

REPORT OF THE FINANCE COMMITTEE

FEBRUARY 15, 2005

A meeting of the Finance Committee was held on Tuesday February 15, 2005 at 7:45 p.m. in the Aldermanic Chamber.

- Mayor Bernard A. Streeter presided.

Members of the Committee present: Alderman-at-Large David Rootovich, Vice-Chair  
Alderman-at-Large David W. Deane  
Alderman-at-Large James R. Tollner  
Alderman Kathryn D. Vitale  
Alderman Robert A. Dion  
Alderman Robert Shaw

Members not in Attendance:

Also in Attendance: Carol Anderson, Chief Financial Officer/Comptroller  
David Connell, Esq., Corporation Counsel  
Janice Tremblay, Purchasing Manager  
Jay Minkarah, Economic Development Director  
Jon LeBrun, Deputy City Engineer  
Mario LeClerc, Superintendent of Wastewater

-  
COMMUNICATIONS

-  
Mayor Streeter

With your indulgence, I have been asked if we could take two items out of order. They both pertain to economic development; one is the business revolving loan fund and the other is the development agreement with the Nashua River Promenade. I would appreciate it if someone move that we take these two items. Jay Minkarah has another engagement he has to go to.

**MOTION BY ALDERMAN TOLLNER TO GO OUT OF THE REGULAR ORDER OF BUSINESS TO TAKE UP THE COMMUNICATION REGARDING CONTRACT EXTENSION – BUSINESS REVOLVING LOAN FUND OFFICER AND THE COMMUNICATION REGARDING DEVELOPMENT AGREEMENT- NASHUA RIVER PROMENADE - WEST**

From: Janice Tremblay, C.P.M., Purchasing Manager  
Re: Contract Extension – Business Revolving Loan Fund Officer

**MOTION BY ALDERMAN SHAW TO ACCEPT, PLACE ON FILE AND APPROVE THE CONTRACT EXTENSION WITH THE BUSINESS REVOLVING LOAN FUND OFFICER AT THE REVISED RATE OF \$40/HOUR. FUNDS ARE AVAILABLE IN ACCT.  
#373-53075-7201-7001**

ON THE QUESTION

Mayor Streeter

Please bear with me Alderman Deane.

Alderman Deane

No problem Mayor.

Mayor Streeter

Please bring us up to date as to why you are requesting this Jay. I think that people heard the success that the revolving loan fund has had, but the reasons for increasing Donna Upson's fee?

Jay Minkarah

Just as a reminder we did have a very nice I think summary of the successes of the Revolving Loan Fund. As a reminder for people who aren't familiar, Donna Upson is a contract employee who serves as our loan administrator. Her sole function is to administer loans under our Revolving Loan Fund. She also has her own consulting firm, which does financing. All of her fees are paid entirely through the Revolving Loan Fund proceeds so there is no impact to the tax rate. She really is I think an exceptional value for the community. She only puts in the hours that are needed, and for us performs a very valuable role because of her expertise in putting together the loan packages, but also because I think of her role in working with business people who have general financial needs and issues. She has been very successful in helping to leverage other private bank financing in particular and to give people some pretty sound advice generally on fiscal matters. We view her very much as an asset. Donna has been here now with us for three years. Originally her contracts were running on a 6-month basis and we were coming back and renewing them every 6 months. Due to the frequency of that we changed it to yearlong contracts, but her contract is coming up for expiration this March.

During the time she has been here she has not received any increases in her rate, and that is the reason why we are looking for the increase from \$30 to \$40 per hour. As I said earlier it would not adversely impact the tax rate of course in any way, but in addition to that it would not adversely impact the fund because we do limit the amount of fund revenues that can be expended for Donna's services. Those can't exceed 50% of the earnings. Those are basically the earnings that the fund makes off of interest earned on the funds themselves – interest,

repayments, and the loan fees that are charged. I would certainly be pleased to answer any questions that you may have.

Alderman Deane

Jay I don't know if you have this do you?

Jay Minkarah

Yes.

Alderman Deane

On the back of the page it says in the summary area in the little boxed in dotted area it says available to loan \$163,746 – is that number up to date?

Jay Minkarah

No. It would be actually minus \$75,000 from our most recent loan.

Alderman Deane

You have \$100,000 left and she is paid on an hourly rate – does she oversee all of the financials here?

Jay Minkarah

Yes.

Alderman Deane

Other than dealing with people that come in to look into the program do you happen to know the amount of time that she spends balancing the books and things of that nature?

Jay Minkarah

That is not a very significant amount of her time. When I say balancing the books actually a lot of that is done in house. She stays on top of the numbers. She gets the reports. I believe it is actually the Finance Department that is maintaining these. That is not a very significant aspect of her job. The most significant are either working with the loan applicants or actually putting together the packages and the paperwork that we need for closing on the loans.

Alderman Deane

So the data that we are looking at here was generated from Carol Anderson's division?

Jay Minkarah

Yes.

Alderman Deane

There is \$100,000 left?

Jay Minkarah

Roughly yes – to loan, yes.

Alderman Deane

Other than interest earned how do we replenish this fund?

Jay Minkarah

Repayment of principal of course in addition to the earnings. We have gone out – we are concerned. We do feel that we need more to lend. We have just recently basically issued an appeal to all of our area lending institutions; it went out actually under the signature of the Mayor, asking for contributions. We did the same thing last year. We managed to get a \$50,000 contribution from Citizen's Bank. We are hoping to better that this year. We were very pleased to get that contribution, but we are making a strong effort this year to get additional contributions into the fund, and we are probably going to be seeking contributions from other sources as well. Most likely – I am rather certain in fact we will also be seeking some contributions from CDBG, which was one of the original funding sources for the loan fund.

Alderman Deane

The \$100,000 does that include the reduction of the \$75,000 loan for Semco that is on the bottom that was done on 1-15-05? Is that taken from the \$163,746?

Jay Minkarah

Yes, but there were some additional earnings in there since then. I believe the figure is roughly \$100,000. It might be \$104,000 that we actually have. It is about \$100,000 left to loan. Our loans, the smallest we give are \$25,000 and \$100,000 is the maximum that we give. We have been averaging around \$75,000 so we have basically 1-2 loans that we could give after this point unless we get some additional funds.

Alderman Deane

Thank you.

Alderman Rootovich

Jay how many hours did Ms. Upson work last year? How much did we pay her?

Jay Minkarah

I would have to look, but I believe the figure was around \$13,000 that we paid her. The report that you have in your – it is kind of odd because part of the reporting follows the federal fiscal year, but if you go to your third page in you would see what was our report for the end of September – for the September to September – that was \$13,530. I should add that the contract says not to exceed 20 hours a week. She hasn't worked anything close to that in recent years. When she was first brought on because the loan fund was just starting up she was putting in many more hours, but that is no longer the case.

Alderman Rootovich

Maybe my math is wrong, but I come up with about 400 hours for the year. According to this she did 5 loans last year.

Jay Minkarah

It was actually a total of 6 by the time we ended, but yes unless you are looking at the September to October fiscal year in which case..

Chairman Rootovich

She worked about 75 hours for 1 loan? Is that typical for this type of loan?

Jay Minkarah

It would be – it is the loan, but it is not just the loans. We have had a number of people that we have worked with.. I shouldn't say a huge number, but there have been a fair number of people who we have worked with who did not qualify for a loan so you have a number of individuals that you are dealing with who ultimately for whatever reason either don't qualify or the loan doesn't pan out. Those are part of her time. Part of her time of course is doing the reporting and recruiting additional loans as well. As mentioned earlier we are going out and seeking financing – additional infusions into the fund from various banks, and she was also working on that. She has also attended the BIDA meetings and assisted us with that board.

Alderman Rootovich

About 10 hours a week then is what she is averaging.

Mayor Streeter

Are there any further questions?

Alderman Shaw

Jay what I guess precipitated the change from the \$30 to \$40 other than the fact that it specifically was that there hadn't been an increase in several years? Was there a request from the contractor or did we offer it up or did it just come about through negotiations to proceed with the next installment of the contract?

Jay Minkarah

It was her request I think largely because she has seen her expenses going up notably I think as many of us have seen but because she is self-employed she is paying her own health insurance, she receives no other benefits, and of course she is seeing some significant increases over the past three years. As with everybody she is driving back and forth to here. She is not putting in for any mileage for when she is going out to various sites. I suppose she could, but she hasn't been putting in for any mileage. Her expenses have gone up.

Alderman Shaw

Thank you.

Mayor Streeter

Isn't it true Jay that her fees for us are lower than what she charges for private clients?

Jay Minkarah

Yes.

Alderman Deane

Thank you. That is an interesting point. What other forms of reimbursement is she entitled to that we give her?

Jay Minkarah

Mileage.

Alderman Deane

Just mileage nothing else?

Jay Minkarah

Yes.

Alderman Deane

Thank you Jay.

Mayor Streeter

Are there any further questions? Are we ready for the question?

**MOTION CARRIED**

From: Janice Tremblay, C.P.M., Purchasing Manager

Re: Development Agreement – Nashua River Promenade – West

**MOTION BY ALDERMAN SHAW TO ACCEPT, PLACE ON FILE AND APPROVE THE DEVELOPMENT AGREEMENT WHICH OBLIGATES THE CITY TO PAY TOUREEN REALTY, LLC AN AMOUNT NOT TO EXCEED \$178,814. SOURCE OF FUNDING IS ACCT. #773-01317-3726**

ON THE QUESTION

Mayor Streeter

You have heard the motion. Jay would you like to explain this?

Jay Minkarah

I know it has been some time since we talked much about the riverwalk project. In the original concept of the riverwalk project was the bulk of the funding is going towards actual construction I would say of the riverwalk proper, but there are some significant components to it that are directly tied to the building that is being rehabbed into the Peddler's Daughter. Most significantly in order to support the counterweight for the riverwalk structure, the addition that is to the rear of that building, had to be demolished and a new foundation has to be poured for that structure that is capable of supporting the counterweight. That was the biggest part of the cost. In the plan for the riverwalk and in our discussions with Michael Conneely who is Toureen Realty those portions of those costs were to be reimbursed through the TIF namely the cost of the demolition, the cost of reconstructing 2/3 of the exterior of the shell of the new addition, and in addition to that there is public lighting that is going to be along the side of the building. Those costs would

also be reimbursed – putting in the electrical line and the lights themselves, and I should also note the foundation for the building, which we put out as a separate item – this was an aspect of the project that we did go back to get special approval for last year. It was approved by the Conservation Commission, the Zoning Board, the Planning Board, and the Historic District Commission, and it was of course discussed before this Board.

I know it has been a long time so if I could I did bring some excerpt of the minutes of the public hearing that did discuss that issue. If you feel that it is appropriate I can distribute those.

Alderman Deane

Thank you. I have a number of questions I wanted to ask. When I look at the first sentence – “The proposed development agreement between the City and Toureen Realty LLC is intended to memorialize certain understandings between the City and the owner.” What does that mean?

Jay Minkarah

That means that when we originally approved the bond for this project and basically approved the concept of the project, this was one of the key aspects of it, and this agreement is basically putting those into affect. This will memorialize it by saying we have had basically an understanding with Mr. Conneely and Toureen Realty and this agreement memorializes that and puts that into affect.

Alderman Deane

What I am a little surprised about is the fact that I knew there was going to be some counterweight ballast activity with the riverwalk, but I was under the impression that it was down further with the condos and there was going to be some other suitable form or way of attaching this. Now come to find out we have torn down a section of the building and we are putting a 24 x 38 foot addition on or foundation on to support the structure along with the lights – I thought there was another way to do that and that was going to be done. The other question I have Jay is was this put out to bid or did we just go down there and ask them what it was going to cost and that is what we have gotten?

Jay Minkarah

When we originally approved the bond we got estimates on the cost and those are the estimates that we used at that time. These are the numbers. I believe we had two different contractors give us estimates and those were what we relied on.

Alderman Deane

Did the project go out to bid?

Jay Minkarah

No.

Alderman Deane

This is a sole source contract?

Mayor Streeter

This is a contract Alderman Deane with the owner of the property not the city.

Jay Minkarah

That is right. If I may this isn't a contract to do the work. Mr. Conneely will contract to have the work done. We have agreed to reimburse him up to a certain amount.

Alderman Deane

Thank you Mayor.

Alderman Vitale

-  
My question is the part that was demolished correct me if I am wrong, but I thought that was going to be where the kitchen is going to be in the new part of the building, and would that section have been demolished whether or not we had the boardwalk, and if that is the case what more expensive demolition took place because of the counterweight and should that be in this amount if it was something that he was going to do anyhow?

Jay Minkarah

I couldn't say ultimately whether he would have made that election or not. The key is that he wouldn't have needed to. He could have converted that existing what was a 16 x 24 I believe it was, section into the kitchen, but because of the need to put the riverwalk in that area there was no other alternative that we saw. The first section is going to be bracketed to the building itself so that can be done along the brick portion. The rest of the structure all the way up to the condos was going to be the counterweight. Under where the parking lot is basically that area was going to be excavated and you could put in the counterweight, but there was no way to do that under the building so the building had to be demolished for the riverwalk to happen so that is why it was considered riverwalk costs, however, the building he is building back, the addition he is building back is a third larger that what was there before, which is why the 2/3 is the only portion that we would be compensating for not the whole structure, and of course we are not compensating for any interior work because that would have happened regardless of whether the riverwalk was constructed or not.

Alderman Vitale

Is he sharing any cost of demolition then?

Jay Minkarah

No. We are covering the cost of the demolition and 2/3 of the reconstruction as well as the cost of the foundation.

Alderman Vitale

Thank you.

Alderman Rootovich

That facility has already been torn down.

Jay Minkarah

Yes.

Alderman Rootovich

Before this being voted on.

Jay Minkarah

Yes.

Alderman Rootovich

Why is that?

Jay Minkarah

He needed to proceed with the project, and I think relied on certainly he believed were the understandings between himself and the city. Because these specific activities were specifically discussed at meetings with the Board and we gave numbers to at least two of those – at the public hearing we did put this \$15,000 cost on the demolition and we also discussed the \$32,200 was the figure we used then for the foundation and the 2/3 of the reconstruction. I think he relied on that to go forward. Obviously there was a limited risk involved, but he needed to move for us to getting the contract documents approved as we had to go through the process of getting bond

council approval and then we had to get the agreement approved and that could take us some time.

Alderman Rootovich

I understand that, but you have before us tonight you have a legal document that you are asking us to pass, and the work has already been started and it becomes nothing more than a formality and I don't think that is what this committee should be doing. I think before anything gets started if there is a legal agreement that is signed and authorized by the proper authority in this city, and that didn't happen. I understand what you are saying, but I have a problem going through a formality.

The second question I have is did anybody from the City look at the plans relative to – I will just take one item from it – the lighting fixtures – is that something that he decided or is that something that the city decided? It seems pretty expensive. It comes to about \$1,000 light fixture, which seems pretty extravagant to me and if that is something that the city decided on or he decided on?

Jay Minkarah

The city specifically the Historic District Commission, which had to approve the exterior of the new addition. They also looked at the surfacing material – how it was going to be covered. They looked at basically every aspect of the façade and the lighting was a particular concern.

Alderman Rootovich

I just reiterate the fact Mr. Mayor that we are asked to vote on contracts, but again legal documents and the work is already started. I understand what you are saying, but that is not what this committee is for, and that is not what we are supposed to be approving. I have a problem with that.

Alderman Dion

Through the Chair if I may I would like to ask Jay a question.

Mayor Streeter

Please.

Alderman Dion

We spend a lot of money in this city and sometimes it is hard to keep track. What was the original bond? Was this \$1.27 million?

Jay Minkarah

It was \$1.135 million.

Alderman Dion

My question is do you feel as though this project can be done for this amount of money or will we run over or under budget the way it looks to you?

Jay Minkarah

I guess I would say that I am optimistic, but I certainly have a concern of course hearing how the prices of certain building materials particularly steel are increasing. I am certainly concerned with that.

Alderman Dion

Mr. Chairman if I may continue.

Mayor Streeter

Please.

Alderman Dion

The reason I asked about the bond because we spend a lot of money in this city and sometimes it is hard to keep track so I am glad somebody clarified that. I also want to state that I voted against this project so you can see that being consistent as I am Mr. Chairman I am certainly not going to vote for this appropriation for this expenditure. Thank you.

Alderman Deane

Thank you. Mayor were you aware that some of this work had already started? Did anybody ...

Mayor Streeter

Yes I was Alderman Deane. In fact I think the entire development crew, the city, was aware. Community Development was very much aware that this was going on. This was thoroughly discussed as you know when we voted on the TIF and during the public hearing. The costs were clearly elucidated by the Economic Development Director and this is simply verifying the agreement that was made at that time..

Alderman Rootovich

Point of Order – I disagree with verify – this is a legal binding document. This committee has the authority to either go forward with this or it doesn't. If the committee does not vote on this prior to the work then it has no substance. It upsets me when we go ahead with work and this committee is asked to rubberstamp something when a project is started before it comes to the committee. It is wrong. It is just wrong period.

Mayor Streeter

Might I remind you Alderman Rootovich that those who voted for the riverwalk and those who voted for the TIF district were well aware of the costs associated with it. They were clearly identified throughout the entire process. What this does is reimburses him for the commitment that we made when we passed the TIF project. All of the things that Jay mentioned; the demolition, the new foundation, and the reconstructing the shell these were all items that ...

Alderman Rootovich

Then why do we need this?

Mayor Streeter

This actually approves the payment to...

Alderman Rootovich

It does much more than that. It sets the ground rules, it stipulates insurance requirements. It stipulates inspections – there is a lot of language in there that clearly wasn't in the original agreement when we passed the bond. When you hear legal phrases in witness whereof – it is a legal document. Does this get placed in the Registry of Deeds?

Jay Minkarah

No I don't believe it does.

Alderman Rootovich

May I ask Corporation Counsel the same question Mr. Mayor?

Mayor Streeter

Sure.

Alderman Rootovich

Does this agreement get filed in the Registry of Deeds?

David Connell

Agreements almost never get filed in the Registry of Deeds only when they affect purchase and sale sometimes of property.

Alderman Rootovich

Thank you.

Alderman Deane

Can I continue Mayor?

Mayor Streeter

Please.

Alderman Deane

I am struggling to try to understand why this didn't come to us prior to the work being started or why we just didn't call a Finance Meeting or whatever. When did they start doing this work? I know there has been a lot of activity down there. It appears to me that section in the back got torn down quite some time ago didn't it?

Jay Minkarah

It was torn down a while ago. I couldn't tell you exactly when. Again clearly the owner was proceeding at his own risk, but in reliance on what he thought was the approved project. We could not bring this agreement to you until we had bond council approval for approval and until we had a document that was approved in other words the draft agreement itself. While perhaps we could have brought it to the Finance Committee for discussion we could not have brought it to you for approval.

Alderman Deane

The concern I have Mayor is number one this is our first TIF project and it appears as though we are kind of straddled off course a little bit. I agree with Alderman Rootovich. Although I didn't support the initial piece of legislation I did support the final piece of legislation to form the TIF because we had brought these people along and I didn't think it was appropriate to do them in after the fact and everything was kind of – the wheels were put into motion and investments were made and I think the whole thing was – I had some issues with the process. I spoke with Alderman McCarthy and that is why we added those stipulations into this rail TIF so that when that gets those 5 stipulations or 6 stipulations get satisfied then this Board will move forward. I

just find it unbelievable that the owner would just go ahead and do as he saw fit without bringing this forward. Was he not familiar with the process?

Jay Minkarah

I can't speak for his familiarity, but I think that given that he was present at the meetings where each of these elements were expressly discussed and when the Board voted to approve the bond I think he walked away believing that there was an understanding that he was going to demolish the kitchen, that he was going to be reimbursed for 2/3 of the cost of its reconstruction, that he was going to be reimbursed for the cost of the foundation, and he was going to be reimbursed for the electrical work for the public lighting. Since those items were expressly discussed I think it was reasonable for him to believe that and in reliance on that he proceeded needing to of course for business reasons as well.

Alderman Deane

I understand that maybe he walked away with those feelings and perhaps he is correct in how he thought, but I guess the process wasn't explained to him. He didn't start working down there with no building permits did he?

Jay Minkarah

Not to my knowledge.

Alderman Deane

He has had inspections of work that has been done before he has covered it. There is a whole process that we have to go through. This committee is a separate entity of the Board of Aldermen. I know he left here with a comfort level, but still there is the process that he has to follow. I also have concerns over the project because of the increase in costs of steel and concrete, which is mainly what this walk consists of. I know first hand and Alderman Tollner does now with the fire station project that the cost of concrete and steel has risen significantly since this was put forward. I think we are going to have some issues and I would really appreciate it if we are going to have some overages that we bring them back now and deal with it. I had asked Jay that if Mr. Conneely can abide by the process in which we operate by I for one would appreciate it. Thank you.

Alderman Tollner

My understanding of how this whole thing was rolled out was exactly the way Jay explained it. I agree with the comments from Alderman Rootovich and Alderman Deane that this particular process should have been presented to the Finance Committee considerably earlier than it has. I also understand though however that we couldn't do it until we got approval from bond council

so I guess the only recommendation or I should say the one recommendation I would have in the future is possibly to present a draft of this so it is a little clearer to the Finance Committee. Although I will go back again and state I fully interpreted and understood that the work of this project was going to take place the way it has. I think if you drive by Main Street you know that there is considerable work being done on that building right now. If you happen to be in the library or on the other side of the river there you can see that the building was demolished. I think those plans were pretty clear that activity was going to start in order for this gentleman to open up his restaurant. I think it is reasonable to think that he assumed that he was going to go forward on this project and that he would be reimbursed under the agreement that was discussed and presented when the TIF and the plans were presented.

I guess the only comment that I would have is if we do this in the future while we probably couldn't come up with a formal legal agreement because we wait for approval of bond council maybe a clarification or a communication to the – preliminary draft agreement presented to the Finance Committee. I would have to say that I am not surprised with the arrangement; the building being torn down and rebuilt in the timeframe that it has because that is how I understood how it to work. Thank you.

Mayor Streeter

Jay do you anticipate any other development agreements being executed? Certainly with the condo. development I would assume that would happen.

Jay Minkarah

Yes there will be a development agreement. Exactly what that will entail I am not entirely sure at this point, but there will be a development agreement with Jackson Falls. Certainly I think it is a point well taken. It is a complex project. We haven't done one of these before. We will be certain to bring forward drafts and keep the Finance Committee in the loop on any of the negotiations that happen from this point forward.

Mayor Streeter

I would suggest that you talk with the developer and indicate that these agreements need to be brought to the Finance Committee at the earliest opportunity.

Jay Minkarah

Absolutely.

Alderman Rootovich

One follow up – have we reimbursed Toureen Realty yet for any expenses?

Jay Minkarah

No.

Alderman Rootovich

It says in here 30 days upon receipt. We haven't reimbursed them anything yet?

Jay Minkarah

No because we don't have an approved agreement yet.

Alderman Rootovich

Mrs. Anderson?

Carol Anderson

I am not **...tape inaudible...**

Alderman Deane

Through you Mayor to Jay – I side with the Mayor on this one. I think we should have some sort of process in place so that this doesn't happen again so we can – I know there will be some bumps in the road because we have never done this before, working with a TIF, but I would like to see something that be brought to us on how they are going to facilitate these development agreements and the timeline. Is there a timeline that can be forwarded to us on when we can expect some of these things as they move forward with the rest? There is not just this there is another whole piece to this.

Jay Minkarah

At this point there isn't a timeline. We anticipate the work is going to begin this spring. I think we have to make some key decisions as to how we will proceed with the bulk of it. I think at this point it would be my intention to put the bulk of the riverwalk project out to bid as a city project rather than have it developed by a developer and then reimburse those costs.

Alderman Deane

So when do you propose on putting it out to bid? Do you know offhand?

Jay Minkarah

I would actually like to start that process as soon as possible because I expect it will be a fairly

lengthy process. We had not intended to start any kind of construction on the riverwalk until construction was started on the condominium project proper so those need to be done coincidentally, but again anticipating that it will take some time to move through the process of putting this out to bid. I would like to start that within the next couple of weeks.

Alderman Deane

When are they going to break ground for the condos?

Jay Minkarah

We don't have an exact date, but they are intending to break ground this spring.

Alderman Deane

Thank you.

Mayor Streeter

The conversation that I had was that they fully intend to break ground in the spring and the earlier the better.

Alderman Deane

Is Mr. Maynard still building the condos do you know?

Mayor Streeter

He is still involved yes.

Alderman Deane

Is he the builder?

Jay Minkarah

He is still the developer. He has not sold the project to my knowledge.

Alderman Deane

Thank you Jay.

Mayor Streeter

And Alderman Deane I asked him that question, and he has no intention he said of selling the project.

Alderman Deane

He hasn't put a shovel in the ground yet either Mayor.

Mayor Streeter

That is true. He has an huge investment in that property.

Alderman Vitale

I followed the establishment of this TIF district and the different components involved in it. I am well aware of the way the building was going to be built and the boardwalk was going to be attached an all of that. I think moving forward with any other TIF district that we might have that we should be able to separate the costs that are associated with the developer and what should be the city's responsibility. I personally think that some of the demolition costs should have been covered by the developer in this case. I know that we need that part of it. My understanding was that he was going to put his kitchen there. It is not that much money, but it is money. I think when we do any other TIF district we should make sure that we are paying our costs.

The other thing is we are talking about the increased cost of steel and concrete – my understanding is that the monies generated in this district will more than cover the bond. It is what I understood. Can we be kept apprised if it is getting closer and the costs go up so much that it might be close on those payments and how that might be affected down the road?

Jay Minkarah

Yes absolutely. We will keep you fully informed as the project progresses. If I could I would just say I would agree also with your first comments – going forward with the TIF district in the future I think we will be much more precise about the cost allocations and would have a much more precise development plan early on. Of course a lot of things obviously when it is the first time you go forward with something you look back and you can see where in the process you could have done things better, and that is certainly an area I think we could improve on in the future.

Alderman Vitale

Thank you.

Alderman Shaw

I know it has been highlighted a few different times in a few different ways, but I think we have

already started to see from the experience even before this part of the project why we needed to look at approaching a potential TIF district for the transit oriented development in the rail station differently, and I do think that we had already seen what the lack of the start of the condo part of this development that we were not necessarily generating the tax revenues early on, and we are going to now be needing to outlay money. I think it is clear that we do need a lot better set of hooks and stipulations and whatnot as we go forward. It is that learning – I think we already have some of that benefit of hindsight. I think we will all be going in with more wide-open view on any future ones and we will have to learn from this.

I think this is also, though some of the issues have been brought up tonight are evidence of the issues we do face with the whole public/private partnership efforts that we go forward with in these kinds of projects, and I think that while I understand some of the concerns about the Toureen Realty and Peddler's Daughter going forward with work without an approved contract that indicated they would get reimbursed, it was very clear from the project that some of that work absolutely had to happen for the riverwalk project to ultimately go through there. I think there very much was that understanding, and while I appreciate also the comments about maybe sharing the demolition costs at the same time without that demolition we could not put the counterweights there and could not proceed with that part of the walk. It is one of those that ultimately the way the project was set up that was required.

Now we also could take the approach that if we would choose not to approach this and say they should not have gone forward with any work and we weren't obligated specifically then we also run the risk that we pretty much thwart the ability to actually complete the riverwalk project in that part of the overall promenade. I think this was – things could have been worked out better perhaps in everybody's timing understanding more likely that perhaps the business already is looking at being very far behind their original projections to have the restaurant open and being able to be a viable entity. I think that this is – there very clearly were understandings that were from the all of the discussion and conversations in the original approval. I think it is quite reasonable that the owner has gone forward with the work that they have with that understanding and this does formalize it. It might not have been the best way to get here, but I think it is quite reasonable considering the circumstances. We do need to learn as much as we can from this experience.

### Mayor Streeter

Is there any further discussion? Are we ready for the question?

### **MOTION CARRIED**

From: Stephen Dookran, P.E., City Engineer

Re: Broad Street and Dublin Avenue Design Contract (Vollmer Associates)

### **MOTION BY ALDERMAN SHAW TO ACCEPT AND PLACE ON FILE**

### ON THE QUESTION

Alderman Deane

Although this is a Ward 1 issue I wanted to comment on it because I received a number of phone calls and some e-mails pertaining to the scope of work up there. There is a paragraph in here, this is sent to Jon LeBrun, "During our December meeting we discussed some of the adverse publicity related to roundabouts, and decided to show alternative intersection designs, 3 and 5 lane signalized that broadened Dublin Ave, a partial median and no median island alternative. Creating the plan with these additional alternatives to present at the next public meeting is where the additional fee was required. " Although there were no monies added according to the numbers here, it is allowing them to produce exhibits of the following; "a three lane intersection design at Broad and Dublin Ave., a 5 lane intersection design at Broad Street and Dublin Ave., a partial median conceptual plan to determine feasibility, a no median option for Broad Street, two intersection options at the Upstone/Chapel Hill Drive and Broad Street intersections to evaluate relocating Upstone Drive to line up with Chapel Hill Drive and leaving Upstone Drive as is with sight distance improvements. For both alternatives we evaluated the possible use of splitter islands to improve pedestrian safety." I think this is great that they are going back to the drawing board and they are taking those proposed roundabouts out. I think the citizens up in that section of town will be given an opportunity to look at all of these different options that are being afforded to them. I wanted to thank Jon LeBrun and the city engineer for listening to the residents that evening and Alderman Vitale as well. I am sure she had something to do with this. Thank them for bringing that forth and letting them look at different alternatives. I think it is good. Thank you Mayor.

Mayor Streeter

Is there any further discussion?

**MOTION CARRIED**

From: Janice Tremblay, C.P.M., Purchasing Manager

Re: Waukesha Generator Top End Overhaul at Wastewater Treatment Facility

**MOTION BY ALDERMAN SHAW TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO W.A. KRAFT, CORP. IN THE AMOUNT OF \$22,892 CONTINGENT UPON APPROVAL FROM THE BOARD OF PUBLIC WORKS. FUNDS ARE AVAILABLE IN ACCT.**

**# 802-96004-8500-8900**

ON THE QUESTION

Mayor Streeter

The Board of Public Works did approve this last evening.

Alderman Deane

I just had a question on the second sentence where it says “This generator runs on methane gas, which is a bi-product of the digestion process, and it runs 24/7.” Does the generator run 24/7 or the digester? The digester right?

Mario LeClerc

The generator runs 24/7. It supplies power for the digester complex and the excess capacity operates the watering area and part of the administration building.

Alderman Deane

Mario is this piece of equipment currently offline?

Mario LeClerc

No it is operating at approximately 10% capacity. The turbo chargers are the items that suffered a catastrophic failure. It is not capable of operating at its optimum capacity.

Alderman Deane

The timeframe – if this is approved what is the timeframe of getting somebody in there to take care of this?

Mario LeClerc

The contractor is ready to mobilize later this week if it is approved tonight.

Alderman Deane

What is this doing to our electric bill down there?

Mario LeClerc

I can't break it down on a monthly basis, but annually it is in excess of \$125,000. We are looking at \$10,000 a month.

Alderman Deane

If you were to go out and buy another one of these what is the cost? Do you know offhand?

Mario LeClerc

No I do not, but I could go out and research that and get back to you.

Alderman Deane

Would it make sense to have two of them and have them tandem – have one run for 12 – on for 12 and off for 12?

Mario LeClerc

It may, but we do have capacity on our central generator. When the unit is offline for routine maintenance we could operate the facility economically. What happened here is we suffered a catastrophic failure.

Alderman Deane

If we had a backup unit – say it costs \$20,000 and if the thing went down we could go over to it and that is 2 months worth of billing at PSNH – would it be not smart just to have one on hand?

Mario LeClerc

I dare say the cost would be in excess of – without getting the exact figures \$300,000 to \$400,000 for a backup unit and then we have the issue of where we would site it because the site, I know you have been there, is extremely tight and there is no room in the building to actually put another generator.

Alderman Deane

Wow that is \$300,000 to \$400,000 for that Mayor ha?

Mayor Streeter

They are a lot of money Alderman Deane.

Alderman Deane

Well it has to keep that digester nice and toasty you know. If that thing isn't toasty it doesn't work right?

Mario LeClerc

Correct. It has to be 98 degrees.

Alderman Deane

Thank you.

Mayor Streeter

Are there any further questions?

**MOTION CARRIED**

From: Janice Tremblay, C.P.M., Purchasing Manager

Re: Purchase of Half-Ton Pickup Truck for WWTF Operations Department

**MOTION BY ALDERMAN SHAW TO ACCEPT, PLACE ON FILE AND AWARD THE CONTRACT TO HILLTOP CHEVROLET IN THE AMOUNT OF \$12,849.10. SOURCE OF FUNDING IS ACCT. #802-68045-8500-8900**

ON THE QUESTION

Mayor Streeter

May I comment that is a very inexpensive truck.

Mario LeClerc

Yes it is.

Alderman Deane

What you see is what you get. I spoke with Mario about this, and I couldn't understand why they were purchasing a half-ton pickup. A few years back we had tried to get all the pickups in Public Works to  $\frac{3}{4}$  tons with plows on them. There was a point in time where the Street Department foreman's vehicles did not have plows on them. When I sat on the Board of Public Works we felt you put the plows on the trucks and the guys when they are out they can clean up intersections or do whatever and Mario explained that he has something in the works where he will be retiring another vehicle next year and gave me an explanation of exactly what they were going to do with this one. We will probably get the same sort of life out of this one as we did with the one we are retiring correct?

Mario LeClerc

Hopefully. It would be nice to get 13 years out of this replacement vehicle.

Alderman Deane

Thank you.

Mayor Streeter

Are there any further questions?

**MOTION CARRIED**

From: David R. Connell, Esq., Corporation Counsel

Re: Collective Bargaining Negotiations

**MOTION BY ALDERMAN SHAW TO ACCEPT, PLACE ON FILE AND AUTHORIZE THE CITY TO RETAIN JAMES R. MCNAMEE AS CHIEF NEGOTIATOR FOR THE CITY IN RENEGOTIATING WITH COLLECTIVE UNITS WHOSE CBAs EXPIRE JUNE 30, 2005, AT A RATE OF \$120/HOUR. SOURCE OF FUNDING IS ACCTS. #53, PROFESSIONAL SERVICES WHICH CURRENTLY HAS A BALANCE OF \$18,000 IN IT, AND #51, LEGAL SERVICES**

ON THE QUESTION

Mayor Streeter

David why don't you bring us up to date on your request.

David Connell

The material submitted includes Mr. McNamee's resume and a draft Letter of Agreement that would serve as the defining scope of services here if this were approved. We have up to 6 units that include work on negotiations with. As you see there is about \$18,000 identified for the balance of this fiscal year. More could probably be transferred in from a companion line item if that is necessary before the end of June. These negotiations should be starting up shortly. As you know we have been internally working on some positions. We have had meetings with the Aldermen as we do at this time of year each time, and there have been meetings with the employer boards as well.

Mr. McNamee of course is known to most of you as the former Corporation Counsel. While here he did a great deal of work with the negotiations. He certainly knows the city governmental structure, which is unique and needs to be understood as you go through negotiations with various employer boards. He tells me that he is negotiating for the Brookline these days so he has his hands into collective bargaining. If you have any questions I would be happy to try to answer them.

Alderman Rootovich

Are we going to have an opportunity before he starts negotiations for Mr. McNamee to sit down with the Board of Aldermen once again? Is that part of the plan?

David Connell

I think everybody on the staff things there should be another section.

Alderman Rootovich

My understanding is we are hiring Jamie to be chief negotiator just for these 6 particular contracts and nothing separate from the school.

David Connell

If the school wishes to use him we are happy to provide him. The funding would be stretched at that point.

Alderman Rootovich

Is this a request from your office or is this a request from the employer board, which is the Police Commissioners?

David Connell

The commissioners have indicated that they would be pleased with, at least the Chief has – I haven't spoken with the Commissioners, but the Chief has indicated that he would be happy with this choice. Those are the majority of the unions. There are two other unions in the building here.

Alderman Rootovich

Mr. McNamee is a chief negotiation or does he take guidance and input and the decisions are made by the employee/employer board?

David Connell

Certainly he has to take guidance from the employer board. They are charged by the Charter and the Collective Bargaining Statute with negotiation these agreements in the first place. The combination of taking direction from them, from the non-meeting sessions with this Board, and from the staff who have some expertise as well.

Alderman Rootovich

I guess to boil it down this particular committee is hiring a negotiator for another board that can pretty much dictate any terms and conditions with the new contract.

David Connell

The history of the employer boards has been that they have usually been aware of ... **tape inaudible – speaker away from microphone.**

Alderman Rootovich

Thank you Mr. Mayor that is all that I have. I may have follow up questions in a few moments.

Alderman Tollner

How many candidates did you look at before you made this decision to hire Jamie?

David Connell

Well as the memo says we went through this process three years ago. At the time we identified only a half dozen people who say they can do this who are available to be hired... at that point we interviewed three. Since then one of those people have expired and the other person we hired, and the third candidate is someone that is at a higher salary rate. We decided that we could go with someone that is closer to home and has had knowledge of the local government.

Alderman Tollner

So we formerly interviewed three people.

David Connell

Three years ago.

Alderman Tollner

I am talking now for this one how many people did we interview?

David Connell

There was no real change in the ... **tape inaudible...**

Alderman Tollner

So there is no one within a reasonable distance in Massachusetts or in the state of New Hampshire that we are aware of that we were able to interview. Did we post an ad in the paper or on line or anything like that?

David Connell

No. Three years ago we canvassed the field and identified the candidates. There were 5 people other than Jamie, we eliminated one into another business, and eliminated another one and interviewed three. Prior to those another one has since retired leaving only one that we ... **tape inaudible**... we felt then and other staff being consulted – Mrs. Joyce and Maureen Lemieux reviewed this and we decided that it would be a good thing to recommend Attorney McNamee.

Alderman Tollner

Who was the group that made the decision that resulted in you bringing this request before the Finance Committee? Who was the group? Was the Mayor involved in this?

David Connell

He was.

Alderman Tollner

Maureen Lemieux?

David Connell

Yes.

Alderman Tollner

Jane Joyce?

David Connell

Yes.

Alderman Tollner

Anybody else?

David Connell

There were others present in this discussion, but ... **tape inaudible**..

Alderman Tollner

Were there any discussions in those conversations that we would entertain looking or trying to hire a negotiator that in the past had represented different unions and not a municipality?

David Connell

The people who do that tend to be employed exclusively on that side. ... **tape inaudible...**

Alderman Tollner

Were there any discussions in lieu of I think the fee here is his time would be billed at \$120 an hour. I guess the first question I have for you as an attorney how does that compare to normal charges for someone doing this?

David Connell

It is lower than attorneys get for legal services. Usually it is the same rate that the gentleman that we employed last time is currently getting – he is a non-lawyer.

Alderman Tollner

Was there any discussion when you formulated this proposal to Attorney McNamee, which I am more concerned with the process in this question than I am the individual because I know Jamie has done a pretty good job for the city in the past. Was there any discussion in this arrangement where we would build it where he would get say a fee of \$90 to \$100 an hour with some incentive that is attached to the end of the negotiations based upon his performance or output of the negotiations?

David Connell

No. That is quite unconventional.

Mayor Streeter

I would just add is that ethical?

Alderman Tollner

Absolutely it is ethical.

... **tape flipped** ... I think Alderman Rootovich touched on it earlier, and some of us that have been on the Board for a while – I would have to say that regardless of who was negotiating city contracts in the past the communication between city staff, the people that are negotiating on the city's behalf, and the feedback that the Board of Aldermen has received has been fair at best. I think everybody that has been on this particular Board as well as previous boards, we hear nothing – for the most part – from when the time the negotiations start to when we receive a

contract in our packets. I think that is a concern that we have brought up numerous times. I won't comment and say that it has fallen on deaf ears, but the bottom line is communication has not improved as far as in the middle of a negotiation someone coming back to this Board and saying I just want to give you guys an update, this is where we are, it does or does not look good, this are or are not moving smoothly – that is a concern I have, and hopefully that can be addressed by your office and Attorney McNamee if he is approved.

### David Connell

I should interject Alderman Tollner. The way the law structures these things there may be some limits on that on account of the confidentiality of the negotiations between the negotiating teams and the employer board and the union. Usually the ground rules call for very little discussion. Maybe that could be talked about this time.

### Alderman Tollner

I think it should be. If I could continue for a second I think the most recent contract that we had a problem with and I don't think it was fair to the union, was the Firemen's contract. When that thing ended and was presented to us the Board of Aldermen wasn't happy with the results of that, I think the people that helped negotiate were totally confused at that time if I do recall, and the Firemen's Union was unhappy with it. In the end, no one was happy with it, we didn't get a contract, and it was a long drawn out contract that better communication – not saying that it would have approved the contract, but surely we would not have been in the position that we all were during those negotiations. I don't know when you talk about legally I guess I have a question m—if you are negotiating a contract in this case say Mr. McNamee is negotiating it are you saying that during those negotiations there isn't an ability for say the Mayor to be updated as far as how those negotiations and discussions are going on?

### David Connell

Certainly the Mayor is in the position as an administrative executive official than the legislative body – remember that the legislative body gets to look at the cost items, but is not technically the agency that has been participating in the negotiations of the contract.

### Alderman Tollner

We just spent some time a few weeks back in non-public session. I think a number of people expressed some of the concerns that they had. I think some of them were reasonable concerns or situations that they were looking for. I think some of them were maybe not that reasonable – possibly people looking for a fast track to get to a particular point. I don't know how much clearer we could have been some of us have been on this Board for years to say that we would like to be updated. We don't want to have to go from point A to point Z and not hear anything in between and the only thing that we can do is vote a contract up and down. I don't know what

you can put into this agreement here that would provide us with a level of comfort or understanding that we will be kept informed by Mr. McNamee.

In the past, I think the results of certain negotiations different boards felt that the negotiators that we had really truly were not representing the city as much as representing both parties. There are some very important issues coming up. I think we spoke at length a few weeks ago about health insurance. Everybody has a different understanding of what people should be able to have as an employee of health insurance. That is a significant issue. I guess part of this if I was to approve this contract it would be contingent upon, and I think Alderman Rootovich said are we going to have an opportunity to sit down with Mr. McNamee, and I think your response was well that would be good or that would be nice or I would hope that we would – I guess what I would do is I would like to amend this contract and state prior to him negotiating with the union that it be a requirement that he sit down with the Board of Aldermen and the different boards and department heads to get a true understanding of where the Board is coming from. That has to be part of this agreement. Maybe a check in every 2 or 3 months. It is essential that he has an idea of the climate of particularly this Board of Aldermen and probably the Board of Education to get some guardrails and understanding as far as what we are comfortable with.

David Connell

Believe me Alderman no one wants to withhold information from the people that are negotiating. We want to gather as much as we can. Gathering enough is the problem not resisting information. I am sure that anybody who negotiates I can tell you from experience it is no fun trying to guess what will pass. The only reason that there is maybe a shortage of communication is because of the limits of the ground rules and the law itself. We will strive to get the maximum interplay. It is much more efficient if it can be maximized.

Alderman Tollner

I guess I am more concerned with the beginning of the process probably than any other part of the process.

David Connell

I can assure you that in a few days if you want to set up a session we can have all the important people here. We love to give more information and more discussion.

Alderman Tollner

Would it be unreasonable from your perspective that after that meeting with the Board of Aldermen and the Board of Education should be in there too – I guess the same people that the Mayor invited to that meeting a couple of months ago – is for if Jamie is going to be representing the city that he provide a confidential communication back to the Board detailing an understanding of the parameters of the discussions that we have had. In any negotiation there

has to be open dialogue there just can't be black and white. I think the other thing I would be looking for is something in writing from him so as he goes forward a set of parameters as far as his understanding where the different boards and commissions would like to see in these negotiations. Is that reasonable?

David Connell

Subject only to the limits on what the legislative body can be involved in.

Alderman Tollner

Understandable.

David Connell

We want to maximize the communication.

Alderman Tollner

Is it reasonable for him to say this is my understanding of the opinions of the Board and commissions that I met?

David Connell

I think with the consent of those boards he could sent them ... also that is not a bad way to simulate an understanding at the end of any non meeting session with this Board, the Board of Aldermen I mean, to paraphrase what has been said before the meeting ends is probably not a bad idea.

Alderman Tollner

Again I think the best way we can serve everybody; the citizens and the union membership is to make sure that the communication is open so that when we get to that point where a board or commission approves a contract they have a reasonable level of comfort that the majority of the Board of Aldermen will approve that, and we can I guess we won't be faced with what we have had with the principals or the firemen because I have to tell you if I were sitting where they were sitting that would leave a bad taste in my mouth, and that is not fair to them either.

David Connell

I promise you we will put our heads together and try to figure out a way to do that that is legitimate and follows the rules. We will do the best we can on that.

Alderman Tollner

If you could put it in here that it is contingent upon us approving this contract that Mr. McNamee if he is approved or whoever it is will set up a meeting with the different boards and commissions so we can provide him with ...

Mayor Streeter

I don't think that has to be part of the agreement. I think that we can call a meeting of the various boards and commissions to sit with the Board of Aldermen, but I don't think it needs to be part of an agreement with Attorney McNamee.

Alderman Tollner

Even in the draft – Alderman Shaw brings up a good point – in section b – meet with the relevant boards and commissions and officials and representatives prior to the start of negotiations. If you are comfortable inserting that – again the only thing I am trying to avoid in the long run is us turning down contracts and that doesn't serve anybody well.

David Connell

If you would like to put in there including the Board of Aldermen that would make it that much clearer.

Alderman Tollner

I am assuming that the Board of Aldermen would be one of the boards correct?

David Connell

I agree.

Alderman Tollner

Then the only thing I would say is prior to developing a negotiation strategy. Thank you.

Alderman Deane

Dave I look at the \$18,000 in the 6 contracts – that is about 25 hours per contract so you know as well as everyone else that those numbers don't work. I wouldn't think they would anyway especially when you look at some of the area where they have to deal with people. The 51 account that you mention here in your letter, legal services, do you happen to know what the balance is in that account that was originally budgeted for?

David Connell

We haven't used very much of it at all. I think it is between \$15,000 and \$18,000. Originally it was in that area. We may have used next to nothing.

Alderman Deane

That is what was budgeted, but we don't know what has been expended right?

David Connell

We haven't used much. It is somewhere above \$15,000 I am quite sure, but there are 4 months to go I guess in the fiscal year.

Alderman Deane

So this \$18,000 number is really more like a \$30,000 to \$32,000 number to negotiate these contracts. We can fully understand that right now right? Wouldn't you agree?

David Connell

A lot – it depends on how quickly they gear up. A lot of the work can be done is good for all – gathering the fiscal data, gathering the data concerning surrounding communities and so forth. Yeah I think if these things go intensively it can be certainly surpassing that \$18,000.

Alderman Deane

How actively involved is our Human Resources Director with these negotiations?

David Connell

In the last cycle she actually I believe was on the team for the U.A.W., and other than that served as a resource for all of the other negotiations.

Alderman Deane

She represented the U.A.W.?

David Connell

No she is on the city team. There were three people – actually more because there were several employer sources there, but she was on the team there. As to the other contracts she served as a resource as needed.

Alderman Deane

How actively involved is she going to be in these upcoming 6?

David Connell

She gets called on frequently on technical questions and to provide some data.

Alderman Deane

But Jamie has negotiated these contracts in the past correct?

David Connell

Yes.

Alderman Deane

He has familiarity with the language and what not. I don't know why we would be using her, but ... the other question I had and it is brought up in here and the change in the collective bargaining agreements – now I guess from what Alderman McCarthy has done is they no longer come to this committee as they used to I believe, and they go strictly to the Budget Committee. I don't understand why they did that. I know he had mentioned something pertaining to the Mayor having the ability to act on it in two capacities; one to either support it or vote against it and then turn around and veto it if he felt as though that is what he would want to do, which he could do with any legislation or ordinance for that matter it is not just collective bargaining agreements. I would like your opinion on should these contracts come to the Finance Committee?

David Connell

I think that is a discretionary call. It is true that the Board of Aldermen is dealing only with the cost items so that is not technically contracts coming to the Finance Committee in the same way as the contracts we have been talking about this evening. Given that it then becomes a matter of which committee the Board wants to send the contracts to or which combinations of committees.

Alderman Deane

That discretionary assignment is made by whom the President of the Board or the Board itself?

David Connell

My understanding is that it is made initially by the President, but subject to some correction based on an ordinance – like most decisions it can be overruled by a majority.

Alderman Deane

So if I wanted something that he didn't feel as though should be assigned to this committee or to any other committee I could ask for a vote on to send it to committee. Thank you. The last question I have Dave is our overall authority and involvement associated with the contracts, we have heard time and time again that we stepped over the line when we sit here and publicly make remarks with the collective bargaining agreements that are brought before us, and that there could be the possibility of an unfair labor practice filed against us – our discussion periods as Alderman Tollner had talked about have to be done in non meetings so that we can give some description to the negotiator what we do and don't want to see and what we want them to strive towards. In your legal opinion when there is a collective bargaining agreement brought before us we should either vote it up or down or abstain from voting on it, but we should have no public discussion pertaining to the issues we may have with some of the content of what is being presented to us?

David Connell

The thing you have to keep in mind is your purview is the cost items. If it has to do with wages, if it has to do with benefits, anything that is costing the city out of pocket that is what you as the legislative body are dealing with. If it is you don't like the work roles or something of that nature that is not up to this Board that is up to the employer board.

Alderman Deane

Thank you very much.

Alderman Dion

I couldn't agree with Alderman Tollner any more regarding his comments pertaining to for years the only time we see these contracts, and I must agree with him, is when we receive them in our packet. I remember a couple of times when we met with the negotiator prior to the start of negotiations. I remember the last gentleman and I am glad you are getting Attorney McNamee. I have more confidence in him than I do in the last one that we hired I will tell you that much. Alderman Tollner has said that we should at least know at the beginning and sometime during the course of negotiations what the progress is and I wholeheartedly agree. I know that this should be in non-public session so that we wouldn't be bound with unfair labor practices, etc., but I think we should meet in non-public sessions a couple of times during negotiations to see what the progress is, and to give our input as to what we feel should be part of the negotiations or part of the changes that should be made to what is being talked about in different aspects of the contract.

I feel as though this should be done. I don't think that we are given enough of a chance to examine the contents of contracts when we receive it in the packet and we vote for it a day later

or two days later. I don't think it is enough notice and further more I don't think we have had enough participation in the aspects of the negotiations. The Board of Aldermen after all represents the people. We pay the bills, the taxpayers pay the bills and we agree or disagree with these contracts. I feel as though we should be participating as far as the negotiations are concerned to give our input, our feelings, and we have already expressed that in the realm of health insurance. We have already indicated that part, and there are other aspects of the contract we would like to change. I feel as though we should be a participant in this. I think that Corporation Counsel could arrange prior to our meetings to go into non-public session with Mr. McNamee and get an update on where the negotiations are at that point. Thank you Mr. Chairman.

#### Alderman Rootovich

Just one further comment I hope that when you put this meeting together that we have a lot more active participation than the last time. I think we had 6 members of the Board of Aldermen, 7 if I am not mistaken that had some comments. I went into the back of the room when I was recognized I said I would like to hear more from the different employment boards to get their input and comments and nobody spoke. I guess it is a two way street. If we are going to come to some reasonable negotiating strategies for the benefit of the taxpayers – it is the largest expense in our budget bar none, and it is one that we have to get our hands around. Again I think that both sides need to actively participate in coming up with some sort of reasonable strategy as we go forward. Lacking that I don't see any change coming forward in the next rounds of negotiations. That would be a terrible thing facing our city.

#### Alderman Shaw

I do respectfully disagree that there was at least one other employment board and that was the Board of Education President did speak when you requested that. Thank you.

#### Alderman Rootovich

Mr. Chairman I stand corrected. You are right one did speak. I believe there were 23 of them there, and that is ...

#### Alderman Tollner

David you just mentioned earlier and I want to make sure I have this right – the areas that we are responsible for are cost items?

#### David Connell

Yes.

Alderman Tollner

And you said a level of benefits – benefits being the cost of health insurance or the level of health insurance? Being in that industry it is a very hot topic. It was a hot topic every time we bring this up and we need to be diligent about it, but...

David Connell

You are interested from the standpoint of the cost of them not from the wisdom of them otherwise.

Alderman Tollner

Again I just want to reiterate that the dialogue back and forth and updating the different boards can never hurt us wrapping up negotiations with the unions and I think that they would appreciate that. I would also echo Alderman Rootovich's comments – if we do get together again I guess I would ask the Mayor or Corporation Counsel to send a notice or a memo out prior to the meeting to please come prepared to provide an opinion or their views on how they see that the benefits should run out when these negotiations were done with. It would be very helpful for me that if I am talking to the Police Commissioners and they think the benefits should be over here and maybe the majority of the Board of Aldermen think that they should be over here – that is good for us to know. There are different positions with different demands. You have to be respectful of what the teachers or the firemen or the policemen are doing and where those different commissions or boards are coming from. I think that we as a Board of Aldermen have to also very much respect where they are coming from.

I guess I have a question for you Mr. Mayor and that is some of the negotiations in the past you were involved in more so than other ones. I guess with these 6 here maybe you could let the Finance Committee know what is your intent as far as your participation in those discussions.

Mayor Streeter

I do not negotiate Alderman Tollner. I have representatives at each of the negotiating sessions, but I as Mayor do not negotiate contracts.

Alderman Tollner

I am not talking about negotiating I am talking about what do you think your participation is going to be in the process?

Mayor Streeter

I like you – excuse me not like you..

Alderman Tollner

You like me?

Mayor Streeter

I like everybody. Unlike you I do get periodic reports from the negotiating team, and I am kept fully apprised as to the discussions that are being held. As you know I am part of the employer board of the Fire Department. I am not part of the school activity whatsoever, but I do get reports as to how things are going. That is the role of the CEO of this city is to be aware. As I say I do not negotiate. That is not my role. Certainly I have representation at every one of these sessions that have been held over the last five years.

Alderman Tollner

You are anticipating that you would get feedback on the ongoing progress of the negotiation and would you provide feedback to those people that go back whether it be Jamie McNamee or Corporation Counsel or the people that are negotiating on the city's behalf?

Mayor Streeter

I would have to refer to Corporation Counsel on that Alderman Tollner as to what information I can release or not. Certainly I am formally part of the process in some of those negotiations and not in others.

David Connell

City government is a very balkanized environment and because you have interesting unions and more necessary than every to tread lightly in this environment. The Mayor is literally one of the employment boards because he is the head of the administrative branch so he is involved on that level in the two U.A.W. contracts. On the Police contracts he is involved only to the extent of giving some advice as sought. Because he is part of the legislative process he can choose to sponsor or not sponsor or veto or not veto so his views are relevant to the employer boards who are outside the building on that basis. Going back as far as what Alderman Dion said and I said it earlier – everybody would like to share as much information as possible and we will, but it is somewhat dependent on the boards and somewhat dependent on the unions as well as the fine points of the law itself. We will put our heads together and try to maximize that.

Alderman Tollner

In the past, and some of us have served with three different Mayors, some of the Mayors have been very involved in the process. I would never say that they should be the negotiators, but you don't see any legal problem with a Mayor asking to be kept abreast of the ongoing negotiations and providing feedback on an ongoing basis to a different board or commission that

is negotiating on behalf of the city correct?

David Connell

As long as it is cleared with all parties at the table who would know that this would be happening.

Alderman Tollner

Would you suggest that might be a topic that we should bring up when we have our meetings with the different boards and commissions – would they be comfortable with the Mayor having the ability to provide feedback on an ongoing basis during those negotiations?

David Connell

That would be a good topic.

Alderman Tollner

I would agree with Alderman Dion. I would be more comfortable with Mr. McNamee than the previous gentleman that represented the city. Thank you and thank you Mr. Mayor.

Mayor Streeter

Are there any further questions or comments? Are we ready for the question?

Alderman Rootovich

Are we planning on having that meeting pretty soon? Is that your intention?

David Connell

I think the sooner the better. The only thing of course that makes it tougher as wanting to get as many people here as we can from all of the employment boards and the Board of Aldermen.

Alderman Rootovich

I don't know if that is necessary. Since Jamie is not going to be doing the school although maybe it is. Again / will reiterate my final comment is if the Board of Aldermen and the different employment boards can't agree to at least a set of strategies it is just pounding your head against the sand. If we are on one island and you are on the other we will never come together – I don't see us negotiating a product that will be reasonable for us to pass. I think we have to be on the same page when we are going through negotiations now more than ever based on our budgetary constraints and the issues that are facing us not only this year, but for the next three years. This is an absolute critical time to make sure that we go forward in the same direction.

Alderman Deane

I have some concerns with the financial end of this. How much are we spending – are we giving Dave the authority to go ahead and transfer the money out of legal services along with the \$18,000 and spend up to somewhere between \$33,000 and \$36,000 for this process or are we approving the \$18,000 and he said there are some potential transfers from the 51 account of legal services – I think between the two numbers that they put together that Carol had brought up that is \$32,000. Is that what we are approving expenditures up to \$32,000 for this process?

Mayor Streeter

We are approving the \$18,000 and a portion of what you have left in then other account is that correct?

David Connell

I would take it that we are approving the tasks and the hourly rate for as much funding as I can assemble in my budget. The \$18,000 is there for information. It is certainly intended for this purpose and as we hit the end of the fiscal year we prioritize at that point and would move unexpended appropriations as needed.

Alderman Deane

The unexpended appropriations when we get back to the budget – you bring your budget forth are you overstating certain line items for other purposes? People come in and tell us that they need money for this, this, and that and then all of a sudden they can do without and find other purposes for the monies. I think if you have – what I would like to see is if you have a line item for professional or legal services or whatever and you know that you will run into an instance where you will have to hire somebody to do this sort of work then that line item should be funded accordingly so that – I guess it doesn't matter to some people, but I just like seeing what is there. I know the budget is nothing more than a guideline for you to work under, but ...

David Connell

Actually Alderman last year there was a higher percentage devoted to the contract negotiator and lower to outside counsel. As the year went on we were spending more from the outside counsel and less from the negotiator so we actually adjusted it for this fiscal year. I would say the outside counsel is not something you can count on as being something that regularly you would spend the appropriated amount. It is an as needed thing. If conflicts of interest arise, if specialization issues arise you go to it. There is one expenditure I am contemplating now so I imagine I will use up some of this, but if there is as much as \$15,000 I am comfortable with there should be quite a few thousand left towards the end of the summer unless some totally new need arises, which could happen. We have a third of the fiscal year left.

Alderman Deane

Basically other than the \$18,000 by approving this we are giving you the authority to transfer and spend whatever you feel is necessary to fulfill the task of getting these 6 contracts done basically is what you are asking us?

David Connell

It is until June 30<sup>th</sup>.

Alderman Deane

Is that what you are asking us to do?

David Connell

I think that is the way the process works.

Alderman Deane

Just keep draining the different line items to fund this? We will have no idea other than the \$18,000 we will have no idea what this process is going to cost? It is \$120 an hour until it stops that is what we are being told. Thank you.

Mayor Streeter

There apparently are no more questions or comments?

Alderman Tollner

I would like to put a cap on it not to exceed \$30,000 without coming back to this Board of Aldermen to provide us with an update. I don't have my calculator here, but at \$120 an hour ...

Alderman Dion

It would be 250 hours.

Alderman Tollner

Not to say that we are putting a cap – when it hits that dollar amount then Dave just come back to Finance.

David Connell

I am totally comfortable with that.

**AMENDED MOTION BY ALDERMAN TOLLNER THAT APPROVAL BE CONTINGENT UPON WHEN THE DOLLAR AMOUNT REACHES THIRTY THOUSAND DOLLARS (\$30,000) CORPORATION COUNSEL WILL REPORT TO THE FINANCE COMMITTEE PRIOR TO ANY FURTHER FUNDS BEING DISBURSED TO PROVIDE AN UPDATE.**

ON THE QUESTION

Alderman Deane

I will not be supporting any of this. It is not that I don't have faith in you. I would like to know some realistic numbers. This is like here is an open checkbook do with it as you wish. Come back hopefully with successful results. With the \$30,000 you are going to spend we don't know whether we are going to achieve them or not. I don't know. I can't support doing this. I think we should look at this a little harder before we vote on this.

Alderman Tollner

I guess my amendment was to provide a level of comfort that we are saying \$18,000 and let's be real we don't know how the negotiations are going. It could be \$10,000, \$18,000, \$13,000 \$40,000 depending on how the negotiations are going.

Alderman Deane

It could be \$50,000, \$60,000 or \$60,000.

Alderman Tollner

It very well could be, but I think what we are saying now is if and when it hits \$30,000 that Dave will come back and have another conversation with the Finance Committee.

Alderman Dion

I must add that \$30,000 is a very small sum when you consider the wages as far as the percentage of your budget is 90%. We are talking millions and millions of dollars here. Thirty thousand dollars is a drop in the bucket. I can't see how you can refuse to vote for this.

Mayor Streeter

Are there any more comments on the amendment Alderman Deane?

Alderman Deane

Thirty thousand dollars may seem like a small amount of money, but you don't know what results you are going to get for that \$30,000. Even though there is millions and millions of dollars – look at the past we haven't seen the results that we have tried to get.

-  
Alderman Shaw

-  
I might be naive, but my understanding is we don't get to control the duration or the extent that the negotiations of these contracts will take. They can proceed very quickly and rapidly if both parties come to agreement or it can drag on for an extremely long time. We only can control our one side of things. The procedure moves forth in good faith, but the reality is if we are at impasse we could accumulate a lot of hours on some of these contracts. We have already seen with some of the recent contracts that we have rejected that we are sending them back for further investment in our time and expenses. I appreciate the concerns about how much we will potentially spend, but I think unfortunately this is one of those cases where we do not have control over. I think at least by this amendment it doesn't necessarily keep us from proceeding perse, but it certainly at least is a chance to re-assess. I think the reality is we just don't have control over how long the negotiations will take.

## **MOTION BY ALDERMAN DION TO MOVE THE QUESTION**

-  
Alderman Rootovich

Mr. Chairman you can't move the question in committee. Our rules don't permit that.

## **MOTION WITHDRAWN**

Alderman Dion

Mr. Chairman I change my statement to let's vote on the amendment please.

Mayor Streeter

The amendment is to spend up to \$30,000 and any further expenditures will be communicated to the Finance Committee.

**MOTION CARRIED**

**MOTION BY ALDERMAN TOLLNER TO FURTHER AMEND IN SECTION B TO FORMALLY ADD THE WORD "PRIOR TO AND" SO IT WILL READ "MEETS WITH RELEVANT**

**BOARDS, COMMISSIONS, OFFICIALS, AND REPRESENTATIVES PRIOR TO AND DEVELOPING NEGOTIATION STRATEGY”  
MOTION CARRIED**

Mayor Streeter

Now we will go back to the original motion as amended.

**MOTION CARRIED**

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS - None

WARRANT

**MOTION BY ALDERMAN SHAW TO APPROVE WARRANT #15 IN THE TOTAL AMOUNT OF \$9,844,816.15 OF WHICH \$2,321,210.14 ARE ACCOUNTS PAYABLE, \$4,734,451.68 ARE PAYROLL AMOUNTS, \$516,220.55 ARE PREPAY AMOUNTS AND \$2,272,933.78 ARE WIRE TRANSFERS**

ON THE QUESTION

Alderman Deane

I had sent Carol a couple of items, and I have a question on one of them. It is on a 590 account – 24553 – Ace Welding for \$7,686. Could you explain to me Carol how that works? I am kind of confused on this one.

Carol Anderson

That is actually a prior year encumbrance, which is a purchase order that was cut a process prior to the end of the year, June 30<sup>th</sup>. That would be like under contract so they actually place the order for this equipment prior to June 30<sup>th</sup>, but the equipment wasn't received until just recently.

Alderman Deane

This wasn't equipment this was welding services provided to the street department to fix a dump truck that was rotted. They didn't have to buy anything somebody just had to come over and fix the dump truck.

Carol Anderson

It says the truck did not pass inspection with the existing body and we ordered the body last June. It was a new body.

Mayor Streeter

Alderman Deane have you raised these issues with Carol prior to the meeting?

Alderman Deane

Yeah you were copied with it.

Carol Anderson

These are just responses that he was given, and Scott Pollock responded that this had been ordered prior to June 30.

Alderman Deane

What is that account for that 590 account?

Carol Anderson

The 590 indicates a prior year...

Alderman Deane

It is just prior year so everybody's money goes in there..

Carol Anderson

And the 24 indicates a purchase order that there was a contract. It was an obligation not a contract an obligation. That is what that, and then the 553 indicates street department.

Alderman Deane

Thank you. Thank you Mayor.

Mayor Streeter

Do you have another item?

Alderman Deane

I don't want to bore you. I am all set.

Alderman Dion

It is simply amazing that it took us a half an hour to spend \$30,000 and only two minutes to spend \$10 million.

Mayor Streeter

It is an acute observation Alderman Dion.

**MOTION CARRIED**

ADJOURNMENT

**MOTION BY ALDERMAN DION TO ADJOURN**

**MOTION CARRIED**

The Finance Committee meeting was adjourned at 9:35 p.m.

Alderman Rob Shaw  
Committee Clerk