacation for kids who can pick them up at OYS and

also we provide one afternoon during the February vacation of free tubing to the extent that we can hand out enough tickets because it is pretty popular. Facility usage, utilities and clean up for Fun in the Sun. We provide that with basically the one to one and a half people who maintain Gill Stadium all summer. We clean the JFK Coliseum and McIntyre Ski Area with our pool personnel, which is all for the 200 kids that exist at each of those facilities throughout the summer, as well as the Piscataquog River Park, another 200 on the West Side of Manchester. We provide some free golf tournaments. Occasionally we have an individual or child or someone who comes down with a debilitating injury or illness and Manchester is a great place to be when that happens because I have never seen support that has come out like that. Some golf tournaments are provided free. Most of our charity events we do receive a stipend from each person who tees off but in some events we do provide a free tournament. We provide shuffleboard to our dart people who throw darts all winter and move over to the JFK and find it safe and secure inside the JFK on our cement floor, which is our hockey rink. We provide the JFK free of charge for the Fire Department Muster each year down in the parking lot with the use of the facility as well. Elementary school. This is extracurricular activity for physical education teachers who bring kids from Beech Street School and give them an opportunity as part of their physical education program to skate at our ice arenas. I suppose that we could call that part of our service chargeback to the School District but I haven't gotten to that point yet and if we can get our concessionaire in there to rent them skates at a couple of bucks we can give them free ice and give kids who don't have an opportunity to skate on a regular basis and opportunity. Manchester high school sports teams. We don't really charge them for use of Derryfield Country Club for golf. It is a small amount of time. It is a very short season and although we could cost it out, typically we don't do it. McIntyre has a ski team. It is kind of an ad hoc team. It is not an individual team from each school. It is one team funded all together. They are basically coming at a time that is a slow time for us – 3 PM and we haven't provided a school

chargeback for the use of the ski teams at McIntyre at this point. Free tubing and ice skating sessions for City employees. This is no big deal. Once in awhile during the year...we have an Events Committee in the City and they ask us to come and use McIntyre and I don't see a lot of harm in allowing this to happen. It is good for employee morale if the City can give something back to them. JFK. I have heard some rumblings about what have you done in terms of strategic partnering with people out there in the community. You can see here at the JFK that we have struck corporate sponsorships with Coca-Cola. Again as I alluded to before they recently bought us a new Zamboni and new scoreboard. We now get 20% of the machines. Typically that is something that our concessionaire would have gotten in the past but because we struck a deal with Coca-Cola we now get 20% of the gross on the machines at JFK. At Gill Stadium we have another corporate sponsorship with Coca-Cola. They purchased a new scoreboard for us last year at a cost of \$15,000. They gave us \$5,000 to renovate the concession area, which we put machines into for down times so that when the School District is there operating we effectively go out of business with machines and when the School District doesn't want to be there because it is just not lucrative for 20 or 50 people playing baseball, we open up our machines and we sell soda and things like that to a much smaller crowd but when the School District is there we effectively close the garage doors and go out of business so that we don't hinder their ability to sell. Out of those machines we now get about 33 1/3% of gross vending receipts, which isn't a huge amount but it helps us out a little bit. At Derryfield we worked very hard with the Finance Department in trying to bring this deal together with our present tenant, DLL Restaurant. It is a nice deal for the City. It gets us out of a very old building. I am not going to say it is not a nice building because a lot of people have a lot of nice memories of the Derryfield Country Club but effectively it has outlived its useful life and it is time we had an accessible building with a 200 seat banquet hall. You can see here that the owner has agreed to take on 74.25% of the debt plus a percentage of his excess gross. I am not

going to tell you that we are going to be millionaires in the next three years but I think at the end of five the City is going to start to see a real nice turn back of cash and fusion with the Derryfield Country Club. I think it is a place that if you come to Derryfield and it is a golf course and you are flying into Manchester that you are going to be absolutely proud to see Derryfield in its new condition. Other strategic partnerships. Years ago we struck a deal with the McIntyre Ski School. This was Don Turette and his partner, Ross Boisvert. This was prior to actually us being an Enterprise so this deal was effectively struck between the groups because as a general fund budget we had little money to offer in terms of putting up a new facility. This was an opportunity for the City to put on an additional building to house the ski school and the rental operation, which allowed us to not have people walking through the main lodge where people were eating with skis sticking out eyes and things of that nature that was very dangerous. Yes, I think that it was a good deal for both parties but as you can see it pays us 5% of gross and it ratchets up to 7.5% to 10% in three steps. At the end of the agreement, the building reverts back to the City. It is a nice building and it is in a lot better condition than our lodge right now. Again, other initiatives that we have undertaken at places like McIntyre is with Coca-Cola. By virtue of an RFP that we went out for so anybody like Pepsi or Coke came forward and said we will give you \$15,000 for snow tubing and \$5,000 for fencing, which we needed for protective fencing and signage and we will do two annual promotions per year. We effectively took from the concessionaire who always had it in the past the proceeds from the vending machines as a result of this deal, which equates to $33\frac{1}{3}\%$ of the gross vending sales in the ski lodge. There was some concern about and I have the same concern that McIntyre is a well-kept secret. We have never had a huge advertising budget that has allowed us to bring in either a marketing person on our staff at a cost of more than we could probably afford. We actually went out for an RFP years ago and solicited consultants. We just found them to be too expensive for the product that we had to market. However, that doesn't mean

that we haven't done some partnering with the ski school. You can see that this is an insert that goes into the ski schools pamphlet that goes out to about 15,000 people each year. It basically explains what we have. We have done some MCTV work and we have done other initiatives in terms of the *Hippo Press* and the *Union Leader* has always been excellent going back to the days of George Naum who wanted to take pictures of McIntyre Ski Area. So they have been no less than wonderful to us. Do we have a high powered marketing program? We do not. Maybe we should and maybe we will. Maybe we will be back here some day asking you for that.

Rick Riddle, Business Administrator, stated the next slide shows you over the history of the Enterprise fund since it was funded in 1995. The green graph shows you our revenues. The revenues have kind of stayed below the \$1 million. We have now kind of gone up above \$2 million but with things like the loss of St. A's for renting the ice time and such revenues have basically plateaued and stayed the same while expenses have gone up. We relate it to things like Yarger Decker, which cost us about a 25% increase in the part-time wages. Getting hit with what used to be a zero charge for City retirement now is \$150,000 that we get charged from the City. Audit bills and things like that. Expenses. You can see that there is a pretty good sized gap between...this is based on an accounting basis, which is not based on cash charges but income versus expenses. You can see a pretty good sized gap. If you go to the next slide this is on a cash basis and again you can still see that the gap continues over there with expenses significantly above revenues. The next slide we kind of talk about some of the significant financial effects that have caused us to be in this situation. Significantly, the bond principal payments. I believe it was December of 2003 when we issued bonds related to McIntyre Ski Area for the tubing park and some of the improvements we did over there and also some of the work we did at the Country Club, specifically the maintenance facility. The principal payments alone are going from \$127,000 this year to

\$258,000 next year. This is one of the examples where we need the \$300,000 subsidy. None of those numbers reflect anything on the \$2.65 million related to the new banquet and restaurant facility at the Country Club. Liability insurance at the ski area. That is a very non-competitive market with some of the problems that we have had with the liability insurance. There is almost no competition. The insurance companies have basically been able to take their loss in some things like investments and such and turn it back over and put that back on to the backs of the policy holders. We were spending \$10,000 a year for insurance at McIntyre and now we are spending \$45,500, which is quite a bit of money on \$300,000 worth of revenues. That is almost \$50,000 worth of insurance. Again, Yarger Decker hit us with hourly increases of about 25% for the part-timers plus also put the part-timers on COLA's so when the regular employees get a 2% cost of living increase so do the part-timers. That never happened before under the old system.

Contributory retirement. When the Enterprise system came into effect there was no contributory retirement charged to us. That went from zero right through the year 2000 and all of the sudden we get hit with \$88,000 in FY04 and that number is ratcheting up to \$139,465 in next year's budget. Finally we had a loss of revenue. Again Ron mentioned the non-rentable ice time at the West Side Arena. That comes to about a \$77,000 impact on revenues.

Mr. Ludwig stated again some financial innovations. This is a program that we undertook a few years back. We had someone else selling ads for us and putting up some key signage and markers. We decided to go out on our own. I worked with Manchester Memorial and this was a marker that they designed for each of our tees. It was totally paid for by the ads that we sold for these bronze plaques. It was about an \$18,000 project. We now own all of these tee markers and the plaques are there for us to sell. The reason that I am showing you this particular slide is that the person who effectively tries to sell these plaques is our payroll person. She has sold about 17 out of the 18 this year and in another month she

will have the rest of the them sold. The problem is that she is our payroll clerk and she is not someone who typically does marketing, programming or something else in our department. She does this in between payroll and our payroll is probably the most complicated in the City for the size of the department we are. I have touched base with promoters as far as doing concerts at Gill in the past. I have been instructed by people who ran concerts there, Jim Jensen, who I am sure you are all familiar with and he basically said to us Ron you are going to be very unhappy with the amount of parking in terms of trying to run concerts at Gill Stadium and the neighbors are going to be very unhappy with the noise that these concerts produce at Gill Stadium so we dropped the idea but it is not something that we couldn't look at again. However, in this day and age would we want to be in competition with our new Verizon arena? I am not sure but we could certainly take a look at it. We have tried stick and puck in some of our non-productive ice times during the day to attract businessmen in or anybody who wanted to skate for a nominal fee in the afternoon. This was popular at some other rinks so we initiated it. It brought in some revenue, but it was minimal. We have looked into dasherboard advertising sales. It can be done. A lot of rinks do it but it is something that you really have to keep up with. Once you sell it, you have to have someone reselling it and you have to maintain them in good condition and there is an effort that goes well beyond the kind of help that we have to be able to maintain this kind of thing but it certainly can be done. Fence advertising at Gill. This is something that we have looked at over the years and more and more people have done it. Years ago we looked at it as something that was taboo. We didn't like to see advertising but today it is kind of a way of life. In the days past and I don't want to speak about the past but we also felt that we were taking away from some of the little leagues in the area that were selling advertisements on their fences at little leagues. However, we are in the year 2005 and with the proper staff and the proper people on board maybe advertising at Gill is something that will work today in 2005. So we are willing to take a look at all of the other initiatives. Our

youth program, as I alluded to before at the ice arenas, is a huge program. Again there are about 1,000 kids in the program. There are about 230 coaches and a Board of Directors and probably a more dedicated group of volunteers you will never find. The question becomes should the City contract ice with these people at an affordable rate and keep the program affordable for youth of Manchester and surrounding towns because it is Greater Manchester Regional or should it run the program itself. If we were to undertake a program with this kind of complexity, we would have to have at least one to one and a half people in place to be able to give it due diligence. There is a huge amount of complaints relative to coaches and my son is not getting equal playing time to why are we playing games so late at night and why are we traveling to all of these different places. There is a huge responsibility that goes along with this program. We could run it. I am not sure that we would make more money or less in doing it but we are going to look into it over the next month or so. Years ago, not that many, we looked at a second sheet of ice at the West Side Arena. We looked at maybe adding additional lockerrooms to the West Side Arena that would allow us to get more summer rentals and more hockey schools over there. There is very good money in hockey schools but some of the problems we were experiencing over there were lack of dry land training for goaltenders, lack of weight training space and stationary so you can move these kids around when they are going through different programs. At the same we were looking into these initiatives, we saw two sheets of ice in Salem, two sheets of ice in Exeter, three sheets of ice in Hooksett and most recently another sheet of ice at St. Anselm's College. In our opinion at that particular moment it wasn't the best idea to look at two sheets of ice. Again, other financial innovations that we have tried to undertake. There is our new Zamboni purchased by Coca-Cola at the West Side. We also looked into things like a driving range at McIntyre Ski Area. Again, it was difficult to take on new initiatives when we were trying to, as I referred to before, stop the bleeding at facilities that were very old and broken. So while we would very much like to, because I personally think if we could come up

with space to do a driving range in the City of Manchester it would be a gigantic revenue producer...it is just my opinion. It comes with some expense. We would have to do some netting to protect people at McIntyre Court on that side and some other issues related to staffing but there may be some advantages to doing some of those things. Additional lockerroom space at the JFK. Again, back in 1985 we built lockerrooms 2 and 3. Prior to that there were only two lockerrooms. We also added on to lockerrooms 3 and 4, however lockerrooms 2 and 3 are extremely small and barely can fit two goalies in one lockerroom. We would like to increase the lockerroom space if possible. We have had an architect take a peek at it for us to see what the cost would be. We have thrown a number at it but we are not sure of it at this point, however, the project is not funded in the CIP Enterprise budget for this year anyway. Other partnerships, at DCC and at McIntyre we thought about inline hockey in the summer. One of the things that gets in our way is the cost of the floor. Again, the fact that we have no person doing programming who would be effectively in charge of soliciting officials and things of that nature. If we ran it in the summer there is a good chance that we would have to displace the Fun in the Sun program that goes until 3 PM or 4 PM unless we could run it in the evening and make it work. That is something we could take a look at.

Mr. Riddle stated the next slide talks about our 2006 budget. Right now our revenue budget is \$2,724,430 and that does include a \$300,000 transfer subsidy in our general fund, which right now is not being funded under the Mayor's recommended budget. Our expense budget is \$3,274,847. Basically that translates to if we get the \$300,000 we can only cover 83% of our expenses with the current revenues. If we don't get the \$300,000 that number goes down to 74%. We are hoping that with things like additional golf play and such we will be able to generate more revenues in the future. Additional revenues coming in from the restaurant and things like that that will bring the number above the 83% in the future but mostly expenses have been going up past the revenues. The next page

talks a little bit about what an Enterprise fund really is. Put into generally accepted accounting principals, an Enterprise fund is required when you have debt that is backed solely by fees and charges, which are basically revenue bonds like the Airport and Water Department do, if you have an existing legal requirement that you cover costs, or if there is a policy decision to cover costs. Any of those basically would require you to have an Enterprise fund. We feel that we qualify and the City set up the Enterprise fund and I quote this from what we call the blue book in fund accounting, "any activity whose costs are only partially funded by fees and charges" and continuing "enterprise funds are considered to be useful in such cases because they focus attention on the cost of providing services and they serve to highlight the portion of that cost that is being borne by the taxpayers." We believe that this is the definition that we fall under that was the original plan with the City when they set-up the Enterprise fund and that is why we continue to have the \$300,000 subsidy and we ask that that be reinstated.

Mr. Ludwig stated in wrapping up we just want to reinstate our mission statement, which is to provide quality recreational facilities and programs to serve the public and enhance the quality of life. Our vision is to be a progressive agency that meets the recreational and leisure needs of residents while completing the City's economic and redevelopment goals. Just a general statement, our general fund budget, an addition of \$471,008 for a total budget of \$3,716,757 will allow us to continue to improve the quality of life and recreational opportunities for the citizens of Manchester at an affordable price. With that I would like to close by saying that it has never been the intent of this department in any way, shape or form to try to do anything but make the Enterprise as it is indirectly related to our operating our Parks & Recreation Department to work. It has been an extremely difficult challenge over the years given all of the issues relative to are we charging too much, are we not charging enough and it is an extremely difficult balance to maintain. People would say well what would you do without the \$300,000 this

year, Ron? Basically we are being asked to stay status quo at this point in my opinion for at least 15 months in that while we have an appropriation that says we can spend up to a certain amount, I feel we are just doing more deficit spending and I feel it is my responsibility to come to this Board and at least alert you to the fact that that is happening. If it is the pleasure of this Board to allow that to happen, it would be fine and we will continue in that vein. The other thing I want to mention is that this system has basically said to us no more zero increases for golf, no more zero increases for hockey over the years, no more zero increases for anything. We have gone up about 50% in golf over the past five or six years. We have gone up in junior hockey probably 75% to 80% so there have been no off years in terms of increases and I think it is unfortunate to tell the people that have been paying those increases at this point that there are no capital improvements or bonded projects that can be done for you going forward because in our opinion we are effectively driving the Enterprise in the same direction, which isn't a positive direction and while we are not making ends meet now we would be just compounded the problem for whatever Aldermen are sitting here one or two years from now. If that is the direction you would like us to continue in, we could do that but we are certainly open for suggestions and comments and that concludes our presentation. Thank you very much.

Alderman Lopez stated I want to compliment the Director and his staff for putting such a great presentation together. Being a former Commissioner of Parks & Recreation, this is the true light of what Parks goes through all of the time. They have to be commended because I sat in that same chair there with former Superintendent Lemire years ago and fought against the Enterprise system. I think everyone would agree after this presentation because the Board of Mayor and Aldermen for a number of years when I was a Commissioner would never give any money whatsoever to Parks & Recreation. I think that this Board and the last Board have been very generous. I don't know what the total number comes out to

but probably over \$3 million that the Enterprise system has saved the taxpayers of the City. Does it all work? No. Do you accomplish, do you do things and do you do construction in the Enterprise system? Absolutely. I think that is important and I think they have done an excellent job in making that presentation today. I think the major concern and what I get from this is we have a resolution for Parks & Recreation for \$3.2 million that will be coming up. Understanding that the Superintendent as he so indicated if you want him to spend that money he is going to be in a deficit. He was given the money as an appropriation. I think the person that can speak to this should be Randy or the Finance Officer so that we have a clear understanding that this has no bearing whatsoever on the Superintendent. That is number one. If he goes into a deficit, I believe it is a \$900,000 deficit at this time, it changes depending on the income that comes in and not giving him that \$300,000 it could be \$1.2 million at the end of the year. I think hearing what the Superintendent said I am asking the Finance Officer if he will come up and make a couple of statements.

Vice-Chairman O'Neil asked Mr. Clougherty to come forward.

Alderman Lopez stated without repeating everything I am sure you sat back there and listened to the deficit and the resolution that I just spoke of and that is the \$471,000 that the Superintendent...could you comment on both please.

Kevin Clougherty, Finance Officer, stated I think it was a fairly accurate description. There is a deficit currently. The resolution that is being proposed would not cut back expenditures on the appropriation side for the Enterprise going forward, however, there is a concern on the part of Ron and Rick here that that deficit may grow. I think the key word here is may. The deficit coming out of the prior year was based on some pretty lackluster weather related situations. My understanding is that we should have had a pretty good year at McIntyre, better

than last year this year because of the weather. We should have done better with the summer activities than last year and as a result of that the deficit that you start fiscal year 06 with as opposed to the deficit you started 05 with should be reduced theoretically. Until we do the actual calculations and do the audits we won't know that until September or October. There is also the thinking that with the consultant that has been engaged there will be some recommendations as to how to enhance the revenues and perhaps control expenses a little bit, again having an affect on that deficit. If everything did not work out and you just took the presentation that Ron has given and said we are going to just spend the total appropriation and have a deficit that we started a year ago with plus \$300,000 than yes your description is right but as you know, Alderman, there are a lot of variables in management that can go in to reduce the size of that and at the same time provide entrepreneurial opportunity for the Parks & Recreation staff to introduce some money-making opportunities here that will help to reduce that so that in the succeeding fiscal year you would have a better platform to make a decision on how you want to deal with the Enterprise moving forward.

Alderman Lopez stated the other comment that I would like to make is I think every Alderman completely understands that we have been able to kick in money from the general fund for West Memorial field all the way to \$4 million for Gill Stadium and I am sure Alderman Smith has all of the statistical data because he is very up-to-date on that but we realize that whether the Enterprise system is in the general fund or whether it is in the Enterprise fund that if something happens, if that ice goes over there you can bet your bottom dollar that the general fund and the Aldermen are going to get that ice up and running. Now there are all kind of financial aspects here but I am more concerned with the having Ron knowing that if he goes into a deficit he has the right to spend that money and no black mark is going to come on him but it is because of the policy of this Board. That is the issue.

Mr. Clougherty responded that is correctly stated, Alderman. He has an appropriation. He can spend that appropriation to its limit. There is an understanding that he will make every effort to try and generate revenues but there is an understanding that that may not be the case.

Alderman Osborne asked Ron how many acres are there at Derryfield golf course.

Mr. Ludwig responded about 115 acres at the golf course.

Vice-Chairman O'Neil stated I want to make sure I am clear on this Kevin. The \$171,000 if we back that off their \$471,000 number that is similar to the position that every other department is in?

Mr. Clougherty responded right. That is the operating budget.

Vice-Chairman O'Neil asked so what happens if we don't appropriate that \$300,000 in your opinion. I want to make sure I am clear on this.

Mr. Clougherty answered \$300,000 in the past has been appropriated from his operating budget to his...it has been a revenue transfer. If that isn't made this year then he will have...the amount that is included in the Mayor's resolution is the same amount as it has been and what that does is it provides him with a level of spending and he can spend up to that amount of money. He will not have the \$300,000 as a revenue next year to offset against that and if he comes out of the current fiscal year with a bigger deficit or he is not able to do some things with revenues then when you are looking at this next year you may have a bigger deficit but during that time you will have had the benefit of completing this study with recommendations and you will have had hopefully the opportunity to introduce some ideas this year that will help to raise some revenues. The issue is

not just on the expense side, which your appropriation covers. It is how in a business are you going to raise your revenues. How are you going to market? How are you going to try and enhance what you have been receiving today?

Vice-Chairman O'Neil stated so if they are not given the additional \$300,000 there should not be a reduction in workforce.

Mr. Clougherty responded no. He has the same appropriation level.

Vice-Chairman O'Neil stated all of the programs should be funded as they have been.

Mr. Clougherty responded yes.

Vice-Chairman O'Neil stated I understand that if something happens to the piping system at JFK, etc. that we run some risk there but generally speaking everything should continue as is.

Mr. Clougherty replied speaking to that if there were something to occur the second day of the fiscal year at say JFK with the piping or whatever you could go out and authorize a bond issue that will take care of that. Those bonds would not be issued during that fiscal year. We don't plan to do that so it would hit the following year and again you would have time to correct it.

Alderman Smith stated I am looking at these figures and I can't see how he can operate without a deficit in his budget. No ifs, ands or buts. You say you are going to market. Gill Stadium is used 275 days out of 365 days. I am trying to get it out of the Enterprise for the simple reason that I don't want the rates being raised on local teams. Now you say you are going to market. What are you going

to market? All of the places we have – JFK, they are all seasonal operations. You only can put so many golfers on the golf course at one time and the golfers have been subsidizing this from Day 1. I think Gill Stadium should be out of the Enterprise and I really think we should get some revenue and give Parks what they got last year – a \$300,000 subsidy to help them out with their project. You are the Finance Officer and I don't see how this budget can operate and how we can implement for 365 days a year. You say come back. The problem is going to be this year.

Mr. Clougherty asked this year 2005.

Alderman Smith answered this year in December.

Mr. Clougherty asked FY06.

Alderman Smith answered yes. He will be six months into his program. If it doesn't snow or if it does snow he has operations no matter what, either at the School District for plowing or he won't have any snow to operate McIntyre.

Mr. Clougherty stated you are mixing some of the Enterprise and...

Alderman Smith interjected I am saying you want to market. What are you going to market?

Mr. Clougherty replied again Alderman what we have been saying is are you at 100% capacity on all of these items and in all of these facilities. You mentioned that we are having all of our golfers...I don't know if you are at 100%. What are our policies in terms of management in terms of trying to control our costs on days when there isn't 100% capacity? What are we marketing? We sat here for 45

minutes and looked at the presentation and the main contributor has been Coca-Cola. That is great and it is nothing against Coca-Cola but you know what? There are other companies in the City of Manchester that may be willing to take a look at other advertising opportunities if we take the time to properly package what those are and present them on a market for people to invest in. As Ron has been saying and I don't disagree with him, he has not had the time or the expertise to package those marketing opportunities. I think there has to be some issue with that. If you spend some of your dollars to package that you may find that you are able to enhance your revenues going forward. Can I tell you sitting here today without having gone out and walked through all of his facilities and taken a look at that and say I think you should market this and this and this in this program, no, but do I think that there is an opportunity to take a look at McIntyre and take a look at other things that other ski areas are doing in terms of helmets and skis and things like that where people are advertising on those? I think those are things you may want to do an inventory of and see to what extent you are marketing and are you missing an opportunity to raise some revenue. I think we are.

Alderman Smith stated I am not saying not to look at it but I think you are shortchanging the Parks & Recreation Department. I would just like to say that I know a little bit about baseball fields and football fields. We'll take the Central High annex. That is where they play and practice football. As soon as they get through football in the spring you can go there now and you will see a big area that is bare. That is where they are playing lacrosse. For a field to recuperate itself it takes about eight weeks and these fields are being used constantly. Now we have six new lacrosse teams that we have to find fields for and I know that Mr. O'Neil got called and I got called because they would like to go into Gill Stadium and I said no way can they go into Gill Stadium for the simple reason of the markings on the field and the structure of the field. There is a lot of maintenance involved in Parks & Recreation. I notice the CIP budget. We gave them \$85,000

potentially, if it passes, for maintenance of the fields yet for historical items we gave some individual \$50,000. I just can't understand which way we are going with the CIP process, which we are part of. Can you answer that?

Mr. Clougherty responded with respect to CIP as you know I don't get involved in the individual decisions on projects. What we do is layout how much cash is available in terms of debt affordability and things like that. I don't get involved in the decisions about what programs get the dollars. I defer to the Planning Director on that. That is his area and certainly once a decision is made by this Board then our office makes sure that the dollars are spent appropriately.

Vice-Chairman O'Neil stated Kevin I want to make sure I understand. The Enterprise has for a period of time operated with a deficit. Rick showed a chart. It might have been since 1997 that it has operated with a deficit.

Mr. Clougherty responded yes it has operated at a deficit and it goes up and down. What we are trying to do is get a handle on are we doing everything on the revenue side that we can to try to collapse that.

Vice-Chairman O'Neil stated the point being...I understand there are a number of initiatives going forward to study bringing in more revenue but we continue to move forward even though it has been operating...am I correct if I look at that chart right since 1997.

Mr. Clougherty responded I think you have to take a long-term look at how this thing is going to grow out of that.

Alderman Roy stated in your slide you used the number 41,000 rounds played at Derryfield and then 750 permit holders. What is the breakdown of costs for those permit holders?

Mr. Ludwig asked do you want to know the cost for a permit. I could get you that. In terms of like juniors, seniors and that kind of thing? We could provide that. I don't have it with me. There are different categories.

Alderman Roy asked of the 41,000 annual rounds how many of those are played by permit holders or cash playing off the street. Is that tracked at all?

Mr. Ludwig answered historically it kind of depends on how your...if your permits start to get out of line then you will see more green fees and conversely the opposite is true. Member rounds we have about 27,000. Greens fee rounds about 10,000. Members tournaments about 3,700.

Alderman Roy stated in your slide under the additions you had the electricity at Livingston pool. If this is not granted I believe you said that it would still be open and funded.

Mr. Ludwig responded obviously we have no intention of closing Livingston pool because the juice isn't flowing but the fact of the matter is it will impact some other portion of a line item when we know full well that we are going to have an expense for additional electricity to run the pool.

Vice-Chairman O'Neil stated if there are other questions we are going to have to have the Mayor call public participation to order and see if there are any speakers.

Vice-Chairman O'Neil called for a recess.

Vice-Chairman O'Neil called the meeting back to order.

Alderman Shea stated Ron last year your budget was \$3,484,633. This year it is \$3,274,847. So you have been reduced \$209,000 according to what I have.

Mr. Ludwig responded that sounds accurate.

Alderman Shea stated I know you appeared before the Committee on Accounts and right now with that budget you are just barely making ends meet. How are you going to make ends meet if you have been reduced \$209,000? You have to explain that to me because you have to use, you said, if you get permission to fund the salaries you made a proposal according to what you said to use either overtime or other monies in order to pay staff salaries so how are you going to make ends meet? I am not sure.

Mr. Ludwig replied I will defer to Rick in a second but I think part of what makes that number confusing is the fact that part of that \$300,000 is in the general fund and it won't be there this year. That \$300,000 transfers into revenue into the Enterprise so it doesn't really fund portions of the general fund budget.

Alderman Shea asked so in other words what you are saying is because the Mayor didn't put the \$300,000 into your 2006 budget you are reducing it by \$209,000 in order for that \$300,000 to be made up from revenues in order for somehow or other your Enterprise...you see it so complicated to understand.

Mr. Ludwig answered well we have one of the most complicated budgets for a small department I think in the City. If anyone knows any different I would be happy to surrender to that but we have a very difficult method in terms of doing accounting. I think the net effect would be a couple of hundred thousands. Again,

based on what you are saying if I am understanding you correctly, Alderman Shea, the Mayor has given us some increases in the FY06 budget but you still won't see the \$300,000. The \$300,000 won't impact the general fund other than in a numbers game. It basically flows right through it into the Enterprise as revenue. So the impact if I am stating this correctly would be to the Enterprise account and our inability to run the Enterprise in a less deficit than we are already running it in.

Alderman Shea stated in other words you expect to have a deficit in the Enterprise and you don't know how much it will be because it depends on how much you can raise in revenues.

Mr. Ludwig replied yes.

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

A True Record. Attest.

Clerk of Committee