

BUDGET REVIEW COMMITTEE

SEPTEMBER 8, 2016

A meeting of the Budget Review Committee was held Thursday, September 8, 2016, at 7:00 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chair, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Michael B. O'Brien
Alderman Sean M. McGuinness
Alderman David Schoneman

Members not in Attendance: Alderman Ken Siegel

Also in Attendance: Mayor Jim Donchess
Mr. John L. Griffin, CFO

PUBLIC COMMENT - None

COMMUNICATIONS – None

UNFINISHED BUSINESS – None

NEW BUSINESS - None

TABLED IN COMMITTEE

R-16-029

Endorser: Mayor Jim Donchess

**ESTABLISHING AN EXPENDABLE TRUST FUND FOR RIVERWALK WALKWAYS, BRIDGES
AND RELATED IMPROVEMENTS AND APPROPRIATING AT LEAST \$500,000 INTO THE EXPENDABLE
TRUST FUND**

- Tabled 5/23/16

**MOTION BY ALDERMAN MCCARTHY TO TAKE FROM THE TABLE R-16-057
MOTION CARRIED**

R-16-057

Endorser: Mayor Jim Donchess

RELATIVE TO THE RE-APPROPRIATION OF FISCAL YEAR FY2017 ESCROWS

- Tabled 8/22/16

MOTION BY ALDERMAN MCCARTHY TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Alderman Dowd

Mayor Donchess, can you please give us an overview of the legislation?

Mayor Donchess

You have before you the resolution regarding escrows. If you look at the details you will see that the proposal is to escrow about \$2.25 million but that the greatest majority; probably 85% of that number will go into various reserve funds, saving money for the future basically in three areas. First of all, in view of the pension issue we know we have coming we would escrow about \$900,000 for the pensions into a fund that where we could use the money later to offset serious pension increases that we know or suspect that are coming from the State of New Hampshire. We are proposing depositing into Capital Equipment Reserve Fund for the money that we saving towards the purchase of future capital equipment such as public works and other large items a little over \$700,000 and \$300,000 to the city buildings fund where we hold funds to be used when they are needed for repair or maintenance of city buildings. Those things total up to \$1.9 million. In the Mayor's office there is \$1,800 for cell phone allowance. We allow city employees a \$50.00 per month cell phone allowance and there are three people in the office, not including myself as I do not have a city cell phone or I do not take an allowance but we have an allowance for \$600.00 per person. There is several thousand dollars for conferences and seminars. I believe there is \$2,500 in the current budget. This is money that we may or may not use but I think going to these Mayor's conferences and the like does help. It provides ideas and cost fertilization so this is a potential use of monies so I am proposing that we escrow \$3,000 for that purpose. There is several thousand dollars for startup supplies. Although I know that Alderman Siegel is not here now he had asked about that. There are certain things that we need to sort of get...initial expenses that weren't covered in the budget like city keys, proclamations, switching from Mayor Lozeau to myself in terms of the names on stationary and other proclamations and other material. We think this is a one-time expenditure, it's not a \$3,000 per year item but that we believe will cost up to \$3,000. The next item is \$25,000 for a merit study. As we discuss the merit plan and ultimately the Board decided to take action with respect to the merit employees at the top of the scale. The Personnel Advisory Board, the three women that we appointed to review our personnel and merit plan recommended that we make significant changes to the merit system and review the pay scales for all of our merit employees. They proposed in the interim that we make the change that we did just a short time ago. This proposes that we reserve \$25,000 to pay for a salary review or any other work we might need in connection with the review of salaries and the merit plan. I think we will take an initial attempt to make a salary comparison with other communities but if we find that doesn't yield enough data or results that we might need to bring a consultant in to give us a deeper look; that would be money that would be available for that purpose. There is \$10,000 for the Treasurer's office. Treasurer Fredette has pointed out that his furniture is about 50 years old and that some of it is very worn down and he has asked that we help to replace some of that. The Riverside Drive building is hurting and needs some HVAC repair so there is \$5,000 for that. The largest item on the smaller list is \$140,000 for the cost of the Burke Street assessment. The Finance Committee last night voted to award a contract to the architectural firm that has been looking at the project in the most detail. The situation has become far more costly and complicated than we understood when we bought the place back in 2015. We need an architectural firm to take a detailed look, develop detailed plans and give us a real assessment on how we should proceed, what it might cost in solid numbers and how this project might be staged if that is necessary. This architectural firm has done a lot of work already for virtually no pay so we are proposing here that...and there were negotiations whether they wanted a larger fee and it was negotiated down so we are proposing that \$140,000 be escrowed for the purposes of developing a detailed plan concerning the Burke Street conversion. We have two downtown related items. First in the budget we proposed and you passed \$10,000 for holiday lighting and Paul Shea is here to discuss and answer questions concerning that. He and a number of people from the downtown have been assessing how best to make a selection. They believe that if we want to do something meaningful we need a little more money so I have proposed here \$5,000 out of the escrows. The Downtown Improvement Committee, out of their allocation, may be assigning another \$10,000 for a total of \$25,000. The \$10,000 from the original budget, the \$5,000 mentioned here and the Downtown Improvement Committee money. They think for that they can make a significant improvement in the way the downtown looks in terms of lighting for the holiday season. The other downtown item that is here is \$9,000 for a Fall Music Festival. I think and I think many people agree that we are beginning to see some real sparks of activity downtown and along the river and elsewhere and we have some real successes that are going on and we think that a Fall Music Festival could add even more to the vibrancy of the downtown area. Within the community we have a very

fine music venue at Riverwalk where they get a very eclectic group of musical acts from Thursday, Friday, Saturday and Sunday nights and they have done a really good job of programming that. The person that has been responsible for that, his family owns Riverwalk and Ben is here with Paul Shea. He has agreed to help us program this for the fall and he is here to answer any questions. For this we think we can get a one or two day festival and we hope to start a tradition of having a Fall Music Festival which will bring a lot of people downtown and make our downtown more successful and really build on the success that we have had with the pianos and with some of the other things that the Great American Downtown has been doing in the downtown area. The next item is \$10,000 for the circulation study. This is to principally to evaluate the most significant one-way reversal that the city would consider which is to reverse Pearl Street from an east to west direction from a west to east direction, in other words to reverse Pearl all the from the oval up to where it joins with Temple Street and also reverse Temple so that there is a different configuration. Both streets would be reversed and the reason to consider this is that there is some confusion for cars coming off of the Broad Street Parkway and it would make access to Main Street and the clarity of the situation greater if people were able to drive directly from the Broad Street Parkway to Central Street onto Pearl and to Main Street. We think we could also develop a so-called parking loop where we could label the two streets, Pearl Street going east and Temple and Factory Streets going west as a parking loop so that we could tell people that if they get on those two streets you will drive by a lot of spaces and parking lots and are within a block of two different parking garages. The issue is that we need to evaluate whether the reversal will work from a traffic point of view and also evaluate what capital improvements might need to be made with the lights and the stanchions to make the change. This would be to hire a traffic consultant to use numbers that we already have and to do a detailed examination of whether this would work from a traffic perspective. The next thing is a \$9,500 item for a dashboard for the Community Development Division. This is a computer web site issue and it would enable Community Development to communicate more effectively regarding all the sustainability and walkability issues that they are dealing with. The walkability of downtown, the renewable energy projects that the city is engaged in like the hydroelectric facilities. Sarah Marchant, the Director of Community Development would be here but she is away at a conference to discuss this in detail. She is proposing that we allocate \$9,500 to this which would get us a two year contract for an outside vendor to institute and maintain this capability. We think it would make us more user friendly for those that are interested and we think there are quite a few people who are interested. There is another item for appraisals for the Economic Development Department. There is nothing specific but it's in case appraisals are necessary regarding Renaissance or any of the other parcels downtown that we might be engaged with; city parcels and the like so that there is some reserve for appraisals if they are necessary. The second to last item would bolster their ability to attend their economic development training and seminars which we think are helpful. Finally, the last two thousand dollars is to supplement for a total of \$27,000 so add \$2,000 to the \$25,000 that we have already budgeted for the Performing Arts Study Phase II. That total contract is \$27,000 and so far we've only budgeted \$25,000 so this \$2,000 would make the entire \$27,000. I have spent most of the time on this \$240,000 list but that is really a small portion of the total escrow. Most of it, as I've said before, almost \$2 million is proposed to go into various escrow reserve accounts for capital equipment, for city buildings and for the pension issues that we might be facing.

Alderman Schoneman

Where will the Fall Music Festival be held?

Mayor Donchess

I do need to make one correction which is that the architect is going to be paid for out of the city building fund. The \$140,000 here is for the utilities to maintain Burke Street throughout the winter. I think they are looking at down by the river, possibly in the Renaissance Park.

Alderman Schoneman

So the plan is for it to be outdoors?

Mayor Donchess

Yes. There is a portable bandstand that could be used. I think for a reasonable amount of money they and the city can put together something that's pretty nice.

Alderman Schoneman

You said the \$140,000 that is for utilities, how much is it for the feasibility study?

Mayor Donchess

I think that's \$144,000; that was approved by the Finance Committee and that's coming out of the city building fund and that would be reimbursed and a little additional money with the \$300,000 that would go into the city building fund reserve. So \$144,000 is coming out for the architect and \$300,000 would be going in under this proposal.

Alderman Schoneman

Regarding the Capital Equipment Reserve Fund, it looks like about \$700,000 is going into the Capital Equipment Reserve Fund. What is the time frame...this is a true reserve fund from what I understand. We are not going to spend it all next year; it's spread out over time. Is that correct? What's the horizon?

Mayor Donchess

We are trying to work towards a true reserve fund. I think it's fair to say that of the money that was budgeted into this account in the budget that was just passed which I think was \$1.7 million; that money is going to be spent on equipment that's really up for purchase within the next year. There might be a little left over at the end of fiscal '17 but not very much. In order to try to develop a true reserve fund where we carry significant money from year to year and again, in an effort to start towards that, this \$700,000 would go into that CERF account and I think would be carried beyond fiscal '17 because we really budgeted enough money to purchase all of the equipment that we are expecting to purchase this year early in the next fiscal year.

Alderman Schoneman

Some of the equipment that's bought under CERF has a long lifespan. For instance, a fire truck can last 10 to 20 years and so we need to budget and set money aside in a true reserve fund for the purpose of meeting these expenses; almost amortizing them or depreciating them over time. The pension expendable trust fund is \$900,000; that seems to be a little bit different based on what we know about this situation. I think that we are expecting that if things go the way we are told, we are expecting to have to spend this money next year, is that correct?

Mayor Donchess

I would say that the principle purpose here is to help mitigate the tax impact of a significant increase which we think is \$2 million per year in the pension budget imposed by the State of New Hampshire and we can get into how and why that's happening. If we get hit with the \$2 million then that has the effect of raising taxes \$2 million or over 1% just for that one item in year one. If this money is deposited into a reserve account it could be used to mitigate and phase in that tax impact. For example, \$500,000 could be used in the first year which would reduce the tax impact to the \$2 million down to \$1.5 million and then \$300,000 could be used in the second year which would help again reduce the impact of the additional \$1.5 million in the second year and then a little bit used in the third year to sort of phase in the impact that the pension increase is going to have in terms of the city's tax rate.

Alderman Schoneman

I can see the transfer to the pension expendable trust fund as easing budget pressures but I don't see it as easing tax pressure. If we already have the money in these various accounts and we are just transferring it then there's no tax impact to making a transfer unless I am misunderstanding. We could spend it out of the accounts that exist now without having to incur additional taxes if we wanted to spend it that way because the money is already there.

Mayor Donchess

I think that is a misunderstanding. Our current budget for pensions current meaning the current fiscal year is about \$21 million so we budgeted \$21 million and we spend it this year. Meaning we send it to the State of New Hampshire. Next year the budget is \$23 million. There's no money left over to pay that additional \$2 million so the budget from next years' pensions goes from \$21 million to \$23 million. That increase of \$2 million in the pension operating budget results in a tax increase unless something else is cut somewhere else. We don't have money set aside to pay this increase. There is an increase in taxes as a result of that additional pension expenditure; the increase in the bill from the State of New Hampshire so what I am saying is that if we reserved money that is already under the cap and it's already been appropriated that we could use it to mitigate or soften the effect of a \$2 million tax increase and sort of phase that \$2 million increase in over several years.

Alderman Schoneman

I still don't see how it affects the tax rate inasmuch as the cash already exists somewhere and we are transferring it from one account into an expendable trust fund. That cash is already there, it's already been raised. We wouldn't have to raise it again.

Mayor Donchess

Okay, now I get your point. Let's say we didn't do this. It means \$900,000 would not be reserved and would instead be in the general fund and would be used potentially to yes, offset taxes but if it were to be used, and it would have to be, or likely it would be; if it were used this year to artificially buy down the tax rate knowing that next year there is going to be a big increase in the pension in a way we have multiplied the problem because now we have the \$900,000 additionally that we used to buy down the tax rate this year plus the \$2 million increase from next year so we have to come up with a \$2.9 million increase in taxes now. Yes you could argue that we should use it now to reduce everything we possibly can but in terms of stabilizing the rate and trying to make it predictable and manageable for our constituents, I think the more conservative approach is to reserve money and try to phase in the effect of the pension. Is that clear?

Alderman Schoneman

I understand what you are saying. I still don't agree with it. I think this money is there. Do we have no choice except to put this in the expendable trust fund or buy down the tax rate?

Mayor Donchess

We could spend it on something else.

Alderman Schoneman

Couldn't it sit somewhere else without being in an expendable trust fund?

Mayor Donchess

Not really because if you don't escrow the money, by law, it goes into the general fund and the general fund gets allocated through another process which is coming up soon to tax rate reduction or whatever else. Can you please ask the question again?

Alderman Schoneman

We already have a plan for buying down the tax rate from some amount and whatever is not used by the tax rate will just remain in the general fund.

Mayor Donchess

No because it has to go somewhere. It either has to go to overlay which is an account that is used to pay property tax abatements that the city loses or it has to go to buy down the tax rate or it has to go to the undesignated reserve fund. The undesignated reserve fund is a \$20+ million fund that we carry from year to year which really we can't touch. So, if we were to go into undesignated reserve we will never get that back because once you put money in there and this is something that I continue to be somewhat frustrated by because we are carrying a lot of money but once you put money into the undesignated reserve, the rating agencies expect you to never to touch it unless there is some catastrophe beyond imagination so if you ever put money in there and then you reduce it later they don't like that. It either has to go to the undesignated reserve which you really in reality are never going to spend and never going to get back and simply building up this bank account of people's taxes that we can never use and number two it goes into the tax rate or it goes into overlay.

Alderman McCarthy

It's not that you can't take it out of there, the rating agencies don't care if we take some of it out of there but they would like to see us have 10% of the budget in the undesignated fund balance, we actually by ordinance have set it to be 10% of the annual budget. The problem is taking it out requires that it either be used to offset taxes when we do the tax true up in September or that we appropriate it and when you appropriate it, it's subject to the cap. These are funds that have already been appropriated. The situation that I see that's important; basically the only way we keep stuff from year to year is trust funds so you have to put it somewhere. The case that I would worry about is this. Let's say the pension increase is \$2 million and what the cap allows us is \$1.5 million, we can't meet the pension requirement without overriding the cap. If we have a trust fund with an additional \$900,000 in it then we can take \$500,000 out of that year to meet that obligation and then carry the other \$400,000 for the same purpose in the following year and we can level out the tax increases rather than overriding the cap.

Mayor Donchess

I would agree with most of that except for the first point. Mr. Griffin, CFO and I and Treasurer Fredette and Rose Evans went down and talked to the financial advisors in the last month or so and you've really got to justify it when you take money out of these reserve accounts. We are above the 10%, we are actually closer to 12% but to reduce that to 10% would be a problem. I wish we could reduce it to 10% because then we could take out \$4 or \$5 million and give it back to people or something. I think it is a little more complicated than I presented because they look at the total amount of all the reserves but if your reserves are going down then that's not good and the biggest of those reserves is the undesignated reserve fund. I agree with all of the other points that you made.

Alderman Schoneman

The only point that I would like to make here is that it really does come down to the spending cap; that's the crux of the matter. I feel that there are virtually...in my time on the Board here I don't see any effort to control spending other than what comes from the imposition of the spending cap. That's what drives it and I don't see it anywhere else and to the extent that the spending cap would limit spending next year to a great extent it bothers me that we are doing something to get more in there. I think that's what it comes down to in the end. Last time it was the empty bucket that was \$2.7 million last year and then \$2.3 million and then \$350,000. It's all about moving money. I understand the desire for protection but the people that need the protection are the taxpayers and all spending comes from them and in the end it's all going to come from them just like it always does. This will enable more out the door and I just don't like taking that pressure away because it doesn't exist anywhere else from what I can tell. I probably need to take a look at all of the accounts a little bit more carefully just to make sure that I understand completely.

Mayor Donchess

I've talked with Alderman McCarthy and I think we will be holding a Budget Review Committee meeting with the Board of Aldermen, a so-called "Budget Summit" this fall to talk about some of the problems that we are facing. I don't agree with the point that the only thing constraining spending is the spending cap because I point out that in virtually all budgets passed in the last 9 years we have been under the cap by some amount, sometimes less, sometimes more. I think that Mayor Lozeau pointed out that the city over 8 years was \$7 million under the spending cap. I believe that the real constraint is the tax rate. We have increasing expenses as inflation goes up and things happen; the opioid crisis and everything, expenses increase for various reasons. I think ultimately what we are looking at is the bills that people pay and what we are really applying is; well how much is the tax rate going to go up next year and given the needs is the rate that we project justified given the needs that we have and is it something that people can afford. I believe and I know certainly reasonable people could disagree about this, but I believe that the real constraint is the tax rate and were the spending cap not in place the budgets would be pretty much the same as they have been for the last 10 years.

Chairman Dowd

I see the spending cap as an effort to ensure that the different accounts in the budget aren't increased significantly when they don't need to be. It was also put in place to try and control the tax increases from year to year. I don't think it envisioned a \$2 million bill from the state on things that they had promised to pay previously for the next 2 years. We don't have \$2 million in the next 2 years to allow for that increase without overriding the cap. This is an effort to control the tax increase to the taxpayers under the circumstances created by legislation in Concord not here. I think it is prudent that we do whatever we can to minimize the impact and try to stay under the cap and this is a way to do it.

Alderman Schoneman

I appreciate the efforts that are put into trying to look out for the taxpayers. I got an e-mail today from someone who was complaining about or just pointing out that we are reaching a tipping point. We are spending more than the inflation rates for some departments by a significant amount of money. I don't think that in all cases our departments are staying within an inflation number. We find that the overall budget stays within a number but individual departments exceed that and again I think that if it weren't for the imposition of some limits, at least 10 years like this, I don't think that we would see it. Also, pensions are partially based on the salaries that we pay so I think to say that we have no effect or control over that I don't think is 100% true unless I am mistaken. Aren't pensions based on compensation packages?

Chairman Dowd

We, that is whoever the negotiating board is for unions have some control over pensions within the structure of negotiations which is a give and take. One side never gets everything that they want. The other thing is that the state, some time ago, agreed to pay 35% of the pension fund. All of the pensions that were brought in to vote on at the time and all of the contracts that were put in place too that into account. Now the state turns around and throws us a \$2 million bill for the next 2 years that we had not seen coming and not planned for. To me it's the state renegeing on what they had promised to pay. The taxpayer's have to understand that and we are trying to take actions here to mitigate the impact to the taxpayer and to mitigate what we are getting from the state. Barring that changing I think this is one of the few ways that we can mitigate it.

Alderman McCarthy

I want to point out, because we keep bringing this up, a miniscule part of it is actually based on changes to the compensation package. If we give \$1 million in salary increases in the course of a year, our pension liability goes up by probably \$300,000. That's not what the pension liability went up by; it went up by over \$2 million. Most of it is simply the state trying to catch up on a system that has been poorly managed.

Mayor Donchess

In terms of the magnitude of the increase, the pension budget for fiscal 2008 was \$8 million. For fiscal 2018 it is likely to be \$23 million. That's a 200% increase. During that time, if you examine the wages, you will see that the compensation paid by the city...the increase in compensation paid by the city over that period between fiscal 2008 and fiscal 2018 is about 25% to 30%. Compensation goes up 25% or 30% and pensions are going up 200%. If we still look at those numbers if we are at our base of \$8 million and pensions went up 25% or 30% then we would be at \$10 or \$11 million and not \$23 million. The three factors that have caused the pensions to go up are, as the Chair pointed out, number one the state got us into this system by promising that they would pay 35%, which they did for decades; of all municipal pension costs. That alone on a \$21 million to \$23 million budget is \$7 million to \$8 million. If they were meeting their obligations to us we would have a much lower pension budget. Number two is the mismanagement that President McCarthy mentioned has caused us to have to re-capitalize the system to go to 100% funding for all future liabilities instead of the 55 or so that they started with. Number three, the state does have like \$7.5 billion in the pension fund so it's not like it is broke it's just...there is a significant amount of money there. They have to project how much over the next 20 years or more the \$7.5 billion would yield in terms of income. So the third factor in addition to not paying their obligation to us, mismanagement and number three is they have reduced the expected rate of return on the \$7.5 billion so that means well then if we are not going to make as much on this now then the municipalities have to pay even more to make up the loss or the reduced income that we are projecting over the next 20 years so when you put all three of those together that is what has increased the liability from \$8 or \$10 million, which is where it would be, up to \$23 million. That's the gap of \$12 million to \$13 million over simply the increase in compensation is a combination of these three factors. The biggest of which is the 35%. If they were paying that then the budget would \$14 million or \$13 million this year and not \$21 million and we'd have \$8 million that we wouldn't have to tax people for.

Alderman Schoneman

So are we going to vote on this thing in its entirety unless there are any motions to make any changes?

Chairman Dowd

That's exactly right.

MOTION BY ALDERMAN SCHONEMAN TO AMEND R-16-057 TO NOT FUND THE \$900,000 TO THE PENSION EXPENDABLE TRUST FUND

ON THE QUESTION

Alderman O'Brien

Would I be voting on something that is illegal? Don't we have responsibility by state law 148 to make these types of payments to the state pension system?

Alderman McCarthy

We have to make them but we do not have to set aside money in this particular way.

Alderman Schoneman

Our obligation is not going to go away if we don't transfer this and the payment will still occur if we don't transfer it.

MOTION FAILED

Chairman Dowd

We are now voting on final passage of R-16-057.

MOTION CARRIED

Mayor Donchess

Coming into the Board of Aldermen meeting next Wednesday will be the resolutions pertaining to the money that would go to overlay to the tax rate, etc. We need to pass those by the end of September which means the second meeting in September so we are hoping that the Budget Review Committee will hold a meeting to consider those during the week of September 19th so there will be time for minutes to be done.

Chairman Dowd

We will have the legislative assistant take a look at that.

GENERAL DISCUSSION - None

PUBLIC COMMENT

Mr. Paul Shea, 102 Tolles Street

I am the director of the Great American Downtown. I wanted to comment about the Fall Music Festival. We are very excited about the opportunity to prove this concept and it is our help to build this event based off of a first year to the point where over the course of several years it becomes a self-sustaining event due to public interest and sponsor interest. We very much appreciate the support that this Board has given us. We've got a lot of surrounding communities that put on music festivals and it's certainly a great attraction and a great opportunity to expose folks to our vibrant downtown and to drive business. My appreciation is deep.

REMARKS BY THE ALDERMEN

Alderman Schoneman

I just want to emphasize that I think most of the things on this list of transfers is good. I think that the Fall

Music Festival, the holiday lighting, etc. are all new that we can do and I think that's where this kind of money should go. My disappointment is with the \$900,000. I think in a sense for the state to transfer it down to the city...I mean they should have stuck with their promise but I think they discovered what maybe they feel was too much of the responsibility emanates from the cities and maybe they just want to transfer cost to those who are making decisions that will affect what the pensions will ultimately be. I don't think that's a bad thing. We have to suffer through it and I don't think the tax payers are happy about it but it seems to be maybe that is what they are doing.

Chairman Dowd

I've talked to legislators from other cities like Manchester and Londonderry and they are not happy with it either and are trying to do something to change it. It's very difficult for a city or a town to budget year to year when the state has promised them a certain amount of money and then all of a sudden they zero it. To me that's a lack of commitment at the state level which should be resolved maybe next week. We can't in good conscience try to absorb a \$2 million hit to our budget to stay under the tax cap and reduce city services to the point where taxpayers are not getting what they expect and that's exactly what would happen. We don't have that kind of space in our budget so we were forced to try and find ways to mitigate that as best we can and I think this is a reasonable approach.

Alderman McCarthy

As for the decision making authority to us, to transfer the responsibility for the bills; we don't get to decide how much goes in the funds or what the rates are that are paid out of it. All we get to do is pay the bill.

Alderman Schoneman

I understand what you are saying but still to concentrate it all in one place I think makes the pain more clear and maybe when the pain is more clear and maybe when the pain is more clear and concentrated then the folks at home will understand and maybe they will want us to think a little differently. A lot of the folks at home don't get pensions but here they are funding it and it's painful.

Chairman Dowd

We have no control over pensions that have already been put in place, the only thing that you can do is try to impact pensions going forward via contractual obligations with unions. That's not going to solve the problem any time soon so that's not a solution to this problem.

Alderman Schoneman

We created it so we live with it or we contributed to it.

Chairman Dowd

"We" being the whole city. If you say contributed to it, it was under the understanding that the state was going to pick up that portion of it and now they are not.

Alderman Schoneman

Yes, I know.

POSSIBLE NON-PUBLIC SESSION – None

ADJOURNMENT

**MOTION BY ALDERMAN WILSHIRE TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 7:53 p.m.

Alderman Sean M. McGuinness
Committee Clerk