COMMITTEE ON FINANCE

May 5, 1997 **6:30 PM**

Mayor Wieczorek called the meeting to order.

Mayor Wieczorek called for the Pledge of Allegiance, this function being led by Alderman Soucy.

A moment of silent prayer was observed.

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

Present: Aldermen Wihby, Clancy, Soucy, Shea, Domaingue, Pariseau, Cashin, Robert and Hirschmann
Alderman Elise and Sysyn arrived late.

Absent: Alderman Reiniger

Messrs.: John Brisbin, Kevin Devine, Mark Hobson, Foad Afshar, Mark Burkush, John Palmer

Alderman Wihby asked before we start, can anybody say why all of the department's didn't answer to the memo which was sent out on April 29th relative to the proposed budget cuts.

Mayor Wieczorek replied, I don't know. How many do you have.

Alderman Wihby stated there was Building, Information Systems, Library, Mayor's Office, Parks & Recreation, Public Buildings Services, and the School Department.

Mayor Wieczorek stated I want to sit down with you on that. The School Department has to go to the School Board first.

Alderman Wihby stated I expected that one, but I don't know why the others didn't respond.

Mr. Girard stated the Mayor's Office had not replied because they were in the process of packing up before the move scheduled for next week.

Mayor Wieczorek stated we will continue the budget discussions with the departments relative to the 1998 budget and we will start with the Library.

LIBRARY

Mr. Brisbin stated nice to be with you and we do have our impact statement, so we can move us over to the good department's list immediately. Ladies and Gentlemen of the Alderman Board, we appreciate having the opportunity to talk to you about the progress of your public Library which, I remind you has the largest book collection in the State - 330,000 volumes and whose main branch is located in the architectural jewel of the City and perhaps the State, the Carpenter Memorial building and whose west branch renovation in another historical City building was given very nice play in John Clayton's column this morning, I hope you all saw it in *The Union Leader* this morning. Looking at Mayor Wieczorek's proposed budget for the Library for the next fiscal year, we notice some very encouraging gains in line with our departmental requests. We also notice some areas in which funding is very much needed and for which we'd like to ask Aldermanic support. We must also as the Aldermanic memo received May 1st instructed give the impact of possible one, two, and three percent cutbacks from the Mayor's figure which for us is $1,454,850. First, we'll look at the gains under the Mayor's proposed budget. Mayor Wieczorek has funded all three renovations projects we outlined in the CIP '98 budget request, that's a total of $75,000 to renovate the Children's Room, the Library Auditorium - a 175-seat auditorium, and recarpeting of the first floor. Added to what we've already renovated over the past five or six years, I want to tell you that we are doing a pretty good job. We've renovated the second floor of the main Library, the west branch thanks to nice support from Alderman Cashin. We've improved handicapped accessibility both at west and main. We've put on a new roof and added windows and we're just, as I said, just finishing with the renovation of the west branch our CIP project for this current fiscal year. So, adding the $75,000 for the three rooms I mentioned, I think we're taking excellent care of the two historic buildings that we have. Mayor Wieczorek has funded our $80,000 CIP request for Intranet project which intends to replace our dumb terminals with network PC workstations. So, that under one integrated graphically appealing, easy to use menu, taxpayers and their families will have title, author, subject information, full text magazine articles, CD ROM resources, and an ability to search the Internet at their fingertips. It will be at every computer workstation in the building. Internet will be a major leap in service to our taxpayers. Special thanks is due to Alderman Clancy for his cooperation here. We had...the day after the blizzard...we had a very short CIP meeting and we needed to get our item in so that we could get matching LSTA federal funds and Alderman Clancy got his shoe horn out and got us in there in the last five minutes of the meeting and I'm very pleased about that and I also want to thank Rich Girard from the Mayor's Office for keeping us aware of all of our options in presenting this project. In his proposed budget, Mayor Wieczorek affirmed our request for $14,000 for a larger local area network tower which will more than double the number of CD ROM resources taxpayers will be able to access. Now, we have coast-to-coast telephone directory, we have a national business directory which is in use all day, every day, very, very popular. We have the Encyclopedia Britannica. We'll be able to, at least, double the capacity with the new tower and add things like college guides which teens will be using intensively. Value Line Investment Service which a lot of our retirees and other investors are heavily involved with. World Book Encyclopedia and much more. Mayor Wieczorek has increased our part-time temporary or Library Pages line by $10,000 which will mean we will be able to pick up two more part-time Library Pages who are usually high school kids who work 20 hours a week. He's returning more of what fell to a major budget cut in 1990. We've got 8 or 12 back and we're delighted about that and so are the taxpaying patrons. We circulate about 40,000 materials per month and it's that core of Pages that get them back on the shelf and ready for the next use. In consideration of this positive trend in keeping with the steady revitalization which is blueprinted within the Manchester City Library Foundation Supported Providence Report and that was funded by the Library Foundation. Trustees are looking seriously at expanding the hours of service at the Library. I know that several of the Aldermen have had an interest in this. We do hope that in the very near future to announce that we'll be opening earlier six days a week - 8:30 in the morning, we're open currently at 9:30 and our Wednesday's are 12:30, so we'll be moving it back to 8:30, six days a week and we'll be staying open Tuesday evening's in the summer, this is what the Trustees are going to vote on, this is what they want to do, this is what the report tells us to do and hopefully we will be able to do it when the budget is final, we will have enough resources to do that. Mayor Wieczorek agreed to fund 17 more security guard hours per week which moves our coverage from 40 to 57 hours a week. This is much appreciated by taxpayers and their children who will now have that degree of safety for nearly all of the hours the Library is open. We're open 58 hours a week and with the newly expanded hours I just made mention of, if those go through we'll be open 63. Right now, security guard presence is having a big impact, but believe me offending individuals soon pick up when a guard is on duty and when he or she isn't. Heather Carle is doing a fine job and was made a Sergeant in Burns Security and has taken Police training. She is doing a great job for us. Now, on to the areas in which more funding is needed and for which we'd like to ask Aldermanic support at this time. Oops, I forgot to thank Mary Sysyn also for the renovations, she had a keen interest in that and was very good at encouraging that along in the process. Mayor Wieczorek level-funded the Library's book line for the fourth year running at $100,000. A $100,000 is a relatively large amount of money, but it's not a large amount of money when you're shopping for the needs of 100,000 people. In 1989, we had $115,000 and you'll see that there are components for Trust Funds, there is always a portion of Trust Funds that go to books, a portion of fine monies that go to books and in 1994 moving ahead five years it went down to $90,000 and we've come back up to $100,000, but have been stuck there now for three years in a row and this would be the fourth year in a row. We've been marching around the same smaller circle for a decade with regard to the City book line and books and basically what our service is. Keene, Portsmouth and Merrimack have book budgets similar to ours, not too far from ours and yet they serve one-fifth of our population basically. You also see how much better Nashua and Concord do and they serve significantly less population. Other similarly-sized communities with similar public library book budgets include Lawrence and Lowell. I don't think we want to compare ourselves in too many ways with those cities. I think we'd rather compare ourselves with Springfield, Massachusetts which has 50% more population than Manchester, but 350% more dedicated to books. And, these figures are only local municipal funding. Not addressing the problem has had a cyclical affect. Inadequate maintenance of our large collection adds further erosion of those large collections and decreasing use. We slip further and further behind - old books have gotten older and not nearly enough new ones have taken their place. Subject areas have become crowded with titles from the 70's and 80's and there are slim pickings from the 90's. Taxpayers pull up-to-the- minute bibliographies from the Internet and can't find up to the decade substitutes on our shelves. You look at our circulation, we did hit a high of 542,000 in 1993, but you can see that we've gone right around in that small circle again and we're down to 441,000 where we were in 1990. People get new book suggestions off TV and talk radio and we can't deliver. We're not talking about Shakespeare here, we're talking about books on investment strategy, on retirement planning, on car and appliance buying, finding scholarships for college-bound teens, getting into the big leagues, cooking low-fat meals. Ladies and Gentlemen, let me suggest a deal or at least a partnership. However, much more than $100,000 you could add to our book line, I will work to double or triple with matching Bean and Hunt fund monies. I've talked with Therese Benoit at the Hunt Foundation, I've talked with Nike Speltz at the Bean Foundation about this idea. They can't promise grant awards, of course, but they are receptive. All they want to know is that the City is doing it's part. The Mayor did not approve any upgrades or new positions. His hope is that the new Classification/Compensation Study will address these. We share his hope, we support that new survey and hopes its recommendations will be acted upon. But, because we have matters of urgency we bring forward to you at this time the following. Even the undersized book budget I just spoke of is handled by a processing and cataloguing engine which is way too small for the job, two part-time support people, a cataloguer, and a page; that is all we have in text services, that is all we have to process the materials for the largest Library in the State. We ask you to please support extending the hours of our two part-time cataloguing and processing support people from 20 hours a week to full-time and that includes a Processing Clerk Grade 6 and an Accounts Clerk Grade 12. This move would allow us to end cataloguing and processing backlogs and to get the quantity of new books, videos, etc. that we do purchase out to taxpayers and their children right away. Basically, it takes a couple of months and it should take a couple of weeks and if you can extend these two part-time positions, we've got very capable people, to full-time we could get people's materials to them as quickly as they want them and we know that we should. We have two upgrades that we wish to bring before you. We ask you to approve the upgrade of our recently vacated Grade 16 Technical Support Specialist position to a Grade 20 Technical Support Specialist. The former Technical Support Specialist and that's the person who troubleshoots all of our automation equipment and we've got plenty of it, right now. We have computers everywhere if you've been through the Library recently you know that, they take constant maintenance and care. She performed tasks outside this classification for years while requesting an upgrade which the department firmly supported, she didn't receive it, and finally accepted a grade 22 position at Information Systems. The technical equipment we now have in which the taxpayers use intensively demands maintenance and care which equate to at least a Grade 20 in our estimation. We ask that you approve the upgrade of our Grade 3, the permanent Page in technical services, he's been doing clerk work there for years. He's been requesting an upgrade for years, has not received it. If we ever had to replace it, we just couldn't do it. We have inadequate personnel down there as it is and we really need that that position be made the Clerk position that it really and truly is at this point. Normal step and salary and longevity increases for FY98 for our small department amount to less than $8,000. We ask Aldermen to do their best to restore it. We support the restoration of frozen FY95 step and longevity and the 3% plus 3% salary increases requested by the unaffiliated group, all of our employees are from the unaffiliated group. We realize that this issue is a tiny part of what has been mostly a union City management matter, still we would be remiss if we didn't speak up about it's importance to our public service providers and that's all we are asking from the Aldermen and now to the last part, the one, two and three percent cuts. It's a given that City departments for the past six years have for budgetary reasons not been able to move forward very much. This year we see some signs that that is changing and we're doing our best to progress. The threatened cutbacks would stop that. With a one percent cut, that's $14,548 the public would lose half of the increased hours of the security guard which I just mentioned, half of the increase in our electricity line and with more equipment and especially with the addition of the elevator a few years ago we've had increased electrical costs; we'd lose all of the increase in our periodicals line and believe me with the troubled book collection, the public relies even more heavily on periodicals for very current information, and we'd lose a little bit in our microfilm line. With a two percent cut, we'd lose all of the security guard hours, the 17 additional hours, we would lose all the increase from the electricity line, all of the increase in the periodicals line which is $5,000, all of the microfilm line increase ($5,100), and a big chunk of the repairs line over $1,000 of that, and you have more equipment you have more than needs to be repaired, of course. With a three percent cut which is $43,645 the public loses all of the above including all of the repairs line, the increase in our snow removal line $600, increase in our rental line of $171, increase in postage and telephone - a $1,000 in each, and the telephone would cover our Internet telecommunications, we're going to be up on the Internet for patrons very soon and that would cover that telecommunications cost for the year, the public would lose all increase in advertising, our printing line, and our supplies line and with more equipment you have more supplies, you have more ink cartridges, paper. We've fought for years to get this line adjusted. New equipment can and has been purchased with some non-city funds, but it requires supplies and maintenance. We'd lose the increase in our records line, freight line, and we'd have to dip a little bit below level-funding in fuel, oil, electricity, and natural gas just $70 out of each to incur that three percent cut. In order to move forward, at least, modestly in FY98, in order to add efficiency, quickness and real book collection building to the Library service to taxpayers, in order that we at least keep in the herb with other libraries that are zipping along the information highway, we ask that...this is my summary portion...no cuts be made to the Mayor's recommended figure; that Aldermen add whatever they can to the book line; that the job Classification/Compensation Survey be done and their recommendations followed; that normal step and longevity increases for FY98 be given; that the three plus three percent be given to the un-affiliated; that you look seriously at our two part-time processing positions and the upgrades that I mentioned and that's it. Thanks very much for giving us this opportunity to share a bit about the progress which with your help and our help we can bring to Manchester City Library during the next year. We wish you the best with the very difficult decisions which lie ahead as the City budget is finalized.

Alderman Robert stated, John, in CIP we really didn't give you a chance to talk about everything you wanted to talk about. We were concerned with time and we didn't want to hold up the budget process, but I had some questions about the Internet. The City of Boston Library has wrestled with what some people may call the negative aspects of it. They've had a high-profiled case of what can go wrong, improper use, or improper monitoring. Could you go into some of the things that you plan to do to deal with it.

Mr. Brisbin replied sure, I just happen to have a few remarks prepared. Like many other libraries we will soon be inaugurating Internet service for the public. This is, to state the obvious, a quantum leap in information delivery, not just for libraries, but globally. We're excited about it and we're keeping abreast of the successes and difficulties reported by other libraries, we're already up. We know well what Boston's experience has been and how Mayor Menino ordered blocking software. Our Library administration has since worked compromises in which only children's workstations have the blocking or filtering software. We know that New Hampshire's experience has been completely different. In Dover and Milford, no blocking has been done, no problems have occurred. As a matter of fact, we haven't heard of any problems on this side of the border, yet. We also know that this is an evolving service which all of us will be monitoring closely. As Americans, we endure a lot of junk, problems, nuisance, rather than give up personal freedom. Some of us would rather die than not live free, if you will. American libraries have been the traditional home of controversy or as we like to characterize it, meaningful discussion. With the inauguration of Internet service, we're sure that that tradition will continue. Our Board of Trustees have agreed, thus far, we have had lots of discussion on it and I would like our Trustees to speak on it. I know that Trustee Devine has some good experience. Trustees have, thus far, agreed that Manchester City Library Internet service will permit no commercial credit cards initiated transactions, involve no E-Mail, no Chat Rooms, no news group access, have all workstations in public and staff view, not permit downloading to disk for protection against viruses; that we will be very open to the Board of Mayor and Aldermen and all public input. We will consider, we have considered, and we are still considering filtering software for at least the Children's Room workstations. We always and vigilantly encourage and recommend parental participation. Librarians may not, by law, act in loco parentus or in place of parents. Teachers do act in loco parentus, we do not, we cannot, we may not. What librarians do is to keep on stressing that parents need to be parents. They need to guide their children as they select information on whichever subject, in whichever format. We do that all the time. We tell parents, you tell them what they need to know about sex, don't ask us. You need to be involved with your children, you need to be the parents. If we can help you be better parents we will help you. Let's not forget that Internet has an incredibly valuable use as well as a danger for some, perhaps even rare misuse. After all the questioning is over, we do have some stuff we'd like to handout from some great and very interesting sites on the Internet just to show you the use, not the abuse side of Internet service. Did I answer your questions, Alderman.

Alderman Robert stated I was focused on two items. One was Chat Rooms and another was pornography and it seems to me that you're going to allow that to happen.

Mr. Brisbin replied, no.

Alderman Robert stated then explain to me again one more time, so I don't misunderstand what you are trying to tell me.

Mr. Brisbin stated first of all, we are not up. We have not inaugurated the service yet.

Mr. Devine stated that a downside to filtering was a case in which reference to "breasts" was filtered out and when physicians tried to access this information we unable to and this was a real downfall to filtering of software; that has since been corrected in some of the software out there, but for every topic you try and filter out, you're going to stop legitimate educational use. So, we're reluctant to put in filtering software Library-wide. Boston tried that and has moved back from that because it was a real problem. We are considering putting it in the Children's Room though as a first line of defense. In the rest of the Library we've also considered other options. One is a parental form to be signed by the parents if anyone under the age of 18, for example, who wants to use the Internet workstation. They could, for example, inform the parent of the possibility of that type of material being accessed by their child, they have to consent to it or accept the responsibility to sit there with that child during terminal use. When you get into doing that, however, the downside of a form like that is you've put the Library in a position where they are going to be dealing with thousands and thousands of forms, signature verifications. It's high personnel costs that we don't presently have in our budget, but if it's what the citizens of Manchester want and if this Board is willing to fund it then the Trustees would look very carefully at doing that. There is a variety of things to do and we're looking at all of them, so we appreciate your input on that and I urge any member of the Aldermanic Board, if you have ideas and concerns send us a letter because we are looking at all of these options right now.

Alderman Shea stated I've been privileged to serve with the Board of Trustee Members for the last several months. I can honestly tell you that they are dedicated, devoted, they are doing a wonderful service for our community and this Board should do everything in their power to help them sustain the type of service that they are rendering to our community. So, I would urge the Aldermen, when they consider their budget to do as much as they can to help them in their endeavors. Thank you.

Alderman Domaingue stated I'd like to asked the Trustees, when last you were here for your budget there was some discussion about increasing the fees for people outside of Manchester using the Library. Has there been any action taken on that.

Mr. Brisbin stated we are still charging but it hasn't been increased, it's $25.00 a year.

Alderman Domaingue stated so there has been no action taken by the Trustees on that.

Mr. Brisbin replied no, but thank you for reminding us. We'll take it back for discussion.

Mayor Wieczorek recessed the meeting to allow individuals to clear the Chambers.

Mayor Wieczorek called the meeting back to order.

Mayor Wieczorek stated I understand you are going to present the regular School budget first.

SCHOOL DEPARTMENT

Mr. Hobson stated I'd like to thank you for this opportunity to discuss the Manchester Public Schools consolidated budget package for fiscal '98 and we will be talking about the General Fund and we'll be addressing the School Food and the Athletic Fund, as well. First of all, I'd like to tell you what I am going to tell you tonight and that is our bottom line is that we are asking for a $4.2 million increase from fiscal '97 to fiscal '98 which represents an 8% increase over last year. Secondly, I'd like to tell you that over 50% of that increase is due to Special Education and English as a Second Language (ESL) increases which we would consider to be federally-dictated expenses, we don't have an option. Third, I'd like to tell you that the entire increase and this is a change since we did our last presentation to the Board of School Committee back in February because we have had a change with the State Department of Education. Our entire increase request will be funded by our revenue sources with an additional $25,000 in revenue on top of that. This does not include other revenues that may come to us from

Governor Shaheen's budget proposal on Kindergarten Aid. We have, in our budget proposal, former Governor Merrill's funding, we do not have the new funding placed. Number four, I'd like to tell you that the Mayor's recommendation is a $500,000 decrease. It is our opinion, at least mine, that we may be able to absorb this increase if we have an alternative school site for Special Needs children and Chandler School children in next year's package and we'll discuss that a little bit later on in this presentation. And, number five, Committee Member and Chairman David Wihby asked us on Friday to present a one percent, two percent and three percent cut possibility which is done for all departments. We can't formally address that until our Board actually votes on those items in a what if manner, but I will tell you that my recommendation that it would only be fiscally prudent for us to take those potential decreases from the $2.1 million increase to regular education. So, if you're following my train of thought any other cuts that we would take beyond the Mayor's cut would be taken from money proposed for regular education. It would be imprudent for us, especially me, to recommend to my Board of School Committee that we take money from the regular education budget. The last think I'd like for you to note especially our Board of Mayor and Aldermen, this year's budget is a zero-based process and the people that are sitting in that audience out there are the people who built this budget and I believe that they will take ownership over their part. This budget was built by teachers, secretaries, directors, principals, the administration office, the Board of School Committee, and in particular the Finance Committee. We based our budget on a business need. We took a look at current inventory, over projected spending for the rest of this year and we did a zero base. In other words, if we were building our business from the ground up what would we need. The increases came in. We took as an administrative team including directors and principals, we took $1.5 million off or 33% off the first round. Secondly, we cut another 15% with the principals when we went back and said okay, if we do this and so what can you take off, we found another $500,000 and finally, the Board of School Committee through the Finance Committee's recommendation took off another $901,000. So, we are not bringing to you a wish list. We are bringing to you, in my opinion, and I think in the opinion of our Board of School Committee a fiscally-responsible and well-built budget and plan. Lastly, I guess I would say that we are willing to work with any group to help make sure that this budget is clear. We've been to Rotary Clubs, parent groups, Chamber groups. We've met with the Mayor's Office, we've had conversations with Chairman Wihby and we'll pretty much talk to anybody about this proposal. It's an open book. With that I'd like to start by giving you some information that all of you, I believe have in your packets. We did have some extra packages available for the group. Our enrollment - we expect an increase - that increase is going to be from our perspective rather dramatic, but the most important thing I think we need to pay attention to in the increase is if you look at the last column that says FY98, while we will have a 350 increase in our regular education needs, we will have 251 more children in our Special Education; that means that we will be going up from about 15.8% to almost 17.4% in a 16-month jump of children with Special Needs; that is a major increase. We have also been experiencing an increase of 3.2% per month this year for ESL students - children moving in from foreign countries to settle into the Greater Manchester area and they are going to Manchester public schools. those numbers are verifiable with Fred Rusczek at the Health Department, as well. So, our enrollment next year will top an all time high of 16,700 students and our Special Needs enrollment will hit almost 3,000 children at 2,900. Our Per Pupil Cost - that is always an item for discussion. If you will note from an administrative cost per pupil, that is how much money does Manchester as a City spend on its central office operations and staff in order to operate its facility, we are the very lowest in the State. We spend $66.00 per child compared to all of the other major cities and all of the other school districts in the State, we are the lowest. Secondly, if you compare our K through 12 per pupil cost with other school districts in the State and again using the major cities, Manchester pretty much comes in the average or at the 50th percentile of $4,792. The average is $5,200 State-wide, so we are, in fact, slightly below for the entire State and we are less than the 50th percentile for all major cities in the State. Our General Fund Consolidated Budget or our rolled up process - and this is a rather busy couple of screens that talks about all of our different increases. I tried to prepare for all of you a four-page executive summary that talks specifically about each line item and what the bottom line was for all of you and I would hope that you had an opportunity to read that. I can briefly tell you about some of the more extensive line items that we're prepared to discuss tonight. First of all, we are adding in Salaries approximately $1.6 million. Forty-seven percent of that is for regular education, 53% is due to Special Education and ESL increases. The ESL portion is mandated by the Office of Civil Rights Federal Agency Audit that was conducted this past year and in your larger package that I mailed to you in April, I show to you a specific OCR Report in that package. Under Professional Services or object 390, with the exception of $25,000 for Employee and Labor Relations Legal Fees - those fees are tied directly to the Human Resources Office, human resources costs. The remaining increase of $187,000 is for Special Needs (i.e., legal fees, due process fees, DCYF hearings, Special Education therapy costs that include occupational, physical deaf, blind, psychological testing, ESL testing, deaf interpreters, the list goes on). Approximately, $30,000 of this cost, by the way, could be averted with an alternative education site for Special Needs and Chandler School. Under Regular Education Transportation - I have a couple of slides that I will show you a little bit later on that goes into some more detail, but there is a $192,000 increase for regular transportation that is due primarily to an increase of students. If we have three hundred and someont children riding a bus that equates to so many buses and so much of a cost per child. Under object 513 or Special

Education and ESL Transportation - that is a major increase of $282,000. Again, from our perspective we really don't have a choice in paying this money, we have to, and again I will show you a couple of slides that and our bus monitors and our transportation under object 514, I have some good news. We're actually decreasing that cost by $17,000 through some better negotiations with our transportation companies. Object 550 under Printing and Binding - we are increasing that amount by $3,400, but we feel that's a good investment. We are working with a Centralized Printing Center at our Manchester School of Technology and we are opening up this Centralized Printing Center to all City departments and we're working with Richard Houle under the Public Buildings Services and the Central Purchasing Committee to try to bring this program up, using our students and doing this work at an at-cost basis. It will be a hands-on learning experience, it will save the City money, and it's a good thing to do. Tuition within and tuition outside of state, we have increases under object 561 of $275,000, tuition out-of-state of $143,000. These are flat out tuition dollars to Special Needs students that are sent to specific programs inside of the district or outside of the district. A majority of these students are placed through the Juvenile Court system. There are times, on a monthly basis that our Special Needs Department will see 10 or 15 placements, per month through DCYF and YDC and these are capped costs at $16,700 per child, we do not have an option, we have to pay that amount period. Under object 610 Supplies & Paper we have an increase of $232,000. I think a lot of you know that we saw a problem at the beginning of this year and thank God for area businesses because we will not run out of paper this year, but without their donations that added up to almost 5%, we would have run out of money for paper by May. We have continually tried to support our supplies and line item for the last four years by making line item transfers from other objects, it doesn't make sense. Fifty thousand dollars of this line item increase is for consumables, particularly in our new math workbook series for our elementary students. An additional $50,000 is increased and allocated for Special Education and ESL consumable workbooks. Under object 630 and 631 Reference Books & Textbooks - again, yes, some major increases, why - $200,000 is needed to support a new science textbook initiative for grades kindergarten through sixth; $10,000 is for the State-wide process of character and citizenship programs that we use throughout our district and $25,000 will again support the new math series for elementary students that is being expended for the new students that move into the district. The remaining increases are to provide books for increased enrollment and Special Education and ESL. Furniture & Fixtures - we're spending more than $100,000, we hope, on replacing classroom furniture that is over 25 years of age in most schools. All three of our high schools were sighted in a negative fashion by the New England Association of Secondary Schools for the poor condition of their classroom furniture. Finally, under Special Projects, we have an increase of approximately $450,000 and I have another chart, I hope, that will explain that in more detail. If you look at our business, we are in the business of taking care of people. In the rest of the world perhaps, in industrialized businesses most of your money is not used on your human resources or people costs, most of it is used for your operating expenses and your capital and your rebuilding. We're the exact opposite. Eighty-two percent of our business is putting trained people in front of little people or smaller people and that's our job, that's what we do. And so, therefore, 82% of our costs for next year are going to instructional needs. A breakout of our salary information - we have an increase of $276,000 in school-based administration. Four of these administrators are mandated by the State due to State requirements that we have not been able to meet. We have elementary schools that we have been told for the last three years that we have got to supply because of the enrollment of the schools and as you saw the enrollment is only increasing so, therefore, the justification is even more prominent. We have those elementary schools are mandated to have full-time assistant principals. Right now, they are teaching assistants, so next year we have based for those additions. Also what you see is two Manchester School of Technology transfers. What the School Board agreed to do and it was the recommendation of the administration, that the School of Technology is a full-blown school with tuition students and students that are in there every single day and we feel that the people there need to be moved into a principal's category away from a director's category. So, they are being moved from the non-affiliated directors line item into the principals line item. Under Professional Education - you see that our base of professional educators is going to move to 993 FTE's; that entire increase is $623,000. We've broken that out for you, so you can understand that a little better between Special Education and Regular Education. Our Regular Education additions are $395,000, our Special Education is $280,000, and our ESL is $159,000. Additional administration needs - we have added because of the Federal mandate a Coordinator of ESL Services across the district, we have also added an Assistant Superintendent for Elementary Education. The former Superintendent, two Superintendents ago Mr. Bernard was the Assistant Superintendent of Elementary Education. When he moved into his position as full-term Superintendent, the Assistant Superintendent position was left vacant and the School Board is bringing that position back and the administration agrees with it. Under Network Technology Coordinator - here is an interesting comparison for you. We have 2,004 personal computers in 24 sites and we want to hire one Coordinator for those machines. If you look at the City-side of life down at the City MIS Systems there are over 7 people taking care of less than 750 units. We believe that we can get the job done with one person because of the standardization of what we have and also because of our Technology Challenge Grant. Our Severance packages is up slightly due to the amount of people that we expect to retire. Our Bonus days is set by contract, our Substitutes are up slightly. This year we will expend over $255,000 in Substitutes, we feel that $255,000 for next year is a realistic number. Home Instruction & Tutors - for the last three years we have underbudgeted our Tutor account and we overexpend it; that is used for ESL and Special Education, we are putting in what we feel is the realistic number that we will utilize and that is $985,000. The rest of the money is fairly standard on this particular page. Under the last slide that I have for you, we have the largest increase that I'd like to talk to you about is for Support Staff under MESPA. Something that we have instituted this past year-and-a-half is a program to take care of Medicaid Reimbursement which is a good thing for this City to do. Right now, we are using educators that we are paying with Master's degree forty-two, forty-four, forty-five thousand dollars to do paperwork in our schools instead of teaching Special Needs students. It doesn't make any sense to do that. What does make sense is to pay clerks that make eight or nine dollars an hour to track Medicaid spending, ESL issues, and Special Needs issues in our schools. We want to put clerks in all of our Special Needs department to do Medicaid Reimbursement work and, therefore, they will be paid out of our Medicaid Federal Reimbursement dollars, we think that is a good way to spend the money. Transportation - our Special Needs and our ESL transportation has not been budgeted properly along with out regular needs transportation since 1992 and when I say properly, I don't mean that anybody's made a mistake. I mean that every single year, we come in at too low of a number and we have more students taking buses or are being mandated through Special Needs to be on the bus. Next year, I've already told you about the increase that we have for our Special Needs ad ESL costs and those are reflected in our transportation. So, you can see that for the past three years these line items have been underfunded and we want to fix that going forward. Quickly, I want to tell you about the Office of Civil Rights impact when the auditors came into town. This year they gave us a bill of approximately $90,000, that's this year in fiscal year 1997. I think all of you know, especially those of you who have been on the Committee on Accounts and Revenue, you know the problem that we are having with spending in this year's fiscal cycle and yet, we received another bill for $90,000. Again, we didn't have a choice. Next year, the auditors have told us that we can assume another $358,000 out of the General Fund. This is regardless of whatever Federal dollars or grant money that we receive for ESL, we have got to take this money out of the General Fund, it's a mandate. The following year the same story. Regardless of how much money we get in Federal funds, we have got to spend $371,000 out of General Fund dollars. Special Projects line item 898 - under these capital expenses we have some items that I want to share with you, some of which I think are very good things that we are trying to do to improve our school system and to utilize a more business approach to how we take care of our buildings. The Parkside natural gas conversion which is saving money for our school system next year is the last year of payments that were worked out with Public Buildings Services 3 1/2 years ago. Also, we are bringing in a facilities management company to help us with our

HVAC and other facilities costs on a 10-year track. This will save us money in all of our energy costs as well as put in more candle wick or I should say better lighting per feet in all of our schools, all of our schools. Also, we have a multiple school problem with intercoms, clocks and bells, and telephone systems that are old, dying, or dead. In six schools, we have intercoms that have not worked for five years, we want to fix those. However, we know we don't have the money to do that all in one shot, so we're splitting it in half and we're saying next year we are going to fix three and the year after that we are going to fix the last three. Our clock and bell systems, we have five schools that the clocks and bells do not work. So, once again, we're splitting that in half on a three and two approach over two years. Our telephone systems, we have six schools that are telephone systems are so old that if they break again, we cannot get parts for them. So, we run around the City stealing parts from telephone systems that work to feed them into systems that don't because we don't have any parts left. These are systems that go back to 1973 and 1974. Again, we're trying to take an approach of fixing four next year, two the year after that. The other line items that you see, the biggest piece that I want you to notice is the portable classrooms. We need to spend, at least, $190,000 on portable classrooms for next year because we are out of space in certain schools and even if we go through some reorganization of where we send our children to what schools, how we might bus them differently, we are still going to be faced with a problem of having ten additional classrooms. We will not need to spend this money if we come up with an alternative school for Chandler and for Special Needs and I'll tell you why in a couple of minutes. Finally, under our Special Projects, we are asking to continue with some of the programs that we have been building on - New Hampshire College has a partnership program that literally affects hundreds of students throughout our City, give these children an opportunity to go to college, otherwise they would not have that opportunity. This is the third year of a3-year contract. The Foster Grandparents Program has been in our school system for as long as I can remember, over ten years. Every year we give a voluntary fee to run that program across the City. Hundreds of volunteers coming into our schools. Finally, the YMCA STAY Program, we are giving a token amount in terms of tuition. We have 12 students in the YMCA STAY Program that leave Manchester public schools at a cost of $4,800 minimum and go into the YMCA Program that deals with at-risk students and we are authorizing $10,000 to go towards that program, it's a small price to pay. The famous Alternative School that we have been talking about. If we have an Alternative School Program for next year, it will alleviate at least the problem of five kindergarten classrooms that we have. We will have to move out of the Easter Seal Center where we have been the last three years, there is no room for us there anymore for kindergarten plus we have an additional kindergarten that needs to go to Green Acres School and we have to find out what's going to happen with that. An Alternative School that will take care of the pre-school children ages 3 thru 5 at Chandler will be an ideal site to have additional rooms for our kindergarten program. We will also save money on heat and utilities for portable classrooms across the district, we will also be able to save money on replacement costs for tutors. Every time a child is sent out of school in Manchester when they are expelled for a certain period of time, if they are a Special Needs child, we have to by law, give them a tutor at $10.50 an hour, it's law, there's no option, we have to do it. If we have an Alternative School Program that deals with children that are expelled from schools, that are at-risk students this money will be saved or absorbed into that type of a facility. Finally, we'll save another $28,000 to $30,000 in facility overhead for the Chandler School and I don't think there is any argument on any Board member or any person who has ever gone through the Chandler School and we realize that Chandler School's time has come and we need to find a replacement for that facility and we need to do it rather quickly. On the revenue side, we've got good news. Our revenues have gone up dramatically. We are seeing an increase of our revenues and let's just jump to the bottom line because I think it's exciting. We'll be bringing in an all-time high of revenues of over $16 million. Once again, that does not include an additional minimum $530,000 from Governor Shaheen's budget program which is primarily aimed at kindergarten, so let's net it out. What does this mean - there's the salary increases for regular education, the materials and supplies increase for regular education, for transportation increase and that's a percent. We're asking for less than 50% for regular education. On the student services side which includes ESL, we're asking for increase of over 50%, the net is $4.2 million. We'll be bringing in revenues to this City of $3.3 million, we'll be bringing in Medicaid revenues that will top $950,000, we will be bringing in a plus, a surplus into Manchester public school systems next year to the City of Manchester of $25,000, that's very good news. We have a number of people here tonight that are in support of Chandler School and everyone knows that about 10 days ago the administration was told to go out and do a feasibility study about the Lake Shore Hospital. What I need to tell you tonight and I did tell the Principal of Chandler School and she's been telling her parents that we do not have for you this evening because of the natural flow in which our Board of School Committee needs to act, we do not have a full proposal for you tonight to review, but you will get one. We have draft numbers pulled together from our Special Needs Department, my office, and Dr. Jack. We've reviewed that long distance with our new Superintendent out in California. The proposal looks very good, it's unaudited numbers that we'll now be sending to the Buildings & Sites Committee that will be meeting tomorrow night at 8:00 PM at the School District Office on Bridge Street. We'll also have a surveyor, an engineer there tomorrow night to talk about the Lake Shore site itself and the feasibility of that site. From Buildings & Sites on May 6th, it will then be able to go, hopefully, to the full Board of School Committee on May 12th and also to the Joint Buildings & Sites Committee on May 14th. We met this morning with the folks from CIP, City Planning, City Finance - we are aware of the timetable when the bids have to be open on the new Middle School, we will be able to meet those deadlines, we are not in jeopardy of losing our time frame there. We'll be able to go through this process and be able to deliver to the Joint Buildings & Sites and the Board of Mayor and Aldermen a feasibility study, the numbers look very good. I hope that's enough of a sneak preview, your Honor, of that particular issue. I'd really like to stop at this point about the General Fund and now I'd like to move into School Food and then finish it up with Athletics, is that okay, can I keep going.

Mayor Wieczorek stated you want to go through your whole presentation before they get to ask questions about any aspect of it.

Chairman Wihby asked can we take it part-by-part, your Honor. Can we ask questions on this and then go to Food after that.

Mr. Hobson replied, sure, that is fine with me, if it's fine with you.

Mayor Wieczorek stated okay, let's do that.

Alderman Wihby asked the Civil Rights portion $358,000 for next year, are you expecting any revenues because of that, do they pay us anything of the nineties.

Mr. Hobson replied the answer to that is no. The potential answer I can tell you is that many of the ESL children that we see become Special Need students. If they become Special Needs students and they qualify for Medicaid then we may see some Medicaid Reimbursement on those children, but it's not because they're ESL children, it's because they may also be identified as Special Needs, so you may see some additional revenues on the Medicaid side, but as I shared with you earlier we cannot spend any of our Federal grant or Federal sources or reverse side, we have got to spend this money out of the General Fund.

Alderman Wihby asked do you foresee us being able to count some revenue, some number into the Medicaid portion as far as additional revenue or is it already counted.

Mayor Wieczorek replied he's already done it. As a matter of fact, he's given a better number tonight than I had when we were going over the budget.

Mr. Hobson stated right now, we have $950,000 projected from Medicaid for next year.

Alderman Wihby stated that will take care of some of that.

Mr. Hobson replied some of those students will as a matter of course be included in that.

Alderman Wihby stated that with School Severance we have a number of $500,000 in the General Fund portion, is that number needed.

Mr. Hobson replied you're talking about the City's General Fund.

Alderman Wihby replied yes - School Severance for retirement.

Mr. Hobson replied yes.

Alderman Wihby asked will you use all of that.

Mr. Hobson replied yes. We can continue to look at those numbers between now and early June, but I have not updated or changed those numbers with the Mayor's Office or with City Finance at this time because I still feel that that number is legitimate based on what I am seeing.

Alderman Wihby asked raises for MESPA and everybody else, are they in your budget.

Mr. Hobson replied no. When we put our budget together, we were pretty much addressed to the fact that since we did not have contracts for any of our groups, we did not include salary increases for the five different groups that are covered under contracts.

Alderman Wihby stated so where you have an increase in the Salaries - it says Support Staff MESPA, it says 24, what is that, is that the number of people.

Mr. Hobson replied yes.

Alderman Wihby stated it's going from $1.1 million to $1.4 million and is that because you have additional people and the raises aren't in that number.

Mr. Hobson stated right. The raises are not in that number, but the $285,000 increase to the MESPA staff will be offset by Medicaid. Those people will be working specifically for Special Needs.

Alderman Wihby stated now I want to talk about...because my numbers and your numbers don't match.

Mr. Hobson stated I am not necessarily surprised by that.

Alderman Wihby asked the Medicaid money is where in our budget or in your budget.

Mr. Hobson replied we will be delivering as we have agreed to with the Mayor's Office in years past, we will be delivering $200,000 to the City's General Fund under revenues. Then the additional revenues that has been agreed to, those are kept in the School system in order to pay for Special Needs cost. So, what we've done this year, is we've told you our best forecast on that amount and we've pretty much included that in our budget proposal to you. So, it's actually $1.15 million in Medicaid revenues that we are going to bring in next year and $200,000 right off the top to the City's General Fund.

Alderman Wihby stated I want to get back to your statement that says that all your expenses equals your revenues; that would be true if you counted the $950,000 coming into the City General Fund, but since you're not counting that $950,000 that's not true, you're off by a million bucks.

Mr. Hobson stated I think that we all know that Manchester is a School District and it is also the largest City department and so we are telling you as a City department that we are bringing in $950,000 that we are going to spend in our budget proposal.

Alderman Wihby stated I know you're telling me that, but you're also telling me that the increase is being taken care of by the additional revenues and that is not true by the tone of the $950,000 not coming back into the City. If you look at the chart you gave us, you're only coming up with additional revenues to the City of $3.3 million to offset your $4.3 million.

Mr. Hobson stated so I guess what I would tell you that as a City department we will be bringing in another $950,000 that will be going into the department to take care of City expenditures for the School system.

Alderman Soucy stated you have to subtract the $950,000 from your expenditures.

Alderman Wihby stated your budget then...what you asked for $57.2 million...are you saying that you are spending $57.2 plus another $950,000.

Mr. Hobson replied no.

Alderman Wihby stated so the number then that we're using is wrong by a million dollars. Let's go back here, I have a chart here from '97 that says it's $13,760,000 that you brought in in revenues compared to the number you are giving me which you're saying you only brought in $12.7 million, is that extra million the Medicaid.

Mr. Hobson replied every year we budget revenues about a year before we actually receive them. About six months from that time, we have to give an updated revenue number to both City Finance and the State Department of Education. We make an adjustment on our revenues to both places. As the year goes by and in particular this past year-and-a-half which you've seen is those revenues are being increased because the great amount of children that are coming in through ESL and Special Needs. The more Special Needs students that you take in at times you have a tuition offset there and then on the reverse side, or I shouldn't say on the reverse side, but on the other side with the ESL students, if those ESL students also become Special needs students through a process then, therefore, they too bring in Medicaid revenues, so those Medicaid revenues...I think what you're saying to me is that the $950,000 that I am telling you about with Medicaid revenues, you're saying that that is not officially going into the City's, the City of Manchester's General Fund and what I am telling you is that you're right and you're wrong. You're right in the fact that no, I'm not taking that $950,000 and bringing it down to Kevin Clougherty the City Finance Officer to put it in the bank, but you're wrong in the respect that I am using that to offset my City/District expenses.

Alderman Wihby stated okay, then explain it to me again. Is your budget $57.2 million, does it include...that's it, that's the total number, it's not $950,000 higher.

Mr. Hobson replied no.

Alderman Wihby stated so the numbers that are on my sheet doesn't include...on the sheet that I have shows that in 1997 budget revenue the Finance Department calculated $13.7 million, you calculated $12.7 million. I'm just wondering if that million dollars isn't Medicaid.

Mr. Hobson stated because I'm sitting next to you, I know this. We're actually looking at two different revenue sheets and I don't happen to have the revenue sheet that you have in front of you and I don't feel comfortable with making a swipe at Mr. Clougherty's figures, I guess is what I am trying to say.

Alderman Wihby stated I am just trying to figure if we have an extra million dollars that we don't know about.

Mr. Hobson replied highly unlikely.

Alderman Wihby stated if you're telling me that your budget is $57.2 million and I'm only calculating $16 million for revenues, I don't have that $950,000 in that number. So, where is it going to come back to me, so I can give it to you. Otherwise, I'm giving it to you on top of the $57.2 million.

Mr. Hobson replied no. I don't know how to answer your first question, but I can tell you that that is not my...that is not our plan to tell you that I want an additional $950,000.

Alderman Wihby stated you're happy with the $57.2 million.

Mr. Hobson replied that is it and the $950,000 that is going into the revenue mix is coming into the City of Manchester, but...or I should say the $16 million...the $16 million and Kevin Clougherty has seen these numbers, the $16,046,000 that we projected back in April, $200,000 of that, Mr. Chairman, is going directly from our Medicaid sources into the City coffers.

Alderman Wihby stated the $950,000 is going to help you pay for the $57.2 million.

Mr. Hobson replied I think we're saying that right now.

Alderman Wihby stated so if it's helping you pay for it, I have not accounted for it anywhere. It doesn't show up on the revenues.

Mr. Hobson stated it shows up on everything I have reported to everybody so far.

Alderman Wihby asked where does it show up on your $16.2 number, or your $16,046,000, the $950,000 doesn't show up there.

Alderman Soucy stated yes it does. His number is not on our page, if you take his numbers...

Alderman Wihby asked where is it.

Alderman Soucy replied his number, it's not on our page. If you take his numbers...

Alderman Wihby interjected look at total revenues of $16,046,000, where is the $950,000 in there.

Mr. Hobson asked can we do this a little bit differently just because of what I actually have to deal with in front of me and I'd be happy to talk to you about this tomorrow or after, wherever you'd like. We're projecting an increase of revenues for next year above what we brought in in '97 of $4.2 million. Three point three million of that is going directly to the City's revenue account which you have in front of you. Another $950,000 is a Medicaid revenue that is going into the School system to help it pay for its increase of 8% or $4.2 million.

Alderman Wihby stated then that money is not showing up anywhere in our numbers, we would have to add another $950,000 in revenues.

Alderman Soucy asked isn't part of the additional money that you're spending actually a paper transfer in that when you submit to Medicaid that's a direct reimbursement. So, you're asking for additional money let's say for clerks and the reason it's not showing up as a revenue is because it isn't a cash revenue, it's actually a paper transfer to pay for the extra administrative staff and costs you're incurring.

Mr. Hobson replied what actually occurs right now, the answer to your question is yes. What actually occurs right now is that across the City, across all of our schools, we have teachers and administrators that are literally tracking how many hours they spend with students that are Medicaid reimbursable, they add up those totals, they send them in to the School central office, we verify those people, those students, their special education identification number and their Medicaid number, we send that up to the State and then we wait for a check to come back to us and then when we get that money, right now, I'm talking about now in this year right now and when that happens I then take that money and apply that to what is currently an overrun. Right now, as we sit here, we are running $630,000 over what we have in our budget to spend. Those Medicaid numbers will cover my costs this year and what I'm saying to do for next year is let's not play that game, let's come out and tell you what we feel we're going to bring in, tell you that upfront so we don't have these overruns, so we'll all know exactly what that money is so that by July of whatever the year is, by July 1st of next year it will be all there and we'll all know about it and I'll be willing, if this helps everybody here, I will be willing to sit down with the Finance Office and Chairman Wihby and the Mayor's Office to figure out a system to make that happen on a quarterly basis in terms of a cash transaction or a paper trail, if that makes people feel better.

Alderman Wihby stated if your total budget is $57.2 million, last year's number that you gave us probably wasn't the right number, right, because you said you're over that by $600,000 and you're counting on that Medicaid to take care of that. So, you went above and beyond your budget total that we gave you because you had this Medicaid money, is that true.

Mr. Hobson replied to say that we overbudgeted lasted year's figure, I can't even begin to tell you that, we asked for approximately $1.85 million more than what we received. We have overspent approximately $630,000 based on what we had, so we asked for more than $1.8 million, we got that cut, so we lived within our budget of $52.9 million.

Alderman Wihby what was the number that was the total budget.

Mr. Hobson replied $52.9 million.

Alderman Wihby asked are you above $52.9 this year in spending.

Mr. Hobson replied absolutely.

Alderman Wihby stated okay and that's because you have this Medicaid money coming, so you can put that towards that and you're still going to be below $52.9.

Mr. Hobson replied no way.

Alderman Wihby stated even with the Medicaid money.

Mr. Hobson reiterated no way. It's because we have overspent due to Special Education and ESL needs. We are overspending $52.9, we are going to be in the $53.5 or .6 million dollar ballpark and maybe even more than that in expenditures and then the Medicaid money will offset that.

Alderman Wihby stated okay, so your number is higher than what this Board gave you last year. We gave you $52.9 and you're going to spend $53 something and we're going to let you do it because you have Medicaid money, true.

Mr. Hobson replied, I guess you're going to let me do it, I don't think you have a choice per se in that fact that these children are here, the costs are real and we're incurring them.

Alderman Wihby stated so now you're going to a $57.2 number and you don't anticipate going over that.

Mr. Hobson replied no.

Alderman Wihby stated so, therefore, I still think there is $950,000 in revenues that we can add to our bottom line.

Mayor Wieczorek stated I don't think so. I think what has happened here is where this is a mandated program and a mandated cost, I think it exceeded the estimates that you projected, Mark, am I correct, for this current year.

Alderman Wihby stated he's telling me he's doing it differently this year though.

Mayor Wieczorek stated no. What he's saying is there is probably going to be a $600,000 shortfall, is that correct, for this year.

Mr. Hobson replied absolutely, minimum.

Alderman Wihby stated but he's got the revenue from the Medicaid to take care of it.

Mayor Wieczorek stated because it is from the Special Ed Program, that is where it is coming from, that's a mandated program.

Alderman Wihby stated so this year he said he wanted to be upfront with us and calculate all of the money out front what it is going to cost, so if he did that you should count that Medicaid revenue as revenue.

Mr. Hobson stated I am.

Alderman Wihby stated I don't see it anywhere.

Alderman Soucy interjected because it's a dedicated fund, David, dedicated to the Special Ed.

Alderman Wihby stated if it's a dedicated fund then there's $950,000 that's going to sit there on top of the $57.2 if you gave it to him.

Alderman Soucy stated no, not if you only give him a $57.2 budget, David.

Alderman Wihby stated we'll settle this - Finance and me and Mark will get together.

Mr. Hobson stated I want to repeat that we will work out whatever it takes to make sure that people are happy with the audit and the paper trail and to make sure that our revenue numbers are exactly what they are. There is no magic or secrets going on here, we're trying to be as upfront with you as we possibly can.

Alderman Wihby stated I just think that in our numbers that we have from Kevin that we're off a million dollars, I don't think it's the School's problem, it's just that we are not counting the Medicaid money to give back to them.

Mayor Wieczorek stated I think it's a little more complicated than that and that's the reason why I think you have to take a look. This is always the problem with ESL and Special Ed is that it comes, they give you the bill, and you pay it. Now, you may not have appropriated money, but you still have the bill.

Alderman Wihby stated I can see that if he told me that he was going to go over $57.2, then I'd say okay you're going over $57.2, you can go up to $950,000 over because that is what you have in Medicaid set aside somewhere, but he's telling me he's not going over $57.2.

Mr. Hobson replied, right. We will not go over $57.2 million.

Alderman Wihby stated that $950,000 is sitting up here and it's not calculated in our revenues.

Mayor Wieczorek asked you need that for this year, don't you, Mark, $600,000 of the $950,000.

Mr. Hobson stated for this fiscal year and we still have...we can't sit back and say that everything is fine, we still have time to go here and we could still actually appropriate more costs or I should say accumulate more expenses in Special Needs beyond the $630,000 that I'm throwing out tonight on May whatever as a figure and we are projecting that we will bring in approximately...I'm not a hundred percent sure, but we'll probably bring in $800,000-850,000 in Medicaid for this fiscal year. Part of the problem though that I want to throw out here about this is that we don't see, there are times when we will see bills, tuition bills that will come in for last fiscal year, far after the books are already closed for students that are out-of-district and at the same time we will see Medicaid revenues reimbursed sometimes months and months after the children have already gone through the system. So, there is a paper trail problem there. We've worked with City Finance and they feel comfortable with what they are doing, so this year yes, we should fiscally break even. Without Medicaid, we'd be in the hole big time.

Mayor Wieczorek stated I think this is always the problem that you have when you have mandated programs, but the money isn't there and since we get nothing for the ESL and 7% from the Federal government for the Special Ed every time you bring a dollar in that's a dollar that comes out that hasn't been appropriated when it exceeds the amount that you projected and that's really where the problem is and this is not only a problem for the City of Manchester, but for every school district in New Hampshire and every school district in this country. So, until the Feds really get a handle on what they're doing and even get us up to the 40% they promised us in 1975 and do something with ESL, where all we do is send these in and tell you what you have to have, but they don't send any money and we're going to continue to have these problems. I think what you ought to do, Mark and David, is to get together with Finance and everybody and get this part of it ironed out, so that everybody understands what it is for the next budget.

Alderman Elise commented I really want to thank the School Board and the School Administration for providing my children with a quality education. My daughter has been through Smyth Road, Hillside, and now she's at Central High School and despite the limitations of funding and staff and maybe inadequate buildings she has received a wonderful education and just thriving beautifully. My son, on the other hand, was diagnosed with several dyslexia two-and-a-half years ago and he's received services through the City as well as other children that he does owe his ability to read at this time to the administration of the School Department. He can read now and I'm just indebted to that. So, at this time, I do want to thank the School Department and the School Board despite the limited resources for providing a quality education for my children. Thank you, Mayor.

Alderman Robert stated, Mark, you asked for an MIS Coordinator, computer person.

Mr. Hobson stated a Technology Coordinator, yes Sir.

Alderman Robert asked are there objections to working with Info Systems to see if you can't work something out there or do I not understand what your proposal is.

Mr. Hobson replied on the contrary, I think we've been working a great deal with Diane Prew and the Information Systems Department regarding the system conversion that we want to do on the administrative side. The problem and I think if Diane were here she would tell you is that for many years and this is true really across the country, most school systems utilize Apples/MacIntosh technology in the classrooms and even on an administrative level at the principal's level. Diane does not have anyone that is literate or familiar with the MacIntosh technology. We want to hire somebody on our side of the house that will have a Windows-based understanding on the IBM side because that is what we are installing in our administrative building with the new conversion, with the HTE software conversion and then also we need someone to support the over 2,000 MacIntosh personal computers that are out there, they are not IBM and that's what Diane supports.

Alderman Robert asked do you have your budget on a disk.

Mr. Hobson replied yes, Sir.

Alderman Robert asked could I have a copy please in Apple format.

Mr. Hobson replied sure.

Alderman Hirschmann stated, Mark, my question was, I saw the Chandler proposal saving $511,000 and that five-eleven was off your original $57.2, can we assume that we'd save $511,000 off the Mayor's number.

Mr. Hobson replied what I have told...we probably need to ask the Mayor about his number. What I have told the Mayor's Office is that if we have an alternative...the Alternative School and the Chandler Schools site is actually very exciting. We can actually bring in revenues, more revenues into the City. We can create a system instead of sending children out at thirty and forty and fifty thousand dollars a year in tuition dollars, we can keep them in and save those dollars. Secondly, once we get our program up and running we can then bring in tuition-based students both at the pre-school level and all the way up through high school and we can then charge sending school districts and we have four school districts that are ready to sign up right now. They will send students in anywhere from ten to fifteen thousand dollars at a minimum tuition to some programs like an autistic program and Foad Afshar who is the Director of Student Services here can tell you that, those programs will bring in thirty and thirty-five thousand dollars a year in tuition into this City. Now, to answer your question if we have an Alternative School that $511,000 that I showed you on that table that goes away. We don't need to spend it and our budget can be cut according.

Alderman Hirschmann asked are any of those line items cut in the Mayor's number.

Mr. Hobson replied the Mayor took, as far as I know a flat $500,000 figure, I believe, off of our budget.

Alderman Hirschmann stated so this is already included in your number.

Mr. Hobson stated I think we should let Richard answer this.

Mr. Girard stated the $511,000 that Mark is talking about and the $500,000 that the Mayor took out of the budget are coincidental. After discussions with the School Administration, the Mayor removed $500,000 and just for data entry purposes you will find that in your green bar under Special Projects was not the Mayor's intent to pass any comment on Special Projects, but as you know the Board can only give bottom line to the School District, so that the $500,000 that was agreed to be taken or that the Mayor took, I should say, was just pulled out of Special Projects. We did not go through any particular line item and take money here, there, and everywhere else.

Alderman Hirschmann stated so the answer really is that we would not save an additional $511,000 off the Mayor's number, that is the savings.

Mr. Girard stated if you had the Alternative School, you would save whatever the School Board did not reduce as a result of the Mayor's cut, so if in theory the School Board did not reduce any of the line items that would be reduced as a result of an Alternative School, you would save that $511,000. If in enacting the Mayor's $500,000 cut it hit some of the same line items what you would save would be the difference between what was reduced by the School Board and what could be saved by that alternative plan. So, the potential for that additional $511,000 is there if you have the alternative site.

Alderman Hirschmann stated this year's budget market comes out at an 8% increase and with the Mayor's number it comes down to 7.1%. Do we ask the outer towns - Bedford, Hooksett - for a 7% increase on their tuition.

Mr. Hobson replied in your larger packet that I sent you, the black binders I did send you spreadsheets that show a history of our tuition and what makes up our tuition dollars. What we actually have to do is figure out a cost-per-pupil based on services that we provide. I wish it were that simple, it's not.

Alderman Hirschmann asked the forty-seven ninety-two is that sharply increased from last year.

Mr. Hobson replied we actually have to use a State formula to project what that number will be next year, it's a little convoluted, you try to do it as simply as you possibly can, but you really can't say that if our increase goes up 7% then we can pass it on.

Alderman Hirschmann asked are the Special Ed numbers compiled in with the overall number or are those totally kept separate.

Mr. Hobson replied those are even more convoluted. Those are based on the actual services that you provide so, for example, and these are just wild numbers, I don't even know. Let's say an occupational therapist is $200 a day and that particular person works on children, you break that out per day at $50 a child let's say, but a physical therapist is $225 a day then you actually according to Medicaid revenues although we are trying to work with the State to clean that up because it's very confusing for those contracted services people to fill out those forms and it gets even more confusing when say you send a child to a place like a Toby School out of the Manchester School Department's arena and then they have to bill Medicaid and bill us back, it gets crazy because they actually have to bill it out on an hourly basis on all of those different people. So, the physical therapist might be one number, the occupational therapist might be one number, it's not simple.

Alderman Hirschman asked with the outlying towns are we netting, are we at net loss or net plus.

Mr. Hobson replied I feel we have to renew or renegotiate our contract with Bedford one of the largest senders, but I feel very comfortable with the tuition increases that we have given them so far this year, project for their budget and there have been times because of their own issues with sending more children to us or the Special Needs issues that they may have that we bill them for that they run into budget deficit or run into budget problems because they did not budget enough for their money that they need to send to Manchester, that has also happened to them, it's not nice but it happens.

Alderman Hirschmann asked if Lake Shore Hospital was a reality would districts like Bedford send their Special Needs students there and increase our problem. I don't want it to become a magnet and then our Special Ed needs would increase even further, wouldn't it.

Mr. Hobson replied I think what we would do is and we've spoken to Kevin Clougherty about this, is we would actually try to manage that site similar to what you might do on an enterprise basis. So, we would capture in a certain amount of revenues and we don't have to take certain children if we don't have the ability to deal with their needs or if it becomes a cost-prohibitive basis. It all depends on the contract that you have with those districts. Did I answer your question? It depends on the contract.

Alderman Pariseau stated just one question, Mark, based on zero-based budgeting. Can we assume that these amounts and these line items are cast in concrete, if you're going with that line item.

Mr. Hobson replied I guess the answer to your question is yes, but nothing in life...never say never, right. We worked with the principals, we worked with the directors, we worked with our School Board, I just have no problem selling this budget to you because I believe in it. It was a realistic process.

Alderman Pariseau stated I just want to get the clarification in my mind of zero-based budgeting. These line items that you have here should be cast in concrete.

Mr. Hobson stated if you've got this many kids coming in the door, then it should be your real cost period.

Alderman Pariseau stated I do want to commend you for your preparation and presentation here this evening.

Alderman Shea in referenced to 445 Contract Work stated you've included services of electricians and plumbers are they not part of PBS funds, could you explain that a little bit, it's a minor item, I know.

Mr. Hobson stated I guess the best way I can answer that is based on my experience on what has happened say the past 18 months. There are times when a particular cost comes up that Public Buildings Services is not scheduled or equipped to handle. For example, we replaced at the high schools this year copiers that were antiquated with a newer technology that are digital duplicators, they called Rezo machines and we also put in some better copier systems at all three of the schools. Some of those copiers actually needed an electrician to go on site. We worked with PBS, we got a bid out, but PBS didn't actually have the funds to pay for it and we worked through them and they hired them and then we had to pay PBS. Those are the types of things that happen. It's not a rampant issue, it is a fairly small dollar item, I think it's a $4,500 increase. I guess that's the best example I could give you off the top of my head.

Alderman Shea stated my concern is that if you assume this type of responsibility, then other departments may begin to do that as well and it may become a problem in terms of the PBS not being PBS, in fact, but being a department which is my concern. In other words, I personally and I'll speak for myself are not pleased with PBS to begin with and my concern is that more and more kinds of things are going to be filtered out into different departments and they will not be as accountable and responsible as they should be, it's no reflection on the School

Department, but I'm concerned about the cleanliness of the schools and I keep getting complaints about that and pretty soon are we going to pay through School funding certain cleaning projects that aren't performed.

Mr. Hobson stated maybe another example as you were speaking you triggered something else in my head. First of all, ninety-nine times out of a hundred unless I might be the one that might be mistaken and forget to call PBS, usually the call to PBS goes out of my office. We tell them about an issue, we bring somebody on site to take care of the problem. We work with them to make sure that where the funds are allocated we can try to get the job done in the best way possible and we try to go through the City ordinances and we use Mr. Houle, I know my office does extensively. On the other side and this was something else that you said that triggered off a thought that, for example, in our Technology Challenge Grant, we used Dick Houle's department to help us with some of the engineering plans to do the wiring over at West High School and Central High School for classroom wiring and classroom technology, but that was not paid for by PBS, that was paid for by the Technology Challenge Grant and when we got there here another good example and one particular site at Central High School we did not have physically enough electricity to fire up the PC's that we were loading into the Technology Challenge Grant. I didn't see that as Dick Houle's problem, I saw that as our operating cost problem that we were working with and we worked with him to try and get the best bid in to get the electrical into that site. Those kinds of things happen at times.

Alderman Shea stated that was a grant though. We're talking about a different type of...

Mr. Hobson interjected not really because as I was trying to say is in the grant, the wiring for the computer system was covered but the actual electricity to fire the computers was not covered, that's an operating expense.

Alderman Shea stated of course, but electricity is under you. The other point is if additional funding does come in from our Democratic Governor Shaheen's proposal, how will that impact...have you mentioned that...how will that impact your budget.

Mr. Hobson replied it will impact me only positively and I guess I would lobby hard for every single one of you that if we are faced with, we all know this issue, I mean I'm trying to tell you like Alderman Pariseau said every single foreseeable cost that I'm going to have and every single foreseeable revenue that I'm going to bring in.

Alderman Shea stated that particular amount is not included in you...

Mr. Hobson replied right. If we bring in that additional amount I would like to be able to work with this Board to figure out a way to not impact the City tax dollar so we can get that into our revenue cycle and get what we need to run the system.

Alderman Clancy asked what are those figures from the Governor's Office one point one.

Mr. Hobson replied Committee Member D'Allesandro has been working with us on that actually extensively in his Legislative hat, it's just under like $1.089 or some particular numbers.

Mayor Wieczorek stated it's a little over $500,000.

Alderman Cashin in reference to Special Education stated maybe my numbers are wrong...your total enrollment according to what I have here is 16,734 pupils, okay. Now, in Special Ed you have 2,916 I guess are projected, is that right. The percentages seem almost high, it almost seems like maybe students are getting coded into Special Education because of whatever reasons there might be. The percentages just don't seem right.

Mayor Wieczorek interjected it's going to get worse.

Alderman Cashin asked who codes these students and I'm not trying to deny any Special Ed student from the education that they deserve, but it seems to me that by looking at these numbers and again I might be wrong, that there might be some students who are being coded because parents feel that they may be getting a better education out of Special Education than they would be out of our regular education and I think that's wrong, if what I'm seeing here is right.

Mayor Wieczorek stated what you're seeing is right, that's what's happening.

Alderman Cashin asked who codes these, how do we establish if someone is in Special Ed.

Mr. Hobson stated I think I am going to let the Student Services Director get on the line of fire, if that's all right. Can I make one comment before Foad comes up. I think one of the things that we've tried to do, Alderman, is very aggressively work with the Special Needs teachers and the Student Services Department to understand the financial impact of what this means when a child becomes coded. We see invoices that come into our department and it might be in that individual instruction plan or education plan for that student that a certain thing is wanted or purchased. For example, if that particular item is not going to be Medicaid reimbursable, I don't sign that requisition, I send it right back to the Director of the department and he'll tell you that and he'll have to actually go out there with the principal and verify this is what is needed for this child, this is the coding, and they will literally send over to me which is more than enough information at times...the package that is referred to in the child's IAP, it'll come over sometimes 30, 40, 50 pages deeps in terms of what's going on with these particular kids. I have a very high comfort level of what is going through the Director of Student Services Office in terms of kids that are coming in here and what the expenses and what the needs are. Nationally, the numbers are nuts, they're high, they're getting higher, but on the other side you can take a trip over to Highland Goffs Falls School and you can see a child that is brought in there from a foreign country, this child has not been at school for eight years, is a victim of war, it tube fed, has medical needs, has Special Education needs, and we're mandated by law and morality to take care of that child because they exist in our system and that goes on all the time. So, I don't know, I think Foad may be and I know the Alderman has her hand up, but I think Foad can maybe address the abuse issue better than I can.

Alderman Cashin stated I'm not even suggesting that there is an abuse.

Mayor Wiezorek stated you want to know who authorizes it.

Alderman Cashin stated I want to know how a student is coded to find out that they belong in Special Ed as opposed to a regular student.

Mr. Afshar stated a student is typically coded after a multi-disciplinary evaluation by a team which usually includes certified educators and various disciplines of disability like learning disability, speech and language pathology, there is usually school psychologists involved and if there is occupational therapy or physical therapy assessment done that therapist is involved; that team in addition to the parent and a local education agency usually it's either a principal or an assistant principal or an administrator of some kind comprises the team as per Federal and State laws that decide the coding and there's actually a voting process that goes on. The test material and outcomes are presented and each individual puts their input as to whether they believe this child meets the standards, again based on Federal and State regs of the disability criteria and if the child does meet the disability criteria the child certainly is coded. The issue of abuse as with any system you are going to have abuse. You have abuse in insurance stuff, you have abuse in medical practices, you have abuse in Welfare, you have abuse in anything. Although I think it would be a mistake to look at the rise in numbers of

Special Education and simply attribute that to abuse. I believe that our history in societal constructs have caught up with us. We are going to see more and more identified students with a number of disabilities and I think that is a fact of life we ought to face.

Alderman Cashin stated so you are satisfied with the system.

Mr. Afshar replied I am absolutely satisfied.

Alderman Cashin stated that is all I want to know, I'm just asking. If you were in my position, I think you'd ask the same questions.

Mr. Afshar stated some of the measures and I think you're absolutely right, some of the measures that we are using in our office or some of the standards...what are we doing based on the State average, for example. How are we doing relative to a City with a similar profile like Lowell, how are we doing relative to various disability categories and I'm monitoring these things once-a-month as minute a detail as you can possibly imagine and if something really looks off skew, I'm going to look into it and see why do we have three times the State average, for example, of cognitively impaired individuals, why do we have more orthopedic. So, those numbers are constantly monitored and questions asked. But, I'm very satisfied that our teams do a very nice job coding appropriately.

Alderman Elise stated my experience in dealing with reading disabilities anyway is that one of the reasons for the increase in coding later on in grammar school and in high school is because of the switch to the whole language approach to reading. If you look at the Town of Stratham switched to whole language many years ago, I can't tell you exactly when and then later on in the education of the children a lot of children were being coded for reading disabilities. With whole language education you don't get the focus on the basic earlier on. So, it's easier for children with reading disabilities to slip through the cracks and be coded later on and there has been a switch in the Manchester school system years ago towards whole language program and the whole language program is wonderful for kids who can read and have the ability to read, but if you have some difficulties earlier on, it's less likely that you'll pick it up and that time and that you'll be coded later on. So, with some earlier point a lot of people were pointing to phonics which was what we should return to and I agree that a phonics basic system is what we should return to.

Mayor Wieczorek stated the point you brought up, Alderman Cashin, is a good point because it has been a concern. It has certainly been a concern of mine and we have met with our Congressional Delegation not only here, but in Washington because the program is going to be coming up for reauthorization this year and it would be nice if the Federal government would live up to what they said they were going to do for us, but they haven’t, but that’s only a part of the problem. The other part of the problem is the eligibility. I think that everybody would like to make sure that the people that are entitled to education are going to get it, but what has happened now there isn’t any question, but now you go to court with these things and you don’t win many of these cases and if you don’t win the case you not only have to pay for your lawyer, but you’ve got to pay for their lawyer. So, when that happens pretty soon you find well geez maybe we’ll give in and that’ll be a little cheaper. So, the eligibility guidelines have to be tightened up, there is no question about it. Take care of the people that should be taken care of, but I think like every program that’s been going for over 20 years, it gets a little bit out of kilter.

Alderman Domaingue asked, Mr. Hobson, speaking of the Federal legislation did the School Board take a position of Senator Gregg’s proposal for the government to give back up to 40% over 7 years.

Mr. Hobson replied, I believe we did and we’ve been meeting as often as possible with the local delegation that the Mayor has pulled together on Monday mornings to talk about these issues and we also met with Senator Smith.

Alderman Domaingue stated that was my curiosity question. My real question has to do with the Lake Shore site. Alderman Shea and I attended the Zoning Board meeting last week and there seems to be some dispute as to whether the use of that property will continue as it is currently being used or was originally allowed to be used and is that ultimate decision, can that affect the proposal that the School’s Committee is going to come forward with positively or negatively dependent upon how the Zoning Board finally rules.

Mr. Hobson replied if the Zoning Board rules in favor of department head Gaudreault’s administrative ruling, correct, is that what you are asking me. I’m sort of rephrasing your question so that I understand it right. So, if the Zoning Board rules in favor of what he is saying then that would mean that, in my opinion, that the folks that are trying to buy that for a rehabilitation site will then have the option to either back off from their quest with the seller or they can take the City through some other means, probably most likely to court to try to get them the City, to accept the ruling their way.

Alderman Domaingue stated if it rules the other way...I guess I’m asking...my final question in this scenario is does the School Board have an contingency plan should the Lake Shore site not be available for the purposes that they’re exploring it to be used for now, do you have a contingency plan specifically not the Alternative School, but for the Chandler School which we have all agreed is in dire need of some kind of improvement.

Mr. Hobson replied when we submitted our CIP proposal back in February or January actually and then when we received word back that the Mayor's proposal for CIP would not include Chandler/Lake Shore for this next fiscal year, we began to speak with Kevin Clougherty and Dick Houle and Armand Gaudreault about what are the other possibilities for us that exist so that we can move quickly and get Chandler School up and running next year, next fiscal year say by September 15th. Our research could not find necessarily a site that quickly or a site that was so ideal like Lake Shore with some of the...it was set up to be a medical facility and so we would be sending children there that are medically fragile frankly, many, and so there was a nice match in our heads, there was also some construction that would have to be done, but it was minor enough that we figured that we could probably get in there and get the program started in fiscal '98 and then by fiscal '99 really be completely up and running. We have publicly said this and I'll say it again to anybody who will help us. Foad Afshar, myself, Dr. Jack we are willing to explore any site if Lake Shore for whatever reason isn't possible for us. But, there is a sense of urgency, a huge sense of urgency on our part that I think you've seen here tonight that we are spending so much of our budget on Special Needs that we have got to...if we were a business we would put a business plan together to stop this bleeding and we have got to figure out a way to stop this bleeding and what we can do to help this is develop an alternative school and utilize the resources that we have to combine that with a site for Chandler School because so many other students that are in Chandler are both medically, emotionally, and physically disabled as well as regular needs, but it's a nice...from our perspective educationally it's a wonderful marriage.

Alderman Domaingue stated, Mark, I'm sure the Board doesn't disagree with your reasoning, I'm looking for the short answer. If the Lake Shore site becomes unavailable because of a court problem, a court challenge, do we have the opportunity to place 10 portable classrooms which you've put into the CIP budget on-site at Chandler to be ready in September, is that a possibility.

Mr. Hobson replied we can put 10 portable classrooms almost anywhere we need in order to accommodate the need. Can we put 10 portable classrooms at Chandler, I doubt it, that's not what we physically are doing. What would happen would be and I think you're probably familiar with this, Alderman, we have Chandler students...Chandler students are just not at Chandler, so they're at other places as well. So, what we would have to do is accommodate like with the Deaf and Hard-of-Hearing Program up at Green Acres and the fact that they have a

Kindergarten Program and they also have a Pre-school Program. So, we would have to worry about now trying to find room for an extra portable classroom up there or at other sites too. So, they'd be distributed across the City and Chandler's portable classroom, just to answer your last question, are a disaster.

Alderman Domaingue stated let me shorten it even further. If the Board finds favor, if we can't touch the Lake Shore site, but the Board finds it necessary to fund the portable classrooms, are you telling me that the School Board is prepared with a contingency plan to go forward to have those students who are in need of Chandler services ready to go in September of '98 to alternative sites and that their education can continue in a better environment. Are you telling me the School Board has a contingency plan to do that, that's the question.

Mayor Wieczorek stated give her a short answer, no.

Alderman Domaingue stated that is really what I am looking for "yes or no".

Mr. Hobson replied no. I don't think that's a fair answer because...

Alderman Domaingue stated it's not being asked out of criticism, I'm asking because the Board needs to know whether or not realistically we should be looking at funding those portable classrooms so that we can meet that need for those students.

Mr. Hobson replied I cannot take all of the Chandler School children out of Chandler School and put them in the rest of our schools with additional portable classrooms, the answer is no. But, that's not the whole answer. If we can't get Lake Shore, yes, we are working now with Armand and Robert MacKenzie on back-up sites if everything should fall apart at Lake Shore. We'll have to look at some other way of doing business. Maybe, we'll be able to move some of the children to other sites and go under construction or rehabilitation with something else, I don't know and it would be premature for me to say that because I haven't been able to discuss all of those details with the Buildings & Sites Committee.

Alderman Domaingue stated so we have no alternative to that Lake Shore site should something else...there is nothing currently that we can lock into.

Mr. Hobson replied we have some alternative ideas, that's the best answer I can give you.

Alderman Clancy asked, Mark, how about the McDonough School, we've got the land up there, we've got everything up there. We ought to put an addition up there, we already have the cafeteria, we've already got the gymnasium.

Mr. Hobson replied yes, that is a good site. We also have the land across the street. Potentially, you could even close down Lowell Street; that's possible. For the three years that I have been employed here I have heard that discussed on a number of occasions, I haven't seen any bulldozers, I haven't seen anybody saying let's do it. But, Alderman Clancy, that is a fine idea and one we've talked about and I personally would not be opposed to it, but we'd need to see action and that would really be the key, could we move fast enough or at least get it in place. I think that the Chandler parents and the I think Nancy Evans who is the Principal there think she would agree with me. If we could see a plan that the City would embrace and get this thing really pen to paper and get trucks moving, I think we'd go with it.

Alderman Shea stated, Mark, I'm a little bit trying to gauge all of this. We're still talking about the Middle School going where Mr. Devine has his elementary area, right, is that correct. What we're discussing with Lake Shore is an alternate plan to move the kiddos from Chandler School as well as maybe there's talk of the administration going out there. The timing seems to be almost kind of coming so close that if we go for one and we don't get that, then the other may go.

Mr. Hobson replied, I guarantee you, Alderman, that there is no way that we will let the bid date slip on the Middle School site. We have committed to that fact that we have some good bids in place and there is just no way that we would let that number slip. We have 45 days from the opening of the bids and if we get everything wrapped up with all of the different groups by May 20th. We still have another 10 or 11 days based on the bid dates.

Alderman Shea stated so if Armand's ruling is accepted by the Zoning Board, does that mean then that the Board should redirect its thoughts away from the Middle School and towards the Lake Shore area for the Middle School kids as well as for the Chandler School kids and others.

Mr. Hobson replied the direction from the Board of School Committee to the administration was take a look at the entire Lake Shore property site which includes the 20.9 acre site and an additional 40 acre site that's next door. See if it's possible to fit the new Middle School, Chandler, an Alternative School, and the Administration Building all on that one site and see if you can put all of your eggs in those baskets. Tomorrow night the engineering study will come back and we'll know exactly what that says about all four of those legs of the stool, if you will, but we have been saying all along that what is very important to the administration from a financial perspective is Chandler/Alternative School. There has never been a wavering from the administration perspective on what the real fiscal issue is - Chandler/Alternative.

Alderman Shea stated so it's either the Middle School at Green Acres or the Lake Shore area as far as the Middle School is concerned.

Mr. Hobson replied yes, Sir.

Mr. Hobson stated the two Directors of the last two programs are here. Both Mark Burkush and John Palmer representing School Food & Nutrition and Athletics and they'll be here to answer to specific points about lines items. What I tried to do for you was give you a couple of overview graphs and tables so you'd understand the big picture for us.

SCHOOL FOOD & NUTRITION

Mr. Hobson stated the bottom line here for the School Food & Nutrition Program is that we are expecting an increase of revenues to hit almost $3 million. We expect to feed almost 1.5 million children next year. Our expenses as offset to that revenue leave us with a projected $141,000 excess for the entire year. We did and, Mark, correct me if I'm wrong, we did include because the employees were non-affiliated, so in this program based on the Mayor's direction on how we put the budget together because this group of worker's is non-affiliated, not with any union organization, we did include the salary increase, correct. So, that's part of what you see here in terms of the increase, it's a net of $200,000 of Mark's expense. The rest of the expenses predominantly is pushed onto the cost of goods purchased to be sold and that is food and then we also have an increase of expendables, some of that increase is not outrageous when you take a look at what we actually spent in FY96 and I'm really looking at line item 621. We spent $82,000 in expendables and we're asking for an amount for $76,000 for FY98. Mark has also put together some proposals to do some just-in-time ordering systems for next year. We are also going to be increasing our freezer capacity and we worked with Jay Taylor of the Development Office and Dick Houle of Public Buildings Services to open up a warehouse system this past year and we have both a warehouse system for School Food and for the General Fund. Mark, do you want to make any comments about specific line items.

Mr. Burkush replied no. I'll answer any questions, but I don't want to any additional information.

Alderman Shea stated you've added $200,000 for the non-affiliated. How many do you have, Mark.

Mr. Burkush replied 111.

Mr. Girard stated for the Board's information, the numbers that the School Department is presenting to you tonight is their original proposal. The Mayor did back out those non-affiliated increases in his proposal to you, so the number that you have from the Mayor is not the number that's here. They are just talking to their original proposal.

Mr. Hobson stated that is traditional. We make our budget presentation, the Mayor has his budget presentation and hopefully we arrive at a happy number somewhere along the line.

Mr. Hobson stated this is our revenue issues, just so you can see in our meals served. Really, that is something to take pride in. We're up to almost 1.5 million meals a year that we deliver, that's pretty neat.

HIGH SCHOOL ATHLETICS

Mr. Hobson stated the bottom line for Mr. Palmer is that we are increasing our gate receipts, our revenue by $5,000 in our proposal and we are increasing our spending by almost $60,000. A portion of that amount of money and Mr. Palmer, I think the amount is $27,000.

Mr. Palmer replied about $26,000.

Mr. Hobson stated about $26,000 will be dedicated entirely to the new track.

Mr. Palmer stated the budget does include $26,000 to equip the track at Livingston Park. The initial outlay of equipment for $26,000 is a large amount, however, in future years this would be much less...replacement of equipment would be much less. The Manchester Oval Society is raising money for the track. I went to their meeting the other day. Their first concern, the private group that is raising money for the track, they're very first concern is to raise enough money so that the track will be built with a polyurethane surface rather than a rubberized surface. The reason for this is that a polyurethane surface only needs to be resurfaced on a six to eight year timeframe. Where a rubberized track needs to be resurfaced on a three to five year timeframe. It has been put upon them that they will be responsible for the resurfacing of the equipment. So, they are trying to get enough money in the bank so the interest over an 8-year span they will be able to resurface the track, enough money to get the polyurethane surfaced and enough money to build a shed to store the equipment at the track which is not in the plans for the building of the track. I talked to the School of Technology about the manpower to build an equipment storage shed for the track, they said they do not have the capability to do that, so I have made a call to New Hampshire Technical College to see if they might have the capability and the Oval Society is looking to get some donations of equipment or some cinder blocks or wood to build that facility and hopefully we can get New Hampshire Technical College to build the facility, but there is a $26,000 item in this budget for the initial outlay of hurdles, starting blocks, pole vault pads, high jump pads, high jump standards, etc.

Mr. Hobson stated the other issues for Mr. Palmer’s budget, quickly. He’s increased transportation costs and contract manpower costs directly to the amount of students that he expects to participate in the programs that we have next year, is that correct; that’s a one-on-one cost, correct.

Mr. Palmer replied yes.

Mr. Hobson stated so the transportation costs...we have a slight transportation increase and then we have the...

Mr. Palmer stated transportation costs go up a little bit every year. If we did not have the $26,000 for the equipment in this budget, the requested budget for this year would only be $4,000 more than the requested budget for last year. The reason for that is that we are one a timeframe of uniform and equipment replacement that we have been in the process of for five years now, so the Athletic budget will not be on a roller coaster issue. Contract manpower is something that is dictated by the NHIAA, they make a contract with all of the officials and the official’s costs go up approximately two dollars per official per game each year. There is nothing that we can do about that.

Mr. Hobson stated what I was trying to tell you is that basically the biggest expense that John has for an increase was given to him on the very last night we put our budget together and that has to do with the equipment going over for Livingston. The other major increases that he has is directly attributable to the programs that we have, the kids that are in the programs, and the costs that he has for the referees and the officials.

Alderman Hirschmann asked, John, are you having talks or have you committed to playing your football gams at Riverfront Park.

Mr. Palmer replied we had the Athletic Committee agenda for a couple of weeks ago that we were going to discuss the Riverfront Park project and the use of that facility; that meeting has been delayed for a couple of weeks because of conflicts with other meetings; that meeting will be held this Thursday. The Athletic

Committee is meeting this Thursday, at which time they will discuss some concerns about using Riverfront Park. Some of the concerns...I've met with Kevin Provencher and Peter Ramsey on four different occasions and one of those times was with Mr. Clougherty here in City Hall and a couple of the issues that we need to resolve with them one way or the other...Riverfest weekend, we would not be able to use the facility; that creates a scheduling conflict because the schedules are made up that on an every other year we're home and away, so those games would probably have to be played at Gill Stadium. Central JV and Freshman football would not be played at Riverfront Park because there would be no gate receipts coming in. The Friends of Manchester Athletics runs a Freshman Football Jamboree and a Freshman Football City Championship, the West Booster Club runs a Soccer Jamboree and the Central Booster Club runs a Football Jamboree. All of those are fund-raisers for those organizations and because the fund-raiser is the gate receipts, The Park Foundation would prefer that we not play those at that. There is also an issue of what passes will be accepted. All these issues will be taken up with the Athletic Committee this Thursday.

Alderman Hirschmann stated when this meeting is held with the Athletic Committee is it reasonable to ask that we can look in Contract Manpower, Park Rental, and Gate Receipts; that those three items could significantly change. If the private foundation is going to pay for say referees...

Mr. Palmer stated no, they're not. They are not paying for referees or Police.

Alderman Hirschmann asked if they take in gate receipts, aren't they going to take on expenses.

Mr. Palmer stated the only expenses they told me that they would be taking on would be the ticket sellers and the ticket takers and the people that run the score board. The officials would still be paid by the Athletic Department, the Police would still be paid by the Athletic Department, and the $90,000 gate receipt figure you see in front of you would be $40,000.

Alderman Clancy stated then we'd lose $50,000, is that true.

Mr. Palmer stated we normally take in $50,000 between our football and soccer games, the soccer city double headers and the home football games. If all of those games are played at Riverfront Park and they keep the gate receipts, that $90,000 becomes $40,000 and there would be a small savings as far as ticket sellers, ticket takers, and clock operator, yes, there would be savings there. The officials and the Police, the last time I talked to Mr. Provencher and Mr. Ramsey, the officials and Police would still be paid by the Athletic budget.

Alderman Hirschmann stated this is a private enterprise and they're going to charge an admission asked why aren't they going to pay for Police coverage and why aren't they going to pay the referees. They have to pay the referees, it's their Park.

Mayor Wieczorek stated he's talking about paying the referees that will be there for the School Department activities.

Alderman Hirschmann stated if The Foundation wants our activity to come into their stadium, they're going to collect all of the money from all the people coming to watch the game, don't you pay for the Police and pay for the umpires.

Mayor Wieczorek stated this was part of the problem that we had in trying to get this settled as to what happens with gate receipts.

Alderman Hirschmann stated I missed this part of it, I did. Did you all know this.

Alderman Soucy stated sure. Why should they be paying for them if we're paying for them if they're at Gill Stadium because that's an enterprise fund, the Parks is making us pay for all those same things why should this be any different. We have to pay off the bond of the $800,000.

Alderman Pariseau stated I'm under the impression that if this proposal for Riverfront Park passes, that we are mandating that you play your school athletics at this facility.

Mr. Palmer stated no. When I last talked to Mr. Provencher and Mr. Ramsey, the three of us were discussing the pros and cons of moving the games down there and I said to them, what if we stayed where we are and played a couple of games down there and worked into it on a slower basis and they said that would be fine with them. They told me at that point, that their proposal was not based on this $50,000; that they could survive without it and my thought was that maybe we should not jump wholeheartedly into there because we still need a place for the jamborees, for the Friends of Athletics fund-raisers, the West Boosters, the Central Boosters, we still need a place to play those, we still need a place to play the Central and JV football games because they do not have a field of their own, they use Gill Stadium and my thought would be that we move into it on a much slower basis. But, however, I'm speaking out-of-turn because the Athletic Committee needs to discuss this on Thursday.

Alderman Pariseau stated I think you ought to be made aware that I don't think that we would support the stadium proposal if it affects School athletics and if it cuts your gate receipts or revenues from $90,000 to $40,000, that's a problem.

Mr. Palmer stated that's actually your money because the gate receipts go into the General Fund.

Alderman Pariseau stated but it won't, if its played at the stadium.

Mr. Palmer stated exactly, but that wouldn't...you could choose not to fund athletics because of the less $50,000 coming into the gate receipts and that would definitely affect the Athletic Program, yes.

Alderman Cashin asked, Mr. Palmer, isn't it a fact that we've got to get some relief for Gill Stadium, isn't it overplayed.

Mr. Palmer replied we have moved quite a few games out of there. We are continuing to move games out of there. We were playing games, for example, West and Dover Soccer double-header girls and boys, West and Winnacunnet, Memorial and Merrimack, we played girls/boys soccer double-headers there this year. For two reasons we have decided not to do that anymore. Number one is to lighten the load on Gill Stadium and number two is when we play a game there in the evening like that, we need to hire Police and ticket sellers and ticket takers and there just weren't that many people coming to the games. We have cut those out. The only soccer double-headers that are scheduled for Gill Stadium next year are the City games (Central/West, Central/Memorial, Memorial/West). So, we have lightened that load. The football games have increased, varsity games from a 9-game scheduled to a 10-game schedule.

Alderman Cashin interjected okay, so you've answered my question. You have relieved some of the pressures on the field. But, haven't you found Mr. Ramsey to be pretty cooperative.

Mr. Palmer replied, oh yes. Mr. Ramsey and Mr. Provencher and I have had very good discussions on this issue. We just have some issues that need to be clarified before it's finalized.

Alderman Cashin stated it sounded like you may have a problem and you really don't have a problem.

Mr. Palmer stated no, not at all. I think that stadium would be wonderful. I just don't want to see if affect the Athletic Program and I don't want to see it affect the Athletic Program in a negative way.

Alderman Cashin stated you are sitting down and negotiating it out.

Mr. Palmer replied yes.

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

A True Record. Attest.

Clerk of Committee