

COMMITTEE ON FINANCE

April 15, 1997

Mayor and All Aldermen

**Upon Recess of BMA
Aldermanic Chambers**

Mayor Wieczorek called the meeting to order.

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

Present: Aldermen Wihby, Reiniger, Sysyn, Clancy, Soucy, Shea,
Domaingue, Pariseau, Cashin, Robert, Hirschmann

Absent: Alderman Elise

1997 CIP Budget Authorization:
5.10262 Riverfront Stadium Project

On motion of Alderman Reiniger, duly seconded by Alderman Robert, it was voted to approve the budget authorization subject to final adoption of the Bond Resolution.

4. Resolution:

“Appropriating to the Manchester Aggregation Program the sum of \$1,058,685 from Aggregation Fees for the Fiscal Year 1998.”

On motion of Alderman Soucy, duly seconded by Alderman Reiniger, it was voted to read by title only and it was so done.

Alderman Pariseau moved to refer the Resolution to the FY98 budget hearing (June 10, 1997, 7:00 PM at West High School). Alderman Reiniger duly seconded the motion. The motion carried.

Alderman Robert asked if there could be a brief explanation about the costs of the program - salaries and wages \$168,095, line item expenses \$65,790. noting that for some reason he did not expect it to cost this much.

Mr. Clougherty stated that originally they had asked that this resolution be submitted with the other budget resolutions and it didn't get put together so was coming in tonight. They were talking about being in a position to do something with an aggregation program in the event that the deregulation of electrify comes forward in the near future. What they tried to do was to set the outer limits of what costs might be for the initial year of such a program, so that they were trying that in the event that deregulation does happen and they have to go forward with the program they are able to do the appropriation, they would not be restricted by an underappropriation in terms of what needs to be done. Mr. Clougherty stated they did not know the details of what that program might be right now because deregulation hasn't been as clearly defined up to this point as they thought it might have. The funding for this would come from the rate payers, what they were talking about was pulling together a program to be able to aggregate on a much bigger level than they did for the pilot program. What they would be talking about would be aggregating all of the people of the city of Manchester along with perhaps some surrounding towns, including Nashua perhaps. So they were trying to define and keep enough room for this thing to develop. Certainly if this resolution is adopted as they go forward they have to come back to the Board and hope to be able to do that by the time the resolution is finally adopted, if the proceedings in Concord allows that. They would be able to come back and say this is how we think this program would be enacted under time constraint they would give a better number.

Alderman Robert stated he was working on the assumption that this money they were spending was going to be worth it in the savings realized. Since they were talking about something that is not defined clearly, would Mr. Clougherty before they decide to kick this in, could he come back to the Board and let them know what the specifics are before he went ahead.

Mr. Clougherty responded that he had anticipated tonight that they would refer this as requested, but on the 24th or 28th of this month he Finance would be coming before the Board on the budget, and at that time they would have all of those items laid out and were planning to speak to that as well. They would like to give the Board the opportunity to understand what the aggregation will save. It was not so much the savings that would occur in our general fund as a savings to rate payers who would be paying for this project. They had a series of charts and budgets to present when the Finance Department budget is presented.

Alderman Pariseau asked what the difference was between incidentals for \$500,000 and contingency \$250,000 asking if that was giving someone a blank check to do whatever.

Mr. Clougherty responded no, until they had a better handle on what was going to happen in Concord they were trying to reserve capacity here. They expect that if aggregation goes forward, and there is deregulation, then they would have to go out and hire an electric provider for everybody in the city. So they would have to go out and hire some consultants. Now would that come out of incidentals or would they rely on contingency, it depends on what is finally adopted as part of the deregulation order. What they were trying to do is say we don't think it will cost you any more than this but they wanted to be able to establish a number. The thing that would hurt them they thought, was if they came before the Board and said they thought they could do an aggregation program city-wide for \$100,000 and then find out it was much larger than that as a result of the ruling. As they start to get decisions in Concord they would be able to give them a more defined capacity, but if they did not reserve the outside limit they would never be able to meet that and that was what they were trying to do at this point.

Alderman Pariseau asked how much he anticipated getting back, if we spend \$1.058 million what was he looking at as a net back to the City.

Mr. Clougherty stated first of all, all of this would be paid by/through the billing procedures where people pay their electric bills so there wouldn't be any general fund or tax dollars; that they were looking at this as a mechanism to fund almost as an enterprise that would be reimbursed from the utilities under the deregulation order. If they were going to try and say how much of this was going to translate to the City of Manchester general fund, they have talked about the \$600,000 potential savings, in a year, but again, until they know what the final order is they can't quantify that. Mr. Clougherty stated that the cost for this service to bring together a supplier for the entire city, not just the residents, but everybody, was going to require some legal assistance, some engineering assistance, and depending on how big they may let us aggregate we will receive funding for this from other communities, but we have to reserve the capacity to be able to move here and that's what they were trying to do at this point. We are not really certain of what the order is going to be so we are trying to lay in place a resolution that gives us an outer limit.

Alderman Pariseau asked if Nashua was still part of this. Mr. Clougherty responded affirmatively. Alderman Pariseau asked if they contributed as much as Manchester. Mr. Clougherty replied that Nashua's use was 40 percent and ours is 60 percent, so it was based on usage, but that they would be meeting with towns of Merrimack, Bedford, Derry, Londonderry, Hudson -- he thought people were starting to see that aggregation works and as a result of that.

Alderman Pariseau asked if there were more communities would our portion go down. Mr. Clougherty stated that was the theory, and they were trying in order to pull them together, somebody has to do that initially. Alderman Pariseau asked if they would get that commitment prior to the public hearing. Mr. Clougherty stated they were going to try to do that.

Alderman Pariseau stated so this amount was just a guesstimate. Mr. Clougherty responded to a large extent it was, until they got some definitive rulings from the State. Mr. Clougherty noted that in putting this together they had some idea of an outside limit of what it might cost for a large, primarily legal and engineering fee, to do something like this.

Alderman Hirschmann asked if these would be Finance Department employees, were they going to set up a different corporation, what was the plan. Mr. Clougherty responded he thought they could do it a couple of different ways and that's certainly going to be your prerogative as we move forward, all of those positions would have to come through the normal process. I think what we would like to do is again, conceptually lay this before you, and we are saying we think you need these types of people whether they are in the Finance Department or in an Enterprise or Administratively attached, is something they would have to work out once they know the details of what the City's commitment should be. It may be as we move along the Municipal Association or somebody else may step up to the plate to do something like this, but if they don't we don't want to lose the opportunity, we want to make sure it gets done, and that's what we are trying to do is hold our opportunity options open.

Alderman Hirschmann stated if this money is going to come from the rate payers, why does the city have to commit to the resolution for the dollars, this was the part he did not understand.

Mr. Clougherty responded we want to make sure there is a structure there. We are not sure, the city of Manchester is the only city that's done this as part of the pilot program. Nobody else has gone through it, we don't think that the Town of Hudson for example, or Londonderry, have the experience because they haven't

participated in the pilot to the extent that we have and they haven't got the same learning curve, so if we can move this plan along and benefit from that, yea in time you may see this evolve out of the city, something regional, it's something that could go in a couple of different directions, but if we don't start it we may miss that first round, and that's going to be crucial, that's where there is going to be some real savings and we don't want to see that happen, so if the city has to take a leadership role there, then what we are at this point saying is fine, let's leave our opportunities in such a fashion that we can't take on other towns and enjoy the benefit of that aggregation, or if the Board feels more comfortable we can go in the opposite direction and move down from that number.

Alderman Hirschmann asked if there was any liability at all if the distribution people increase their rates substantially, that we are liable for anything as the aggregator.

Mr. Clougherty responded no, and I think that's again the reason you want to spend some of this money is that you want to make sure that that is clear that we would not incur any of those liabilities. Again, a lot of this is going to be your legal, engineering costs in order to make sure that the thing is structured properly down the road.

Alderman Cashin stated as he understood it Mr. Clougherty was not asking for any appropriation he just wanted the resolution to be sent to a public hearing to be discussed and voted on at a later date.

Mr. Clougherty concurred, stating hopefully by the time they had to vote on all the other resolutions they would have more details in terms of what they think the size and structure of this might be, but for right now they needed to get the process initiated and they were trying to give them a outside estimate of what they think the cost might be.

Alderman Domaingue stated should the aggregation program not work out the way we would like to see it, was there any opportunity here for any of these costs including especially legal to fall back on the property taxpayer.

Mr. Clougherty responded he did not believe so. He stated I think the reason for that is because it will be clearly defined in the order from the PUC in terms of what allowable costs will consist of. I think it will fall back on those individuals as rate payers perhaps but not as taxpayers.

Alderman Domaingue stated the items Mr. Clougherty outlined here will not fall back on them as property taxpayers. Mr. Clougherty stated right, that would be

the intent and again one of the reasons that we have our legal and engineering consultants is to make sure that the city's side is protected as we venture out into some of these areas, and we can have them come in and explain a little more detail as they get more definitive answers from the PUC.

Mayor Wieczorek advised that the motion had already passed and addressed the next item.

Resolutions:

“Authorizing the Finance Officer to effect a transfer of Ten Thousand Dollars (\$10,000) from Contingency to the Employee Medical Services Account of the Personnel Department.”

“Authorizing the Finance Officer to effect a transfer of One Thousand Three Hundred Seven Dollars (\$1,307) from Contingency to the Elderly Services Department for a temporary Recreations Activities Supervisor position.”

On motion of Alderman Soucy, duly seconded by Alderman Shea, it was voted to read by titles only and it was so done.

Alderman Sysyn moved that the Resolutions pass and be Enrolled. Alderman Pariseau duly seconded the motion. There being none opposed the motion carried.

Report of the Committee on Community Improvement Program
recommending that:

the FY1998 CIP Resolution be amended by increasing the cash appropriation of #2.10603 Theater, Education, Employment, now - ALPHA by \$2,000.00; such project being increased from an appropriation of \$8,000 to \$10,000.

On motion of Alderman Clancy, duly seconded by Alderman Sysyn, it was voted to accept, receive and adopt the report of the Committee.

Report of the Committee on Community Improvement Program
recommending that:

the FY1998 CIP Resolution be amended by deleting project #7.10215 Annual Parking Facilities Maintenance Program allocated at \$743,000 from Table 1-3 Cash; and added such project to Table 1-4 General Obligation Bonds in the amount of \$745,000.

In response to question, the clerk advised that the two different amounts was because bonded funds needed to be rounded to the nearest 5,000.

On motion of Alderman Soucy, duly seconded by Alderman Hirschmann, it was voted to accept, receive and adopt the report of the Committee.

8. Resolution

“Approving the Community Improvement Program for 1998, Raising and Appropriating Monies Therefor, and Authorizing Implementation of Said Program.”

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

The clerk noted that based on acceptance of Committee on Community Improvement Program reports at the last meeting of the Board, amendments were in order as follows:.

Amend Table 1-1 Federal, State and Other by adding projects:

#830340B	City Hall Restoration	\$150,000. Other funds
#8.20408	Library Internet	\$ 40,000. State funds

Amend Table 1-3 City Cash by adding projects:

#2.10209	Court Directed Alcohol Education	\$18,000.
#5.10289	Derryfield Park Gazebo	\$10,000.
#7.10229	Cilley/Taylor Signalization	\$65,000.
#8.20408	Library Internet	\$78,000.

Amend Table 1-4 General Obligation Bonds by increasing project allocations:

#5.10155	School/Park Improvement Project	by \$150,000.
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directed to Weston and Highland Goffs Falls Schools

New Project Total \$300,000.

#7.10115 Bridge Rehabilitation Project by \$11,000.
(for Biron Bridge)

New Project Total \$116,000.

**Amend Table 1-4 General Obligation Bonds
by adding projects:**

#8.30340A City Hall & Annex Renovations \$350,000.

#8.30340B City Hall Restoration \$450,000.

Amend Paragraph 3, Page 2 of the resolution by increasing the amount of federal, state and private grant funds from \$30,951,474 to \$31,141,474;

Amend Paragraph 2, Page 3 of the resolution by increasing the amount of 1998 municipal funds from \$1,737,200 to \$1,908,200; and

Amend Paragraph 3, Page 3 of the resolution by increasing the amount of proceeds from issuance of short-term notes and general obligation bonds from \$10,650,000 to \$11,611,000.

Alderman Clancy moved to amend the resolution as outlined by the clerk above.
Alderman Shea duly seconded the motion.

Alderman Robert commented on the Library Internet project noting that he had somewhat hurried the committee to try to complete its work so it would not hold up the budget process, personally he felt it would be a wonderful resource for the people of Manchester to have, but he had concerns about the abuse of the internet and knew the city library in Boston had gone through a process in trying to deal with it. Alderman Robert noted he was not sure he was happy with how they had resolved it, but questioned this controversy and how to prevent that from happening here. How do we keep the children from accessing the pornographic websites. Alderman Robert indicated his understanding that it could be dealt with through software purchase, etc. but wanted to know details from Mr. Brisbin of how this would be dealt with, before the project was given the final okay.

Mayor Wieczorek noted that they would be meeting with Library on the 28th, prior to final votes if they wished to move it along.

Mr. Clougherty stated that they were introducing the plan at this point and they would still have to come back with a start up before spending the money, so they would have the details of the program before any dollars were spent.

Alderman Shea stated that he was the liaison to the Library and the Trustees had held serious discussion concerning that issue and when Mr. Brisbin appeared he would have a resolution concerning that matter. Alderman Shea noted he was somewhat familiar with the plan that Boston had adopted, and he thought there was something that the Trustees plan on doing.

Alderman Domaingue asked if Mr. Clougherty could give the Board an idea of where this particular CIP program budget stands in relationship to the last one, in terms of costs.

Mr. Clougherty asked in terms of this overall CIP project.

Alderman Domaingue asked if they were in the same parameters we have been in in the last couple of years with community improvements and the costs to the city's taxpayers.

Mr. Clougherty responded he believed it was.

Mr. MacKenzie stated that the amount that the Mayor generally brought in was pretty much in a balanced CIP program. The cash amount which normally has the most effect was a couple thousand dollars higher, the bond amount was in that window that had been set last year that is about equal to the amount of bond debt that is retiring, so generally it was relatively flat. Through the CIP process there was some cash added and some bond amounts added. The cash added was \$173,000 and the bond totaled \$1.2 million added; that \$1 million on the tax rate was about 28 cents, so it was just under 5 cents for the additional cash portion. On \$1 million bond, over 20 years, it was about 2.3 or 2.4 cents on the rate, so they were somewhere under 3 cents impact per year for the life of the bond.

There being no further discussion, Mayor Wieczorek called for a vote on the motion to amend the resolution. The motion carried with Alderman Hirschmann duly recorded in opposition to the motion because he was not in favor of expending \$78,000 for one item, that being the Library project.

The clerk advised that based on acceptance of CIP reports this evening further amendments to the resolution were in order as follows:

Amend Table 1-3 City Cash by increasing project:

2.10603 Theater, Education, Employment, Now (ALPHA)
by \$2,000 (total new appropriation to be \$10,000)

Amend Table 1-3 City Cash by deleting project:

7.10215 Annual Parking Facilities Maintenance Program
by \$743,000.

Amend Table 1-4 General Obligation Bonds by adding project:

7.10215 Annual Parking Facilities Maintenance Program
in the amount of \$745,000.

Amend Paragraph 2, Page 3 of the resolution by decreasing the amount of 1998 municipal funds from \$1,908,200 to \$1,167,200; and

Amend Paragraph 3, Page 3 of the resolution by increasing the amount of proceeds from issuance of short-term notes and general obligation bonds from \$11,611,000. to \$12,356,000.

Alderman Robert moved to amend the resolution to the numbers as outlined by the clerk. Alderman Shea duly seconded the motion. The motion carried with none recorded in opposition.

Alderman Domaingue moved to refer the Resolution as amended to the Fiscal Year 1998 Budget Hearing on June 10, 1997 at 7:00 PM at West High School. Alderman Pariseau duly seconded the motion. There being none opposed, the motion carried.

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

A True Record. Attest.

Clerk of Committee