

BUDGET REVIEW COMMITTEE

MAY 17, 2005

A meeting of the Budget Review Committee was held Tuesday, May 17, 2005, at 7:20 p.m. in the Aldermanic Chamber.

Alderman-at-Large Steven A. Bolton, Chair, presided.

Members of Committee present: Alderman-at-Large David W. Deane, Vice-Chair
Alderman David MacLaughlin
Alderman David D. Lozeau
Alderman Lori Cardin
Alderman Robert G. Shaw, Jr.
Alderman-at-Large Paula I. Johnson

Members not in Attendance:

Also in attendance: Mayor Bernard A. Streeter
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large James R. Tollner
Alderman Kathryn D. Vitale
Alderman Richard LaRose
David Fredette, Treasurer/Tax Collector
Maureen Lemieux, Div. Director, Administrative Services
Kathryn E. Hersh, Div. Dir., Community Development
Richard Seymour, Div. Dir., Public Works
Richard Reine, Superintendent of Solid Waste
Steve Dookran, City Engineer
Gerald Corbett, Storekeeper, Street Department
Amy Gill, CSO Stormwater Engineer
Paul Garant, Fire Commissioner

Chairman Bolton

In my discussions with the Mayor, in order to arrange his presence here this evening I let him know that I would recommend we skip the printed order of the agenda and proceed right to new business. Unless there is any objection that is what I would like to do.

NEW BUSINESS - RESOLUTIONS

R-05-211

Endorser: Alderman-at-Large David W. Deane

DECLARING THAT NO APPROPRIATION OR TRANSFER WILL BE FUNDED FROM ACCOUNT 802-299 “SEWERAGE DISPOSAL SYSTEM – RETAINED EARNINGS” FOR TIPPING FEES AT THE FOUR HILLS LANDFILL RELATED TO THE SARGENTS AVENUE AREA SEWERAGE WORKS IMPROVEMENTS CONTRACT

MOTION BY ALDERMAN DEANE TO HOLD IN COMMITTEE

ON THE QUESTION

Alderman Deane

I was kind of hoping Attorney Clarke would be here, but through the process of the e-mail the Mayor stated she was still working on gathering necessary information, which I was well aware of I just wanted the committee to be updated on the process and just exactly what she was doing. Perhaps Attorney Clarke would be able to be here on Thursday evening instead.

Chairman Bolton

I have heard from Attorney Clarke, and she says not this Thursday, but the 26th would be convenient for her, which is next Thursday when we also have a schedule meeting. She also indicates that she would be willing to send up a confidential memorandum in addition to or in substitution of coming on the 26th. I will communicate to her whatever the wishes of the committee are in that regard.

Alderman Johnson

Thank you Alderman Bolton. I am hoping that she will be joining us because although a memorandum is okay, but you can't ask a piece of paper some questions so I am hoping she will be here.

Chairman Bolton

We do have the Mayor here this evening and members of his staff so whether we take it up under this piece of legislation or under R-05-219 – we do have an opportunity to get some information concerning what the administration's plans are with regard to this scheme. In any event, the motion on the floor is to hold in committee R-05-211. Is there any further discussion?

MOTION CARRIED

R-05-213

Endorsers: Mayor Bernard A. Streeter

Alderman David D. Lozeau

RELATIVE TO THE TRANSFER OF \$104,020 FROM EXPENDABLE TRUST FUND ACCOUNT #596-5330 “CITY RETIREMENT FUND” INTO ACCOUNT #531-11900 “POLICE – FULL-TIME PAYROLL”

**MOTION BY ALDERMAN LOZEAU TO RECOMMEND FINAL PASSAGE
MOTION CARRIED**

R-05-216

Endorser: Mayor Bernard A. Streeter

**RELATIVE TO THE TRANSFER OF \$9,069 FROM EXPENDABLE TRUST FUND
ACCOUNT #996-5330 "CITY RETIREMENT FUND" INTO ACCOUNT #575-11900 "LIBRARY
– FULL-TIME PAYROLL"**

**MOTION BY ALDERMAN LOZEAU TO RECOMMEND FINAL PASSAGE
MOTION CARRIED**

R-05-219

Endorser: Mayor Bernard A. Streeter

**RELATIVE TO THE APPROPRIATION OF \$3,075,000, WITH THE FUNDING SOURCE
BEING RETAINED EARNINGS OF THE SEWERAGE DISPOSAL FUND, ACCOUNT
#802-299, INTO ACCOUNT #802-59101 "WASTEWATER FUND – ASBESTOS
CONTAMINATED SOIL DISPOSAL" AND THE TRANSFER OF THE SUM INTO
ACCOUNT #801-899 "SOLID WASTE DISPOSAL FUND–ASBESTOS CONTAMINATED
SOIL DISPOSAL REVENUE"**

Chairman Bolton

Is there a motion? Would we like to invite the Mayor to explain his thought process on this?

Alderman Deane

That would be perfectly fine. Thank you.

Mayor Streeter

If I might invite my staff to participate in the discussion Mr. Chairman?

Chairman Bolton

Whomever you need.

Mayor Streeter

Thank you Mr. Chairman. I am here to support R-05-219 and also to report that the Board of Public Works unanimously voted to support this as well. I will start with some very brief remarks. As you know there has been a great deal of scrutiny lately regarding the solid waste deficit, and the deficit is something that I know I have mentioned times and that the City knew would materialize when the decision was made in the mid 1990s to expand the Four Hills Landfill. This deficit has been compounded over the years by a number of factors; 1) the fact that the city has made no provisions to cap the unlined cell, 2) the fact that the Solid Waste Department is not reimbursed for any trash collected or disposed by other city departments, and perhaps most importantly the decisions made in recent years to consider waiving tipping fees on the two high schools and the new Senior Activity Center.

The issue of the reimbursement for the cost of disposal of the Sargents Avenue area wastewater CSO project was raised approximately a month ago at a Board of Public Works meeting. The Board of Public Works has considered as I mentioned R-05-219 and voted for its final passage – to recommend to you to vote for final passage. This was done after careful deliberation. I know that there are some who may want to discuss potential liability. I can assure you that we will have that conversation with you in a non-public session with the Legal Department as the Chairman has indicated. I noted in four different e-mails that Mrs. Clarke was not prepared to be here tonight, and that the minute she has completed her work on the subject I will be very happy to ask her to attend.

Although I know it may be difficult for some to do so, we must divorce the two issues and keep them separate and distinct. The question before you tonight is whether or not the Solid Waste Department should be reimbursed for the material that it had to accept as part of the CSO project. Joining me this evening is Rick Seymour, the Director of Public Works, Richard Reine, the Superintendent of the landfill, Amy Gill who is the Project Engineer, and others to discuss the rationale for the Sargents Avenue project, the chronology of events that transpired, and the reasons why we believe the Solid Waste Department should in fact be reimbursed for the CSO material associated with the project. The project has been commonly referred to as Majestic Heights.

I would first like to ask Amy Gill the Project Manager in Engineering to give you a short history of the chronology of the CSO project, and following Mrs. Gill's presentation both Director Seymour and Superintendent Reine will be available for the rationale behind this Resolution and the impact on Solid Waste they faced and any resulting questions or explanations.

Also with me is Dave Fredette the City Treasurer who is my point person for the Public Works budget preparation, and headed the Solid Waste Taskforce. From a budget/financial perspective, Maureen Lemieux is here tonight representing both Carol Anderson and herself.

My only regret is that this matter did not come to you sooner, but the truth of the matter is that when the Board of Public Works was delving into the Solid Waste deficit they found that the contaminated soil from the CSO project was accepted at the landfill and if tipping fees were charged it would have resulted in tipping fee revenue of over \$3 million. Why this issue wasn't raised two years ago I can't explain, but the Aldermanic Liaison to the Board of Public Works apparently didn't raise this issue either.

In addition, the Board of Public Works has considered requests from the School Department to accept construction materials from the high school projects and to accept potentially contaminated soil from the upcoming Senior Activity Center project and exempt tipping fees. Both of these requests have been denied.

I just might report that neither the Board of Public Works nor the landfill has ever exempted tipping fees in its new unlined portion, and frankly I don't believe it should start now. In essence, I would like to – for those of you new members of the Board who perhaps aren't aware of the history behind the project I would like Amy Gill to give you a chronology and a short history.

Amy Gill

I would like to as the Mayor said just give you an overview of what did occur that lead up to this project. The Sargents Avenue area is a somewhat low lying residential neighborhood that until this project was completed was served by combined sewers. During rain events the combined sewers would surcharge resulting in sewerage backing up into people's basements if they had basement plumbing. In 1997, to try to alleviate the frequent sewer backups partial sewer separation was designed in-house with construction occurring in 1999. Sewers on Hill and Dartmouth Streets were separated, but the storm drain was tied back to the combined sewer system and sewer backups continued to occur.

After a particularly heavy rainstorm in August of 2001, residents in the neighborhood reported numerous sewer backups. A video taped by Alderman Deane showing street flooding was brought to the DPW office for review. At least one complaint resulted in a lawsuit with a substantial settlement. CDM was hired by DPW to make recommendations as to how best to correct this problem. Several alternatives were investigated. They include full separation of the sewers from the neighborhoods to the Nashua River at a cost of \$4.5 to \$6 million, storage of combined sewerage in an underground chamber at a cost of approximately \$1.6 million. The last alternative was partial separation of the neighborhood and storage of the storm water for approximately \$1.5 million. This last option was the one that was selected.

The product's design developed into separation of all of the streets in the neighborhood. The storm water was to be conveyed to a retention pond behind Holman Stadium and discharged back to a combined sewer on Greeley Street to provide detention of the storm water. The City took advantage of land behind Holman Stadium that wasn't being used for any specific purpose in order to construct a retention pond and hold storm water runoff from the Sargents Ave neighborhood. During this time 3 test pits were completed on August 24, 2001 on the Holman parcel with no suspect material detected.

The design phase also included a task to complete a total of 15 soil borings located throughout the project. Borings are used to identify groundwater depth, classify soil types, and for the observation of asbestos waste or other debris. Three of these borings were located in the pond area. The results of the borings included identification of fine to core sand, gravel, ash, and fill with the primary being wet.

Construction of this project began in October of 2002. Services for the project were provided by CDM. On March 28, 2003, asbestos was identified on the remaining 10% of the unexcavated cell in the pond area. The construction was halted and the New Hampshire Department of Environmental Services was notified. CDM was asked to retest boring samples located in the pond area and again there was no detection of asbestos. The remaining asbestos laden material excavated from the pond was transported to the landfill. It was then discovered that R.B. Edmonds, the contractor selected to complete the project, had made arrangements to haul the material excavated from the pond to a residential housing project known as Majestic Heights located on Broad Street and had been doing so during the months of February and March of 2003.

The asbestos laden waste needed to be removed from that site. To expedite the removal of the fill material the city went out to bid for an asbestos disposal contractor to excavate the waste at Majestic Heights and a hauling company to haul the asbestos laden waste material to the landfill. This work was completed between May 20th and June 9th of 2003. A total of 12,657 cubic yards of material was hauled to the landfill from the Majestic Heights site. At that time, no tipping fees were paid to the landfill. DPW recently requested CDM to provide the total estimated fill material excavated from the pond. That amount calculates to be 8,545 cubic yards.

One additional comment on this project – since the project was completed and the retention pond constructed there have not been any reports of sewer backups or street flooding occurring in the neighborhood.

Alderman Deane

I want to comment on a couple of things. First of all this Resolution is new Mayor. The Board of Public Works did not act on this. They made a motion, but it had nothing to do with this Resolution.

The other comments – Amy a question – could you give me your appropriate job title please?

Amy Gill

My PDF says CSO/Stormwater Engineer.

Alderman Deane

Okay. How did you come up with the 8,545 cubic yards?

Amy Gill

How did I come up with it?

Alderman Deane

Whomever.

Amy Gill

I requested from Al Leblanc of CDM what their estimated calculated the full removal from the ponds to date. The project was bid as a lump sum project for the contractor so therefore that number was never reported in the documents.

Alderman Deane

Did every shovel full of material that came out of the detention area go to Majestic Heights? Wasn't there some grading and contouring done with some of it before they hit the asbestos?

Amy Gill

I am not sure.

Alderman Deane

He gave you a cubic yard figure of the two ponds himself even though there were bankings and things of that nature and gradings done with some of that material?

Amy Gill

The term he used was hauled off site volume. It is 8,545 cubic yards of material – haul off site volume.

Alderman Deane

That number far exceeds what we were discussing the other day by about 4,000 cubic yards.

Richard Seymour

The number that was given the other day was a number that we found in files. Obviously it is not as accurate as we thought it was. At the time that I reported that amount I said that it could be a shot in the dark as far as what it really was. We can check with CDM to make sure that this does not include any materials that were involved in any contouring of the site and make sure that it is definitely what he called it, which is material hauled off site for just the excavation of the ponds.

Amy Gill

To answer Alderman Deane's question, previous numbers were calculated based on volume of water that could be held in the pond system. That is where I got that number.

Alderman Deane

You stated that the hauling was done in February and March. Would you have dates available of how many days it took for all of the hauling to be done?

Amy Gill

I would have to get that from the residents in the neighborhood. I could get those dates for you. That is where I got the February to March from.

Alderman Deane

We should also add and I don't know if you did or maybe the Mayor did – none of the material that was brought into Four Hills went over the tipping scales – not one truckload. Everything went around the scales and into the landfill. The number of trucks were counted and the volume that was used per

truckload was figured that it was to the top. That is what was done. Am I correct Superintendent Reine?

Richard Reine

Yes. That is correct, but that is a common practice when we are bringing material in from within the city that other departments are supplying such as sweepers when they are hauling in material and things of that nature. We don't put that over. We know what the calculation of yards converted to tons are and we use that.

Alderman Deane

If other departments within the city are having abatement work done does that go over the scales or does that go around the scales?

Richard Reine

It depends. Some goes over the scales. I would say the majority in this large volume would go over the scales. This large volume we wouldn't be able to put it over the scales because it was virtually hundreds of trucks that were coming in.

Alderman Deane

Basically the main reason why this went around the scales was because it would have tied the scales up for a considerable period of time?

Richard Reine

Certainly some traffic flow issues and cueing and some scale issues.

Amy Gill

I have a comment on this as well because I do recall that in the beginning of the hauling with the

hauler we did take sample trucks over to get an average weight so that we would be able to expedite the process.

Richard Reine

In addition to that we had GZA do some load calculations over on the site at Majestic Heights to ensure what the load levels were on that truck and get estimated size. Is that correct Amy? Do you recall that?

Amy Gill

Yes.

Alderman Deane

If we were looking at 8,500 yards of material now at what \$200? What was the tipping fee back in 2003? Was it \$200? Now you are up to \$1.7 million.

Richard Reine

You convert from yards to tons?

Alderman Deane

Is it \$200 a ton or a yard? So it is \$1.5 million?

Richard Reine

It is \$1.3 million is what we are ...

Alderman Deane

So it is about \$1.4 million?

Richard Reine

It would be \$2.22 million.

Alderman Deane

I had asked the Mayor – we had a meeting here about a month ago on a Thursday and I was given a written opinion from Corporation Counsel on remarks that I made and I got a copy of the tape and brought the tape over to two different law firms within the city, and received just the opposite opinion from what I received from Counsel in this building.

Mayor Streeter

Point of Order Mr. Chairman – any discussion concerning liability or anything around that should be held in non-public session.

Chairman Bolton

Well Mr. Mayor I think what Alderman Deane is discussion is a different sort of liability. I think what he is referring to is someone had opined that remarks that he has made may provide a basis for liability.

Mayor Streeter

His remarks are based on a confidential memo.

Chairman Bolton

Mr. Mayor I am running this meeting. I will thank you not to interrupt me okay. Do you understand that?

Mayor Streeter

Don't lecture me Alderman Bolton.

Chairman Bolton

We are going to try to be civilized at this meeting Mr. Mayor.

Mayor Streeter

Why don't you? Why don't you start right now?

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Chairman Bolton

Mr. Mayor you interrupted me when I was speaking. I would ask you not to do that again. Are you going to be able to comply with that request?

Mayor Streeter

Please continue Alderman Bolton.

Chairman Bolton

Are you going to refrain from interrupting and speaking out when you do not have the floor?

Mayor Streeter

I will try to.

Chairman Bolton

Thank you. Alderman Deane please continue.

Alderman Deane

I want to have the committee sit down with Attorney Clarke so that we can understand the process that she is going through. Now she said she would be available next ...

Chairman Bolton

The 26th is what was indicated to me.

Alderman Deane

I think we should just so everyone understands what she is doing and why she is doing it. I think it is important. I think the retained earnings – I don't have an issue with a percentage of if there was contaminated material taken off that site and brought to the landfill is one thing, but what transpired I think it needs some further review. I am told that is currently being done. The funds are paid by the ratepayers for the maintenance, operations, and construction and compliance for the waste water system. To date we have built stone bridges, bought picnic tables, park benches, paved walkways, trees – things that had nothing to do with this project especially that had nothing to do with our separation work and/or storm water compliance work. I have grave concerns. I know we have budget problems, but this happened three years ago, and I think Attorney Clarke would be able to update us hopefully with her findings and the direction that she is going in. Thank you Mr. Chairman.

Alderman Johnson

I really don't want to burden the city employees with a lot of paperwork, which I have been told I have been known to do in the past, but given the severity of this as I am listening, I would like to know if I may ask a question please?

Chairman Bolton

Please do.

Alderman Johnson

You had a call from the engineering firm that we hired to get the exact cubic yards am I correct?

Amy Gill

That is correct.

Alderman Johnson

Don't we have anything on record exactly what was done, the exact amount of cubic yards that was hauled off? Don't we have any concise record keeping on this that we had to call the engineering firm to get this?

Amy Gill

He had the value available, and as I said previously this particular project, this excavation of the detention pond was done as a lump sum item so therefore the exact number never came up – those estimates.

Alderman Johnson

When you say this was done as a lump sum item, why was it done in a lump sum item versus breaking every piece out on what was going to be done? What was the rationale behind that? I know who the person was and the rationale behind it, but I have to understand why was the rationale behind that?

Amy Gill

On many contracts items are grouped together as a lump sum so that the contractor doesn't have to individually calculate soil removed from the site and give a bid item. This particular item was excavation of the pond, removal of the fill, and some other items that were included. I think the bid price was either \$65,000 or \$100,000 for just the excavation of the pond.

Alderman Johnson

I think maybe it might help some of the people on this committee back when if maybe we could get some of that information forwarded to us by next Thursday so when we do meet with Attorney Clarke everybody has an understanding of what exactly went on and the cost of it so we might be able to ask questions based on the information that is provided to us.

I remember this incident because I got calls from people about men suited up at the landfill with white jackets on and how concerned people were. I remember this quite well. When it was dumped in the backyards of some of my constituents of Ward 1 who were calling me because they had asbestos in their backyard. It caused a lot of problems. Hopefully next time before we start trucking any fillout we will have a better idea of what they are trucking so we don't get into this situation again. I am hoping that we – I am pretty sure that this won't be too bothersome to get to everybody. I hope that the Mayor will allow this to be passed out to the committee members so we have an update, and the members who were not here back when will be able to see this information. Thank you.

Alderman Shaw

I have a question for you Mrs. Gill. One part is just I was trying to jot some notes and I wasn't able to keep up with things. Can you tell me again when the asbestos was identified?

Amy Gill

March 28, 2003.

Alderman Shaw

Thank you. And there was a little bit of conversation about sampling some truckloads and getting some actual estimates for that. Is that what basically drove this \$1.3 million factor that was used in the calculations you just spoke about – if not that was used as a representative rate of tons versus cubic yards then basically calculated total. I just want to try to understand the numbers there a little better.

Amy Gill

I believe the \$1.3 million calculation is converted from cubic yards to tonnage because we do things in cubic yards and the landfill does tonnage. What we were discussing there was we had many truckloads that we were sending over to the landfill of the asbestos laden waste, and we tried to get an average volume of what each truck was carrying. On random samples we would send a truck over

the scale to make sure we were within certain range of volume we were estimating.

Alderman Shaw

So there were – it sounds like there were actually a few sample trucks that were put over the scales.

Amy Gill

Yes.

Alderman Shaw

That there are values recorded for those. Do we also know how many total truckloads came in, and is that what drove the 8,545 figured based on we had so many truckloads, we had what was the average truckload, and the simple calculation tells us what the total yardage was?

Amy Gill

The way that the calculations were made for Majestic Heights, we had to pay the hauler based on cubic yard. We had the estimate for the amount of trucks; we had another resident on site there counting the trucks that left the site so that we had daily totals. The number that we came up for removal from Majestic Heights was the 12,657 cubic yards, and that was from daily totals of trucks that were hauling. Again the cubic yard value per truck was based on an average that we did. I believe it was a total of 10-12 various trucks that reported every day and we checked the various trucks to make sure of the amounts.

Chairman Bolton

Is what we think has gone on is the material that was originally hauled from the Sargents Avenue project when it got to Majestic Heights was mixed with other materials so by the time it got to the landfill the volume had increased?

Amy Gill

That is correct. When we got to the Majestic Heights site as well we had hired an ADS contractor. They helped us identify. They were conservative as to the amount of removal. In some cases the piles might have abutted each other so we made sure that we got all of the material. The number grew.

Alderman Shaw

Thank you.

Alderman Lozeau

To Mrs. Gill I believe if I may – was the asbestos identified at Majestic Heights after it was all removed from behind the stadium?

Amy Gill

It was basically a concurrent episode. We identified the asbestos on the 28th, contacted DES, then worked with the contractor to find out where it had been hauled, sent someone out to identify it (GZA I believe) at Majestic Heights.

Alderman Lozeau

So it was identified at two locations at that time?

Amy Gill

It was generated from the same site, but we just wanted to confirm where. Again at Majestic Heights there were other fill material that had been brought in from other contractors to this housing development.

Alderman Lozeau

Mr. Reine can you explain to me how contaminated soil is treated differently than regular soil going into the landfill? What different component does it go through?

Richard Reine

Asbestos I can speak to that because we typically don't take contaminated soil in there, but we very frequently do take asbestos contaminated material. There are requirements for handling; there are requirements for wetting down material. A typical requirement for regular MSW (municipal solid waste) is a 6" cover on top of that or some alternative daily cover. For asbestos you are required to put a much thicker cover on there – it is either 36" of un-compacted trash or I believe it is 18" of sand or clean material so there is a lot more labor involved in that. There is preparation of the tipping face and the floor where that material is being disposed to ensure that it is covered in a quick manner and it is not co-mingled with other material. It is a lot more complicated than normal trash.

Alderman Lozeau

Is the \$200 a yard or \$200 a ton?

Richard Reine

It is \$200 a ton.

Alderman Lozeau

Is that a fair number for what you have to go through to properly dispose of it?

Richard Reine

That is in the ordinance in Chapter 10 and it is called out as \$200 a ton for that type of material.

Alderman Lozeau

In your opinion, is that a fair price?

Richard Reine

I think it varies depending on what type of asbestos it is. If it is plate waste, if it is bag house waste, what the volumes are – in this case when we haul that type of volume there are a lot of personnel deployed and it does take an effort - \$200 I would think that is fair.

Alderman Lozeau

Is plate waste a solid form of asbestos and bag house the loose form?

Richard Reine

Yes.

Alderman Lozeau

Yeah the difference between the two is what they term friable and non-friable. Friable meaning that it can polarize into dust and fibers can be omitted into the atmospheres much easier. Plate waste is non-friable and we don't have the same level of danger.

Alderman Deane

This was bag waste?

Richard Reine

It was a mixture, but there was a high quantity of bag house waste in there.

Alderman Lozeau

Thank you.

Alderman Deane

Thank you. I had a question for Director Seymour. What are the funds expended to date for the cleanup of this project out of wastewater? We had the monitoring; we had the trucking – remember when that was brought to Finance not to exceed \$250,000? Do you happen to know where we are?

Richard Reine

Waste Management was paid \$65,152.50 for trucking, D.L. King now doing business as EDI \$73,395.80 to load it, and there was other such things as police details on Broad Street as well as overtime and miscellaneous contracting services, which totaled \$10,636.38.

Alderman Deane

What about the air monitoring?

Richard Reine

That is what we have there the solid waste overtime and miscellaneous contracting services. Does that incorporate the air monitoring?

Amy Gill

It does at the landfill.

Alderman Deane

What about at Majestic Heights?

Richard Reine

D.L. King I believe had all of that in that contract for loading out the asbestos at \$73,395.80.

Amy Gill

There are water trucks in there too.

Richard Reine

They were included in that number. It was far less than the \$250,000 that was originally quoted by the contractor.

Alderman Deane

It is about \$180,000.

Richard Reine

Actually less than that.

Alderman Shaw

I got \$150,000.

Richard Reine

I think it is about \$148,000 and some change.

Alderman Deane

It is \$150,000.

Richard Reine

Was there also some change order costs associated with what went on over at Amherst Street Park with asbestos? Was that included in this?

Amy Gill

No that memo was just Majestic Heights. We had the Change Order I believe one that was for \$40,000 for Sargents Ave. area. There was an additional \$100,000 I believe allocated for the pond area – change order two.

Richard Reine

That was unrelated to Majestic Heights.

Alderman Lozeau

Thank you for your patience. This is kind of a confusing issue for some of us. When the contractor was hired, and if I am stepping on liability toes stop me, when the contractor was hired was he directed where to put that original dirt before it was identified as asbestos?

Amy Gill

No. Typically within a contract the contractor takes the fill off site and that becomes almost a reduction in his bid price because contractors have the right to sell it or do with it what they please.

Alderman Lozeau

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Thank you.

Chairman Bolton

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I have a question. While I find all of this interesting and fascinating and certainly important, I am somewhat more concerned with the impact it has budget wise. Mr. Mayor if you can help me – if this were to pass, does this result in a \$3,075,000 reduction in what we have been referring to as the solid

waste deficit for FY '06?

Mayor Streeter

I can answer part of it. It could very well in '06 or it could be spread over several years; '06/'07 so the answer to your question is yes.

Chairman Bolton

What is the plan then is it to recognize it all in '06? Is it to spread it out? Is there a plan?

Mayor Streeter

Our plan as indicated in my revised budget was \$1.5 million in '06 and \$1.5 million in '07.

Chairman Bolton

Mrs. Lemieux you are shaking your head.

Maureen Lemieux

I thought we ended up revising that at the end and had the full \$3 million...

Mayor Streeter

I know that at one point I had a document from you that we were considering \$1.5 for two years. The final document could very well have said \$3, but it is our intent to accept the advise of either this committee or the full Board as to whether it should be spread out. It could be spread out three years, but certainly two years. Your first document you prepared to me did say \$1.5 and then we did adjust it.

Maureen Lemieux

It did, but for the final document we adjusted it to the \$3 million.

Chairman Bolton

So we are confident now in that answer that it will all be recognized in '06 and have the net result of essentially defraying \$3 million that otherwise we would have to raise in taxes to fund the '06 budget. Okay. We haven't seen anything very recently, but some weeks ago we saw a spreadsheet that showed based upon certain sets of assumptions what the tax increase percentage might be in '06, in '07, and then on out for several years. My recollection of that was that '07 as we sit here now we stand to have an increase in percentage even more than what we are going to face for '06. That being the case, isn't this going to exacerbate that issue because we will have to essentially find an additional – we will have to raise an additional \$3 million through taxes for FY '07 and beyond to essentially make up for this one time reduction.

Maureen Lemieux

Yes thank you, and actually I think that is what the Mayor was referring to a moment ago why we would be more than happy to take direction from this committee whatever you choose to do. Clearly if we apply the full \$3 million to '06 we create an even larger problem for ourselves in '07. If the Board were to decide that the Solid Waste Department ought to be reimbursed for accepting the material then we would certainly have the discussion with you as to how you would want us to apply that. Keep in mind though that at least the 6.2% tax rate increase that we are talking about for '06 includes utilizing the full \$3 million in '06. If we were to split that in half that would have the affect of increasing that 6.2% by just a spec over another percentage point so it would be at 7.2% or 7.3%.

Chairman Bolton

If we used that full \$3,075,000 to reduce the amount that has to be raised in taxes for FY '06 assuming all the other assumptions that you have been assuming, what are we looking at for an increase percentage wise for FY '07?

Maureen Lemieux

I believe and I haven't looked at it in the past few days, but I believe based on most of the assumptions that we have that it would probably be at least 9% if not anywhere up to 10% or 11%.

Chairman Bolton

That is what I was going to so given that you are aware of that, and I don't know whether it is Mrs. Lemieux who ought to be answering this or the Mayor who ought to be answering this, but given your awareness of that is this a question of let's deal with today today and worry about tomorrow tomorrow or have you decided not to plan ahead and do you have another idea in mind about how we are going to reduce that potential 9%, 10% or 11% increase for FY '07?

Mayor Streeter

I might answer that we are concerned about the '06 budget at this present time. We would be willing to consider spreading this \$3 million over two years or possibly three, but we are in no position right now to talk about what will happen in '07. All we have is projections. It is our firvrent belief that we get through this budget before we talk about next year's budget.

While I have the floor Mr. Chairman I would like to comment on several comments that Aldermen made. One that particularly bothered me and that I think should be clarified Alderman Johnson said that some of this contaminated soil was dumped into people's backyards. I would like Mrs. Gill to please respond to that.

Chairman Bolton

Can we just say that none of it was dumped in anyone's backyard and ...

Mayor Streeter

This is a statement that was made by Alderman Johnson..

Chairman Bolton

Mr. Mayor you promised me that you would refrain from interrupting. Could you try and stick with that please? I think we all recognize that Alderman Johnson was speaking figuratively and when she said backyards she may just as easily have said in their neighborhood. Is that a fair thing?

Alderman Johnson

Thank you Alderman Bolton.

Chairman Bolton

I think we all understand that it was in no one's actual backyard. Please continue.

Mayor Streeter

I am glad for the clarification. The item that caught my ear was when Alderman Deane referred to a confidential memo that he was privileged to receive as the Aldermanic Liaison to the Board of Public Works, and I think any conversation relative to that confidential memo should not be discussed this evening. That was my reason for interrupting, and I will continue to object if that is the further tone of this conversation.

Chairman Bolton

We note your objections.

Alderman Deane

I am extremely confused now. I don't know what in the world you are referring to Mayor. What I referred to was the motion that was made that was part of the agenda of the meeting that was open to the public. I have no idea what else you are talking about. Please don't continue to misconstrue my remarks. I have had it up to here with it. This whole process has been nothing but you misconstruing what I say and what I say to others as well. I don't really appreciate it. I made mention to the fact of the motion that was made by the Board of Public Works Commissioner James Hall – had nothing to do with this piece of legislation. This legislation hadn't even been filed yet. It hadn't even been sent to Legal. Thank you.

Alderman McCarthy

Meanwhile back at the budget, I guess I first have to comment that I am bothered by we have to get through this year's budget first. We need to understand long term financial plans for the city that is why we are here and the lack of doing that is why we are here this evening. I am not prepared to put

a budget in place that doesn't take into account what will happen in the upcoming years, and I don't think anybody else on the Board is so we ought to settle in for whatever time it takes to get that done.

With respect to the specific issue that is in front of us, this is a question I think for Mrs. Lemieux, does the current plan whether we reduce by \$1.5 million or \$3 million in this year and next is that based solely on the transfer of monies for the tipping related to the CSO project or does that take into account some of the other tipping fees that were alluded to in remarks earlier?

Maureen Lemieux

What we have in the plan strictly deals right now with this \$3 million that we are talking about. If the Board of Public Works makes any other decisions regarding the waivers that they are considering, those items are not in any calculations that we have done to this point.

Chairman Bolton

Really to some extent in the other things it is taking money out of one pocket and putting it in another, and you would have to raise it through taxes either way. What makes this work to give a better appearance in the FY '06 budget is that it is coming out of retained earnings in an Enterprise Fund and so at least momentarily it will look like revenue coming in at least from the budgetary perspective.

Alderman McCarthy

Actually along those lines the other thing is that we in fact have planned for having enough money to do that in this particular project. I want to specifically go back to those projects that were mentioned; the Senior Center and the high school project because the big difference that I see there is that those projects are bonded. We have in fact let bonds or taken out loans from the State in order to construct the air space that we are now filling, and we are paying interest on those loans.

To transfer monies from one place to another as you point out we have the retained earnings, we had planned for that, and in fact we have cash to pay for it in our operating budget. In the other projects we would be paying off the Visa card with the Master card basically by taking out another loan to pay for something we have already paid for and will continue to accrue interest upon. That strikes me as something that in the end costs the taxpayer more money and is therefore a bad idea. Also we did not budget either of those projects when we let the bonds with the intent of paying for the air space. We did in fact reimburse the Solid Waste Department for the direct costs of things like overtime that were necessary when the high school waste was removed because that is an operating expense that was different. I think as a matter of policy it is just bad for us to start trying to charge bonded projects with other bonded debt and simply upping the price. What it does is what we have done over and over again of deferring expenses to when they are more expensive and in the end costing the taxpayer more money.

Chairman Bolton

I would like to point out I don't think it is like paying off the Visa bill with the Master Card bill because you don't pay off the Visa bill it still exists. You actually fund current operations with the Master Card

bill.

Maureen Lemieux

Just actually in reference to Alderman McCarthy's comments particularly about the high school project – as you may recall Alderman Bolton you and I had a conversation a month or so ago and we were talking about whether or not the high school project –0 whether we could approach the State to have the city reimbursed for the cost of the air space that the high school debris took up at the landfill. I did receive an e-mail from Mark Conrad today and I didn't bring it with me, but the gist of it was that it would qualify for the 30% reimbursement, but the only way that it would is if we actually did charge the high school project. Certainly in agreeing with Alderman McCarthy I don't think we initially bonded for that – we will however run the calculation in the next couple of weeks just to make sure that it doesn't make sense, even though it is bonded money, if we get a 30% reimbursement. We certainly ought to look at that. We will definitely run the calculations for you so that we will have that.

Chairman Bolton

There must be ways to make accounting entries in order to affectively have charged for it, but not require us to go out and actually bond to pay it to ourselves. If we make those accounting entries and then include that in the total cost of the project for which we will do the 30% reimbursement over 20 years. It probably makes sense to do that.

Alderman Shaw

I wanted to come back to some other aspects of the details we have been talking about. I wanted to understand back to the actual \$3,075,000 if that is indeed calculated based on the 12,657 cubic yard figure or if that is just fundamentally where that number came from or if somebody can help me understand what drove the actual \$3.075?

Chairman Bolton

Does anyone have an answer to that?

Richard Reine

Yes that is how that was calculated – conversion to tons.

Alderman Shaw

A little bit ago we were talking about Waste Management, D.L. King, etc. figures which were about \$149,000. Does that actually fact or into any of this or is it separate dollar figure we are talking about right now and it is not actually part of any proposal as far as transferring costs?

Amy Gill

The \$3.3 is just for the waste that was taken to the landfill. Those were separate costs that we paid for.

Chairman Bolton

Those costs were paid out of the wastewater enterprise fund as they ought to have been I guess you would say, but they didn't impact the landfill.

Alderman Shaw

I would also like to go back to the discussion regarding whether or not this dollar figure if indeed the \$3 million would be what is ultimately endorsed as to whether or not it should be spread out over one year or two years – I certainly I am the first one to agree with everything we should be doing should be looking at some of the longer term and where we are at with some of the years out, but if this action is to resolve basically something that should have been dealt with two years ago from the sounds of things, I don't really understand why we would go about spreading out the \$3 million over any longer term period.

It seems to me if we are going to take action to address what seems to be a wrong with the way things have been done that it should be dealt with now and in one lump sum. I certainly appreciate wanting to spread it out much like we talked about the other things with some of the other reserve funds. If anything if we are going to ultimately approve this I would argue that this appears to be something that should be dealt with up front one time, and then if we are trying to balance out things we are doing with '06 and '07 there are some other funds that we have more flexibility with.

I also wanted to ask about in the revised proposed budget recommendations – I think the last one, the April 29th one, but in there on page 27 it has the reference to this dollar figure and it has the note A. It does say, and this is where I would like some clarification if somebody can help me out. It says "Approved by the BPW Commissioners, under review by Administration – FY '06 solid waste budget." I guess what I am trying to understand is what was actually approved and endorsed by the BPW Commissioners? As Alderman Deane pointed out this legislation that is in front of us – I guess I just want to make sure I understand the specifics of what they actually authorized.

Chairman Bolton

I believe the Board of Public Works discussed this concept before this particular piece of legislation was actually introduced in the Board of Aldermen. They are in favor of the concept although have not actually seen the particular piece of legislation. They may have seen a draft version of it, but they certainly haven't seen it since it was introduced or haven't had a meeting on it since it was introduced here. Am I correct in that assumption?

Mayor Streeter

That is correct.

Chairman Bolton

Thank you.

Alderman Shaw

If I might – it might be fair – maybe approved in the sense of as approved in the budget recommendation not approved as in actual action taken on this particular legislation. I think that might be the clarification that needs to be understood. Thank you.

Chairman Bolton

Are there any further questions related to R-05-219?

Alderman Lozeau

Going back to the price of \$3,075,000, I quickly calculated it as numbers were going by and I am coming out with about ... **tape flipped** ... did I just make a mistake adding?

Chairman Bolton

I think it goes something like 12,600 cubic yards times 1.3 to convert it to tons times \$200 a ton. What does that come out to?

Amy Gill

That is \$3.3. Alderman Lozeau I believe that the 2.2 is based on the 8,500 number.

Alderman Lozeau

Maybe if we could get comment from whomever regarding how taking \$3 million out of the CSO enterprise funds would affect future projects in the CSO account.

Chairman Bolton

And future needs for increases in the wastewater treatment fees.

Richard Seymour

Presently we are under – if I could just look at what we got about an hour ago – a Consent Decree draft from the EPA – in the Consent Decree and the Administrative Order that the Aldermen should know about at this point in time, the City is directed to through a series of projects to complete about \$45 million worth of capital projects over the next 8 years. Obviously there is an impact to the retained earnings. The retained earnings at this point are being utilized for the capital project that we are presently into, which at this point in time is the detention ponds at the country club and the wet weather treatment facility that we are into design phase on. Obviously there is an impact one way or the other as far as the total amount of retained earnings that are available at any one point in time.

It is something obviously that we have money set aside for at least the moderate run, not the short run and not the long run to take care of our needs through the cash that we have in the retained earnings fund. As always, it is important that we continue to solicit for grants - State grants and EPA grants, which we have been successful in doing. I think I mentioned the last time I talked about this that we were also working with the Army Corps. Of Engineers to utilize the funds that they have garnered for us through the EPA.

There is no easy answer to this. Obviously if you look at it over a very long term obviously there is an affect at some point in time.

Alderman Lozeau

I am struggling myself with how do you answer to the people that pay wastewater fees and how their rates are affected. As stated this is going to supplement the budget. How do you answer the question well why am I supplementing the budget as a waste water payer to the people that don't pay waste water, and there is a significant amount of those people in this city that don't pay waste water fees. That is what I am struggling with. Thank you.

Chairman Bolton

I think the answer would be that what it is really paying for is what went wrong with that wastewater project in the Sargent Avenue area. I am sure that is not going to be a very satisfactory answer to anyone. The response to that is well it shouldn't have gone wrong, and I think we are frankly all in agreement with that. We may be able on the 26th to discuss more about how it went wrong, and what if anything we can now do about it. Are there any further questions with regard to R-05-219?

Alderman Deane

There is no motion on the floor correct?

Chairman Bolton

No motion on the floor.

Alderman Deane

Thank you. First off I would like to thank all of the Public Works staff for coming in.

**MOTION BY ALDERMAN DEANE TO HOLD R-05-219 IN COMMITTEE
MOTION CARRIED**

R-05-220

Endorser: Mayor Bernard A. Streeter

**RELATIVE TO THE APPROPRIATION OF \$8,000 INTO ACCOUNT #511-53025
CONSULTING SERVICES” TO BE OFFSET BY THE TRANSFER OF THE SUM
OF \$8,000 INTO SAID ACCOUNT FROM ACCOUNT #511-11234 “DIRECTOR
ADMINISTRATIVE SERVICES”**

Mayor Streeter

May I comment before .. have comments made on the legislation?

Chairman Bolton

Please Mr. Mayor.

Mayor Streeter

I have asked Mrs. Lemieux to reconsider her proposed resignation and she has agreed. Therefore this action is not necessary. I will be notifying the Board of Aldermen and the City Clerk later this evening via e-mail that I am requesting that this legislation be withdrawn.

I think that is good news for the city that we are able to retain the excellent services of Mrs. Lemieux as the Director of Administrative Services.

Alderman Deane

That is good news. Thank you Mayor.

MOTION BY ALDERMAN DEANE TO RECOMMEND INDEFINITE POSTPONEMENT

ON THE QUESTION

Alderman McCarthy

Will that remain a full time position?

Mayor Streeter

It will remain a full time position for a rather lengthy period of time, and if that changes then we will come back to this Board for any actions needed. For the foreseeable future.

Chairman Bolton

I guess I am confused about the will remain a full time position. Mrs. Lemieux had sort of a modified schedule as I understand it.

Mayor Streeter

Correct.

Chairman Bolton

Is it that modified schedule will continue as it has been?

Mayor Streeter

As it has been in the past that is correct.

Chairman Bolton

Thank you.

Alderman Johnson

Thank you. At the same rate that we have in the budget right now?

Mayor Streeter

Yes.

Chairman Bolton

The motion is to recommend indefinite postponement of R-05-220. Is there any further discussion on that motion?

MOTION CARRIED

NEW BUSINESS – ORDINANCES - None

Chairman Bolton

I would propose returning to the top of the agenda.

COMMUNICATIONS

From: Carol A. Anderson, Chief Financial Officer

Re: Uncompleted Projects Status Report

MOTION BY ALDERMAN DEANE TO ACCEPT AND PLACE ON FILE

ON THE QUESTION

Alderman Deane

I had a few questions on a couple of the projects, but Mrs. Anderson is not here this evening so I will just motion to accept it and place on file, and have some discussion the next time that she is available.

Chairman Bolton

Let me note for the record that Mayor Streeter has left the meeting.

MOTION CARRIED

WRAP-UP SESSION

Alderman Deane

I would like Director Seymour and Superintendent Reine to come up. I have something pertaining to the landfill I would like to go over real quick.

Chairman Bolton

While we are waiting for the return of Alderman Deane and Alderman Tollner and the copy machine to do its work, is there anything else that anyone wants to talk about?

Alderman Johnson

Can I ask Mrs. Lemieux a question through the Chair please?

Chairman Bolton

Please.

Alderman Johnson

The last set of adjustments of the Mayor, the amendments to the budget, is this the end of it? Do you happen to know or is he going to come up with anything more?

Maureen Lemieux

That is certainly the last thing that we have prepared. We have not discussed coming up with anything in addition to what was presented to you in that memo.

Alderman Johnson

Thank you.

Alderman Deane

I talked to Superintendent Reine and Superintendent Seymour. If you look at the document that I just gave you these are items that were part of the multi-site project as well as there are other 11 account items in there with labor associated with some of these multi-site projects as well. You have the O&M costs for Shady Lane, Lincoln Park, the Old Nashua Landfill, which is over by Stellos I believe, and Roussell Gardner, which is down off of Haynes Street. You have the positions listed in the 11 account. The principal and interest in the multi-site engineering services and then as you go down through and total these things there are two estimates in there the principal and interest and the \$136,000, but the \$495,509 these total costs right here that you are looking at have absolutely nothing to do with the Four Hills Landfill.

Although they were old landfills at one time, when this multi-site and multi-park reclamation project was undertaken and these sites were capped and closed and now monitored there was a substantial amount I believe there was over \$5 million borrowed to do this project, and again when you look at the principal and interest and admin. fees along with the L&M costs....I look at this as these facilities now as something similar to fire hydrants and streetlights. Everybody in the community has use of the street lighting, the fire hydrants, and they are all funded out of the general fund. If you look at these facilities these are all athletic facilities or walking facilities or trails or whatnot that were converted many in dire need of repair due to the exposed asbestos and car parts and things of that nature – all of you have probably hopefully been up to the Lincoln Park area and seen the project that was done up there and how beautiful that is and what it used to be... now the community as a whole is afforded the opportunity to use these facilities, but yet the

burden of the funding of what was done to clean up errors of the past was placed on the shoulders of the Solid Waste Department.

I am proposing to take this \$495,509 give or take a few dollars out of that 801 account. I had talked to Carol about it. Granted it has to be funded, but it should be funded in a different way. I don't think Solid Waste should be saddled with this debt. Although they were former landfills when we use the word deficit this certainly adds to the revenue issues we have down there. It has absolutely nothing to do with Four Hills Landfill. I think it should be – this project and part of the L&M and percentages out of the 11 account should be set up in a different account and funded through the general fund. I think it should be removed out of 801. That is what I am proposing to do.

Chairman Bolton

Do you have a motion that says what accounts it goes to or how that actually gets done accounting wise?

Alderman Deane

I spoke briefly with Mrs. Anderson about this, and I spoke with Superintendent Reine as well as Superintendent Seymour about what my intentions were. Mrs. Anderson said an account of sorts can be set up. Maybe Mrs. Lemieux can help with this where it would be similar to the fire hydrants or street lighting accounts.

Maureen Lemieux

Thank you. If you were to choose to do this certainly it has no – I think as Alderman Deane said it has no impact on the tax rate or anything it just changes where we charge it. You would really have two options. Perhaps the easiest one would be for those of you who were on the Board back in the '90s where we had a few different years where we funded the Solid Waste account out of the General Fund we had the 559 account. We could put those items in Department 559 if you wanted to do that. I am not sure – I know Carol and I spoke about putting it in the 559. I don't think we want to go into the 530s which is where the fire hydrants. The 559 might be the best place to put it if you wanted to do that.

Chairman Bolton

I take it Alderman Deane that this wouldn't change actually the operational responsibility – the Park & Recreation would still do their Park & Recreation on the surface and Solid Waste would still do whatever monitoring and underground concerns that are currently being done?

Alderman Deane

Correct. Nobody is walking away from this because it is being moved around. They have legal obligations.

Maureen Lemieux

By putting it in the 559 when we total the accounts for Public Works it will tier right up into Public Works so it will still be reflected there in total.

Chairman Bolton

Alderman Deane do you want to continue to work with Mrs. Anderson and Mrs. Lemieux and get a solid motion and then approach it from that direction or do you want to try and accomplish something tonight or

Alderman Deane

It is not imperative to accomplish getting it passed tonight I just wanted to bring it to the attention of the Aldermen and get some feedback. I had spoken briefly with Mrs. Anderson and she was going to speak with Superintendent Reine, which she did, and we were still kind of – she was still struggling on what to do because I had asked Superintendent Reine to go into the 801 account and peel out those items associated with the multi-site. This is the document that he brought back. Mrs. Anderson had looked at it. I didn't get a chance to speak with her about it today. That is fine if they want to work on where it should be and things of that nature that is fine by me.

Chairman Bolton

I happen to think that the whole Solid Waste Enterprise Fund and the fact that we keep talking about there being a deficit in it creates that misunderstanding in the public because there are many things, not the least of which perhaps the greatest of which is the residential collection and disposal, which generates no revenue, but all of the expense of it is paid out of the fund. By doing our accounting differently we could call it a commercial solid waste disposal enterprise fund and show it running a surplus every year. It wouldn't change anything tax wise, wouldn't change anything about the efficiency with which the department and the division operates, but it may create better press or less opportunity for some utility who is placing a lot of ads in the paper to do so. I see where you are going with this.

Alderman Shaw

I guess part of what might just be my lack of familiarity – I look at the enterprise fund as being the solid waste enterprise fund, and it seems that it is reasonable to account for all of the past costs of solid waste the current, and the ongoing costs for investment, and that is what these costs reflect. I think we could look at that as there are other areas where I am not sure if we are treating things the same way or not and I realize that whatever we do here wouldn't change any of the costs to the city it is really just an accounting thing as far as reflecting one thing in or out. I guess if it is supposed to be the enterprise fund for the Four Hills Landfill then I would wholeheartedly agree that seems to be very much in what would seem to be the definition. That is where some of my lack of familiarity on the actual specifics of this enterprise fund and what it was intended to cover. I don't know if anybody can help educate me on that history.

Chairman Bolton

I think classically an appropriate accounting an enterprise fund is supposed to exist to deal with a separate enterprise that is self funding, and at one time we were able to essentially fund by calling it solid waste enterprise fund we were able to put in a lot of non revenue generating activity combined with some revenue generating activity and balance the books. That stopped being the case some time ago and the surplus that had been running dwindled down to the point where I think to call it an enterprise fund now is probably

an erroneous use of the term because it is not truly a separate self supporting enterprise, which is sort of why I said before if we were to look at the portion of it that is self supporting and does generate revenue supporting itself we might want to call it commercial solid waste disposal enterprise fund. We could get ourselves into the same situation with a lot of other sort of discreet activities – to pick one – we could form something called the library enterprise fund and we could collect all of the costs of the library and then show that we had a deficit every year that was funded out of general revenues because the fines for overdue books was not fully self supporting the library and that is somewhat the position that we have managed to put Rich in getting blamed at times for running at a deficit and why can't we be more efficient.

For our own purposes we can do a lot to collect the costs and group the costs and understand what all the costs are. I think there are reasons why things got put together some of which was at the time the wastewater enterprise fund first came into being a lot of the sludge disposal was at the landfill and it made sense to flow money out of one enterprise fund into the other enterprise fund – not unlike the earlier discussion had to truthfully account for the resources we were using and using up. That helped create that surplus that we relied upon for some period of time. Am I wrong about any of this or are there further things that we should mention in trying to explain this?

Alderman McCarthy

I think actually part of it derives from the fact that in the original days of the fund, it ran at a surplus and there was an intent because the fund has a separate non-lapsing fund balance to accumulate funds towards the closure of the unlined landfill and the opening of the new lined one in the enterprise fund. That went away with the budget balancing scheme from 1988 or thereabouts. Basically it hasn't behaved like an enterprise fund particularly since then. My own conclusions having looked at it, tried to get rid of it once, are that it probably makes sense to have it as a disposal enterprise fund. The fact that we put this immense expense in there namely collections that has no revenue associated with it and it has in fact been the lion's share of expenses in that account until the bonded debt service for the new landfill showed up, just throw the accounting of the enterprise fund into a ... if it were me I would take collection back out of it and fund that/budget that through the tax rate because that is where it gets paid from ultimately anyway, and make the enterprise fund deal with the creation and management of the air space at Four Hills, which I think is what we would think it is.

That would allow us a much clearer ... to say that the enterprise fund has a deficit is actually a misnomer. What it is is the collection system has a tremendous deficit not all of which is offset by the surplus that we run at the disposal enterprise fund. We ought to account for that the way we actually do the business. It would make a lot more sense to us why it costs what it costs if we did that.

Alderman Deane

That is a very good point Alderman McCarthy, but let's put it in layman terms – prior to the closing the old cell and opening up the new one, the revenues – in the '70s when they went in there if they dug a hole and it was all cream and gravy as the dollars rolled in. Then as we had to appropriately and legally close the existing cell that we opened in the '70s and go through the complexity of lining a new cell the escalating costs, the commercial revenues no longer covered the budget. Basically what we were getting in the long run – the citizens got their trash picked up and it was funded out of commercial tipping fees. When the structure of what was needed to be in compliance and to open and maintain a landfill changed so

dramatically the costs skyrocketed and now the enjoying commercial funded curbside collection is a thing of the past. It was back in the '90s I believe when the Board of Aldermen decided that we were going to line another cell and I mean basically the dream was over at that point as soon as we had to borrow the money to close one cell and open up the new one. The revenues dried up because they were used to pay the expenses of money that had to be borrowed.

I agree with you. If we are supplementing our solid waste collection then that should be pulled out as well. I know we said earlier that as Chairman of the Blue Ribbon Solid Waste Taskforce, Treasurer Fredette, probably has this data readily available at his fingertips down on his computer. He has probably already done this. If he could bring that forward or if we could try to dice up the 801 somehow – I know Superintendent Reine has done this, and I don't think it would be too difficult to do the rest would it?

Richard Reine

Already did it. All of the comments that I have heard are accurate. I think if you look at the ordinance, which established the solid waste what is called the enterprise fund, it actually in Chapter 10 of the Ordinance it is called the Solid Waste Disposal Fund as Alderman McCarthy mentioned. Over the years there have been very low cost disposal capacity the commercial tipping fees were able to subsidize all the residential collection, all of the costs that the solid waste department incurred. It is residential collection as well as all of the inter agency collection that we do throughout the city that is at no charge. When we looked at pulling out those costs associated with collection only, residential collection, the deficit became much, much less than what we are talking about a \$3.8 million almost to the point of breaking even.

We still have a slight revenue problem because of the volume of trash and the restrictions of taking any outside trash in and the local market. We can easily take those numbers out and look at what the budget would be for disposal only as I think was the original intent when this was established.

Alderman Deane

I am requesting that be done. If Mrs. Lemieux can – we have this document and I would like to see that done as well. If you can get that back to us when it is completed as well as speak with Mrs. Anderson about what we do with this whether it go into 559 or 530. Thank you.

Alderman McCarthy

While we are making the solid waste budget truthful it might make sense for us to put the collection and disposal charges for city departments back where they really belong, and most notably we have off and on had the school department's costs buried in the Public Works budget or in the Enterprise Fund or in the School budget, and we probably ought to have it somewhere specifically so it is understood to be an expense associated with the operation of the school building. Whether that is in the school budget or whether we create a separate budget for what it costs us to maintain facilities throughout the city, we ought to do something so that we acknowledge what those costs are and so that we can discuss them when we look at options for how to deal with them.

Frankly while I am on that issue we also ought to be getting the School Department to lock up the blasted dumpsters, which I have been asking them to do for the last 10 years because we are taking in trash from

other places, we don't have them locked up, we don't even have them padded in some cases, which is a violation of our building codes – we ought to be managing that a way that makes sense so that it is truthfully budgeted and so that we are not taking in trash we don't intend to take in.

Chairman Bolton

I don't disagree with any of this and believe me I am fascinated by it all, and I have long been a proponent of truth in budgeting, but I enjoy seeing these deck chairs in nice straight rows, but we have a leak in the boat folks. We can arrange the rows very neatly, but none of this does anything about the leak in the boat. I just thought I would point that out.

Alderman McCarthy

Just by way of countering with your analogy I guess I am concerned that the deck chairs may in fact cover up where the hole is that we need to be fixing.

Chairman Bolton

Well we can always hope for that. Is there anything else with general budget wrap-up discussions?

Alderman McCarthy

I would actually like to get on to the discussion that we proposed several times of looking at what we think an acceptable tax rate is to the members of the Board, and looking at what that means to the bottom line of the budget so we can start backing into something that we are going to be able to pass at some point, hopefully this fiscal year, and more hopefully this calendar year.

Chairman Bolton

Mrs. Lemieux did you have anything at this juncture?

Maureen Lemieux

I was still back on the trash. The only comment I was going to make was if you do want us to look at some of those things – this was before your deckchair comments – we certainly can. It would probably take us a couple of weeks. I don't think a tremendous amount of work would be involved for us to look at some of these issues. Director Seymour and I have had this conversation a number of times also. We could certainly at least put some numbers in front of you and let you know what some of these different costs are. Things like if we were to move the collections into the general fund we would then I would presume want to go through the portion of the 801 and pull out all of the benefits for the people involved in the collection process and pull that out of the enterprise fund also. There are a number of things that we would want to look at that are a little more complicated than just saying pull out collections. I am sure within a couple – we are assuming that we are not going to have a budget within the next two weeks we could come back to you within a couple of weeks with all of that information pulled out.

Chairman Bolton

At least for this purpose please assume that. If we surprise you you will be the first to know.

Alderman McCarthy

If we get one within two weeks we will call you and tell you to stop. If you are going to look at pulling out only the collection employees right?

Maureen Lemieux

Yes.

Alderman McCarthy

Okay.

Alderman Deane

I won't bring it up this evening, but I have additional plans for wastewater as well. Once we take care of the landfill I will get into wastewater, but that will be sometime next week.

Chairman Bolton

We will look forward to you getting into the wastewater.

Alderman Deane

Any time. Through you Mr. Chairman to Alderman McCarthy, you had mentioned acceptable tax rate increases. I have heard a lot of different numbers and perhaps Mrs. Lemieux can answer this – where do we currently stand? When you answer this does that include this \$3 million from retained earnings?

Maureen Lemieux

If I may, the 6.2% increase that we have been quoting in the last couple of weeks does in fact include moving the full \$3,075,000 into solid waste in the FY '06 budget. Now that also has the education aid at \$24.7 million. If we are successful in securing more than \$24.7 million – there has been some talk it could be the \$26 million maybe higher than \$26 million – if we were to take that \$3 million and spread it over two years as some have suggested, if that is what you chose to do, that might be offset by additional education aid. We are probably at least unfortunately at least 6 weeks away from getting any idea of what the education number is going to be. I believe the committee of conference has already been scheduled so even though it hasn't really gone anywhere in the Senate I think the committee of conference begins I want to say June 29th. That is 6 weeks from now. That is when it would move to Committee of Conference. I don't know what to tell you on the education number, but if we find out that the education aid has gone up then for those of you who may be interested in spreading the \$3 million over, if that is what you choose to do to begin with, over a two year period you might have that balancing it off.

Some of these things there will be tradeoffs still with these different variables that we have. We're still not going to have answers on these things for several weeks.

Alderman Deane

But as was brought up, and I have grave concerns with next year as well. I have it in this manual somewhere I think that you have a projected; the last sheet of projected number that we got for in increase like 8.98% I believe is what you started at.

Maureen Lemieux

For next year? Yeah. I don't recall what I had on the last one, but it was clearly much more than the 6.2% that we would even be talking about at the moment for '06.

Alderman Deane

It was like closer to 9%. We also don't know what is going on with the assessing updating either.

Maureen Lemieux

Right.

Alderman Deane

I would like to better understand that. The Mayor has put forth all of these proposed reductions. He has proposed not to give any of the merit employees pay increases. You had already gone over the reductions in the 508 account and explained all of those. That account ended up increasing by 48%.

Maureen Lemieux

If I may I believe the 48% includes \$2 million that would go to reserve.

Alderman Deane

Correct.

Maureen Lemieux

I just wanted to clarify that.

Alderman Deane

I see some of these reductions like the 534 account, the street lighting account, we were under in that last year and now we are taking money out of it. We didn't budget enough last year and we are reducing it. How do we get ahead of the game by doing stuff like that?

Maureen Lemieux

I know Mrs. Anderson ran the calculation on that, and that was her suggestion, and she felt comfortable with doing that. I am sure on Thursday she will be able to answer that specifically for you, but I do know that was her calculation.

Alderman Deane

So she ran calculations on everything?

Maureen Lemieux

On streetlights.

Alderman Deane

Just the street lighting? What about the rest of these things that the Mayor has proposed? Other than the merit reductions was there – what was the process used to..

Maureen Lemieux

The Mayor told each of the Division Directors for all of these departments, the Mayor spoke with all of the Division Directors and asked them to come up with their lists of what a 1% reduction would be. Those were submitted by all of the departments.

Alderman Deane

Thank you.

Alderman Tollner

Through the Chair to Mrs. Lemieux, Maureen just following up on Alderman Deane's question earlier – right now the way the Mayor presented the budget we are looking at a 6.4% increase?

Maureen Lemieux

-
Yes.

Alderman Tollner

If we only took out approximately say \$1.4 million or \$1.5 million out of that account what would that do to the tax rate?

Maureen Lemieux

Right now \$1.4 million is 1% on the tax rate. For those of you who recall that number being different over the years, as our assessed valuation goes up it takes more money obviously to make up the percent.

Alderman Tollner

If we were looking at withdrawing that money reasonably – not taking the whole amount, say we were to take \$1 million that would roughly increase that 6.2% given that the educational funding remains at \$24,700,000 we would probably be looking at close to an 8.2%.

Maureen Lemieux

Let me make sure I am following you. If we utilized \$1 million so you would be adding \$2 million more to the tax rate that would translate to another point and a half so 7.7%.

Alderman Tollner

I think it is safe to assume that all of the projections that were provided by the Mayor were under the assumption that for the most part every day was going to be sunny correct? It was under the best of circumstances if I look at some of those categories.

Maureen Lemieux

I hope that is not true at this point. We are certainly hoping that the education number will change substantially.

Alderman Tollner

If we were to ask each department to reduce their budget by 2%, which would in turn pretty much level fu most departments with the exception of the School Department, and made similar suggestions as are proposed in the Mayor's budget, that would reduce the budget by approximately \$7.4 million. You and I have had a conversation on that proposal. That would result roughly in a tax rate of around a little under 5% correct – ballpark?

Maureen Lemieux

I apologize. I forget now which parts were in the \$7 million that you are talking about and what we have included in our plan so between all of the different plans I have become a little confused.

Alderman Tollner

If we were to only take approximately \$1.5 million out of Majestic Heights, \$350,000 out of residential cre roughly \$450,000 out of road improvement fund, \$150,000 out of DPW sidewalks, school maintenance approving \$400,000 instead of \$600,000, removing roughly about \$100,000 in fire department deferred maintenance, and about \$217,000 out of CERF. I think again going back to Alderman McCarthy's suggestion of a couple of weeks ago asking for these 2% reductions, but then applying them to the programs that the Board is comfortable with. Would take that roughly 7.7% and drop it around 5%. At the same time I think we also need to consider the affect on next year's budget as well. You don't want a 5% tax increase this year and then be steering down the barrel of a 9 or 10% tax increase in '07.

I think this Board was copied on the response from the Mayor on the request that I made to decrease the budget by 2% across the board. He had stated that his submission was the most extensive submission that a Mayor has ever, probably the most confusing submission that the Mayor has ever submitted. Have you gotten any feedback from department heads on any recommendations that they would have if they were to reduce their budget by 2%?

Maureen Lemieux

We have not received any, and in fact I do think some of the department heads were very happy or were pleased with the memo that the Mayor sent. I think they were looking for a little more direction, and I think people felt that if this Board really did want everyone to spend the time looking to see what they would do if you were to reduce the budget by another 2% they would be more than willing to do that if they thought there was a consensus on the Board that there was going to be some follow through with that. Clearly the Division Directors obviously watch all of your meetings and know that there has either been talk of headcount reductions or talk of level funding or talk of Alderman McCarthy certainly has mentioned many times that the Board ought to go in and look at the different programs. I think to be very honest with you that staff doesn't know which direction to go in and so it is certainly concerned about spending great deal of time if there are 3 or 4 completely different directions that the Board is looking at.

I think in all honestly people are more than willing to give you what you need and understand that there may be still significant changes beyond what the Mayor proposed, but they are hoping that if they are going to spend the time coming up with all of these calculations that it is more than just one Alderman asking for a given plan.

Alderman Johnson

Thank you. I think a 5% tax increase is way too high given the fact that like Alderman Deane mentioned before we don't even know what is going to be going on with the updating of the assessed values. I am hearing in the community, people came out to the public hearing; they are saying they can't afford their homes anymore. I am hearing from condo. owners now that they have had it. We can keep asking for more and more money. The issue is it is all about spending. In department 522 I didn't see any place in the Mayor's proposal for a Manager for IT for \$88,467. Given we are losing Batesville Casket I wonder if there is a manager over there that would be more than happy to take a job at the city for less money because they will have a job and they get benefits I think immediately when they start with the city and look at the benefit package – it is amazing.

Chairman Bolton

We don't have that department.

Alderman Johnson

You know you take a look at the salaries here and although we don't even try to see what we can get at good qualified help, and there is a lot out there. When people lose their jobs they would be happy to take

salary for less because they will put food on their table, have benefits, and they will be working. I am going to go home and I am going to start making up my lists again. I didn't want to do line by line, but I am beginning to see there are some lines in there that have to be reduced or come out because I am not going to support \$88,000 for managers like what we just went through for the Superintendent and we're still getting e-mails saying that people are outraged when we are having a budget crisis offering so much money even up to \$125,000 for a Superintendent to come to the city. This is just getting out of control it really is. I am not going to accept a 5% tax increase for my constituents and then having their houses re-assessed. We are just throwing the elderly out of the city. I am not going to be the one to do that. Thank you.

Alderman McCarthy

I actually just wanted to more for the viewing audience and anyone who may listen to the meeting or read the minutes to clarify something that was said, which has to do with the relationship between the education funding and how we use money out of the solid waste deficit. Having recently heard from folks such as the Chairman of the House Finance Committee that their read of comments made at our previous budget meetings indicated we were socking away some of that money to use for other purposes, I would like to make it clear that is absolutely untrue. In fact the amount we spend on schools in this community exceeds the amount we raise in the statewide property tax plus the amount that is sent to us from Concord by tens of millions of dollars, which is made up in our local tax rate, and that if the amount we are given covers more of the cost of education percentage wise than it does now that allows us options in what we do with what we raise by taxation, but certainly in no scenario is our school budget entirely covered by the education adequacy grant from the State, and that we are not in fact taking that money and socking it away for any other purpose than payment for education in the city.

Chairman Bolton

While I agree with everything you say and having heard the Chairman of the House Finance Committee, I want to point out that he was referring to nothing that was said by the Aldermanic Budget Committee or the Board of Aldermen, he was specifically referring to something that the Mayor was quoted as saying in the press.

Alderman Deane

I wanted to get back to Alderman Tollner's suggestion. I did get a copy of the Mayor's e-mail, and he told us that we could go to the narrative to see the adverse affects that these percentages of cuts would have. I have looked through this narrative and I really can't grasp much of what he was talking about. I know in some instances Public Works basically their major departmental strategies to accomplish goals for '05 and '06, but when you go through here projects and programs, major accomplishments proposed for '06, strategy to accomplish the goals – it doesn't really give any figures. If we were to reduce as was suggested by 2% or whatever to bring it down to level funding – funding at last year's level, what items on this list wouldn't get done. For instance if you go into the traffic department – major department accomplishment proposed for '06 continue Broad Street and Dublin Ave. improvements, continue Amherst Street/Route 101A improvements, finalize D.W. Highway improvements, continue stop sign and street sign replacement, continue annual stripping and pavement marking plan – you have those items there that are proposed strategy for '06, and if we don't – what won't they do if their budget is reduced by X. That is what I want to

know.

I am sort of in agreement with Alderman Tollner. I think we should go in that direction and ask that they bring forth what they feel wouldn't get done if they were funded at last year's level. If you can comment Mrs. Lemieux with what Alderman Tollner had brought forth that would have given us a tax rate increase a little under 5% is that what was stated?

Maureen Lemieux

I know that is what Alderman Tollner stated. When I was listening to your list I believe if we utilized \$1.5 million say of Majestic Heights to deal with the solid waste deficit for next year I believe we would need to cut about \$3.8 million beyond what the Mayor's recommendation was. If that list Alderman Tollner that you and I worked on a few weeks ago, if that list of other reductions is around \$3.8 million then 5% would probably be right. I can certainly run numbers tomorrow and recalculate that, but at this point I am not sure what is on everybody's list at this point. In reference to your other comments Alderman Deane I think the only thing that staff are looking for is a consensus that if the Board believes it is valuable for people to spend time giving you what would not be done if we were to cut either another 1% or 2% out of at least where people believe that their budgets stand now – people certainly want to give you whatever information you need I think they are just looking for some consensus from the Board to begin with. It would certainly entail a lot of work. I think people don't want to do this willy nilly and just come up with the easy answers. I think they would certainly want to try to rework the numbers. That is pretty much what staff is looking for.

Alderman Deane

Well I am looking for a tax rate that is no more than 4% and an increase of no more than 4%. I know that might seem a little difficult. I still have major concerns over this R-05-219 as well. I think that although I agree that some of it should be paid out of retained earnings I am a little taken aback by the number I got although I was informed the other day that by the Director that the number he was giving me wasn't cast in stone it was just something – that number has gone up significantly – it has more than doubled. I don't know it just seems like we are continually running around going to whatever well of funds we can get our hands into to take care of today's problem, but as Alderman Bolton and Alderman Shaw had commented this is money we are not going to have next year. You are only fooling yourself when you do stuff like this. For the Mayor to sit there and say well we are worried about today not tomorrow, well we really have to worry about tomorrow. You have been kind enough to give us those projections out, and I know the numbers change, but to me anyway they have been very helpful. In fact I think we are overdue for another one. I would really like to see if we funded at last year's level what reduction in projects and/or services would we see. That is what I would like to see. Thank you.

Alderman Tollner

I guess it is a lot of work for them to do. Let's not kid ourselves, but the bottom line is we are no longer asking for \$10,000 here or \$500 there. If they were to try and work under a level budget what would be the top 2 or 3 programs that they would recommend that they would no longer carry the following year? I think that in very short order they can come up with 2 or 3 of the top programs that they would have to eliminate if they were to work under the scenario of a level budget. I guess the one thing that this Board of Aldermen continues to try and get our arms around, and I think we spent a little bit of time on it a couple of weeks ago

is what is an acceptable tax rate that we think we can live with and then what we need to do is manage the city budget to the best of our ability to that tax rate.

No doubt there are going to be some sacrifices, there are going to be some programs that we have now that next year we won't. In my mind given everything that is going on right now if 3 or 4% is a reasonable target without drastically affecting services or some of the programs that we have invested in the city probably not. Is 5 or 6% reasonable – yes, and I don't think anybody is going to take that lightly. I think the consensus of most of the Board is that 8 or 9 or 10% is not acceptable. I think it is safe to say that we have a range that we can put guardrails around and do our best to manage to that. Taking a little bit of what Alderman McCarthy suggested a few weeks ago, but maybe in a different direction – looking for some recommendations from department heads – these are the 3 or 4 things that I would eliminate. This Board may decide – I think this is where the President of the Board was getting at – of those 4 items item #2 absolutely not we have to have that, and then we work on the other three, but it will provide us the impetus to move forward a little bit. I think we are trying to develop some traction as far as getting our hands around this budget and starting to move forward a bit.

I think the primary thing is to target a tax rate that we think that we can live with. If someone says 10% – I am just picking a crazy number – they have to be reasonable and say okay it may be 9% or 11%. I picked 10% because I don't want to get anywhere close to where most people are. I don't think a lot of people think 10% is reasonable – I hope they don't think that is a reasonable tax rate. If you say 4% then within a point I think if we come within a point of that I think that is pretty reasonable. Whatever number each Alderman has I think we have to be somewhat flexible that you have to have a point buffer. We have 15 members of this Board and I would hate to waste an entire summer at us looking at September 1st and still not have a budget, and probably more importantly miss out on 3 months worth of fiscal '06 not being able to gain those financial numbers that we need to provide a reasonable tax rate.

I know speaking to at least three department heads they would like a figure from this Board, and if it is to reduce their budget 1 or 2% they would like to move forward with that, get the budget done where they can move forward with their programs under that scenario and start doing their jobs. What each one of them told me is they do not want this to drag on 2-4 months ... **tape ended** ... people that work in their departments. They want to move forward and do their jobs. They don't want this cloud following them around throughout the summer. I know for a fact there are a few departments that have already done this. They are prepared to discuss it. At the same time, if I were them I wouldn't want to discuss it at this particular point in time because I want to make sure that there is a consistent message or output from all the departments in the city.

Alderman Vitale

I don't understand why we don't just start at the beginning of the book with the departments and start having them come in and ask them one to give us the services that they provide that maybe would have an impact to our citizens, evaluate them; can we go without those services, have the services they provide become obsolete, should we be providing them, can we get rid of them – go through the services. There might be some departments that just want to say tell me 2% and I will find it within my budget somewhere. There might be others that 2% is not reasonable and they would rather say listen we can get rid of this service for this year or probably forever if you are going to get rid of the service for the foreseeable future, but I don't understand why we don't just start having people come in and go through it department by department.

can request all we want. I think the reasonable thing is to have them come in and have a dialogue between ourselves and them and go from there.

I hear different tax percentages going around. We have heard it as high as 12%. We are down below that now. Looking through the budget I don't know what we would cut when you start talking \$3 million, \$4 million – I don't know what we are going to cut to get it down to there when one of the things that is on the Mayor's proposal is a \$1.7 million for contractual things for bringing into the landfill, and what I think I have heard as a consensus right now from this Board is they don't – I believe that was the amount – nobody wants to bring in outside landfill. That is part of that 6% or whatever amount that the Mayor is proposing, and we are looking to get below that, but we are still saying that we wouldn't accept that amount.

Maureen Lemieux

If I could jump in. This may have appeared confusing. I want to make sure that we clarify this. The reason that the \$1.7 million was in brackets – I believe it is in brackets – is that we took that out of the original proposal because it was a very clear message from this Board that the Board did not want to do that.

Alderman Vitale

Thank you.

Maureen Lemieux

So that is off the table.

Alderman Vitale

Thank you. I don't know why we don't have the departments start to come in. I really don't.

Alderman Lozeau

Thank you. We are discussing right now the request of Alderman Tollner to come in at level funded except for the School Department to come in at 2.5% over last year. Is that correct?

Chairman Bolton

We can discuss whatever you want to discuss.

Alderman Lozeau

I just want clarification. Is that what you were requesting Alderman Tollner?

Alderman Tollner

Yes.

Alderman Lozeau

Level funded over last year with exception of the School Department at 2.5% over last year.

Alderman Tollner

Right.

Alderman Lozeau

Thank you.

Alderman Johnson

I would like to see the department heads come up with what they would eliminate in programs, get a chance to digest it, and then talk to them after. To bring them back and just start questioning we have done the questioning already, we have had the Mayor keep revising the budget and amending it and amending to the point that how much has it cost in paper here already at City Hall to keep amending this budget. He bragged about that we got it earlier than anybody else, any other Mayor gave us the budget – I don't think he gave it to us in June these figures would have been any different than what we are getting now in different pieces here. It is unfortunate there is a shortfall. We have been playing rob Peter to pay Paul and that has got to stop now.

I would like to request from Mr. Conrad another half a percent in the School budget so only give them 2% increase right now. I would like to see where they would take that other half. I know that I believe that they are going to have to raise the cost for buses and probably for parents to pay for their kids to play sports. I would be more than happy every time my daughter goes into another sports team to write a check for my daughter because I don't think the citizens of the city should have to pay for all of these sports programs. I also want to get an exact estimate of how many new sports programs we have between the two schools completely. Find out how many coaches we have and what is the total cost for this. I have been up at the South High School with all of the sports. There are a lot of sports teams. If people don't think there are a lot of new sports programs there is. I think we really need to take a look at that and let the School Department really come back and take a look at whether or not they are going to need to up the price for parking, for busing, for children who are playing sports – the argument there is always what about the parents that can't afford, well it is the same with the free and reduced lunch and I am sure there could be a sliding scale. I am sure no child will be left out. There is always a way to find for a child to play sports. I would like to see another half a percent reduction in the School District.

Although it is nice to say everybody has to reduce across the board, level fund, well we need to take a look at that department too because that is the biggest part of the budget. That is one of the biggest parts of the budget the School District. Are the children going to be hurt? I don't think so. I still say they are top head in the administration. They have already reduced two headmasters, one from each school I believe it is this year, which I talked about two from each school. Something in my mind, and I am not talking about being the person that doesn't always go on I still have one child left in the system. I have graduated two children in the system. Kids get a good education if they follow the rules – discipline – we don't follow the policies over there. I think there are other areas of reduction in the school district. I would like to see another half

percent out. Thank you.

Alderman McCarthy

I would actually support having the Directors prepare some information and come and meet with us again because I think while I understand Alderman Johnson's point that they do need some time to prepare – I don't want to just bombard them with questions, I also believe that we do need to start having discussions with them because in the end we are going to have to make some decisions. If I just go back and look at some of the things that have been proposed to us in the past by divisions when we have asked them to save money, there are things that we won't find acceptable and that we want to make tradeoffs on. In fact we wish for one example we have this year of the school department's initial look at the budget and the fact that we have now gone back and said hey maybe with some changes in fees we can restore the services but still obtain the change in the tax rate we want, we actually had some success there through what probably wasn't the most graceful process we could have had. I think we need to start doing that.

We are going to hear things like just to pick some examples from the past, we're going to hear things like the library may come back and tell us we have to be closed on Sundays or the Police Department may tell us we are going to get rid of the animal control officer. Other departments may tell us about programs we are going to curtail that are very important to this Board, and in the end we may decide we don't want to spread peanut butter those across the departments, but the next thing that falls off somebody's list is less important than the first thing that falls off in another department. I think it is important to us to look at that. I don't think you can put the Division Directors in a position of having to choose between programs in their department or programs in somebody else's because I would hope that they would think that the one in their department is more important.

I think we have to engage in that process and start looking at them again. We have questioned them about the line items in the budget, but we have not had the discussion about what services are the first things you would get rid of or what services can we get rid of and save money that this Board may want them to look at. Their priorities may not be our priorities, and it ultimately is up to us to make those decisions across the departments in terms of what we are most likely to give up.

Chairman Bolton

What does everyone think about that because I suggested back about three weeks ago that we re-schedule another round with every department and everybody who is in charge of every area of the budget. Do you want to do that?

Alderman Cardin

I would think that if we are asking them to make further cuts or cuts from their programs that we should have them come in and discuss it with them.

Chairman Bolton

Does anyone think we should not be doing this? Oh good I will get a schedule together somehow and we will have another round with everybody.

Alderman Tollner

Just building on what Alderman McCarthy was just saying, I would like to have them come before the Board again with kind of building on what would be their recommendations if they were to have to work with a level budget. You have to give them some guidelines as far as what they are going to come in and discuss with you otherwise in all likelihood you probably would have similar conversations that we had earlier. There was a request, and when I sent that request out it wasn't just my own request it was conversations with a fairly substantial percentage of this Board to see what the impact and the recommendations would be. I think that if we do invite them they should come assuming that we are looking for some parameters as far as changes and recommendations.

Chairman Bolton

If it is not obvious to them by now the kind of questions they will be asked then they are not of the competence that I truly believe they are. I think they are quite aware of the types of questions that they will be asked.

Alderman MacLaughlin

Thank you Mr. Chairman. I guess I could support going through that although I had spoken against it myself. I believe we should let our managers manage and I think the experts we have are fully capable of doing it, but in the spirit of working with everyone if that is the majority will of the Board then let's have them come in ready to present a plan to address Alderman Tollner's level funded proposal, reassert what would happen under the Mayor's 1% reduction to see if they agree with the reductions the Mayor has proposed maybe a 2 or a 3 or a 4% and then at least we will have all of those options in front of us when they are here so that we don't have to then call them back again. Then at that point we might be able to – at our follow up meeting when we are reviewing the affects of those things we could just say okay we can now see there it is it is all in front of us, what is the will of the committee? I think that would be a very efficient use of our time. Thank you.

Alderman Johnson

What I am requesting is that we get the information prior to the meeting so we have a chance to go through it, and I would really like it to be more in an outline form with maybe just a brief summary at the end. I do not want to have stacks of pages anymore. I think they can outline exactly what their programs are and what will happen with each – if you do 2%, level funding, and then summarize it at the end. To go through stacks of paper at this point in time is just going to take longer. I think we all know what the questions are going to be and we all have an idea what will happen. I would just request the shorter the better and be precise. Thank you.

Chairman Bolton

Those two things may be going into opposite directions. Precision sometimes takes greater length. Anyone else?

Alderman Shaw

I guess I think we need to be as careful and very clear about what those different levels are that we are going to ask the different departments to come in because if you just scan through the various department budgets you have some that you could look at what level funding is, which actually might be more than what is currently proposed where there already is a cut in that department, you have other departments that are 14% increased and as proposed will be back down to some lesser amount based on the 1% that we've gone through. We already have such different levels there. I think as we are going to ask for it if we actually want it documented coming in as opposed to just having it more of a discussion at the time. I would ask that we are very careful in what we actually request because it will really drive I think some departments different ways. I think we should make sure we are understanding that.

Alderman McCarthy

I agree with that, and I think we actually need to ask for a little more than we generally expect to want in the end because if we don't we say what would you do to get to a level budget and the level budget plus the 2.5% for the School Department gets us to the highest number anybody is willing to accept for a tax rate then in fact we have no options at the end of that process. If we see programs in there that we don't want cut there is no way to recover from that. We actually ought to ask them for cuts that are a little deeper than we anticipate winding up with at least in the case of the largest departments. Level funding will have more impact on the smaller departments than it will on the larger ones in terms of – the first program they lose they may lose something big. I suspect there is a little more flexibility in the larger departments, and also from a programmatic standpoint you can't save anything by making larger cuts to small departments in the large departments because of the numbers we are talking about. We need to have a total pick from that larger than we expect to take if we want the result to have any flexibility in it whatsoever.

Alderman Deane

Through you Mr. Chairman to Mrs. Lemieux or – are we all on the same page here?

Maureen Lemieux

Not yet, but I am hoping we will be by the time we walk out of here.

Chairman Bolton

My plan is to say that everyone should review the minutes of this meeting and prepare a document. I will put something together that is a little more specific than that and I will run it by everybody, and then we will see what we get.

Alderman Deane

Thank you.

Alderman Johnson

We have another Budget meeting on Thursday. What do we plan to do at that Budget meeting since we don't have all of this information? Are we going to start just making reductions or are we just going to wait until we get all the information? We have a public hearing first and then we have the budget meeting.

Alderman Deane

We will have all of the information by Thursday.

Alderman Johnson

Are you sure?

Alderman Deane

Why not?

Alderman Johnson

Okay as long as we have it all in hand I don't have a problem, but that is wishful thinking.

Alderman Deane

Treasurer Fredette probably already has it done.

Alderman MacLaughlin

Thank you Mr. Chairman. I just want to take this opportunity to issue my appreciation for Director Lemieux's yeoman's effort so far in this process trying to handle the superhuman and virtually impossible task that you have been asked to perform. You are juggling an enormous amount, and it truly is a commendable job you are doing under very trying circumstances with very little direction from above. I appreciate and I know that many people in the city appreciate the work that you are trying to do. It is not really fair to expect you to have all of the answers, but clearly a lot of the answers or fact-finding is falling on you. I just want you to know going through this that this is one Alderman who fully appreciates what you are doing, and I respect that very much. Thank you.

Chairman Bolton

And it is just coincidence that you live in his ward. You don't have to take that into account on Election Day at all.

Alderman Tollner

Is it safe to assume that we will be able to get – here it is Tuesday, that we will be able to get a communication out before the end of the week as far as ...

Chairman Bolton

No. It is not safe to assume that. I will send each of you something tomorrow. It depends on how you all respond to that. It may take more than one effort to get something that everyone likes. I have no idea how long it is going to take and how many drafts I will do before we get to that.

Alderman Tollner

Let me rephrase my question then. Not that it is safe to assume, I urge the Board to continue to move forward as here we are now in May so if we do – we are fortunate to get a communication from Alderman Bolton tomorrow we can turn it around in pretty quick fashion and hopefully we can get something out by the weekend so the department heads have enough time for us to start moving on this.

Alderman Shaw

I think it is pretty clear from the discussion and I think it will be pretty easy for Director Lemieux to take back to the staff the general intent of this discussion. I think while it might take longer to actually define some of those specific parameters I think we have pretty reasonably stated the kind of things I think we are looking for. I think the process can essentially start now. I don't know how long it will take to react, but I don't think there is really going to be a need for the thought process and the deliberations don't have to actually wait for that memo I would think. I think we want to formalize it and I think it is incumbent upon us to do that so we are clear in the details of what we are looking for, but I think we have delivered a general message here in this discussion that we I think want to understand a range. I do agree with I think it needs to cover what would be considered deep enough cuts that we do have the ability to judge if we look at various departments those that are much less painful than others. I think that will be part of what might be a little trickier for us to refine. I would say that we have I think in this conversation hopefully in general already have delivered the basic message.

Alderman Johnson

I just want to make a couple of comments here. Number one Alderman Tollner we all know it is the middle of May, but every time we got this budget it kept growing with leaps and bounds and we never even did anything with it. It wasn't our fault. Believe me a lot of us would have liked to have gotten to the point of making reductions or whoever wanted to make the addition and getting closer to presenting it to the full Board. Every time we turn around there was another hole in the budget and we couldn't even get past that. Then the Mayor kept coming in with amendments to the budget. We are at the point where we have stacks of amendments.

The other issue that I am concerned with is that the Mayor did not want the department heads to submit additional information when you had asked for it. I am hoping that the Mayor is going to be willing at this point in time to give the Budget Committee and the full Board the information that is needed so that we will be able to move past this point and start really diving into this budget and taking a look at everything. I will hope and let the other members of the full Board know that we hope that they will be present to work with us so when it gets to the full Board we don't start going through like we have done in the past and get to a standstill. This has been a very long budget process. I don't regret having the budget early. I would do it again than to have this whole nightmare come up in May or June and then all of a sudden you are truly

behind and into September and October trying to get a budget figured out here with so many holes in it. It is worse than Swiss cheese already this budget. I would hope that the rest of our colleagues will be here when we start really diving into this budget and taking a good look at it. I hope maybe Alderman Bolton will extend an invitation to them and ask them to please join us to work on this budget. I think it is not just about 5 or 6 members around the committee it is about 15 members of this Board now because it is a nightmare of a budget. Thank you.

Chairman Bolton

Mrs. Lemieux the last word we have had from the Mayor is his response to Alderman Tollner, which basically says I am not asking my Division Directors and Department Heads to do one more lick of work for you, you have gotten everything you've got, and we have heard from you that is not really the final position. Am I going to have trouble with the Mayor when we sent out this request for them all to meet with us again and come prepared to discuss certain things? Assuming since we have been told many times that it is not necessary for the Mayor to be here that you speak for him. I am asking you to speak for him.

Maureen Lemieux

Okay. I will be more than happy to. I believe at the end of the memo the Mayor said – I haven't looked at mine for a couple of days, but I think it said that if there was some consensus on the Board that he would be happy to direct people and there certainly seems like there is a clear consensus here tonight more so than people felt they had been given direction before. As I said certainly the staff certainly wants to comply with your requests they just want to understand what the request is. That is probably the biggest issue is you Alderman Bolton if you send an e-mail and say as a group you come up with some consensus of what it is that you are really looking for I am sure everybody will be more than happy to provide you with whatever you need.

Chairman Bolton

Everybody is less my concern than the Mayor himself. He is willing to go along with this speaking for him.

Maureen Lemieux

Yes I am sure.

Chairman Bolton

Thank you.

Alderman Tollner

I have one question maybe through Mrs. Lemieux – at the public hearing and maybe I heard the response incorrectly – I think somebody got up during the public hearing and asked the Mayor if there was any department that had submitted a budget that was less than the budget they presently have, and I think the Mayor said yes there were a number of them. Maybe he was getting confused with divisions or portions divisions rather than departments.

Maureen Lemieux

If I may no in fact he was absolutely correct and what you just stated is definitely correct. There are several departments that are being funded at a lower level next year than they were this year. I do not believe there are any divisions being funded less. Now clearly police, fire, and school we call them all departments but of all of the small departments there are actually many if you look at your budget books there are actually many or the sheets that we handed out that night there are many that are funded less, but I don't believe there are any divisions. Community Services – that would be the only one and that is really because of the reduction in welfare costs. As far as if you just took the operating costs of any division there isn't anybody who is less than level, but there are many departments.

I would assume, I know for myself I would look at this on a division wide basis so even if there are some departments in my division that would be getting less money next year it still wouldn't mean that I wouldn't be looking at those departments to comply with your requests.

Alderman Tollner

Excellent. Thank you.

Alderman McCarthy

The last question generated a little bit of confusion. We are not now in a position where the request we just made to ask for level funding puts anybody in the process of submitting to us an increase are we?

Maureen Lemieux

We would not expect that no.

Chairman Bolton

I will bear that in mind as I am drafting.

Maureen Lemieux

What I could do for you Thursday night when you are having the public hearing to go along with what Alderman Johnson said what will you be doing Thursday night if you would like I could spend the next couple of days coming up with scenarios say if we did level fund – really running the tax rate out so that you can see what the numbers are with level fund, with a further 1% reduction beyond what the Mayor had recommended and give you a few of those. I will do my best at re-calculating '07 off of wherever we are at this point in time so at least we can take a look at those and that may even help you with your memo that you are going to put out. It may help the committee with what it is that we will really be looking at.

Chairman Bolton

Thank you.

Alderman Shaw

And we also have the uncompleted status report to hopefully review with CFO Anderson as well.

UNFINISHED BUSINESS - None

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HELD IN COMMITTEE

Resolutions

R-05-184

Endorser: Mayor Bernard A. Streeter

**RELATIVE TO THE ADOPTION OF FISCAL YEAR 2006 PROPOSED BUDGET FOR
THE CITY OF NASHUA GENERAL AND ENTERPRISE FUNDS**

R-05-185

Endorser: Mayor Bernard A. Streeter

ESTABLISHING THE USE OF UNDESIGNATED FUND BALANCE FOR TAX RATE

R-05-193

Endorser: Alderman-at-Large Brian S. McCarthy

**AMENDING COMPENSATION FOR THE BOARD OF ALDERMAN FOR FISCAL YEAR
2006**

Ordinances

-

O-04-45

Endorser: Alderman Marc W. Plamondon

REQUIRING THE PARKS AND RECREATION DEPARTMENT TO CHARGE A

**FEE TO NON-RESIDENTS FOR RESERVATION OF CITY-OWNED PARKS AND
SPORT FIELDS**

O-05-76

Endorser: Mayor Bernard A. Streeter

**RELATIVE TO DISCONTINUING THE SCHOOL BUILDING AND CONSTRUCTION
CAPITAL RESERVE FUND**

O-05-77

Endorser: Mayor Bernard A. Streeter

**ESTABLISHING A NEW "SCHOOL BUILDING, CONSTRUCTION, ADDITIONS AND
RENOVATIONS CAPITAL RESERVE FUND"**

O-05-85

Endorser: Acting Mayor Brian S. McCarthy

ELIMINATING CONSERVATION COMMISSION COMPENSATION

O-05-86

Endorsers: Mayor Bernard A. Streeter

Acting Mayor Brian S. McCarthy

**ESTABLISHING AN ADDITIONAL MOTOR VEHICLE REGISTRATION FEE OF FIVE
DOLLARS PER VEHICLE AND ESTABLISHING A SPECIAL MUNICIPAL
TRANSPORTATION FUND FOR SUCH FEES UNDER RSA 261:153 VI**

DISCUSSION

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ADJOURNMENT

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**MOTION BY ALDERMAN DEANE TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 9:50 p.m.

Alderman Paula I. Johnson
Committee Clerk